

November 18, 2009

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Tennessee Gas Pipeline Company
Update Tariff Sheets, Docket No. RP10-____

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”), Part 154 of the Regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 154, Tennessee Gas Pipeline Company (“Tennessee”) hereby submits for filing and acceptance an original and five copies of revised tariff sheets to its FERC Gas Tariff, Fifth Revised Volume No. 1, which tariff sheets are listed on Appendix A. The tariff sheets are proposed to be effective December 17, 2009.

Statement of Nature, Reasons an Basis for Filing

The purpose of this filing is to update Tennessee's tariff by the elimination of Rate Schedule Merchant Sales (“MS”) and Article XX of the General Terms and Conditions - Curtailment of Merchant Service as no longer used and useful. In Order No. 636, pipelines were directed to unbundle their sales from transportation service. Under the blanket sales certificate authority granted by the Commission in Order No. 636 authorizing firm and interruptible sales for resale, Tennessee established Rate Schedule MS and corresponding Article XX of the General Terms and Conditions – Curtailment of Merchant Service for all interruptible and firm sales to facilitate its transition from the prior bundled merchant service, with the exception for the limited amount of sales provided pursuant to Rate Schedule GS for a one-year transition period. Upon the expiration of the sales service agreement, Tennessee was allowed the opportunity to abandon the sales service without obtaining any additional approval of the Commission.

Additionally, the Commission recognized that the implementation of Order No. 636 would result in the incurrence of significant “transition costs” as pipelines restructured their operations from sales and transportation to transportation. Therefore, the Commission agreed that pipelines could recover some of the transition costs through a Gas Supply Realignment (“GSR”) surcharge for a certain period of time and encouraged parties to settle all outstanding issues concerning pipelines’ recovery of Order No. 636 transition costs. Accordingly, Tennessee and its customers filed and the

Commission approved an unopposed GSR Settlement¹ resolving Tennessee's recovery of transition costs. Tennessee completed recovery of its transition costs in June, 2005 by eliminating its GSR Settlement surcharge authority.² Both the Rate Schedule MS and GSR Settlement worked in conjunction in implementing Order No. 636 mandates for transitioning bundled sales and transportation services to an unbundled transportation service.

Because Tennessee no longer provides any service under Rate Schedule MS, this rate schedule and the related curtailment provisions of Article XX of the General Terms and Conditions are no longer used and useful. Accordingly, Tennessee respectfully requests that the Commission grant Tennessee's request for elimination of Rate Schedule MS and Article XX of its General Terms and Conditions – Curtailment of Merchant Service from its currently effective tariff effective December 17, 2009.

Materials Enclosed

In accordance with 18 C.F.R. § 154.7(a)(1), Tennessee states that the following items are included in this filing:

- (1) the instant transmittal letter;
- (2) a paper copy of the proposed revised tariff sheets under Appendix A;
- (3) an electronic version of the revised tariff sheets on a 3½ inch diskette; and
- (4) a redlined version of the tariff sheets pursuant to 18 C.F.R. § 154.201(a) showing the changes to Tennessee's currently effective tariff sheets;

Service and Correspondence

The undersigned certifies that a copy of this filing has been served electronically pursuant to 18 CFR § 154.208 on Tennessee's customers and affected state regulatory commissions. A paper copy of this filing may only be served if a customer has been granted waiver of electronic service pursuant to 18 CFR Part 390 of the Commission's Regulations. In addition, an electronic copy of this filing is available for public inspection during regular business hours in Tennessee's office at 1001 Louisiana Street, Houston, Texas 77002.

Tennessee requests all waivers of the Commission's regulations that may be necessary to allow this filing to become effective on December 17, 2009.

¹ Tennessee Gas Pipeline Company 79 FERC ¶ 61,032 (1997).

² On July 29, 2005 at Docket No. RP95-525-000, Tennessee filed revised tariff sheets to eliminate the final GSR Surcharge, which filing was approved by FERC Letter Order dated August 24, 2005.

Pursuant to 18 C.F.R. §385.2011 of the Commission's Regulations, the undersigned states that the paper copy of the attached Tariff sheets contains the same information as is contained on the electronic media, that the undersigned knows the contents of the paper copy and the electronic media, and that the contents as stated in the paper copy and the electronic media are true to the best knowledge and belief of the undersigned. The names and mailing addresses of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

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(*Persons designated for service in accordance with Rule 203 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 395.203.)

Effective Date

Tennessee respectfully requests that the Commission grant all waivers of its Regulations necessary to accept and approve Tennessee's request for elimination of Rate Schedule MS and Article XX of its General Terms and Conditions – Curtailment of Merchant Service from its currently effective tariff to be effective December 17, 2009.

Any questions regarding this filing may be directed to the undersigned at (713) 420-3297.

Respectfully submitted,

TENNESSEE GAS PIPELINE COMPANY

/s/ H. Milton Palmer
H. Milton Palmer
Director, Rates & Regulatory Affairs

Appendix A

First Revised Sheet No. 92
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Sheet No. 93 is Reserved for Future Use.

Sheet No. 369 is Reserved for Future Use.

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~~RATE SCHEDULE MS
Merchant Sales~~

~~1. APPLICABILITY~~

~~This Rate Schedule MS shall be applicable to all firm and interruptible sales services, except those provided pursuant to Rate Schedule GS, rendered by the pipeline sales division of Tennessee Gas Pipeline Company ("Seller") under the blanket certificate of public convenience and necessity granted to Seller pursuant to 18 C.F.R. Section 284.284(a) and Order 636 of the Federal Energy Regulatory Commission issued April 8, 1992.~~

~~2. AVAILABILITY~~

~~Service under this Rate Schedule shall be available, pursuant to the terms of Seller's blanket sales certificate, to any gas purchaser ("Buyer") which has executed a Sales Service Agreement with Seller.~~

~~3. SALES SERVICE AGREEMENT~~

~~Sales service under this Rate Schedule shall be available only on the condition and to the extent that Seller and Buyer have agreed to such service and have executed a written Sales Service Agreement that contains the terms, conditions, rates and fees applicable to such service. Seller shall have no obligation to provide sales service for any quantity of gas in excess of that specifically agreed to in the Sales Service Agreement and such obligation shall be coextensive with the term of the agreement. In accord with 18 C.F.R. Section 284.285, Seller is authorized to abandon the sales service to which the Sales Service Agreement relates upon termination of such Agreement without obtaining any additional approval of the Federal Energy Regulatory Commission for such abandonment.~~

~~4. TERMS, CONDITIONS, RATES AND FEES~~

~~The terms, conditions, rates and fees applicable to service under this Rate Schedule shall be those terms, conditions, rates and fees to which Seller and Buyer have agreed in their Sales Service Agreement.~~

~~5. POINT OF SALE~~

~~The point of sale for all natural gas sold by Seller to Buyer under this Rate Schedule shall be (a) any point at which the natural gas enters Seller's mainline system, or (b) any point at which Seller's system interconnects with that of another pipeline.~~

~~RATE SCHEDULE MS~~
~~Merchant Sales (continued)~~

~~6. CURTAILMENT~~

~~Natural gas delivered by Seller to Buyer under this Rate Schedule shall be subject to curtailment in accordance with Article XX of the General Terms and Conditions of Seller's FERC Gas Tariff.~~

~~7. TRANSPORTATION~~

~~Gas purchased by Buyer from Seller under this Rate Schedule shall be transported pursuant to the terms of separate transportation agreements.~~

Sheet No. 93 is Reserved for Future Use.

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~XX. CURTAILMENT OF MERCHANT SERVICE~~

~~This Article XX shall apply to sales service rendered by the merchant division of Tennessee Gas Pipeline Company ("Seller") under Rate Schedules MS and GS.~~

~~If Seller due to insufficient gas supplies is unable to meet the requirements of its sales customers within the limits of their contract quantity limitation, the quantity of gas which Seller determines it will be able to deliver will be allocated among Seller's sales customers in accordance with this Article notwithstanding any other provision in this tariff or any service agreement or contract with Seller.~~

~~1. Definitions~~

~~Affected Services are those subject to curtailment under this Article and include all deliveries under Seller's sales rate schedules, with any customers to be excluded from any curtailment if and to the extent that curtailment would not be useful in maintaining deliveries to other customers. Affected Customers are customers receiving Affected Services.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~The Quantity Available for Affected Services for any Curtailment Period (consisting of a day, a series of consecutive days, a month or a period of consecutive months) is the total quantity of gas which Seller determines it will be able to deliver for Affected Services during the Curtailment Period after allowing for the full requirements of all other services not subject to curtailment hereunder and reflecting the conservation of gas for future delivery.~~

~~2. Method of Curtailment~~

~~Curtailment Periods, Curtailment Period Quantity Entitlements (CPQEs) and changes to Curtailment Periods and CPQEs shall be determined by Seller as provided in Section 2 of this Article XX.~~

~~2.1 Determination of Curtailment Periods and Curtailment Period Quantity Entitlements: Seller shall periodically determine the Quantity Available for Affected Services for appropriate Curtailment Periods. Seller shall initially establish Seasonal Curtailment Periods (generally November through March and April through October) unless impracticable. If such quantity is less than the estimated requirements of Affected Services for the period involved, Seller shall determine the CPQE which each Affected Customer shall be entitled to receive for each Affected Service during that Curtailment Period. As far in advance as is possible and reasonable, Seller shall notify each Affected Customer of its Tentative CPQE, the Curtailment Period during which it will apply, and the component of the Tentative CPQE related to each full month and/or partial month within such Curtailment Period.~~

~~Each Tentative CPQE shall be subject to the adjustments specified in Section 2.2 of this Article, and, with such adjustments shall be the Final CPQE for the Curtailment Period involved.~~

~~The Tentative CPQE for each Affected Customer for each Affected Service shall be determined by allocating quantities to each such customer based on the customer's requirements for each partial and/or full month within the Curtailment Period in the priority of service categories set forth in Section 2 of this Article. Such allocation shall be accomplished by assigning to each customer its requirements in each successive priority category, beginning first with the highest category (category 0) and continuing successively to each lower category, until the total quantity allocated to all Affected Customers equals the Quantity Available for Affected Services. If such Quantity Available for~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~Affected Services is reached by assigning only a portion of the requirements of all Affected Customers in a priority category, the total quantity to be assigned to all Affected Customers in that category shall be prorated to each Affected Customer based on the ratio of each Affected Customer's requirements in that category to the total requirements of all Affected Customers in that category. If the Curtailment Period is a period less than a month, the requirements in each priority category for each Affected Customer for such period shall be determined by multiplying each such customer's monthly requirements in each category by the ratio of the number of days in the Curtailment Period to the total days in such month. If changed conditions so require, Seller may (a) during the course of a previously announced Curtailment Period change the CPQEs for such period or (b) terminate a previously announced Curtailment Period prior to its originally announced expiration date and establish one or more new prospective Curtailment Periods for or including the remainder of the originally announced Curtailment Period. In the latter event, the CPQE for each Affected Customer for the terminated portion of the originally announced Curtailment Period shall be the sum of the average daily entitlements underlying the CPQE for each full month and/or partial month in the terminated portion of the originally announced Curtailment Period.~~

~~Article shall not be construed nor operate to permit any customer to receive deliveries in excess of any contract volume limitations. Determination of CPQEs pursuant to this Article shall be based on end use quantities (base period requirements) for the priority of service categories shown in the Index of End-Use Quantities in Volume No. 1A of Seller's FERC Gas Tariff.~~

~~2.2 Final Curtailment Period Quantity Entitlement: Final CPQEs for any Curtailment Period shall be the Tentative CPQEs for that period adjusted pursuant to Section 2.2 of this Article.~~

~~Upon the expiration of a Curtailment Period on its originally announced expiration date or upon the termination of the Curtailment Period prior to its originally announced expiration date, Seller shall determine the actual quantities delivered to each Affected Customer during the expired Curtailment Period or the terminated portion of the originally announced Curtailment Period. If such actual deliveries for the expired or the terminated portion of the originally announced Curtailment Period exceed the Affected Customer's~~

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~~GENERAL TERMS AND CONDITIONS (continued)~~

~~CPQE for that period, the amount of such excess shall be used to reduce the Affected Customer's Tentative CPQE for the first succeeding Curtailment Period for which such adjustment is reasonable and practicable. If such actual deliveries to the Affected Customer during the expired Curtailment Period or the terminated portion of the originally announced Curtailment Period were equal to or less than the Affected Customer's CPQE for that period, no adjustment resulting from such expired or terminated period shall be made to the Affected Customer's CPQE for any succeeding Curtailment Period.~~

~~2.3 Curtailment Methods During Emergency Periods: During emergency situations, including, without limitation, outages of facilities on Seller's system or hurricanes or freeze off conditions affecting Seller's gas supply, sharp, rapidly varying reductions in Seller's available gas supply occur, requiring Seller to adjust deliveries on its system more rapidly than could be accomplished by means of imposing revised CPQEs or new Curtailment Periods as provided in Section 2.1 of this Article XX. During such emergency periods, Seller may request certain Affected Customers to reduce voluntarily their purchases below their entitlements for a period of a day or successive days or Seller may curtail all Affected Customers pro rata based upon the Affected Customers' nominations for sales service.~~

~~Seller may use this procedure until the emergency situation ends and/or Seller is able to utilize the procedures of Section 2.1 of this Article to appropriately restrict total deliveries on its system.~~

~~If, as a result of such emergency situations, Seller terminates the originally announced Curtailment Period during which the emergency period occurred, Seller shall adjust each Affected Customer's Tentative CPQE determined pursuant to Section 2.1 of this Article XX for the first succeeding Curtailment Period for which such adjustments are reasonable and practicable in accord with the following paragraphs of Section 2.3 of this Article.~~

~~For each day of the emergency period, Seller shall determine the daily CPQE for each Affected Customer on the basis that the Quantity Available for Affected Services for each such day the total quantity was delivered on that day to all Affected Customers. The CPQE for each Affected Customer for the terminated portion of the originally announced Curtailment Period excluding the emergency period shall be the sum of the average daily entitlements underlying the CPQE~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~for each full month and/or partial month in such period. The Modified CPQE for each Affected Customer for the terminated portion of the originally announced Curtailment Period shall be the sum of (1) the total of the Affected Customer's daily CPQEs for each day of the emergency period, and (2) the Affected Customer's CPQE for the terminated portion of the originally announced Curtailment Period excluding the emergency period.~~

~~Seller shall determine the actual quantities delivered to each Affected Customer during the emergency period and during the entire terminated portion of the originally announced Curtailment Period. If actual deliveries to an Affected Customer for the entire terminated portion of the originally announced Curtailment Period exceed the Affected Customer's Modified CPQE for that period, the amount of such excess shall be used to reduce the Affected Customer's Tentative CPQE for the applicable succeeding Curtailment Period. For each Affected Customer which reduced purchases during the emergency period at Seller's request and for which no adjustment was made under the preceding sentence, the Tentative CPQE for the applicable succeeding Curtailment Period shall be increased by the lesser of (1) the amount, if any, by which the total of such Affected Customer's daily CPQEs during the emergency period exceeded actual deliveries during that period, or (2) the amount, if any, by which such Affected Customer's Modified CPQE for the terminated portion of the originally announced Curtailment Period exceeded actual deliveries during that period. For any other Affected Customer for which deliveries during the entire terminated portion of the originally announced Curtailment Period were equal to or less than the Affected Customer's Modified CPQE for that period, no adjustment resulting from such terminated period shall be made to the Affected Customer's Tentative CPQE for any succeeding Curtailment Period.~~

~~2.4 Small Customer Entitlements: The CPQEs for Small Customers shall be determined in accord with Sections 2.1, 2.2 and 2.3 of this Article except to the that Section 2.4 of this Article XX specifically provides for different treatment; provided, however, that the provisions of such Section 2.4 are inapplicable to curtailments required by outages of facilities on Seller's system. For the purpose of this Section 2.4, Small Customers are those Affected Services for which the Affected Customers purchase from Seller under Seller's GS Rate Schedule.~~

~~The gas purchase entitlement of each Small Customer shall be exempt from any daily curtailment.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~If Seller reduces CPQEs for an originally announced Seasonal Curtailment Period or terminates such period and reduces CPQEs for the prospective portion of the same Curtailment Period below the CPQEs originally announced for such prospective portion, Seller shall not terminate the Curtailment Period for Small Customers nor reduce the final CPQE originally announced for each Small Customer for such Curtailment Period. If during a Curtailment Period, Seller increases CPQEs for the Curtailment Period or the prospective portion thereof, the Final CPQE originally announced for each Small Customer for such Curtailment Period shall be increased to the such increase is allocated on the basis of the base period requirements of such customer in priority categories 0, 1, 2 and 3; provided, however, that if Seller increases CPQEs to reflect 100 percent of the base period requirements in priority categories 0 through 10, such increase shall also apply to the CPQEs for each Small Customer; and, provided further that if Seller later reduces CPQEs for the same Curtailment Period or a prospective portion thereof, the CPQE for each Small Customer for such Curtailment Period shall be subject to reduction but not below the Final CPQE originally announced for such Curtailment Period.~~

~~If, for Affected Services not subject to the provisions of Section 2.4 of this Article, Seller terminates an originally announced Curtailment Period or establishes CPQEs below the level of the originally announced CPQEs for such Curtailment Period, grouping under the provisions of Section 8 of the Settlement Agreement (September 18, 1975) in Docket No. RP75-50 approved by the Commission's order of February 28, 1977, in that proceeding shall continue for such originally announced Curtailment Period except that such grouping shall not be applied during the prospective portion of such originally announced Curtailment Period (1) so as to benefit any Small Customer for any of its Affected Services which are not subject to the provisions of Section 2.4 of this Article or (2) to increase the CPQEs of any Affected Services of such Small Customer as a result of any amounts by which CPQEs for such Small Customer's Affected Services which are not subject to the provisions of Section 2.4 of this Article exceed actual deliveries to such Affected Services for such terminated portion of such originally announced Curtailment Period.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~3. Priority of Services Categories~~

~~Curtailment under this Article shall be based on the following priority categories:~~

- ~~(0) Affected Customer's use for fuel and loss and unaccounted for.~~
- ~~(1) Residential, small commercial (less than 50 Dth on a peak day), schools, hospitals, police protection, fire protection, sanitation facility, or correctional facility.~~
- ~~(2) Essential agricultural requirements.~~
- ~~(3) Large commercial requirements (50 Dth or more on a peak day), firm industrial requirements for plant protection, feedstock and process needs, pipeline customer storage injection requirements, and firm industrial sales up to 300 Dth per day.~~
- ~~(4) All industrial requirements not specified in (2), (3), (5), (6), (7), (8), (9), or (10)~~
- ~~(5) Firm industrial requirements for boiler fuel use at less than 3,000 Dth per day, but more than 1,500 Dth per day, where alternate fuel capabilities can meet such requirements.~~
- ~~(6) Firm industrial requirements for large volume (3,000 Dth or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements.~~
- ~~(7) Interruptible requirements of more than 300 Dth per day but less than 1,500 Dth per day, where alternate fuel capabilities can meet such requirements.~~
- ~~(8) Interruptible requirements of intermediate volumes (from 1,500 Dth per day through 3,000 Dth per day), where alternate fuel capabilities can meet such requirements.~~
- ~~(9) Interruptible requirements of more than 3,000 Dth per day, but less than 10,000 Dth per day, where alternate fuel capabilities can meet such requirements.~~

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~~GENERAL TERMS AND CONDITIONS (continued)~~

~~(10) Interruptible requirements of more than 10,000 Dth per day, where alternate fuel capabilities can meet such requirements.~~

~~The definitions of terms for the priority of service categories are as follows:~~

~~(1) Residential: Service to customers which consists of direct natural gas usage in a residential dwelling including apartments and other multi unit buildings predominately for space heating, air conditioning, cooking, clothes drying, water heating and other residential uses.~~

~~(2) Hospital: Service to a facility, the primary function of which is delivering medical care to patients who remain at the facility including nursing and convalescent homes but excluding outpatient clinic or doctor's office.~~

~~(3) Schools: Service to a facility, the primary function of which is to deliver instruction to regularly enrolled students in attendance at such facility.~~

~~(4) Essential Agricultural: Service to customers for natural gas usage which is certified by the Secretary of Agriculture pursuant to 7. C.F.R. 2900, et seq. exclusive of requirements as to which the Commission has determined in 18 C.F.R. Part 281, Subpart C, that an alternative fuel is reasonably available and economically practicable.~~

~~(5) Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local, state, and federal government agencies for uses other than those involving manufacturing or electric power generation.~~

~~(6) Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form of product including the generation of electric power.~~

~~(7) Firm Service: Service from schedules or contracts under which Seller is expressly obligated to deliver specific quantities within a given time period and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened.~~

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~~GENERAL TERMS AND CONDITIONS (continued)~~

- ~~(8) Interruptible Service: Service from schedules or contracts under which Seller is not expressly obligated to deliver specific quantities within a given time period, and which anticipates and permits interruption on short notice, or service under schedules or contracts which expressly or implicitly require installation of alternate fuel capability.~~
- ~~(9) Plant Protection Gas is defined as minimum quantities required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of an alternate fuel.~~
- ~~This includes the protection of such material in process as would otherwise be destroyed, but shall not include deliveries required to maintain plant production. For the purpose of this definition propane and other gaseous fuels shall not be considered alternate fuels.~~
- ~~(10) Feedstock Gas is defined as natural gas used as raw material for its chemical properties in creating an end product.~~
- ~~(11) Process Gas is defined as gas use for which alternate fuels are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics. For the purposes of this definition propane and other gaseous fuels shall not be considered alternate fuels.~~
- ~~(12) Boiler Fuel is considered to be natural gas used as a fuel for the generation of steam or electricity, including the utilization of gas turbines for the generation of electricity.~~
- ~~(13) Alternate Fuel Capabilities is defined as a situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed; provided however, where the use of natural gas is for plant protection, feedstock, or process uses and the only alternate fuel is propane or other gaseous fuel then the customer will be treated as if he had no alternate fuel capability.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~4. Special Adjustment Procedure~~

~~If any Affected Customer shall notify Seller that for any Curtailment Period such customer's Curtailment Period Quantity Entitlement will result in emergency conditions, including environmental emergencies, irreparable injury to life or physical property, or in such customer's inability to serve minimum plant protection quantities when operations are shut down, and that such Affected Customer has to the feasible scheduled the use of all alternate sources of supply available for the Curtailment Period involved, then Seller, having satisfied itself that the customer is entitled thereto, shall permit a special adjustment to such customer's Curtailment Period Quantity Entitlement equal to the quantity required to avoid such emergency to the Seller can permit such adjustment without creating similar emergencies for other Affected Customers or jeopardizing Seller's operating program; provided, however, that no customer shall be entitled to receive on any day or in any period a quantity in excess of its applicable contract quantity limitations and that any customer receiving a special adjustment shall return the quantity involved to Seller before resuming any interruptible services or under such operating arrangements as may be agreed upon between Seller and the customer; and provided further that, if Seller determines that it is necessary, Seller may offset any such special adjustment by reductions of the Curtailment Period Quantity Entitlements of other Affected Customers pursuant to the procedures specified in Section 2 hereof. A customer shall obtain such special adjustment by telephone communication to Seller, but each customer obtaining a special adjustment shall mail to Seller, within 10 days after the date Seller agrees to each such adjustment, an affidavit certifying the detailed facts concerning the emergency involved and showing that such customer has met each of the criteria specified herein for each such special adjustment for the period thereof.~~

~~5. Demand Charge Adjustment and Liability for Damages~~

~~Notwithstanding any other provision of Seller's FERC Gas Tariff or any service agreement or contract with Seller, Seller shall not be contractually or otherwise obligated to deliver to any customer any quantity of gas in excess of the maximum quantity such customer is entitled to receive under this Article, and Seller shall not be liable in damages, or otherwise to any customer or other person for any quantity of gas which any customer is not permitted to receive as a result of curtailment of deliveries by Seller pursuant to this Article, except to the that such curtailment of deliveries is shown to be the result of negligence or misfeasance by Seller. Seller shall credit each customer's monthly bill under Seller's GS and MS Rate Schedule for any curtailment under~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~this Article XX in accord with the provisions for demand and deliverability charge credits in such Rate Schedule, and the amount of such credits shall be included in the Deferred Account and recovered from Seller's customer as provided in Section 9 of this Article.~~

~~6. Unauthorized Over Run Penalty~~

~~If during any Curtailment Period which Seller does not terminate prior to its originally announced expiration date, any Affected Customer takes, without Seller's advance approval, a quantity of natural gas in excess of the Curtailment Period Quantity Entitlement applicable to such customer, said quantity shall constitute unauthorized over run quantity; provided however, that no gas delivered at any point of delivery where Seller has complete and unrestricted control of gas deliveries shall be considered unauthorized over run quantity. For each Dth of such unauthorized over run quantity taken by such customer, such customer shall pay to Seller a penalty of ten dollars (\$10.00) together with and in addition to the demand, commodity, gas, penalty charges and other charges otherwise payable by such customer for the period in which said unauthorized over run quantity was taken; provided, however, that Seller shall have the right, without obligation, to waive any penalty for unauthorized over run quantity under this Section 6 if for the period for which the penalty was incurred, deliveries to Seller's other customers were not adversely affected by the taking of such unauthorized over run quantity and if Seller's pipeline operations including any gas storage operations were not impaired thereby. The payment of a penalty for unauthorized over run shall not under any circumstances be considered as giving any such customer the right to take unauthorized over run; nor shall such payment be considered as a substitute for any other remedies available to Seller or any other customer against the offending customer for failure to adhere to its obligation under the provisions of this Article.~~

~~7. Disposition of Penalty~~

~~In December of each year, Seller shall make payments as herein provided to each of its customers which on any day during the twelve months ending the preceding October failed to receive the quantity of natural gas to which it was entitled under its contracts with Seller, including this Article, and which in good faith it would have purchased from Seller, but was unable to because of the taking of unauthorized~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~over run quantities under Section 6 of this Article XX by another customer. Such payments shall be computed at the rate of ten dollars (\$10.00), or such lesser sum as will allow distribution proportionately among customers entitled to payments hereunder of all over run penalties collected under Section 6 of this Article XX during the above described twelve month period for each Dth of gas which such customer failed to received as hereinabove provided.~~

~~8. Customer Reports~~

~~Each sales customer of Seller shall promptly furnish such information as Seller may request from time to time to implement any curtailment under this Article, including, but not limited to, (1) the customer's monthly requirements from Seller by priority of service categories with supporting data, including information for individual industrial customers served by Seller's customers and (2) the periodic deliveries from Seller planned by the customer to implement any allocation of deliveries made effective under this Article during any Curtailment Period.~~

~~9. Changes in Rates to Reflect Curtailment Credits~~

~~The rates for Seller's jurisdictional sales deliveries shall be adjusted from time to time to reflect curtailment credits in accord with the procedures herein specified.~~

~~9.1 Deferred Account: For the period beginning with the effective date of this Article, Seller shall establish and maintain a Deferred Account which shall include (1) demand and deliverability charge credits to customer's monthly bills as provided by Section 5 of this Article and under the affected rate schedules in Volume No. 1 of Seller's FERC Gas Tariff, and (2) revenues received each month under the effective Rate Adjustment filed pursuant to Section 9.2 of this Article for recovery of the Deferred Account. Such account shall be maintained by separate subaccounts for each rate zone as defined in Article XVIII of the General Terms and Conditions.~~

~~9.2 Rate Adjustment: The Rate Adjustment under this Article for each Effective Date of Adjustment shall be separately determined for each rate zone subaccount by dividing (1) the Credits to be Recovered for such subaccount by (2) Seller's estimated deliveries to customers under the Rate Schedule(s) included in such subaccount for the six month period following and Effective Date of Adjustment.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~The Credits to be Recovered for each rate zone subaccount shall be the sum of (1) Seller's estimated curtailment credits in the appropriate rate zone for the six month period beginning with the Effective Date of Adjustment and (2) the actual balance in the appropriate rate zone subaccount as of the end of the six month period immediately preceding the Effective Date of Adjustment for the last prior Rate Adjustment under this Section 9.~~

~~The Rate Adjustment for each rate zone subaccount as thus determined shall be stated to the nearest one one hundredth cent and shall be applicable to the commodity, single part, and excess withdrawal rates, and the unauthorized over run rate for storage service, in the Rate Schedule(s) included in each such subaccount. The effective rate shall be the Rate After Current Adjustment as shown in the Summary of Rates and Charges in Seller's Tariff reflecting the Rate Adjustment under Section 9 of this Article.~~

~~9.3 Effective Date of Adjustment: The Effective Date of Adjustment for each Rate Adjustment filed pursuant to this Section 9 shall be the date specified in Seller's filing and shall be the first day of a month; provided, however, that such Rate Adjustments shall be made effective no more frequently than semiannually.~~

~~9.4 Filing Procedure: At least thirty days prior to the Effective Date of Adjustment, Seller shall file with the Federal Energy Regulatory Commission and post as defined by Section 154.16 of the Commission's Regulations, a revised Summary of Rates and Charges for its FERC Gas Tariff showing for each of Seller's applicable Rate Schedules, the Base Tariff Rates and the Rates After Current Adjustment reflecting the Rate Adjustments determined in accord with this Article. Such filing shall include computations of such Rate Adjustments and supporting data showing the Credits to be Recovered and estimated deliveries for each rate zone subaccount utilized in the determination of such Rate Adjustments pursuant to Section 9.2 of this Article. Such supporting data shall be in lieu of any other data or supporting materials otherwise required by the Commission's Regulations under the Natural Gas Act. The filing or making effective by Seller of rate changes under procedures other than this Article shall have no effect upon the right and duty of Seller to make changes under this Article.~~