

RATE NSS - NEGOTIATED SALES SERVICE

APPLICABILITY

Throughout the territory served under this Tariff.

AVAILABILITY

Available to any commercial or industrial customer, who meets the following requirements:

1. The Customer would not initiate service from the Company or would no longer take service from the Company, but for the availability of service under Rate NSS.
2. The Customer's annual throughput requirements exceed 21,460 thms. (c)
3. The Customer does not take service under any other rate schedule other than Rate SS - Standby Service, with the exception that the customer may receive distribution service under an applicable rate schedule if the customer elects the energy usage nomination option under the RATES section below. (c)
4. The Customer executes a contract for a minimum of one year for service under this Rate Schedule. The contract shall contain the rate or methodology for determining the rate, as well as any other terms and conditions of service.
5. The Customer has installed alternate fuel capability or nominates standby service sufficient to serve all essential Human Needs.

Service hereunder is available only:

- (a) In instances where the Company's facilities and gas supply are adequate or can be made adequate economically to supply Customers' requirements; and
- (b) In months where the Company posts capacity, or obtains additional capacity, as more fully described herein.

CHARACTER OF SERVICE

Service hereunder may be either firm service or interruptible service.

1. Interruptible Service. Under Interruptible service, the Company under this rate schedule takes no responsibility to obtain sufficient gas supplies or capacity to avoid interruption on a daily basis, and service is interruptible on any day when the Company gives notice to the customer. The Company shall give the customer two hours advance notice of interruption. Customer agrees that Company shall not be liable for any loss or damage that may be sustained by the customer by reason of any interruption of service.

(C) Indicates Change

RATE NSS - NEGOTIATED SALES SERVICE (Continued)

CHARACTER OF SERVICE - Continued

2. Firm Service. Where the Company either has or can obtain firm capacity sufficient to meet the customer's firm requirements, the customer may elect firm service. The customer may elect the degree of firm service desired, both with respect to quantities and number of days of interruption. The Company will provide firm NSS service only if: (a) the Company acquires additional capacity specifically to serve the NSS customer on days when service otherwise would be interrupted, or (b) the customer elects Standby Service under Rate SS. Firm Service, other than under Rate SS, shall not be available if the Customer was served by the company under another firm sales service rate schedule during the immediately preceding 12 months, unless the customer demonstrates, to the Company's satisfaction, that the customer otherwise would no longer take firm sales service from the Company

(C)

RATES

A. CUSTOMER CHARGE

Customers hereunder shall pay a customer charge. The charge will be negotiated for each customer served under this rate schedule, and will be no less than the equivalent customer charge under the otherwise applicable Transportation rate schedule and the amount shall be included in the customer's service contract.

B. DISTRIBUTION AND COMMODITY CHARGES

The Customer shall elect one of the following rate options at the time it executes a contract for service under this rate schedule.

1. Energy Usage Nomination Option - Customers electing the energy usage nomination option shall pay a negotiated rate per thm, which shall be no less than the sum of the following:

(C)

- a. the applicable cost of gas, as determined below; plus
- b. an E-Factor charge or credit, if applicable, plus
- c. a negotiated margin, inclusive of amounts necessary to provide for capacity credits as provided for in this rate.

The applicable cost of gas under the energy usage nomination option shall be determined on a monthly basis and shall equal the cost of spot purchases delivered to the city gate and scheduled to commence on the first day of each month, including transportation and retainage; provided, however, that if such scheduled spot purchases are made for both firm sales customers and NSS sales customers, the lowest cost spot purchases shall be charged to firm sales customers. If NSS purchases under the energy usage nomination option are made in excess of the quantity nominated, then the applicable cost of gas for such excess shall be the gas cost computed in accordance with the provision of the Rules Applicable to Distribution Service. If NSS nominations exceed scheduled quantities of spot purchases, the applicable cost of gas for such excess shall be determined in accordance with the No Nomination Option Provision. The applicable cost of gas shall be excluded from the Purchased Gas Cost Rider.

(C)

(C) Indicates Change

RATE NSS - NEGOTIATED SALES SERVICE (Continued)

RATES - Continued

Customers receiving service under the energy usage nomination option shall be required to nominate quantities to be received under NSS service not less than 5 business days before each calendar month; provided, however, that, by mutual agreement between the Company and the customer, the nomination date may be set at an earlier date. The customer will be permitted to increase the nomination during the month on 24 hours notice; the customer must agree to pay the commodity cost of additional purchased gas made to accommodate the increased nominations. (C)

2. No Nomination Option - Customers electing the no nomination option shall pay a negotiated rate per thm, which shall be no less than the sum of the following: (C)

- a. the applicable cost of gas, as determined below, plus
- b. an E-Factor charge or credit, if applicable, plus
- c. a negotiated margin, inclusive of amounts necessary to provide for Purchased Gas Cost credits as provided for in this rate.

The applicable cost of gas under the No Nomination Option shall be determined on a monthly basis and shall equal the average city gate commodity cost of gas purchases (excluding gas withdrawn from storage) scheduled to commence on the first day of each month, including transportation and retainage. The applicable cost of gas shall be excluded from the Purchased Gas Cost Rider. (C)

3. Fixed Price Option - Customers electing the fixed price option shall, at the time of execution of their contract, nominate quantities to be taken during each billing month of the contract. The rate per thm per month shall be negotiated, but shall be no less than the sum of the following: (C)

- a. the settled fixed price for natural gas, under a fixed price contract entered into by the Company with a gas supplier, as determined below, including transportation and retainage; plus (C)
- b. an E-Factor charge or credit, if applicable, plus
- c. a negotiated margin, inclusive of amounts necessary to provide for applicable Purchased Gas Cost credits as provided for in this rate.

Contemporaneous with the Customer's execution of a contract under the fixed price option, the Company will enter into a fixed price contract for natural gas with a gas supplier. The contract will provide for quantities equal to the quantities nominated for each month of the Customer's contract. In the event the Company executes, in the same month, multiple contracts having the same term as the contract term of the NSS sale, the higher cost gas supply will be assigned to the NSS customer. The settled fixed price for gas hereunder shall be excluded from the Purchased Gas Cost Rider. (C)

Effective July 7, 1998, if a customer transfers to this rate from another sales rate schedule of the Company, to which the Purchased Gas Cost rider applies, then for a period of twelve months, the commodity rate shall be adjusted to include the amount per thm equal to the "E-Factor" included in the then-applicable Purchased Gas Commodity Cost rate. (C)

(C) Indicates Change

RATE NSS - NEGOTIATED SALES SERVICE (Continued)

CREDITS TO THE PURCHASED GAS COST RIDER

The Company shall credit as revenues for recovery of purchased gas costs, an amount equal to (1) the Rider EBS-Option 2 rates and (2) interstate pipeline capacity costs. The amount of the credit for interstate pipeline capacity costs shall be separately computed for each NSS contract and shall be equal to the greater of the following:

- a. Actual sales multiplied by the average rate per thm of all final accepted bids for thirty day recallable capacity received by Columbia five days prior to the commencement of each month of the contract; or (C)
- b. Actual sales multiplied by \$.00465/thm in December, January and February; and \$.00093/thm in all other months. (C)

For firm service not provided by Rate SS-Standby Service, the Company shall credit an additional amount for recovery of interstate pipeline capacity costs. The amount of the credit shall be separately computed for each firm NSS contract and shall be equal to the actual capacity costs incurred to acquire additional capacity, which was obtained, on either a short-term or long-term basis, in order to provide firm service to the customer on days when service otherwise would be interrupted.

For firm service provided by Rate SS-Standby Service, the credit for recovery of interstate pipeline capacity costs shall be computed in accordance with Rate SS.

SPECIAL PROVISIONS

- 1. The distribution non-gas margin component of sales under this rate schedule shall be no less than the otherwise-applicable distribution rate offered by Columbia to the customer.
- 2. Subject to the minimum pricing provisions set forth herein, the price and length of term for service under this rate schedule shall be established through negotiations between the Company and the customer. Provided, however, that no contract shall be entered into hereunder without the Company first posting, on Columbia Gas Transmission Corporation's Electronic Bulletin Board, thirty day recallable capacity.
- 3. If in any billing month the actual usage by the NSS customer is less than nominated quantities, the nominated quantities must be paid for by the customer and the quantity not taken will be subject to the provisions of Rider EBS. (C)
- 4. The Company shall schedule gas purchases sufficient to meet quantities nominated under this rate schedule each month. (C)
- 5. On any day when a Customer electing interruptible service under this rate schedule has been given notice by the Company to interrupt, any quantity of gas taken in excess of the quantity specified to be made available that day shall constitute consumption in excess of deliveries and shall be subject to provisions of the Consumption in Excess of Deliveries section in Paragraph 3 of the RADS. Payment of the charges specified in the above mentioned paragraph shall be in addition to the charges specified in this rate schedule.

(C) Indicates Change

RATE NSS - NEGOTIATED SALES SERVICE (Continued)

SPECIAL PROVISIONS - Continued

6. The Company shall require any customer requesting service under this rate schedule to install and bear the costs associated with a daily demand reading meter plus all costs associated with any necessary dedicated telephone lines and telemetering equipment, and such installation shall be at the expense of the customer, excluding the cost of the meter. The meter and associated telemetering equipment shall be the property of the Company.
7. The Company agrees to retain the actual posted Electronic Bulletin Board notices utilized to determine the aforementioned capacity credit and agrees to provide a summary of the terms of release and prices paid for such release in its annual Section 1307(f) filing.
8. The Company shall include, with its annual Section 1307(f) filing, an identification of the cost of gas acquired to provide service to customers under this rate schedule.
9. The Company agrees to provide a report with its annual Section 1307(f) filing detailing the bases for any service provided under this rate schedule to customers with annual throughput requirements below 64,380 thms.

(C)

STATE TAX ADJUSTMENT SURCHARGE

The above charges are subject to a State Tax Adjustment Surcharge as set forth in this tariff.

TERMS OF PAYMENT

The above rates are net. Bills for gas service will be rendered monthly and are due and payable upon presentation. All bills shall be paid on or before the final date of payment shown on the bill, which date shall be not less than fifteen (15) days after presentation (date of postmark).

If the Customer fails to pay the full amount of any bill, a delayed payment charge of one and one-quarter percent (1 1/4%) per month shall accrue on the portion of the bill that is unpaid on the due date.

RULES AND REGULATIONS

Rules and Regulations Governing the Distribution and Sale of Gas of this Tariff, which are not inconsistent with the provisions of this rate schedule, shall govern, where applicable, the supply of gas service under this rate schedule.

(C) Indicates Change