



Procedure Manual

Transportation of Natural Gas

Texican Natural Gas Company, LLC
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Charlotte, NC 28226
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PROCEDURE MANUAL

Natural Gas Transportation

1. Enrollment

Customer must complete an Authorization Form that we will send to their LDC(s) stating Texican Natural Gas Company, LLC is their chosen Marketer and that we have authorization to act on their behalf regarding the transportation of natural gas (see Appendix A). This is a one-time only request....

2. Nomination

The nomination process is a means of communicating expected gas usage information between the Customer, the Marketer, and the Utility (LDC). Customer shall notify the Marketer (Texican) by email not less than five (5) calendar days before the first day of each delivery of the estimated monthly and/or daily gas nomination. Each LDC has their own deadline for which nominations are due. Texican will nominate on your behalf with the LDC adhering to their nomination deadlines.

3. Balancing

Texican bears all balancing risks related to the difference between the volumes nominated vs. volumes used by customers; therefore, kindly notify us with any operational changes that will affect natural gas usage as soon as possible.

4. Communication

Since Texican provides a balanced service for you, it is very important to keep an open line of communication. If you do not send us your nominations by email each month, then we will use the historical usage provided by the State as a baseline. Please advise if there are any operational changes that will affect gas usage in any given month. Whether planned or unexpected, please advise as soon as possible so that adjustments to the nominations can be made. Please contact Scott Ferreira at 704-544-7120 sferreira@texican.com

5. Invoices

Texican will invoice you for the natural gas and transportation to the LDC's city gate. The LDC will provide a separate invoice for the delivery of natural gas to your facility.

6. Reports

Energy Summary Report will be distributed on a monthly and annual basis. If you have any questions regarding this report, please contact JoAnn Lanzano 704-544-7128 jlanzano@texican.com

7. Supply Interruptions, Force Majeure, Curtailment, Operational Flow Order (OFO)

Texican will provide firm delivery of natural gas for all facilities unless mutually determined otherwise. However, interruption is possible in the event a Pipeline or LDC issues a Force Majeure, Curtailment or Operational Flow Order. In the event that the Pipeline or LDC issues such an order, then Texican shall provide to the customer written justification including documentation from the pipeline or LDC which clearly describes details of the event.

8. Taxes

North Carolina passed The Tax Simplification and Reduction Act of 2013 which among other tax related items eliminates the NC Excise tax on Natural Gas effective June 30, 2014. Replacing the Excise Tax on July 1, 2014 will be a new Sales Tax of 7% that Texican will be required to collect from those customers that are not exempt. (N.C. Gen. Stat. § 105-164.4(a)(9) imposes the 7.00% combined general rate of sales and use tax to the gross receipts derived from sales of piped natural gas billed on or after July 1, 2014.) Please contact NC Department of Revenue at 919-733-2151 with questions concerning any relative taxes.

9. Glossary of Terms

Balancing: The process of equalizing a shipper's receipt of gas into a pipeline with withdrawals out of a pipeline system. This can be done daily, monthly or seasonally.

City Gate: physical location where gas is delivered by an interstate pipeline to a local distribution company.

Dekatherm (dth): a unit of measurement equal to ten therms or one million Btu.

Therm: a unit of measurement equal to 100,000 Btu. Ten therms equals one dekatherm.

Firm Transportation Service: the highest priority transportation service offered under a filed rate schedule which anticipates no interruption except force majeure.

Force Majeure: Unexpected and uncontrollable disruptive events that excuse a party from contract obligations.

Marketer: a company that arranges purchases and sales of natural gas. Unlike pipeline companies or local distribution companies, a marketer does not own physical assets commonly used in the supply of natural gas, such as pipelines or storage fields. A marketer may be an affiliate of another company, such as a local distribution company, natural gas pipeline, or producer, but it operates independently of other segments of the company.

Natural Gas: hydrocarbon gas obtained from underground and undersea porous sedimentary rocks, often together with crude oil. It is a mixture primarily of methane (about 85%), ethane (about 10%), and propane (about 3%); butane, carbon dioxide, hydrogen sulfide, nitrogen, and oxygen make up the balance. Used as an important feedstock (in the manufacture of fertilizers, methanol, and other organic and synthetic materials) in the chemical industry, and as a fuel in other industries.

Nominations: a precise listing of the quantities of gas to be transported during any specified time period. An nomination includes all custody transfer entities, locations, compressor fueled and other volumetric assessments, and the precise routing of gas through the pipeline network. Nominations often create contract right and liabilities.

10. Industry Links

Texican Natural Gas Company, LLC
www.texican.com

North Carolina Utility Commission
www.ncuc.net

Piedmont Natural Gas
www.piedmontng.com

Texican Natural Gas Company, LLC

Public Service Company of North Carolina (PSNC)

www.psnenergy.com

Transco Pipeline/Williams Company

<http://co.williams.com/williams/operations/gas-pipeline/transco>

American Gas Association

www.aga.org

Frontier Natural Gas

www.frontiernaturalgas.com

Texican Natural Gas Company, LLC

Frontier Enrollment Form

Customer Legal Entity Name

Mailing Address

Account Number



**RATE SCHEDULE 107
BALANCING, CASH-OUT, AND AGENCY AUTHORIZATION**

AGENCY AUTHORIZATION FORM

EFFECTIVE DATE

CUSTOMER

NAME OF FACILITY

ACCOUNT NUMBER (S)

AGENT

AGENT CONTACT PHONE #

This is to advise Piedmont Natural Gas Company that _____ (Customer) has authorized _____ (Agent) to act on its behalf for the following transactions:
_____ nominations, _____ imbalance resolution _____ billing,

of gas for the above listed account(s). Piedmont Natural Gas Company is hereby authorized to deal with the Agent directly, and the CUSTOMER AND THE AGENT UNDERSTAND THAT THEY ARE RESPONSIBLE, JOINTLY AND SEVERALLY, FOR ANY AMOUNTS DUE PIEDMONT NATURAL GAS COMPANY ARISING UNDER THIS RATE SCHEDULE, PIEDMONT'S NORTH CAROLINA SERVICE REGULATIONS, OR AGENT'S CUSTOMER AGENT AGREEMENT which are not paid on these accounts. Customer will provide Piedmont Natural Gas Company with a revised "AGENCY AUTHORIZATION FORM" at least five (5) business days prior to the beginning of the month for the accounts designated, unless the Agent's right to conduct business has been suspended by Piedmont Natural Gas Company without prior notice.

AUTHORIZED
SIGNATURE _____
FOR THE CUSTOMER

AUTHORIZED
SIGNATURE _____
FOR THE AGENT

Please Print
AGENT'S NAME _____ TITLE _____

PHONE # _____ FAX # _____

MAILING ADDRESS

Please submit to: End User Transportation
Piedmont Natural Gas Company OR
P. O. Box 33068
Charlotte, N.C. 28233

End User Transportation
Fax Number: (704) 364-8320