

Base Contract for Sale and Purchase of Natural Gas¹²

This Base Contract is entered into as of the following date: _____ . The parties to this Base Contract are the following:

_____ and _____

Duns Number: _____
 Contract Number: _____
 U.S. Federal Tax ID Number: _____

Duns Number: _____
 Contract Number: _____
 U.S. Federal Tax ID Number: _____

Notices:

Attn: _____
 Phone: _____ Fax: _____

Attn: _____
 Phone: _____ Fax: _____

Confirmations:

Attn: _____
 Phone: _____ Fax: _____

Attn: _____
 Phone: _____ Fax: _____

Invoices and Payments:

Attn: _____
 Phone: _____ Fax: _____

Attn: _____
 Phone: _____ Fax: _____

Wire Transfer or ACH Numbers (if applicable):

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

BANK: _____
 ABA: _____
 ACCT: _____
 Other Details: _____

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the Gas Industry Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the default provision for each section shall apply. **Select only one box from each section:**

Section 1.2 Transaction Procedure <input type="checkbox"/> Oral (default) <input type="checkbox"/> Written ³	Section 7.2 Payment Date <input type="checkbox"/> 25 th date ⁴ of Month following Month of delivery (default) <input type="checkbox"/> _____ date ⁵ of Month following Month of delivery
Section 2.4 Confirm Deadline <input type="checkbox"/> 2 Business Days after receipt (default) <input type="checkbox"/> _____ Business Days after receipt	Section 7.2 Method of Payment <input type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check
Section 2.5 Confirming Party <input type="checkbox"/> Seller (default) <input type="checkbox"/> Buyer <input type="checkbox"/> _____	Section 7.6 Netting <input type="checkbox"/> Netting applies (default) <input type="checkbox"/> Netting does not apply
Section 3.2 Performance Obligation <input type="checkbox"/> Cover Standard (default) <input type="checkbox"/> Spot Price Standard ⁶	Section 10.3.1 Forward Contract Damages ⁷ <input type="checkbox"/> Forward Contract Damages ⁸ Apply (default) <input type="checkbox"/> Forward Contract Damages ⁹ Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	Section 10.3.2 Other Agreement Setoffs <input type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Other Agreement Setoffs Do Not Apply

¹ ECNGC: Design separate Long Term contract or strengthen this contract

² PCES: [2] Change name to NAESB contract

³ Peoples: [1] Written default

⁴ Peoples: [3] replace "date" with "day"

⁵ Peoples: [3] replace "date" with "day"

⁶ Peoples: [2] make Spot Price default

⁷ SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

⁸ SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

⁹ SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

Section 2.25 Spot Price Publication	<input type="checkbox"/> Gas Daily Midpoint (default) <input type="checkbox"/> _____	Section 14.5 Choice Of Law	<input type="checkbox"/> Texas (default) ¹⁰¹¹¹²¹³¹⁴¹⁵¹⁶¹⁷ <input type="checkbox"/> _____
Section 6. Taxes	<input type="checkbox"/> Buyer Pays At and After Delivery Point (default) <input type="checkbox"/> Seller Pays Before and At Delivery Point	Section 14.10 Confidentiality	<input type="checkbox"/> Confidentiality applies (default) <input type="checkbox"/> Confidentiality does not apply
<input type="checkbox"/> Special Provisions: <input type="checkbox"/> GISB Standard Addendum(s): _____			

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

Party Name

Party Name

By _____
Name:
Title:

By _____
Name:
Title:

General Terms and Conditions Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.6.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

¹⁰ DTEET: Objects to selection of Texas. Proposes to New York law or to remain silent

¹¹ J Aron: Remove default law

¹² PCES: [3] Support Texas as default or leave blank

¹³ Sempra: [1] No default provision or support New York

¹⁴ Peoples: [4] silent on choice of law

¹⁵ KeySpan: [4] modify section to require parties to specify choice of law or in the alternative to list all States in the check off box

¹⁶ AIG: [1] disagree that TX law should be default. Recommend either no default law or New York law

¹⁷ NiSource: [8] controlling law should be agreed to between the parties. Does not agree with Texas as default.

Oral Transaction Procedure:¹⁸

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a “writing” and to have been “signed”. Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means¹⁹. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains²⁰ any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed^{21 22} to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of non-conflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. ²³If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a²⁴ binding²⁵ Transaction Confirmation pursuant to Section 1.2²⁶, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the

¹⁸ ConEd: “transaction” as it is used throughout the proposed GISB to refer to transactions that are confirmed orally should be defined in the Contract

¹⁹ APS: add “within three (3) Business Days of telephonic transaction”

²⁰ Peoples: [Pg2,1] insert space between contains and any

²¹ ConEd: Insert the words, “in writing”

²² Yankee: the express agreement of the parties should be evidenced by a writing

²³ APS: Change the first sentence to read as follows: “If the commercial terms of a sending party's Transaction Confirmation is different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, e-mail, or other mutually agreeable means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party.”

²⁴ Peoples: [pg2,2] insert space between a and binding

²⁵ ConEd: “effective Transaction Confirmation” and “binding Transaction Confirmation” are used interchangeably. Prefers “binding” as it is the term used in definition

²⁶ Yankee: In Oral Transaction Procedure, why should the Transaction Confirmation take precedence in the order of priority

parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence²⁷²⁸.

1.4. The parties agree that each party may electronically record all telephone conversations between their respective employees²⁹³⁰, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract. However, nothing herein shall be construed as a waiver of any objection to the admissibility of such evidence.

SECTION 2. DEFINITIONS

2.1. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein.

2.2. "British thermal unit" or "Btu" shall mean the International^{31 32} BTU, which is also called the Btu (IT).

2.3. "Business Day" shall mean any day except Saturday, Sunday or Federal Reserve Bank holidays.

2.4. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.5. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.6. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all effective³³³⁴ Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in an effective³⁵ Transaction Confirmation.

2.7. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu³⁶ to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

2.8. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.9. "Cover Standard"³⁷, as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party³⁸ shall use commercially

²⁷ AIG: [2] add to end of sentence "absent manifest error in document (i), in which case document (ii) will have priority over document (i)"

²⁸ NiSource: [1] The language of Section 1.3 regarding conflict among oral and written agreements is not clear as to what document ultimately controls.

²⁹ ConEd: insert, "who are involved in the purchase, sale, and or trading of Gas"

³⁰ Yankee: clarify that the recording is between the parties' respective marketing and trading employees

³¹ Peoples: [pg2,3] what is meaning of the word International?

³² KeySpan: [2] Clarification for the change of definition and significance of adding "international"

³³ ConEd: "effective Transaction Confirmation" and "binding Transaction Confirmation" are used interchangeably. Prefers "binding" as it is the term used in definition

³⁴ Yankee: effective Transaction Confirmations hasn't been defined. Binding is used in other sections.

³⁵ ConEd: "effective Transaction Confirmation" and "binding Transaction Confirmation" are used interchangeably. Prefers "binding" as it is the term used in definition

³⁶ Peoples: [pg2,4] insert the word gas after MMBtu

³⁷ Peoples: [pg2,5] use "defaulting party" and "non-defaulting party" in place of "performing party" and "non-performing party"

reasonable efforts to obtain Gas or alternate fuels³⁹⁴⁰, or sell Gas, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the non-performing party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the non-performing party.

2.10. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, a performance bond, guaranty, or other good and sufficient security of a continuing nature agreed to by the parties.

2.11. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.12. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.13. "Delivery Point(s)"⁴¹ shall mean such point(s) as are agreed to by the parties in a transaction.

2.14. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.15. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.16. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.17. "Gas" shall mean any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane.

2.18. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

2.19. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.20. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.

2.21. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.22. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.23. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.24. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

³⁸ ConEd: Not clear why "non-defaulting party" was replaced with "performing party". Explanation?

³⁹ SRP: [3] delete "alternate fuels"

⁴⁰ AIG: [4a] delete "or alternate fuels"

⁴¹ Peoples: [pg2,6] revise definition, "the point(s) on Transporter's system where Seller tenders Gas for delivery, as are agreed to by the parties in a transaction"

2.25. "Spot Price Standard" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price Standard shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price Standard shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.26. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.27. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION⁴²⁴³

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation⁴⁴ shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard for replacement Gas or alternative fuels⁴⁵⁴⁶ and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s)⁴⁷; or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the sole and exclusive remedy of the performing party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s). Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3.

⁴² Sempra: [2] No statement as to when non-performance damages are to be paid.

⁴³ AIG: [5] No date by which payment should be made for failure to deliver or receive gas. Suggest "The amount of such unfavorable difference shall be payable within two Business Days after presentation of the non-breaching party's invoice for such amount which shall set forth the basis which such amount was calculated".

⁴⁴ Peoples: [pg2,7a] insert, "to deliver or take Gas"

⁴⁵ SRP: [3] delete "alternative fuel"

⁴⁶ AIG: [4b] delete "or alternate fuels"

⁴⁷ Peoples: [pg2,7b] delete, or (iii) to end of sentence

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation⁴⁸ shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3.

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SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time⁵⁰ to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

4.4. ⁵¹

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

⁴⁸ Peoples: [pg2,8] insert, "to deliver or take Gas"

⁴⁹ ECNGC: [1] Proposes an additional option that would provide for substantial, \$-denominated penalty to Seller if Seller fails to perform and Buyer is unable to arrange for replacement gas

⁵⁰ Peoples: [pg2,9] use specific nom deadline rather than "sufficient time". Proposes: "1 hour prior to the Transporter's nom deadline"

⁵¹ AIG: [6] proposes new section: "4.4 If, at the time the parties enter into a Gas purchase and sale transaction under which one party is to sell Gas to the other, one or more other Gas purchase and sale transactions are outstanding under which such other party is to sell Gas to such first party for delivery during the same Delivery Period and at the same Delivery Point for payment on the same Payment Date, then (subject to a) any applicable regulations of the relevant Transporter and b) Section 10) all such offsetting transactions shall be netted into a single transaction under which (a) the party required to deliver the larger amount of Gas shall deliver to the other party the difference between the amount of Gas it is to deliver and the amount it is to receive under such offsetting transactions, and (b) the party owing the greater purchase price under such offsetting Gas purchase and sale transaction shall pay to the other party the difference between the amount it owes and the amount owed to it under such offsetting transactions. The single resulting transaction shall be deemed entered into automatically and, once entered into, outstanding obligations under the offsetting transactions shall terminate. Such netting shall not affect that transaction's status as a "Forward Contract" for purposes of the U.S Bankruptcy Code based on the date it was originally entered into."

SECTION 6. TAXES⁵²

The parties have selected either “Buyer Pays At and After Delivery Point” or “Seller Pays Before and At Delivery Point” as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority (“Taxes”) on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party’s responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority (“Taxes”) on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party’s responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT⁵³

7.1. Seller shall invoice Buyer⁵⁴ for Gas delivered and received in the preceding Month and for any other applicable charges⁵⁵, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. If Buyer, in good faith, disputes the amount of any such statement or any part thereof, Buyer will pay to Seller such amount as it concedes to be correct; provided, however, if Buyer disputes the amount due, Buyer must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law⁵⁶ to enforce its rights pursuant to this Section.

7.3. If Buyer fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under “Money Rates” by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.4. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with Sections 7.2 and 7.3 above.

⁵² NiSource: [2] The draft should specify that neither the contract price nor any other term of the contract is affected by any change in the rate or amount of any applicable tax on either party.

⁵³ SPR: [5] Monthly check out language similar to, “Parties shall perform a monthly confirmation of gas quantities and corresponding price prior to the invoice being issued. The parties shall confirm by telephone, fax, e-mail or other mutually acceptable method.”

⁵⁴ NiSource: [3] The contract is unclear regarding when invoices must be issued

⁵⁵ Peoples: [pg2,10] insert the words, “less any credits pursuant to Section 3.2”

⁵⁶ Peoples: [pg211] insert, “or in equity”

7.5. A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings⁵⁷ of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This examination right⁵⁸ shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed released⁵⁹ unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 days of notice and substantiation of such inaccuracy.

7.6. Unless the parties have elected on the Base Contract not to make this Section 7.6 applicable to this Contract, the parties shall net all undisputed amounts due and owing⁶⁰, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith⁶².

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. ⁶³Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including⁶⁴ attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.⁶⁵

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payments and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

⁵⁷ Peoples: [pg2,12a] replace recordings with recordings

⁵⁸ Peoples: [pg2,12b] replace, "This examination right" with, "This right to examine, audit and to obtain copies"

⁵⁹ Yankee: Isn't "waived" more appropriate than "released"?

⁶⁰ Sempra: [3] Add language "on the same day"

⁶¹ AIG: [7] add language "on the same Payment date" // same proposal for Canadian Addendum

⁶² Yankee: Would it be easier to state that if the Parties have executed a separate netting agreement, the terms and conditions therein shall supersede this section?

⁶³ Peoples: [pg2,13] Peoples does not feel it is appropriate to waive warranties for a gas supply agreement

⁶⁴ Peoples: [pg2,14] insert the word, "reasonable"

⁶⁵ NiSource: [5] believes Buyer should not be obligated to accept delivery of, or pay for, any Gas that does not meet the quality standards.

9.2. All Notices required hereunder may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission⁶⁶. If the day on which such facsimile is received is not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing⁶⁷.

SECTION 10. FINANCIAL RESPONSIBILITY⁶⁸

10.1. ⁶⁹If either party ("X") has reasonable grounds⁷⁰ for insecurity regarding the performance of any payment^{717273 74757677} obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount and for the term reasonably specified by⁷⁸ X, including, but not limited to, a standby irrevocable letter of credit⁷⁹, a prepayment, a security interest in an asset acceptable to X or a performance bond or guarantee by a creditworthy entity⁸⁰⁸¹.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or

⁶⁶ AIG [8b] notices sent by facsimile should be deemed received on the date that transmission is received by a responsible employee of the recipient in legible form.

⁶⁷ AIG: [8a] replace "five business days after mailing" with "upon actual receipt"

⁶⁸ NiSource: [6] This section as drafted shows a bent toward contracting from the Seller's point of view, noticeable in several other areas as well. In particular, only a party with reasonable grounds for insecurity regarding "performance of a payment obligation" may move or adequate assurances. For the LDC purchaser of gas, the key performance issue is the delivery of needed gas volumes.

⁶⁹ AIG: [11] insert "Notwithstanding Section 3.2,"

⁷⁰ ECNGC: What constitutes reasonable grounds?

⁷¹ ECNGC: [2] Provision focuses only on payment obligation. Provision ignores that the creditworthiness of Seller is important to Buyer. Proposes Party A's insecurity concerning the effect of Party B's credit on Party B's ability to perform any material obligation . .

⁷² SRP: [1] strike "payment"

⁷³ Peoples: [pg2,15a] replace "payment" with "material"

⁷⁴ ConEd: Revise section to give a party the right to request adequate assurance of performance if the party has "reasonable grounds for insecurity regarding performance" by the other party

⁷⁵ Yankee: suggest first sentence to read "has reasonable grounds for insecurity regarding the performance OR any payment obligation"

⁷⁶ AIG: [11] delete the word "payment"

⁷⁷ APR: delete "payment"

⁷⁸ Peoples: [pg2, 15b] replace "specified by" with "acceptable to"

⁷⁹ APS: insert "from a bank or institution acceptable to X"

⁸⁰ ECNGC: What is creditworthy entity?

⁸¹ APS: insert "acceptable to X"

similar law for the protection of creditors or have such petition filed or proceeding commenced against it⁸²; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a reasonable⁸³ written request by the other party; or (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written notice that such payment is due⁸⁴; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments and/or to terminate and liquidate the Contract⁸⁵⁸⁶, in the manner provided in Section 10.3, without prior notice⁸⁷⁸⁸, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by notice to the Defaulting Party⁸⁹, to designate a day, no earlier than the day such notice is given and no later than 20 days after such notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law or that are, in the reasonable opinion of the Non-Defaulting Party, commercially impracticable to liquidate and terminate⁹⁰ ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is reasonably practicable, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date⁹¹ for purposes of Section 10.3.1.

The parties have selected either "Forward Contract Damages⁹² Apply" or "Forward Contract Damages⁹³ Do Not Apply" as indicated on the Base Contract.

Forward Contract Damages⁹⁴ Apply⁹⁵⁹⁶.

⁸² Peoples: [pg2,16] add, "or any of its property and such petition or proceeding is not stayed or dismissed within sixty (60) days of the filing thereof"

⁸³ APS: delete the word "reasonable"

⁸⁴ SRP: [2] add the following language, "failure to perform any obligation under this Contract (except to the extent such failure constitutes a separate Event of Default under this Section 10.2 and except for such party's obligation to deliver or receive Gas, the exclusive remedy for which is provided in Section 3) if such failure is not remedied within ten (10) Business Days after a demand for corrective action."

⁸⁵ Yankee: parties don't terminate and liquidate the Contract, but rather terminate and liquidate the Transactions under the Contract.

⁸⁶ AIG: [10c] for clarification should read, "terminate and liquidate those outstanding Transactions entered into pursuant to the Contract"

⁸⁷ BGE: Notice requirements in 10.2 and 10.3 appear to be inconsistent. Propose deleting "without prior notice" to eliminate inconsistency

⁸⁸ AIG: [10a] remove language "without prior notice"

⁸⁹ AIG: [10b] insert language "except in the case of (i) to (iv) in Section 10.2 above, in which case no notice is required"

⁹⁰ Yankee: generally don't like the language that allows the non-defaulting party to determine the commercial impracticability to liquidate and terminate – if left in, perhaps it could be limited by adding at the end "but no longer than 10 days"

⁹¹ AIG: [12] put quotes around Early Termination Date

⁹² SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

⁹³ SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

⁹⁴ SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

⁹⁵ Sempra: [4] Believes this provision would be strengthened if it provided that all Transactions entered into by the parties will be deemed to be one integrated contract

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate⁹⁷ each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case⁹⁸; and (y) where appropriate, discount each amount then due under clause (x) above to **present value** in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions)⁹⁹.

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "Evergreen" Provisions and options to extend¹⁰⁰¹⁰¹) shall not be considered in determining Contract Values and Market Values.¹⁰²¹⁰³ The rate of interest used in calculating net **present value** shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Forward Contract Damages¹⁰⁴ Do Not Apply:¹⁰⁵

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

⁹⁶ AIG: [3] Believes this provision would be strengthened if it provided that all Transactions entered into by the parties will be deemed to be one integrated contract

⁹⁷ AIG: [13] suggest "liquidate and terminate" is more appropriate than liquidate and accelerate

⁹⁸ APR: assuming the Buyer and Seller described herein is the Non-Defaulting Party

⁹⁹ APR: add: "If the total amounts due to the Non-Defaulting Party are negative, then no monies are due either Party."

¹⁰⁰ J Aron: Delete "and options to extend"

¹⁰¹ AIG: [14] concur w/J.Aron's point regarding options

¹⁰² J Aron: Add following, "For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction **shall** be considered in determining Contract Values and Market Values".

¹⁰³ AIG: [14] concur w/J.Aron's point regarding options

¹⁰⁴ SRP: [4] Replace "Forward Contract Damages" with "liquidated damages" or "actual damages"

¹⁰⁵ AIG: [9] should be no option for "Forward Contract Damages Do Not Apply"

Other Agreement Setoffs Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior notice to the Defaulting Party, the Non-Defaulting Party may setoff (i) any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract or (ii)¹⁰⁶¹⁰⁷ any Net Settlement Amount payable to the Defaulting Party against any amount(s) payable by the Defaulting Party to the Non-Defaulting Party under any other agreement or arrangement between the parties.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount owed to the Non-Defaulting Party against any margin or other collateral held by it in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. ¹⁰⁸As soon as practicable after a liquidation, notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The notice shall include a written statement explaining in reasonable detail the calculation of such amount, provided that failure to give such notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement amount shall be paid by the close of business on the second (2nd) Business Day following such notice, which date shall not be earlier than the Early Termination Date.

10.5. ¹⁰⁹The parties agree that each transaction terminated and liquidated under Section 10.3 shall constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

SECTION 11. FORCE MAJEURE¹¹⁰

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7 and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such

¹⁰⁶ J Aron: Delete 10.3.2(ii) and replace with "any Net Settlement Amount owed to the Defaulting Party against any margin or other collateral held by the Defaulting Party in connection with any Credit Support Obligations relating to the Contract,"

¹⁰⁷ AIG: [15] Concur w/J.Aron's point regarding language to allow for the set-off of margin against any Net Settlement Amount

¹⁰⁸ AIG: [16] provision should be made for payment of default interest on the Net Settlement Amount if not timely paid, as well as payment of expenses and legal fees incurred by the party seeking to enforce payment of the Net Settlement Amount.

¹⁰⁹ APR: Change to read as follows: "The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code."

¹¹⁰ KeySpan: [3b] propose check off box where parties can indicate whether they agree to GISB or to individually crafted language

failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2¹¹¹.

11.2. ¹¹²Force Majeure shall include but not be limited to the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes¹¹³, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe¹¹⁴; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing¹¹⁵ or failure of wells or lines of pipe; (iii) interruption of firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary firm transportation unless primary, in-path, firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or¹¹⁶ (iii) economic hardship¹¹⁷, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing¹¹⁸, in whole or in part, the pass through of costs resulting from this Agreement; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or¹¹⁹ (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2¹²⁰. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide notice to the other party. Initial notice may be given orally; however, written notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

¹¹¹ Peoples: [pg2, 17] delete "Section 11.2" and replace with "Sections 11.2 and 11.3"

¹¹² NiSource: [7] Force Majeure is defined specifically to include regional weather events and to exclude events of economic hardship including regulatory situations that are negotiable issues, particularly for long-term contracts. Such specific references should be removed from the standard contract or it will not be readily usable for utilities.

¹¹³ KeySpan: [3a] exclude hurricanes and freeze-offs as force majeure events under long term contract

¹¹⁴ AIG: [17] language in Section 11.2 (i) is too broad and that the words "or necessity of repairs to machinery or equipment or lines of pipe" should be removed.

¹¹⁵ KeySpan: [3a] exclude hurricanes and freeze-offs as force majeure events under long term contract

¹¹⁶ AIG: [18a] delete "or"

¹¹⁷ ConEd: LDCs typically include the items in (iii) in long term agreements that excuse non-performance or give rise to a right to terminate

¹¹⁸ Yankee: regulatory disallowance should not be included as a specific example of a non-force majeure event

¹¹⁹ AIG: [18b] delete "or"

¹²⁰ AIG: [18c] add "as provided in Section 11.2; (vi) a State's controlling or rationing production; (vii) increases or decreases in natural gas supply due to allocation or reallocation of production by well operators, pipelines or other parties; or (viii) any failure of a supplier or purchaser to perform, for reasons other than set forth in Section 11.2."

SECTION 12. TERM

This Contract may be terminated on 30 days' written notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.5, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. Dispute Resolution¹²¹¹²²

~~SECTION 14.~~ SECTION 15. MISCELLANEOUS

~~44.4.15.1.~~ This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder¹²³¹²⁴), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party¹²⁵. Upon any transfer and assumption, the transferor shall not be relieved of or discharged from any obligations hereunder¹²⁶.

¹²¹ ECNGC: [3] Proposes Dispute Resolution, preferably "baseball"

¹²² NiSource: [4] The contract lacks important dispute resolution language. NiSource suggests at a minimum a procedure requiring that the aggrieved party promptly notify the other party and, if the parties fail to resolve the dispute within 10 Business Days, then appointed officers of the two parties meet to resolve the dispute.

¹²³ Peoples: [pg2,18] delete the language in the parenthetical

¹²⁴ ConEd: The parenthetical is misplaced or unnecessary.

¹²⁵ J Aron: Add the following, "provide, however, that (a) such transfer or assignment is to an entity whose credit worthiness is equal to or better than that of the transferee party immediately preceding the transfer and (b) such transfer has no adverse tax consequences to the non-transferring party."

¹²⁶ AIG: [19] concur with J.Aron that Section 14.1 be reworked. We believe, however, that no party should be able to assign its rights without the prior written consent of the other party.

~~14.2.15.2.~~ If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.¹²⁷

~~14.3.15.3.~~ No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

~~14.4.15.4.~~ This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties¹²⁸.

~~14.5.15.5.~~ The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

~~14.6.15.6.~~ This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

~~14.7.15.7.~~ There is no third party beneficiary to this Contract.

~~14.8.15.8.~~ Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

~~14.9.15.9.~~ The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

~~14.10.15.10.~~ Unless the parties have elected on the Base Contract not to make this Section 14.10 applicable to this Contract, neither party shall disclose without the prior consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, or accountants of the party and its affiliates or¹²⁹ prospective purchasers, directly or indirectly, of a party of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this contract, (iii) to the extent necessary to implement any transaction, or (iv) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure, and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

¹²⁷ Peoples: [pg3,19] add sentence, "Neither party shall be held in default for failure to perform under this Base Contract or the Contract, if such failure is due to compliance with such rules, regulations, laws, orders or directives of any Federal, State or local governmental regulatory authority."

¹²⁸ Peoples: [pg3, 20] add, "and no course of dealing or course of performance between the parties shall be construed to alter the terms hereof, except as stated in this Base Contract or the Contract.

¹²⁹ Peoples: [pg3,21] delete the words, "its affiliates or"

REMINDER TO DISCUSS ¹³³¹³⁴

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, GISB does not mandate the use of this Contract by any party. **GISB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO GISB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT GISB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL GISB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

¹³⁰ Peoples: [pg3,22] new section, "This Base Contract was prepared jointly by Seller and Buyer, and, in the event of doubt or ambiguity in the language of any of their provisions, shall be construed with equal strength in favor of both parties."

¹³¹ AIG: [20] "14.11 Each Party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this Agreement or any transaction.

¹³² AIG: [21] "14.12: If Buyer at any time exceeds the delivery credit line then in effect as from time to time established by Seller, Seller may, not later than the second Business Day before the last day on which Gas deliveries for that delivery month or Delivery Period, as applicable, can be nominated on Seller's Transporter (the "Last Nomination Day"), require Buyer, to the extent of such excess, to make due on its Credit Support Obligations by (a) prepaying for that transaction, (b) by providing an irrevocable letter of credit in Seller's favor in a form and substance and having such terms and conditions as Seller shall reasonably specify, issued by a major bank which is and remains acceptable to Seller; such prepayment will be made to, or such letter of credit received by, Seller within two Business Days after Seller's request (but no later than the Business Day before the relevant Last Nomination Day), or (c) providing Seller with other collateral in an amount acceptable to Seller in its sole discretion. In the event a letter of credit is provided, all charges at Buyer's bank relating to any letter of credit are for Buyer's account."

¹³³ PCES: [4] Recommendation to change Frequently Ask Questions

¹³⁴ Sempra: [5] Standard addendum governing margins

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____	
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt ¹³⁵ unless otherwise specified in the Base Contract.		
SELLER: _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	
Contract Price: \$ _____/MMBtu or _____		
Delivery Period: Begin: _____, ____ End: _____, ____		
Performance Obligation and Contract Quantity: (Select One)		
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or Seller	Interruptible: Up to _____ MMBtus/day
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):		
Special Conditions: _____ _____ _____		
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____	

¹³⁵ Peoples: [pg3,23] delete, "within 2 Business Days of receipt" and replace with, "by the Confirm Deadline"