

APPENDIX E

BALANCING PROVISIONS

APPLICABILITY

The following Provisions shall apply to 3RD Party Suppliers serving Customers under the School Pooling Service.

DELIVERY IMBALANCES

The Company shall charge monthly, a 3RD Party Supplier in connection with delivery imbalances arising from differences in the level of Forecasted Monthly Requirements compared to the level of Monthly Gas Supply Deliveries. A 3RD Party Supplier shall be obligated to balance its Forecasted Monthly Requirements with the total Monthly Gas Supply Deliveries. An Imbalance Quantity shall exist when the 3RD Party Supplier's Forecasted Monthly Requirements is greater than or less than its total Monthly Gas Supply Deliveries.

Monthly Under-Delivery Charge: The Monthly Under-Delivery Charge shall be equal to 120% of the capacity cost plus the higher of: (1) the first-of-the month index price of Panhandle Eastern Pipeline adjusted for appropriate fuel, transportation, and basis, or (2) the month's highest daily index price for Panhandle Eastern Pipeline, adjusted for appropriate fuel, transportation, and basis.

Monthly Over-Delivery Charge: The Monthly Over-Delivery Charge shall be equal to 80% of the lower of: (1) the first-of-the month index price of Panhandle Eastern Pipeline adjusted for appropriate fuel, transportation, and basis, or (2) the month's highest daily index price for Panhandle Eastern Pipeline, adjusted for appropriate fuel, transportation, and basis.

WAIVER OF CHARGES

In its reasonable discretion, on a case-by-case basis, the Company may waive all or part of any Delivery Imbalances Charge assessable pursuant to this Appendix E.

BILLING

Delivery Imbalance Charges will be calculated and billed at month end to the applicable 3rd Party Supplier as appropriate. Company will purchase amounts from a 3rd Party Supplier that are not offset by other charges.