



CenterPoint Energy Indiana South:

South Gas Transportation Overview

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CenterPoint Energy Indiana South Transport Program



Transport Eligibility

- Customers with annual usage of 25,000 therms or more are eligible for a transport rate.
- New transportation customers are required to have a signed contract returned to CenterPoint Energy (“Company”) thirty days prior to the first of the month gas flow effective date.
- Customer must have phone line installed to support Metretek by the 15th of the month prior to the first of the month gas flow effective date. Company will then typically have a Metretek device installed within 30 days thereafter.

Requirements for Pool Operator Approval



Provisions and Requirements for Pool Operator Participation include:

- Contract
 - Pool Operator must enter into a written Pooling Agreement with Company. Such Pooling Agreement shall set forth specific covenants and obligations undertaken by Company and Pool Operator under the Pooling Service 180 Rate Schedule on behalf of the Pool's Customers.
 - Initial term of not less than one year and shall automatically extend for succeeding annual terms thereafter subject to cancellation by either party after written notice submitted not less than ninety days prior to the end of the initial term or any succeeding annual term.

Requirements for Pool Operator Approval



Creditworthiness Standards and Requirements:

- Pool Operator must pass an initial financial evaluation performed by Company, and any such subsequent evaluation(s) deemed appropriate by the Company, to ensure that Pool Operator possesses sufficient resources to perform its responsibilities and to ensure financial performance under the 180 Pooling Service Rate Schedule.
- Pool Operator must complete and sign Company's Pool Operator Registration Form and Credit Application to be considered for participation in the Pooling Service.
- Pool Operator desiring to participate in the Pooling Service will be evaluated by Company to establish credit levels acceptable to Company.

Requirements for Pool Operator Approval



- Company will apply, on a non-discriminatory basis, reasonable financial standards to assess and examine Pool Operator's creditworthiness.
- Company will take into consideration the scope of the operations of Pool Operator and the level of risk to Company.
- In order to pass, Pool Operator may be required to provide security, the form and amount, of which shall be specified by Company. Company shall determine creditworthiness, and will not deny Pool Operator's participation in the Pooling Service without reasonable cause.

Pool Operator provides necessary documents to Company

- Two signed Pooling Service Agreements
 - Company's Pool Operator Registration Form
 - Pool Operator's most recent financials
 - List of customers to be pooled
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- Credit evaluation is performed.

 - Pool Operator is notified of approval outcome.

 - Upon approval, the Pool Operator instructs the customers to contact their CenterPoint Energy Account Manager to receive an Agency Agreement. For those customers that do not have an operating daily telemetry device, a phone line must be installed 10 business days prior to effective date they wish to join the pool.

Agency Agreements

- Agency Agreements are required 10 business days prior to the first of the month flow date for the following:
 - New transport customers
 - Existing transport customers joining an aggregate pool
 - Customers changing Gas Supplier/Pool Operator
- Agency Agreement must be signed by the customer.
- Gas Suppliers/Pool Operators may not drop a non-pooling, or one of their aggregate pool customers, prior to the first of the month. Gas Suppliers/Pool Operators must provide Company with a written notification of any changes at least 10 business days prior to the first of the month. If the 10 business day notice is not given, the Gas Supplier/Pool Operator will be required to retain the customer until the first of the following month.

Gas Transportation Billing will issue two separate bills.

- The Gas Transportation Service Bill
 - Issued during the first week of the month
 - Due date will be 17 days after issuance
- The Pooling Service Bill
 - Issued 15 business days after end of month to either the Pool Operator or any non-pooling customer
 - Due date will be 17 days after issuance

Example of billing timeline (March usage):

- Third business day of March
 - Issue bill for customer's distribution charges
- Approximately the tenth business day
 - Preliminary report of daily/monthly imbalances is published to Company's Electronic Bulletin Board (EBB)
 - Two business days are allowed for trading of imbalances via Company's EBB
 - One business day is allowed for trading of monthly imbalances via Company's EBB
- Three business days after trading closes
 - Issue bill for pooling service (imbalance charges)
 - Note: Non-pooling customers will receive two invoices. One for distribution charges, and another for imbalance charges.

The CenterPoint Energy Indiana South System consists of two operating systems.

- **CenterPoint Energy Indiana South's Operating System**
 - ANR S. Chrisney – meter 521032
 - Midwestern Gas Transmission (SIGECO Location)
 - Texas Gas Zone 3 – meter 1808

- **Hoosier Operating System**
 - Texas Gas Zone 3 – meter 1809 (Vincennes/Princeton area)

What are they?

- They are a range of minimum and maximum delivery percentages by pipeline within each operating system based on temperatures and operating system characteristics.
- Necessary in order to maintain system reliability and integrity.
- The delivery percentages will be recalculated and communicated to Transporters periodically (usually annually).
- Delivery percentages will be consistent throughout a given month.
- City-gate allocation tables are currently published on a seasonally.

CenterPoint Energy Indiana South

Pipeline

City-Gate

Texas Gas

Zone 3 – Loc Prop: 1808

Texas Gas

Zone 3 – Loc Prop: 1809

Midwestern

Location: SIGECO

ANR

Location: SIGECO
South Chrisney
Loc Prop: 521032

Current Unaccounted for Gas Percentage can be found in Appendix F in the tariff.

- The percentage located in Appendix F of the quantities received by Company from Transportation Customer, School/Government Supplier, or Pool Operator at a point of receipt on Company's distribution system shall be retained to compensate for unaccounted for gas.
- The Unaccounted For Gas Percentage shall be adjusted periodically by the Company, through updating of Appendix F, to reflect any changes in the unaccounted for gas percentage.

- Transport Customers are subject to the nomination and balancing provisions in Appendix E of the tariff.
- Transporter must submit nominations via the Company's EBB by no later than 1:00 PM Central Clock Time ("CCT") of the workday previous to the start date of the Daily Pipeline Nomination.
 - Company may accept nominations submitted after the deadlines within its reasonable discretion.
- Transporter shall pay a Nomination Error Charge of \$.49/dth on the quantity difference between its Daily Pipeline Nomination and the confirmed deliveries for each day such difference occurs.
- City-Gate Allocation Non-Compliance Charge of \$.99/dth shall be charged for all quantities that exceed or do not meet the prescribed City-Gate Allocations.

- Daily Under-Delivery (10% tolerance)
- Imbalances up to and including 10% tolerance will be carried over to month end.
- Imbalances over 10 % tolerance will be cashed out pursuant to the following:
 - >10% up to and including 20%
 - 1.1 times Daily Under-Delivery Charge
 - >20% up to and including 30%
 - 1.2 times Daily Under-Delivery Charge
 - >30%
 - 1.4 times Daily Under-Delivery Charge
- *Daily Index: Daily Midpoint price/Dth reported in Gas Daily, in the table “Daily Price Survey” for delivery to (1) Texas Gas Zone SL, (2) Chicago City Gates, or (3) ANR.
- Daily Under-Delivery Charge: shall be the highest of the sums of each Daily Index price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Daily Index Price.

- Daily Over-Delivery (10% tolerance)
- Imbalances up to and including 10% tolerance will be carried over to month end.
- If Company or pipeline experiences problems due to over-deliveries, Company may refuse to accept delivery of excess quantities.
- Imbalances over 10% tolerance will be cashed out pursuant to the following:
 - >10% up to and including 20%
 - 0.9 times the Daily Over-Delivery Charge
 - >20% up to and including 30%
 - 0.8 times the Daily Over-Delivery Charge
 - >30%
 - 0.6 times the Daily Over-Delivery Charge
- *Daily Index: Daily Midpoint price/Dth reported in Gas Daily, in the table “Daily Price Survey” for delivery to (1) Texas Gas Zone SL, (2) Chicago City Gates, or (3) ANR.
- Daily Over-Delivery Charge: shall be the lowest of the sums of each Daily Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Daily Index Price.

Monthly Balancing Provisions



- Monthly Under-Delivery (5% tolerance)
- Imbalances up to and including 5% tolerance will be carried over to the following month.
- Imbalances over 5% tolerance will be cashed out pursuant to the following:
 - >5% up to and including 15%
 - 1.1 times the Monthly Under-Delivery Charge
 - >15% up to and including 25%
 - 1.2 times the Monthly Under-Delivery Charge
 - >25%
 - 1.4 times the Monthly Under-Delivery Charge
- *Monthly Index Price: The monthly index price per Dekatherm reported in "Inside FERC's Gas Market Report" in the table "Prices of Spot Gas Delivered to Interstate Pipelines" for delivery to either (1) Texas Gas Zone SL , (2) Upper Mid-West, Chicago City-Gates, or (3) ANR.
- Monthly Under-Delivery Charge: shall be the greater of (1) Company's average costs (demand and commodity), based on its gas purchases for the month; or (2) the highest of the sums of each Monthly Index Price and the maximum interruptible pipeline transportation rate, including fuel and all surcharges, applicable to each Monthly Index Price.

Monthly Balancing Provisions (cont.)



- Monthly Over-Delivery (5% tolerance)
- Imbalances up to and including 5% tolerance will be carried forward to the following month.
- Imbalances over 5% tolerance will be cashed out pursuant to the following:
 - >5% up to and including 15%
 - 0.9 times the Monthly Over-Delivery Charge
 - >15% up to and including 25%
 - 0.8 times the Monthly Over-Delivery Charge
 - >25%
 - 0.6 times the Monthly Over-Delivery Charge
- Monthly Index Price: The monthly index price per Dekatherm reported in "Inside FERC's Gas Market Report" in the table "Prices of Spot Gas Delivered to Interstate Pipelines" for delivery to either (1) Texas Gas Zone SL, (2) Upper Mid-West, Chicago City-Gates, or (3) ANR.
- Monthly Over-Delivery Charge: shall be the lower of (1) Company's average gas costs (demand and commodity) based on gas purchases for the month; or (2) the lowest of the sums of each Monthly Index Price and the firm pipeline transportation commodity rate, including fuel and all surcharges, applicable to each Monthly Index Price.

- A Supplier may trade daily and/or monthly imbalances via Company's EBB.
- \$9.85 fee per transaction.
- Cannot trade in the opposite direction of the imbalance (i.e. cannot go from being over to being under)
- Trades are not allowed on OFO days.
- Note: Imbalance bills will be calculated in Dths. This includes the usage, imbalances, etc.

Monthly Balancing



- Monthly usage is derived from the first of the month reading to the first of the following month's reading and is not an accumulation of the daily usage.
- Deliveries and usage on OFO days are included in the monthly totals.

- Customers whose daily telemetry usage information is incorrect due to lack of phone service, faulty equipment, technical problems, etc. will be estimated on a per day basis at the time of billing.
- If a read is missing, an estimated read will be displayed. Please contact Gas Transportation Billing to determine what issue may be causing the missing read.
- Usage for those customers that do not have daily telemetry during the on-set of this program will be estimated on a per day average.

CenterPoint Energy Indiana South Tariff Definitions

Curtailment - the interruption or limitation of the Gas Service available to Customer pursuant to Company's Curtailment Procedures.

Gas Supply Curtailment - Curtailment resulting from insufficient quantities of Company-supplied gas to meet the existing and reasonably anticipated demands of Company's Sales Customers, temporarily supplied School/Government Suppliers' Pool Customers, or to protect and replenish Company's gas storage reserves.

Capacity Curtailment - Curtailment resulting from insufficient distribution system capacity to supply Gas Services to Company's Gas Service Customers.

Plant Protection Level - The minimum quantity of Gas Service for Firm Curtailment Customers required by Customer to prevent extensive damage to Customer's facilities, equipment, or other property. This includes the protection of such material currently in process at the time a Curtailment is called which would otherwise be destroyed, but shall not include Gas Service required to maintain plant production.

Causes for Curtailment:

- Gas supply area disruptions and/or restrictions
 - Severe weather - hurricanes, well freeze-offs
 - Equipment failure - Wellhead or processing plant
 - Significant leak
 - Gas quality
- Forecasted weather conditions
- Variances between Forecasted vs. Actual Weather
- System demand variations must be managed through gas supply portfolio balancing flexibility which is limited.

- Company's curtailment notification method utilizes the following communication methods: Telephone (cellular and land line), and E-mail.
- In the event of a Gas Curtailment, Company will notify its Transportation Customers of the type of curtailment.
- The Account Managers have previously distributed a copy of the current contact information on file for your company; please review this information. If you have any changes, please mark up the copy and return to your Account Manager as soon as possible.

Types of Notification Messages:

- CURTAILMENT - As of 12:00 AM Central Time Wednesday, September 15, 2020 CenterPoint Energy Indiana South is issuing a natural gas curtailment. Your natural gas usage is limited to your confirmed plant protection level. Should you have any questions please contact your Industrial Account Manager.
- ALERT- As of 12:00 AM Central Time Wednesday, September 15, 2020 CenterPoint Energy Indiana South is issuing a curtailment alert. If the weather conditions should get colder there is a good possibility that a natural gas curtailment could be called. If you have any questions please contact your Industrial Account Manager.

Types of Notification Messages:

- **RELEASE-** As of 12:00 AM Central Time Wednesday, September 15, 2020 CenterPoint Energy Indiana South is lifting the natural gas curtailment and you can go back to normal operations. If you should have any questions please contact your Industrial Account Manager.
- **OFO-** As of 12:00 AM Central Time Wednesday, September 15, 2020 CenterPoint Energy Indiana South is issuing an operational flow order. Your natural gas usage is limited to your confirmed pipeline nomination. Should you have any questions please contact your Industrial Account Manager.

Gas Supply Curtailment Sequence



Company shall have the right to curtail Gas Service to its Customers according to the following sequences:

- First, Rate 145, 160, and 170 Non-Pooling Transportation Customers and Pool Operators' and School/Government Pools (under Rate Schedules 180 & 185), shall be subject to the Cold Weather OFO.
- Next, all Firm Curtailment Customers' purchases of Company-Supplied gas shall be limited to either their respective Average Daily Throughput each day over any portion of the billing month or their respective Normal Monthly Throughput.
- Next, all Firm Curtailment Customers' purchases of Company-Supplied gas shall be curtailed pro-rata either on a daily basis for any period specified by Company by application of a uniform percentage curtailment to their respective Average Daily Throughput or on a billing month basis by application of a uniform percentage curtailment to their respective Normal Monthly Throughput.

Gas Supply Curtailment Sequence (cont.)



- Next, all Firm Curtailment Customers' purchases of Company-supplied gas shall be curtailed to a daily quantity equal to their respective Plant Protection Levels.
- Next, Rate 145, 160, and 170 Non-Pooling Transportation Customers transportation gas quantities on Company's system shall be limited to Customers' respective Plant Protection Levels, and the remainder of their delivered supply shall be diverted to use for Company Supply.
- In the event further curtailment is required to maintain Gas Service, Company shall be entitled to curtail or interrupt Gas Service to any customer.
- Transport Customers shall be compensated for the diversion of Customer's transport gas quantities.

Operational Flow Order (OFO) - An order issued by Company via its EBB, fax machine, or telephone directing a Pool Operator, School/Government Supplier, or Transportation Customer to deliver specific quantities of gas via specific pipelines.

- Cold Weather OFO - Pool Operator shall be subject to the Daily OFO Under-delivery Imbalance provisions. If the Pool Operator's Daily Under-delivery Imbalance is greater than 3% of Total Daily Usage, the shortfall quantities shall be cashed out with Company.
- Warm Weather OFO - Pool Operator shall be subject to the Daily OFO Over-Delivery Imbalance provisions. If the Pool Operator's Daily Over-Delivery Imbalance Quantity is greater than 3%, CenterPoint may refuse to receive such excess quantities from the pipeline(s). If Company receives any such excess quantities, they shall be cashed out with Company.

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