

GENERAL TERMS AND CONDITIONS

- b. The Acquiring Shipper does not agree to pay the lower of (a) the Releasing Shipper's contract rate, or (b) the maximum tariff rate for the service for the remainder of the Acquiring Shipper's contract. However, in the event that the Releasing Shipper is paying Northern a contract rate above the maximum tariff rate because such a rate was needed to justify the economics of a capital project, and the Acquiring Shipper agreed to pay the Releasing Shipper a rate above the maximum tariff rate, then Northern may terminate the Acquiring Shipper's contract if the Acquiring Shipper does not agree to continue to pay the rate it agreed to pay the Releasing Shipper.
  - c. Northern shall notify the Releasing and Acquiring Shipper simultaneously upon determining that the Releasing Shipper is in default.
  - d. Northern may simultaneously provide written notices to the Releasing Shipper that its contract will be terminated and to the Acquiring Shipper of the rate it must agree to pay in order to retain the capacity.
  - e. In no event will the rate charged the Acquiring Shipper be higher than the rate charged the Releasing Shipper.
- (ii) For Non-Payment by Acquiring Shipper. If the Acquiring Shipper does not make full payment of all amounts billed to it by Northern within ten (10) days of the date of invoice, Northern shall notify the Acquiring Shipper in writing, and copy the Releasing Shipper, advising that if default continues for a thirty (30) day period from such invoice date, the Service Agreement may be terminated; provided, however, Acquiring Shipper may avoid termination by providing Northern with good and sufficient indemnity bond. If Acquiring Shipper fails to remedy non-payment within such thirty (30) day period, the Service Agreement between Northern and the Acquiring Shipper may be terminated, and the Releasing Shipper shall immediately be able to again release such capacity.
- (iii) Due to Lack of Creditworthiness. Northern may elect to terminate an Acquiring Shipper's service agreement upon 30 days written notice of such termination to an Acquiring Shipper, under the following conditions:
- a. The Releasing Shipper has failed to maintain creditworthiness and has been provided written notice that its contract will be terminated in accordance with Section 46 of the GENERAL TERMS AND CONDITIONS of this tariff; and
  - b. The Acquiring Shipper does not agree to pay the lower of (a) the Releasing Shipper's contract rate, or (b) the maximum tariff rate for the service for the remainder of the Acquiring Shipper's contract. However, in the event that the Releasing Shipper is paying Northern a contract rate above the maximum tariff rate because such a rate was needed to justify the economics of a capital project, and the Acquiring Shipper agreed to pay the Releasing Shipper a rate above the maximum tariff rate, then Northern may terminate the Acquiring Shipper's contract if the Acquiring Shipper does not agree to continue to pay the rate it agreed to pay the Releasing Shipper.
  - c. Northern shall notify the Releasing and Acquiring Shipper simultaneously upon determining that the Releasing Shipper is not creditworthy.
  - d. Northern may simultaneously provide written notices to the Releasing Shipper that its contract will be terminated and to the Acquiring Shipper of the rate it must agree to pay in order to retain the capacity.
  - e. In no event will the rate charged the Acquiring Shipper be higher than the rate charged the Releasing Shipper.
- M. Tiers.  
Any capacity released temporarily must retain its tier identification (TF12 or TF5), if applicable. For TF5 and TF12 quantities permanently released, the Releasing and Acquiring Shipper's TF5 capacity shall not exceed thirty percent (30%) of the total aggregate MDQ of the released or acquired contract, as applicable, or the grandfathered percentage. If TF5 quantities are permanently released and the Acquiring Shipper does not add the entitlement to an existing TF service agreement, or such TF5 quantities exceed the 30% requirement, the TF5 entitlement will be deemed to be provided pursuant to the TFX Rate Schedule and a TFX service agreement will be issued to the Acquiring Shipper.
- N. Reserved for future use.