

**APPENDIX E**  
**NOMINATING AND BALANCING PROVISIONS**

**APPLICABILITY:**

The following Provisions shall apply to Customers being provided Transportation Service under Rate D-General Transportation Service, Rate GTS-Special Contract Transportation Service, or Rate STS-School Transportation Service. For purposes of these nomination and balancing provisions, the term "Transporter" shall mean Customer receiving service under the Company's rates E, GTS and/or STS. Where customers elect to act jointly to aggregate purchases of natural gas commodity supply under Rate STS, such Nomination and Balancing Provisions shall apply to the aggregated purchases.

**DEFINITIONS:**

The following definitions shall apply to throughout the Nomination and Balancing, and the Operational Flow Order provisions of this tariff:

"Billing Month" shall mean the period beginning on the first day of the calendar month and ending on the final day of the same calendar month.

"Company" shall mean Fountaintown Gas Company, Inc. or its successor.

"Daily Delivery" shall mean the amount of natural gas confirmed to have been delivered to the Company on behalf of the Transporter during a twenty-four (24) hour period beginning at 0900 and ending at 0900 Central Clock Time (CCT).

"Daily Pipeline Nomination" shall mean the total amount of natural gas scheduled for delivery to the Company by a Shipper on behalf of the Transporter during a twenty-four (24) hour period beginning at 0900 and ending at 0900 CCT as reflected in the nomination made with its pipeline supplier.

"Daily Usage" shall mean the amount of natural gas flowed through the Transporter's Company owned meter during a twenty-four (24) hour period beginning at 0900 and ending at 0900 CCT.

"Shipper" shall mean the entity delivering Transporter-owned gas to the Company on Transporter's behalf.

"Total Monthly Deliveries" shall mean the amount of natural gas confirmed to have been delivered to the Company on behalf of the Transporter during a particular Billing Month.

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**DEFINITIONS (cont.):**

"Total Monthly Usage" shall mean the amount of natural gas flowed through the Transporter's Company owned meter during a particular Billing Month.

"Work Day" shall mean the non-holiday business day of Fountaintown Gas Company, Inc., from 8:00 a.m. to 5:00 p.m. as observed in the Eastern Time Zone.

**NOMINATIONS**

Two business days prior to the beginning of each calendar month ("Nomination Period"), Transporter shall be obligated to notify Company of the exact daily quantity of its nomination to the delivering pipeline of Transporter's gas to be delivered to the Company at pipeline delivery points agreeable to the Company during that calendar month ("Monthly Pipeline Nomination"). The Monthly Pipeline Nomination provided by the Transporter shall contain the following information:

- A. Start and end dates of the nomination;
- B. Daily quantity in Dekatherms ("Dth") of Transporter's daily pipeline nomination ("Daily Pipeline Nomination");
- C. Information concerning the quantity of gas nominated for delivery to Company's system, including the Shipper, delivery point on Company's system, contact names, telephone numbers, and e-mail addresses for Transporter and Shipper, and any other information reasonably required by the Company in order to properly identify Transporter's meter, bill Transporter for the volumes of gas delivered to Company on Transporter's behalf ("Daily Transportation Volumes"), or otherwise contact Transporter or Shipper.

Until Transporter submits the required nomination, Transporter's nominations of daily quantities shall be zero (0). Unless otherwise permitted by Company, the Nomination Period shall not exceed thirty-one (31) days.

Transporter may modify its Daily Pipeline Nomination by submitting to Company a modified nomination in writing no later than 11:30 a.m. of the Work Day immediately prior to a Daily Delivery. The Company may accept modified nominations submitted after that deadline within its reasonable discretion.

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Transporter shall pay a Nomination Error Charge of \$0.50 per Dth on the quantity difference between its Daily Pipeline Nomination and confirmed deliveries under its account for each day such difference occurs. The sum of the daily Nomination Error Charges shall be billed by the Company at the end of each month.

Transporter shall cause the Shipper to provide Company with a written statement within two (2) Work Days of the end of the Billing Month reflecting the Daily Delivery and the Total Monthly Deliveries Shipper has provided to the Company on Transporter's behalf for the Billing Month.

Nothing herein shall be interpreted as waiving Company's right to reject any nomination or modification due to capacity constraints, or potential detriments to the Company, its pipeline, or its other customers. Any contact by Company with Transporter as to any nomination or modification shall not relieve Transporter from its obligation of properly nominating quantities of gas, nor balancing its usage of gas with the amount so nominated.

### **BALANCING**

Transporter shall be obligated to balance its total usage with its total deliveries on both a daily and monthly basis. An Imbalance Quantity shall exist when Transporter's total usage is greater than or less than its total deliveries to the Company on both a daily and monthly basis. Amounts paid by the Company to Transporter in cashing out Imbalance Quantities shall be recovered in the gas cost adjustment. Amounts received by the Company from the Transporter in cashing out Imbalance Quantities shall be credited against gas costs in the gas cost adjustment.

### **IMBALANCE INDICES:**

The following indices shall be used for pricing any Imbalance Quantities for which a cash-out occurs:

**Daily Under-Delivery Prices** shall be determined based on the greater of the Henry Hub maximum daily cash price plus the maximum pipeline transportation rate on the Company's interstate pipeline, including current fuel and all surcharges applicable to the dates of under-delivery; or the weighted average cost of gas acquired by the Company for replacing Transporter's under-delivery, whichever is greater.

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**Daily Over-Delivery Prices** shall be determined based on the lower of the Henry Hub minimum daily cash price plus the minimum pipeline transportation commodity rate on the Company's interstate pipeline, including current fuel and surcharges applicable to the date of over-delivery or the weighted average cost of gas held in storage by the Company, whichever is lower.

**Monthly Under-Delivery Price** shall be the greater of the Company's weighted average cost of gas, including both demand and commodity charges, based on all gas purchases for the month in question; or the average of the Henry Hub maximum daily cash price per Dth for each day of the month for the month in question, plus the maximum pipeline transportation rate on the Company's interstate pipeline, including current fuel and surcharges applicable to the month in question.

**Monthly Over-Delivery Price** shall be the lower of the Company's average weighted cost, including both demand and commodity costs based on its gas purchases for the month in question; or the average of the Henry Hub minimum daily cash price per Dth for each day of the month in question, plus the minimum pipeline transportation rate on the Company's interstate pipeline, including current fuel and all surcharges applicable to the month in question.

**DAILY UNDER-DELIVERY IMBALANCE CASH-OUT:**

If a Transporter's total daily delivery is less than the total daily usage, the gas shortfall shall be considered a Daily Under-Delivery Imbalance Quantity. Daily Under-Delivery Imbalance Quantities shall be cashed-out by way of a charge by the Company to the Transporter following the close of the month in which Daily Under-Delivery Imbalances have occurred. The Company's charge, based upon the above Imbalance Indices, shall be charged for all 0th of Daily Under-Delivery Quantities pursuant to the following ranges and multiplied by the following Daily Under-Delivery Factor, plus all applicable taxes:

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**Under Delivery Ranges  
Based on Total Daily Usage****Under-Delivery Factor**

0% not > 10%	1.0
10% not > 20%	1.1
20% not > 30%	1.2
> 30%	1.4

During a Cold Weather OFO, the above Daily Under-Delivery Imbalance Indices and Cash-Out provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Warm Weather OFO, the Daily Under-Delivery Imbalance Indices and Cash-Out provisions shall not apply.

**DAILY OVER-DELIVERY IMBALANCE CASH-OUT:**

If a Transporter's total daily delivery is greater than the total daily usage, the excess gas shall be considered a Daily Over-Delivery Imbalance Quantity. If the Company, or its pipeline, would experience any operating difficulties as a result of accepting such excess gas, the Company may decline to accept delivery of the excess quantities. If the excess gas is accepted, Daily Over-Delivery Imbalance Quantities shall be cashed-out following the close of the month by way of a payment from the Company to the Transporter based upon the appropriate Imbalance Indices noted above, and pursuant to the following ranges and multiplied by the following Daily Over-Delivery Factor, plus all applicable taxes, as noted below:

**Over Delivery Ranges  
Based on Total Daily Usage****Over-Delivery Factor**

0% not > 10%	1.0
10% not > 20%	0.9
20% not > 30%	0.8
> 30%	0.6

During a Warm Weather OFO, the above Daily Over-Delivery Imbalance Indices and Cash-Out provisions will be replaced by those specified in the section entitled Operational Flow Orders. During a Cold Weather OFO, the Daily Over-Delivery Imbalance Indices and Cash-Out provisions shall not apply.

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**MONTHLY UNDER-DELIVERY IMBALANCE CASH-OUT:**

If a Transporter's total monthly delivery is less than the total monthly usage, then the gas shortfall shall be considered a monthly under-delivery imbalance quantity. Such monthly under-delivery imbalance quantities shall be cashed-out by way of a charge by the Company to the Transporter following the close of the month based upon the appropriate Imbalance Indices noted above for all Dth of monthly under-delivery quantities pursuant to the following ranges and multiplied by the following Monthly Under-Delivery Factor, plus all applicable taxes.

**Under Delivery Ranges**  
**Based on Total Monthly Usage**

**Under-Delivery Factor**

0% not > 3%  
3% not > 10%  
> 10%

1.0  
1.2  
1.4

**MONTHLY OVER-DELIVERY IMBALANCE CASH-OUT:**

If a Transporter's total monthly delivery is greater than the total monthly usage, then the excess gas shall be considered a monthly over-delivery imbalance quantity. Such monthly over-delivery imbalance quantities shall be cashed-out by a payment from the Company to the Transporter following the close of the month based upon the appropriate monthly over-delivery indices noted above for all Dth of monthly under-delivery quantities pursuant to the following ranges and multiplied by the following Monthly Over-Delivery Factor, plus all applicable taxes.

**Over Delivery Ranges**  
**Based on Total Monthly Usage**

**Over-Delivery Factor**

0% not > 3%  
3% not > 10%  
> 10%

1.0  
0.8  
0.6

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**OPERATIONAL FLOW ORDERS****OPERATIONAL FLOW ORDERS**

Transporter is obligated, when requested by the Company through an Operational Flow Order ("OFO"), to nominate and deliver gas supply to Company's city gate in the manner instructed by Company. Company may call a Cold Weather OFO or a Warm Weather OFO where such action is necessary, in Company's sole judgment, to (1) protect the reliability of Company's gas system; (2) comply with Company's Curtailment Procedures, and/or (3) adhere to the various interstate pipeline companies' balancing requirements, as stated in their FERG-approved tariffs.

**Cold Weather OFO Day:** During a Cold Weather OFO, Transporter shall be subject to the following Daily OFO Under-Delivery Imbalance provisions in lieu of Daily Under-Delivery Imbalance Indices and Cash-Out provision stated above: If Transporter's Daily Imbalance Quantity is an under-delivery greater than 5% of its Daily Usage, the shortfall quantities shall be cashed-out with the Company. Transporter shall pay Company the following:

- (1) For each Dth of Daily under-delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, the highest per unit gas cost paid by Company on the date of noncompliance; plus
- (2) The payment of all other charges incurred by Company and attributable to Transporter's Daily Under-Delivery Imbalance Quantities, including pipeline penalty charges on the OFO shortfall quantities; plus
- (3) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily Under-Delivery Imbalance Quantities that is greater than five (5) percent of Total Daily Usage; plus
- (4) Applicable taxes.

**Warm Weather OFO Day:** During a Warm Weather OFO, the Transporter shall be subject to the following Daily OFO Over-Delivery Imbalance provisions in lieu of Daily Over-Delivery Imbalance Indices and Cash-Out provision stated above: If Transporter's Daily Imbalance Quantities is an over-delivery greater than 5% of its actual Daily Usage, Company may refuse to receive such excess quantities from the pipeline(s). If Company receives such excess quantities, Company shall credit the Transporter for each Dekatherm of Daily Over-Delivery Imbalance Quantities greater than five (5) percent of Total Daily Usage, at the lowest per unit gas cost paid by Company during the month of non-compliance. In addition, the Transporter shall pay the Company the following:

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(1) The payment of all charges incurred by Company and attributable to the Transporter's Daily over-delivery Imbalance Quantities; including pipeline penalty charges on the OFO excess quantities; and

(2) An OFO Imbalance Charge of \$10.00 per Dekatherm on the portion of the Daily over- delivery Imbalance Quantities that is greater than five (5) percent of Total Daily Usage; plus

(3) Applicable taxes.

### **WAIVER OF CHARGES**

In its reasonable discretion, on a case-by-case basis, Company may waive all or part of any Charge assessable to Transporter pursuant to this Appendix E, provided, however, that the waiver of such Charge shall be exercised on a non-discriminatory basis.

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