



Effective July 1, 2018
Replaces schedule effective 7/1/2014

CITY OF SHELBY

NATURAL GAS INDUSTRIAL FIRM
TRANSPORTATION RATE SCHEDULE

AVAILABILITY

This service is available to any industrial class of customer whose annual consumption is equal to or greater than 912,500 dekatherms per year. The customer must also be located inside the city limits of Shelby, NC and be connected to the City of Shelby (City) natural gas system for a minimum of 12 months:

- A. To the extent that the City and Customer have adequate facilities and equipment available and in place for transporting and delivery of such volumes of gas;
- B. When a Customer has executed a Service Agreement with the City, wherein the City agrees to transport and deliver volumes of gas received for the Customer as specified therein.

CHARACTER OF SERVICE

Transportation of natural gas by the City under this rate schedule shall be on a firm basis. Natural gas supplied under this schedule shall be supplied through a single delivery point and be separately metered. Commingling of gas purchased under this schedule with gas purchased under other rate schedules is prohibited. All natural gas delivered under this rate is for the exclusive use of the customer and shall not be resold.

Each year, qualifying customers shall request this transportation service prior to March 1st and provide a Maximum Daily Quantity (MDQ) which represents the quantity of gas the City is obligated to transport on a firm basis. The annual service shall commence July 1st and run through June 30th of the following year. The City Manager must approve and accept the MDQ prior to the commencement of service. Once the City approval is granted, the service will be provided under this Rate Schedule through June 30th of the following year. The customer must remain on this rate schedule through June 30st of the following year.

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MONTHLY RATE

Customer Charge	\$500.00
First 50,000 Dekatherms	\$.635 per Dekatherm
Next 25,000 Dekatherms	\$.435 per Dekatherm
Next 25,000 Dekatherms	\$.245 per Dekatherm
All over 100,000 Dekatherms	\$.135 per Dekatherm

The usage charges are subject to a minimum monthly bill of \$42,625.00 per month. The City reserves the option to waive the monthly minimum billing at their discretion.

Any applicable North Carolina state or local sales tax will be added to the customer's total charges.

DETERMINATION OF DELIVERIES

The volumes of gas transported pursuant to this schedule shall be the volumes delivered to the City by the Customer at the point of delivery with Williams Transco. Gas delivered hereunder shall be billed as the first gas through the Customer's meter each month.

BALANCING OF TRANSPORTATION VOLUMES

Receipts and deliveries of gas hereunder shall be at uniform rates of flow with no significant fluctuations or imbalances. Customers (or its Agent) are responsible to match daily gas deliveries into the City's system with daily gas consumption by Customer as closely as possible. Any imbalances shall be corrected by the Customer (or its Agent), insofar as practicable, during the month in which they occur. Customers (or its Agent) are expected to proactively manage intra-month imbalances. Customer (or its Agent) may adjust its daily nominations during a month in order to correct any accumulated imbalance and maintain a monthly balance subject to the operating limitations of the City. The City reserves the right to limit the amount of such imbalances to avoid operating problems, comply with balancing requirements of the upstream pipeline(s), and to mitigate the need to acquire additional daily supply at prices that would adversely affect sales customers. The Customer (or its Agent) will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer under this Rate Schedule.

In the event Customer (or its Agent) fails to abide by the requirements set forth above, the City shall have the right to curtail deliveries to Customer if an imbalance is negative or reducing Customer's nominated quantities if an imbalance is positive. The Customer will be responsible for any imbalance charges assessed by upstream pipeline(s) in connection with any gas transported by the Customer. The City reserves the right to take other reasonable action to mitigate system operational problems. The City will use its reasonable efforts to notify the Customer or the Customer's Agent before proceeding with a unilateral nomination reduction or delivery curtailment and will notify Customer of any reduction to Customer's nomination that has been instituted by the City.

Any time the Customer is consistently using more or less gas than is being delivered to the City for the Customer's account, it shall be the Customer's responsibility to bring its supply and requirements into balance. Customers must balance within 5% of their monthly deliveries and

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within 10% of their daily deliveries in order to maintain the integrity of the system under normal operating conditions.

In instances where there is an over-deliver of supply for a month, the City at its option, may cash-out this over-supply and purchase any or all of the excess volumes at a rate of 20 cents per dekatherm lower than its lowest cost of commodity supply that month.

In instances where there is an under-deliver of supply for a month, the City at its option, may cash-out this under-supply and sell any or all of the deficit volumes to the Customer at a rate of 20 cents per dekatherm higher than the firm sales tariff rate (High Load Factor Rate) for that month.

During an Operational Flow Order (OFO) on any upstream pipeline and in other situations where the City notifies the customer via email or by phone, Customers must balance within 5% of their daily deliveries to maintain the integrity of the system and avoid causing the City to purchase additional gas or sell excess gas.

In instances where there is an over-deliver of supply during an OFO or in other situations identified by the City, the City at its option, may cash-out this over-supply and purchase any or all of the excess volumes at a rate of 20 cents per dekatherm lower than its lowest cost of commodity supply or the price to sell excess supply for that day.

In instances where there is an under-deliver of supply during an OFO or other situation identified by the City, the City at its option, may cash-out this under-supply and sell any or all of the deficit volumes to the Customer at a rate of 20 cents per dekatherm higher than the highest cost of commodity supply for that day.

In addition, the Customer will also be charged imbalance penalties in instances where the City incurs imbalance or overrun penalties from the pipeline supplier due to overruns or under-deliveries. These charges will be based on a prorated share of the penalty attributed to the Customer.

LATE PAYMENT CHARGE

Unless bill is paid on or before ten (10) days after the due date as shown on bill, the account will be assessed late fees as outlined in the City's fee schedule.

SPECIAL PROVISIONS

1. The customer will operate within the guidelines required by Williams Transco Gas Pipeline (transporter). When requested by the City, the Customer, or its agent, shall inform the City, by 8:30 am (or other time prescribed by the City) of the working day prior to the day(s) the gas is to be delivered, of the anticipated consumption level and the volume requested for delivery. At that time, the City, or its agent, shall inform the Customer of any restrictions on the volume requested for delivery.
2. The Customer, or its agent, is responsible for all of the necessary arrangements and notification for the scheduling of transportation on the pipeline.

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3. The Customer, or its agent, must purchase the necessary software package provided by Williams Transco Gas Pipeline to make possible daily monitoring of gas flows.
4. Gas transported on this schedule shall be separately metered and shall not be used interchangeably with firm gas purchased or transported on any schedule.
5. The term of the contract shall be for a term of not less than one year.
6. Customers must remain on this tariff schedule for a period of no less than 12 months before switching tariffs or service.

RECONNECTION CHARGE

There shall be a charge for reconnection of services terminated because of non-payment of bills in accordance with the City Code.