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The purpose of this posting is to further clarify and enhance customers' understanding of Texas Eastern's Scheduling Process

1. Timely Nominations

All requests for service (nominations) by customers either via direct input into the LINK[®] system or via EDI made prior to the Timely Cycle deadline (01:00 p.m. CCT for nominations leaving the control of the customer and 01:15 p.m. CCT for receipt of such nominations by Texas Eastern) are validated in the LINK[®] system for compliance with contract and Tariff provisions. Subsequent to the Timely Cycle deadline and after these nominations have been validated by LINK[®], they are aggregated to determine the pipeline's ability to physically handle the requests for service. If total requests for service exceed the pipeline's operationally available capacity, the nominations are restricted in accordance with the General Terms and Conditions of Texas Eastern's FERC Gas Tariff. Once the nominations have been approved for compliance with contractual, tariff and operational capacity limitations, they are considered "scheduled".

Upon completion of this process, Texas Eastern posts that Timely Cycle nominations have been scheduled. The actual timing of this posting may vary from day to day but will occur before the NAESB required 5:00 PM CCT deadline for the posting of Timely Cycle scheduled quantities. The posting that requested volumes have been scheduled will be made under Non-critical Notices. To communicate any system restrictions, seals or capacity constraints Texas Eastern will post under Critical Notices the specific description of these limitations for the particular gas day.

After Texas Eastern has posted that Timely Cycle nominations have been scheduled, Meter Level Capacity Postings (MLCP) and Operationally Available Capacity Maps (OACM) will be made available on the Infopost website in accordance with FERC posting requirements. There will be a time lag between when the non-critical posting that volumes have been scheduled is issued and when the posting of the MLCP & OACM occur due to computer processing requirements, but this interval is not expected to exceed one hour.

2. Subsequent Hourly Nomination Authorizations

Once Timely Cycle nominations have been scheduled, Texas Eastern will examine, on an hourly basis, all subsequent nomination requests and either accept or reject these nominations according to the restrictions or seals that have been established. These hourly batch analyses will schedule interim nominations throughout the gas day. NAESB bumping rules will apply to the individual hourly scheduling batches.

Texas Eastern accepts customer nominations up until the last hour of the gas day (i.e. 8:00 AM of the Gas Day) for processing and scheduling through this batch process. Any nomination changes in the last

hour of a gas day (between 8:00 AM and 9:00 AM) will require approval by Spectra Operations Account Manager.

As each hourly scheduling process is complete, Texas Eastern will initiate the process to post on Infopost the Meter Level Capacity Postings (MLCP) and the Operationally Available Capacity Maps (OACM). The hourly batch scheduling processes begin at the top of each hour and typically are complete by quarter after the hour. The process to assemble and post the MLCP and the OACM takes approximately 45 minutes to an hour to post. These documents will have the time-stamp of when the scheduling occurred. Texas Eastern schedules nominations up to forty-five times for any gas day (twenty one pre-Gas Day cycles and twenty-four intra-day Gas Day cycles).

The cross reference below will assist in identifying what NAESB Cycle the Texas Eastern posting pertains to. It is included here as a convenience to the user to assist in identifying where the particular MLCP and/or OACM fit in the gas day progression:

Cycle Time Cross reference:

Texas Eastern NAESB Cycle

Timely Timely nominations

LateEvening nominations (until 6 pm)

LateIntraday 1 (after 6 pm)

IntrdayIntraday 2

IntrdayIntraday 3

These postings will be archived for 90 days on the website. Archived copies older than 90 days, and up to three years, are available upon request.

3. Force Balancing

Throughout the gas day Texas Eastern examines scheduled imbalances within the TABS-1 pools for the current and subsequent Gas Day and may take action to balance pools. The balancing of the TABS-1 pools is based upon current and expected system conditions as well as to manage imbalances. It is the TABS-1 party's responsibility to balance between supply and markets within a TABS-1 pool lest it runs the risk of being cut due to the pool being set up out of balance. Texas Eastern expects customers to balance their pools daily. Any pool that is short or long is at risk of being force balanced by the pipeline. There should be no expectation on the part of the TABS-1 holder that the pipeline will be able to allow any previously allocated imbalance gas to be resolved on any subsequent day. Any TABS-1 imbalance resolution must be scheduled through a TABS-1 party's Operations Account Manager.

Texas Eastern may force balance the TABS-1 pools within the selected service point(s), whether they are either short or long (see below), as necessary to maintain control of imbalances on its system. Once these balancing programs are initiated the Texas Eastern LINK system will continue to monitor the nominated imbalances in the TABS-1 pools. In order to allow customers to fully utilize the flexibility inherent in the TABS-1 pools, Texas Eastern will only force balance at each NAESB confirmation cycle deadline, and finally, at the very end of the gas day. Therefore, within each cycle a TABS-1 party will have opportunity to conduct business while managing their imbalances.

Short Pools (i.e. total deliveries out of the pool exceed total supplies coming into the pool): cuts are initiated on the TABS-1 markets sufficient to balance the pool. These cuts are based upon the Market Side Rankings (or LINK® System default rankings if no rankings have been made by the TABS-1 holder) of the TABS-1 pool that is short. The cuts required to bring a TABS-1 pool into balance can often cause a downstream pool to become out of balance which will require cuts to the downstream pools markets using that pools Market Side Rankings. These cuts move pool to pool until a cut to a transportation contract with a delivery to a physical meter is reached.

Long Pools (i.e. total deliveries out of the pool are less than total supplies coming into the pool): cuts sufficient to balance the pool are initiated to the supply side based upon the Supply Side Rankings (or LINK® System default rankings if the supply has not been ranked by the TABS-1 holder). These cuts are made to each subsequent "upstream" TABS-1 pool based upon that pool's Supply Side rankings until the cut reaches a physical receipt meter.

4. Scheduling Methodologies:

In accordance with the Texas Eastern FERC Gas Tariff, Texas Eastern's Market Area has three within-path priorities and one out-of-path priority which is the lowest priority in the Market Area. Priorities are established at the time of the nomination and are evaluated on a contract level. During the scheduling process, the out-of-path priority, is further broken down to an "A" and a "B" level. "A" has a higher priority than "B" as "A" indicates the shipper has entitlement rights at the location of the constraint while a "B" indicates the shipper does not have entitlements at the location of the constraint.

Access Area transportation priorities are established as being either primary or secondary and are calculated on a Shipper level, i.e., all of a Shippers contract entitlement rights are used to determine capacity through a constraint. In a typical Access Area zone scheduling event, Texas Eastern uses the Shippers aggregate contract zone exit rights to determine the priority of the transportation nominations exiting the zone where the constraint occurs.

When restrictions are limited to a discrete portion of the pipe within a zone, a point scheduling approach is used. Receipt point restrictions are based on the transportation priority at the point however, if the nomination is to a TABS-1 pool, the system calculates a priority for the supply based on the priority of the transportation leaving the TABS-1 pool. Delivery point restrictions are based upon the Shippers throughput priority.

5. Definitions

Terms used in the postings include:

"Pool Balance: Systematic cuts originating at the individual TABS-1 party's pool. For pools set up with excess supply vs. markets, i.e. long pools, cuts are made to the pool's supply and then moves "backwards" through the TABS-1 chains until a physical receipt meter is reached. For short pools (pools where the scheduled market exceeds the scheduled supply), markets are cut and traced through the TABS-1 chains until a transportation contract is cut.

"Restricted: Requests for service have been cut according to Tariff priorities to establish service within the operational capabilities of the pipe.

"Scheduled: Nominations have been authorized in accordance with the available capacity of the referenced area.

"Seal: Pipe has established a capacity constraint and will not allow nominations to exceed the posted capacity of that area. It does not, in and of itself, indicate reduction of requests for service.