

NATURAL GAS SUPPLY

CHARACTER OF SERVICE

Sales service to all non-LCI customers is firm and continuous. The character of sales service to LCI customers and all transportation service depends upon the type of service for which the customer has contracted. To the extent a customer elects less than 100% firm service, priority of service is subordinate to that of any firm customer. All service is subject to the Natural Gas Supply Obligation and Management sections below.

NATURAL GAS SUPPLY OBLIGATION

The Company has a primary public service obligation to maintain a reasonably adequate natural gas supply for those customers who purchase firm sales service.

The Company does not guarantee or undertake, beyond the exercise of due diligence and its duty as a utility, to furnish a sufficient supply of gas at all times, and shall not be liable for failure to do so beyond its available supply; nor shall it be liable for any injury to person or property from any cause arising at a point beyond the interconnection of the Company's facilities with the customer's service line which is not the result of the negligence of the Company; nor shall it be liable for any injury to person or property arising from use of gas by, or the supply of gas to, the customer which is not the result of negligence on the part of the Company.

NATURAL GAS SUPPLY MANAGEMENT

- (C) Natural gas supplies shall be delivered to customers consistent with their character of service and the Company's natural gas supply obligation. At the initial discretion of the Company, customers' usage of natural gas may be restricted, wholly (i.e., interrupted) or in part (i.e., curtailed). Times when this may occur include, but are not limited to, periods when the Company is attempting to balance available supplies with customer demand or attempting to avoid exceeding the contractual peak or periodic throughput level it has with its pipeline suppliers; and when rendering service would be detrimental to the operation of its system. During times when usage of natural gas does not need to be restricted, interruptible sales and transport customers may receive gas supplies to balance their requirements pursuant to this tariff and their agreements with the Company.

BALANCING SUPPLY WITH DEMAND

Whenever in the Company's judgment it is necessary to protect supplies and deliverabilities, or supplies are insufficient to enable the Company to deliver a full supply of gas to firm service customers, gas available shall be allocated among customers, including customers served by Wholesale Customers, so as to fulfill their total requirements proportionately in each of the following categories and subcategories, seriatim:

1. Residential and small commercial (less than 50 Mcf on a peak day) customers.
2.
 - a. Requirements for plant protection for firm large commercial and industrial customers;
 - b. Firm large commercial requirements (50 Mcf or more on a peak day) other than the plant protection requirements included in category 2.a. above;
 - c. Firm small industrial requirements (up to an average of 300 Mcf per day during any calendar month) other than the plant protection requirements included in category 2.a. above; and

(C) Indicates change in text of regulations

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- d. Firm industrial requirements for feedstock and process needs not included in categories 2.a. or 2.c. above.
3. All other firm industrial requirements not specified in categories 2, 4, or 5.
4. Firm industrial requirements for boiler fuel use at less than 3,000 Mcf per day, but more than 1,500 Mcf per day, where alternate fuel capabilities cannot meet such requirements.
5. Firm industrial requirements for large volume (3,000 Mcf or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements.

Any specific plan of curtailment shall also be effected in accordance with the following general rules:

1. During periods when it is necessary for the Company to order a percentage curtailment in a category or categories of usage, some customers may wish to take less than their allocated percentage of gas during some parts of such periods in order to take more gas during other parts of such periods. The Company will grant requests for such variances to the extent that in its judgment it is feasible to do so.
2. Industrial and Wholesale Customers shall promptly take whatever actions may be necessary in the implementation of a curtailment program hereunder, and furnish such data as the Company may request for the implementation of any program hereunder. In the event of noncompliance with this subsection, all usage of gas by such non-complying customers shall be deemed to be interruptible.

RESTRICTIONS ON GAS USAGE

Customers receiving transportation service are expected to match their consumption with the level of supplies being received by the Company for their account. Upon such notice as is reasonable under the circumstances (orally or in writing, including via electronic facsimile or email), to any transportation or interruptible sales customer that it needs to restrict its gas usage, the customer must curtail its consumption as requested by the Company. Customers failing to voluntarily reduce their usage will be subject to the applicable overrun provisions of this tariff and/or possibly to having their service forcibly curtailed or interrupted.

During the periods of restricted gas use, customers will be entitled to receive the level of their flowing supplies. In addition, customers who are paying for standby service and require additional supplies may ask the Company to acquire such supplies up to the level of their standby service. The Company will then use its best efforts to acquire the requested supplies at market prices. Available supplies shall be allocated as follows:

1. All firm requirements, including Maximum Daily Volume (MDV) amounts shall be met.

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2. If additional supply remains, each customer which has nominated and paid for MDV service shall be entitled to an amount of such remaining supply equal to that customer's MDV level. If the available supply is less than the total combined MDV level of Hope's customers, the available supply shall be allocated pro rata, based upon each customer's MDV.
3. After the initial allocation of additional supply to customers in categories 1 and 2, any remaining supply shall be allocated pro rata to customers with interruptible requirements, based upon their nominations for the day immediately preceding the period of usage restriction.
4. In no event will any customer receive allocated daily supply which exceeds the customer's daily requirements.

FORCE MAJEURE CURTAILMENT

The Company may discontinue or curtail deliveries of gas at any time if required in its judgment by weather or the necessity for repairs, operating changes, or other force majeure as hereinafter defined, upon such notice as is reasonable under the circumstances. The term "force majeure" as used herein shall mean acts of God, strikes or other industrial disturbances, lockouts or other labor disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints by governments and people, civil disturbances, explosions, breakage of or accidents to machinery or lines of pipe, the necessity for making repairs to or the alteration of machinery or lines of pipe, freezing of wells or lines of pipe, partial or entire failure of such wells and any other causes, whether of the kind enumerated herein or otherwise, not within the control of the party having the difficulty.

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