

DISTRIBUTION TRANSPORTATION TERMS AND CONDITIONS INDEX

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Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

DISTRIBUTION TRANSPORTATION SERVICE TERMS AND CONDITIONS

Distribution Transportation Service is the movement of Customer-owned gas through Midwest Energy, Inc.'s ("Company or "Company's") distribution facilities.

SECTION 1 – DEFINITIONS

- A. **Agent or Customer's Agent** is a person, partnership, public/private firm, or corporation authorized by Customer to perform natural gas procurement services, including but not limited to commodity procurement, delivery to the Company's distribution system, and balancing conducted on the Customer's behalf. Customer may act as his own Agent; however, all Agents must meet criteria established under Section 15-Requirements and Responsibilities for Distribution Transportation Service.
- B. **Aggregation Area** means the combination of volumes delivered within geographic, operational, administrative, and/or other relevant portions of the Company's gas distribution system.
- C. **Approved Daily Nomination** is that volume of gas which Company has approved to be delivered on a particular day.
- D. **Balance and Balancing** means the Customer or Agent's obligation to cause deliveries to equal receipts, with due consideration given to Fuel Reimbursement Quantities.
- E. **British Thermal Unit (Btu)** is the amount of energy required to increase the temperature of one (1) pound of water one (1) degree Fahrenheit at thirty-nine (39) degrees Fahrenheit.
- F. **Business Day** means a period of twenty-four (24) consecutive hours, beginning 8:00 a.m. (prevailing Central Time) on any calendar day and ending at 8:00 a.m. (prevailing Central Time) on the following calendar day, excluding Saturday, Sunday, and holidays.
- G. **Capacity** means the maximum gas volume which any particular segment of the Company's system is capable of carrying under then current operating conditions.
- H. **Code of Conduct** means the document describing the obligations and responsibilities of Customers' Agents participating in the Distribution Transportation program.
- I. **Commodity Charge** means that portion of the amount to be paid monthly by the Customer for natural gas based upon the quantity of gas delivered to the Customer.
- J. **Company-used Gas** means the quantity of gas consumed by Company for purposes of its gas operations.

Issued By: Pat Parker, Chief Executive Officer

Effective Date: January 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 1 – DEFINITIONS (Continued)

- K. **Cubic Foot of Gas** is the amount of gas necessary to fill a cubic foot of space when the gas is at a temperature of sixty (60) degrees Fahrenheit and under an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch.
- L. **Daily Metering** means if directed by the Company, the Customer shall read the Company's gas meter each day at the time specified by the Company and report such reading to the Company.
- M. **Not used**
- N. **Distribution Transportation Service** by Company consists of acceptance of gas tendered by Customer or Customer's Agent into Company's Distribution Transportation System for delivery to Customer's account, including receipt at mainline measuring facilities.
- O. **Gas or Natural Gas** is any mixture of hydrocarbons or of hydrocarbons and non-combustible gas, in a gaseous state, consisting essentially of methane.
- P. **Gross Dry Heating Value** is the number of BTU's produced by complete combustion, at a constant pressure, of the amount of gas which would occupy a volume of 1 cubic foot at a temperature of 60 degrees Fahrenheit on a water-free basis and at a pressure of 14.73 p.s.i.a. with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion has condensed to the liquid state.
- Q. **Imbalance** shall mean any difference between receipts and deliveries, net of Fuel Reimbursement Quantity.
- R. **Imbalance Tolerance** means the amount of imbalance that can be carried forward into the month following the month in which the imbalance occurred.
- S. **Not used**
- T. **Interruption** means the Company's inability to provide distribution service to a distribution Customer due to constraints on the upstream pipeline system.

SECTION 1 – DEFINITIONS (Continued)

- U. **Lost and Unaccounted-For Gas** means the difference between the sum of all input quantities of gas received into the Company's distribution system and the sum of all output quantities of gas delivered from Company's distribution system, which difference shall exclude Company-used gas and shall include, but not be limited to, gas vented and lost as a result of an event of force majeure.
- V. **Mainline Customer** is a Customer served off the mainline, upstream of any Town Border Station (TBS) or Mainline Border Station (MBS).
- W. **MBS** shall mean Mainline Border Station.
- X. **Mcf** is one thousand (1,000) cubic feet of gas.
- Y. **MMBtu** is one million (1,000,000) British thermal units.
- Z. **Not used**
- AA. **Party** means Customer, Company, or Customer's Agent.
- BB. **Point of Delivery or Delivery Point:** See Natural Gas Terms and Conditions, Index No. 108.
- CC. **p.s.i.a.** means pounds per square inch absolute.
- DD. **p.s.i.g.** means pounds per square inch gauge.
- EE. **Point of Receipt or Receipt Point(s)** means the point(s) at which the upstream facilities are interconnected with the Company's facilities and at which the gas flow is metered.
- FF. **System Supply Sales Service** means sales service provided to Customer by Company at the applicable sales rate during a one-month period or longer when Customer is not served by transportation gas.
- GG. **TBS** means Town Border Station.
- HH. **Therms** is one hundred thousand (100,000) British thermal units.
- II. **Total Energy Content** is that amount determined by multiplying the gross dry heating value by the volume of gas in cubic feet.
- JJ. **Not used**

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 2 – AVAILABILITY

Distribution Transportation Service is available for any party (“Customer”) when:


- A. Customer has elected to be served under the Distribution Transportation Service Terms and Conditions;
- B. Customer has contracted with a Company-qualified Agent to provide their natural gas needs. This Agent will be responsible for arranging the delivery of natural gas for Customer into the Company’s distribution facilities.
- C. Customer has completed, executed, and submitted a Transportation Affidavit to Company setting forth Customer’s election:
 - a. to utilize Distribution Transportation Service;
 - b. of selected Agent; and
 - c. Allowing Company to share with agent, account information, excluding Personal Identifying Information, shall include, but not limited to SSN, Bank Info and Driver license.
- D. Such service can be performed without any construction of facilities or other necessary investment by Company unless Company has waived in a nondiscriminatory manner this requirement in writing.
- E. Distribution Transportation Service is not available to residential Customers.

SECTION 3 - APPLICABILITY AND CHARACTER OF SERVICE

- A. Such Distribution Transportation Service shall be provided to the extent interstate/intrastate pipeline capacity is available. Customer or Customer’s Agent will be responsible for obtaining capacity from the appropriate interstate/intrastate pipeline.
- B. Company is not obligated to deliver transportation gas on any day that such gas is not received from the transporting pipeline, but may do so, at its sole discretion, to the extent that such volumes are available.

SECTION 4 - ADDITIONAL FACILITIES, EXPANSION AND EXTENSIONS

Company policy regarding additional facilities, installations, or line extensions to meet new or expanded gas loads will be the same as the Company Distribution Extension Policy included in Section 8 of the Natural Gas Terms & Conditions.

Issued By: , Chief Executive Officer

Effective Date: June 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: May 15, 2023

SECTION 5 – QUALITY

- A. Company reserves the right to extract or retain or permit the extraction of gasoline or any other substance whatsoever from, or otherwise treat (without impairing its merchantability), the natural gas to be delivered hereunder.
- B. Gas tendered to Company at each Point of Receipt shall be commercial in quality and shall meet the quality requirements set forth in the delivering pipelines effective tariff.
- C. As of the effective date of the Distribution Transportation Service Terms and Conditions, the interstate/intrastate pipeline delivering gas to Company include:
 - Colorado Interstate Pipeline
 - Kansas Gas Service
 - Natural Gas Pipeline of America, LLC
 - Panhandle Eastern Pipe Line Co, LP
 - Southern Star Central Gas Pipeline Inc.
 - Tallgrass Interstate Gas Transmission LLC.

SECTION 6 - QUALITY TESTING

- A. The Interstate/Intrastate Pipeline delivering gas to Company shall use approved standards methods in general use in the gas industry and shall cause adequate tests to be made to determine the quality of gas delivered hereunder. Such tests shall be made frequently enough to ensure that the gas conforms to the specifications hereof.
- B. If gas tendered to Company fails to meet the specifications herein, the measuring Party shall notify the other Party of such failure. The receiving Party may refuse to accept such gas. The Party tendering non-specification gas hereunder shall indemnify the receiving Party for any injury, damage, loss, or liability caused by the delivery of such gas, except to the extent that receiving Party knowingly and willingly accepts such non-specification gas.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 7 – MEASUREMENTS

- A. The unit of volume for purpose of measurement and for the determination of total heating value shall be the cubic foot of gas as defined herein. Volumes of gas measured at prevailing meter pressures and temperatures shall be corrected to the unit of volume defined above. All meters must be approved by Midwest Energy using guidelines from the American Gas Association.
- B. The atmospheric pressure shall be the average atmospheric pressure as determined by elevation at the Points of Delivery and Receipt.
- C. The volume of gas delivered through each Point of Delivery and Receipt shall be corrected to a base temperature of sixty (60) degrees Fahrenheit by using temperature compensating meters.
- D. The heating value of the gas delivered shall be determined by approved recording calorimeters, gas samples, or chromatographs.

SECTION 8 - MEASURING EQUIPMENT

- A. Company agrees to install, operate and maintain on its pipeline at or near each point of connection of the facilities of Company and Customer (or another party which is distributing the gas on behalf of Customer), a meter or meters of standard type and design to measure all of the gas to be delivered hereunder. Company also agrees to install, operate and maintain at or near each Point of Delivery such pressure regulating equipment as may be necessary.
- B. Customer may install, operate and maintain, at its own expense, check measuring equipment as it shall desire, provided that check meters and equipment shall be installed as not to interfere with the operation of Company's meters at or near the Point of Delivery. Company shall have access to check measuring equipment at all reasonable hours but the reading, calibrating, and adjusting thereof and changing of charts shall be done only by Customer.
- C. Both Company and Customer shall have the right to be represented at any installing, reading, cleaning, changing, repairing, inspecting, calibrating, or adjusting done in connection with the other's measuring equipment installed hereunder. The records from such measuring equipment shall remain the property of the owner but the owner upon request to the other will submit records and charts, together with calculations therefrom, for its inspection and verification, subject to return within ten (10) days after receipt.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 9 - OPERATIONS BY CUSTOMER, AND COMPANY

- A. Upon request, Customer or Customer's Agent shall furnish to Company, as far in advance as operations permit, estimates of the expected daily, monthly, and annual quantities of natural gas required by Customer.
- B. Customer or Customer's Agent and Company shall each use reasonable efforts to deliver, or cause to be delivered, gas at reasonably uniform hourly and daily rates of flow. However, either Party may request the other to change the rates of delivery or receipt. The Party requested to make such changes will do so to the extent that it can without adversely affecting its deliveries of gas to any other Customer or without adversely affecting Company's own gas supply planning.
- C. Company shall deliver volumes for Customer's account concurrently with the receipt of Receipt Volumes to the extent practicable. The Parties recognize that they may be unable to control exactly the quantities of gas received and delivered on any day and that the quantities received by Company may vary from the quantities delivered on any day. Variations shall be kept to the minimum and shall be balanced as soon as practicable. Company shall be under no obligation to accept from Customer or Customer's Agent more gas at any Receipt Point than has been nominated by such Customer or Agent for the Receipt Point for that day.

Issued By: Pat Parker, Chief Executive Officer

Effective Date: January 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 10 - POSSESSION OF GAS

- A. Customer or Customer's Agent shall be in exclusive control and possession of the gas until such has been received by Company at the Point(s) of Receipt.
- B. Company shall be in exclusive control and possession of the gas received from Customer or Customer's Agent hereunder and is responsible for any damage or injury caused thereby until the same has been delivered to Customer at the Point(s) of Delivery. The Point(s) of Delivery of the gas is specified to be the point of division of responsibility between the parties. Thereafter, sole responsibility and liability in relation to the gas shall attach to Customer. Company's responsibility with respect to Customer's gas shall be deemed to be met if Company exercises due diligence in protecting such gas.
- C. Company, Customer, and Customer's Agent all indemnify and hold harmless the other parties individually and collectively for any and all damages, claims, or actions arising out of the maintenance or operation of the other's property or equipment. No party shall indemnify another party for any such damages, claims or actions except where such damages, claims, or actions are a result of gross negligence or willful default by the party, its employees or agents.

SECTION 11 – PRESSURE

- A. Company shall use due care and diligence to furnish gas hereunder at such uniform pressure as Customer may request but Company shall not be required to deliver at a pressure exceeding the normal operating pressure at Point of Delivery. Customer shall install, operate, and maintain such pressure regulating devices as may be necessary or appropriate to regulate the pressure of the gas after its delivery to Customer.
- B. Customer or Customer's Agent shall tender gas at the Point(s) of Receipt at a pressure sufficient to enter Company's System. Except with the agreement of Company, Customer or Customer's Agent shall not be permitted to tender the gas at any Point of Receipt at a pressure in excess of the pressure specified for that Point of Receipt as set forth in the applicable service agreement.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 12 - LIMITATIONS ON CAPACITY FOR RECEIPTS AND DELIVERIES

- A. Whenever Company's system is unable, for any reason, to receive or deliver gas to satisfy the needs of all Customers requesting service, Company will reduce deliveries in accordance with Schedule GCP, "Natural Gas Curtailment Plan", found in Company's Natural Gas Tariff.
- B. In the event that a receipt and delivery capability limitation is applicable only to a specific pipeline or area of the system, and the only receipt and delivery reductions required relate to that pipeline or area, then the reductions prescribed above may be limited to such pipeline or area.
- C. Company will use reasonable efforts to give at least four (4) hours' notice in advance of the time reductions of takes are to commence. However, when reductions are due to an event of force majeure, Company shall give whatever notice is practicable under the circumstances.
- D. Customer is solely responsible for determining the need for and for maintaining any standby fuel installations.
- E. Interruption of Distribution Transportation Gas Service shall be in accordance with the same system of class-by-class priorities as is applicable to sales Customers under the sales tariffs.

Issued By: Pat Parker, Chief Executive Officer


Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 13 - PENALTY FOR UNAUTHORIZED QUANTITIES TAKEN IN VIOLATION OF SECTION 12

To the extent that Customer takes gas during a period of total suspension, interruption, or curtailment or in excess of permitted volumes during a period of partial suspension, interruption or curtailment after four (4) hours' notice by Customer's Agent to the Customer of such total or partial suspension, Customer shall pay a penalty for such takes of gas at the rate of \$20.00 per MMBtu. Such penalty shall be in addition to any other charges incurred by Company for gas delivered by Company to Customer. The failure of Customer's Agent to notify Customer of such suspension, interruption, or curtailment shall not relieve Customer from the penalty provision herein. The payment of any such penalty shall not, under any circumstances, be considered as giving any Customer the right to take unauthorized volumes nor shall such payment be considered to exclude or limit any other remedies available to Company or another Customer against the offending Customer for failure to comply with said section. All such penalties shall be collected and retained by Company and shall not be refunded to Customer, except as provided herein.

Company shall not have the right to waive the penalty for taking unauthorized volumes during a period of total or partial suspension under any circumstances, except where such volumes were taken during a period of a force majeure gas-operating situation of Company. Such situation shall be deemed to exist when such volumes were taken despite an accident or breakage of pipelines, machinery, or equipment of Company, fires, floods, storms, strikes, riots, legal interferences, acts of God or the public enemy, or (without limitation by enumeration) any other cause beyond the reasonable control of Customer; provided, however, Customer shall promptly and diligently take such action as may be necessary and practicable under the then existing circumstances to adhere to the suspension, interruption, or curtailment upon notification by Customer's Agent or by Company. Customer shall notify Company at once, by phone or email, whenever such a force majeure gas-operating situation has occurred as a result of which Customer proposes to request waiver of the penalty provided for herein.


Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 14 - LIMITATIONS ON OBLIGATIONS

- A. **FORCE MAJEURE.** It is expressly agreed that Company shall not be liable on any account whatsoever to Customer or Customer's Agent for any failure, interruption or diminution in delivery of gas hereunder or any act, omission or circumstance occasioned by or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, maintenance, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, depletion or destruction of gas wells or fields, diminution or failure of, or interference, partial or entire, with Company's natural gas supply, or, and without limitation by the foregoing, any other causes beyond reasonable control of Company. In every case, Company shall exercise diligence to remove any such interference with its delivery of gas and shall resume such delivery at the earliest practicable time.
- B. Customer or Customer's Agent shall not be liable to Company for any failure to receive natural gas hereunder when occasioned by, or in consequence of accident to or breakage of pipelines, equipment or machinery, explosions, landslides, earthquakes, fires, lightning, floods, washouts, freezing, storms, the elements, the making of repairs, alterations or replacements, strikes, lockouts or other industrial disturbances, riots, insurrections, civil disturbances, pestilence, acts of God or the public enemy, war, legal interferences, orders or requirements of any court of competent authority, government agency, or, and without limitation by the foregoing, any other causes beyond reasonable control of Customer or Customer's Agent. Any such cause or contingency exempting Customer or Customer's Agent from liability for non-performance (excepting where prevented by valid orders or requirements of Federal, State or other governmental regulatory bodies having jurisdiction in the premises) shall not relieve Customer of its obligation to pay demand charges or reservation charges or any other amounts owed in accordance with the provisions of the applicable rate schedule. However, Customer's continuing payment obligation does not include the monthly administrative charge for any month in which no service was provided due to force majeure. In every case, Customer and Customer's Agent shall exercise diligence to remove any such interference with its receipt of gas and shall resume such receipt at the earliest practicable time.


Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

**SECTION 15 - REQUIREMENTS AND RESPONSIBILITIES FOR DISTRIBUTION
TRANSPORTATION SERVICE****A. CUSTOMER RESPONSIBILITY**

1. In order for Customer to receive Distribution Transportation Service, Customer must:
 - a. Select a Company qualified Agent to provide the Customer's natural gas. A list of Company qualified Agents and Transportation Affidavits can be attained from any Company office, from the Energy Transportation Management department located at Company's corporate office, or downloaded from Company's web page (www.mwenergy.com);
 - b. Complete, execute, and submit a Transportation Affidavit.
2. Customer selection of Distribution Transportation Service shall remain in effect for a minimum of twelve (12) months. This shall not prevent a Customer from switching Agents at shorter intervals. If Customer switches from Distribution Transportation Service to system sales service prior to the required twelve (12) month minimum, Customer will be billed at Company's penalty rate for commodities. Company's penalty rate will be calculated as Company's maximum daily cost of natural gas for the month plus thirty percent (30%) plus any additional upstream pipeline charges incurred.
3. Customer may switch to or from Distribution Transportation Service or from one Agent to another Agent only at the beginning of Customer's billing period. If Customer switches from Distribution Transportation Service to system sales service prior to the required twelve (12) month minimum, Customer will be billed at Company's penalty rate for commodities. Company's penalty rate will be calculated as Company's maximum daily cost of natural gas for the month plus thirty percent (30%) plus any additional upstream pipeline charges incurred.
4. **Payment.** The Customer shall be responsible for payment of all Company charges in accordance with the Natural Gas Terms and Conditions. In the event of any billing dispute, Company shall notify Customer directly and shall not be required to notify Customer's Agent.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

CUSTOMER RESPONSIBILITY (Continued)**5. Forms and Notices.**


All executed forms and notices are to be sent to:

Midwest Energy, Inc.
P.O. Box 898
1330 Canterbury Road
Hays, Kansas 67601
Attention: Energy Transportation Management
email: etm@mwenergy.com

Company personnel shall provide assistance as necessary to Customer when completing Company forms.

6. ELECTRONIC FLOW MEASUREMENT (EFM)

- a. Company reserves the right to require the installation of EFM for meters serving transportation accounts with peak deliveries of 5,000 MMBtu at a single location during any of the last twelve (12) billing periods in the event the pipeline upstream of the Company's facilities serving the Customer requires the Company to do daily balancing. Company shall install, operate and own all EFM equipment.
- b. Customer shall reimburse Company for the installed cost of EFM which shall become the sole property of Company. Customer shall be responsible for the cost for labor, material, and overhead costs associated with the installation. Payment shall be due from the Customer at the time such EFM equipment is installed.
- c. Company shall endeavor to coordinate the installation of all facilities required herein with a customer as soon as practicable. Company shall notify the customer of its intent to install EFM, as well as the scope and estimated cost thereof.
 - i. Customer shall provide adequate space for installation of EFM
 - ii. Customer shall provide and maintain, at its cost, a dedicated communication channel according to Company's EFM Standards. Company and customer shall mutually agree upon electric power and telephone connection location

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

CUSTOMER RESPONSIBILITY (Continued)

- iii. Customer's acceptance of Company's installation plan shall be assumed unless the Customer declines in writing within 15 days of Company's notice. The Customer shall, within 45 days of acceptance, complete the installation of the required communication channel, at the Customer's own expense, after which time the Company shall install EFM equipment
- d. A Customer which declines Company's EFM installation, or which does not install and/or maintain an operable dedicated communication channel, as required hereunder, shall be ineligible for Distribution Transportation Service. Company shall notify Customer of the need to install or maintain an operable dedicated communication channel and may, 45 days after such notification, disqualify such customer from transportation service.
- e. When an EFM installation includes an electronic correction device, and at a customer's request, Company may provide a data link or contact closure meeting Company's Standards from Company's EFM to customer at the meter site so the customer can receive data with the same type of output signal as Company. At the Customer's request, Company shall inspect and evaluate the Customer's connection during normal Company working hours.
- f. In the event the EFM should fail, uncorrected mechanical readings shall be used to establish the estimated corrected read, except for orifice meter installations where historical data shall be used to estimate billing data.

Issued By: Pat Parker, Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

B. CUSTOMER AGENT'S RESPONSIBILITY


Company approved Agents shall be allowed to deliver gas to Company's system for a Distribution Transportation Service Customer. Customer's Agent shall verify with Company, in advance of submitting a Customer for Distribution Transportation Service, the Point of Receipt and Point of Delivery applicable to such Customer. Customer's Agent shall be responsible for making all arrangements with both Company and the applicable interstate or intrastate pipeline for delivery of gas to Company on such interconnecting pipeline. An Agent arranging for delivery of gas for a Distribution Transportation Service Customer must receive Company approval prior to delivering gas to Company's system. Agents receiving Company approval and choosing aggregated balancing as described in Section 17-Aggregation and Balancing shall sign Company's Distribution Transportation Service Program Business Practice Agreement and Code of Conduct (Agent Code of Conduct or Code of Conduct).

C. COMPANY'S RESPONSIBILITY

1. Receipt of Natural Gas. Upon receipt of natural gas for Customer's account, Company shall transport and deliver the thermal equivalent of such gas received for the Customer at receipt point. Company may retain, for line loss and unaccounted for gas, a percentage of the total volume of gas delivered into its system for Customer's account according to the Fuel Reimbursement Quantity of the Company.
2. Agent Code of Conduct.
 - a. The Company shall establish and maintain a Code of Conduct for Customer Agents on its system.
 - b. The Company shall provide to Customers upon request a copy of the Agent-signed Code of Conduct.

SECTION 16 - RATES AND FEES

- A. Rates for natural gas Distribution Transportation Service will be those of the Company on file, subject to change as provided by law. Copies of the Rate Schedules currently in effect may be reviewed by any Customer and/or Agent at the Company's principal places of business, or at the Company's Internet site (www.mwenergy.com). When new rates or tariffs are implemented following a rate case, the Company will provide all Customers with general information explaining changes.
- B. A summary of Delivery Rates including monthly Customer charges and other applicable schedules for Distribution Transportation Service is available on the Company's Master Tariff.
- C. Fees charged for special services will be those of the Company on file under schedule SFS and subject to change from time to time. In addition, hereinafter additional charges may apply for special services provided outside of regular business hours. These additional charges will be for overtime labor and based on current Company labor agreements. Customers will be notified by the Company if these additional charges apply and the amount of the charges.


Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 17 - AGGREGATION AND BALANCING

- A. **Aggregation.** Customer Agents shall be allowed to aggregate their Customers' usage for purposes of balancing within an Aggregation Area. Company shall establish Aggregation Areas within geographic, operational, administrative, and/or other relevant parameters.
- B. **Balancing.** Daily and monthly volumes of natural gas delivered to a Distribution Transportation Service Customer should, to the extent practicable, match Company's receipts, less any amount for Fuel Reimbursement Quantity. Any difference between receipts and deliveries, less any amount for Fuel Reimbursement Quantity, is an Imbalance. Company is not responsible for eliminating any imbalances in volumes between Customer and any third party. Company is not obligated to deviate from its standard operating and accounting procedures in order to reduce or eliminate any such third-party imbalances.
- C. **Negative Imbalance.** A Negative Imbalance occurs when the volume delivered to Customer is in excess of the volume received by Company, less any amount for Fuel Reimbursement Quantity.
- D. **Positive Imbalance.** A Positive Imbalance occurs when the volume received by Company, less any amount for Fuel Reimbursement Quantity, is in excess of volume delivered to the Customer.
- E. **Imbalance Resolutions.** All imbalances must be resolved through Trades and/or Cashout.
 - 1. **Trades.** Customers and/or Customer's Agent may choose to trade their imbalance with other Customers, Agents and/or Company within the same Aggregation Area and for the same delivery period. However, any trade must result in a reduction of the imbalance of both trading partners. The Company's Imbalance Trade Form must be completed, and Company must receive an Imbalance Trade Form from both trading partners in order for the trade to be valid. Imbalance Trade Forms may be obtained from the Energy Transportation Management department located at Company's corporate office.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022


SECTION 17 - AGGREGATION AND BALANCING (Continued)

2. **The Imbalance Trade Price** shall be based on 50% of each of the following two pricing structures:
- First of Month (FOM) Index shall be the average of Platt's Inside FERC's Gas Market Report, Monthly Bidweek Spot Gas Prices for Southern Star and Panhandle Eastern Pipe Line Co. (Tx-Ok) as published in the first issue of Platt's Inside FERC's Gas Market Report for the month in which the imbalance occurred.
 - A volume-weighted price computed as the simple average of the daily midpoint stated on Platt's Gas Daily posting for Southern Star and Panhandle Eastern Pipe Line Co. (Tx-Ok) for each day of the billing period, times the daily volume for the interstate pipeline on which the balance is being computed, the product then being divided by the total of the daily volumes in the billing period.
3. **Cashout.** Imbalances shall be reconciled on a monthly basis between Company and Customer or the Customer's Agent.

For a Negative Imbalance, the Customer or the Customer's Agent shall pay 1.3 times the Imbalance Trade Price for each MMBtu of imbalance volume not otherwise traded.

For a Positive Imbalance, the Customer or the Customer's Agent shall receive 0.7 times the Imbalance Trade Price for each MMBtu of imbalance volume not otherwise traded.

4. **Imbalance Trade and Cashout Timing.** The following deadlines for resolution of imbalances shall apply:
- Company shall provide to Customer's Agent the data showing the imbalance pertaining to each Customer Agent, and the determination of the Imbalance Trade Price, for the month in which the imbalance was created, by the ninth (9th) Business Day of the month following the month in which the imbalance was created.
 - The Customer Agent shall return the completed Imbalance Trade Form to Company for any imbalance trades to which it has agreed by the fifteenth (15th) Business Day of the month following the month in which the imbalance was created.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 17 - AGGREGATION AND BALANCING (Continued)

- c. When imbalance volumes are traded between Company and Customer's Agent a statement will be issued by Company to such Customer Agent showing the amount due to either Party to that imbalance trade prior to the twentieth (20th) Business Day of the month following the month in which the imbalance was created.
 - d. Company shall issue to each Customer Agent a statement showing the cashout volume and balance owed to Company or Customer Agent any remaining imbalance for each Customer Agent prior to the twentieth (20th) Business Day of the month following the month in which the imbalance was created.
 - e. For any imbalance amount owed by Customer Agent to Company the payment shall be provided to Company no later than the tenth (10th) Business Day of the month following the month in which the cashout was determined.
 - f. For any imbalance amount owed by Company to Customer Agent the payment shall be provided to customer Agent no later than the tenth (10th) Business Day of the month following the month in which the cashout was determined.
 - g. For any imbalance amount owed by Customer Agent to Company the payment shall be provided to Company no later than the tenth (10th) Business Day of the month following the month in which the cashout was determined.
 - h. For any imbalance amount owed by Company to Customer Agent the payment shall be provided to customer Agent no later than the tenth (10th) Business Day of the month following the month in which the cashout was determined.
5. **Price Posting Availability.** In the event a FOM or Gas Daily posting is not available, the following alternative postings shall apply: The average of the following postings, as available, shall be utilized as a replacement for the missing FOM or Gas Daily value: ANR Pipeline Co (Oklahoma), Natural Gas Pipeline Co. of America (Midcontinent), Panhandle Eastern Pipe Line Co. (Tx-Ok) FOM, and Southern Star postings will be used as a replacement.
6. **Prior Period Adjustments (PPA's)** will be resolved in a manner consistent with any initial imbalance resolution.

SECTION 17 - AGGREGATION AND BALANCING (Continued)

- F. **Pipeline Charges for Daily Balancing.** If, as point operator, Company is assessed daily balancing fees, scheduling fees, overrun charges, and/or penalties by the intrastate/interstate pipeline delivering natural gas into Company's distribution facility on behalf of Company and Agents, Company will prorate these fees/charges/penalties between Company and Agents delivering supply from the pipeline into Company's distribution facility. These fees, charges, and/or penalties assessed to Company by pipeline will be prorated on a volumetric basis in proportion to the respective monthly imbalance of each party.
- G. **Termination.** Any imbalance remaining at the termination of a Customer Agent participating in Company's Distribution Transportation Service program shall be resolved within sixty (60) days of such termination by payment as set out above.
- H. **Force Majeure Occurrence.** In the event of a force majeure occurrence as defined in Company's tariff, Customer and/or Customer's Agent shall not be relieved from its obligation to make payment of amounts then due or which become due hereunder. If a balancing penalty is a direct consequence of Company's force majeure, Customer and Customer's Agent shall be relieved of such imbalance penalties. If, however, a balancing penalty is a direct consequence of a force majeure event claimed by Customer, Customer's Agent, an upstream interstate pipeline, a gas supplier, or another upstream entity, Customer or Customer's Agent shall not be relieved of such imbalance penalties.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 18 - CRITICAL DAY PLANNING AND NOTICES

As events occur, Company may request or require Customer or Customer's Agent to take certain actions for reasons of system management to ensure compliance with the requirements of the upstream pipeline companies and/or system integrity. Company shall have the right to make these requests or requirements in the form of System Advisory (SA) or Operational Flow Order (OFO) notices.

A. System Advisory (SA)

Company's Right to Issue. Company shall have the right to issue System Advisories (SAs). An SA may request an individual Customer or their Agent or all Customers or their Agents to take preemptive or preventive actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to ensure compliance with the requirements of the upstream pipeline companies. SAs will be communicated to affected Customers or their Agents either electronically, by telephone, facsimile or other method agreed upon between Company and Customer or Customer's Agent. Customer or Customer's Agent must provide the Company with a 24-hour contact for SAs.

B. Operational Flow Order (OFO)

1. **Company's Right to Issue.** Company shall have the right to issue Operational Flow Order (OFO) notices. An OFO shall require Customer(s) or their Agent(s) to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system, or to ensure compliance with the requirements of upstream pipeline companies. Failure to comply with a properly communicated OFO will result in the Customer(s) or their Agent(s) being assessed the penalty charge set forth hereunder. OFOs will be communicated as soon as reasonably practical electronically, by telephone, or other method agreed upon between the parties. Customer or Customer's Agent must provide the Company with a 24-hour contact for OFOs.

SECTION 18 - CRITICAL DAY PLANNING AND NOTICES (Continued)

2. **Company Notice.** In order to alleviate operating conditions which threaten the integrity or safe operation of the Company's distribution system or interfere with the Company's ability to provide reliable service, the Company shall notify the Customer or Customer's Agent, of the issuance of an OFO. The Company will make their best effort to provide notice of the commencement of an OFO to the Customer or Agent not less than twenty-four (24) hours in advance. Notice of the termination of an OFO may be made at any time and shall specify the date and time of the termination. OFO notices will contain specific instructions as to the action(s) required of the Customer or Agent. The Customer's Agent shall be responsible for any communication with their Customers that may be necessary for Agent compliance with SA or OFO requirements.
3. **Reasons for an OFO.** The Company may issue OFOs including but not limited to the following reasons:
- a. OFOs may be issued in the Company's sole judgment to:
 - i. Protect the integrity of the Company's gas system;
 - ii. Assure deliveries of gas supplies to all of the Company's sales Customers; or
 - iii. Adhere to the various interstate/intrastate pipeline companies' balancing or delivery requirements.
 - b. Consistent with the standards set forth, types of circumstances under which the Company may determine to issue an OFO include, but are not limited to:
 - i. Responding to an event of Force Majeure;
 - ii. Accommodating capacity limitations resulting from the need to perform maintenance and/or repairs;
 - iii. Maintaining operational pressures, adequate gas supplies and line pack required to provide an efficient and reliable service;
 - iv. Responding to any event, which the Company believes in its sole judgment, may jeopardize the integrity of its system.

Issued By: Pat Parker, Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 18 - CRITICAL DAY PLANNING AND NOTICES (Continued)

- c. In order to address operational reliability the Company will have the authority to direct a Customer or Customer's Agent to adjust daily scheduled volumes to a specified level or to deliver gas to specified receipt point(s) into the Company's distribution system or to receipt points prescribed by upstream pipelines.
 - 4. **Geographic Differences.** The requirements of OFOs shall be as localized as possible. If only discrete segments of the Company's system are affected by operational difficulties, then OFOs shall be limited to those segments of the system. The Company shall lift any effective OFO promptly upon the remedy or cessation of the operating conditions that caused the issuance of the OFO.
- C. **Critical Day Penalties**
- 1. **System Advisory (SA)**
There will be no penalty associated with the SA.
 - 2. **Operational Flow Order (OFO)**
A Customer or Agent that fails to deliver a volume of gas supply equal to the Customer's usage or the aggregated usage of all the Agent's customers in an Aggregation Area for each day of an OFO will be subject to a penalty charge of 1.5 times the daily midpoint stated on Gas Daily's Index for Southern Star (Tx-Okla-Kan) times the MMBtu that is either over or under delivered into the Company's system. Failure to comply with an OFO will result in the billing of the following charges when the actual daily usage differs from the daily flowing volume:
 - a. Penalties as defined herein on the difference, and
 - b. Payment of all other charges incurred by the Company on the date of the OFO that result from the Customer's or Customer Agent's failure to comply with the OFD, including a proportionate share of any pipeline penalties that are incurred by the Company.

SECTION 19 - DELIVERY OF GAS


It is the intention of Company to make daily delivery of the Customer's or Customer Agent's thermally equivalent volume received, less the Fuel Reimbursement Quantity. Due to variations in operating conditions, daily and monthly deliveries hereunder by Company may be greater or less than the corresponding receipts of gas hereunder less the applicable Fuel Reimbursement Quantity. Company and Customer or Customer's Agent agree that any excess or deficiency in such receipts, less applicable Fuel Reimbursement Quantity, and deliveries shall be adjusted or corrected as soon as practicable or as otherwise provided herein.

SECTION 20 – LIABILITY

- A. If service hereunder is interrupted, Company shall not be liable for damages of any kind, including consequential damages, to any Customer or other party except where such damages are a result of gross negligence or willful default by the Company, its employees or agents.
- B. Company shall have the right, without liability to any Customer or other party, to interrupt the transportation, sale, or delivery of gas when necessary to test, alter, modify, enlarge, repair, or maintain any facility, property or appurtenance related to the operation of its pipeline system.

SECTION 21 – REMEDIES

- A. Company is not required to perform service under the Distribution Transportation Service on behalf of any Customer or Agent that fails to comply with any and all of the terms and conditions herein and the applicable rate schedules.
- B. The failure of Customer to timely pay any bill rendered it by Company shall be handled in accordance with the provisions in Section 4 "Billing and Payment" of Company's Natural Gas Terms and Conditions.
- C. No provisions herein regarding specific remedies shall bar Company, Customer, or Customer's Agent from asserting any other remedy it may have at law or in equity.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 22 - DULY CONSTITUTED AUTHORITIES

- A. The Terms and Conditions herein and the respective obligations of the parties under the Distribution Transportation Service are subject to present and future valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.
- B. The Parties recognize that the rates, terms, and conditions for service hereunder may require change from time to time be changed by appropriate lawful processes, including the filing of changed provisions with Midwest Energy's Board of Directors or such entity having regulatory authority. Company shall be entitled to collect such changed rate from Customer commencing with the effective date of such change. Customer shall be obligated to pay the changed rate, made effective in the manner described above, but nothing herein contained shall prejudice the rights of Customer to contest at any time changes to the charges for the services rendered hereunder by Company.

SECTION 23 – NOTICES

Any notice, request, demand, statement or bill (including monthly statements and payments) provided for herein and the rate schedules to which they apply, or any notice which Company, Customer, or Customer's Agent may desire to give to the other, shall be in writing and shall be considered as duly delivered when transmitted by mail or electronically. Notices pursuant to Section 14 "Limitations on Obligations" may be given electronically or orally.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023


Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022

SECTION 24 - POSSESSION, TITLE AND WARRANTY OF GAS

- A. Company shall be deemed to be in possession of the gas delivered by Customer or Customer's Agent only from the time it is received by Company for delivery to Customer as provided herein. Customer or Customer's Agent shall be deemed to be in possession of such gas prior to such receipt. Company shall have no responsibility hereunder with respect to such gas before receipt by it or after delivery to Customer. Customer or Customer's Agent shall have no responsibility with respect to such gas while it is deemed hereunder to be in Company's possession.
- B. It is expressly understood that title, or right to acquire title, to all gas delivered by Customer or Customer's Agent to Company for delivery to Customer hereunder shall be held by Customer or Customer's Agent. In no event shall Company take title to gas distributed pursuant to this agreement except as provided herein.
- C. Customer or Customer's Agent hereby warrants that gas delivered to Company hereunder is free and clear of all liens, encumbrances, and claims whatsoever. Customer or Customer's Agent agrees to indemnify and hold harmless the Company against any loss or cost incurred by Company on account of such liens, encumbrances and claims whatsoever.
- D. Company warrants that at the time of delivery to Customer the gas so delivered hereunder shall be free and clear of all liens, encumbrances, and claims whatsoever resulting from the Company's possession or Distribution Transportation of gas pursuant to the Terms and Conditions herein. Company agrees to indemnify and hold harmless Customer or Customer's Agent against any loss or cost incurred by Customer or Customer's Agent on account of liens, encumbrances or claims resulting from any possession or distribution by Company.

SECTION 25 - GOVERNMENTAL AUTHORIZATIONS

- A. Distribution transportation service shall be implemented pursuant to Kansas Corporation Commission (KCC) Regulations.
- B. Distribution transportation service, and all its rates, terms and conditions, shall at all times be subject to modification by Midwest Energy's Board of Directors or such entity having regulatory Authority.

Issued By: , Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022



Index #: 225
Schedule: DTTC
Replacing Schedule: GT&C
Territory: Company Wide

SECTION 26 - ORDER OF PROVISIONS

In the event of conflicts between the provisions of this Distribution Transportation Terms and Conditions and the Natural Gas Terms and Conditions of the Company, the DTTC shall control with respect to the provision of Distribution Transportation Service. Likewise, in the even of conflicts between the DTTC and specific Rate Schedule(s), the DTTC shall control with respect to the provision of Distribution Transportation Service.

Issued By: Pat Parker, Chief Executive Officer

Effective Date: January 1, 2023

Approved or Adopted by Midwest Energy, Inc. Board of Directors: December 19, 2022