



TRANSPORTATION POOLING AGREEMENT

THIS AGREEMENT is made this _____ day of _____, _____, by and between PUBLIC SERVICE COMPANY OF NORTH CAROLINA, INCORPORATED, a South Carolina corporation, doing business as, and hereinafter called, "PSNC Energy," with its main office at 800 Gaston Road, Gastonia, North Carolina 28056,

and

_____ (hereinafter "Pooler"), a

_____ corporation, with its main office at _____

WHEREAS, PSNC Energy is willing to permit its Customers or their agents, which obtain transportation, whether firm, released, or interruptible, or any other form of transportation, on an interstate Pipeline, to deliver Gas into PSNC Energy's system for the purpose of enabling PSNC Energy's Customers to satisfy all of their Gas requirements through the use of transportation Services provided by PSNC Energy; and

WHEREAS, Pooling will permit PSNC Energy's Customers or their agents to accumulate various privileges accorded individual transportation Customers for the benefit of a group of transportation Customers; and

WHEREAS, Pooling will benefit all of PSNC Energy's transportation Customers.

NOW, THEREFORE, for and in consideration of mutual covenants and promises contained herein, PSNC Energy agrees to permit Pooling, and Pooler agrees to pool Gas supplies hereunder, in accordance with the following terms and conditions:

ARTICLE I **Definitions**

For the purposes of this Agreement, the following definitions shall apply:

1. "Customer(s)" means any recipient of transportation Service provided by PSNC Energy that procures its supply of Gas from a Pooler's Pool.
2. "Gas" means undiluted natural gas, or a substitute for natural gas, or any mixture of natural gas and a substitute for natural gas, as delivered by PSNC Energy.
3. "Pipeline" means any interstate pipeline, including Transco, which establishes a physical interconnection with PSNC Energy's pipeline system.
4. "Pool" shall mean an aggregation of Gas quantities for one or more PSNC Energy transportation Customers which Pooler establishes under this Agreement.
5. "Pooling" is a service provided by PSNC Energy whereby a broker, marketer, producer, or any consumer of Gas qualifying for transportation Service under PSNC Energy's tariffs, which obtains transportation (firm, released, interruptible, or any other form), on a Pipeline and aggregates Gas supplies needed to satisfy the full requirements of one or more transportation Customers of PSNC Energy, and such Customer or Customers have assigned its rights to Pooler as agent, or such Customer is acting on its own behalf, for the purpose of delivering Gas to PSNC Energy.
6. "Transco" means Transcontinental Gas Pipe Line Corporation.

Any capitalized terms used herein, which are not defined herein, shall have the meanings set forth in PSNC Energy's Rules and Regulations.



ARTICLE II
Applicability

All persons and entities that obtain transportation, whether firm, released, interruptible, or any other form of transportation, on a Pipeline for the purpose of delivering Gas to an interconnection between Pipeline and PSNC Energy shall be required to execute a Transportation Pooling Agreement. Unless PSNC Energy agrees otherwise, only a single pooler may sell Gas to a Customer Account in one calendar month.

ARTICLE III
Term

This Agreement shall commence on the first day of _____, 20____, and shall continue thereafter for twelve (12) calendar months; provided, however, that the term shall be extended from year to year thereafter, subject to cancellation by either party upon expiration of the primary term or any subsequent one (1) year period upon at least thirty (30) days written notice given prior to expiration of the primary term or prior to the expiration of any one year period occurring thereafter. Notwithstanding the foregoing, PSNC Energy may cancel or discontinue service under this Agreement as provided in Articles VIII, IX, and X below.

ARTICLE IV
Transportation Nomination Procedures

For each month that this Agreement is in effect, Pooler must submit its nomination for each month's transportation to PSNC Energy in writing or by facsimile on or before the deadline date indicated on the "Transportation Nomination Schedule" as published periodically by PSNC Energy. Such nominations shall include the following information:

1. Pooler's legal name, Pipeline contract number, and Pipeline transportation activity number;
2. daily quantity (Daily MMBTU) to be delivered to PSNC Energy;
3. list including the names of all PSNC Energy Customers to be served by Pooler and the corresponding PSNC Energy Customer Account number(s); and
4. effective date of transportation Service.

Intra-month revisions to Gas quantities being delivered to PSNC Energy must be received by PSNC Energy in writing or by facsimile no later than 5 p.m. Eastern Time two days prior to the day of Gas flow.

ARTICLE V
Pooling Procedures

For each month that this Agreement is in effect, PSNC Energy will allow Pooler to create a Pool in which Pooler shall aggregate all Gas quantities delivered to PSNC Energy by Pooler for delivery to PSNC Energy's Customer(s) or Pooler pursuant to Article IV above. Pooler agrees to make deliveries into its Pool at daily rates that are reasonably even and constant. Pooler may increase or decrease daily Gas deliveries to PSNC Energy provided that any such change does not impair PSNC Energy's operating ability, as determined by PSNC Energy, in its sole discretion.

ARTICLE VI
Gas Measurement

The quantity and heating value of the Gas delivered by Pooler to PSNC Energy shall be determined by the transporting Pipeline(s) in the manner provided in its (their) tariff(s).



ARTICLE VII
Full Requirements Service

For each month that this Agreement is in effect, Pooler agrees to satisfy the full requirements for Gas for each PSNC Energy Customer Account on Pooler's designated list provided pursuant to Article IV for each such month. Pooler's ability to satisfy all such requirements for Gas in any month shall be determined by subtracting the Customers' actual consumption for the listed Customer Accounts in that month from the total actual deliveries received in that month on the Pooler's account. Any imbalance resulting from an adjustment to actual consumption or deliveries due to meter inaccuracy, billing error, or otherwise, after the month in which such Gas requirements were determined, shall be cashed out under the procedure provided in Article VIII with all adjusted quantities cashed out under either paragraph 1 for shortage quantities or paragraph 1 for excess quantities, as applicable.

ARTICLE VIII
Pool Balancing Procedures

In the event that Pooler's Pool has insufficient Gas available to satisfy the actual needs of the Customer Account(s) to be served from the Pool in any month, the cashout procedure shall be as follows:

1. If such shortage is less than or equal to five percent (5%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the first of the month price for the month in which such shortage occurred for Transco Station 65 as published in **Natural Gas Week**, plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.
2. If such shortage is greater than five percent (5%) but less than or equal to ten percent (10%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the higher of the first of the month price or the highest weekly price for any subsequent week for the month in which such shortage occurred for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of one hundred and fifteen percent (115%), plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.
3. If such shortage is greater than ten percent (10%) of the Customers' actual usage, PSNC Energy shall sell to Pooler Gas required to cover such shortage quantities at a rate equal to the higher of the first of the month price or the highest weekly price for any subsequent week for the month in which such shortage occurred for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of one hundred and twenty-five percent (125%), plus the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, for each Dekatherm of such shortage.

In the event that Pooler's Pool has Gas in excess of the actual needs of the Customer Account(s) in any month, the cashout procedure shall be as follows:

1. If such excess is less than or equal to five percent (5%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the first of the month price for the month in which the excess accumulated for Transco Station 65 as published in **Natural Gas Week**, plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for



deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

2. If such excess is greater than five percent (5%) but less than or equal to ten percent (10%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the lower of the first of the month price or lowest weekly price for the month in which the excess accumulated for any subsequent week for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of eighty-five percent (85%) plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

3. If such excess is greater than ten percent (10%) of the Customers' actual usage, for each Dekatherm of such overage, PSNC Energy shall purchase from Pooler such excess quantities of Gas at a rate equal to the lower of the first of the month price or lowest weekly price for any subsequent week for the month in which the excess accumulated for Transco Station 65 as published in **Natural Gas Week**, multiplied by a factor of seventy-five percent (75%) plus (a) for the months of November through March, the one hundred percent (100%) load factor rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, plus applicable fuel retention and all applicable surcharges, or (b) for the months of April through October, the commodity rate under Transco's currently effective Rate Schedule FT for deliveries from Transco's Zone 3 to Zone 5, including applicable fuel retention and surcharges, plus \$.05.

If, for any month, the imbalance in Pooler's Pool exceeds twenty-five percent (25%), either positive or negative, PSNC Energy shall have the right, in its sole discretion, to cancel this agreement and to suspend the Pooler's right to establish a Pool for delivery to Customers that transport on PSNC Energy's system for twelve (12) months.

ARTICLE IX **Creditworthiness**

PSNC Energy shall not commence service to Pooler, and has the right to discontinue service upon five (5) days' written notice to Pooler, if Pooler fails to meet PSNC Energy's creditworthiness criteria. PSNC Energy shall apply consistent evaluative practices to determine the acceptability of Pooler's overall financial condition, working capital, and profitability trends. Acceptable creditworthiness is demonstrated by meeting the following criteria:

1. At PSNC Energy's request, Pooler shall provide current financial statements, annual reports, 10-K reports or other filings with regulatory agencies which discuss the Pooler's financial status, a list of all corporate affiliates, parent companies and subsidiaries, and any reports from credit reporting and bond rating agencies which are available.
2. At PSNC Energy's request, Pooler shall provide a bank reference and at least two trade references. Pooler authorizes PSNC Energy to obtain a current credit report on Pooler to determine whether to extend credit and releases generally all creditors to disclose otherwise confidential information. The results of reference checks and any credit reports submitted must show that Pooler's obligations are being paid on a prompt basis.
3. At PSNC Energy's request, Pooler shall provide a guarantee by a person or another entity acceptable to PSNC Energy that satisfies the credit appraisal, or a standby irrevocable letter of credit drawn upon a bank acceptable to PSNC Energy.
4. Pooler must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws such as an assignment for the benefit of creditors, or any informal creditors' committee agreement.



5. Pooler shall not be subject to the uncertainty of pending liquidation or regulatory proceedings in state or federal courts or before other governmental or regulatory bodies having jurisdiction, which could cause a substantial deterioration in its financial condition, a condition of insolvency, or an impairment of Pooler's ability to exist as an ongoing business entity.
6. Pooler shall have no significant collection lawsuits or judgments outstanding that might affect Pooler's ability to remain solvent.
7. If any of the events or actions described in paragraphs 4, 5, and 6 above shall be initiated or imposed during the terms of service under this Agreement, Pooler shall provide notification thereof to PSNC Energy within two (2) working days of any such initiated or imposed event or action.
8. If Pooler has an ongoing business relationship with PSNC Energy, no delinquent balances shall be consistently outstanding for undisputed billings made previously by PSNC Energy, and Pooler must have paid its account in the past according to the established terms and not made deductions or withheld payment for claims other than for disputed billings.

ARTICLE X **Billing and Payment**

No later than three (3) business days following PSNC Energy's end-of-the-month meter reading date for the month of delivery, PSNC Energy will provide Pooler with a statement detailing the total quantities delivered by Pooler into its Pool for the preceding month as well as the total metered consumption in MMBTU for each individual PSNC Energy Customer Account served by Pooler. Pooler is responsible for billing each of PSNC Energy's Customer(s) served from Pooler's Pool for all Gas consumed by such Customer(s) determined pursuant to Article VII above with the exception of unauthorized quantities or other penalties assessed directly to a Customer by PSNC Energy. PSNC Energy shall continue to bill its applicable transportation and Facilities Charges directly to the Customer.

If the total quantities present in Pooler's Pool fail to cover the total accumulated usage for PSNC Energy's Customer(s) served by Pooler's Pool in any month, PSNC Energy shall bill Pooler for any shortage quantities pursuant to the procedures described in Article VIII above. Such statement shall be furnished to Pooler by PSNC Energy no later than the fifth (5th) business day following PSNC Energy's end-of-the-month meter reading date for the month of delivery and is due and payable within ten (10) days after the statement date. A bill shall be deemed delinquent when it remains unpaid after the due date set forth on the bill. If Pooler fails to remit the full amount when due, interest on the unpaid portion shall accrue at a rate of one percent (1%) per month. If a Pooler withholds any portion of any amount billed by PSNC Energy as a disputed amount and any portion or all of the amount so withheld is determined to have been properly billed, then interest (as set forth above) shall accrue on the withheld amount that was properly billed from the date due until the date that PSNC Energy receives it. PSNC Energy may terminate this Agreement when any bill becomes delinquent.

If the total quantities present in Pooler's Pool exceed the total accumulated usage for the Customer(s) served from Pooler's Pool in any month, PSNC Energy shall purchase such Gas pursuant to the procedures described in Article VIII above. PSNC Energy shall furnish Pooler with a statement identifying the quantities purchased from Pooler no later than the fifth (5th) business day following PSNC Energy's end-of-the-month meter reading date for the month of delivery and shall pay Pooler no later than ten (10) days after the statement date.

ARTICLE XI **Force Majeure**

The term "Force Majeure," as used herein, and as applied to PSNC Energy or Pooler, shall mean acts of law including governmental bodies acting pursuant to law, acts of God, strikes, lockouts or other disturbances, acts of a public enemy, war, blockades, insurrections, riots, epidemics, lightning, fires, floods, washouts, arrests, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, freezing of wells or pipelines, or any other cause, whether of the kind enumerated or otherwise, not reasonably within the control of the affected party. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party affected.



Such causes or contingencies affecting the performance of this Agreement by PSNC Energy or the Pooler shall not relieve the affected party of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by facsimile to the other party as soon as reasonably practical after the occurrence of the cause relied upon, nor shall such causes or contingencies affecting this Agreement by either party relieve it of liability in the event of its concurring negligence, nor shall such causes or contingencies affecting the performance of this Agreement relieve either party from its obligations to make payments of amounts due under the Agreement for Gas already allocated to the Customers served by Pooler.

ARTICLE XII
Miscellaneous

1. No modification of the terms and provisions of this Agreement shall be or become effective except by the execution of a written agreement or by modification of PSNC Energy's Tariff.
2. No waiver by any party of any one or more defaults by any other party in the performance of any provisions of this Agreement shall operate or be construed as a waiver or any other default or defaults, whether of a like or of a different character.
3. Any company, which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of PSNC Energy or of Pooler, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Without relieving itself of its obligations under this Agreement, any party may assign any of its rights hereunder to a company with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto in writing of the other party, provided that such consent will not be unreasonably withheld.
4. Except as otherwise provided, any notice, request, demand, statement, or bill provided for in this Agreement, or any notice which any party may desire to give to the other, shall be in writing and shall be considered as duly delivered when delivered to the United States Postal Service to be sent by registered or certified mail to the Post Office address of the parties hereto, as the case may be, or at such address as either party shall designate by formal written notice, as follows:

Notices to PSNC Energy:

PSNC Energy
 Attention: Transportation & Administration
 P O Box 1398
 Gastonia, North Carolina 28053-1398
 Telephone: (704) 834-6338
 Facsimile: (704) 834-6555

Notices to Pooler: (Enter Applicable Information)

 Pooler Name

 Address

 City / State / Zip Code

 Telephone Number

 Fax Number

Payments to PSNC Energy:

PSNC Energy
 Wachovia, Charlotte, North Carolina
 ABA No: 0530-0021-9
 Account. No: 20706-59001624

Payments to Pooler: (Enter Applicable Information)

 Pooler Name

 Pooler Bank Name

 ABA Number

 Account Number



5. This Agreement and the respective obligations of the parties hereunder are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction.

6. The subject headings of the articles of this Agreement are inserted for the purpose of convenient reference and are not intended to be a part of the Agreement nor considered in any interpretation of the same.

7. The construction, interpretation, and performance of this Agreement shall be in accordance with the laws of the State of North Carolina, excluding any conflicts-of-law rule or principle which might refer the construction, interpretation, or performance of this Agreement to the law of another jurisdiction.

8. In the event of a conflict between the provisions of this Agreement and PSNC Energy's Tariff, PSNC Energy's Tariff shall control.

9. This Agreement supersedes all preexisting agreements for Pooling between PSNC Energy and Pooler.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and witnessed, or their respective corporate seals to be hereto affixed and attested, the day and year first above written.

ATTEST: PSNC Energy

ATTEST: POOLER

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or Print)

Name: _____
(Type or Print)

Title: _____

Title: _____

By: _____
(Signature)

By: _____
(Signature)

Name: _____
(Type or Print)

Name: _____
(Type or Print)

Title: _____

Title: _____