Penalties **Natural Gas**

Unauthorized Gas Penalties: The penalties for Unauthorized Gas as defined on SCHEDULE DEF and for related incremental costs are described below. These penalties and related incremental costs will be billed in addition to all other properly applied rates and charges for products and/or services rendered. Unauthorized Gas penalties shall be categorized as curtailment, interruption, or constraint as described below.

Based on prevailing operating conditions and system requirements, the company may, at its sole discretion, call a curtailment, an interruption, or a constraint. Any customer(s) or Marketer that fail to curtail, interrupt, or constrain gas usage in accordance with the company's curtailment, interruption, or constraint policies as found on SCHEDULE CURT, Curtailment Plan for curtailments; SCHEDULE GCg-I, Interruptible Services Interruption Procedure, for interruptions; and SCHEDULE GT-290, Constraint Period(s), for constraints, as ordered by the company, shall be penalized as described herein unless subject to terms and conditions as specified per individual Service Elections.

The company will have the authority at all times, but not be required to, valve-off non-compliant customers during periods of curtailment, interruption or constraint.

Curtailment Penalties

Curtailment penalties shall apply when the FERC-Mandated Gas Supply Curtailment Policy for curtailments as found on SCHEDULE CURT is invoked.

- Customers shall be required to pay a minimum penalty rate of $2.50 per therm, plus any incremental costs, for all unauthorized use of gas.
- When the Company is exposed to penalties greater than $2.50 per therm the penalty rate will increase to $10.00 per therm, plus any incremental costs, for all unauthorized use of natural gas.

See Definitions for Incremental Costs on Schedule DEF for the highest cost of delivered gas to the company's city gate on a particular gas day of unauthorized gas.

Interruption Penalties

Interruption penalties shall apply to those customers served under tariffed interruptible services or as specified per individual contracts.

- Customers shall be required to pay a minimum penalty rate of $2.50 per therm, plus any incremental costs, for all unauthorized use of gas.
- When the Company is exposed to penalties greater than $2.50 per therm the penalty rate will increase to $10.00 per therm, plus any incremental costs greater than $10.00 per therm, for all unauthorized use of natural gas.

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Penalties (continued) **Natural Gas**

Continued from Sheet No. G7.83

See Definitions for Incremental Costs on Schedule DEF for the highest cost of delivered gas to the company's city gate on a particular gas day of unauthorized gas.

Constraint Penalties

Constraint penalties shall apply to those Marketers participating in transportation services.

For the purposes of determining the portion of company-incurred pipeline overrun charges, scheduling charges, or penalties to be passed on to the Marketer, as a result of the Marketer's Pooling Area net daily imbalance quantities, the company will use the penalty application quantity as described in SCHEDULE GT-290, Constraint Period(s).

- Marketers shall be required to pay a minimum penalty rate of $2.50 per therm, plus any Iicremental costs, for all unauthorized use of gas.
- When the Company is exposed to penalties greater than $2.50 per therm the penalty rate will increase to $10.00 per therm, plus any incremental cost greater than $10.00 per therm, for all unauthorized use of natural gas.

See Definitions for Incremental Costs on Schedule DEF for the highest cost of delivered gas to the company's city gate on a particular gas day of unauthorized gas.

Operational Flow Condition ("OFC") Penalties

The company may declare an Operational Flow Condition (OFC) if any pipeline which is serving the distribution system declares hourly restrictions. During an OFC the Marketer in the affected area shall, after a notice of no less than two hours, be required to balance their hourly therm usage to the applicable pipeline(s) declared OFC. The company will pass through to the Marketer their prorata share of any Penalties assessed to it from pipelines which declared hourly restrictions ("OFC Penalties"). The company will prorate OFO Penalties incurred over the therm usage exceeding (or, in the case of a low flow condition, less than) the Maximum Hourly Delivery Quantity of Marketers as calculated by the Company in the direction of the OFC for the Pooling Area or operating system(s) that includes the applicable branchline, localized subsystem, gate(s) or gate group(s) named by the pipeline for the duration of the specific pipeline OFO penalty.

OFC penalties recovered from Marketers shall be applied to gas costs through the PGA.

Within 90 days after the billing of pipeline OFO penalties the Company shall submit a report to the Public Service Commission of Wisconsin of the OFO penalty billing.

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