

CenterPoint Energy Resources Corp.
d/b/a CenterPoint Energy Oklahoma Gas
602 SW A Avenue
Lawton, Oklahoma 73501

(866) 275-5265 toll-free
(580) 351-9601

Original Sheet No. 4-8.1/5

Applies to State of Oklahoma

**POLICY SCHEDULE NO. 8
ORDER OF CURTAILMENT**

8. ORDER OF CURTAILMENT

In order to take steps necessary for the protection of the reliable and adequate service that present supplies, capacities and facilities will permit, the Company will adhere to the following curtailment program:

8.1. Deliveries of gas will be curtailed to whatever extent and for whatever periods Company may find necessary from time to time in the operation of its system for the primary benefit of human needs customers.

8.2. In case of curtailments for whatever reason, the following order of priorities will be observed insofar as practicable, with the first noted category having the highest priority, and so on:

Priority 1.1 Residential; all commercial requirements of less than 500 Ccf per peak day.

Priority 1.2 All other commercial requirements, plant protection, small industrial and essential agricultural users with total requirements of up to 3,000 Ccf per day, and other uses the curtailment of which the Secretary of Energy or FERC determines would endanger life, health, or maintenance of physical property.

Priority 2.1* All other firm requirements for essential agricultural uses as defined in Section 401 of the Natural Gas Policy Act of 1978 which cannot use an alternate fuel within the meaning of applicable rules and regulations promulgated by the FERC under Section 401(b) of that Act.

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Rates Authorized by Order No. 499253, Cause No. PUD 200400187

Issued by Charles J. Harder, Executive Director of Rates & Regulatory

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- Priority 2.2* Firm requirements for essential commercial process and feedstock uses as defined in Section 402 of the Natural Gas Policy Act of 1978 which cannot use an alternate fuel.
- Priority 2.3* Firm requirements for other feedstock and process needs and pipeline customer storage injection requirements.
- Priority 3 Firm requirements for commercial needs not covered elsewhere.
- Priority 4 Firm requirements for commercial needs for boiler fuel use of more than 3,000 Ccf per day but not more than 15,000 Ccf per day.
- Priority 5 Firm requirements for commercial needs for boiler fuel use of more than 15,000 Ccf per day but not more than 30,000 Ccf per day.
- Priority 6 Firm requirements for commercial needs for boiler fuel use of more than 30,000 Ccf per day.
- Priority 7 Commercial transportation requirements for customers contracting directly with an upstream pipeline where gas supply deliveries have been interrupted or curtailed by the pipeline.

* ***When it is necessary to curtail loads in each of these priorities, the large requirements that normally use more than 3,000 Mcf per day will be curtailed before the smaller loads.***

- 8.3. Each higher priority of use will be fully protected from curtailment until all lower priorities have been ordered curtailed 100 percent; that is, no curtailments of Priority 5 uses will be ordered until all Priority 6 uses have been ordered curtailed, and so forth.
- 8.4. If system deliverability permits only partial delivery of gas to a given category of use, curtailment will occur, on the basis of a pro rata sharing based on historical

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deliveries to customers for that category. On days when curtailment is required, total deliveries to individual customers may not exceed contract volumes.

- 8.5. Before service commences, when the character of gas usage materially changes, and from time to time upon request, each customer shall furnish Company with all information reasonably required by Company with regard to gas usage at the facility served to assist Company in its determination of the proportionate parts, if any, of that usage falling in different priority categories. In determining the appropriate priority category for gas sold, no distinction will be made between gas sold to direct customers and to resale customers.
- 8.6. Company will implement this curtailment plan throughout each of Company's systems to the extent possible consistent with the practical operation of the system, giving due regard to such factors as system capacity and where curtailable customers are located in relation to where the gas is needed.
- 8.7. An emergency exemption from curtailment will be provided for all firm electric utility customers to the extent required to avoid the curtailment of firm electric load upon an attestation by a utility to Company that: (1) the utility faces an emergency situation wherein it will be required to shed firm electric load necessary to serve human needs customers unless an exemption from curtailment is granted in an amount which will avoid the curtailment of firm electric load necessary to serve human needs customers; (2) the utility has no alternate fuel capability; (3) the utility has exhausted all purchased power opportunities; (4) the utility has utilized all alternative sources of power; and (5) the utility will accept reduced deliveries during the emergency exemption from curtailment. Electric utilities served at more than one location are permitted to divert their entitlements between plants so long as they stay within their total entitlements, where Company determines that this can be done consistently with prudent operation of its system.
- 8.8. Any firm customer claiming an emergency need for supplemental deliveries during curtailment to forestall irreparable injury to life or property shall furnish

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Company with full details of the nature, cause, unavailability and estimated duration of the emergency. This information is to be given by telephone followed by immediate written notice to Company signed by an officer or responsible employee under oath. Upon receipt of the initial notice Company will make such investigation as is reasonably possible under the circumstances and if gas is available, Company will deliver such supplemental volumes as Company determines the situation to require. The customer must promptly take all reasonable steps to eliminate the cause of the emergency and accept reduced deliveries after the emergency to offset the supplemental deliveries.

- 8.9. Company shall be relieved of all liabilities, penalties, charges, payments, price adjustments, alternate fuel subsidizations and claims of whatever kind, contractual and otherwise, resulting from or arising out of Company's failure to deliver all, or any portion of, the volumes of gas desired by any particular customer or customers to the extent that such failure results from Company's implementation of this curtailment plan in accordance with its provisions and applicable regulatory orders, notwithstanding inconsistent provisions in contracts, jurisdictional and non-jurisdictional, heretofore entered into.
- 8.10. Until the reserves available to Company's system are substantially augmented, Company will husband its existing gas supply by regulating its receipts from connected sources so as to receive gas at rates reasonably calculated to permit the maximum utilization of the reserves for the benefit of Company's human needs customers over the longest possible periods of time.
- 8.11. All surplus gas deliveries are to be discontinued completely before contract service to the above listed priorities is curtailed.
- 8.12. Company will in any event deliver sufficient volumes of natural gas to firm customers:

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8.12.1. to respond to emergency situations (including environmental emergencies) during period of curtailment where additional supplies are required to forestall irreparable injury to life or to property; and

8.12.2. to provide for minimum plant protection when the plant is shut down.

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