

SEMCO ENERGY Gas Company
Transportation Service Daily Cash-Out Grid

<u>Normal Daily Balancing</u>
Negative Imbalance DBT = 10% Positive Imbalance DBT = 10%

<u>Negative DBR Declared</u>
Negative Imbalance DBT = 5% Positive Imbalance DBT = 10%

<u>Positive DBR Declared</u>
Negative Imbalance DBT = 10% Positive Imbalance DBT = 5%

Negative Imbalance	Positive Imbalance
SEMCO Sells Gas at Unauthorized Negative Imbalance Cash-Out Rate	SEMCO Buys Gas at Unauthorized Positive Imbalance Cash-Out Rate
10% Daily Balancing Tolerance	
SEMCO Sells Gas at Authorized Negative Imbalance Cash-Out Rate	SEMCO Buys Gas at Authorized Positive Imbalance Cash-Out Rate

Negative Imbalance	Positive Imbalance
SEMCO Sells Gas at Unauthorized Negative Imbalance Cash-Out Rate	SEMCO Buys Gas at Unauthorized Positive Imbalance Cash-Out Rate
10% Pos DBT	
SEMCO Sells Gas at Authorized Negative Imbalance Cash-Out Rate	SEMCO Buys Gas at Authorized Positive Imbalance Cash-Out Rate
5% Neg DBT	

Negative Imbalance	Positive Imbalance
SEMCO Sells Gas at Unauthorized Negative Imbalance Cash-Out Rate	SEMCO Buys Gas at Unauthorized Positive Imbalance Cash-Out Rate
10% Neg DBT	
SEMCO Sells Gas at Authorized Negative Imbalance Cash-Out Rate	SEMCO Buys Gas at Authorized Positive Imbalance Cash-Out Rate
5% Pos DBT	

Definitions:

1. DBT:

Daily Balancing Tolerance

2. DBR:

Daily Balancing Restriction

3. Authorized Negative Imbalance Cash-Out Rate:
(whether or not a DBR is declared)

The price for an Authorized Negative Imbalance for Gas, purchased by the Shipper, will be the greater of:
a) the Company's currently effective commodity GCR rate, or
b) the Daily Index Price on the day of the sale.

4. Unauthorized Negative Imbalance Cash-Out Rate:
(when a DBR is not declared)

The price for an Unauthorized Negative Imbalance of gas, purchased by the Shipper, will be the greater of:
a) the Company's currently effective commodity GCR rate, or
b) the Daily Index Price on the day of the sale + \$1.00.

5. Unauthorized Negative Imbalance Cash-Out Rate:
(when a DBR is declared)

The price for an Unauthorized Negative Imbalance of gas, purchased by the Shipper, will be the greater of:
a) the Company's currently effective commodity GCR rate, or
b) the Daily Index Price on the day of the sale + \$10.00.

4. Authorized Positive Imbalance Cash-Out Rate: *(when a DBR is declared)*

The price for an Authorized Positive Imbalance for Gas, purchased by the Shipper, will be the lesser of:
a) the Company's currently effective commodity GCR rate, or
b) the Daily Index Price on the day of the sale.

6. Unauthorized Positive Imbalance Cash-Out Rate:
(whether or not a DBR is declared)

The price for an Unauthorized Positive Imbalance for Gas, purchased by the Shipper, will be the lesser of:
a) 80% of the Daily Index Price on the day of the sale or,
b) the Company's currently effective commodity GCR rate on the day of the sale.

