

**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:

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| 1. DBT: | Daily Balancing Tolerance |
| 2. DBR: | Daily Balancing Restriction |
| 3. Authorized Negative Imbalance Cash-Out Rate:
<i>(whether or not a DBR is declared)</i> | The price for an Authorized Negative Imbalance for Gas, purchased by the Shipper, will be the <u>greater</u> 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:
<i>(when a DBR is not declared)</i> | The price for an Unauthorized Negative Imbalance of gas, purchased by the Shipper, will be the <u>greater</u> 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:
<i>(when a DBR is declared)</i> | The price for an Unauthorized Negative Imbalance of gas, purchased by the Shipper, will be the <u>greater</u> 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: <i>(when a DBR is declared)</i> | The price for an Authorized Positive Imbalance for Gas, purchased by the Shipper, will be the <u>lesser</u> 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:
<i>(whether or not a DBR is declared)</i> | The price for an Unauthorized Positive Imbalance for Gas, purchased by the Shipper, will be the <u>lesser</u> 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. |

