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March 16, 2020

VIA E-PORTAL FILING

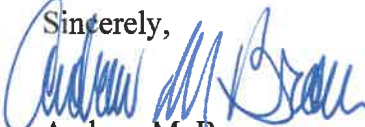
Adam J. Teitzman, Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: **NEW FILING** - In re: Petition for approval of tariff modifications for liquified natural gas service by Peoples Gas System

Dear Mr. Teitzman:

Attached for electronic filing with the Commission on behalf of Peoples Gas System, please find Peoples' Petition referenced above.

We appreciate your usual assistance.

Sincerely,

Andrew M. Brown

AB/plb

Attachment

cc: Paula K. Brown
Ms. Kandi Floyd
Ms. Karen Bramley
Thomas F. Farrior, Esq.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of tariff modifications)
for liquified natural gas service)
by Peoples Gas System.)
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Docket No.
Submitted for Filing:
March 16, 2020

PETITION FOR APPROVAL OF TARIFF MODIFICATIONS

Peoples Gas System ("Peoples" or the "Company"), by and through its undersigned attorneys, hereby requests the Commission's approval of modifications to its Natural Gas Tariff, Original Volume No. 3 (the "Tariff"), for liquified natural gas service ("LNG Service") by the Company, and submits herewith new and revised tariff sheets to become effective the date of the Commission's vote, and in support of its request states:

1. The name and address of the petitioner are:

Peoples Gas System
702 N. Franklin Street
Tampa, Florida 33602

2. The persons to whom notices, orders and pleadings in this docket should be addressed are:

Andrew M. Brown, Esquire
Thomas R. Farrior, Esquire
Macfarlane Ferguson &
McMullen
Post Office Box 1531
Tampa, Florida 33601-1531

Paula K. Brown
Peoples Gas System
Post Office Box 111
Tampa, Florida 33601-0111

Kandi M. Floyd
Peoples Gas System
Post Office Box 111
Tampa, Florida 33601-0111

3. Peoples is a natural gas local distribution company ("LDC") providing sales and transportation delivery of natural gas throughout most of the State of Florida and is a public utility subject to the Commission's regulatory jurisdiction under Chapter 366, *Florida Statutes*.

4. By this petition, Peoples seeks the Commission's approval of modifications to its Tariff for liquified natural gas service to the Company's customers.

BACKGROUND

5. LNG is natural gas that has been cooled to minus 260 degrees Fahrenheit causing it to condense into a liquid. In liquid form, natural gas is 1/600th of its original volume allowing for significantly greater storage potential. As explained further in this petition, this increased storage potential provides for many valuable applications enhancing fuel reliability, fuel price stability and an improved environmental emission profile. Subsequent to liquefaction and storage, LNG must be vaporized back into its gaseous state. This vaporization process is called regasification. The natural gas is then reinjected back into a pipeline system or used to fuel natural gas operated equipment.

6. The International Maritime Organization ("IMO") is a specialized agency of the United Nations and is the global standard-setting authority for the safety, security and environmental performance of international shipping. The IMO has determined that emissions from the marine sector in international waters will be reduced in an effort to lessen air pollution. Accordingly, the IMO introduced IMO 2020 which requires the marine sector to reduce sulphur emissions from ships by 80% beginning January 1, 2020. As a result of IMO 2020, natural gas, and in particular LNG, has

become a far more important fuel for cruise ships, container vessels and bulk carriers because LNG powered ships have cleaner emissions and allows marine vessels to comply with these more stringent emission requirements.

7. LNG is currently used in Florida as a transportation fuel for maritime, rail and other transportation applications. Ports are one of Florida's greatest assets and contribute over 10% of Florida's gross domestic product. Florida has three of the largest cruise ports in North America and leads the country for cruises embarking from the United States. Over 7.5 million people travel annually on cruises originating from the state of Florida. This represents over half the annual number of passengers on cruises originating from U.S. Many cruise ship companies are expanding their investment in LNG powered ships as part of their commitment to sustainability and meeting the requirements of IMO 2020.

8. A significant challenge to using LNG as a transportation fuel in Florida is the lack of storage and bunkering (fueling) facilities. This challenge can only be met if shipowners, Florida ports and LDCs work together to create the LNG supply infrastructure to meet this growing demand. The use of LNG as a cleaner transportation fuel for the maritime sector benefits all Floridians. LNG applications have the potential to make Florida ports more economically attractive and to ease the transition to cleaner sources of fuel.

9. Because the volume of natural gas in its liquid state is approximately 600 times less than the volume in its "normal" gaseous state, it is possible to transport natural gas to places pipelines may not reach and expands the use of natural gas as a transportation fuel. Also, on-site LNG serves as an immediate solution for customers

who are unable to wait for pipeline infrastructure installation. In some instances, it is not economically feasible to build a pipeline to the customer, making LNG a more cost-effective solution. This is especially helpful for customers in remote locations that are not near existing pipeline infrastructure. LNG facilities provide a more resilient system for customers to avoid disruptions in gas supply either from extreme weather, pipeline constraints, supply interruptions or 3rd party damage. Florida has no large-scale market-area storage like other places in the U.S. and relies on natural gas being transported into the state by interstate pipelines. The use of LNG for storage purposes enhances customer reliability and fuel price stability whereas other energy sources may face disruption.

10. Peoples is exploring opportunities to provide LNG service to its customers in a value-added manner that increases system resiliency. There are more than 110 LNG facilities operating in the United States providing a variety of services. Some LNG facilities export gas from the United States, some provide supply to local distribution companies or interstate pipelines, while others are used to store natural gas for periods of peak demand. Utilities use LNG for peak shaving or storage purposes to ensure adequate supplies for natural gas when demand due to capacity limitations or weather conditions is at its peak.

11. There are significant opportunities in Florida for Peoples to provide LNG services that contributes to the reduction of emissions from the transportation sector and creates resiliency through the economical storage of energy.

PROPOSED TARIFF PROVISIONS

12. Attached to this Petition are the proposed new tariff sheets in legislative and clean formats for which the Commission's approval is sought.

13. Peoples seeks Commission approval of an LNG tariff that will provide customers with LNG Service, which may, depending on the specific customer as described in the proposed tariff, include all of the materials and equipment necessary to liquify, store, and re-vaporize LNG.

14. Under the proposed tariff, the Customer(s) would receive distribution service from Peoples and pay the applicable rate under General Service, Interruptible Service or Wholesale Service according to its annual consumption as well as other applicable charges under various clauses and riders, and any applicable taxes for the natural gas delivered to the LNG facility. In addition, Customers would pay the Monthly Services Charge which would include Peoples' gross investment in the storage and / or liquefaction facilities as provided by Rate Schedule LNG Service. These facilities would be installed and maintained by Peoples on either company or customer owned premises.

15. This Commission has previously approved Peoples' similar in concept tariffs for Compressed Natural Gas and Renewable Natural Gas. In both tariffs, Peoples constructs the applicable infrastructure for customers and the tariff rate is designed to recover the cost of investment from the customer.

16. Peoples believes the granting of this LNG tariff provision for which approval is sought herein is reasonable and appropriate and will allow Peoples to begin

to meet customer demand for this growing market, assist customers in responding to rule requirements such as fuel conversion of vessel fleets in the shipping industry, and provide solutions and increase options for customers. Service under this LNG tariff will cover costs and provide benefits to Peoples' system and its general body of ratepayers. Additionally, as Florida's largest investor-owned natural gas utility, Peoples is well-situated to provide the services proposed.

Respectfully submitted,



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Attorneys for Peoples Gas System

LEGISLATIVE SHEETS

INDEX OF TECHNICAL TERMS AND ABBREVIATIONS

<u>TERM</u>	<u>SHEET NO.</u>
ABSOLUTE PRESSURE	4.101
APPLICATION FOR GAS SERVICE	4.101
AUTHORIZED PAYMENT AGENT	4.101
BIOGAS	4.101
BILLING PERIOD	4.101
BRITISH THERMAL UNIT	4.101
BTU	4.101
COMMISSION	4.101
COMPANY	4.101
CUBIC FOOT OF GAS	4.101
CUSTOMER	4.101
CUSTOMER'S INSTALLATION	4.101
FORCE MAJEURE	4.101
GAS	4.101-1
GAS SERVICE	4.101-1
GAS SERVICE FACILITIES	4.101-1
HIGH PRESSURE	4.101-1
LNG	4.101-1
MAIN	4.101-1
METER	4.101-1
METER READING DATE	4.101-1
NORMAL BUSINESS HOURS	4.101-1
PANAMA CITY OPERATING AREA	4.101-1
POINT OF DELIVERY	4.101-1
RESIDENTIAL	4.101-1
RNG	4.101-1
STANDARD DELIVERY PRESSURE	4.101-1
THERM	4.101-1

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Third~~Fourth Revised Sheet No. 4.000
Cancels ~~Second~~Third Revised Sheet No. 4.000

~~THIRD PARTY GAS SUPPLIER~~ ~~4.101-2~~

~~YEAR ROUND CUSTOMER~~ ~~4.101-2~~

Continued from Sheet No. 4.000

THIRD PARTY GAS SUPPLIER 4.101-2

YEAR ROUND CUSTOMER 4.101-2

TECHNICAL TERMS AND ABBREVIATIONS (Continued)

materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such part to fulfill its obligations hereunder, the inability of the party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions;

- (2) a hurricane, storm, heat wave, lightning, freeze, severe weather event, earthquake or other act of God; or
- (3) fire, explosion, war, riot, labor strike, terrorism, acts of the public enemy, lockout, embargo, civil disturbance, interference or regulation by federal, state or municipal governments, injunction or other legal process or requirement.

It is understood and agreed that the settlement of strikes, lockouts or other labor difficulties shall be entirely within the discretion of the party having the difficulty.

GAS. Natural Gas or a mixture of gases suitable for fuel, delivered through the Company's distribution system, having a heating value of not less than 1,000 BTU's per cubic foot.

GAS SERVICE. The supplying of Gas (or the transportation of Gas) by the Company to a Customer.

GAS SERVICE FACILITIES. The service line, Meter, and all appurtenances thereto necessary to convey Gas from the Company's Main to the Point of Delivery and which are owned by Company.

HIGH PRESSURE. Gas delivered at any pressure above the Standard Delivery Pressure.

LNG. Liquified Natural Gas or LNG is processed natural gas that has been condensed into a liquid form by reducing its temperature to approximately minus 260° F (minus 162° C) at ambient pressure.

MAIN. The pipe and appurtenances installed in an area to convey Gas to other Mains or to service lines.

METER. Any device or instrument used to measure and indicate volumes of Gas which flow through it.

METER READING DATE. The date upon which an employee of the Company reads the Meter of a Customer for billing purposes.

NORMAL BUSINESS HOURS. 8 a.m. to 5 p.m. Monday through Friday, excluding Federal holidays.

PANAMA CITY OPERATING AREA. The Panama City Operating Area consists of those Counties and Communities identified in Section 6.

POINT OF DELIVERY. The point at which Company's Gas Service facilities are connected to the Customer's Installation, and at which the Customer assumes responsibility for further delivery and use of the Gas. In all cases, the Point of Delivery for Gas to a Customer shall be at the outlet side of the meter or regulator, if any, whichever is farther downstream. The Point of Delivery shall be determined by Company.

RESIDENTIAL. When used to modify the term "Customer," means a Customer whose use of Gas is for residential purposes, regardless of the rate schedule pursuant to which such Customer receives Gas Service provided by Company.

RNG. Renewable Natural Gas, or gas produced from agricultural, animal, or municipal or other waste that, with or without further processing, (a) has characteristics consistent with the Company's compositional and quality standards for Gas, and (b) in the sole view of the Company does not otherwise pose a hazard to inclusion in the Company's distribution lines when co-mingled with Gas.

~~**STANDARD DELIVERY PRESSURE.** The Standard Delivery Pressure for Panama City Operating Area shall be 10 inches of water column (.36 p.s.i.g.). The Standard Delivery Pressure for the remainder of PGS~~

Peoples Gas System
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Original Volume No. 3

~~Third~~ Fourth Revised Sheet No. 4.101-1
Cancels ~~Second~~ Third Revised Sheet No. 4.101-1

~~service territory shall be 7 inches of water column (.25 p.s.i.g). No adjustment will be made for variations from the normal atmospheric pressure at the Customer's Meter. Gas delivered at Standard Delivery Pressure may vary from three inches to 15 inches of water column.~~

Issued By: T. J. Szelistowski, President
Issued On: ~~September 19, 2017~~

Effective: ~~December 12, 2017~~

TECHNICAL TERMS AND ABBREVIATIONS (Continued)

STANDARD DELIVERY PRESSURE. The Standard Delivery Pressure for Panama City Operating Area shall be 10 inches of water column (.36 p.s.i.g.). The Standard Delivery Pressure for the remainder of PGS service territory shall be 7 inches of water column (.25 p.s.i.g). No adjustment will be made for variations from the normal atmospheric pressure at the Customer's Meter. Gas delivered at Standard Delivery Pressure may vary from three inches to 15 inches of water column.

THERM. A unit of heat equal to one hundred thousand (100,000) BTUs.

THIRD PARTY GAS SUPPLIER. Any legal entity, other than the Company, providing Gas for transportation and delivery to a Customer on the Company's distribution system.

YEAR ROUND CUSTOMER. A Customer who receives (or who it is estimated will receive) Gas Service from Company during each month of a year, and who pays a Customer charge for each such month.

INDEX OF RATE SCHEDULES

SHEET NO.

GENERAL APPLICABILITY PROVISIONS:

A.	Character of Service	7.101
B.	Purchased Gas Adjustment Clause	7.101-1
C.	Energy Conservation Cost Recovery Adjustment Clause	7.101-2
D.	Swing Service Charge	7.101-3
E.	RESERVED FOR FUTURE USE	7.101-4
F.	Tax and Fee Adjustment Clause	7.101-5
G.	Competitive Rate Adjustment Clause	7.101-5
H.	Conditions for Transportation of Customer-Owned Gas	7.101-7
I.	Main Extension Program	7.101-7
J.	Reserved for Future Use	7.101-10

RATE SCHEDULES

RESIDENTIAL RATES:

Residential Service (RS)	7.201
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GENERAL SERVICE RATES:

Small General Service (SGS)	7.301
General Service - 1 (GS-1)	7.302
General Service - 2 (GS-2)	7.303
General Service - 3 (GS-3)	7.303-2
General Service - 4 (GS-4)	7.303-4
General Service - 5 (GS-5)	7.304
Commercial Street Lighting Service (CSLS)	7.306

SPECIAL FIRM GAS RATES:

Natural Gas Vehicle Service-1 (NGVS-1)	7.401
Natural Gas Vehicle Service-2 (NGVS-2)	7.401-2
Natural Gas Vehicle Service-3 (NGVS-3)	7.401-4
Residential Standby Generator Service (RS-SG)	7.402-1
Commercial Standby Generator Service (CS-SG)	7.403
Renewable Natural Gas Service (RNGS)	7.404
Commercial Gas Heat Pump Service Rate Schedule (CS-GHP)	7.405
<u>Liquified Natural Gas Service (LNG)</u>	<u>7.406</u>

WHOLESALE RATES:

Wholesale Service - Firm (WHS)	7.501
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INTERRUPTIBLE RATES:

Small Interruptible Service (SIS)	7.601
Interruptible Service (IS)	7.603
Interruptible Service - Large Volume (ISLV)	7.605
Contract Interruptible Service (CIS)	7.607

LIQUIFIED NATURAL GAS SERVICE
Rate Schedule LNG

Availability:

This rate schedule is available to any Customer for the purchase of Liquefied Natural Gas ("LNG") service from Peoples Gas System throughout the service areas of the Company.

Applicability:

Applicable to Customers requesting liquefied natural gas services through liquefaction of natural gas, storage of LNG, regasification of LNG to natural gas, and/or non-pipeline distribution of LNG ("LNG Service") for customer market segments including, but not limited to (1) use as a transportation fuel, including marine markets, rail, auto, jet propulsion and other transportation customers, (2) use to increase system reliability, peak shaving and to increase resiliency of their facilities, (3) Customers that cannot be served by pipeline by PGS for any reason, including without limitation, time to construct the pipeline, cost of constructing pipeline, remote location, reliability/resilience and intermittent demand and (4) LNG loaded by ISO containers and exported to foreign markets pursuant to a valid export license LNG Service under this Schedule is contingent upon arrangements mutually satisfactory to the Customer and Company for the design, location, construction, ownership, and operation of facilities required for the Company's provision of LNG Service.

Rate:

LNG Service facilities installed under the provisions of this schedule shall be owned, operated and maintained by the Company unless otherwise agreed to in an agreement for services between the parties. The rate for LNG Service supplied hereunder shall consist of a Monthly Services Charge and the transportation and delivery of natural gas under the Company's applicable Rate Schedules for General Service, Interruptible Service or Wholesale Service.

Monthly Services Charge:

The Monthly Services Fee shall be set forth in the agreement between the parties and unless otherwise specified in the agreement shall be billed in monthly installments over the term of this Agreement. The rate structure of the Monthly Services Fee shall be designed to recover the cost of service required to provide LNG Service to Customer. The rate structure includes, but is not limited to depreciation, return on capital, taxes and operational expenses, fuel used to operate facilities and electric costs to operate the facility. As used in this schedule, LNG Service facility costs to be recovered means the total installed cost of such LNG facilities, as determined by Company, which may include but are not limited to blowers, chillers, condensate removal equipment, compressors, heat exchangers, driers, pumps, interstage and aftercoolers, heavy constituent knockout equipment, filters, turbo expanders, liquid/vapor separators, distillation columns, fractionators, drivers, control valves (JT), vacuum insulated piping, condensers, accumulators, instrumentation, vaporizers, fire protection equipment, safety equipment, monitoring equipment, truck scales, vent and flare systems, waste water disposal systems, instrument air, power, communications, fuel gas, N2 systems, gas constituent removal equipment, quality monitoring equipment, storage, controls, piping, metering.

Continued from Sheet No. 7.406

propane injection, and any other related appurtenances, including any redundancy necessary to provide reliable LNG Service, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The agreement between Company and Customer may require a commitment by the Customer to purchase LNG Service for a minimum period of time, to take or pay for a minimum amount of LNG Service, to make a contribution in aid of construction, to furnish a guarantee, such as a surety bond, letter of credit, other means of establishing credit, and/or to comply with other provisions as determined appropriate by the Company.

The Customer's monthly minimum charge under this Rate Schedule shall be the Monthly Services Reservation Charge.

Special Conditions:

1. All charges listed above are subject to applicable federal, state, or local taxes.

2. LNG Services provided hereunder shall be available only in connection with LNG that
 - a. will be consumed in the State of Florida, or
 - b. if not consumed in Florida,
 - i. will not be vaporized for further transportation in interstate commerce by pipeline after its delivery to Customer by the Company pursuant to this Rate Schedule, and
 - ii. will not be involved in a gas exchange or gas transportation by displacement transaction that would be deemed to circumvent the Federal Energy Regulatory Commission's jurisdiction, under the Natural Gas Act, over the interstate transportation of gas by pipeline.

3. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.

4. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.

CLEAN SHEETS

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<u>TERM</u>	<u>SHEET NO.</u>
ABSOLUTE PRESSURE	4.101
APPLICATION FOR GAS SERVICE	4.101
AUTHORIZED PAYMENT AGENT	4.101
BIOGAS	4.101
BILLING PERIOD	4.101
BRITISH THERMAL UNIT	4.101
BTU	4.101
COMMISSION	4.101
COMPANY	4.101
CUBIC FOOT OF GAS	4.101
CUSTOMER	4.101
CUSTOMER'S INSTALLATION	4.101
FORCE MAJEURE	4.101
GAS	4.101-1
GAS SERVICE	4.101-1
GAS SERVICE FACILITIES	4.101-1
HIGH PRESSURE	4.101-1
LNG	4.101-1
MAIN	4.101-1
METER	4.101-1
METER READING DATE	4.101-1
NORMAL BUSINESS HOURS	4.101-1
PANAMA CITY OPERATING AREA	4.101-1
POINT OF DELIVERY	4.101-1
RESIDENTIAL	4.101-1
RNG	4.101-1
STANDARD DELIVERY PRESSURE	4.101-1
THERM	4.101-1

Continued from Sheet No. 4.000

THIRD PARTY GAS SUPPLIER	4.101-2
YEAR ROUND CUSTOMER	4.101-2

TECHNICAL TERMS AND ABBREVIATIONS (Continued)

materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such part to fulfill its obligations hereunder, the inability of the party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions;

- (2) a hurricane, storm, heat wave, lightning, freeze, severe weather event, earthquake or other act of God; or
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Rate:

LNG Service facilities installed under the provisions of this schedule shall be owned, operated and maintained by the Company unless otherwise agreed to in an agreement for services between the parties. The rate for LNG Service supplied hereunder shall consist of a Monthly Services Charge and the transportation and delivery of natural gas under the Company's applicable Rate Schedules for General Service, Interruptible Service or Wholesale Service.

Monthly Services Charge:

The Monthly Services Fee shall be set forth in the agreement between the parties and unless otherwise specified in the agreement shall be billed in monthly installments over the term of this Agreement. The rate structure of the Monthly Services Fee shall be designed to recover the cost of service required to provide LNG Service to Customer. The rate structure includes, but is not limited to depreciation, return on capital, taxes and operational expenses, fuel used to operate facilities and electric costs to operate the facility. As used in this schedule, LNG Service facility costs to be recovered means the total installed cost of such LNG facilities, as determined by Company, which may include but are not limited to blowers, chillers, condensate removal equipment, compressors, heat exchangers, driers, pumps, interstage and aftercoolers, heavy constituent knockout equipment, filters, turbo expanders, liquid/vapor separators, distillation columns, fractionators, drivers, control valves (JT), vacuum insulated piping, condensers, accumulators, instrumentation, vaporizers, fire protection equipment, safety equipment, monitoring equipment, truck scales, vent and flare systems, waste water disposal systems, instrument air, power, communications, fuel gas, N2 systems, gas constituent removal equipment, quality monitoring equipment, storage, controls, piping, metering,

Continued from Sheet No. 7.406

propane injection, and any other related appurtenances, including any redundancy necessary to provide reliable LNG Service, before any adjustment for accumulated depreciation, a contribution in aid of construction, etc. The agreement between Company and Customer may require a commitment by the Customer to purchase LNG Service for a minimum period of time, to take or pay for a minimum amount of LNG Service, to make a contribution in aid of construction, to furnish a guarantee, such as a surety bond, letter of credit, other means of establishing credit, and/or to comply with other provisions as determined appropriate by the Company.

The Customer's monthly minimum charge under this Rate Schedule shall be the Monthly Services Reservation Charge.

Special Conditions:

1. All charges listed above are subject to applicable federal, state, or local taxes.
2. LNG Services provided hereunder shall be available only in connection with LNG that
 - a. will be consumed in the State of Florida, or
 - b. if not consumed in Florida,
 - i. will not be vaporized for further transportation in interstate commerce by pipeline after its delivery to Customer by the Company pursuant to this Rate Schedule, and
 - ii. will not be involved in a gas exchange or gas transportation by displacement transaction that would be deemed to circumvent the Federal Energy Regulatory Commission's jurisdiction, under the Natural Gas Act, over the interstate transportation of gas by pipeline.
3. The rates set forth under this schedule shall be subject to the operation of the Company's Tax and Fee Adjustment Clause set forth on Sheet No. 7.101-5.
4. Service under this schedule shall be subject to the Rules and Regulations set forth in this tariff.