LIBERTY UTILITIES (PEACH STATE NATURAL GAS) CORP.

TRANSPORTATION SERVICE - FIRM

RATE SCHEDULE 860F

A. Availability

This firm rate schedule provides for the transportation of gas received by the Company from the Connecting Pipeline Company for the Customer's account to that Customer's facilities on a firm basis once such gas is received by the Company. Service under this rate schedule is available to commercial and industrial customers using at a minimum 100,000 Ccf annually or customers using 370 Ccf per day during off peak periods. This rate schedule is offered as a companion to the customer's existing sales rate schedule if any.

B. Character of Service

Natural gas, with a heating value of approximately 100,000 Btu per Ccf, supplied through a single meter, at standard equipment utilization pressure, or such higher delivery pressure as approved by Company.

C. Definitions

For purposes of this Rate Schedule 860F, the terms "Connecting Pipeline Company," and "Transportation Imbalance" are defined in the General Rules and Service Regulations, Service Regulation No. 1 -- Definitions.

D. Additional Terms and Provisions of Service Under This Rate Schedule

In addition to the General Rules and Service Regulations:

(i) All customers requesting transportation service must do so in writing by April 1st each calendar year. If all other conditions for service are met, all changes in service status will take effect the following October 1st. The Company at its option may require a contract for a specified period of time in rendering transportation service. In addition, Customer must provide an Agency Authorization Notification and Agreement signed by Customer and its Agent if Customer intends to have a third party secure and provides such services on Customer's behalf.

(ii) Except as expressly modified by the provisions of this rate schedule all of the terms, provisions, and conditions of the companion rate schedule if any (as made effective by the Commission from time to time) applicable to Customer shall also apply to service by the Company to Customer under this rate schedule.

(iii) Customer shall notify Company in writing a least ten (10) working days in advance of each billing month of the volume of gas to be delivered into the Company's system for the account of the Customer during the billing month and the daily rate of delivery for each day. The quantity of gas delivered into the Company's facilities for the account of the Customer shall be based on the transportation allocation for that month by the Connecting Pipeline Company. Adjustments will be made if the Connecting Pipeline Company's reported volumes vary from the nominated volume.

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(iv) The Customer is responsible for making all arrangements for transporting the gas from its source of supply to the Company's interconnection with the Connecting Pipeline Company unless other written arrangements have been made between the Customer and the Company.

(v) The Customer shall warrant that it has good and legal title to all gas which Customer causes to be delivered into the Company's facilities and Customer shall hold the Company harmless from any loss or claim in regard to the same.

(vi) The Company shall have the right to issue Operational Flow Orders ("OFO") requiring customers to alleviate conditions that, in the sole judgment of the Company, may jeopardize the operational integrity of the Company's system or as required to maintain system reliability. Customers shall comply with OFO directives. OFOs may require customers to take (a) no more than, (b) no less than, and / or (c) no more than and no less than a specified amount; provided, however, that except in the event of force majeure or emergency conditions, the Company shall deliver on a firm basis volumes received by the Company from the Connecting Pipeline Company for the Customer's account.

(a) All volumes delivered to the Customer in excess of volumes received by the Company from the Connecting Pipeline Company for the Customer's account that are in violation of an OFO issued by Liberty, with the exception of a 5% daily tolerance, shall constitute an unauthorized overrun by Customer on the Company's system. Customer shall pay an incentive fee of $30.00 per Dth, plus the Gas Daily Index price(s) for the respective Connecting Pipeline Company for such unauthorized overruns during the OFO.

(b) All volumes delivered to the Customer that are less than volumes received by the Company from the Connecting Pipeline Company for the Customer's account, and that are in violation of an OFO issued by Liberty, with the exception of a 5% daily tolerance, shall constitute an unauthorized delivery by Customer to Company. Customer shall pay an incentive fee of $30.00 per Dth for such unauthorized deliveries to Company's system.

Additionally, the Customer is responsible for all costs related to the balancing provisions and OFOs of the respective Connecting Pipeline Company, which could result in additional cash out, scheduling/balancing fees and/or penalties being assessed to the Customer as Passthrough Costs. The daily tolerance of the Connecting Pipeline Company may be more restrictive than Liberty's daily tolerance, and if Liberty incurs a cost, it will be a Passthrough Cost charged to the customer.

In addition, the Company may assess a scheduling fee for any daily transportation imbalance in excess of 10% of the Customer's daily confirmed nomination. The fee, if any, assessed by the Company will be calculated as follows:

([annual storage demand charges/MDWQ]/365) + (annual storage capacity charges/total capacity) + average injection and withdrawal costs.

Costs for all storages used in providing for balancing will be included.

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(vii) The Company shall be obligated to provide delivery service hereunder on a firm basis for volumes received by the Company from the Connecting Pipeline Company for the Customer's account, except; (a) as otherwise provided for within the terms, provisions, and conditions of other provisions of the Company's Tariff (as made effective by the Commission from time to time); (b) conditions of force majeure; or (c) emergency conditions.

(viii) A two percent (2%) adjustment for unaccounted gas shall be made to the volumes of gas delivered into the Company's facilities for the Customer's account, and the volumes of gas delivered to the Customer under this rate schedule shall be reduced by such percentage.

(ix) The Company reserves the right to refuse to accept gas for the account of the Customer into Company's facilities if the same would reduce the volume of gas otherwise available to the Company from the Connecting Pipeline Company.

(x) All Purchased Gas Costs (as defined by O.C.G.A. § 46-2-26.5) incurred by the Company to provide services under the terms of this rate schedule, including but not limited to cash out, scheduling/balancing fees, incentives and/or penalties, and scheduling fees, as well as the revenues associated with the gas cost related services shall be included in the Purchased Gas Adjustment computations.

(xi) Customers served under this Rate Schedule shall be required to pay for the cost and installation of measurement data collection and verification equipment. Customers shall also be required to pay the cost of installation, maintenance and any monthly usage charges associated with telephone, power or other utilities or energy sources required for the operation of the data collection and verification equipment. Customers shall also be required to provide adequate space in new or existent facilities for the installation of the data collection equipment.

(xii) The cash out of monthly imbalances shall be assessed if the volume of gas delivered to the Customer's point of delivery is greater than the volume of gas received by the Company from the Connecting Pipeline Company for the Customer's account (negative imbalance), the Company will sell the difference in gas volumes to the Customer based on the percentage set forth in subpart (b) below of the average price index for the respective Connecting Pipeline Company, plus applicable pipeline fuel and transportation charges. If the volume of gas delivered to the Customer's point of delivery is less than the volume of gas received by the Company from the Connecting Pipeline Company for the Customer's account (positive imbalance), the Company will buy the difference in gas volumes from the Customer based on the percentage set forth in subpart (b) below of the average price index for the respective Connecting Pipeline Company, plus applicable pipeline fuel and transportation charges.

(a) Sale and purchase of gas for monthly imbalance cash out purposes will be based on the percentages listed below:

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Cumulative Percentage of Monthly Imbalance	Percentage of Average Cash Out Price Index	
	Positive Imbalances	Negative Imbalances
0 ≤ 5%	100%	100%
> 5% ≤ 10%	85%	115%
> 10% ≤ 15%	70%	130%
> 15% ≤ 20%	60%	140%
> 20%	50%	150%

E. Pooling Service

(i) For the purpose of this section, A Pool Manager is defined as an entity which has been appointed by a customer or group of customers served under this rate schedule to perform the functions and responsibilities of requesting information, nominating supply, and other related duties. The Pool Manager shall have all the rights under this Transportation Service as does a Customer transporting gas supply directly under this Transportation Service.

(ii) For purposes of this section, a Pool is a group of transportation customers within an established pooling area whose gas needs are combined and managed by a single Pool Manager.

(iii) The Pool Manager will be responsible for arranging for volumes of transportation gas to meet the daily and monthly requirements of customers in the pool. The cash out provisions of Subsection D(vi) and (xii) shall be applied against the aggregate volume of all customers in a specific pool. The Pool Manager will be responsible for the payment of any monthly cash out payments, scheduling fees, and any penalties incurred by a specific pool as a result of monthly or daily imbalances.

(iv) The Company, at the Company's sole discretion, shall establish pooling areas by Connecting Pipeline, Pipeline zone, Company receipt point, geographic area, operational area, administrative or other appropriate parameters.

(v) No customer shall participate in a Pool that does not individually meet the availability conditions of this rate schedule, and no customer shall participate in more than one pool concurrently.

(vi) To receive service hereunder, the Pool Manager shall enter into a Pool Management and Group Balancing Agreement ("Pool Management Agreement") with Company. In addition, Customer shall submit a Supplemental Agreement Designating Pool Manager ("Supplemental Agreement"), signed by both Customer and its Pool Manager.

(vii) The Pool Manager shall submit a signed Pool Management Agreement and a Supplemental Agreement for each member of the pool at least 30 days prior to the beginning of a billing period when service under this rate schedule shall commence. A customer who terminates service under this rate schedule or who desires to change Pool Managers shall likewise provide Company with a written notice at least 30 days prior to the end of a billing period.

(viii) The Pool Manager shall upon request of the Company agree to maintain a cash deposit,

a surety bond, an irrevocable letter of credit, or such other financial instrument satisfactory to Company in order to assure the Pool Manager's performance of its obligations under the Pool Management Agreement. In determining the level of the deposit, bond, or other surety to be required of the Pool Manager, the Company shall consider such factors, including, but not limited to, the following: the volume of natural gas to be transported on behalf of the Pool members, the general credit worthiness of the Pool Manager, and the Pool Managers prior credit record with the Company, if any. In the event that the Pool Manager defaults on its obligations under this rate schedule or the Pool Management Agreement, the Company shall have the right to use such cash deposit, or proceeds from such bond, irrevocable letter of credit, or other financial instrument to satisfy the Pool Manager's obligation hereunder. Specific terms and conditions regarding credit requirements shall be included in the Pool Management Agreement. Such credit requirements shall be administered by the Company in a non-discriminatory manner, and such credit requirements may change as the requirements of the pool change.

(ix) The Pool Manager shall notify the Company in writing of any changes in the composition of the pool at least 30 days prior to the beginning of the first billing period that would apply to the modified pool.

(x) The Pool Management Agreement will be terminated by the Company upon 30 days written notice if a Pool Manager fails to meet any condition of this rate schedule. The Pool Management Agreement will also be terminated by the Company upon 30 days written notice if the Pool Manager has payments in arrears. Written notice of termination of the Pool Management Agreement shall be provided both to the Pool Manager and to the individual members of the pool by the Company.

(xi) Company shall directly bill the Pool Manager for the monthly cash out charges, penalties, or other payments contained in this rate schedule. The monthly bill will be due and payable on the date it is issued. A charge of five percent (5%) may be added to the amount of any bill remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

(xii) Company shall directly bill the individual customers in the pool for all Customer Charges, Demand Charges, and Commodity Charges as provided for in either this rate schedule or its companion rate schedule.

F. Rates

In addition to charges for the balancing provisions of the respective Connecting Pipeline Company cash out, scheduling/balancing fees, incentives and/or penalties being assessed to

the Customer and the Company assessment of a scheduling fee for any daily transportation imbalance as provided above, Rates shall include a Customer Charge per meter (regardless of the usage of gas) and a Volumetric Charge (per Ccf) as set forth more fully in the Summary Rate Sheet in effect from time to time. Additionally, bills for service are subject to charges for the Franchise Tax Recovery charge and the System Integrity Rider. GRAM adjustments apply to service provided under this Rate Schedule. The amounts payable from customers under this Rate Schedule shall also include Passthrough Costs, if any.

G. Minimum Bill

The minimum monthly bill shall be the customer charge and the demand charge, if any.

H. Activation Charge

When a customer applies to initiate service, a charge of $40.00 will be assessed to cover the cost of activating service.

I. Payment

Each monthly bill for service is due and payable on the date it is issued. A charge of one and one-half percent (1.5%) may be added to the amount of any balance in excess of $20 remaining unpaid at the close of the first business day after fifteen (15) days following such date of issue.

J. Priority of Service Provision

Service under this schedule may be interrupted in whole, or in part, by Company at any time when necessary in the judgment of Company to protect service for essential human needs such as hospitals, schools, institutions, residences and essential businesses, or by reason of an event of force majeure, or to facilitate Company's compliance with curtailment or load control plans approved by the Georgia Public Service Commission or by any governmental body or agency having jurisdiction with respect to Company or to Company's Suppliers.

K. Installation and Maintenance Cost

Customers served under this Rate Schedule shall be required to pay for the cost and installation of measurement data collection and verification equipment. Customers shall also be required to pay the cost of installation, maintenance and any monthly usage charges associated with telephone, power or other utilities or any sources required for the operation of the data collection and verification equipment. Customers shall also be required to provide adequate space in new or existent facilities for the installation of the data collection equipment.