

APPENDIX B

CUSTOMER AGENT AGREEMENT

This Customer Agent Agreement (“Agreement”) is made this _____ day of _____, 201_, by and between Piedmont Natural Gas Company, Inc. (“Piedmont”) and _____ (“Agent”).

WHEREAS, Piedmont’s natural gas transportation tariffs provide for the ability of Customers receiving Piedmont’s transportation services to designate and utilize a third-party Agent for purposes of making nominations for and delivering natural gas to Piedmont on behalf of such Customers and managing imbalances on the Piedmont system resulting from such activities; and

WHEREAS, in undertaking such activities on behalf of Piedmont’s Customers, such Agents have the capacity to create material economic and operational risks for Piedmont and its Customers; and

WHEREAS, Agent desires to act as a Customer Agent on Piedmont’s system; and

WHEREAS, Piedmont is willing to permit Agent to operate on its system under the terms and conditions set forth herein and under the parameters of Piedmont’s approved tariffs and service regulations.

NOW, THEREFORE, in consideration of the premises, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Piedmont and Agent agree as follows:

1. Establishment and Maintenance of Creditworthiness. Except as otherwise expressly provided in this Paragraph 1, each Agent must establish credit with Piedmont in the form of a Letter of Credit, escrow deposit, parental guaranty, or otherwise, in form and substance acceptable to Piedmont, in an amount equal to or greater than the dollar value obtained by the following formula at all times:

The higher of Agent’s average daily load for the previous month or Agent’s First-of-Month confirmed daily nomination quantity for the new month x 3 days x (NYMEX prompt month close) x 1.25

Each month, at Piedmont’s discretion and prior to accepting nominating transactions for the first of the month business, an evaluation may be made to ensure that the established credit does not fall below the value obtained from the formula shown above. In the event Agent’s established credit falls below the value obtained through application of the formula shown above, either

**PIEDMONT NATURAL GAS COMPANY, INC.
NORTH CAROLINA SERVICE REGULATIONS**

Page 2 of 4

during this monthly evaluation or at any other time, Piedmont may require that the value of said Letter of Credit, escrow deposit, parental guaranty, or other form of assurance be changed at any time in order to reestablish adequate creditworthiness hereunder. In the event Agent fails to establish creditworthiness as set forth above, or fails to comply within 5 days with directions from Piedmont to increase the amount of its credit instruments as provided herein, then Agent's right to conduct business on the Piedmont system shall be suspended until such time as Agent shall be in compliance with the creditworthiness provisions set forth herein (including any requirements to increase said creditworthiness). The foregoing creditworthiness requirements shall not apply to any Agent to the extent that and for so long as such Agent's creditworthiness obligations under this Paragraph 1 would be less than or equal to \$100,000.

2. Customer Agent Imbalance Restrictions. Agent shall use all reasonable efforts to minimize intra-month imbalances. Agent agrees to adhere to the imbalance provisions set forth in Piedmont's Service Regulations, Rate Schedules and Operational Orders, as in effect from time to time.

3. Allocation of Imbalance Quantities/Penalties. Concurrent with the submission of monthly nominations, Agent shall provide Piedmont with a schedule of allocated nominations for Customers to be served by Agent for the following month. This allocation shall serve as the basis for resolving imbalances with Agent's Customers to the extent those imbalances are not resolved by Agent. In the event Agent fails to submit such schedule, and further fails to resolve any monthly imbalance during the term hereof, those imbalances and any attendant penalties shall be allocated to Agent's customers, *pro rata*, based upon the actual usage of each such Customer during the month to which the unresolved imbalance and/or penalties is attributable.

4. Failure to Comply with Operational Notices, and Agent Creditworthiness and Imbalance Requirements. If Agent fails to adhere to the imbalance and credit requirements set forth above, or to obey specific instructions issued by Piedmont and designed to preserve the operational integrity of Piedmont's system, Agent (a) shall be subject to the Unauthorized Gas penalty provisions of Piedmont's Rate Schedule 106, and (b) shall have its right to transact business on Piedmont's system suspended. Upon any such suspension, Agent's authorization to conduct business on the Piedmont system shall not be restored until such time as Agent is in full compliance with the provisions hereof and all applicable provisions of Piedmont's tariffs and service regulations.

5. Term. This Agreement shall become effective as of the date first written above and shall continue in full force or effect until terminated by either party hereto upon sixty (60) days written notice.

6. Supplemental Nature of Agreement. This Agreement is supplemental to the provisions of Piedmont's approved tariffs and service regulations, the provisions of which shall also apply to services rendered hereunder. As such, the restrictions and requirements set forth

**PIEDMONT NATURAL GAS COMPANY, INC.
NORTH CAROLINA SERVICE REGULATIONS**

herein are cumulative in nature and in addition to any other imbalance or penalty provisions set forth in Piedmont's approved tariffs and service regulations.

7. Billing and Payment. Billings to Agent for any amounts due hereunder, and payments by Agent on such billings, shall be made in a manner consistent with the billing and payment provisions of the underlying transportation tariffs pursuant to which service is rendered.

8. Miscellaneous.

A. Modification. This Agreement may not be modified or amended except by the execution of a written agreement by the parties hereto.

B. Waiver. No failure by any party to enforce this agreement with respect to any default in the performance of any of the provisions of this Agreement shall operate or be construed to operate as a waiver thereof or of any similar future default.

C. Assignment. This Agreement may not be assigned by any party hereto without the express written consent of the other party hereto.

D. Jurisdiction. This Agreement and the respective obligations of the parties hereto are subject to all valid laws, orders, rules and regulations of the North Carolina Utilities Commission and any other governmental bodies having jurisdiction.

E. Conflict of Laws. The construction, interpretation, and performance of this Agreement shall be in accordance with the substantive laws of the State of North Carolina without regard to any conflicts of laws provisions thereof.

IN WITNESS WHEREOF, the undersigned parties have executed this agreement as of the year and date first written above.

AGENT

PIEDMONT NATURAL GAS
COMPANY, INC.

Signature: _____

Print Name: _____

**PIEDMONT NATURAL GAS COMPANY, INC.
NORTH CAROLINA SERVICE REGULATIONS**

Page 4 of 4

Print Title: _____

Please submit to:

GasCommercialOperations@duke-energy.com

Citygate Operations
Piedmont Natural Gas Company
P.O. Box 33068
Charlotte, N.C. 28233