

PRIORITY OF SERVICE

- (1) Notice: Notice of Operational Flow Orders (OFO's) and Periods of Curtailment shall be provided as far in advance as practicable and prospectively may be changed by Company upon reasonable advance notice as conditions warrant. Where practicable, OFO's will be issued by 12 noon Central time and will be effective the second day after issuance, thereby providing time for Transportation Customers to adjust their nominations in accordance with the OFO. Company may make OFO's effective with a shorter notice if necessary to protect the integrity of its system and/or where such actions are necessary to insure compliance with the requirements of upstream pipeline companies and shall permit Transportation Customers to adjust nominations as necessary to reasonably comply with the OFO. Notice shall be given to each affected customer by telephone and in writing, in the manner elected by the customer or its agent, including facsimile and electronic mail. Notification of the customer's agent shall fulfill the requirement of this paragraph. During emergency situations, if providing notice to customers by one of the previously identified methods is not practicable, Company may use commercial radio and/or television to notify

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customers. MGE will also make every reasonable effort to provide direct notification by electronic or telephonic means to each affected customer.

Notice of an OFO shall specify the nature of the problem sought to be addressed, the anticipated duration of the required compliance and the parameters of such compliance. Upon termination of an OFO, MGE will post on its website the rationale for lifting that particular OFO.

- (2) Operational Flow Orders: Company may issue Operational Flow Orders (OFO's) to Transportation Customers as necessary to protect the integrity of its system or any portion thereof and/or to insure compliance with the requirements of upstream pipeline companies. Any OFO, along with associated conditions and penalties, shall be limited, as practicable to address only the problem(s) giving rise to the need for the OFO. Company may issue notice of an OFO as provided in section (1) above to instruct all customers or agents served through a given pipeline segment, on a distribution system or any portion thereof or any individual agent or customer to control their usage to avoid either Under-Deliveries or Over-Deliveries. The Company will specify in the OFO whether customers or agents

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are required to avoid Under-Deliveries, Over-Deliveries, or both.

Conditions which threaten the integrity of the Company's distribution system may include but are not limited to, exceeding the maximum allowable operating pressure of the distribution system segment, loss of sufficient line pressure to meet distribution system delivery obligations, or other conditions which may cause the Company to be unable to deliver natural gas consistent with its tariff. Conditions relevant to compliance with the requirements of upstream pipelines may include, but are not limited to, 1) situations where relevant Company resources are being used at or near their maximum tariff or contractual limits; and, 2) situations where actions are necessary to comply with a relevant OFO or the functional equivalent of a relevant upstream pipeline OFO, Critical Notice or force majeure. Company's actions with respect to its OFO's shall be reasonable, objective, non-discriminatory and consistent with the General Terms and Conditions for Gas Service, Section 13 Priority of Service. Before issuing an OFO, MGE will attempt to identify specific customers causing the conditions that give rise to the need for the OFO, and attempt to remedy those problems through requests for

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voluntary action; provided, however, exigent circumstances may exist which require immediate issuance of an OFO.

(a) Standard OFO: A Standard OFO shall require the customer to take, during a period specified by the company, preemptive or preventive actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system or as necessary to insure compliance with the requirements of upstream pipeline companies.

(b) Emergency OFO: An Emergency OFO shall require the customer to take immediate actions and/or measures in order to neutralize or reduce threats to, or to otherwise preserve the integrity of all or a portion of Company's system or as necessary to insure compliance with the requirements of upstream pipeline companies.

(c) Authorized Usage: A transportation service customer's authorized usage during an OFO shall be equal to that customer's daily retainage-adjusted confirmed

nomination in MMBtus.

(d) Interrupted Supply: On any day on which a transportation service customer's supply is partially or totally interrupted for any reason, that customer's authorized usage shall be limited to the retainage-adjusted confirmed nomination in MMBtus being delivered to Company on behalf of that customer.

(e) MGE will not apply an OFO penalty to a Transportation Customer whose conduct during an OFO is compliant with the OFO or MGE directives.

(3) Curtailment of Transportation Service: A transportation service customer shall not be required to curtail as long as the customer's gas is delivered to Company's delivery system and the Company's system capacity is adequate to make deliveries as provided in Section A-11, Limitations.