

**Colorado Interstate Gas Company, L.L.C.**  
**2019 CIG 5C Line to Cheyenne Hub Expansion**  
**Bid Deadline – 10:00 AM Mountain Time, April 25, 2019**

Portable Document Format (.pdf) file of Open Season:

<http://pipeline2.kindermorgan.com/PortalWeb/PortalDocs.aspx?code=CIG&parent=1600>

In response to continuing and prolific natural gas production growth in the Denver-Julesburg Basin – and the mounting market need for timely transportation capacity – Colorado Interstate Gas Company, L.L.C. (CIG) is conducting a binding Open Season for additional firm capacity to be made available by approximately September 1, 2019. The additional transportation capacity offered in this Open Season will have primary receipt rights into CIG's 5C Line north of a proposed new interconnection with CIG's High Plains Lateral (referred to as the High Five Meter Station) to be constructed at approximately milepost 29 in Weld County, Colorado, and will have primary delivery rights at the interconnection of the CIG 5C Line and the Wyoming Interstate Company, L.L.C. ("WIC") facilities at Bowie. CIG is conducting this Open Season on the terms described below.

This binding Open Season will commence on April 11, 2019 and is scheduled to close at 10:00 a.m. Mountain Time on April 25, 2019. CIG intends to provide notification of capacity awards by 5:00 p.m. Mountain Time on April 26, 2019.

Questions concerning this Open Season should be directed to:

Greg Ruben	719-520-4870
Laine Lobban	719-520-4344

**DESCRIPTION OF THE 2019 CIG 5C LINE TO CHEYENNE HUB EXPANSION PROJECT**

The 2019 CIG 5C Line to Cheyenne Hub Expansion Project consists of 143 MDth/day from primary receipt point(s) on the CIG 5C Line at or north of milepost 29 at existing and potentially new interconnections to the primary delivery point of WIC Bowie (BOW PIN 800104). This additional capacity will be made available through use of CIG Line 5C capacity, construction of new facilities, modifications of existing facilities and/or changes in operations of existing facilities.

In response to inquiries from prospective shippers regarding alternate primary and secondary receipt and delivery points, CIG provides the following guidance:

Future alternative primary and secondary receipt points on CIG 5C Line will be available at the same rate awarded in the Open Season that become available within one year from the in-service date of this expansion. Currently there are no existing receipt points on CIG 5C Line north of the proposed interconnect with High Plains to the Cheyenne Hub. CIG anticipates completing the High Five Meter Station in the third quarter of 2019 and can expand that meter station as required to accommodate bid requests.

Secondary receipt points on CIG 5AB Lines on Segment 218, Prairie Wolf (PIN 49051), and Prairie Dog (PIN 49655) will be available at the same rate per Dth awarded in the Open Season. For example, if a shipper is awarded capacity at a rate of \$0.11 per Dth, they would have secondary rights at the above receipt points of \$0.11 per Dth.

Alternate primary and secondary delivery points at the same rate awarded in the Open Season include Bowie (PIN 800104), Dover (PIN 800212), Dullknife (PIN 896002), Flying Hawk (PIN 800245), Little Wolf (PIN 896018), Owl Creek (PIN 896026), Rockport (PIN 896021), Sitting Bull (PIN 896084), and Thunder Chief (PIN 800716), and a new paper pooling point to be established on CIG Segment 162.

CIG will provide the requested transportation service under existing Rate Schedule TF-1 of CIG's Tariff.

CIG anticipates the expansion capacity will be available by approximately September 1, 2019.

## **BID CONDITIONS AND PROCEDURES**

For purposes of awarding capacity in this Open Season, CIG reserves the right to reject any bid which contains conditions not previously listed. In addition, CIG reserves the right to not proceed with the development of the 2019 CIG 5C Expansion Project if CIG determines, in its sole discretion, that:

- CIG is unable to obtain any necessary regulatory or administrative authority to provide the expansion capacity;
- Insufficient demand for the expansion capacity is demonstrated in this Open Season;
- CIG is unable to complete the High Plains to CIG Interconnect;
- The cost of developing the additional capacity exceeds an amount that CIG believes will provide an acceptable return on the expansion project.

## **SUBMISSION OF BIDS**

Parties interested in bidding in this Open Season should submit completed Bid Sheet(s) (in the form attached hereto) to CIG before the close of the Open Season via email at the following address: [KMWestBids@KinderMorgan.com](mailto:KMWestBids@KinderMorgan.com).

By submitting Bid Sheet(s) to CIG, the bidding party certifies that (a) all information contained in the bid is complete and accurate, (b) it satisfies, or will be able to satisfy, all the requirements of CIG's Tariff, and (c) the person submitting the bid has full authority to bind the bidding party.

The bid rate must be presented as the reservation rate per Dth/month or stated as the maximum tariff rate. In addition to the bid rate, each bid shall be subject to the applicable maximum usage rate and maximum usage surcharges, all other maximum rates, charges and surcharges, including ACA, Lost, Unaccounted For and Other Fuel Gas, and any other authorized surcharges assessed under the applicable Rate Schedule of CIG's Tariff as those amounts may be amended or superseded from time-to-time. This includes incremental lateral charges and any third party charges resulting from the use of capacity that CIG may hold on other pipelines.

Bids offering discounted rates must also provide that, subject at all times to FERC's approval of the particular costs, CIG shall be entitled to recovery of Greenhouse Gas Emissions Costs incurred by CIG attributable to natural gas transported by CIG on its system. As used herein "Greenhouse Gas Emissions Costs" means (a) the cost of any carbon emissions tax or other greenhouse gas assessment that is imposed on CIG, and/or (b) the cost of any greenhouse gas mitigation efforts, including the costs of credits and offsets that CIG incurs to comply with any greenhouse gas laws, rules or regulations. If (i) CIG is unsuccessful in having the FERC-approved Greenhouse Gas Emissions Costs incurred by it recovered through a FERC-approved surcharge applicable to all shippers, and (ii) such amounts are recoverable only through CIG's FERC-approved recourse rates, then shipper must agree to modify its discounted fixed monthly reservation rate by the amount of CIG's maximum reservation rate under Rate Schedule TF-1 that is attributable to such costs.

CIG reserves the right to reject negotiated rate bids, bids that have rates less than the maximum recourse rate, bids stated as the dollar equivalent of the current maximum recourse rate, bids that are incomplete, contain offers of varying rates within the term, contain additional or modified terms or are inconsistent with the provisions of CIG's Tariff. CIG also reserves the right to reject bids for quantities that are not for the same quantity for the duration of the term.

If CIG does not receive maximum recourse rate or negotiated rate bids for quantities and terms sufficient to economically justify CIG's capital investment in the 2019 CIG 5C Expansion Project, then CIG reserves the right not to move forward with the 2019 CIG 5C Expansion Project, or to negotiate with bidders to propose a more appropriately sized expansion at a corresponding rate. Existing shippers with capacity on CIG's system that could be used in lieu of any of the potential system modifications described above should notify CIG if they wish to permanently turnback their capacity through a release to prospective shippers in this Open Season. Those who wish to so release their capacity should notify CIG of the

amount, the term, and any other conditions that would be necessary to effectuate such a release of their capacity. Such notices should be submitted to CIG before the close of the Open Season.

In order to economically justify CIG's capital investment in the 2019 CIG 5C Expansion Project, CIG recommends a minimum bid term of not less than five (5) years from the in-service of the project, and a minimum rate of not less than \$3.3458 per Dth per month (although CIG reserves the right to reject any bid which fails to comport with the provisions of this Open Season regardless of rate and/or term). Negotiated rate bids will have a negotiated commodity rate of \$0.00.

If bidder's bid does not qualify for a right-of-first-refusal (ROFR) in accordance with Section 4.6 of CIG's Tariff, then bidder may request a contractual ROFR in accordance with Section 4.9 of the General Terms and Conditions of the CIG Tariff.

Although this is a binding Open Season, CIG reserves the right, in its sole discretion, to consider requests for 2019 CIG 5C Expansion Project capacity received after the close of the Open Season period, including requests to modify a bidder's validly submitted bid, but shall be under no obligation to do so.

NOTE: CIG will rely upon the time the bid is **received** to determine whether the bid was timely. Bids that are received (as determined by the time stamp on the CIG's email inbox) after the end date and time listed above will be considered invalid bids and will not be eligible for an award of capacity in this Open Season. CIG recommends that bids be submitted well in advance of the closing time listed above to minimize the risk that any email delay could cause a bid to be excluded from consideration.

Successful bidders will be required to execute Firm Transportation Service Agreements (FTSAs) with CIG in the form contained in CIG's Tariff within 30 days from tender by CIG.

## **EVALUATION CRITERIA**

If CIG receives acceptable bids for capacity in excess of the actual amount of available capacity, then CIG will award and/or allocate the capacity in a manner that yields the highest total Present Value (PV). In determining which bid(s) yield the highest total PV, CIG reserves the right to combine multiple bids, in whole or in part, in a manner that results in a total PV of the combined bids that exceeds the highest PV achievable by accepting one or more of the disaggregated bids. This process could result in a bidder being awarded less capacity than requested (unless such bidder elects on its bid sheet not to accept a pro rata allocation of capacity).

PV will be the sum of the present values for all of the months beginning with the first month capacity is available through the end date of the bid term.

The PV for each month will be calculated as follows:

$$PV = (R \times Q) / ((1+i)^n)$$

Where:

R = the monthly reservation bid rate

Q = the monthly bid quantity

i = the monthly discount rate of 0.4542% (which is the annual discount rate of 5.45% divided by 12).

n = the number of months from the earliest date the capacity is available in the Open Season to the month the revenue will be received (the first month capacity is available n = 1, the second month n = 2, and so on).

If there is insufficient capacity available to meet all successful bids, and if two or more of the lowest accepted bids are of equal Present Value, unless such bidder(s) have elected not to have the bid(s) prorated, capacity will be allocated pro rata based on the Maximum Delivery Quantity of the bids that are tied.

CIG also reserves the right to seek clarification of bids that have what appears to be an obvious error. Any clarification by bidders must be provided in writing and within the time requested by CIG. Such clarifications shall be incorporated as part of the binding bid submitted by the bidder.

CIG notes that FERC Order No. 894, in some cases, prohibits multiple affiliates of the same entity from bidding in an open season for capacity in which the pipeline may allocate capacity on a pro rata basis. It appears to CIG that the restrictions imposed by FERC Order No. 894 will be applicable in this Open Season and FERC recommends that potential bidders review and adhere to the requirements of that FERC Order.

#### **CREDITWORTHINESS REQUIREMENTS**

The successful bidder(s) must satisfy the creditworthiness requirements of CIG's Tariff. In addition, in connection with service requiring the construction of new facilities, successful bidders must, at a minimum, demonstrate creditworthiness equal to one (1) year of anticipated charges for the awarded transportation capacity. CIG will assess the creditworthiness of each successful bidder in accordance with Section 4.14 of CIG's Tariff. Bidders that fail to satisfy such creditworthiness requirements within a reasonable time will have their capacity award withdrawn. CIG will treat the financial statements provided by bidders as confidential.

**BID SHEET**  
**Colorado Interstate Gas Company, L.L.C.**  
**2019 CIG 5C Line to Cheyenne Hub Expansion**

**Open Season EBB Identifier: CIG 5C Line Expansion to Cheyenne Hub Expansion**

**Form of Service: TF-1**

Email Bid To: [KMWestBids@KinderMorgan.com](mailto:KMWestBids@KinderMorgan.com)

**A. Shipper Information:**

Legal Name of Bidder: \_\_\_\_\_

Name of Requesting Party: \_\_\_\_\_

Title of Requesting Party: \_\_\_\_\_

DUNS Number: \_\_\_\_\_

Phone: \_\_\_\_\_

**B. Capacity Bid:**

Requested Term Start Date: \_\_\_\_\_

Requested Term End Date: \_\_\_\_\_

- ☐ If this box is checked and bidder's bid does not qualify for a right-of-first-refusal (ROFR) in accordance with Section 4.6 of CIG's FERC Gas Tariff, then this bid is subject to CIG providing bidder a contractual ROFR in accordance with Section 4.9 of CIG's FERC Gas Tariff.

Maximum Delivery Quantity: \_\_\_\_\_ Dth/day

Will you accept a pro rata allocation of capacity if necessary? ☐ Yes ☐ No

Receipt Point(s)	Delivery Point(s)	Requested Dth/day MDQ

**C. Bid Rate (select one):**

- ☐ CIG's Maximum Rate Schedule TF-1 Reservation Rate (subject to additional charges if the service includes the use of North Raton Lateral facilities, or in connection with service under

Rate Schedule TF-HP (the High Plains system) and/or in connection with off-system capacity).

☐ Discounted Recourse Rate: \$ \_\_\_\_\_ per Dth per Month (subject to additional charges if the service includes the use of North Raton Lateral facilities, or in connection with service under Rate Schedule TF-HP (the High Plains system) and/or in connection with off-system capacity).

☐ Negotiated Rate: \$ \_\_\_\_\_ per Dth per Month

Applicability of Usage & Other Charges:

**Successful bidder(s) with a Negotiated Reservation Rate of not less than \$3.3458 per Dth per month (which, for illustrative purposes, is equivalent to \$0.1100 per Dth on a daily basis) will be subject to a Usage Rate of \$0.0000 per Dth for transportation service from Primary Receipt Point(s) to the Primary Delivery Point. All other bidders will be subject to the applicable Usage Rate stated in CIG's Tariff. To provide a fair evaluation, the PV of bids that will be subject to the Usage Rate stated in CIG's Tariff will also include the value of such Usage Rate, assuming 100% load factor usage.**

In addition to the bid rate, successful bidders will be subject to the applicable maximum usage rate and maximum usage surcharges, all other maximum rates, charges and surcharges, including ACA, Lost, Unaccounted For and Other Fuel Gas, and any other authorized surcharges assessed under the applicable Rate Schedule of CIG's Tariff as those amounts may be amended or superseded from time-to-time. This includes incremental lateral charges and any third party charges resulting from the use of capacity that CIG may hold on other pipelines.

\* By submitting a bid to CIG, the bidding party certifies that (a) all information contained in the request is complete and accurate, (b) it satisfies, or will be able to satisfy, all the requirements of CIG's Tariff, and (c) the person submitting the bid has full authority to bind the bidding party.