

**Mainline to Kansas  
Open Season Notice of Available Firm Capacity  
Colorado Interstate Gas Company, L.L.C.**

**Bid Deadline – 2:00 PM Mountain Time (MT), October 23, 2020**

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

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

In response to market interest for firm transportation capacity to serve new loads near Morton County, Kansas, Colorado Interstate Gas Company, L.L.C. (referred to herein as “CIG”) is conducting this binding open season (referred to herein as the “Mainline to Kansas Open Season” or “Open Season”) for natural gas transportation services. The Mainline to Kansas Open Season is for transportation service on CIG from certain primary receipt points to primary delivery points on CIG’s Segment 284.

**Description of Mainline to Kansas Open Season**

The Mainline to Kansas Open Season consists of One Thousand Two Hundred (1,200) dekatherms (“Dth”) per day of firm capacity from the Primary Receipt Point listed below, to a proposed new interconnection with the facilities of Black Hills Gas Distribution, LLC (the “Elkhart Meter Station Interconnect”) or to other similar new or modified facilities as requested by a successful bidder in this Open Season (“Project Facilities”).

Note that the Project Facilities are subject to CIG’s timely receipt of all necessary regulatory approvals, permits, and other authorizations required for the construction and operation of the facilities, in a form and substance satisfactory to CIG, in its sole discretion. In addition, please note that bids for service to the Primary Delivery Point requiring the construction of Project Facilities may require additional demonstrations of creditworthiness and/or credit support as detailed below.

<b>Rate Schedule:</b>	TF-1
<b>Volume / Maximum Delivery Quantity (“MDQ”):</b>	1,200 Dth per day
<b>Primary Receipt Point(s):</b>	800212 WIC/CIG (DOV) Dover Meter Station
<b>Primary Delivery Point(s):</b>	TBD BHSC/CIG Elkhart
<b>Parties that are interested in capacity at and from other primary receipt points or at and to other primary delivery points, or for other periods, should contact their service representatives or any of the individuals listed below.</b>	
<b>Secondary Delivery Point(s):</b>	<b>The capacity offered in this Mainline to Kansas Open Season will include the right to utilize the following points on a secondary basis at the same contracted rate:</b>  892251 BHSC/CIG FINNEY STATION

<b>Recommended Term:</b>	For service involving the construction of Project Facilities, in order to economically justify CIG's capital investment in the Project Facilities, CIG recommends a minimum bid term of not less than ten (10) years from the in-service of the Project Facilities (although CIG reserves the right to reject any bid which fails to comport with the provisions of this Open Season).
<b>Recommended Rate:</b>	CIG recommends either (1) a recourse rate bid, or (2) a negotiated rate bid of not less than \$9.0095 per Dth per month (which, for illustrative purposes, is equivalent to \$0.2962 per Dth on a daily basis) (although CIG reserves the right to reject any bid which fails to comport with the provisions of this Open Season).
<b>Open Season Start:</b>	October 6, 2020 11:00 AM Mountain Time
<b>Open Season End:</b>	October 23, 2020 2:00 PM Mountain Time
<b>Award Notification:</b>	October 27, 2020 4:00 PM Mountain Time
<b>Bid Sheet:</b>	To bid, complete the attached bid sheet and email it to <a href="mailto:KMWestBids@KinderMorgan.com">KMWestBids@KinderMorgan.com</a> . CIG reserves the right to reject any bid which fails to comport with the provisions of this open season.  NOTE: CIG will rely upon the time an emailed bid is received to determine whether a bid is timely. Bids that are received after the end date and time listed above (as determined by the time stamp on CIG's email inbox) 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.

### General Open Season Requirements:

Bids must include the bidding party's name, Open Season name ("Mainline to Kansas Open Season"), quantity, term, and rate.

By submitting a bid, 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 Federal Energy Regulatory Commission ("FERC") Gas Tariff, Second Revised Volume No. 1, as the same may be amended from time to time ("CIG's Tariff").
- (c) The person submitting the bid has full authority to bind the bidding party.

Bids submitted in this Open Season will constitute a binding irrevocable offer by the bidding party to contract for capacity. The award of the capacity in this open season will be an acceptance of the offer and the parties shall be contractually bound at that time.

The bid rate must be presented as: (a) the reservation rate per Dth/month, (b) the reservation rate per Dth/day (which will be converted to a monthly rate by multiplying the daily rate times 365 and dividing the result by 12, rounded to the fourth decimal place), or (c) the maximum tariff rate.

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 CIG will consider bids conditioned upon receiving a contractual right-of-first-refusal, exercisable and administered in accordance with Section 4.6 of the General Terms and Conditions of CIG's Tariff.

In addition to the bid rate, each bidding party shall be subject to the applicable maximum commodity rate and maximum commodity surcharges, all other maximum rates, charges and surcharges, including ACA, Fuel and L&U, and any other authorized surcharges assessed under the applicable Rate Schedule of CIG's Tariff as those amounts may change 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.

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 or this Mainline to Kansas Open Season. CIG also reserves the right to reject bids that do not reflect 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 Project Facilities, then CIG reserves the right not to move forward with the development of the Project Facilities, or to negotiate with bidders.

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 a bidding party that is awarded capacity may be required to execute multiple contracts if the bidding party bids for varying MDQ such that the MDQ will not vary in each contract.

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 Mainline to Kansas Open Season and FERC recommends that potential bidders review and adhere to the requirements of that FERC Order.

Although this is a binding Open Season, CIG reserves the right, in its sole discretion, to consider requests received after the close of the Open Season period, including requests to modify a bidder's validly submitted bid, but will be under no obligation to do so. Requests for capacity received after the close of the Open Season period will be subject to the terms and conditions set forth in this Open Season.

#### **Creditworthiness Requirements:**

Bidders must satisfy the creditworthiness requirements contained in CIG's Tariff and, if a bidder's bid necessitates construction of the Project Facilities, then the bidder must furnish additional credit support in the manner set forth below:

1. If bidder is rated by Standard & Poor's Corporation ("S&P") and/or Moody's Investor Service ("Moody's") (hereinafter referred to as a "Rated Bidder"), then the Rated Bidder shall satisfy its creditworthiness obligations by making a demonstration to CIG that: (a) Rated Bidder's senior unsecured debt securities are rated at least BBB- by S&P or Baa3 by Moody's or Rated Bidder's long-term issuer rating is at least BBB- by S&P or Baa3 by Moody's (in the event Rated Bidder is rated differently by multiple agencies, the lowest rating shall be used

in making such determination); and (b) Rated Bidder is not under review for possible downgrade by S&P and/or Moody's to a level below that set forth in subpart (a) of this Section 1.

If at any time prior to or during the term of any Firm Transportation Service Agreement ("FTSA") executed in connection with this Open Season, a Rated Bidder's S&P or Moody's rating falls below the levels described above, or a Rated Bidder becomes unrated or otherwise fails to satisfy the requirements of this Section 1, then for the time period that the Rated Bidder's ratings are below that level or a Rated Bidder is unrated or is otherwise unable to satisfy the requirements of this Section 1, Rated Bidder shall satisfy its creditworthiness obligation by providing one of the forms of credit support described in Section 2 below. If a Rated Bidder subsequently becomes able to satisfy the S&P or Moody's rating levels described above, the Rated Bidder may immediately satisfy its creditworthiness obligations in the manner provided in this Section 1.

2. If at the time bidder is unable to satisfy its creditworthiness obligations in the manner set forth in Section 1 above, then bidder shall satisfy its creditworthiness obligations by providing and maintaining, at its option: (a) an irrevocable, unconditional guarantee of its obligations in connection with this Open Season, and any related FTSA executed in connection with this Open Season, acceptable to CIG and issued by another person or entity which satisfies the creditworthiness standards set forth in Section 1; or (b) an irrevocable letter of credit acceptable to CIG and from a bank acceptable to CIG equal to the lesser of two (2) years or the period of time remaining in the term, of the anticipated charges in connection with this Open Season, and any related FTSA executed in connection with this Open Season; or (c) such other credit arrangements which are mutually agreed to by CIG and bidder, and which are accepted by CIG on a nondiscriminatory basis.
3. If at any time bidder is unable to satisfy the creditworthiness standards set forth in Section 1 above, then, upon reasonable request by CIG, in addition to the requirements set forth in Section 2 above, bidder shall promptly provide evidence to CIG of bidder's creditworthiness, which CIG may share with its lenders or creditors or any nationally recognized rating agency that is then maintaining a rating of CIG's debt securities.
4. If any change in ratings or conditions requires bidder to change the manner in which it demonstrates its satisfaction of its creditworthiness requirements, bidder shall make that demonstration (including if necessary the provision of any guarantee or letter of credit) within fifteen (15) business days of the change in ratings or conditions requiring the new demonstration of creditworthiness.

Bidders that fail to satisfy the creditworthiness requirements of this section within a reasonable time will have their capacity award withdrawn. CIG reserves the right to seek any and all permitted remedies as a result of the breach of the bid. CIG will treat the financial statements provided by prospective shippers as confidential.

#### **Execution of FTSA:**

Each successful bidder and CIG shall enter into and execute an FTSA reflecting the terms of its bid as awarded by CIG. All successful bidders shall execute and return the FTSA within the earlier of the day before the first day of the term of firm transportation service in the bid as awarded by CIG or twenty (20) business days following the day CIG tenders the FTSA to the bidder ("Execution Date"). If a successful bidder fails to fully execute and return the FTSA on or

before the Execution Date, then CIG reserves the right to seek any and all permitted remedies as a result of the successful bidder's failure to execute the FTSA. The FTSA will be in the form contained in CIG's Tariff. CIG and any successful bidder may mutually agree to enter into and execute more than one FTSA that together reflect all the terms of the successful bid as awarded 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 PV as calculated below. 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 an allocation of capacity).

PV will be calculated as 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 0.2708% (which is the annual discount rate of 3.25% 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).

**Contact Information:**

Questions concerning this Open Season should be directed to:

Anthony Sanabria (719) 667-7582

Greg Ruben (719) 520-4870

**Open Season Bid Sheet  
(See next page)**

**Open Season Binding Bid Sheet**  
**\*\*Mainline to Kansas\*\***

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:**

Form of Service: \_\_\_\_\_ TF-1 \_\_\_\_\_

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

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

If this box is checked and bidder's bid does not qualify for a ROFR in accordance with Section 4.6 of CIG's Tariff, then this bid is subject to CIG providing bidder a contractual ROFR in accordance with Section 4.9 of CIG's Tariff.

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

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

Receipt Point(s)	Receipt Point Quantity (Dth/day)	Delivery Point(s)	Delivery Point Quantity (Dth/day)

\*The sum of the delivery point quantities at the primary delivery location(s) must equal the MDQ.

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

- Maximum Recourse Rate
- Discounted Recourse Rate: \$ \_\_\_\_\_ per Dth per month **or** \$ \_\_\_\_\_ per Dth per day
- Negotiated Rate: \$ \_\_\_\_\_ per Dth per month **or** \$ \_\_\_\_\_ per Dth per day

Reservation rates bid as a daily rate (i.e., a rate per Dth per day) will be converted to a monthly rate by multiplying the daily rate times 365 and dividing the result by 12, rounded to the fourth decimal place.

In addition to the bid rate, successful bidders will be subject to the applicable maximum commodity rate and maximum commodity surcharges, all other maximum rates, charges and surcharges, including ACA, Fuel and L&U, and any other authorized surcharges assessed under the applicable Rate Schedule of CIG's Tariff as may change 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 this binding 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.