



December 20, 2024

Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20046

Attention: Ms. Debbie-Anne A. Reese, Secretary

Re: Cheyenne Plains Gas Pipeline Company, L.L.C.,
Storage Enhanced Delivery Service Implementation
Compliance Filing,
Docket No. RP25-

Commissioners:

Cheyenne Plains Gas Pipeline Company, L.L.C. ("CPG") tenders for filing and acceptance by the Federal Energy Regulatory Commission ("Commission") the tariff records listed in the attached Appendix A for inclusion in the First Revised Volume No. 1 of its FERC Gas Tariff ("Tariff"). Proposed with an effective date of January 1, 2025, these tariff records implement the *pro forma* tariff provisions approved by the Commission in Docket No. CP24-523-000, as further described below. CPG respectfully requests the Commission issue an order on this compliance filing on or before January 10, 2025, if reasonable and appropriate as explained below.

Reason for Filing

On September 20, 2024, CPG and Natural Gas Pipeline Company of America LLC ("NGPL") filed a joint application in Docket No. CP24-523-000 ("Application") pursuant to Sections 7(b) and 7(c) of the Natural Gas Act ("NGA"), and Part 157 of the Commission's Regulations. The Application sought authorization for NGPL to abandon by lease certain existing unsubscribed capacity to CPG ("Leased Capacity"). CPG, in turn, will use the Leased Capacity as well as unsubscribed capacity on its system primarily to provide a new firm service to deliver gas to the primary delivery point without nomination under the terms of a new Rate Schedule SEDS. This new service will meet the need of Southwestern Public Service Company ("SPS") for more flexible gas delivery services.¹

In the Application, CPG submitted *pro forma* tariff records for the Commission's review and approval to include the new Rate Schedule SEDS and applicable rates in its Tariff. By order issued December 18, 2024 ("December Order"), the Commission granted the requested authorizations including the

¹ See "Motion to Intervene and Comments in Support of Southwestern Public Service Company," page 7, Docket No. CP24-523-000 (Oct. 11, 2024) ("SPS Comments").

approval of the *pro forma* tariff records.² The Commission also directed CPG to file actual tariff records in advance of the acquisition of the Leased Capacity.³ Based on its current schedule, CPG anticipates acquisition of the Leased Capacity on January 1, 2025. Accordingly, CPG proposes an effective date of January 1, 2025, for the actual tariff records being submitted.

As noted in the Application on page 12, Natural and CPG contemplated the lease of the capacity to begin as early as January 1, 2025. Additionally, SPS explained the importance of the new service beginning in January 2025.⁴ The tariff records submitted with this filing include the same provisions as those submitted in the *pro forma* tariff records in the Application⁵ and approved by the December Order as noted earlier. As such, CPG anticipates that it is unlikely there will be adverse comments filed on the submitted actual tariff records. CPG respectfully requests an expedited review of this compliance filing and an order be issued on or before January 10, 2025, to greatly assist the affected parties by providing certainty to them as to the terms and conditions, and rates of the new service. Recognizing the impact of the holidays on the Commission's resources and the significant nature of this request, CPG respectfully requests that, if that date is unreasonable, the Commission issue an order on this compliance filing on the earliest date that it deems appropriate and reasonable under the totality of all circumstances including its resources.

Description of Filing

CPG is submitting the following tariff records pursuant to Subpart C of Part 154⁶ of the Commission's regulations in compliance with Paragraph 22 of the December Order to implement the *pro forma* tariff provisions.

Part I, Sections 1 and 2 update the Table of Contents and the Preliminary Statement to reflect the addition of Rate Schedule SEDS.

Part II, Section 1.1 update the Statement of Rates to reflect the addition of service rates applicable to Rate Schedule SEDS.⁷

Part II, Section 1.2 updates the Statement of Rates to add a reference for the applicable FL&U charges for Rate Schedule SEDS.

² See *Cheyenne Plains Gas Pipeline Company, L.L.C.*, 189 FERC ¶ 62,126 at P 22 & Ordering Paragraph (E) (2024).

³ See *Id.*

⁴ See SPS Comments at 7-8.

⁵ See *infra* notes 7-8.

⁶ 18 C.F.R. §§ 154.201 – 154.210 (2024) (Subpart C).

⁷ CPG has marked changes against the currently effective tariff record version. As such, the marked tariff record submitted herewith reflects the deletion of a title which is not reflected on the marked *pro forma* tariff record submitted in the Application. All other tariff record provisions submitted herewith are identical to the *pro forma* provisions approved in the December Order.

Part II, Section 1.3 adds footnotes applicable to the Leased Capacity and Rate Schedule SEDS in notes 7 and 8.

Part III, Section 6 reflects CPG's new Rate Schedule SEDS.⁸

Part IV, Title Page and Section 1 adds references to Rate Schedule SEDS and updates the description of the Cheyenne Hub.

Part IV, Section 4 includes Rate Schedule SEDS as an option for service requests, addresses the applicability of a right of first refusal for Rate Schedule SEDS, and updates other provisions to include references to the new service.

Part IV, Sections 6, 8, 9 and 10 add references to Rate Schedule SEDS to the General Terms and Conditions of the Tariff.

Part V, Section 6 adds the form of service agreement associated with Rate Schedule SEDS.

Procedural Matters

In accordance with the applicable provisions of Part 154 of the Commission's regulations,⁹ CPG is submitting an eTariff XML filing package, which includes the following:

- a. a transmittal letter;
- b. Appendix A, a list of the proposed tariff records; and
- c. clean and marked versions of the tariff records in PDF format.

CPG respectfully requests the Commission accept the tendered tariff records for filing and permit them to become effective on January 1, 2025. With respect to any tariff record the Commission allows to go into effect without change, CPG hereby moves to place the tendered tariff record into effect at the end of any minimal suspension period established by the Commission.

⁸ The fill-in-the-blank shown in Section 4.9(a) on the *pro forma* tariff record was modified to include the docket number assigned by the Commission to the Application.

⁹ 18 C.F.R. §§ 154.1 – 154.603 (2024) (Part 154).

Correspondence and communications concerning this filing should be directed to:

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These persons have been designated for service in accordance with Rule 203 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.203 (2024)).

The undersigned hereby certifies that she has read this filing and knows (i) the contents of such filing and attachments; (ii) that the contents as stated in the filing and in the attachments are true to the best of her knowledge and belief; and (iii) that she possesses full power and authority to sign this filing.

Respectfully submitted,

CHEYENNE PLAINS GAS PIPELINE COMPANY,
L.L.C.

By: _____ /s/
Shelly L. Busby
Director, Regulatory

Enclosures

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
Storage Enhanced Delivery Service Implementation Compliance Filing
First Revised Volume No. 1

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Section 1.3	Footnotes	Version 3.0.0

Part III: Rate Schedules

Section 6	Rate Schedule SEDS	Version 0.0.0
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Part IV: General Terms and Conditions

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List of Non-Conforming Agreements

(Reserved)

PRELIMINARY STATEMENT

Cheyenne Plains Gas Pipeline Company, L.L.C. hereinafter referred to as "Transporter" or "Transportation Service Provider or TSP," is a "natural gas company" as defined by the Natural Gas Act (52 Stat. 821, 15 U.S.C. Section 717-717w) and, as such, is subject to the jurisdiction of the Federal Energy Regulatory Commission, hereinafter referred to as "FERC" or "Commission." As used herein, "Transporter" shall not include any affiliates of Cheyenne Plains Gas Pipeline Company, L.L.C.

Transporter is organized and existing under the laws of the state of Delaware. Transporter provides transportation and storage service to Shippers that have executed a Transportation Service Agreement ("TSA") in the form contained in this Tariff.

Transporter's transmission facilities commence at the Cheyenne Hub in Weld County, Colorado and extend southeasterly to a variety of delivery locations in the vicinity of the Greensburg Hub in Kiowa County, Kansas.

This Federal Energy Regulatory Commission Gas Tariff, First Revised Volume No. 1, includes a statement of rates, rate schedules, general terms and conditions, and forms of service agreements for firm and interruptible transportation service provided by Transporter according to 18 C.F.R. Part 284, Subparts B and G.

STATEMENT OF RATES
 Rates Per Dth

	<u>Rate</u>
<u>Rate Schedule FT:</u>	
Reservation Rate 1/	
Maximum Rate	\$10.6924
Minimum Rate	\$ 0.0000
Commodity Rate	
Maximum Rate	\$ 0.0010
Minimum Rate	\$ 0.0010
Authorized Overrun Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0010
Unauthorized Overrun Rate	2/

<u>Rate Schedule SEDS: 8/</u>	
<u>Reservation Rates 1/</u>	
<u> Transportation Component</u>	
Maximum Rate	\$10.6924
Minimum Rate	\$ 0.0000
<u> Storage Component</u>	
Maximum Rate	\$13.3655
Minimum Rate	\$ 0.0000
<u>Total Reservation Rate</u>	
Maximum Rate	\$24.0579
Minimum Rate	\$0.0000
<u>Commodity Rates</u>	
Maximum Rate	\$0.0010
Minimum Rate	\$0.0010
<u>Authorized Overrun Rate</u>	
Maximum Rate	\$0.3525
Minimum Rate	\$0.0010
Unauthorized Overrun Rate	7/

STATEMENT OF RATES
Rates Per Dth

Rate Schedule IT:

Commodity Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0010
Unauthorized Overrun Rate	6/

Rate Schedule SS:

Commodity Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0010

Rate Schedule PAL:

Initial Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0000
Park/Loan Balance Rate	
Maximum Rate	\$ 0.1763
Minimum Rate	\$ 0.0000

STATEMENT OF RATES
Rates Per Dth

Rate Schedule PAL

Completion Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0000
Authorized Overrun Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0000

OTHER CHARGES

FERC Annual Charge Adjustment (ACA)	3/
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STATEMENT OF RATES

FUEL GAS, L&U and EPC CHARGES

	<u>Current Collection Period</u>	<u>Volumetric True-up</u>	<u>Total</u>
Fuel Gas Percentage 4/ <u>8/</u>	1.31%	0.47%	1.78%
L&U Percentage 4/ <u>8/</u>	0.79%	0.18%	0.97%
	<u>Collection Period</u>	<u>True-up</u>	<u>Total</u>
Electric Power Cost 5/	\$0.0130	\$0.0030	\$0.0160

STATEMENT OF RATES
 FOOTNOTES

- 1/ For Capacity Release transactions only, Transporter has adopted the following NAESB WGQ standards. On the bidding formats, the number of decimal places for offers, bids and awards should be equal to the number of decimal places in the stated rates per pipeline rate schedule (NAESB WGQ Standard 5.3.21). Converting a Daily rate to a Monthly rate is accomplished by multiplying the Daily rate times the number of Days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in the rate period; dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB WGQ Standard 5.3.22). Furthermore, for capacity release purposes, all Tariff rates should be adjusted to reflect a standard calculation of Daily and Monthly rates (NAESB WGQ Standard 5.3.23).
- 2/ Unauthorized Overrun Rate – Rate Schedule FT
- | | |
|--|--|
| Less than 3% of MDQ: | Applicable authorized overrun rate |
| Greater than or equal to 3% of MDQ:
(Non-Critical Condition) | 2 times Maximum IT rate |
| Greater than or equal to 3% of MDQ:
– (Critical Condition) | 10 times <u>the absolute value of the</u> Cash
<u>Out Index Price</u> |
- ~~Out Index Price~~
~~–(Critical Condition)~~
- 3/ Pursuant to Section 17 of the General Terms and Conditions, the applicable ACA surcharge may be found on the Commission website at <http://www.ferc.gov>.
- 4/ Fuel Gas and L&U reimbursement percentages will be updated pursuant to Section 13 of the General Terms and Conditions.
- 5/ EPC reimbursement rates will be adjusted pursuant to Section 30 of the General Terms and Conditions.
- 6/ Unauthorized Overrun Rate – Rate Schedule IT
- | | |
|--|-------------------------|
| Less than 3% of Confirmed Delivery Quantity: | Maximum IT rate |
| Greater than or equal to 3% of Confirmed
Delivery Quantity:
(Non-Critical Condition) | 2 times Maximum IT rate |
| Greater than or equal to 3% of Confirmed | |

Delivery Quantity: 10 times the absolute value of the Cash Out
(Critical Condition) Index Price
~~(Critical Condition)~~

7/ Unauthorized Overrun Rate – Rate Schedule SEDS
Less than 3% of the MDQ-: Maximum authorized overrun rate

Greater than or equal to 3% of MDQ: 2 times Maximum IT rate
(Non-Critical Condition)

Greater than or equal to 3% of MDQ: 10 times the absolute value of the Cash Out
(Critical Condition) Index Price

8/ Lease Capacity Rates
See Section 4.9 of Rate Schedule SEDS for rates associated with charges for Lease Capacity,
including without limitation all applicable Fuel and L&U charges.

RATE SCHEDULE SEDS
STORAGE ENHANCED DELIVERY SERVICE

1. AVAILABILITY

1.1 This Rate Schedule is available, on the basis described in this Rate Schedule and the General Terms and Conditions of this Tariff and subject to all the other terms of this Tariff, to any party (hereinafter referred to as “Shipper”) for the storage and transportation of Natural Gas on a firm basis by Cheyenne Plains Gas Pipeline Company, L.L.C. (hereinafter referred to as “Transporter”) under the following conditions:

- (a) Transporter has determined that it has sufficient available uncommitted capacity and has the physical capability on its pipeline system including without limitation at the Shipper requested primary receipt and delivery points, to provide the firm Storage Enhanced Delivery Service (“SEDS”) described herein, as well as all of Transporter’s other firm service commitments;
- (b) Shipper has made a valid request for service pursuant to Section 4 of the General Terms and Conditions of this Tariff;
- (c) Shipper has met the service requirements specified in Section 4 of the General Terms and Conditions, including without limitation the creditworthiness conditions specified in Section 4.10 of the General Terms and Conditions; and
- (d) Shipper and Transporter have executed a SEDS Transportation Service Agreement (“SEDS TSA”) pursuant to the terms of this Rate Schedule in the form contained in this Tariff.

1.2 SEDS’s no-notice transportation described below is available only at Primary Point(s) of delivery on Transporter’s System which are identified as delivery points eligible for no-notice transportation deliveries (“Eligible Delivery Points”). Eligible Delivery Points shall be identified on Transporter’s electronic bulletin board.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 SEDS shall be considered firm, subject to the provisions of the executed SEDS TSA and to the General Terms and Conditions of this Tariff incorporated herein by reference. Because of the no-notice character of the service as described below, Transporter shall reserve sufficient capacity on its system to provide the enhanced delivery service without nomination and scheduling.

2.2 Service under this Rate Schedule shall be composed of two firm service components: a storage component and a transportation component.

- (a) Storage Component: The Storage Component provides for the storage of Natural Gas using pipeline capacity on Transporter's System. The stored Natural Gas may be used in association with transportation, as described below, for the delivery of Natural Gas. The Storage Component entails Shipper's nomination of the delivery of Natural Gas to Transporter under this Rate Schedule for its retention on Shipper's behalf ("Bank") and the storage of such quantities until withdrawal of those Banked Gas quantities ("Draw") by Shipper (or for Shipper's account).
- (i) Shipper must nominate Natural Gas quantities to be Banked at the point specified in Shipper's SEDS TSA ("Bank Point") in accordance with the nomination and scheduling provisions of this Rate Schedule and the General Terms and Conditions of Transporter's Tariff. Natural Gas may also be delivered to the Bank Point by Shipper through transportation other than that provided under this Rate Schedule, including transportation by a third party.
- (ii) Except as otherwise provided in this Rate Schedule, Shipper may nominate Natural Gas quantities to be Drawn at the point specified in Shipper's SEDS TSA ("Draw Point") in accordance with the nomination and scheduling provisions of this Rate Schedule and the General Terms and Conditions of Transporter's Tariff. Nominated Drawn quantities of Natural Gas may be used in association with the nominated transportation service provided under this Rate Schedule as described below or with transportation other than that provided under this Rate Schedule, including transportation by a third party. On any Gas Day, Transporter shall not provide Draws of Natural Gas for Shipper under this Rate Schedule greater than Shipper's Inventory Quantity, as defined in Section 2.2(a)(iii) immediately below.
- (iii) As determined by Transporter for any Gas Day, the quantity equal to the quantity of Natural Gas physically retained, i.e., Banked, for Shipper at the start of a Gas Day under this Rate Schedule, plus the final scheduled quantities of Natural Gas Banked during that same Gas Day minus the final scheduled quantities of Natural Gas Drawn during that Gas Day, under this Rate Schedule, shall be referred to as the "Inventory Quantity." The Inventory Quantity may not exceed the Maximum Banked Amount ("MBA") specified in Shipper's SEDS TSA. In addition, the amount of Natural Gas Drawn for delivery to an Eligible Delivery Point on any Gas Day shall not exceed the MBA specified in the SEDS TSA.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.2 (continued)

- (b) Transportation Service Component: The transportation service under this Rate Schedule generally shall consist of the acceptance by Transporter of Natural Gas on behalf of Shipper for transportation from receipt points and to delivery points up to the MDQ, as that quantity is specified in the SEDS TSA. This transportation may be provided in two forms: transportation not requiring nominations and scheduling (referred to in this Tariff as no-notice transportation) and transportation requiring nomination and scheduling (referred to in this Rate Schedule as nominated transportation).
- (i) For no-notice transportation, Natural Gas will be Drawn from the Inventory Quantity and transported to the Eligible Delivery Point as set forth in the executed SEDS TSA. Transporter shall not be obligated to provide no-notice transportation that is greater than the lesser of: (1) any remaining quantity of Shipper's MDQ after any amounts of nominated and scheduled transport under this Rate Schedule are deducted, or (2) the Inventory Quantity. In no event shall Transporter be obligated to deliver a quantity of Natural Gas that is greater than the quantity specified by the MDQ and MBA to an Eligible Delivery Point using no-notice transportation under this Rate Schedule.
- (ii) For nominated transportation, Natural Gas will be received at a receipt point and transported to a delivery point on Transporter's System. Shipper may nominate up to the MDQ specified in the SEDS TSA in accordance with the nomination and scheduling provisions of this Rate Schedule and the General Terms and Conditions of Transporter's Tariff.

2.3 Rates of Flow. Unless otherwise permitted by this Rate Schedule and the General Terms and Conditions, at each point, each Party shall flow, or cause to flow, gas at uniform hourly and daily rates of flow.

- (a) For nominated transportation, at each receipt and delivery point, quantities tendered for Shipper shall not exceed in any hour 1/24th of scheduled quantities at such point. For Banks and Draws, at each Bank Point and Draw Point, quantities tendered for Shipper shall not exceed in any hour 1/24th of scheduled quantities at such points.
- (b) For no-notice transportation, at Eligible Delivery Points, quantities tendered for Shipper shall flow at an hourly rate of up to 1/24th of Shipper's MDQ. Gas may be Drawn from the Inventory Quantity at flow rates that support this non-uniform hourly entitlement.

- 2.4 Transporter shall not be obligated under this Rate Schedule on any Day to Bank or Draw for Shipper Natural Gas quantities that cause the Inventory Quantity to (i) exceed the MBA on Shipper's SEDS TSA or (ii) fall below zero.
- 2.5 A Shipper's MDQ associated with the transportation component of SEDS must equal Shipper's MBA associated with the storage component of SEDS.
- 2.6 Shipper shall be responsible for having Natural Gas quantities available to be Banked at the Bank Point(s) listed in Shipper's SEDS TSA.
- 2.7 Subject to Section 2.5 of this Rate Schedule, Shipper's MDQ and MBA shall be a same uniform quantity for every Month throughout the term of the SEDS TSA, except that Transporter may, on a not unduly discriminatory basis, agree to differing monthly amounts in Shipper's MDQ and MBA (including Months without MDQs and MBAs) for different, specified Months or portions of the term of the SEDS TSA. For purpose of clarity, in any given Month Shipper's MDQ and MBA must be equal pursuant to Section 2.5 of this Rate Schedule, and Transporter may, on a not unduly discriminatory basis, agree that the same quantity specified as MDQ and MBA may vary on a monthly basis throughout the term of the SEDS TSA. Shipper's MDQ and MBA and any differing levels in such quantities, as well as the period of such differing levels, shall be specified in the executed SEDS TSA.

3. CONDITIONS OF SERVICE

- 3.1 Any quantities Drawn under this Rate Schedule shall occur on a firm basis including Draws performed in conjunction with no-notice transportation (i.e., without Shipper submitting a nomination for a Draw), subject to the parameters specified in this Rate Schedule. Quantities Drawn in conjunction with no-notice transportation shall not be subject to Section 6 of the General Terms and Conditions (i.e., Sections 6.1 through 6.4).
- 3.2 The no-notice transportation under this Rate Schedule will be available when the actual quantities being delivered at an Eligible Delivery Point on any Gas Day exceed the total daily quantities scheduled at that Eligible Delivery Point. No-notice transportation under this Rate Schedule shall not be subject to Section 6 of the General Terms and Conditions (i.e., Sections 6.1 through 6.4).
- 3.3 Subject to the conditions and requirements for service under this Rate Schedule, Shipper may request to change a Primary Point pursuant to Section 8 of the General Terms and Conditions.
- 3.4 Subject to Section 9 of the General Terms and Conditions, Shipper may separately release its Rate Schedule SEDS transportation and storage components.
- 3.5 Shipper may utilize nominated transportation under this Rate Schedule on a primary or secondary basis. Shipper will pay any additional charges incurred through such use, including but not limited to, applicable reservation charges, commodity charges, and or fuel and lost and unaccounted for gas charges, and EPC charges, as such charges may change from time to time.

3.6 Transporter may lease capacity from other natural gas transportation entities (“Lease Capacity”) as additional capacity for Transporter’s System under terms and conditions acceptable to Transporter in its sole discretion and subject to all required approvals. If the capacity in a Shipper’s SEDS TSA includes Lease Capacity, Shipper shall be subject to additional applicable charges described in this Rate Schedule, Statement of Rates and/or in Shipper’s SEDS TSA.

4. CHARGES

4.1 Applicable Rates: The applicable minimum and maximum rates for service hereunder are set forth in the Statement of Rates, as adjusted from time to time. The rates applicable to service provided under a SEDS TSA shall be, subject to the other provisions of this Rate Schedule and Tariff, the rates set forth in Shipper’s SEDS TSA.

4.2 Reservation Charges: Each Month, Shipper shall pay in accordance with the General Terms and Conditions a Reservation Charge comprised of the sum of the following:

(a) The product of: (i) the maximum applicable Reservation Rate for the Transportation Component set forth in Transporter’s Statement of Rates in its Tariff, unless another rate is otherwise specified in Shipper’s SEDS TSA, and (ii) Shipper’s MDQ; and

(b) The product of: (i) the maximum applicable Reservation Rate for the Storage Component set forth in Transporter’s Statement of Rates in its Tariff, unless another rate is otherwise specified in Shipper’s SEDS TSA, and (ii) Shipper’s MBA.

4.3 Reservation Charge Credits: Transporter shall provide reservation charge credits pursuant to Section 16 of the General Terms and Conditions, except that the following changes shall be made to accommodate the nature of the service provided under this Rate Schedule:

(a) For no-notice transportation, to determine if credits are due under the circumstances described in Sections 16.1(a), 16.1(b) or 16.1(c) of the GT&C and such credits are not otherwise disallowed under Section 16, Transporter shall determine the lessor of the: (1) Inventory Quantity, (2) the MDQ minus the quantity of Natural Gas nominated and scheduled for nominated transportation under Section 2.2(b)(ii) of this Rate Schedule, or (3) the MDQ minus the amount of the MDQ available (i.e., the amount of the MDQ that is unavailable). If the lessor amount is greater than zero, the credit calculated in Sections 16.1(e) and 16.1(f), as appropriate, shall use the lessor amount, in lieu of the “quantity of gas up to the Shipper’s MDQ not scheduled by Transporter” in those sections. If the lessor amount is not greater than zero, no credit shall be provided;

4.3 (continued)

- (b) For storage Draws for no-notice transportation, to determine if credits are due under the circumstances described in Sections 16.1(a), 16.1(b) or 16.1(c) of the GT&C and such credits are not otherwise disallowed under Section 16, Transporter shall determine the lesser of: (1) the Inventory Quantity, (2) the MDQ minus the quantity of Natural Gas nominated and scheduled for nominated transportation under Section 2.2(b)(ii) of this Rate Schedule or (3) the MDQ minus the amount of the MDQ available (i.e., the amount of the MDQ that is unavailable). If the lesser amount is greater than zero, the credit calculated in Sections 16.1(e) and 16.1(f), as appropriate, shall use the lesser amount, in lieu of “the quantity of gas up to the Shipper’s MDQ not scheduled by Transporter” in those sections. If the lesser amount is not greater than zero, no credit shall be provided; and
- (c) For nominated Banks and Draws under this Rate Schedule, the term “MBA” shall be used instead of “MDQ” in Section 16 of the GT&C.

4.4 Commodity Charges: Each Month, Shipper shall be charged an amount obtained by multiplying the maximum applicable Commodity Rate(s) stated on the Statement of Rates, unless another rate is otherwise specified in the SEDS TSA, by the quantity of Natural Gas in Dth delivered (exclusive of any Overrun Gas applicable to nominated transportation) each Day of the Month by Transporter to Shipper at the delivery point(s).

4.5 FL&U and EPC: Shipper shall provide and be responsible for all Fuel and L&U and EPC charges necessary to support the service pursuant to Shipper’s SEDS TSA. The Fuel, L&U and EPC charges shall be set forth on the Statement of Rates in the Tariff as they may be updated from time to time.

4.6 Adjustment of Rates:

- (a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of Shipper’s SEDS TSA.
- (b) Subject to the terms of this Rate Schedule SEDS, Transporter reserves the right pursuant to Section 4.11 of the General Terms and Conditions, to prescribe and/or adjust at any time any of the rates applicable to service under any individual SEDS TSA without adjusting any other rates for service under other SEDS TSAs; provided however, such adjusted rates shall not exceed the applicable maximum rate(s) nor shall they be less than the applicable minimum rate(s), set forth in the Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term specified in Exhibit B to the SEDS TSA, the rates for service shall revert to the maximum rates under this Rate Schedule. Transporter may adjust the Reservation Rate applicable to the Storage Component, the Transportation Component or both.

- 4.7 Other Charges. Transporter shall charge Shipper and Shipper shall pay for any other FERC approved charges that apply to service under this Rate Schedule.
- 4.8 Third Party Charges. Shipper may, on a non-discriminatory basis, be required to pay to Transporter, if applicable, any Third Party Charges in accordance with Section 4.6 of the General Terms and Conditions. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system capacity.
- 4.9 Lease Capacity Charges. In accordance with Section 3.6 of this Rate Schedule, Shipper shall pay additional charges applicable to Lease Capacity.
- (a) Lease Capacity from Natural Gas Pipeline Company of America LLC: Shippers with SEDS TSAs that include capacity leased to Transporter by NGPL (“NGPL Lease Capacity”) in a lease agreement (“NGPL Capacity Lease”) dated September 3, 2024 and approved in Docket No. CP24-523-000, shall pay, in addition to all other applicable charges in this Rate Schedule and the Tariff, the following:
- (i) Reservation Charges that are the product of: (A) the then maximum applicable Reservation Rate for the Midcontinent Zone to the Permian Zone for transportation service under Rate Schedule FTS as shown in NGPL’s FERC Gas Tariff as such rates may change from time to time, and (B) Shipper’s MDQ; however, Shipper shall receive a credit equal to any credits received by Transporter for reservation charges paid by it under the NGPL Capacity Lease;
- (ii) Commodity Charges paid by Transporter to NGPL for commodity charges incurred under the NGPL Capacity Lease for quantities of delivered Natural Gas on the NGPL Lease Capacity for Shipper under its SEDS TSA;
- (iii) Surcharges and other charges paid by Transporter to NGPL under the NGPL Capacity Lease incurred for service related to Shipper’s SEDS TSA; and
- (iv) All applicable fuel and lost and unaccounted for gas, and electric purchase costs as paid by Transporter under the NGPL Capacity Lease to provide the service pursuant to Shipper’s SEDS TSA; and Shipper shall provide such required fuel and lost and unaccounted for gas in-kind and at the time required under NGPL’s FERC Gas Tariff for transportation under its Rate Schedule FTS.

5. OVERRUN CHARGES

5.1 Authorized Overrun for Nominated Transportation. On any Day, upon request of Shipper through the submission of an explicit nomination pursuant to Section 6 of the General Terms and Conditions and with Transporter's consent to such request, Shipper may tender, and Transporter may receive authorized overrun quantities of nominated transportation above the MDQ minus quantities delivered by no-notice transportation. All such excess quantities shall be referred to as authorized Overrun Gas and shall be transported on an interruptible basis. Unless otherwise agreed, Shipper shall pay an amount obtained by multiplying such authorized overrun quantities delivered by Transporter to Shipper or for Shipper's account, at each delivery point or transported on any Segment during the Month by the maximum Authorized Overrun Rate(s) stated on the Statement of Rates.

5.2 Unauthorized Overrun Charges.

(a) Transportation.

(ii) Nominated Transportation. On any Day, any Natural Gas quantity that exceeds Shipper's daily scheduled quantity at any receipt or delivery point or on any Segment for nominated transportation and which has not been authorized by Transporter is Unauthorized Overrun Gas.

(ii) No-Notice Transportation. On any Day, any Natural Gas quantity delivered to the Primary Delivery Point specified in the SEDS TSA that exceeds Shipper's MDQ is Unauthorized Overrun Gas.

(b) Storage. On any Day, the Natural Gas quantities Banked or Withdrawn that exceed the MBA are Unauthorized Overrun Gas.

(c) All quantities of Unauthorized Overrun Gas shall be subject to the Unauthorized Overrun Rate (non-critical or critical conditions as applicable). Shipper shall pay an amount obtained by multiplying the quantity of Unauthorized Overrun Gas each day by the applicable Unauthorized Overrun Rate set forth on the Statement of Rates.

5.3 Overrun activity is subject to interruption at any time. Such interruptions may be in effect for extended periods of time.

6. TERMINATION OF SERVICE

- 6.1 Shipper is required to remove all Banked quantities no later than the termination date of the SEDS TSA. Upon termination of a SEDS TSA, any Banked quantities not removed shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims.
- 6.2 To the extent there are any over-Drawn quantities (i.e., quantities Drawn in excess of the Inventory Quantity), Shipper is required to return all overdrawn quantities no later than the termination date of the SEDS TSA. Upon termination of a TSA, any overdrawn quantity shall be sold to Shipper at 150% of the absolute value of the Cash Out Index Price for the Month in which the TSA terminates.

7. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the SEDS TSA, all of the General Terms and Conditions contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said General Terms and Conditions, are applicable to service rendered under this Rate Schedule and by this reference, are made a part hereof.

GENERAL TERMS AND CONDITIONS

Unless otherwise stated, these General Terms and Conditions apply to all transportation and storage services provided under this Tariff. For purposes of these General Terms and Conditions, the use of

the words “transportation” or “transportation service” shall include storage service provided under Rate Schedule SEDS. The provisions of this General Terms and Conditions shall not apply to the no-notice service provided under Rate Schedule SEDS where such application would be inconsistent with the nature of providing a service that does not require nomination and scheduling.

1. DEFINITIONS

- 1.1 "Backhaul" - shall mean a transaction that is nominated opposite to the Primary Receipt-to-Delivery Flow Path direction of a TSA. Backhaul nominations are scheduled as Secondary Capacity up to the MDQ.
- 1.2 "Bidding Shipper" - is any Shipper who is pre-qualified pursuant to Section 9 of the General Terms and Conditions to bid for capacity or who is a party to a prearranged release.
- 1.3 "British Thermal Unit" ("Btu") - One (1) Btu shall mean one British thermal unit and is defined as the amount of heat required to raise the temperature of one (1) pound of water from fifty-nine degrees Fahrenheit (59°F) to sixty degrees Fahrenheit (60°F) at a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia). Total Btu's shall be determined by multiplying the total volume of Natural Gas delivered times the gas Heating Value expressed in Btu's per cubic foot of gas adjusted on a dry basis.
- 1.4 "Bumping" or "Bump" - shall mean:
- (a) The reduction of a previously scheduled and confirmed interruptible transportation quantity to permit Transporter to schedule and confirm a firm transportation nomination which has a higher priority and which was submitted as an intraday nomination.
 - (b) In the event that a discount is granted pursuant to Section 3.2 of Rate Schedule FT or Section 4.6 of Rate Schedule SEDS that affects previously scheduled quantities, "Bumping" or "Bump" shall also mean the reduction of a firm transportation quantity previously scheduled and confirmed to permit Transporter to schedule and confirm a firm transportation intraday nomination which has a higher priority.
 - (c) In the event of an intraday recall of released capacity, "Bumping" or "Bump" shall also mean the reduction of the Replacement Shipper's previously scheduled and confirmed firm transportation quantity.
- Bumping that affects transactions on multiple Transportation Service Providers should occur at grid-wide synchronization times only (NAESB WGQ Standard 1.3.39). Absent an agreement to the contrary between Transporter, Shipper and any affected interconnect party, a Bump shall not result in a scheduled quantity that is less than the applicable elapsed pro rated flow quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform Hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).
- 1.5 "Business Day" - Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.

- 1.6 "Cash Out Index Price" - shall be the highest of the index prices described in Section 10.4, if Shipper owes balances to Transporter (including overrun gas). The "Cash Out Index Price" shall be the lowest of the index prices described in Section 10.4, if Transporter owes balances to Shipper.
- 1.7 "Cheyenne Hub" - a confluence of pipelines near Cheyenne, Wyoming consisting of interconnections with Colorado Interstate Gas Company, L.L.C., Wyoming Interstate Company, L.L.C., Trailblazer Pipeline Company, Tallgrass Interstate Gas Transmission, LLC, and the intrastate systems of Public Service Company of Colorado and Cheyenne Light, Fuel and Power Company.
- 1.8 "Critical Notices" - are defined, in conformance with NAESB WGQ Standard 5.2.1, as those notices which pertain to information of conditions on Transporter's System that affect scheduling or adversely affect scheduled gas flow.
- 1.9 "Day" - A period of 24 consecutive Hours, except for those Days that are adjusted for Daylight Savings Time, commencing and ending at 9:00 a.m., Central Clock Time ("CCT"), or such other period as the parties may agree upon. "Clock time" indicates that Transporter will adjust its gas Day to reflect changes for Daylight Savings Time.
- 1.10 "Dekatherm" ("dth") - One (1) dth shall mean a quantity of gas containing one million (1,000,000) Btu's.
- 1.11 "EPC" – shall mean the Electric Power Costs surcharge described in Section 30 of the General Terms and Conditions.
- 1.12 "Federal Energy Regulatory Commission" - the federal regulatory agency, or any succeeding agency, having jurisdiction of the Gas Tariff, also referred to as "FERC" or "Commission."
- 1.13 "FL&U" - Fuel Gas and Lost and Unaccounted for Gas.
- 1.14 "Flow Path Secondary Capacity" - shall mean the capacity status assigned to that portion of a firm transportation transaction for which the receipt or delivery point lie outside the Primary Receipt-to-Delivery Flow Path when at least some part of such transaction passes through Shipper's Primary Receipt-to-Delivery Flow Path. Additionally, the Flow Path Secondary priority shall apply to any non-Primary Point that lies within Shipper's Primary Receipt-to-Delivery Flow Path, and such point shall be designated a Flow Path Secondary Point. Flow Path Secondary Capacity is limited by the capacity entitlement of the underlying TSA on the Primary Receipt-to-Delivery Flow Path Segment being used.

- 1.15 "Heating Value" - The quantity of heat, measured in Btu, produced by combustion in air of one (1) cubic foot of anhydrous gas at a temperature of sixty degrees Fahrenheit (60°F) and a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), the air being at the same temperature and pressure as the gas, after the products of combustion are cooled to the initial temperature of the gas and air, and after condensation of the water formed by combustion.
- 1.16 "Hour" - shall mean a period of 60 consecutive minutes beginning at the top of each Hour of the Gas Day and ending at the top of the next Hour (i.e. Hour 1 starts at 9:00 a.m. CCT and ends at 10:00 a.m. CCT).
- 1.17 "Hourly Entitlement Enhancement Nomination" or "HEEN" - shall mean a request submitted by a Rate Schedule FT Shipper to reserve part or all of its MDQ for the nominated flow Day to support non-uniform Hourly deliveries at a Qualified Point. HEEN nominations may only be submitted for the Timely or Evening Nomination Cycles to a Qualified Point of delivery. All HEEN nominations must be forward haul. Eligible receipt points for HEEN nominations will be determined based on the pipeline volume (pipe diameter, distance and pressure) required to support the requested Hourly flexibility. Receipt points for all designated Qualified Points will be posted on Transporter's EBB. Hourly Entitlement Enhancement Nominations must meet all other criteria for a valid Nomination. The sum of all HEEN nominations under a TSA may not be in excess of the Shipper's MDQ.
- 1.18 "Interconnecting Party" - shall mean the party or such party's designee that is responsible for operations of a Natural Gas system which interconnects with Transporter's pipeline system and is responsible for verifying nominations and scheduling gas flow at such point of interconnections. An Interconnecting Party is also a Confirming Party. Each Interconnecting Party is required to submit confirmation pursuant to the timelines identified in Section 6.1 of these General Terms and Conditions, unless specifically exempted by Transporter.
- 1.19 "Maximum Delivery Quantity" or "MDQ" - shall mean the maximum quantity of Gas, expressed in Dth per Day, which Transporter shall be obligated to Deliver under a firm TSA.
- 1.20 "Month" - A period commencing on the first Day of the corresponding calendar Month and ending on the first Day of the next following calendar Month.
- 1.21 "NAESB WGQ Standards" - Business practices and electronic communication practices promulgated by the Wholesale Gas Quadrant ("WGQ") of the North American Energy Standards Board ("NAESB") and adopted codified by the Commission, in compliance with 18 CFR, Section 284.12, as described in Section 23 of the General Terms and Conditions.
- 1.22 "Natural Gas" - Any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane.

- 1.23 "One Thousand Cubic Feet" ("Mcf") - The quantity of Natural Gas occupying a volume of one thousand (1,000) cubic feet at a temperature of sixty degrees Fahrenheit (60°F) and at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).
- 1.24 "Operator" - The person or entity that is responsible for the operation of a facility at which gas flows into or out of Transporter's System.
- 1.25 "Pool" – shall mean a physical or logical point determined by Transporter at which supplies may be aggregated and disaggregated. Pool(s) are not valid receipt or delivery points for determination of Primary Point(s), capacity scheduling, or for capacity release.
- 1.26 "Pooler" – shall mean that party holding an executed Pooling Service Agreement under this Tariff and on whose behalf Gas is being aggregated at a Pool. For purpose of nominations, the term "Pooler" is synonymous with "Shipper".
- 1.27 "Pooling" – shall mean the aggregation of multiple sources of supply to a single quantity and the disaggregation of such quantity to multiple markets or market contract(s). In particular, "Headstation Pooling" shall mean the aggregation of supplies from one or more physical or logical receipt point(s) to a designated Pool and the disaggregation of such aggregated quantities to one or more TSA(s).
- 1.28 "Pooling Area" – shall mean the area implied by the designation of various Segment(s) related to a specific Pool. Transporter's Pooling Area(s), the receipt point(s), and the related headstation pool point(s) shall be posted on Transporter's EBB.
- 1.29 "Prearranged Shipper" - is any Shipper who is qualified, pursuant to Section 9.8, and seeks to acquire capacity under a prearranged release for which notice is given pursuant to Section 9.6.
- 1.30 "Primary Capacity" - shall mean the transmission system capacity on any portion of the Primary Receipt-to-Delivery Flow Path reserved for a Shipper under a firm TSA. On any pipeline Segment, Primary Capacity is limited by the primary receipt point quantity upstream of such Segment and the primary delivery point quantity downstream of such Segment, whichever is less.
- 1.31 "Primary Point(s)" - shall mean those receipt and delivery point(s) where Shipper is entitled to firm service.

- 1.32 "Qualified Point(s)" - shall mean a valid delivery point for Hourly delivery services and must meet the following criteria:
- (a) A Qualified Point must be supported by measurement equipment that can provide custody-transfer quality data on an Hourly basis.
 - (b) The Operator at a Qualified Point must agree to support Hourly services.
 - (c) All Qualified Points will be identified on Transporter's EBB.
- 1.33 "Rate Default" - For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default.
- 1.34 "Rate Floor" – Rate Floor is the term used for index-based capacity release transactions to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than Transporter's minimum reservation rate or zero cents when there is no stated minimum reservation rate.
- 1.35 "Receipt-to-Delivery Flow Path" - shall mean the path of gas through and from a receipt point to and through a delivery point. Furthermore, "Primary Receipt-to-Delivery Flow Path" shall mean the path of gas through and from a primary receipt point to and through a primary delivery point. The direction of flow shall be deemed to be from the primary receipt point to the primary delivery point.
- 1.36 "Releasing Shipper" - is any Shipper with a TSA under Rate Schedule FT or Rate Schedule SEDS who elects to release all or a portion of its firm capacity, subject to the capacity release program contained in Section 9 of the General Terms and Conditions.
- 1.37 "Replacement Shipper" - is any Shipper who acquired capacity rights from a Releasing Shipper through Transporter's capacity release program as contained in Section 9 of the General Terms and Conditions.
- 1.38 "Secondary Capacity" - shall mean capacity nominated under a firm TSA that is other than Primary Capacity or Flow Path Secondary Capacity.
- 1.39 "Secondary Point(s)" - shall mean those receipt and delivery points which are not specified in the firm TSA as Primary Points. Secondary Points which lie in the Primary Receipt-to-Delivery Flow Path are automatically awarded a scheduling status of Flow Path Secondary.
- 1.40 "Secondary Delivery Point" - shall mean a delivery point which is not specified in the firm TSA as a primary delivery point and which is located outside of Shipper's Primary Receipt-to-Delivery Flow Path.

- 1.41 "Secondary Receipt Point" - shall mean a receipt point which is not specified in the firm TSA as a primary receipt point and which is located outside of Shipper's Primary Receipt-to-Delivery Flow Path.
- 1.42 "Segment" - shall mean a discrete portion of Transporter's pipeline system between two specific locations. Transporter shall evaluate the operating capacity of the Segment against the capacity requested for transportation service(s) by Shippers. In the event the requested capacity exceeds the Segment operating capacity, Transporter will follow the procedures specified in Section 6 of these General Terms and Conditions to reduce the transportation requests to the Segment operating capacity.
- 1.43 "Segmentation" - shall refer to the ability of a Shipper holding a firm TSA to subdivide such capacity into Segments and to use those Segments for different capacity transactions. Segmentation may be implemented by the Shipper by designating a number of discrete transportation combinations (receipt points to delivery points), each of which being equal to or less than Shipper's Primary Capacity for that pipeline Segment. The applicability and prerequisites for Segmentation are described in Section 8.1(a) of the General Terms and Conditions.
- 1.44 "Shipper" - Any person or entity who either (a) is receiving service on Transporter's System; (b) has executed a service agreement under any rate schedule; or (c) has completed a request for service.
- 1.45 "Transportation Service Agreement"- or "TSA" shall mean the contract, in the form contained in this Tariff, setting forth the specific elements of each transportation, and where applicable, storage transaction, such as Shipper name, receipt and delivery point(s), bank and draw point(s) and term.
- 1.46 "Transporter's System" - Transporter's System is displayed on the system map in this Tariff.

4. REQUESTS FOR SERVICE

- 4.1 Requests for Service. A Shipper must comply with Sections 4.2 and 4.10 in order to complete a valid request for service.
- 4.2 Information to be Provided. A request for service shall be deemed valid and complete upon the following information being accurately and properly entered into Transporter's EBB. A Shipper may either enter the information directly into Transporter's EBB or furnish the information to Transporter and request that Transporter enter the information into Transporter's EBB on behalf of the Shipper; in which case, the entry of such information shall be deemed to be the act of the Shipper. If the Shipper requests that Transporter enter the information into Transporter's EBB on Shipper's behalf, then Shipper's request for service shall not be deemed valid and complete until such time as the information is actually entered into Transporter's EBB.
- (a) The full legal name, business address and phone number, and state of incorporation of the Shipper requesting service and the party with whom all contact should be made.
 - (b) A designation of whether Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end-user or marketer.
 - (c) The extent of Shipper's affiliation with Transporter.
 - (d) Shipper's Dun and Bradstreet number.
 - (e) Type of service: FT, SEDS, IT, SS, PAL or HSP.
 - (f) The initial term of the service, including beginning and ending dates.
 - (g) Daily quantity at each receipt point(s) ____ Dth/Day.
Daily quantity at each delivery point(s) ____ Dth/Day.
Daily maximum quantity (park and/or loan) ____ Dth/Day.
Daily quantity at each bank point(s) (SEDS) ____ Dth/Day.
Daily quantity at each draw point(s) (SEDS) ____ Dth/Day.
Daily quantity at each Eligible Delivery Point(s) (SEDS) as listed on Transporter's EBB) ____ Dth/Day.

The total receipt point capacity must equal the total delivery point capacity.
 - (h) The Maximum Delivery Quantity for the applicable Month(s) under the contract and if applicable, the Maximum Banked and Draw Amounts for the applicable Month(s) under the contract.
 - (i) Receipt and delivery points requested.

If Section 311, 18 C.F.R. Part 284, Subpart B transportation service is requested, the Shipper must provide the following information to Transporter:

4.2 Information to be Provided (continued)

- (j) A declaration explaining how the requested service qualifies as Section 311 service;

~~4.2 Information to be Provided (continued)~~

- (k) The name of the local distribution company or intrastate pipeline company on whose behalf the gas will be transported; and
- (l) Certification from a local distribution company or an intrastate pipeline that the service is being provided on its behalf prior to commencing transportation service.

4.3 Capacity Bidding and Evaluation Criteria.

- (a) A Shipper bidding for released firm capacity from another Shipper must follow the procedures of Section 9.
- (b) Transporter may grant requests for firm service on a not unduly discriminatory basis within the following time periods and subject to the below listed conditions:
 - (i) For service with a term of one year or longer, the service must be requested to begin no later than three Months from the date the request is granted;
 - (ii) For service with a term greater than three Months but less than one year, the service must be requested to begin no later than one Month from the date the request is granted;
 - (iii) For service with a term of three Months or less, the service must be requested to begin no later than ten Business Days from the date the request is granted.
- (c) Transporter will consider, on a not unduly discriminatory basis, requests for firm service outside of the above specified time periods if the request involves any of the following conditions:
 - (i) The request is associated with an open season;
 - (ii) The request involves capacity that is available due to the termination of an existing contract or the reduction of contracted volume under an existing contract; or
 - (iii) The request involves the modification or construction of facilities or the issuance of any necessary certificate authorization.

4.3 (continued)

- (d) Should Transporter conduct an open season, it will post a notice of availability of the uncontracted-for capacity on its EBB to afford all potential Shippers an opportunity to acquire the capacity. Any party wishing to purchase the capacity, and who meets Transporter's creditworthiness requirements, may participate in the open season. Transporter will award the capacity on a net present value basis using nondiscriminatory and objective posting and evaluation criteria specified in the notice of open season. When an open season is being conducted, all applicable requests for service will be treated under this open season process.
- (e) Transporter will conduct an open season (involving either an open offer to sell capacity or a pre-arranged transaction) if it wishes to sell capacity where the requested start date extends one year or more into the future. The open season will comply with the requirements of Section 4.3(d) above.
- (f) If Transporter sells firm capacity pursuant to Section 4.3(c)(i), that capacity will be made available to other shippers on an interim basis up to the commencement date of the prospective firm transportation service agreement. Where the requested start date of the prospective capacity extends more than one year into the future and the interim capacity would otherwise be eligible for the right of first refusal ("ROFR") if it is acquired at the maximum applicable tariff rate, Transporter will limit the ROFR rights of such interim capacity. If ROFR rights are limited, the transportation service agreement will note the limitation.

4.4 If Shipper fails to execute an agreement or any amendment thereto tendered by Transporter in response to a valid request for service within 30 Days of the date tendered, Shipper's request shall be deemed null and void.

4.5 Capacity Reserved for Expansion Projects. Transporter may elect to reserve for future expansion projects, any unsubscribed capacity or capacity under expiring or terminating TSAs where such TSAs do not have a ROFR or Shipper does not exercise its ROFR.

- (a) Capacity may be reserved up to one year prior to Transporter filing for certificate authority for construction of proposed expansion facilities, and thereafter until all expansion facilities are placed into service.
- (b) Transporter may only reserve capacity for a future expansion project for which an open season has been or will be held within one year of the date that Transporter posts such capacity as being reserved. Transporter will not, absent Commission approval, accept advance payments to reserve capacity under this Section 4.5.

4.5 Capacity Reserved for Expansion Projects (continued)

- (c) If Transporter elects to reserve capacity, it will notify Shippers of its intent as part of its posting of capacity on its EBB. Transporter's posting for reserved capacity for future expansion projects shall include the following information: (i) a description of the project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so when, Transporter anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids; (v) the projected in-service date of the new facilities; and (vi) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a ROFR. The posting for reserved capacity shall also include a non-binding solicitation for Turnback Capacity to serve the expansion project, provided that Transporter shall post the non-binding solicitation for Turnback Capacity no later than 90 Days after the close of the expansion project open season. Transporter shall make reasonable efforts to update the posting up to the in-service date of the project to reflect any material changes in the scope of the project.
- (d) When reserving capacity for future expansion projects, Transporter must make the capacity generally available to Shippers prior to the reservation period. When an open season is held prior to the expansion project open season, Transporter shall have the right to state in the open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the previous capacity open season, Transporter shall hold another open season for the capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the capacity open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season.
- (e) Any capacity reserved under this Section 4.5 shall be made available for transportation service pursuant to these General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term TSAs, Transporter reserves the right to limit any term extension rights provided in the TSA and pursuant to Section 4.9 commensurate with the proposed in-service date of the expansion project. Transporter will indicate in any open season posting of the capacity any limitations on term extension rights that will apply to such limited-term transportation service.
- (f) Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available capacity within 30 Days of the date that the project terminates.

4.6 Off-System Capacity.

- (a) Transporter may enter into transportation and/or storage agreements with upstream or downstream entities, including other interstate and intrastate pipeline and storage providers (off-system capacity). In the event that Transporter acquires off-system capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers on the acquired capacity, pursuant to Transporter's Tariff and subject to Transporter's currently approved rates. In the event the off-system capacity is subject to renewal limitations, as specified in the third-party pipeline's tariff and/or provided by FERC Regulations, Transporter will indicate in its posting of firm unsubscribed capacity any limitation to the extension rights that will apply as a result of such limitations on the off-system capacity. For purposes of transactions entered into subject to this section, the "Shipper must hold title" requirement shall be waived on the acquired capacity.
- (b) Third Party Charges. If Transporter acquires off-system capacity from a third party(s) pursuant to Section 4.6 above and provides transportation and/or storage service for the benefit of Shipper(s), Shipper(s) may, on a non-discriminatory basis, be required to pay Transporter, in addition to any applicable rates and charges assessed pursuant to this Tariff, the rates and charges Transporter is obligated to pay such third party(s) for the off-system capacity. Such charges may include, but are not limited to, daily reservation and commodity charges and applicable surcharges, fuel and power charges or retention, compression fees, balancing or storage fees, measurement fees, processing fees and/or facility charges that are assessed by the third party. Such charges shall be set forth as separate items on the monthly invoices rendered to Shipper.
- (c) Any off-system capacity acquired by Transporter from a third party and contracted for at the request of a Shipper which is not used by that Shipper or a Replacement Shipper shall be offered to other Shippers on a secondary and interruptible basis, pursuant to Transporter's FERC Gas Tariff and subject to Transporter's currently effective rates, including any applicable Third Party Charges, as such tariff and rates may change from time to time. Transporter will indicate in its posting of any off-system capacity available for service whether any Third Party Charges will apply to the use of such off-system capacity.

- 4.7 Electronic Execution of Agreements - Unless otherwise agreed, Transporter and Shipper will electronically execute all Transportation Service Agreements, Rate Schedule SS Agreements, Rate Schedule PAL Service Request Orders and Rate Schedule HSP Agreements (including amendments to existing agreements) entered into on or after the effective date of this tariff provision (all of which shall be referred to as "Service Agreements" or "Agreements" for purposes of this Section 4.7). Transporter and Shipper may execute such Agreements electronically or by signing a traditional paper Agreement. If Shipper elects to sign a traditional paper Agreement, then Shipper shall not submit nominations while the paper Agreement is pending execution. For Agreements requiring filing with the Commission, Transporter may submit either electronic or traditional paper Agreements.
- (a) The Service Agreement shall be deemed to be executed by Shipper when the Shipper accepts the Agreement electronically via Transporter's electronic bulletin board. The Service Agreement shall be deemed to be executed by Transporter when Transporter accepts the Shipper's Agreement using the electronic bulletin board. A Service Agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.
 - (b) Notwithstanding the above, if the Shipper and Transporter electronically execute an Agreement and the Shipper later requests a traditional paper Agreement, the electronic Service Agreement shall be deemed the original until the paper Agreement is executed by both parties.
 - (c) If a Service Agreement contains provisions that must be reviewed by the Commission and the Service Agreement is not accepted by the Commission, then Transporter and Shipper shall collaborate to remedy any deficiencies.
- 4.8 Changes to Shipper's ~~Transportation~~ Service. If Shipper desires to change its service under a TSA~~transportation service~~, it must request the change using the process described in Section 4.2. If Transporter agrees to the requested amendment, it will prepare and tender to Shipper an amendment to the TSA.
- 4.9 Right-of-First-Refusal ("ROFR")
- (a) Any Shipper with a firm TSA for ~~sTransportation~~ Service shall have a continuing right for the capacity underlying the Shipper's TSA provided that:
 - (i) The TSA is a maximum rate contract for 12 or more consecutive Months of service; or, the TSA is a multi-year seasonal contract at the maximum rate for services not offered by the pipeline for a full 12 Months. However, if such Shipper has entered into a firm agreement utilizing off-system capacity contracted for pursuant to Section 4.6 below, it may not elect to extend the term of its agreement beyond the term of Transporter's agreement for such off-system capacity.;

4.9 Right-of-First-Refusal ("ROFR")

- (a) (continued)
 - (ii) Shipper complies with the requirements set forth herein;
 - (iii) Shipper does not have a negotiated rate firm TSA ~~(except for those TSAs referenced in Section 4.9(1) of the General Terms and Conditions)~~; and
 - (iv) Shipper does not have an interim TSA for entitlement associated with expansion projects as set forth in Section 4.5.
 - (v) Shippers with TSAs that otherwise qualify for a ROFR and include Lease Capacity, may only retain the capacity or a portion thereof through the remaining term of the lease providing the capacity.
- (b) A Shipper may exercise its ROFR to retain a portion of the MDQ subject to ROFR by applying a fixed and constant percentage reduction to each monthly MDQ for the last twelve consecutive Months of the TSA; however, the Shipper may not exercise its ROFR for a geographic portion of the TSA.
- (c) Shipper Notice of Intent to Exercise.
 - (i) For all firm TSAs eligible for the ROFR, Shipper shall provide notice to Transporter in writing of its intent to exercise its ROFR rights.
 - (ii) Notification of the Shipper's intent is due on or before; (i) six Months prior to the expiration date for firm TSAs of three years or less and (ii) 12 Months prior to the expiration date for firm TSAs greater than three years.
 - (iii) A Shipper shall relinquish all rights to the capacity underlying its firm TSA upon termination of the TSA by providing a notice stating that it will not exercise its ROFR rights or by failing to provide notice of its intent to exercise its ROFR rights by the deadline described above.
 - (iv) Transporter and Shipper may agree to revise the terms and conditions of the TSA prior to the Shipper providing its notice of intent to Transporter. However, once the Shipper has provided its notice of intent or the notification period has expired, the TSA may only be revised by following the requirements of this section.
 - (v) If the TSA contains an evergreen provision, the ROFR provisions of this section will not apply until the TSA has reached the end of the evergreen period.

4.9 Right-of-First-Refusal ("ROFR") (continued)

- (d) Solicitation of Bids. If the Shipper provides notice of its intent to exercise ROFR rights, then Transporter shall solicit competing bids for the subject capacity. Transporter shall post on its EBB for 30 Days the terms and conditions of the expiring TSA. Any Party qualified under the capacity release rules of this Tariff may submit a bid for all, or a portion of, the subject capacity during the bid period.

~~4.9—Right of First Refusal ("ROFR") (continued)~~

- (e) Existing Shipper's and Right to Match. Within ten Business Days after the close of the bid period, Transporter shall notify the existing Shipper of the best offer or offers received for the expiring capacity. Transporter's evaluation shall be based on one of the capacity release bid evaluation methods listed in Section 9.11(d). Transporter shall identify the method to be used in its solicitation of bids. The term of any competing offer shall not be capped for comparison purposes. Within ten Business Days after such notification by Transporter, the existing Shipper must notify Transporter of its intent to match the best offer(s). If the existing Shipper does not agree to match the best offer(s), then the existing Shipper relinquishes all rights to such capacity. Transporter may enter into a TSA with the bidder(s) submitting the highest offer(s). However, Transporter shall not be required to enter into a TSA that is at less than Transporter's applicable maximum Tariff rate.
- (f) Continuation if No Firm TSA is Executed. If Transporter does not execute a firm TSA with a competing Shipper on or before the expiration of the existing Shipper's TSA, the existing Shipper shall have the right to continue service at Transporter's maximum applicable Tariff rate for an agreed term between the Parties.
- (g) Evergreen Rights. Transporter and Shipper may mutually agree to an evergreen provision in the TSA that would allow the TSA to go beyond its primary term with the mutual consent of the parties. If the TSA contains an evergreen provision, the ROFR provisions of this section will not apply until the TSA has reached the end of the evergreen period. However, if such Shipper has entered into a firm agreement utilizing off-system capacity contracted for pursuant to Section 4.6 below, it may not elect to extend the term of its agreement beyond the term of Transporter's agreement for such off-system capacity.
- (h) Capacity that is sold on an interim basis up to the commencement date of a prospective firm transportation agreement, pursuant to Section 4.3(f) of the General Terms and Conditions, shall not be eligible for a right of first refusal.
- (i) Transporter and Shipper may mutually agree to the early termination of one or more TSAs in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that Transporter and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's EBB as unsubscribed, available capacity prior to the extension.

4.9 Right-of-First-Refusal ("ROFR") (continued)

- (j) Prior to the expiration of the term of a TSA, Transporter and Shipper may mutually agree to an extension of the term of the TSA with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner). To the extent that Transporter and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's EBB as unsubscribed, available capacity prior to the extension. If a TSA has a right-of-first-refusal, the agreement to extend the term must be reached prior to the receipt of an acceptable bid submitted pursuant to Section 4.3 of these General Terms and Conditions.
- (k) When an agreement is subject to a regulatory right of first refusal, contains a contractual right of first refusal, a rollover clause, or an evergreen clause, extension rights apply to each expiring increment of capacity (i.e., on a step-down basis) during the term of the agreement.
- (l) ~~Right of Initial Shippers to~~ Contractual ROFR. For purposes of this section, Transporter and any Shipper may agree to include a contractual right of first refusal in a whose TSA, which would allow Shipper to exercise a right of first refusal where the regulatory right would not apply was included in the Docket No. CP03-302-000 certificate proceeding and the CP04-345-000 expansion proceeding is an Initial Shipper.
- (i) If a TSA includes Lease Capacity as defined in Section 3.6 of the Rate Schedule and does not otherwise qualify for a regulatory ROFR, such TSA shall not be eligible for a ROFR, unless Transporter and Shipper agree to a conditional contractual ROFR. Such contractual ROFR will be conditioned on the availability of the Lease Capacity and the remaining term of Transporter's underlying agreement for such capacity. Notwithstanding Section 4.9(a)(iii) of the General Terms and Conditions, Initial Shippers shall have a Right of First-Refusal pursuant to this Section 4.9 of the General Terms and Conditions exercisable at the end of the term of the Initial Shippers' TSAs.

4.10 Creditworthiness

- (a) **Creditworthiness Requirement.** A Shipper wishing to obtain service must first comply with the creditworthiness requirements of this Tariff.
- (b) **Criteria for Creditworthiness Determination**
 - (i) Acceptance of a Shipper's request for service and the continuation of service are contingent upon the Shipper satisfying, on an on-going basis, a credit appraisal by Transporter.
 - (ii) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested service agreement.
 - (iii) A Shipper will be deemed creditworthy if: (i) it's senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's"), (ii) Shipper's short term and long term outlook opinion is Stable or Positive from S&P or Moody's, and (iii) the sum of 12 Months of anticipated charges under a firm or interruptible TSA is less than 10% of Shipper's tangible net worth. In the event Shipper is rated by multiple agencies, the lowest rating shall be used. If the Shipper has multiple TSAs with Transporter, then the total of all such TSAs shall be considered in determining creditworthiness.
 - (iv) If Shipper is not rated by S&P or Moody's but has a parent that can satisfy the requirements of Section 4.10(c), then a Shipper may use its parent's credit rating and financial strength if a guarantee acceptable to Transporter is provided.
- (c) If Shipper is unable to satisfy the requirements of Section 4.10(d), Transporter will perform a creditworthiness review. As a part of this review, Transporter may require, either with the request for service or at any future time as Transporter deems necessary to conduct on-going credit evaluations of Shipper, that the Shipper provide Transporter with additional information to allow Transporter to determine the Shipper's creditworthiness.

If the service under review involves service under an existing TSA, Shipper must provide the additional information within five Business Days of the request for such information. If the service under review involves service under a new TSA, the information must be provided before Shipper's request may be deemed a valid request for service.

4.10 Creditworthiness (continued)

- (d) Transporter may request Shipper provide any or all of the following information:
- (i) a copy of Shipper's audited financial statements for the previous two fiscal year ends certified by the Chief Financial Officer or Chief Accounting Officer of the Shipper (which certificate shall state that such financial statements fairly present the financial condition and results of operations of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Shippers, prepared in accordance with equivalent standards;
 - (ii) a copy of Shipper's financial statements for the most recent period available, which may be unaudited, but if unaudited, must be signed and attested by Shipper's President and Chief Financial Officer as fairly representing the financial position of the company;
 - (iii) Shipper shall provide a bank reference and at least two trade references. The results of reference checks and any credit reports submitted herein must show that Shipper's obligations are being paid on a reasonably prompt basis;
 - (iv) Shipper shall confirm in writing that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction;
 - (v) Shipper shall provide a list of owners and/or shareholders of the entity, if privately held.

4.10 Creditworthiness (continued)

- (e) If Shipper is unable to satisfy the requirements of Sections 4.10(b)(iii) and 4.10(c), it must provide and maintain adequate credit assurance satisfactory to Transporter in order to be granted a request for new service or to continue service under an existing TSA. If the service under review involves service under an existing TSA with a Shipper that has failed to demonstrate creditworthiness, the Shipper must bring its account with Transporter current by paying all past due invoice amounts owed to Transporter and provide, within five Business Days, payment in advance of one Month's anticipated charges in order to continue service for the current Month and within 30 calendar Days, the Shipper must provide the next three Months of credit assurance to continue service. Adequate assurance shall include at least one of the following at Shipper's election:
- (i) an irrevocable letter of credit to Transporter, satisfactory to Transporter, verifying the Shipper's creditworthiness;
 - (ii) a deposit in advance for the service under review;
 - (iii) a grant to Transporter of a security interest in collateral found to be satisfactory to Transporter; or
 - (iv) a guarantee acceptable to Transporter, by another person or entity which satisfies credit appraisal.
- Such letter of credit, deposit, security interest or guarantee shall be equal to three Months of the highest estimated reservation and commodity charges to include estimated charges for Natural Gas imbalances during the term of the service agreement. Upon Shipper's establishment of an acceptable credit record pursuant to Sections 4.10(b)(iii) or 4.10(c) or upon expiration of the TSA, Transporter shall return Shipper's letter of credit, deposit, security interest, or guarantee as applicable. If Transporter returns a deposit to Shipper, Transporter shall pay interest to Shipper at rates set pursuant to 18 CFR Section 154.501(d).
- (f) If Shipper is found to be non-creditworthy, Transporter will inform Shipper, in writing upon Shipper's request, of the reasons for the determination.
- (g) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for a request for new service, Transporter may deny the Shipper's request.
- (h) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for service under an existing TSA, Transporter may, without waiving any rights or remedies it may have, terminate service upon 30-Day written notice using the notice procedures of Section 12.6 of the General Terms and Conditions.

4.10 Creditworthiness (continued)

- (i) Transporter may determine in its reasonable discretion that a Shipper that requests new service is not creditworthy to receive such service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past TSAs and Shipper has defaulted on such payments per the terms of Section 12 of the General Terms and Conditions.
- (j) If a Shipper has multiple TSAs with Transporter and defaults on one TSA, Transporter may deem a default by Shipper on that one TSA as a loss of creditworthiness on any other TSA the Shipper has with Transporter.
- (k) Notwithstanding any other provision of this section, the Initial Shippers identified in the Docket No. CP03-302-000 proceeding or any Shippers succeeding to such capacity shall demonstrate creditworthiness in an amount equal to at least one year of reservation charges under the TSA. The one-year requirement shall remain in effect until the earlier of the termination of the applicable TSA or when Transporter has been reimbursed for the cost of the new facilities.

4.11 Discounting.

- (a) In the event that Transporter agrees to discount its rate to Shipper below Transporter's maximum rate under Transporter's FT, SEDS, IT, SS, and PAL Rate Schedules, the following discount terms may be reflected on the applicable service agreements and will apply without the discount constituting a material deviation from Transporter's Form of Service Agreement; provided, however, that any such discounted rates set forth below shall be between the minimum and maximum rates applicable to the service provided under the applicable rate schedule. Transporter and Shipper may agree that a specified discounted rate will apply under the following conditions:
 - (i) to specified quantities under the TSA or related scheduled overrun transportation;
 - (ii) to specified quantities achieving or not exceeding a certain level (including parked or loaned quantities withdrawn or paid back on the specific dates mutually agreed to by Transporter and Shipper or pursuant to Section 6.2 of Rate Schedule PAL);
 - (iii) in a specified relationship to quantities actually transported;
 - (iv) to specified quantities during specified periods of time or during specified periods of the year;
 - (v) to specified quantities at specific receipt or delivery points or other geographical locations;
 - (vi) to production reserves committed by the Shipper; and/or

4.11 (a) (continued)

- (vii) that a specific discounted rate is based on published index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points (such discounted rate may be based upon the differential between published prices or arrived at by formula). Any agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., reservation charge or usage charge or both) and any formula will provide a reservation rate per unit of contract demand (Maximum Daily Quantity). To the extent the firm reservation charge is discounted, the index price differential rate formula shall be calculated to state a rate per dth. Furthermore, such discount shall not change the underlying rate design of the service being provided or include any minimum bill or minimum take provision that would have the effect of guaranteeing revenue.

In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is less than the applicable minimum rate due to a change in Transporter's maximum (minimum) rates so that such rate component must be adjusted downward (upward) to equal the new applicable maximum (minimum) rate, then other rate components may be adjusted upward (downward) to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate or are less than the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sheets. Nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

4.12 Negotiated Rate Authority

- (a) Authority and Conditions. The rate or rates to be charged for service pursuant to any rate schedule contained in this Tariff may vary in form or level from the maximum-to-minimum ranges set forth on Statement of Rates sheets of this Tariff, provided:
 - (i) Transporter and Shipper have executed a valid TSA agreeing to such negotiated rate(s) or rate formula,
 - (ii) At the time of execution of such TSA or amendment agreeing to the negotiated rate(s) or rate formula, Shipper had access to service pursuant to this Tariff at the rates then set forth on the Statement of Rates sheets or, in the event of initial construction, Shipper had access to service pursuant to this Tariff at recourse rates and an initial recourse rate estimate was provided in good faith, and

4.12 (a) (continued)

- (iii) Prior to commencing service at such negotiated rate(s) or rate formula, Transporter will have filed a tariff sheet advising the Commission of such negotiated rate TSA, stating the exact legal name of Shipper and specifying the rate or rate formula included in such agreement,
- (b) Impact on Capacity Allocation. To the extent the revenue level pursuant to the negotiated rate(s) or rate formula should exceed the maximum rate for such service stated on the Statement of Rates sheets of this Tariff, Shipper paying such rate(s) shall be treated, for capacity-allocation purposes pursuant to Section 6.5, and for purposes of evaluating ROFR bids pursuant to Section 4.9 of these General Terms and Conditions, as if the rate(s) paid had been equal to the maximum rate for such service stated on the Statement of Rates sheets. The highest rate the Shipper must match for ROFR matching purposes is the maximum rate set forth in this Tariff. Any Shipper, existing or new, paying the maximum tariff rate has the same right to capacity as a Shipper willing to pay a higher negotiated rate. If the negotiated rate is higher than the corresponding maximum recourse rate, the negotiated rate cannot be used as the price cap for release capacity pursuant to Section 9 of these General Terms and Conditions.
- (c) Accounting for Costs and Revenues. Transporter will maintain accounting records so that revenues can be tracked to each negotiated rate transaction
- (d) Subject to the limitations set forth below, Transporter may seek to include negotiated rates in a discount-type adjustment to the level of Transporter's recourse rates in general rate changes initiated by Transporter under Section 4 of the Natural Gas Act and rate changes initiated by others under Section 5 of the Natural Gas Act. Transporter may seek to include negotiated rates in such recourse rate adjustment whenever the rate for service is below the posted maximum rate for service under the applicable rate schedule for all or part of the 12-Month base period and/or the nine Month adjustment period for such rate change proceeding. However, if the negotiated rate TSA(s) was/were not in effect during the base period, such discount may still be requested in the recourse rate adjustment when the rate for service under the negotiated rate TSA is projected to be in effect with rates below the otherwise applicable maximum recourse rate as of the end of the 9-Month adjustment period applicable to such rate proceeding.
- (e) A discount adjustment to recourse rates shall only be allowed to the extent that Transporter can meet the standards required of an affiliate discount-type adjustment including requiring that the Transporter shall have the burden of proving that any discount granted is required to meet competition.

4.12 (continued)

- (f) Transporter shall be required to demonstrate that any discount-type adjustment does not have an adverse impact on recourse rate Shippers.
 - (i) Demonstrating that, in the absence of Transporter's entering into such negotiated rate TSA providing for such discount, Transporter would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or
 - (ii) Making another comparable showing that the negotiated rate discount contributes more fixed costs to the system than could have been achieved without the discount.
- (g) Transporter may also seek to include in a discount-type adjustment negotiated rate TSA that were converted from pre-existing discounted Part 284 agreements to negotiated rate TSAs.
- (h) This provision does not allow Transporter and Shipper to negotiate terms and conditions of service.

4.13 Statutory Regulation

The respective obligations of Transporter and Shipper under the TSA are subject to the laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

4.14 Assignments

- (a) Assignable Parties. A Shipper may assign its TSA to:
 - (i) any person, firm, or corporation acquiring all, or substantially all, of the Natural Gas business of said Party;
 - (ii) a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities; but it may not be otherwise assigned without the consent of the other Party hereto. Whenever any corporation is referred to herein, such reference shall be deemed to include the successors and assignees of such corporation.
- (b) If a Shipper wishes to assign a portion or all of its firm capacity under a TSA to a party not described above, it must do so using the capacity release provisions of this Tariff.

- 4.15 Agents. Shipper must provide written notice to Transporter of the name, and any other pertinent information of another person ("Agent") that has agency authority to act for Shipper pursuant to a TSA, in connection with (1) the operation of pipelines, facilities and wells in connection with a TSA under Transporter's rate schedules, (2) Imbalance Management and Critical Conditions as described in the General Terms and Conditions and/or (3) other matters covered by a TSA. If the Agent has authority under (1) and (2) above, operating notices shall be served on the Agent alone. When using an Agent, the Shipper remains bound by its obligations under a TSA. Further, commitments made by the Agent on behalf of the Shipper are binding on the Shipper as if made by the Shipper. The Shipper must provide prompt written notice of the termination of the agency.
- 4.16 Termination Obligations. Termination of a firm or interruptible TSA, SS Agreement, PAL, or HSP Agreement shall not relieve Shipper or Operator, as applicable, of the obligation to pay money due to Transporter or to correct any volume imbalances. All warranties and indemnities shall survive the termination of the TSA or Agreement.
- 4.17 Regulatory Authority: All services shall be performed pursuant to 18 CFR 284.221 authority, unless Shipper elects service to be performed pursuant to 18 CFR 284.101 (Section 311) authority. In that event, Transporter shall only accept, and Shipper shall only make, nominations for service to be performed pursuant to 18 CFR 284.101 (Section 311) in accordance with the regulations governing the provisions of such service, and after Transporter has received an "on behalf of" letter acceptable to Transporter.
- 4.18 Governing Law: The laws of the State of Colorado shall govern the validity, construction, interpretation and effect of TSAs and of the applicable Tariff provisions. TSAs are subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

6. NOMINATIONS AND SCHEDULING PROCEDURES

6.1 Nomination Cycles (All times are Central Clock Time.) Except as provided below for certain nominations, Transporter will support the NAESB WGQ Standard 1.3.2 nomination cycles, as modified for the extension of the deadline for nominations to leave control of the nominating party (nomination deadlines) for an additional fifteen minutes. All times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard No. 0.3.17.

All nominations requiring Transporter to coordinate nominations across multiple pipelines shall submit nominations in accordance with NAESB WGQ Standard 1.3.2.

(a) The Timely Nomination Cycle

On the day prior to gas flow:

- 1:15 p.m. Nominations leave control of the Service Requester (SR);
- 1:30 p.m. Nominations are received by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Transporter sends the quick response to the SR;
- 4:30 p.m. Transporter receives completed confirmations from confirming parties;
- 5:00 p.m. SR and point operator receive scheduled quantities from the Transporter.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard No. 1.3.2(i))

(b) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:15 p.m. Nominations leave control of the SR;
- 6:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 6:30 p.m. Transporter sends the quick response to the SR;
- 8:30 p.m. Transporter receives completed confirmations from confirming parties;
- 9:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard No. 1.3.2(ii))

(c) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:15 a.m. Nominations leave control of the SR;
- 10:30 a.m. Nominations are received by the Transporter (including from TTTSPs);
- 10:30 a.m. Transporter sends the quick response to the SR;
- 12:30 p.m. Transporter receives completed confirmations from confirming parties;
- 1:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

6.1 (continued)

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day. (NAESB WGQ Standard No.1.3.2(iii))

(d) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:45 p.m. Nominations leave control of the SR;
- 3:00 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 3:00 p.m. Transporter sends the quick response to the SR;
- 5:00 p.m. Transporter receives completed confirmations from confirming parties;
- 5:30 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day. (NAESB WGQ Standard No. 1.3.2(iv))

(e) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:15 p.m. Nominations leave control of the SR;
- 7:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 7:30 p.m. Transporter sends the quick response to the SR;
- 9:30 p.m. Transporter receives completed confirmations from confirming parties;
- 10:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle. (NAESB WGQ Standard No. 1.3.2(v))

(f) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv) and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post (NAESB WGQ Standard 1.3.2(vi)).

(g) Show in Section 1 of Part VI: Illustrations is a representation of NAESB WGQ Standard 1.3.2 in tabular format.

(h) Reserved.

- 6.2 Nomination Procedures. Nominating parties will submit nominations to Transporter in accordance with the procedures and conditions set forth in this section. However, Transporter reserves the right to accept nominations after the deadlines specified in Section 6.1, provided that no Shipper will be disadvantaged by such action.
- (a) All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only (NAESB WGQ Standard 1.3.7).
 - (b) All nominations should include Shipper defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, Shippers should have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of Shipper's contract (NAESB WGQ Standard 1.3.5). For the date specified in the nomination, all nominations received by Transporter at or prior to a nomination deadline for that date shall be processed in the next available nomination cycle pursuant to this section.
 - (c) Intraday Nomination Requirements.
 - (i) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles (NAESB WGQ Standard 1.3.32).
 - (ii) Intraday nominations are to be submitted in full-Day quantities.
 - (iii) Firm intraday nominations shall be scheduled ahead of previously scheduled interruptible nominations in the Evening, Intraday 1 and Intraday 2 Nomination Cycles. Application of this provision will result in such interruptible nominations being Bumped.
 - (iv) Flow Day Diversion. Subject to the limitations set forth in the applicable rate schedule, during any intraday nomination cycle of the Gas Day a shipper moving gas pursuant to this Tariff may use the Flow Day Diversion process to divert scheduled quantities to a new receipt or delivery point as detailed in this Section 6. Such diversion is limited to the elapsed pro rata scheduled quantities, as applicable.

6.2(c) (continued)

(A) Flow Day Diversion Options

- (1) A Shipper may divert scheduled quantities to a new receipt point upstream of a Segment.
- (2) A Shipper may divert scheduled quantities to a new delivery point downstream of a Segment.
- (3) Flow Day Diversion is not available for quantities scheduled at off-system locations nominated pursuant to General Terms and ~~Conditions~~ Section 4.6.

(B) Conditions of Flow Day Diversion

- (1) Shipper shall divert scheduled quantities under the same Transportation Service Agreement as quantities scheduled for the Gas Day.
- (2) All nominations on a Transportation Service Agreement, including prior-cycle nominations and new intra-day nominations, shall be evaluated against quantities scheduled at a location(s) and on a Segment(s) available in the most recent intraday cycle.
- (3) At Shipper's option, the Flow Day Diversion nomination may include changes to upstream/downstream transaction information, including package identification and rank.
- (4) All nominations are evaluated based on the requirements of General Terms and Conditions Section 6.3.
 - (a) To the extent the sum of nominations for a transportation service agreement does not exceed ~~s~~ the previously scheduled capacity for that Transportation Service Agreement, at a location or on a Segment, such nominations shall be processed as previously scheduled in the intraday cycle.
 - (b) If the sum of the nominated quantities on a Transportation Service Agreement in an intraday cycle exceeds the previously scheduled capacity at a location or on a Segment, such additional quantities shall be processed as incremental nominations and scheduled pursuant to GT&C Section 6.3.

6.2(c) (continued)

- (v) Transportation Service Providers should provide affected Parties with notification of Intraday Bumps, Operational Flow Orders, and other Critical Notices through the affected Party's choice of Electronic Notice Delivery Mechanism(s) (NAESB WGQ Standard 5.3.34). "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM (NAESB WGQ Standard 5.2.2).
- (vi) Intraday Bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced (NAESB WGQ Standard 1.3.51).
- (vii) Scheduling of intraday nominations shall be based on the elapsed pro rata scheduled quantities. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform Hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).
- (viii) Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas (NAESB WGQ Standard 1.3.11). However, requests for decrease in flow shall only be accepted to the extent they do not represent a decrease below previous confirmed quantities which would have flowed on the requested Gas Day prior to the nominated decrease, assuming even Hourly flow rates. Intraday nominations do not rollover (i.e. Intraday nominations span one Day only). Intraday nominations may be used to nominate new supply or market (NAESB WGQ Standard 1.3.33).
- (ix) Transporter will re-determine scheduled quantities, pursuant to the scheduling priorities of Section 6.3, at the Evening, Intraday 1, Intraday 2 and Intraday 3 Nomination Cycles when such scheduled quantities are affected by a discount requested by Shipper and granted by Transporter. Such re-determination may cause a discounted firm Shipper that receives a discount after Gas has been scheduled to be Bumped.
- (x) Scheduling of Intraday Nominations. For purposes of determining the portion of any intraday nomination which is to be scheduled when available capacity is not sufficient to schedule all confirmed quantities, all intraday nominations shall first be cumulated with all prior confirmed daily and intraday nominations for that gas Day and compared to Shipper's MDQ. For the intraday nomination being processed, if the cumulated nomination quantity is in excess of MDQ, that portion of the quantity in excess of MDQ and any subsequently processed intraday nomination under that TSA shall be considered as using overrun capacity.

6.2(c) (continued)

- (xi) Scheduling of Pool Nominations. When required by capacity constraints, nominations related to pooling agreement(s) shall be based on the priorities of the Downstream Shipper's service agreement(s). When appropriate, such capacity allocations may supersede the priority ranking provided by the Pooler.
- (d) Nominated Imbalance Quantities. Shippers shall separately nominate makeup and payback quantities to resolve imbalances.
- (e) Overrun Nominations. Overrun quantities should be requested on a separate transaction (NAESB WGQ Standard 1.3.19). However, in the event that such excess quantities are included in other nominations, the excess portion of such nomination will be scheduled pursuant to Section 6.5.
- (f) Responsibility for Nominated Quantities. When submitting nominations, the nominating party/Shipper is responsible for assuring that nominations are made in good faith and that sufficient gas supplies are available at the nominated receipt point(s). Pursuant to the procedures specified above, Transporter will verify nomination information with the Interconnecting Party and will determine the confirmed quantity. Transporter is not responsible for assuring that the confirmed quantities are actually tendered to Transporter at the receipt point(s).
- (g) Accuracy of Nominated Quantities. The nominating party/Shipper is responsible for the accuracy of nomination data. If Transporter determines that the confirming party/Shipper is consistently nominating greater quantities than the capacity of the meter or the party's ability to take such quantities, Transporter will reduce such nominations to the level of the most recent takes at that location.
- (h) Transporter's Obligation to Deliver. For any gas Day, except as provided for no-notice transportation service under Rate Schedule SEDS, Transporter shall not be obligated to deliver any greater quantity than it has confirmed and received. Further, Transporter is not obligated to increase or decrease quantities at any receipt or delivery point which have not been confirmed.
- (i) Pooling Nominations. Except when noted below, all nominations related to Pools are subject to the nomination procedures set forth in GT&C Section 6.2.
 - (i) With respect to nomination procedures, all Pooling nominations will identify the Pool as the delivery point.
 - (ii) With respect to daily and intraday nomination and confirmation schedules, the Pooler is responsible for submission of appropriate Pooling nominations to support confirmation of the Pool.
 - (iii) With respect to nominated imbalance quantities, Poolers may not nominate out of balance, except to resolve existing imbalances.

- 6.3 Scheduling of Receipt and Deliveries. Each Day, Transporter shall schedule the quantities nominated by Shippers in the order described hereinafter. Transporter shall schedule the lesser of the nominated quantity or the confirmed quantity. The following provisions shall not apply to no-notice transportation provided under Rate Schedule SEDS.
- (a) The first quantities scheduled shall be those quantities nominated and confirmed for service under Rate Schedules FT and SEDS ~~for transportation service~~ utilizing Primary Capacity. If Transporter has insufficient capacity to schedule all nominated quantities as Primary Capacity, Transporter shall schedule pro rata based on contract entitlement at the point at which the capacity limitation occurs.
 - (b) The next quantities scheduled shall be those nominated and confirmed under Rate Schedules FT and SEDS ~~for transportation~~ service involving Flow Path Secondary Capacity.
—Quantities using Flow Path Secondary Capacity will be scheduled based on the reservation rate being paid, with the highest rate being scheduled first. Shippers paying the same reservation rate shall be scheduled on a pro rata basis based on nominated quantities.
 - (c) The next quantities scheduled shall be those quantities nominated and confirmed for service under Rate Schedules FT and SEDS ~~for transportation service~~ using Secondary Capacity. Secondary Capacity quantities will be scheduled based on the reservation rate being paid, with quantities at the highest rate being scheduled first. Quantities subject to the same rate shall be scheduled on a pro rata basis based on nominated quantities.
 - (d) The next quantities scheduled shall be those quantities required by Transporter for the operational purchases and sales gas requirements contemplated in Section 29 of the General Terms and Conditions of this Tariff.
 - (e) The next quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule IT. Under this service, a Shipper paying a higher commodity rate than another Shipper shall be scheduled first. Further, within this group, Shippers paying the same commodity rate shall be scheduled pro rata based on nominated quantities.
 - (f) The last quantities scheduled shall be authorized overrun, imbalance quantities under any rate schedule, and quantities nominated and confirmed under Rate Schedule PAL. Quantities not associated with concurrent receipts or deliveries will only be scheduled when supported by Transporter's ability to deliver extra gas from the pipeline system without a concurrent supply or to receive extra gas into the pipeline system without a concurrent delivery.
 - (i) Notwithstanding Section 6.3(e)(ii) below, nominations for withdrawal and payback quantities under Rate Schedules PAL shall be scheduled first before nominations for park and/or loan quantities under Rate Schedules PAL.

6.3(f) (continued)

- (ii) For quantities scheduled within this Section 6.3(f), quantities will be scheduled based on the priority of the TSA or PAL Agreement under which the quantity is being nominated. Quantities nominated under firm TSAs shall be scheduled first in accordance with Section 6.3, as appropriate. Quantities nominated under interruptible TSAs or Rate Schedule PAL Agreements shall be scheduled next with quantities associated with higher commodity rates scheduled before those associated with lower commodity rates. Interruptible and Rate Schedule PAL nominations carrying the same commodity rate shall be scheduled pro rata based on the quantities nominated.

6.4 Confirmation Procedures

- (a) Confirmations issued during each scheduling cycle shall be treated as scheduled quantities at the point of interconnection. If a confirmation from an Interconnecting Party is received after final quantities are scheduled, the resulting imbalance will be carried on the Shipper's TSA unless the Interconnecting Party agrees to accept the scheduled quantities on its operational balancing agreement during the Intraday 3 Nomination Cycle.
- (b) With respect to the confirmation process for intraday nominations, the following provisions apply:
 - (i) Requests for Increases. In the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the previously scheduled quantity should be the new confirmed quantity.
 - (ii) Requests for Decreases. In the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

6.5 Allocation of Capacity

Where transportation service is interrupted due to capacity limitations, service shall be interrupted pursuant to the following order until the level of scheduled service equals available capacity. Transporter shall provide as much notice as is practicable prior to implementing any interruption of services.

- (a) All overrun quantities on a pro rata basis.
- (b) The next quantities to be interrupted shall be those quantities nominated as imbalance quantities under any rate schedule and Rate Schedule PAL quantities. Such quantities shall be interrupted based on the priority of the TSA under which the quantity is being nominated. Quantities nominated under interruptible TSAs or Rate Schedule PAL Agreements shall be interrupted first with quantities associated with lower commodity rates interrupted before those associated with higher commodity rates. Interruptible and Rate Schedule PAL nominations carrying the same commodity rate shall be allocated pro rata based on the quantities scheduled. Quantities nominated under firm TSAs shall be interrupted next on a pro rata basis based on quantities scheduled.
- (c) The next quantities to be interrupted shall be those quantities nominated as interruptible service. The allocation of capacity will be based on the commodity rate being paid. A service at a lower rate than another service shall be interrupted first. Further within this group, Shippers that are paying the same commodity rate shall be allocated pro rata based on quantities scheduled.
- (d) The next quantities to be interrupted shall be those quantities required by Transporter for the operational purchases and sales gas requirements contemplated in Section 29 of the General Terms and Conditions of this Tariff.
- (e) The next quantities to be interrupted shall be those quantities utilizing Primary, Flow Path Secondary and/or Secondary Capacity (including imbalance payback quantities within firm entitlements). Reductions during the Evening Nomination Cycle will be interrupted using the scheduling priorities in Section 6.5 for firm ~~transportation~~ services. Reductions occurring after the Evening Nomination Cycle will be interrupted pro rata based on contract entitlements at the point at which the capacity limitation occurs. For purposes of this section, contract entitlement involving non-Primary Capacity shall be the quantity scheduled to flow before the interruption of service.

6.6 Title Transfer Tracking Service

- (a) Transporter shall provide one or more pools for purposes of facilitating the aggregation and disaggregation of gas received into its system. The process of aggregating and disaggregating gas receipts shall be deemed pooling.
 - (b) At a minimum, Transporter should be responsible for accommodating Title Transfer Tracking ("TTT") services at all points identified by the Transporter as pooling points, where TTT services are requested. In absence of existing pooling points or in addition to existing pooling points where access to TTT activity is not reasonably accessible for supply receipt locations covered by an OBA, Transporter should be responsible for accommodating TTT at no less than one location. (NAESB WGQ Standard 1.3.64)
 - (c) The Title Transfer Tracking services should be supported by means of the nominations, quick responses and scheduled quantities processes. At Transporter's election, the confirmation process may also be utilized with Title Transfer Tracking Service Providers within Transporter's System. (NAESB WGQ Standard 1.3.65)
 - (d) Transporter shall provide service as a Title Transfer Tracking Provider ("TTTSP") at its designated pooling points. Parties wishing to transfer title to other parties using Transporter's TTT services must hold a pooling account with Transporter. Third Party Account Administrators ("3PADS") must hold a pooling account with Transporter and must follow the procedures and requirements for nominations, quick responses and scheduled quantities.
 - (e) Transporter may facilitate TTT service(s) at individual locations where such service(s) is requested.
- 6.7 Protection of Life and Property. Transporter and Shipper shall collaborate in making adjustments to receipt quantities or delivery quantities, if possible, which may be necessary to avoid or forestall injury to life and property.
- 6.8 Liability for Interruption. If service under this Tariff is interrupted consistent with this section, Transporter shall not be liable for damages resulting from the implementation of the procedures described herein, except to the extent that such interruptions of service are shown to be the result of negligence or misfeasance by Transporter.

8. OPERATING PROVISIONS

8.1 FIRM SERVICE

(a) Segmentation of Capacity

- (i) **Applicability.** Any Shipper receiving firm transportation service under Rate Schedule FT or firm nominated transportation service under Rate Schedule SEDS may Segment its capacity pursuant to the provisions and restrictions of this section and Rate Schedule SEDS.
 - (A) Segmentation may be accomplished on a self-implementing basis, by nomination or capacity release.
 - (B) Segmentation may be accomplished on Transporter's System by specifying the desired Segmentation receipt and delivery points. Transporter shall permit such Segmentation if the provisions in Section 8.1(a)(ii) are met, if capacity is available, and if such Segmentation request can be supported without adversely affecting system operations or other firm obligations. Any new receipt or delivery points established by Segmentation will not affect Shipper's entitlements at existing receipt and delivery points except as adjusted by capacity release, and are deemed to be Segmentation receipt and/or delivery points, as appropriate. If the Segmentation involves the release of capacity, then the requirements of Section 9 must be met.
- (ii) **General Prerequisites for Segmentation.** To maintain the integrity and reliability of Transporter's system, the following prerequisites for Segmentation have been established to ensure that Segmentation is supported to the greatest extent possible without detriment to, or degradation of, any Shipper's service.
 - (A) Segmented capacity may not exceed Shipper's MDQ, except as provided below.
 - (B) Segmentation is subject to the availability of capacity and existing contractual obligations at and between the new receipt point(s) and/or delivery point(s) established as a result of Segmentation.
 - (C) The thermal content of gas being received at Segmented points must be no less than the thermal content of gas received at the original receipt point under the Shipper's TSA.

8.1(a)(ii) (Continued)

- (D) Shipper may nominate and tender and Transporter may confirm and receive quantities pursuant to Segmentation transactions which exceed Shipper's MDQ. However, the quantity of capacity usage on any Segment which exceeds Shipper's MDQ shall be considered Overrun Gas and shall be invoiced at the applicable maximum Authorized Overrun Rate.
- (iii) Implementation of Segmentation.
- (A) Segmentation transactions for which the receipt or delivery point lies within Shipper's Primary Receipt-to-Delivery Flow Path are to be scheduled as primary for the portion of the transaction that is within Shipper's Primary Receipt-to-Delivery Flow Path and Flow Path Secondary for the portion of the transaction outside such flow path. However, Shipper may request to acquire primary rights at the receipt and/or delivery point from Transporter, pursuant to Section 8.1(b)(ii).
 - (B) Segmentation transactions entirely outside the Primary Receipt-to-Delivery Flow Path are to be scheduled as Secondary Capacity.
 - (C) Both Releasing and Replacement Shippers may utilize Secondary Capacity. However, the combined nominations of such Shippers on any Segment are limited to the original contractual MDQ. Based on the replacement TSA's MDQ, Secondary Capacity on a Segment shall be allocated on a pro rata basis between the Releasing and Replacement Shippers up to the original contractual MDQ. Capacity utilized above the Secondary Capacity Allocation shall be scheduled and invoiced as authorized overrun.
 - (D) As long as FERC's Order No. 637 policies require it, a firm Shipper (or a Releasing Shipper and a Replacement Shipper participating in a capacity release) may Segment its capacity by simultaneously transporting its full MDQ in a forward haul and its full MDQ in a Backhaul to the same delivery point.
 - (E) Control of Segmentation. Transporter reserves the right at any time to control or restrict Segmentation when, in Transporter's sole discretion, such Segmentation would result in a degradation of service or pose a threat to the sound operation of Transporter's System. Such control or restriction may be necessary to ensure that critically sourced gas is available when and where it is needed during times of normal, as well as critical operations.

8.1(a) (Continued)

- (iv) Shipper, utilizing Segmentation point(s) shall pay the applicable maximum reservation and commodity rates for the portion of Shipper's quantities utilizing Segmentation points, unless Shipper has requested and been granted a discount pursuant to Section 3.2 of Rate Schedule FT, Section 4.6 of Rate Schedule SEDS or Shipper's TSA provides otherwise. In no event shall Shipper be entitled to more transportation service than is provided for under the TSA. Shipper's entitlements at the existing primary receipt or delivery points are not affected by Segmentation.
- (b) Flexible Receipt and Delivery Point(s).
- (i) Designation of primary receipt and delivery points. The receipt and delivery points listed in the TSA shall be the Shipper's primary receipt and delivery points. The total receipt point capacity must equal the total delivery point capacity and must equal the MDQ specified in the TSA.
 - (ii) Revision of Primary Points. A firm Shipper may request a permanent change to the primary receipt and delivery point(s) listed in the TSA. Requests for such changes shall be made in writing no less than five Business Days prior to the Day on which Shipper desires such change to be effective. Transporter shall evaluate all requests for changes as promptly as possible and shall grant such changes if capacity is available and the change can be made without adversely affecting system operations or other firm obligations at the new or existing Primary Point(s). For permanent changes to primary receipt and delivery point(s) listed in a Rate Schedule SEDS TSA, Transporter shall grant such changes only if Transporter also has all the required available capacity including Lease Capacity available to support the requested changes, and the proposed receipt and/or delivery point otherwise met the requirements of the service. Any changes in receipt and/or delivery point(s) shall result in a corresponding one-for-one reduction in quantities at the original receipt and/or delivery point(s). Shipper retains no rights to the reduced original points. Transporter may sell such reduced capacity to other Shippers requesting the capacity.
 - (iii) Through the nomination process, Shipper may request transportation service at Secondary Point(s) outside of the Primary Receipt-to-Delivery Flow Path. The Secondary Point(s) may be any receipt and/or delivery point(s). The total quantity of gas transported on behalf of Shipper shall not exceed Shipper's MDQ, unless otherwise agreed to by Transporter.
 - (iv) Discounted Transportation Rates. Unless otherwise agreed by Transporter, pursuant to Section 3.2 of Rate Schedule FT or Section 4.6 of Rate Schedule SEDS, Shipper shall pay the maximum firm transportation charges for service requested at Secondary Points or at revised primary receipt or delivery points.

8.2 Interruptible Service

Obtaining Interruptible Service. After receiving a valid request for interruptible service, Transporter will evaluate Shipper's request and respond to Shipper within five Business Days. Once the request has been evaluated and approved, Transporter will prepare and tender to Shipper, electronically or in writing, an agreement for execution.

9. CAPACITY RELEASE PROGRAM

- 9.1 Purpose. This section sets forth the specific terms and conditions applicable to Transporter's capacity release program. Unless otherwise stated in this Section 9, all times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard No. 0.3.17.
- 9.2 Applicability. This section is applicable to any Releasing Shipper(s) or any Replacement Shipper(s) who elect to release all or a portion of its firm capacity under Rate Schedules FT and SEDS. Releasing Shipper(s) shall have the right to release, on a permanent or temporary basis, any portion of its firm capacity rights held under a TSA with Transporter, but only to the extent that the capacity so released is acquired by another Shipper pursuant to this section.
- 9.3 Availability of Released Capacity. Released capacity shall be made available on a non-discriminatory basis and shall be assigned on the basis of an open season or prearrangement in accordance with the procedures of this section and, where appropriate, the applicable NAESB WGQ Standards.
- 9.4 Qualification for Participation in the Capacity Release Program. Any party, whether seeking to acquire capacity under bid or a prearranged release, must be pre-qualified by Transporter prior to submitting a bid for released capacity. To be pre-qualified, a Shipper must satisfy the creditworthiness requirements of this Tariff. Notwithstanding such qualification to participate in the capacity release program, Transporter does not guarantee the payment of any outstanding amounts by a Replacement Shipper.
- 9.5 (a) Releases Assigned On the Basis of An Open Season. A Shipper electing to release capacity on the basis of an open season must post notice of release on Transporter's EBB pursuant to Section 9.7 hereof. Such notice shall be posted upon receipt unless Releasing Shipper requests otherwise.
- (b) The capacity release timeline (NAESB WGQ Timeline) applies to all parties involved in the capacity release process provided that 1) all information provided by the parties to the transaction is valid and the acquiring Shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided the Transportation Service Provider (TSP) with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, the TSP may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the Transportation Service Provider. (NAESB WGQ Standard No. 5.3.1) Furthermore, the release must comply with the Bid Evaluation Methods described in Sections 9.11(d)(i) through (iii), hereof (Note 1):

9.5 (b) (continued)

NAESB WGQ Standard 5.3.2:

For biddable releases (one (1) year or less):

- (i) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day (evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken).
- (iii) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (iv) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 p.m. Noon.
- (v) The contract is issued within one Hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than one (1) year):

- (vi) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (vii) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- (viii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (ix) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (x) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- (xi) The contract is issued within one Hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

9.5 (b) (continued)

For non-biddable releases:

(xii) The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- Timely Cycle 12:00 Noon
- Evening Cycle 5:00 p.m.
- Intraday 1 Cycle 9:00 a.m.
- Intraday 2 Cycle 1:30 p.m.
- Intraday 3 Cycle 6:00 p.m.

(xiii) The contract is issued within one Hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

NOTE: (1) Posting of Notices of Release (either under an open season or a prearranged release) is subject to review by Transporter for accuracy, completeness, and validity before being posted.

9.6 Prearranged Releases. Shipper electing to release capacity on the basis of a prearranged release must post notice on Transporter's EBB pursuant to Section 9.8 herein.

- (a) No open season is required for a prearranged release which meets all of the terms of the release and is:
- (i) a release for more than one Year at the maximum reservation rate under the applicable Tariff rate schedule;
 - (ii) a release for any period of thirty-one Days or less;
 - (iii) a release to an asset manager as defined by FERC regulations at 18 C.F.R. 284.8; or
 - (iv) a release to a marketer participating in a state-regulated retail access program as defined by FERC regulations at 18 C.F.R. 284.8. All other prearranged releases shall be subject to an open season requirement contained in Section 9.5 hereof.
- (b) A Releasing Shipper may not re-release capacity that is a rollover or extension of a release of thirty-one Days or less to the same Replacement Shipper until twenty-eight (28) Days after the first release period has ended. The 28-Day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding in this Section 9.6.

- 9.6 (continued)
- (c) A Shipper electing to release capacity on a prearranged basis not subject to an open season must post the notice of release on Transporter's EBB pursuant to the timeline for non-biddable releases in Sections 9.5(b)(xii) - (xv).
- 9.7 Notice by Shipper Electing to Release Capacity On An Open Season Basis. Any Shipper holding capacity rights subject to this Section 9 who desires to release such firm capacity on an Open Season Basis shall deliver notice via Transporter's EBB which shall contain the following:
- (a) Releasing Shipper's legal name, contract number, and the name of the individual responsible for authorizing the release of capacity;
- (b) The maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;
- (c) the receipt and delivery point(s) at which the Releasing Shipper will release capacity and the firm capacity to be released at each such point;
- (d) whether capacity will be released on a recallable or a recallable and reputtable (returned to the Replacement Shipper) basis (subject to minimum terms and conditions in Section 9.12). Recall and reput terms must be objectively stated, nondiscriminatory, and applicable to all bidders. The Transportation Service Provider should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day (NAESB WGQ Standard 5.3.51).
- (e) the requested effective date and the term of the release (minimum term of release is one Day);
- (f) whether the Releasing Shipper is willing to consider release for a shorter time period than that specified in (e) above, and, if so, the minimum acceptable period of release;
- (g) whether the Releasing Shipper desires bids for the released capacity to be stated in a dollar amount per Dth, as a percentage of Transporter's maximum Reservation Rate as in effect from time to time; or an index-based formula under one of the methods listed below, in conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this choice. Once the choice is made by the Releasing Shipper, the bids should comport with the choice. The methods available for an index-based formula are:
- (i) a percentage of the formula,
- (ii) a dollars and cents differential from the formula, or
- (iii) a dollars and cents differential from the Rate Floor;

9.7 (continued)

- (h) whether the Releasing Shipper desires to release capacity on a volumetric Reservation Rate Basis, and, if so, the minimum acceptable rate and, if applicable, any minimum volumetric load factor commitment-, or as an index-based formula.. (Capacity releases made on a volumetric rate basis cannot be re-released by the Replacement Shipper);
- (i) the applicable maximum reservation rate for capacity being released as shown on Transporter's Statement of Rates or as an index-based formula;
- (j) if Releasing Shipper is willing to consider releasing capacity at less than maximum reservation rate stated in (i) above, and if so, the minimum reservation rate Releasing Shipper is willing to accept;
- (k) Reserved.
- (l) whether the Releasing Shipper wants Transporter to market the capacity in accordance with Section 9.17 hereof;
- (m) for releases posted to comply with the NAESB WGQ Timeline as shown in Section 9.5(b) hereof, the Releasing Shipper shall select one of the following bid evaluation methods which are described more fully in Section 9.11(d):
 - (i) Present Value
 - (ii) Highest Rate
 - (iii) Net Revenue
- (n) In lieu of the methods described in Section 9.7(m) above, the Releasing Shipper may provide its own nondiscriminatory bid evaluation criteria; except that Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation method.
- (o) The time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff or by the Releasing Shipper, if Releasing Shipper requests a longer open season or an earlier posting than is required in Section 9.5). After the open season has commenced, a Releasing Shipper cannot specify the extension of an open season bid period without posting a new release;
- (p) whether the Releasing Shipper is willing to accept contingent bids;
- (q) Releasing Shipper shall elect one of the following:
 - (i) establish minimum terms of the release and display them on the electronic bulletin board; or

- 9.7 (continued)
- (ii) establish minimum terms of the release and keep such terms confidential (i.e., not post them on the electronic bulletin board) but Bidding Shippers will be informed on the EBB that minimums have been established;
 - (iii) establish no minimum terms; Releasing Shipper will accept highest bid received for the release.
 - (iv) any other applicable conditions of the release.
- (r) any other applicable conditions of the release.
- 9.8 Notice by Shipper Electing to Release Capacity on Prearranged Release Basis and Confirmation of Bid by Prearranged Shipper. The Releasing Shipper shall deliver a notice of a prearranged release via Transporter's electronic bulletin board. Likewise, the Prearranged Shipper must confirm its bid electronically on the EBB. The EBB notice shall set forth the following information
- (a) all the items contained in Section 9.7 hereof required to define a prearranged release;
 - (b) Prearranged Shipper's legal name, address, and the name of the individual responsible for authorizing the bid for the prearranged release;
 - (c) the term of the proposed acquisition of capacity by Prearranged Shipper (minimum term of any release is one Day);
 - (d) the reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, or as an index-based formula, as specified by Releasing Shipper, the Prearranged Shipper has agreed to pay for the released capacity and any minimum volumetric load factor, if applicable. In conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has the choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this. Once the choice is made by the Releasing Shipper, the bids should comport with the choice. If capacity is released on a volumetric Rate basis, it cannot be re-released by the Replacement Shipper.
 - (e) the maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;
 - (f) whether or not the Prearranged Shipper is an affiliate of the Releasing Shipper or Transporter;
 - (g) whether or not the Prearranged Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;

9.8 (continued)

- (h) the time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff, if applicable, or by Releasing Shipper, if Releasing Shipper requests a longer open season than the minimum required in Section 9.5 herein).

Releasing Shipper cannot allow extension of time provided for the Prearranged Shipper to match a higher bid (matching period as described in the timeline in Section 9.5 hereof) without posting a new release;

- (i) any other applicable conditions of the prearranged release.

9.9 Term of Released Capacity. The term of any release of firm capacity shall not exceed the term of the TSA or Replacement Capacity Agreement under which the release occurs, nor shall it be less than one Day.

9.10 Bids for Released Capacity Subject to Open Season. A bid may be submitted to Transporter by a Bidding Shipper at any time during the open season via Transporter's EBB.

- (a) Each bid for released capacity must include the following:

- (i) Bidding Shipper's legal name and the name of the individual responsible for authorizing the bid;
- (ii) the term of the proposed acquisition;
- (iii) the maximum reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, as appropriate, or maximum volumetric rate, or the maximum dollars differential or percentage of an index-based formula Bidding Shipper is willing to pay for the released capacity;
- (iv) the capacity desired at primary receipt and delivery points;
- (v) for Segmented capacity release requests, the prerequisites and requirements of Section 8.1(a) must be met.
- (vi) whether or not the Bidding Shipper is an affiliate of the Releasing Shipper or Transporter;

- 9.10 (a) (continued)
- (vii) for prearranged releases, whether or not the Bidding Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;
 - (viii) any other information requested in the notice of release posted on Transporter's EBB;
 - (ix) whether or not the Bidding Shipper will meet all other terms of release (if there are any); and
 - (x) the time and date the bid was submitted to Transporter for posting on Transporter's EBB.
- (b) All valid and complete bid(s) received by Transporter during the open season as detailed in Section 9.5 hereof shall be posted on Transporter's EBB. The identity of the Bidding Shipper(s) will not be posted, but all other terms of the bid(s) will be posted on Transporter's EBB.
- (c) Except as stated in this Section 9.10(c), a Bidding Shipper may not bid a reservation rate less than the minimum reservation rate nor more than the maximum reservation rate applicable to the appropriate rate schedule nor may the capacity or the term of the release of such bid exceed the maximum quantity or term specified by the Releasing Shipper. No maximum rate limitation applies to a release of capacity, including an index-based release, for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release.
- (d) A Bidding Shipper may withdraw its bid any time prior to the expiration of the open season but may not resubmit a bid for the same release at an equal or lower rate. Bids may be withdrawn in writing, interactively via the EBB .
- (e) A Bidding Shipper may only have one bid pending for a capacity release transaction at any one time.
- (f) All bids pending at the expiration of the open season shall be binding upon the Bidding Shipper(s). Further, the Bidding Shipper(s) agrees that its bid will constitute a binding agreement if the Bidding Shipper is awarded the released capacity pursuant to this Section 9.
- (g) Bids shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.13).

- 9.11 Awarding of Released Capacity. Released capacity shall be awarded in accordance with this section.
- (a) If a Bidding Shipper's bid satisfies all terms and conditions specified in the Releasing Shipper's notice, including the posted reservation rate, then the capacity shall be awarded to such Bidding Shipper, and the Releasing Shipper shall not be permitted to reject such bid. If such bid was submitted in an open season relating to a prearranged release, capacity shall be awarded as described in Section 9.11(h) hereof.
 - (b) Offers shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.14). Releasing Shipper(s) may withdraw their offer of release any time prior to the start of the open season, or during the open season in the event of an unexpected change in Releasing Shipper's need for the capacity being released provided, however, that the Releasing Shipper may not withdraw its offer of release, if bids have been received that meet the minimum terms of the release. The Releasing Shipper may withdraw its offer to release capacity via the EBB. In summary, the Releasing Shipper has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made (NAESB WGQ Standard 5.3.16).
 - (c) If more than one bid is received that is equal to or exceeds all the minimum terms and conditions specified in the Releasing Shipper's notice, then the Replacement Shipper(s) shall be the Bidding Shipper(s) who offer(s) the highest bid, based on the bid evaluation methods as posted by the Releasing Shipper in its notice of release. Transporter shall evaluate and rank all bids submitted during the open season. If Bidding Shipper has made a bid based on a contingency and such contingency has not been removed by the date and time specified pursuant to the timeline as described in Section 9.5 hereof, such bid shall be deemed withdrawn. If bids from two or more Bidding Shippers result in bids of equal value, then the capacity shall be awarded pursuant to Section 9.11(g) hereof.

9.11 (continued)

- (d) Bid Evaluation Methods. All bids received will be evaluated pursuant to one of the following methods:
- (i) Present Value Calculation. Releasing Shipper may elect to have all bids evaluated and ranked pursuant to a Present Value Calculation, as follows:

$$R \times \frac{1 - (1 + i)^{-n}}{i} \times V = \text{present value}$$

where: i = interest rate per Month using one-twelfth (1/12th) of the current FERC annual interest rate defined in Section 154.501(d)(1) of FERC's Regulations.
 n = term of the release, in Months
 R = the Reservation Charge(s) and Reservation Surcharge(s) bid
 V = volume stated in dth

- (ii) Highest Rate. Releasing Shipper may elect to have bids evaluated on the basis of the highest reservation rate bid;
- (iii) Net Revenue. Releasing Shipper may elect to have bids evaluated on the basis of the total reservation rate-based revenues received over the term of the release;
- (iv) Other Method. Releasing Shipper may at the time of posting of the notice of release specify how bids are to be evaluated to determine which offer is the best. The criteria must be objectively stated, applicable to all potential bidders, and nondiscriminatory. The criteria can contain provisions that allow for weighting of factors such as quantity, term, and rate; however, Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation methodology. If bid evaluation criteria are provided by the Releasing Shipper, the evaluation period specified in Section 9.5(b) shall be extended by one Business Day.
- (e) For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies an index-based formula in its capacity release offer, the bid rate (R) used in the bid evaluation options of this Section 9.11 will be based on: 1) the dollars and cents differential or percentage of the Rate Default, or 2) the dollars and cents differential of the Rate Floor, as applicable.

9.11 (continued)

- (f) If bid evaluation criteria are provided by the Releasing Shipper, Transporter shall, for each bid received, calculate the total value of each bid received at the end of the open season based on the nondiscriminatory criteria provided by the Releasing Shipper. The results of this calculation shall determine each bid's total value. The bids will then be ranked by Transporter in order from the highest to the lowest total value.
- (g) For bids evaluated using any of the first three methods (Sections 9.11(d)(i) through (iii), above), Transporter shall notify the Releasing Shipper and successful bidder no later than 5:00 p.m. CCT on the Business Day before nominations are due (as specified in Section 9.5, hereof) and the capacity shall be awarded to the successful Bidding Shipper(s) (i.e., the Replacement Shipper(s)).
- (h) If bids from two or more Bidding Shippers result in bids of the highest equal value, the first bid received of highest equal value will be awarded the capacity. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded (NAESB WGQ Standard 5.3.4).
- (i) With respect to a prearranged release, if no better offer (as determined above) is received during an open season or the prearranged offer is for the applicable maximum reservation rate under the applicable rate schedule for a term of more than one year and meets all the other terms of the release, then the Prearranged Shipper shall become the Replacement Shipper for the released capacity. If a better offer is received during the open season, the Prearranged Shipper shall have the time specified in Section 9.5 hereof to match that offer. If the Prearranged Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer, as determined above, shall become the Replacement Shipper.
- (j) A Releasing Shipper shall retain all of the capacity under the executed TSA or Replacement Capacity Agreement that is not acquired by a Replacement Shipper as the result of an open season or a prearranged release.
- (k) If no bids are received which meet or exceed all of the minimum conditions specified by the Releasing Shipper, no capacity shall be awarded.

9.12 Recalls and Reput of Capacity. If capacity is released subject to recall pursuant to Section 9.7(d), in addition to such other terms not inconsistent with this section as are agreed to by the Releasing Shipper and the Replacement Shipper, recall of such capacity shall be subject to the following terms and conditions:

(a) All Transportation Service Providers ("TSPs") should support the following recall notification periods for all released capacity subject to recall rights: (NAESB WGQ Standard 5.3.44)

(i) Timely Recall Notification:

(A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the Day that Timely Nominations are due;

(B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the Day that Timely Nominations are due;

(ii) Early Evening Recall Notification:

(A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. on the Day that Evening Nominations are due;

(B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the Day that Evening Nominations are due;

(iii) Evening Recall Notification

(A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the Day that Evening Nominations are due;

(B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the Day that Evening Nominations are due;

9.12 (a) (continued)

(iv) Intraday 1 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. on the Day that Intraday 1 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the Day that Intraday 1 Nominations are due; and

(v) Intraday 2 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 12:00 p.m. on the Day that Intraday 2 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the Day that Intraday 2 Nominations are due.

(vi) Intraday 3 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

- (b) For recall notification provided to the Transportation Service Provider ("TSP") prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the TSP should provide notification to all affected Replacement Shippers no later than one Hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard 5.3.45)

- (c) Releasing Shipper's notice of recall and reput must be submitted using Transporter's on-line capacity release system.

9.12 (continued)

- (d) The recall notice must detail receipt and delivery point(s) and quantities being recalled. The notification shall also state the length of the recall period and the conditions of any reput rights of the Releasing Shipper and reput obligations of the Replacement Shipper as may have been negotiated at the time of the release (see Section 9.7(d), hereof). Unless otherwise agreed to by the Releasing Shipper and the Replacement Shipper, and Transporter is so advised, the Replacement Shipper will regain the capacity at the end of the recall period.
- (e) In the event of an intraday capacity recall, the Transportation Service Provider ("TSP") should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity ("EPC"). Variations to the use of EPC may be necessary to reflect the nature of the TSP's tariff, services and/or operational characteristics. (NAESB WGQ Standard 5.3.56)
- (f) Unless otherwise agreed between Releasing Shipper, Replacement Shipper, and Transporter, the Releasing Shipper must notify Transporter and Replacement Shipper of its intent to reput the capacity back to the Replacement Shipper. The deadline for notifying the Transportation Service Provider of a reput is 8:00 a.m. to allow for timely nominations to flow on the next gas Day (NAESB WGQ Standard 5.3.54).
- (g) In the event of a reput after a recall period, the Releasing Shipper may not reput capacity at point(s) other than those originally released. When capacity is recalled, it may not be reput for the same gas Day (NAESB WGQ Standard 5.3.53). Unless otherwise agreed to in the terms of the release and Transporter is advised of such condition, the Releasing Shipper may permanently retain capacity at certain Primary Points originally released.
- (h) Transporter shall not assess penalties during non-critical periods on transactions related to quantities recalled during an intraday scheduling cycle.

9.13 Execution of Agreements or Amendments

- (a) The successful bidder (or successful Prearranged Shipper) for capacity shall become the Replacement Shipper and its bid for capacity or posting of prearranged release pursuant to Sections 9.8 and 9.10 shall be binding. The bid submitted by the Replacement Shipper as supplemented by the posting of the notice of capacity release on Transporter's EBB shall constitute the Replacement Capacity Agreement. The Replacement Shipper(s) will gain rights to nominate firm capacity consistent with the capacity acquired from the Releasing Shipper, and for the term as agreed to by the Releasing Shipper and subject to all other terms of the underlying Agreement and Sections 9.7 and 9.8 herein. The Releasing Shipper(s) will relinquish its firm entitlement rights to nominate consistent with the same terms. Replacement Shipper(s) are not permitted to change Primary Receipt or Delivery Point(s) under the Releasing Shipper's Agreement unless the release is permanent and at maximum rates. Replacement Shippers are, however, allowed to make nominations at Secondary Points subject to the same conditions as the underlying agreements, including paying the maximum applicable reservation rate under the applicable Rate Schedule unless a discount is agreed to by Transporter.
- (b) Where capacity has been released for the entire remaining term of the Releasing Shipper's TSA, the Releasing Shipper may request Transporter to amend its TSA to reflect the release of capacity. The Releasing Shipper shall remain bound by and liable for payment of the reservation charge under the TSA unless the Replacement Shipper is paying the maximum reservation rate for the entire contract term, provided that any requisite consent(s) are obtained from applicable financial institution(s).

9.14 Notice of Completed Transactions. Within 48 Hours after the transaction commences, pursuant to Section 9.11, Transporter shall post a Notice of Completed Transaction on its electronic bulletin board for a minimum period of five Business Days. The notice shall include the following information regarding each transaction:

- (a) the name(s) of the Releasing Shipper and the Replacement Shipper (or Prearranged Shipper);
- (b) term of release;
- (c) reservation rate as bid;
- (d) delivery point(s);
- (e) receipt point(s);
- (f) capacity (Dth);
- (g) present value of winning bid(s), if such method for bid evaluation was utilized;

9.14 (continued)

- (h) whether the capacity is recallable and reputtable and, if so, recall and reput terms; and
- (i) whether or not the Replacement Shipper is an affiliate of the Releasing Shipper or Transporter;
- (j) whether or not the Replacement Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8.
- (k) Service may begin on the initial date of the term of the release if nominations are made timely to Transporter and are in accordance with this Tariff.
- (l) Releasing Shipper shall include the tariff reservation rate and all reservation surcharges as a total.

9.15 Effective Date of Release and Acquisition. The effective date of the release by a Releasing Shipper and acquisition by a Replacement Shipper shall be on the date so designated in the Replacement Capacity Agreement (posted term effective date).

9.16 Rates

- (a) The reservation rate(s) for any released firm capacity under Rate Schedule FT or Rate Schedule SEDS shall be the reservation rate(s) bid by the Replacement Shipper. Such reservation rate(s) and reservation surcharge(s) shall not be less than Transporter's minimum or more than Transporter's maximum reservation rate(s) and reservation surcharge(s) under the applicable rate schedule as in effect from time to time, except as noted in Section 9.10(c) of the GT&C.
- (b) Replacement Shipper shall pay the applicable maximum commodity rate in addition to all other applicable charges and surcharge(s) for the service rendered unless otherwise agreed by Transporter. In the event that the Releasing Shipper has agreed to a negotiated rate pursuant to Section 4.12, the Replacement Shipper shall pay the commodity charge(s) applicable to the Releasing Shipper's contract.
- (c) For releases based on a volumetric reservation rate, the minimum and maximum rates shall be computed by converting the reservation rate to a daily rate by multiplying the maximum and minimum reservation rate by 12 Months and dividing that product by 365 Days or 366 Days as appropriate.
- (d) The reservation charge(s) and reservation surcharge(s) for any index-based capacity release shall be determined according to NAESB Standard 5.3.67.

- 9.17 Marketing Fee. A Releasing Shipper may request that Transporter actively market the capacity to be released. In such event, the Releasing Shipper and Transporter shall negotiate the terms of the marketing service to be provided by Transporter and the marketing fee to be charged therefore.
- 9.18 Billing. Transporter will bill the Replacement Shipper the reservation charge(s) and any applicable surcharges specified in the Replacement Capacity Agreement, and the Replacement Shipper shall pay these amounts directly to Transporter. The Releasing Shipper shall be billed the reservation charge(s) and any associated surcharges pursuant to its contract, and, concurrently, Transporter will credit said bill by the reservation charge(s) and applicable surcharge(s) due from the Replacement Shipper. The Releasing Shipper shall also be billed a negotiated marketing fee, if applicable, pursuant to the provisions of Section 9.17 herein. A Replacement Shipper who re-releases acquired capacity shall also pay Transporter's marketing fee, if applicable.

Transporter separately maintains gas flows of Releasing and Replacement Shippers and will directly bill the appropriate Shipper for any overrun and imbalance charges, if applicable. Replacement Shipper shall pay the applicable Tariff maximum commodity rate(s) for service rendered unless otherwise agreed by Transporter.

If a Replacement Shipper fails to make payment to Transporter of the reservation charge(s) and any applicable reservation surcharge(s) due as set forth in Section 12, Transporter shall invoice Releasing Shipper the unpaid (1) reservation rates, (2) surcharges to the reservation rate, (3) other reservation-type charges, and (4) interest charges and late fees associated with such amounts. In addition, the Releasing Shipper may terminate the release of capacity to the Replacement Shipper if such Shipper fails to pay all of the amount of any bill for service under the Replacement Agreement when such amount is due.

- 9.19 Compliance by Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with the terms and conditions of Transporter's certificate of public convenience and necessity authorizing this Capacity Release Program and all applicable Commission orders and regulations. Such Replacement Shipper also agrees to be responsible to Transporter for compliance with all terms and conditions of Transporter's Tariff, as well as the terms and conditions of the Replacement Capacity Agreement.
- 9.20 Obligations of Releasing Shipper. The Releasing Shipper shall continue to be liable and responsible for all reservation charge(s) associated with the released capacity derived from the reservation charge specified in the Releasing Shipper's TSA or Replacement Capacity Agreement. Re-releases by a Replacement Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this section.

- 9.21 Refunds. In the event that the Commission orders refunds of any rates charged by Transporter, Transporter shall provide refunds to Releasing Shippers to the extent that such Shippers have paid a rate in excess of Transporter's just and reasonable, applicable maximum rates. Releasing Shipper will bear the responsibility for providing refunds to the appropriate Replacement Shippers.
- 9.22 Right to Terminate a Temporary Capacity Release
- (a) Using the notice procedures of Section 12.6 of the General Terms and Conditions, Transporter may elect to terminate a Replacement Capacity Agreement upon 30 Days written notice to the Replacement Shipper, and to FERC, under the following conditions.
 - (i) Transporter has or will terminate the Releasing Shipper's service pursuant to (i) the Termination of Service provisions of Section 12.6 the General Terms and Conditions or (ii) the Creditworthiness requirements of Section 4.10 of the General Terms and Conditions; and
 - (ii) The rate stated in the Replacement Capacity Agreement is less than the rate for service under the TSA with the Releasing Shipper.
 - (b) A creditworthy Replacement Shipper may continue an existing Replacement Capacity Agreement by notifying Transporter prior to the end of the 30-Day notice period that it agrees to pay a rate that is the lesser of:
 - (i) the applicable maximum rate; or
 - (ii) the same rate as is in the TSA between Transporter and the Releasing Shipper; or
 - (iii) a mutually agreed upon rate.
- 9.23 Segmented Releases. Shipper may also release capacity using the Segmentation provisions of Section 8.1(a) under the following conditions.
- (a) The Segmented release must be within the Primary Receipt-to-Delivery Flow path.
 - (b) The quantity released does not exceed the MDQ entitlements for that Segment.

9.24 Advertisements. Any person may advertise for the purchase of capacity on Transporter's System on its EBB by submitting the desired advertisement (up to one page) to Transporter. Transporter shall post such advertisement on the Informational Postings portion of its EBB no later than the Business Day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with Transporter's Tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Transporter's System. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release. To release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 9 of these General Terms and Conditions.

10. IMBALANCE MANAGEMENT

- 10.1 Rates of Flow. Unless otherwise agreed, at each receipt and delivery point, quantities tendered or caused to be tendered for Shipper's account in any Hour shall not exceed 1/24th of daily scheduled quantities at such point. However, Transporter may from time to time, on a non-discriminatory basis, permit reasonable operating variations that do not adversely affect other Shippers or operating conditions. If Transporter is unable to accommodate operating variances without adversely affecting other Shippers or system operations, it may reduce the flow into or out of its System by partially or fully closing the valves at the applicable receipt or delivery points.
- 10.2 Imbalance Management and Operating Tolerances.
- (a) Imbalance. For purposes of this section, "imbalance" shall mean the cumulative difference between receipt quantities less FL&U, and the quantities accepted by Shipper or Shipper's designee at the delivery points, resulting from current Month activity plus any beginning of Month imbalance.
 - (b) Balancing Obligations. Daily and monthly balancing of receipt quantities and the quantities delivered to Shipper shall be Shipper's responsibility. Transporter shall, to the extent practicable, deliver quantities for Shipper's account concurrently with the receipt of receipt quantities. At no time shall Transporter be required to receive quantities for Shipper's account in excess of the quantities Shipper or Shipper's designee will accept at the delivery point(s) on a concurrent basis. Similarly, Transporter shall not be required to make quantities available for delivery in excess of the receipt quantities being tendered by Shipper on a concurrent basis.
 - (c) Operating Tolerances. Shipper and Transporter shall manage the receipts and deliveries so that daily and Monthly imbalances shall be kept as near zero as practicable.
 - (d) Notification. Either Party shall notify the other as soon as practicable when it becomes aware that receipts and deliveries are not in balance. Transporter shall formally notify Shipper of allocated receipts, deliveries, and related imbalances, by way of Transporter's EBB as soon as allocated quantities are available.
 - (e) Third Party Imbalance Management Services. Transporter shall accommodate third-party imbalance management services on a non-discriminatory basis as long as these services comply with applicable NAESB WGQ Standards and do not adversely impact system operations. Criteria for third-party services will include compliance with NAESB WGQ nomination and confirmation time lines, and meeting Transporter credit requirements appropriate for the quantity of Shipper imbalance gas for which such third party may be responsible.

10.2 (continued)

- (f) **Imbalances with Other Parties.** Transporter shall not be responsible for eliminating any imbalances between Shipper and any third party, including imbalances between local distribution companies and/or specific end users. Furthermore, Transporter shall not be obligated to deviate from its standard operating and accounting procedures in order to reduce or eliminate any such imbalances.
- (g) **Balancing Upon Termination.** Upon termination of the TSA, any imbalance shall be eliminated through the procedures set forth in this section.
 - (i) Shipper shall have the first five calendar days of the month following the TSA termination date to resolve the terminated TSA imbalance pursuant to this Section 10.3.
 - (ii) Any remaining imbalance at the end of the five-day period of the month following the TSA termination date will be cashed out to eliminate the remaining balance in accordance with Section 10.4(b).
 - (iii) Cash out of terminated TSA imbalances will not be required if a resolution to the imbalance is mutually agreed to in writing prior to the end of the five-day period of the month following the TSA termination date. Any such written imbalance resolution will be agreed to on a not unduly discriminatory basis and posted on Transporter's EBB.
- (h) **Inactive TSA Imbalances.** An Inactive TSA is defined as any TSA with an imbalance that has remained unchanged for a three consecutive month period. Any such Inactive TSA imbalance quantity will be cashed out in accordance with Section 10.4(b). Transporter will provide notice to the Inactive TSA Shipper 15 days prior to the pending cash out.
- (i) **Locations For Which Electronic Measurement Is Not Available.** When measurement information is not available at a location at the time allocations are performed, quantities will be allocated as nominated. If measurement data is received on or before the fifth Business Day of the Month following flow, daily quantities will be reallocated pursuant to the appropriate Pre-determined Allocation procedure for the location. Measurement data which is received after the fifth Business Day of the Month will be used to retroactively allocate quantities at the location. Imbalances resulting from such retroactive allocations will be reflected for the next Month on the appropriate Shipper TSAs.

10.3 Imbalance Adjustments.

- (a) **Imbalance Transfers.** At the end of each Month, Transporter shall, unless otherwise agreed, review each Shipper's TSAs and will transfer imbalances among such TSAs to provide the Shipper with the lowest possible imbalance on all TSAs. Transporter will first transfer imbalances among a Shipper's TSAs under the same rate schedule. Thereafter, Transporter will transfer imbalances among that Shipper's TSAs under all rate schedules. No imbalance under any TSA will be increased as the result of a transfer.
- (b) Upon completion of imbalance transfers, Shipper may elect to trade the remaining imbalance quantity under its TSA in the Imbalance Trade process as described in Sections 10.3(c) and 10.3(d) below.
- (c) **Election for Imbalance Trades.** On or before the ninth Business Day of the Month following the accumulation of an imbalance, a Shipper may notify Transporter of its election to make an imbalance trade. If Transporter does not receive notification, then the imbalance will be cashed out pursuant to the terms of this section.
- (d) **Imbalance Trades.** The term "imbalance trade" shall mean the reallocation of imbalances from one Shipper to another Shipper in order to reduce the imbalances of both Shippers. Transporter shall effect an election to trade imbalances incurred during a Month as posted and verified electronically.
 - (i) A Shipper, acting without the assistance of Transporter, may negotiate an imbalance trade arrangement with another Shipper.
 - (ii) Upon Shipper's designation, Transporter shall post on its EBB the Shipper's availability to trade imbalances. Such posting shall include the imbalance quantity available to be traded, the Shippers' contact name(s) and phone number(s) and any special conditions. Such posting may be made through the seventeenth Business Day of the Month following the Month of gas flow.
 - (iii) Shippers shall negotiate the terms of any trades among themselves.
 - (iv) Shippers trading imbalances must electronically notify Transporter of their trade no later than the seventeenth Business Day of the Month following the Month in which the imbalance to be traded was created.
 - (v) Only trades which have the effect of reducing a Shipper's imbalance quantity under a specific TSA are permitted.
 - (vi) Transporter shall permit trade arrangements at no additional cost to the Shippers.

10.3 (d) (continued)

- (vii) After completion of all trade transactions, Transporter shall apply the traded imbalance quantity to Shipper's TSA imbalance quantity. After all successful imbalance trades have been completed, the remaining imbalance will be cashed out pursuant to Section 10.4.

10.4 Cash Out. All remaining imbalances shall be subject to the following Cash Out provisions.

- (a) Determination of Cash Out Quantities. The term "cash out" shall refer to the valuation of an imbalance at a market-related price pursuant to the requirements of this section. Application of the cash out process will result in a monetary value due to the Shipper or Transporter which upon payment, will result in reduction of the imbalance to zero.
 - (i) Transporter shall determine the imbalance quantity applicable to each TSA through the last Day of the Month.
 - (ii) Shippers shall have the opportunity to reduce the end-of-Month imbalances pursuant to the imbalance trading procedures above. Such reductions, if any, shall determine a final end-of-Month imbalance for each TSA.
 - (iii) Except as provided in Sections 10.2(g) and 10.2(h), Transporter and Shipper shall Cash Out the full imbalance by applying the Cash Out Index Price to the final end-of-Month imbalance if such imbalance exceeds the Monthly threshold quantity. If the end-of-Month imbalance does not exceed the Monthly threshold, such imbalance will be forwarded to the next Month's imbalance calculation, unless the Shipper elects to cash out the imbalance.
 - (iv) The Monthly threshold applicable to a Rate Schedule FT or Rate Schedule SEDS TSA will be calculated by multiplying the MDQ by the number of Days in the applicable Month and 3%. The Monthly threshold applicable to a Rate Schedule IT TSA will be calculated by multiplying the monthly scheduled quantity by 3%.
- (b) Determination of Cash Out Liabilities.
 - (i) Shipper shall not be subject to cash out if the imbalance occurs at an interconnection between Transporter's System and another interstate pipeline, unless Shipper fails to follow the scheduling procedures of Section 6 of the General Terms and Conditions.
 - (ii) Imbalances shall be valued at the reference prices for the Month in which the imbalance was incurred.

10.4 (b) (continued)

- (iii) Cash outs shall be priced in the following manner.
 - (A) For that portion of the imbalance less than the Monthly threshold quantity:

If Shipper owes end-of-Month balances to Transporter, the quantities shall be cashed out at the reference price described in Section 10.4(b)(iv)(D) below.

If Transporter owes end-of-Month balances to Shipper, the quantities shall be cashed out at the reference price described in Section 10.4(b)(iv)(B) below.
 - (B) For that portion of the imbalance exceeding the Monthly threshold quantity:

If Shipper owes end-of-Month balances to Transporter, the quantities shall be cashed out at the highest of the reference prices described in Section 10.4(b)(iv) below.

If Transporter owes end-of-Month balances to Shipper, the quantities shall be cashed out at the lowest of the reference prices described in Section 10.4(b)(iv) below.
- (iv) Each Month, Transporter shall use the reference prices reviewed by the Commission and listed below to determine the Cash Out Index Price. Should any of these publications become temporarily unavailable or to the extent a publication fails to report the applicable prices, Transporter shall substitute information posted in a similar publication. Should any of these publications become permanently unavailable or a reference price no longer be reported, Transporter shall substitute information posted in a similar publication after first filing for Commission approval of the point or publication it wishes to use as a substitute. Changes in the name, format or other method of reporting by the publications in Section 10.4(b)(iv) that do not materially affect the content shall not affect their use hereunder. The Cash Out Index Prices shall be reported on Transporter's EBB no later than 5:00 p.m. CCT on the fifth Business Day of the Month following the production Month.
 - (A) The Cheyenne Hub price reported in Natural Gas Intelligence (“NGI”) Bidweek Survey.
 - (B) The average of the daily Cheyenne Hub prices reported in the NGI Daily Gas Price Index for NAESB Business Days.

- 10.4 (b) (iv) (continued)
- (C) The average of the prices reported in the NGI Bidweek Survey for the following points: ANR SW, NGPL Midcontinent, Panhandle Eastern, Southern Star.
 - (D) The average of the daily prices reported in the NGI Daily Gas Price Index for NAESB Business Days for the following points: ANR SW, NGPL Midcontinent, Panhandle Eastern, Southern Star.
- (v) Transporter shall pay or credit the account, as appropriate, of Shipper for any cash out amounts due Shipper. Shipper shall pay Transporter for any cash out amounts due Transporter.
 - (vi) Upon payment of the appropriate cash out amounts, the final end-of-Month quantities under the affected TSA will be reduced to zero.
 - (vii) Transporter will not cash out imbalances if: (i) Shipper's action is excused by force majeure, (ii) Transporter has invoked force majeure, or (iii) the imbalances are caused by Transporter or result from Transporter's error. Transporter shall permit any imbalances exempted from cash out under this provision to be made up in-kind or by some other mutually agreeable method.
 - (viii) Within 90 Days, total penalties that are in excess of Transporter's gas costs and administrative costs that are received by Transporter pursuant to the operation of this section, shall be credited to Transporter's firm and interruptible transportation Shippers on a pro rata basis in accordance with the quantities transported for each Shipper.
- 10.5 Determination of Deliveries. At each receipt or delivery point, quantities shall be based upon an allocation procedure. Quantities shall mean quantities nominated by Shipper and scheduled and confirmed by Transporter pursuant to Section 6.4.
- (a) At each receipt and delivery point, Transporter shall reach agreement with the Interconnecting Party as to the Predetermined Allocation Agreement (PDA) to be used.
 - (i) PDAs shall be established using the allocation methodologies and criteria set forth in the NAESB WGQ Standards.
 - (ii) PDAs for each gas Day shall be agreed to prior to gas flow. To the extent possible, changes to PDAs during a calendar Month shall be minimized or avoided.

10.5 (a) (continued)

- (iii) Transporter shall post on its EBB the PDA methodology to be used at each receipt and delivery point.
 - (iv) In the event that less than confirmed nominations are to be allocated, Transporter shall use the ranks provided in the affected nominations to determine Shipper priorities to the extent that use of such rank is not in conflict with other provisions of this Tariff.
 - (v) Transporter shall not be liable for any damages which may directly or indirectly result from Transporter's implementing the allocation procedures set forth in this section, so long as Transporter complies with the provisions of this Section 6 of the General Terms and Conditions.
- (b) Absent agreement to a PDA methodology, quantities at each receipt and delivery point shall be allocated pro rata based on scheduled quantities or based on the OBA provisions of Section 10.6.

10.6 Transporter may enter into Operational Balancing Agreements (OBA) at receipt and delivery points with the Interconnecting Party. An OBA is a contract between Transporter and an interconnected operator which specifies the procedures to manage operating variances at an interconnect (NAESB WGQ Standard 2.2.1). Such OBAs provide for the allocation of scheduled quantities to the Shippers' accounts with any operational variances allocated to the OBA. The form of agreement used by Transporter follows the format of the Model OBA developed by NAESB WGQ. Locations covered by an effective OBA do not require a Predetermined Allocation Agreement.

10.7 Maintenance of System Integrity. Nothing in this section limits Transporter's right to take action that may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system, including maintenance of service to higher-priority Shippers.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE SEDS

Agreement No. _____

STORAGE ENHANCED DELIVERY SERVICE AGREEMENT

RATE SCHEDULE SEDS

between

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.

and

(Shipper)

DATED: _____

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Service Agreement)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE SEDS

Agreement No. _____

Storage Enhanced Delivery Service Agreement
Rate Schedule SEDS
Dated: _____

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
2. Shipper: _____
3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff First Revised Volume No. 1, as the same may be amended or superseded from time to time ("Tariff"). This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Storage Enhanced Delivery Service: Subject to the provisions of this Agreement, Rate Schedule SEDS, and the applicable provisions of the General Terms and Conditions of the Tariff: (a) quantities of Natural Gas shall be banked, stored, and drawn on a firm basis for Shipper (or Shipper's account); and (b) transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at Secondary Receipt Point(s) and/or Secondary Delivery Point(s) shall be in accordance with the Tariff.
6. Service Points: Shipper agrees to tender Natural Gas for storage service at the Bank Point and for the subsequent withdrawal of previously banked quantities of Natural Gas at the Draw Point as both points are identified on Exhibit A. Transporter agrees to accept the tendered gas at the Bank Point and store it until withdrawn at the Draw Point. Shipper also agrees to the transportation of the banked quantities or other quantities tendered by Shipper and Transporter agrees to transport such quantities, from the primary receipt point(s) to the primary delivery point(s) as such points are identified on Exhibit A. Minimum and maximum pressures, as applicable, are listed on Exhibit A.

7. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate(s) unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate or negotiated rate pursuant to the rate provisions of Rate Schedule SEDS and Section 4.11 or Section 4.12 of the General Terms and Conditions of the Tariff.

8. Negotiated Rate: Yes _____ No _____

9. Maximum Banked Amount ("MBA") (insert varying MBA if applicable)

<u>MBA (Dth/d)</u>	<u>Effective</u>
_____	_____
_____	_____

10. Maximum Delivery Quantity ("MDQ") (insert varying MDQ if applicable)

<u>MDQ (Dth/d)</u>	<u>Effective</u>
_____	_____
_____	_____

11. Term of Storage Enhanced Delivery Service: _____

[Insert term of service including any (i) construction contingencies, (ii) extension rights such as an evergreen or rollover provision, (iii) contractual rights of first refusal, including a conditional right of first refusal that is subject to the availability of Lease Capacity (iv) interim capacity limitations, (v) provisions related to the acquisition of lease capacity and/or (vi) related termination provisions, as applicable.]

(Insert the applicable portion(s) of the following provisions as needed):

The parties recognize that Transporter must construct additional facilities, and/or obtain sufficient lease capacity, to provide the service for Shipper under this Agreement. Parties agree that on [Insert applicable date, e.g., in-service date or commencement date] the conditions precedent to the rights and obligations of this Agreement listed below shall no longer apply. Transporter's obligations under this Agreement are subject to the following conditions precedent:

[Insert as necessary (e.g., (i), (ii), (iii), etc.)

(i) [Insert regulatory approvals, as applicable]

(ii) [Insert approval of management, as applicable]

(iii) [Insert additional conditions precedent, as necessary]

12. Notices, Statements, and Bills:

To Shipper:
Invoices: _____

Attn: _____

All Notices: _____

Attn: _____

To Transporter: See "Points of Contact" in the Tariff.

13. Effect on Prior Agreement(s): _____

14. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

15. Elimination of Non-Conforming Provisions: Upon the satisfaction or waiver of any condition precedent to the obligations within this Agreement, which are memorialized in Paragraph ___ of this Agreement, or the completion of any action which causes provisions of this Agreement to be no longer relevant, Transporter and Shipper shall execute an amendment to this Agreement [or a replacement Agreement] with each of such conditions and/or provisions omitted, but with all other terms of this Agreement unchanged. [Insert paragraph upon agreement of the Parties for conditions precedent incorporated in paragraph 11 above, or for provisions that may become no longer relevant due to actions.]

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER: _____ SHIPPER: _____
CHEYENNE PLAINS GAS PIPELINE
COMPANY, L.L.C. _____

Accepted and agreed to this _____ Accepted and agreed to this _____
day of _____, _____ day of _____, _____

Agreement No. _____

EXHIBIT A

to

Storage Enhanced Delivery Service Agreement
Rate Schedule SEDS

between

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
and

(Shipper)

Dated: _____

Storage - Shipper's Maximum Banked Amount ("MBA"): See ¶ _____

Transportation - Shipper's Maximum Delivery Quantity ("MDQ"): See ¶ _____

The following data elements shall be described on this Exhibit A, as applicable:

Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and PIN Name) (1)

Primary Delivery Point(s) (including, among other things, (PIN and PIN Name) (1)

Bank Point(s) (including, among other things, (PIN and PIN Name) (1)

Draw Point(s) (including, among other things, (PIN and PIN Name) (1)

Effective Dates

Primary Receipt Point(s) Quantity (Dth per Day) (2)

Primary Delivery Point(s) Quantity (Dth per Day) (3)

Minimum Pressure (p.s.i.g.) (4)

Maximum Pressure (p.s.i.g.) (4)

Notes: [Insert as applicable]

(1) Information regarding points, including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's electronic bulletin board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter.

- (2) The quantity at each receipt point may be increased by an amount equal to Transporter's Fuel Reimbursement percentage. Shipper shall be responsible for providing such Fuel Reimbursement at each receipt point on a pro rata basis based on the quantities received on any Day at a receipt point divided by the total quantity delivered at all delivery points under this Agreement.
- (3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.
- (4) Pressure conditions shall be in accordance with Section 5.7 of the General Terms and Conditions of the Tariff.

Agreement No. _____

EXHIBIT B

to

Storage Enhanced Delivery Service Agreement
Rate Schedule SEDS

between

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
and

(Shipper)

Dated: _____

The following data elements shall be described on this Exhibit B, as applicable:

Storage

Bank Point(s) (including, among other things, (PIN and PIN Name)

Draw Point(s) (including, among other things, (PIN)and PIN Name)

Transportation

Primary Receipt Point(s) (including, among other things, Point Identification Number
(PIN) and PIN Name) (7)

Primary Delivery Point(s) (including, among other things, (PIN and PIN Name) (7)

Reservation Rate(s) (1) (4)

Commodity Rate (1) (4)

Effective Dates

Fuel (2) (4)

Surcharges (3)

Secondary Receipt Point(s) (which may include, among other things, (PIN and PIN
Name)

Secondary Delivery Point(s) (which may include, among other things, (PIN and PIN
Name)

Authorized Overrun Rates (1) (5)

Electric Power Cost (6)

Notes: [Insert as applicable]

(1) Unless otherwise agreed by the Parties in writing, the rates for service including rates for service components shall be Transporter's maximum rates, as may be changed from time to time, for service under rate Schedule SEDS or other superseding Rate Schedules. The reservation rate(s) shall be payable regardless of quantities transported.

-and/or-

[Insert for discount rate(s), as necessary (e.g., 1(a), (1b), etc.)

As provided in Section 4.11 of the General Terms and Conditions of Transporter's Tariff, the parties agree to the following discount rate(s) _____ (insert the following, as applicable, for components - "comprised of _____"). The rates charged under this Agreement shall not be less than the applicable minimum, nor greater than the maximum rate or maximum component rates provided in Transporter's Tariff.

-and/or-

[Insert for negotiated rate(s) as necessary (e.g., 1(a), (1b), etc.)

As provided in Section 4.12 of the General Terms and Conditions of Transporter's Tariff, the parties agree to the following negotiated rate(s) _____ (insert the following, as applicable, for components - "comprised of _____").

-and/or-

[Insert if capacity is associated with Lease Capacity (e.g., 1(a), (1b), etc.)

Service under this Agreement is subject to the additional charges associated with the Leased Capacity as described in Rate Schedule SEDS and the Statement of Rates.

(2) Fuel Reimbursement shall be as stated in Transporter's Rate Schedule SEDS and the Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.

(3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as they may be changed from time to time, unless otherwise agreed to by the Parties. The ACA Surcharge shall be assessed pursuant to Section 17.1 of the General Terms and Conditions of the Tariff.

(4) Quantities scheduled by Transporter using nominated transportation from/to primary and/or secondary, and/or segmented point(s) on any off-system capacity held by Transporter shall be subject to Transporter's Off-System Capacity charges as described on Transporter's EBB and/or pursuant to Section 4.6 of the General Terms and Conditions of the Tariff.

(5) Subject to Transporter's authorized maximum and minimum rates in effect from time to time, a rate of \$ _____ per Dth shall apply to Daily Authorized Overrun of up to _____ Dth per Day.

- (6) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
- (7) The no-notice service feature of this Rate Schedule is only available for transportation to and at the Primary Delivery Point.

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(Reserved)

PRELIMINARY STATEMENT

Cheyenne Plains Gas Pipeline Company, L.L.C. hereinafter referred to as "Transporter" or "Transportation Service Provider or TSP," is a "natural gas company" as defined by the Natural Gas Act (52 Stat. 821, 15 U.S.C. Section 717-717w) and, as such, is subject to the jurisdiction of the Federal Energy Regulatory Commission, hereinafter referred to as "FERC" or "Commission." As used herein, "Transporter" shall not include any affiliates of Cheyenne Plains Gas Pipeline Company, L.L.C.

Transporter is organized and existing under the laws of the state of Delaware. Transporter provides transportation and storage service to Shippers that have executed a Transportation Service Agreement ("TSA") in the form contained in this Tariff.

Transporter's transmission facilities commence at the Cheyenne Hub in Weld County, Colorado and extend southeasterly to a variety of delivery locations in the vicinity of the Greensburg Hub in Kiowa County, Kansas.

This Federal Energy Regulatory Commission Gas Tariff, First Revised Volume No. 1, includes a statement of rates, rate schedules, general terms and conditions, and forms of service agreements for firm and interruptible transportation service provided by Transporter according to 18 C.F.R. Part 284, Subparts B and G.

STATEMENT OF RATES
 Rates Per Dth

	<u>Rate</u>
<u>Rate Schedule FT:</u>	
Reservation Rate 1/	
Maximum Rate	\$10.6924
Minimum Rate	\$ 0.0000
Commodity Rate	
Maximum Rate	\$ 0.0010
Minimum Rate	\$ 0.0010
Authorized Overrun Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0010
Unauthorized Overrun Rate	2/
<u>Rate Schedule SEDS: 8/</u>	
Reservation Rates 1/	
Transportation Component	
Maximum Rate	\$10.6924
Minimum Rate	\$ 0.0000
Storage Component	
Maximum Rate	\$13.3655
Minimum Rate	\$ 0.0000
Total Reservation Rate	
Maximum Rate	\$24.0579
Minimum Rate	\$0.0000
Commodity Rates	
Maximum Rate	\$0.0010
Minimum Rate	\$0.0010
Authorized Overrun Rate	
Maximum Rate	\$0.3525
Minimum Rate	\$0.0010
Unauthorized Overrun Rate	7/

STATEMENT OF RATES
Rates Per Dth

Rate Schedule IT:

Commodity Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0010
Unauthorized Overrun Rate	6/

Rate Schedule SS:

Commodity Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0010

Rate Schedule PAL:

Initial Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0000

Park/Loan Balance Rate	
Maximum Rate	\$ 0.1763
Minimum Rate	\$ 0.0000

Completion Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0000

Authorized Overrun Rate	
Maximum Rate	\$ 0.3525
Minimum Rate	\$ 0.0000

OTHER CHARGES

FERC Annual Charge Adjustment (ACA)	3/
-------------------------------------	----

STATEMENT OF RATES

FUEL GAS, L&U and EPC CHARGES

	<u>Current Collection Period</u>	<u>Volumetric True-up</u>	<u>Total</u>
Fuel Gas Percentage 4/ 8/	1.31%	0.47%	1.78%
L&U Percentage 4/ 8/	0.79%	0.18%	0.97%

	<u>Collection Period</u>	<u>True-up</u>	<u>Total</u>
Electric Power Cost 5/	\$0.0130	\$0.0030	\$0.0160

STATEMENT OF RATES
FOOTNOTES

- 1/ For Capacity Release transactions only, Transporter has adopted the following NAESB WGQ standards. On the bidding formats, the number of decimal places for offers, bids and awards should be equal to the number of decimal places in the stated rates per pipeline rate schedule (NAESB WGQ Standard 5.3.21). Converting a Daily rate to a Monthly rate is accomplished by multiplying the Daily rate times the number of Days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in the rate period; dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB WGQ Standard 5.3.22). Furthermore, for capacity release purposes, all Tariff rates should be adjusted to reflect a standard calculation of Daily and Monthly rates (NAESB WGQ Standard 5.3.23).
- 2/ Unauthorized Overrun Rate – Rate Schedule FT
- | | |
|---|--|
| Less than 3% of MDQ: | Applicable authorized overrun rate |
| Greater than or equal to 3% of MDQ:
(Non-Critical Condition) | 2 times Maximum IT rate |
| Greater than or equal to 3% of MDQ:
(Critical Condition) | 10 times the absolute value of the Cash
Out Index Price |
- 3/ Pursuant to Section 17 of the General Terms and Conditions, the applicable ACA surcharge may be found on the Commission website at <http://www.ferc.gov>.
- 4/ Fuel Gas and L&U reimbursement percentages will be updated pursuant to Section 13 of the General Terms and Conditions.
- 5/ EPC reimbursement rates will be adjusted pursuant to Section 30 of the General Terms and Conditions.
- 6/ Unauthorized Overrun Rate – Rate Schedule IT
- | | |
|--|--|
| Less than 3% of Confirmed Delivery Quantity: | Maximum IT rate |
| Greater than or equal to 3% of Confirmed
Delivery Quantity:
(Non-Critical Condition) | 2 times Maximum IT rate |
| Greater than or equal to 3% of Confirmed
Delivery Quantity:
(Critical Condition) | 10 times the absolute value of the Cash Out
Index Price |

- 7/ Unauthorized Overrun Rate – Rate Schedule SEDS
- | | |
|---|--|
| Less than 3% of the MDQ: | Maximum authorized overrun rate |
| Greater than or equal to 3% of MDQ:
(Non-Critical Condition) | 2 times Maximum IT rate |
| Greater than or equal to 3% of MDQ:
(Critical Condition) | 10 times the absolute value of the Cash Out
Index Price |
- 8/ Lease Capacity Rates
See Section 4.9 of Rate Schedule SEDS for rates associated with charges for Lease Capacity, including without limitation all applicable Fuel and L&U charges.

RATE SCHEDULE SEDS
STORAGE ENHANCED DELIVERY SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available, on the basis described in this Rate Schedule and the General Terms and Conditions of this Tariff and subject to all the other terms of this Tariff, to any party (hereinafter referred to as “Shipper”) for the storage and transportation of Natural Gas on a firm basis by Cheyenne Plains Gas Pipeline Company, L.L.C. (hereinafter referred to as “Transporter”) under the following conditions:
- (a) Transporter has determined that it has sufficient available uncommitted capacity and has the physical capability on its pipeline system including without limitation at the Shipper requested primary receipt and delivery points, to provide the firm Storage Enhanced Delivery Service (“SEDS”) described herein, as well as all of Transporter’s other firm service commitments;
 - (b) Shipper has made a valid request for service pursuant to Section 4 of the General Terms and Conditions of this Tariff;
 - (c) Shipper has met the service requirements specified in Section 4 of the General Terms and Conditions, including without limitation the creditworthiness conditions specified in Section 4.10 of the General Terms and Conditions; and
 - (d) Shipper and Transporter have executed a SEDS Transportation Service Agreement (“SEDS TSA”) pursuant to the terms of this Rate Schedule in the form contained in this Tariff.
- 1.2 SEDS’s no-notice transportation described below is available only at Primary Point(s) of delivery on Transporter’s System which are identified as delivery points eligible for no-notice transportation deliveries (“Eligible Delivery Points”). Eligible Delivery Points shall be identified on Transporter’s electronic bulletin board.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 SEDS shall be considered firm, subject to the provisions of the executed SEDS TSA and to the General Terms and Conditions of this Tariff incorporated herein by reference. Because of the no-notice character of the service as described below, Transporter shall reserve sufficient capacity on its system to provide the enhanced delivery service without nomination and scheduling.

- 2.2 Service under this Rate Schedule shall be composed of two firm service components: a storage component and a transportation component.
- (a) Storage Component: The Storage Component provides for the storage of Natural Gas using pipeline capacity on Transporter's System. The stored Natural Gas may be used in association with transportation, as described below, for the delivery of Natural Gas. The Storage Component entails Shipper's nomination of the delivery of Natural Gas to Transporter under this Rate Schedule for its retention on Shipper's behalf ("Bank") and the storage of such quantities until withdrawal of those Banked Gas quantities ("Draw") by Shipper (or for Shipper's account).
 - (i) Shipper must nominate Natural Gas quantities to be Banked at the point specified in Shipper's SEDS TSA ("Bank Point") in accordance with the nomination and scheduling provisions of this Rate Schedule and the General Terms and Conditions of Transporter's Tariff. Natural Gas may also be delivered to the Bank Point by Shipper through transportation other than that provided under this Rate Schedule, including transportation by a third party.
 - (ii) Except as otherwise provided in this Rate Schedule, Shipper may nominate Natural Gas quantities to be Drawn at the point specified in Shipper's SEDS TSA ("Draw Point") in accordance with the nomination and scheduling provisions of this Rate Schedule and the General Terms and Conditions of Transporter's Tariff. Nominated Drawn quantities of Natural Gas may be used in association with the nominated transportation service provided under this Rate Schedule as described below or with transportation other than that provided under this Rate Schedule, including transportation by a third party. On any Gas Day, Transporter shall not provide Draws of Natural Gas for Shipper under this Rate Schedule greater than Shipper's Inventory Quantity, as defined in Section 2.2(a)(iii) immediately below.
 - (iii) As determined by Transporter for any Gas Day, the quantity equal to the quantity of Natural Gas physically retained, i.e., Banked, for Shipper at the start of a Gas Day under this Rate Schedule, plus the final scheduled quantities of Natural Gas Banked during that same Gas Day minus the final scheduled quantities of Natural Gas Drawn during that Gas Day, under this Rate Schedule, shall be referred to as the "Inventory Quantity." The Inventory Quantity may not exceed the Maximum Banked Amount ("MBA") specified in Shipper's SEDS TSA. In addition, the amount of Natural Gas Drawn for delivery to an Eligible Delivery Point on any Gas Day shall not exceed the MBA specified in the SEDS TSA.

2. APPLICABILITY AND CHARACTER OF SERVICE

2.2 (continued)

- (b) Transportation Service Component: The transportation service under this Rate Schedule generally shall consist of the acceptance by Transporter of Natural Gas on behalf of Shipper for transportation from receipt points and to delivery points up to the MDQ, as that quantity is specified in the SEDS TSA. This transportation may be provided in two forms: transportation not requiring nominations and scheduling (referred to in this Tariff as no-notice transportation) and transportation requiring nomination and scheduling (referred to in this Rate Schedule as nominated transportation).
 - (i) For no-notice transportation, Natural Gas will be Drawn from the Inventory Quantity and transported to the Eligible Delivery Point as set forth in the executed SEDS TSA. Transporter shall not be obligated to provide no-notice transportation that is greater than the lesser of: (1) any remaining quantity of Shipper's MDQ after any amounts of nominated and scheduled transport under this Rate Schedule are deducted, or (2) the Inventory Quantity. In no event shall Transporter be obligated to deliver a quantity of Natural Gas that is greater than the quantity specified by the MDQ and MBA to an Eligible Delivery Point using no-notice transportation under this Rate Schedule.
 - (ii) For nominated transportation, Natural Gas will be received at a receipt point and transported to a delivery point on Transporter's System. Shipper may nominate up to the MDQ specified in the SEDS TSA in accordance with the nomination and scheduling provisions of this Rate Schedule and the General Terms and Conditions of Transporter's Tariff.

2.3 Rates of Flow. Unless otherwise permitted by this Rate Schedule and the General Terms and Conditions, at each point, each Party shall flow, or cause to flow, gas at uniform hourly and daily rates of flow.

- (a) For nominated transportation, at each receipt and delivery point, quantities tendered for Shipper shall not exceed in any hour 1/24th of scheduled quantities at such point. For Banks and Draws, at each Bank Point and Draw Point, quantities tendered for Shipper shall not exceed in any hour 1/24th of scheduled quantities at such points.
- (b) For no-notice transportation, at Eligible Delivery Points, quantities tendered for Shipper shall flow at an hourly rate of up to 1/24th of Shipper's MDQ. Gas may be Drawn from the Inventory Quantity at flow rates that support this non-uniform hourly entitlement.

- 2.4 Transporter shall not be obligated under this Rate Schedule on any Day to Bank or Draw for Shipper Natural Gas quantities that cause the Inventory Quantity to (i) exceed the MBA on Shipper's SEDS TSA or (ii) fall below zero.
- 2.5 A Shipper's MDQ associated with the transportation component of SEDS must equal Shipper's MBA associated with the storage component of SEDS.
- 2.6 Shipper shall be responsible for having Natural Gas quantities available to be Banked at the Bank Point(s) listed in Shipper's SEDS TSA.
- 2.7 Subject to Section 2.5 of this Rate Schedule, Shipper's MDQ and MBA shall be a same uniform quantity for every Month throughout the term of the SEDS TSA, except that Transporter may, on a not unduly discriminatory basis, agree to differing monthly amounts in Shipper's MDQ and MBA (including Months without MDQs and MBAs) for different, specified Months or portions of the term of the SEDS TSA. For purpose of clarity, in any given Month Shipper's MDQ and MBA must be equal pursuant to Section 2.5 of this Rate Schedule, and Transporter may, on a not unduly discriminatory basis, agree that the same quantity specified as MDQ and MBA may vary on a monthly basis throughout the term of the SEDS TSA. Shipper's MDQ and MBA and any differing levels in such quantities, as well as the period of such differing levels, shall be specified in the executed SEDS TSA.

3. CONDITIONS OF SERVICE

- 3.1 Any quantities Drawn under this Rate Schedule shall occur on a firm basis including Draws performed in conjunction with no-notice transportation (i.e., without Shipper submitting a nomination for a Draw), subject to the parameters specified in this Rate Schedule. Quantities Drawn in conjunction with no-notice transportation shall not be subject to Section 6 of the General Terms and Conditions (i.e., Sections 6.1 through 6.4).
- 3.2 The no-notice transportation under this Rate Schedule will be available when the actual quantities being delivered at an Eligible Delivery Point on any Gas Day exceed the total daily quantities scheduled at that Eligible Delivery Point. No-notice transportation under this Rate Schedule shall not be subject to Section 6 of the General Terms and Conditions (i.e., Sections 6.1 through 6.4).
- 3.3 Subject to the conditions and requirements for service under this Rate Schedule, Shipper may request to change a Primary Point pursuant to Section 8 of the General Terms and Conditions.
- 3.4 Subject to Section 9 of the General Terms and Conditions, Shipper may separately release its Rate Schedule SEDS transportation and storage components.
- 3.5 Shipper may utilize nominated transportation under this Rate Schedule on a primary or secondary basis. Shipper will pay any additional charges incurred through such use, including but not limited to, applicable reservation charges, commodity charges, and or fuel and lost and unaccounted for gas charges, and EPC charges, as such charges may change from time to time.

- 3.6 Transporter may lease capacity from other natural gas transportation entities (“Lease Capacity”) as additional capacity for Transporter’s System under terms and conditions acceptable to Transporter in its sole discretion and subject to all required approvals. If the capacity in a Shipper’s SEDS TSA includes Lease Capacity, Shipper shall be subject to additional applicable charges described in this Rate Schedule, Statement of Rates and/or in Shipper’s SEDS TSA.

4. CHARGES

- 4.1 **Applicable Rates:** The applicable minimum and maximum rates for service hereunder are set forth in the Statement of Rates, as adjusted from time to time. The rates applicable to service provided under a SEDS TSA shall be, subject to the other provisions of this Rate Schedule and Tariff, the rates set forth in Shipper’s SEDS TSA.
- 4.2 **Reservation Charges:** Each Month, Shipper shall pay in accordance with the General Terms and Conditions a Reservation Charge comprised of the sum of the following:
- (a) The product of: (i) the maximum applicable Reservation Rate for the Transportation Component set forth in Transporter’s Statement of Rates in its Tariff, unless another rate is otherwise specified in Shipper’s SEDS TSA, and (ii) Shipper’s MDQ; and
 - (b) The product of: (i) the maximum applicable Reservation Rate for the Storage Component set forth in Transporter’s Statement of Rates in its Tariff, unless another rate is otherwise specified in Shipper’s SEDS TSA, and (ii) Shipper’s MBA.
- 4.3 **Reservation Charge Credits:** Transporter shall provide reservation charge credits pursuant to Section 16 of the General Terms and Conditions, except that the following changes shall be made to accommodate the nature of the service provided under this Rate Schedule:
- (a) For no-notice transportation, to determine if credits are due under the circumstances described in Sections 16.1(a), 16.1(b) or 16.1(c) of the GT&C and such credits are not otherwise disallowed under Section 16, Transporter shall determine the lessor of the: (1) Inventory Quantity, (2) the MDQ minus the quantity of Natural Gas nominated and scheduled for nominated transportation under Section 2.2(b)(ii) of this Rate Schedule, or (3) the MDQ minus the amount of the MDQ available (i.e., the amount of the MDQ that is unavailable). If the lessor amount is greater than zero, the credit calculated in Sections 16.1(e) and 16.1(f), as appropriate, shall use the lessor amount, in lieu of the “quantity of gas up to the Shipper’s MDQ not scheduled by Transporter” in those sections. If the lessor amount is not greater than zero, no credit shall be provided;

4.3 (continued)

- (b) For storage Draws for no-notice transportation, to determine if credits are due under the circumstances described in Sections 16.1(a), 16.1(b) or 16.1(c) of the GT&C and such credits are not otherwise disallowed under Section 16, Transporter shall determine the lesser of: (1) the Inventory Quantity, (2) the MDQ minus the quantity of Natural Gas nominated and scheduled for nominated transportation under Section 2.2(b)(ii) of this Rate Schedule or (3) the MDQ minus the amount of the MDQ available (i.e., the amount of the MDQ that is unavailable). If the lesser amount is greater than zero, the credit calculated in Sections 16.1(e) and 16.1(f), as appropriate, shall use the lesser amount, in lieu of “the quantity of gas up to the Shipper’s MDQ not scheduled by Transporter” in those sections. If the lesser amount is not greater than zero, no credit shall be provided; and
- (c) For nominated Banks and Draws under this Rate Schedule, the term “MBA” shall be used instead of “MDQ” in Section 16 of the GT&C.

4.4 Commodity Charges: Each Month, Shipper shall be charged an amount obtained by multiplying the maximum applicable Commodity Rate(s) stated on the Statement of Rates, unless another rate is otherwise specified in the SEDS TSA, by the quantity of Natural Gas in Dth delivered (exclusive of any Overrun Gas applicable to nominated transportation) each Day of the Month by Transporter to Shipper at the delivery point(s).

4.5 FL&U and EPC: Shipper shall provide and be responsible for all Fuel and L&U and EPC charges necessary to support the service pursuant to Shipper’s SEDS TSA. The Fuel, L&U and EPC charges shall be set forth on the Statement of Rates in the Tariff as they may be updated from time to time.

4.6 Adjustment of Rates:

- (a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of Shipper’s SEDS TSA.
- (b) Subject to the terms of this Rate Schedule SEDS, Transporter reserves the right pursuant to Section 4.11 of the General Terms and Conditions, to prescribe and/or adjust at any time any of the rates applicable to service under any individual SEDS TSA without adjusting any other rates for service under other SEDS TSAs; provided however, such adjusted rates shall not exceed the applicable maximum rate(s) nor shall they be less than the applicable minimum rate(s), set forth in the Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the term specified in Exhibit B to the SEDS TSA, the rates for service shall revert to the maximum rates under this Rate Schedule. Transporter may adjust the Reservation Rate applicable to the Storage Component, the Transportation Component or both.

- 4.7 Other Charges. Transporter shall charge Shipper and Shipper shall pay for any other FERC approved charges that apply to service under this Rate Schedule.
- 4.8 Third Party Charges. Shipper may, on a non-discriminatory basis, be required to pay to Transporter, if applicable, any Third Party Charges in accordance with Section 4.6 of the General Terms and Conditions. In no event shall such Third Party Charges paid by Shipper exceed the amount incurred and paid by Transporter for the applicable off-system capacity.
- 4.9 Lease Capacity Charges. In accordance with Section 3.6 of this Rate Schedule, Shipper shall pay additional charges applicable to Lease Capacity.
- (a) Lease Capacity from Natural Gas Pipeline Company of America LLC: Shippers with SEDS TSAs that include capacity leased to Transporter by NGPL (“NGPL Lease Capacity”) in a lease agreement (“NGPL Capacity Lease”) dated September 3, 2024 and approved in Docket No. CP24-523-000, shall pay, in addition to all other applicable charges in this Rate Schedule and the Tariff, the following:
- (i) Reservation Charges that are the product of: (A) the then maximum applicable Reservation Rate for the Midcontinent Zone to the Permian Zone for transportation service under Rate Schedule FTS as shown in NGPL’s FERC Gas Tariff as such rates may change from time to time, and (B) Shipper’s MDQ; however, Shipper shall receive a credit equal to any credits received by Transporter for reservation charges paid by it under the NGPL Capacity Lease;
- (ii) Commodity Charges paid by Transporter to NGPL for commodity charges incurred under the NGPL Capacity Lease for quantities of delivered Natural Gas on the NGPL Lease Capacity for Shipper under its SEDS TSA;
- (iii) Surcharges and other charges paid by Transporter to NGPL under the NGPL Capacity Lease incurred for service related to Shipper’s SEDS TSA; and
- (iv) All applicable fuel and lost and unaccounted for gas, and electric purchase costs as paid by Transporter under the NGPL Capacity Lease to provide the service pursuant to Shipper’s SEDS TSA; and Shipper shall provide such required fuel and lost and unaccounted for gas in-kind and at the time required under NGPL’s FERC Gas Tariff for transportation under its Rate Schedule FTS.

5. OVERRUN CHARGES

- 5.1 Authorized Overrun for Nominated Transportation. On any Day, upon request of Shipper through the submission of an explicit nomination pursuant to Section 6 of the General Terms and Conditions and with Transporter's consent to such request, Shipper may tender, and Transporter may receive authorized overrun quantities of nominated transportation above the MDQ minus quantities delivered by no-notice transportation. All such excess quantities shall be referred to as authorized Overrun Gas and shall be transported on an interruptible basis. Unless otherwise agreed, Shipper shall pay an amount obtained by multiplying such authorized overrun quantities delivered by Transporter to Shipper or for Shipper's account, at each delivery point or transported on any Segment during the Month by the maximum Authorized Overrun Rate(s) stated on the Statement of Rates.
- 5.2 Unauthorized Overrun Charges.
- (a) Transportation.
 - (i) Nominated Transportation. On any Day, any Natural Gas quantity that exceeds Shipper's daily scheduled quantity at any receipt or delivery point or on any Segment for nominated transportation and which has not been authorized by Transporter is Unauthorized Overrun Gas.
 - (ii) No-Notice Transportation. On any Day, any Natural Gas quantity delivered to the Primary Delivery Point specified in the SEDS TSA that exceeds Shipper's MDQ is Unauthorized Overrun Gas.
 - (b) Storage. On any Day, the Natural Gas quantities Banked or Withdrawn that exceed the MBA are Unauthorized Overrun Gas.
 - (c) All quantities of Unauthorized Overrun Gas shall be subject to the Unauthorized Overrun Rate (non-critical or critical conditions as applicable). Shipper shall pay an amount obtained by multiplying the quantity of Unauthorized Overrun Gas each day by the applicable Unauthorized Overrun Rate set forth on the Statement of Rates.
- 5.3 Overrun activity is subject to interruption at any time. Such interruptions may be in effect for extended periods of time.

6. TERMINATION OF SERVICE

- 6.1 Shipper is required to remove all Banked quantities no later than the termination date of the SEDS TSA. Upon termination of a SEDS TSA, any Banked quantities not removed shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims.
- 6.2 To the extent there are any over-Drawn quantities (i.e., quantities Drawn in excess of the Inventory Quantity), Shipper is required to return all overdrawn quantities no later than the termination date of the SEDS TSA. Upon termination of a TSA, any overdrawn quantity shall be sold to Shipper at 150% of the absolute value of the Cash Out Index Price for the Month in which the TSA terminates.

7. GENERAL TERMS AND CONDITIONS

Except as otherwise expressly indicated in this Rate Schedule or by the SEDS TSA, all of the General Terms and Conditions contained in this Tariff, including (from and after their effective date) any future modifications, additions or deletions to said General Terms and Conditions, are applicable to service rendered under this Rate Schedule and by this reference, are made a part hereof.

GENERAL TERMS AND CONDITIONS

Unless otherwise stated, these General Terms and Conditions apply to all transportation and storage services provided under this Tariff. For purposes of these General Terms and Conditions, the use of the words “transportation” or “transportation service” shall include storage service provided under Rate Schedule SEDS. The provisions of this General Terms and Conditions shall not apply to the no-notice service provided under Rate Schedule SEDS where such application would be inconsistent with the nature of providing a service that does not require nomination and scheduling.

1. DEFINITIONS

- 1.1 "Backhaul" - shall mean a transaction that is nominated opposite to the Primary Receipt-to-Delivery Flow Path direction of a TSA. Backhaul nominations are scheduled as Secondary Capacity up to the MDQ.
- 1.2 "Bidding Shipper" - is any Shipper who is pre-qualified pursuant to Section 9 of the General Terms and Conditions to bid for capacity or who is a party to a prearranged release.
- 1.3 "British Thermal Unit" ("Btu") - One (1) Btu shall mean one British thermal unit and is defined as the amount of heat required to raise the temperature of one (1) pound of water from fifty-nine degrees Fahrenheit (59°F) to sixty degrees Fahrenheit (60°F) at a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia). Total Btu's shall be determined by multiplying the total volume of Natural Gas delivered times the gas Heating Value expressed in Btu's per cubic foot of gas adjusted on a dry basis.
- 1.4 "Bumping" or "Bump" - shall mean:
- (a) The reduction of a previously scheduled and confirmed interruptible transportation quantity to permit Transporter to schedule and confirm a firm transportation nomination which has a higher priority and which was submitted as an intraday nomination.
 - (b) In the event that a discount is granted pursuant to Section 3.2 of Rate Schedule FT or Section 4.6 of Rate Schedule SEDS that affects previously scheduled quantities, "Bumping" or "Bump" shall also mean the reduction of a firm transportation quantity previously scheduled and confirmed to permit Transporter to schedule and confirm a firm transportation intraday nomination which has a higher priority.
 - (c) In the event of an intraday recall of released capacity, "Bumping" or "Bump" shall also mean the reduction of the Replacement Shipper's previously scheduled and confirmed firm transportation quantity.
- Bumping that affects transactions on multiple Transportation Service Providers should occur at grid-wide synchronization times only (NAESB WGQ Standard 1.3.39). Absent an agreement to the contrary between Transporter, Shipper and any affected interconnect party, a Bump shall not result in a scheduled quantity that is less than the applicable elapsed pro rated flow quantity. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform Hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).
- 1.5 "Business Day" - Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.

- 1.6 "Cash Out Index Price" - shall be the highest of the index prices described in Section 10.4, if Shipper owes balances to Transporter (including overrun gas). The "Cash Out Index Price" shall be the lowest of the index prices described in Section 10.4, if Transporter owes balances to Shipper.
- 1.7 "Cheyenne Hub" - a confluence of pipelines near Cheyenne, Wyoming consisting of interconnections with Colorado Interstate Gas Company, L.L.C., Wyoming Interstate Company, L.L.C., Trailblazer Pipeline Company, Tallgrass Interstate Gas Transmission LLC and the intrastate systems of Public Service Company of Colorado and Cheyenne Light, Fuel and Power Company.
- 1.8 "Critical Notices" - are defined, in conformance with NAESB WGQ Standard 5.2.1, as those notices which pertain to information of conditions on Transporter's System that affect scheduling or adversely affect scheduled gas flow.
- 1.9 "Day" - A period of 24 consecutive Hours, except for those Days that are adjusted for Daylight Savings Time, commencing and ending at 9:00 a.m., Central Clock Time ("CCT"), or such other period as the parties may agree upon. "Clock time" indicates that Transporter will adjust its gas Day to reflect changes for Daylight Savings Time.
- 1.10 "Dekatherm" ("dth") - One (1) dth shall mean a quantity of gas containing one million (1,000,000) Btu's.
- 1.11 "EPC" – shall mean the Electric Power Costs surcharge described in Section 30 of the General Terms and Conditions.
- 1.12 "Federal Energy Regulatory Commission" - the federal regulatory agency, or any succeeding agency, having jurisdiction of the Gas Tariff, also referred to as "FERC" or "Commission."
- 1.13 "FL&U" - Fuel Gas and Lost and Unaccounted for Gas.
- 1.14 "Flow Path Secondary Capacity" - shall mean the capacity status assigned to that portion of a firm transportation transaction for which the receipt or delivery point lie outside the Primary Receipt-to-Delivery Flow Path when at least some part of such transaction passes through Shipper's Primary Receipt-to-Delivery Flow Path. Additionally, the Flow Path Secondary priority shall apply to any non-Primary Point that lies within Shipper's Primary Receipt-to-Delivery Flow Path, and such point shall be designated a Flow Path Secondary Point. Flow Path Secondary Capacity is limited by the capacity entitlement of the underlying TSA on the Primary Receipt-to-Delivery Flow Path Segment being used.

- 1.15 "Heating Value" - The quantity of heat, measured in Btu, produced by combustion in air of one (1) cubic foot of anhydrous gas at a temperature of sixty degrees Fahrenheit (60°F) and a constant pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia), the air being at the same temperature and pressure as the gas, after the products of combustion are cooled to the initial temperature of the gas and air, and after condensation of the water formed by combustion.
- 1.16 "Hour" - shall mean a period of 60 consecutive minutes beginning at the top of each Hour of the Gas Day and ending at the top of the next Hour (i.e. Hour 1 starts at 9:00 a.m. CCT and ends at 10:00 a.m. CCT).
- 1.17 "Hourly Entitlement Enhancement Nomination" or "HEEN" - shall mean a request submitted by a Rate Schedule FT Shipper to reserve part or all of its MDQ for the nominated flow Day to support non-uniform Hourly deliveries at a Qualified Point. HEEN nominations may only be submitted for the Timely or Evening Nomination Cycles to a Qualified Point of delivery. All HEEN nominations must be forward haul. Eligible receipt points for HEEN nominations will be determined based on the pipeline volume (pipe diameter, distance and pressure) required to support the requested Hourly flexibility. Receipt points for all designated Qualified Points will be posted on Transporter's EBB. Hourly Entitlement Enhancement Nominations must meet all other criteria for a valid Nomination. The sum of all HEEN nominations under a TSA may not be in excess of the Shipper's MDQ.
- 1.18 "Interconnecting Party" - shall mean the party or such party's designee that is responsible for operations of a Natural Gas system which interconnects with Transporter's pipeline system and is responsible for verifying nominations and scheduling gas flow at such point of interconnections. An Interconnecting Party is also a Confirming Party. Each Interconnecting Party is required to submit confirmation pursuant to the timelines identified in Section 6.1 of these General Terms and Conditions, unless specifically exempted by Transporter.
- 1.19 "Maximum Delivery Quantity" or "MDQ" - shall mean the maximum quantity of Gas, expressed in Dth per Day, which Transporter shall be obligated to Deliver under a firm TSA.
- 1.20 "Month" - A period commencing on the first Day of the corresponding calendar Month and ending on the first Day of the next following calendar Month.
- 1.21 "NAESB WGQ Standards" - Business practices and electronic communication practices promulgated by the Wholesale Gas Quadrant ("WGQ") of the North American Energy Standards Board ("NAESB") and adopted codified by the Commission, in compliance with 18 CFR, Section 284.12, as described in Section 23 of the General Terms and Conditions.
- 1.22 "Natural Gas" - Any mixture of hydrocarbons or of hydrocarbons and noncombustible gases, in a gaseous state, consisting essentially of methane.

- 1.23 "One Thousand Cubic Feet" ("Mcf") - The quantity of Natural Gas occupying a volume of one thousand (1,000) cubic feet at a temperature of sixty degrees Fahrenheit (60°F) and at a pressure of fourteen and seventy-three hundredths pounds per square inch absolute (14.73 psia).
- 1.24 "Operator" - The person or entity that is responsible for the operation of a facility at which gas flows into or out of Transporter's System.
- 1.25 "Pool" – shall mean a physical or logical point determined by Transporter at which supplies may be aggregated and disaggregated. Pool(s) are not valid receipt or delivery points for determination of Primary Point(s), capacity scheduling, or for capacity release.
- 1.26 "Pooler" – shall mean that party holding an executed Pooling Service Agreement under this Tariff and on whose behalf Gas is being aggregated at a Pool. For purpose of nominations, the term "Pooler" is synonymous with "Shipper".
- 1.27 "Pooling" – shall mean the aggregation of multiple sources of supply to a single quantity and the disaggregation of such quantity to multiple markets or market contract(s). In particular, "Headstation Pooling" shall mean the aggregation of supplies from one or more physical or logical receipt point(s) to a designated Pool and the disaggregation of such aggregated quantities to one or more TSA(s).
- 1.28 "Pooling Area" – shall mean the area implied by the designation of various Segment(s) related to a specific Pool. Transporter's Pooling Area(s), the receipt point(s), and the related headstation pool point(s) shall be posted on Transporter's EBB.
- 1.29 "Prearranged Shipper" - is any Shipper who is qualified, pursuant to Section 9.8, and seeks to acquire capacity under a prearranged release for which notice is given pursuant to Section 9.6.
- 1.30 "Primary Capacity" - shall mean the transmission system capacity on any portion of the Primary Receipt-to-Delivery Flow Path reserved for a Shipper under a firm TSA. On any pipeline Segment, Primary Capacity is limited by the primary receipt point quantity upstream of such Segment and the primary delivery point quantity downstream of such Segment, whichever is less.
- 1.31 "Primary Point(s)" - shall mean those receipt and delivery point(s) where Shipper is entitled to firm service.

- 1.32 "Qualified Point(s)" - shall mean a valid delivery point for Hourly delivery services and must meet the following criteria:
- (a) A Qualified Point must be supported by measurement equipment that can provide custody-transfer quality data on an Hourly basis.
 - (b) The Operator at a Qualified Point must agree to support Hourly services.
 - (c) All Qualified Points will be identified on Transporter's EBB.
- 1.33 "Rate Default" - For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default.
- 1.34 "Rate Floor" – Rate Floor is the term used for index-based capacity release transactions to describe the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than Transporter's minimum reservation rate or zero cents when there is no stated minimum reservation rate.
- 1.35 "Receipt-to-Delivery Flow Path" - shall mean the path of gas through and from a receipt point to and through a delivery point. Furthermore, "Primary Receipt-to-Delivery Flow Path" shall mean the path of gas through and from a primary receipt point to and through a primary delivery point. The direction of flow shall be deemed to be from the primary receipt point to the primary delivery point.
- 1.36 "Releasing Shipper" - is any Shipper with a TSA under Rate Schedule FT or Rate Schedule SEDS who elects to release all or a portion of its firm capacity, subject to the capacity release program contained in Section 9 of the General Terms and Conditions.
- 1.37 "Replacement Shipper" - is any Shipper who acquired capacity rights from a Releasing Shipper through Transporter's capacity release program as contained in Section 9 of the General Terms and Conditions.
- 1.38 "Secondary Capacity" - shall mean capacity nominated under a firm TSA that is other than Primary Capacity or Flow Path Secondary Capacity.
- 1.39 "Secondary Point(s)" - shall mean those receipt and delivery points which are not specified in the firm TSA as Primary Points. Secondary Points which lie in the Primary Receipt-to-Delivery Flow Path are automatically awarded a scheduling status of Flow Path Secondary.
- 1.40 "Secondary Delivery Point" - shall mean a delivery point which is not specified in the firm TSA as a primary delivery point and which is located outside of Shipper's Primary Receipt-to-Delivery Flow Path.

- 1.41 "Secondary Receipt Point" - shall mean a receipt point which is not specified in the firm TSA as a primary receipt point and which is located outside of Shipper's Primary Receipt-to-Delivery Flow Path.
- 1.42 "Segment" - shall mean a discrete portion of Transporter's pipeline system between two specific locations. Transporter shall evaluate the operating capacity of the Segment against the capacity requested for transportation service(s) by Shippers. In the event the requested capacity exceeds the Segment operating capacity, Transporter will follow the procedures specified in Section 6 of these General Terms and Conditions to reduce the transportation requests to the Segment operating capacity.
- 1.43 "Segmentation" - shall refer to the ability of a Shipper holding a firm TSA to subdivide such capacity into Segments and to use those Segments for different capacity transactions. Segmentation may be implemented by the Shipper by designating a number of discrete transportation combinations (receipt points to delivery points), each of which being equal to or less than Shipper's Primary Capacity for that pipeline Segment. The applicability and prerequisites for Segmentation are described in Section 8.1(a) of the General Terms and Conditions.
- 1.44 "Shipper" - Any person or entity who either (a) is receiving service on Transporter's System; (b) has executed a service agreement under any rate schedule; or (c) has completed a request for service.
- 1.45 "Transportation Service Agreement"- or "TSA" shall mean the contract, in the form contained in this Tariff, setting forth the specific elements of each transportation, and where applicable, storage transaction, such as Shipper name, receipt and delivery point(s), bank and draw point(s) and term.
- 1.46 "Transporter's System" - Transporter's System is displayed on the system map in this Tariff.

4. REQUESTS FOR SERVICE

- 4.1 Requests for Service. A Shipper must comply with Sections 4.2 and 4.10 in order to complete a valid request for service.
- 4.2 Information to be Provided. A request for service shall be deemed valid and complete upon the following information being accurately and properly entered into Transporter's EBB. A Shipper may either enter the information directly into Transporter's EBB or furnish the information to Transporter and request that Transporter enter the information into Transporter's EBB on behalf of the Shipper; in which case, the entry of such information shall be deemed to be the act of the Shipper. If the Shipper requests that Transporter enter the information into Transporter's EBB on Shipper's behalf, then Shipper's request for service shall not be deemed valid and complete until such time as the information is actually entered into Transporter's EBB.
- (a) The full legal name, business address and phone number, and state of incorporation of the Shipper requesting service and the party with whom all contact should be made.
 - (b) A designation of whether Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end-user or marketer.
 - (c) The extent of Shipper's affiliation with Transporter.
 - (d) Shipper's Dun and Bradstreet number.
 - (e) Type of service: FT, SEDS, IT, SS, PAL or HSP.
 - (f) The initial term of the service, including beginning and ending dates.
 - (g) Daily quantity at each receipt point(s) ____ Dth/Day.
Daily quantity at each delivery point(s) ____ Dth/Day.
Daily maximum quantity (park and/or loan) ____ Dth/Day.
Daily quantity at each bank point(s) (SEDS) ____ Dth/Day.
Daily quantity at each draw point(s) (SEDS) ____ Dth/Day.
Daily quantity at each Eligible Delivery Point(s) (SEDS) as listed on Transporter's EBB) ____ Dth/Day.

The total receipt point capacity must equal the total delivery point capacity.
 - (h) The Maximum Delivery Quantity for the applicable Month(s) under the contract and if applicable, the Maximum Banked and Draw Amounts for the applicable Month(s) under the contract.
 - (i) Receipt and delivery points requested.

If Section 311, 18 C.F.R. Part 284, Subpart B transportation service is requested, the Shipper must provide the following information to Transporter:

4.2 Information to be Provided (continued)

- (j) A declaration explaining how the requested service qualifies as Section 311 service;
- (k) The name of the local distribution company or intrastate pipeline company on whose behalf the gas will be transported; and
- (l) Certification from a local distribution company or an intrastate pipeline that the service is being provided on its behalf prior to commencing transportation service.

4.3 Capacity Bidding and Evaluation Criteria.

- (a) A Shipper bidding for released firm capacity from another Shipper must follow the procedures of Section 9.
- (b) Transporter may grant requests for firm service on a not unduly discriminatory basis within the following time periods and subject to the below listed conditions:
 - (i) For service with a term of one year or longer, the service must be requested to begin no later than three Months from the date the request is granted;
 - (ii) For service with a term greater than three Months but less than one year, the service must be requested to begin no later than one Month from the date the request is granted;
 - (iii) For service with a term of three Months or less, the service must be requested to begin no later than ten Business Days from the date the request is granted.
- (c) Transporter will consider, on a not unduly discriminatory basis, requests for firm service outside of the above specified time periods if the request involves any of the following conditions:
 - (i) The request is associated with an open season;
 - (ii) The request involves capacity that is available due to the termination of an existing contract or the reduction of contracted volume under an existing contract; or
 - (iii) The request involves the modification or construction of facilities or the issuance of any necessary certificate authorization.

4.3 (continued)

- (d) Should Transporter conduct an open season, it will post a notice of availability of the uncontracted-for capacity on its EBB to afford all potential Shippers an opportunity to acquire the capacity. Any party wishing to purchase the capacity, and who meets Transporter's creditworthiness requirements, may participate in the open season. Transporter will award the capacity on a net present value basis using nondiscriminatory and objective posting and evaluation criteria specified in the notice of open season. When an open season is being conducted, all applicable requests for service will be treated under this open season process.
 - (e) Transporter will conduct an open season (involving either an open offer to sell capacity or a pre-arranged transaction) if it wishes to sell capacity where the requested start date extends one year or more into the future. The open season will comply with the requirements of Section 4.3(d) above.
 - (f) If Transporter sells firm capacity pursuant to Section 4.3(c)(i), that capacity will be made available to other shippers on an interim basis up to the commencement date of the prospective firm transportation service agreement. Where the requested start date of the prospective capacity extends more than one year into the future and the interim capacity would otherwise be eligible for the right of first refusal ("ROFR") if it is acquired at the maximum applicable tariff rate, Transporter will limit the ROFR rights of such interim capacity. If ROFR rights are limited, the transportation service agreement will note the limitation.
- 4.4 If Shipper fails to execute an agreement or any amendment thereto tendered by Transporter in response to a valid request for service within 30 Days of the date tendered, Shipper's request shall be deemed null and void.
- 4.5 Capacity Reserved for Expansion Projects. Transporter may elect to reserve for future expansion projects, any unsubscribed capacity or capacity under expiring or terminating TSAs where such TSAs do not have a ROFR or Shipper does not exercise its ROFR.
- (a) Capacity may be reserved up to one year prior to Transporter filing for certificate authority for construction of proposed expansion facilities, and thereafter until all expansion facilities are placed into service.
 - (b) Transporter may only reserve capacity for a future expansion project for which an open season has been or will be held within one year of the date that Transporter posts such capacity as being reserved. Transporter will not, absent Commission approval, accept advance payments to reserve capacity under this Section 4.5.

4.5 Capacity Reserved for Expansion Projects (continued)

- (c) If Transporter elects to reserve capacity, it will notify Shippers of its intent as part of its posting of capacity on its EBB. Transporter's posting for reserved capacity for future expansion projects shall include the following information: (i) a description of the project for which the capacity will be reserved; (ii) the total quantity of capacity to be reserved; (iii) the location of the proposed reserved capacity on the pipeline system; (iv) whether, and if so when, Transporter anticipates that an open season for the capacity will be held or the reserved capacity will otherwise be posted for bids; (v) the projected in-service date of the new facilities; and (vi) on an ongoing basis, how much of the reserved capacity has been sold on a limited-term basis that would otherwise be eligible for a ROFR. The posting for reserved capacity shall also include a non-binding solicitation for Turnback Capacity to serve the expansion project, provided that Transporter shall post the non-binding solicitation for Turnback Capacity no later than 90 Days after the close of the expansion project open season. Transporter shall make reasonable efforts to update the posting up to the in-service date of the project to reflect any material changes in the scope of the project.
- (d) When reserving capacity for future expansion projects, Transporter must make the capacity generally available to Shippers prior to the reservation period. When an open season is held prior to the expansion project open season, Transporter shall have the right to state in the open season posting minimum terms and conditions for bids that would be acceptable for consideration that are the same as the minimum terms and conditions anticipated for the future expansion project open season. In the event that the subsequent expansion project open season imposes minimum terms and conditions that are materially different from the terms and conditions imposed in the previous capacity open season, Transporter shall hold another open season for the capacity that uses the same minimum terms and conditions as were imposed for the expansion project open season. If the expansion project open season is held prior to or during the capacity open season, Transporter shall use the same minimum terms and conditions as used for the expansion project open season.
- (e) Any capacity reserved under this Section 4.5 shall be made available for transportation service pursuant to these General Terms and Conditions on a limited-term basis up to the in-service date of the expansion project(s). For such limited-term TSAs, Transporter reserves the right to limit any term extension rights provided in the TSA and pursuant to Section 4.9 commensurate with the proposed in-service date of the expansion project. Transporter will indicate in any open season posting of the capacity any limitations on term extension rights that will apply to such limited-term transportation service.
- (f) Any capacity reserved for a project that does not go forward for any reason shall be reposted as generally available capacity within 30 Days of the date that the project terminates.

4.6 Off-System Capacity.

- (a) Transporter may enter into transportation and/or storage agreements with upstream or downstream entities, including other interstate and intrastate pipeline and storage providers (off-system capacity). In the event that Transporter acquires off-system capacity, Transporter will use such capacity for operational reasons or to render service for its Shippers on the acquired capacity, pursuant to Transporter's Tariff and subject to Transporter's currently approved rates. In the event the off-system capacity is subject to renewal limitations, as specified in the third-party pipeline's tariff and/or provided by FERC Regulations, Transporter will indicate in its posting of firm unsubscribed capacity any limitation to the extension rights that will apply as a result of such limitations on the off-system capacity. For purposes of transactions entered into subject to this section, the "Shipper must hold title" requirement shall be waived on the acquired capacity.
- (b) Third Party Charges. If Transporter acquires off-system capacity from a third party(s) pursuant to Section 4.6 above and provides transportation and/or storage service for the benefit of Shipper(s), Shipper(s) may, on a non-discriminatory basis, be required to pay Transporter, in addition to any applicable rates and charges assessed pursuant to this Tariff, the rates and charges Transporter is obligated to pay such third party(s) for the off-system capacity. Such charges may include, but are not limited to, daily reservation and commodity charges and applicable surcharges, fuel and power charges or retention, compression fees, balancing or storage fees, measurement fees, processing fees and/or facility charges that are assessed by the third party. Such charges shall be set forth as separate items on the monthly invoices rendered to Shipper.
- (c) Any off-system capacity acquired by Transporter from a third party and contracted for at the request of a Shipper which is not used by that Shipper or a Replacement Shipper shall be offered to other Shippers on a secondary and interruptible basis, pursuant to Transporter's FERC Gas Tariff and subject to Transporter's currently effective rates, including any applicable Third Party Charges, as such tariff and rates may change from time to time. Transporter will indicate in its posting of any off-system capacity available for service whether any Third Party Charges will apply to the use of such off-system capacity.

- 4.7 Electronic Execution of Agreements - Unless otherwise agreed, Transporter and Shipper will electronically execute all Transportation Service Agreements, Rate Schedule SS Agreements, Rate Schedule PAL Service Request Orders and Rate Schedule HSP Agreements (including amendments to existing agreements) entered into on or after the effective date of this tariff provision (all of which shall be referred to as "Service Agreements" or "Agreements" for purposes of this Section 4.7). Transporter and Shipper may execute such Agreements electronically or by signing a traditional paper Agreement. If Shipper elects to sign a traditional paper Agreement, then Shipper shall not submit nominations while the paper Agreement is pending execution. For Agreements requiring filing with the Commission, Transporter may submit either electronic or traditional paper Agreements.
- (a) The Service Agreement shall be deemed to be executed by Shipper when the Shipper accepts the Agreement electronically via Transporter's electronic bulletin board. The Service Agreement shall be deemed to be executed by Transporter when Transporter accepts the Shipper's Agreement using the electronic bulletin board. A Service Agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.
 - (b) Notwithstanding the above, if the Shipper and Transporter electronically execute an Agreement and the Shipper later requests a traditional paper Agreement, the electronic Service Agreement shall be deemed the original until the paper Agreement is executed by both parties.
 - (c) If a Service Agreement contains provisions that must be reviewed by the Commission and the Service Agreement is not accepted by the Commission, then Transporter and Shipper shall collaborate to remedy any deficiencies.
- 4.8 Changes to Shipper's Service. If Shipper desires to change its service under a TSA, it must request the change using the process described in Section 4.2. If Transporter agrees to the requested amendment, it will prepare and tender to Shipper an amendment to the TSA.
- 4.9 Right-of-First-Refusal ("ROFR")
- (a) Any Shipper with a firm TSA for service shall have a continuing right for the capacity underlying the Shipper's TSA provided that:
 - (i) The TSA is a maximum rate contract for 12 or more consecutive Months of service; or, the TSA is a multi-year seasonal contract at the maximum rate for services not offered by the pipeline for a full 12 Months. However, if such Shipper has entered into a firm agreement utilizing off-system capacity contracted for pursuant to Section 4.6 below, it may not elect to extend the term of its agreement beyond the term of Transporter's agreement for such off-system capacity.;

4.9 Right-of-First-Refusal ("ROFR")

- (a) (continued)
 - (ii) Shipper complies with the requirements set forth herein;
 - (iii) Shipper does not have a negotiated rate firm TSA ; and
 - (iv) Shipper does not have an interim TSA for entitlement associated with expansion projects as set forth in Section 4.5.
 - (v) Shippers with TSAs that otherwise qualify for a ROFR and include Lease Capacity, may only retain the capacity or a portion thereof through the remaining term of the lease providing the capacity.
- (b) A Shipper may exercise its ROFR to retain a portion of the MDQ subject to ROFR by applying a fixed and constant percentage reduction to each monthly MDQ for the last twelve consecutive Months of the TSA; however, the Shipper may not exercise its ROFR for a geographic portion of the TSA.
- (c) Shipper Notice of Intent to Exercise.
 - (i) For all firm TSAs eligible for the ROFR, Shipper shall provide notice to Transporter in writing of its intent to exercise its ROFR rights.
 - (ii) Notification of the Shipper's intent is due on or before; (i) six Months prior to the expiration date for firm TSAs of three years or less and (ii) 12 Months prior to the expiration date for firm TSAs greater than three years.
 - (iii) A Shipper shall relinquish all rights to the capacity underlying its firm TSA upon termination of the TSA by providing a notice stating that it will not exercise its ROFR rights or by failing to provide notice of its intent to exercise its ROFR rights by the deadline described above.
 - (iv) Transporter and Shipper may agree to revise the terms and conditions of the TSA prior to the Shipper providing its notice of intent to Transporter. However, once the Shipper has provided its notice of intent or the notification period has expired, the TSA may only be revised by following the requirements of this section.
 - (v) If the TSA contains an evergreen provision, the ROFR provisions of this section will not apply until the TSA has reached the end of the evergreen period.

4.9 Right-of-First-Refusal ("ROFR") (continued)

- (d) Solicitation of Bids. If the Shipper provides notice of its intent to exercise ROFR rights, then Transporter shall solicit competing bids for the subject capacity. Transporter shall post on its EBB for 30 Days the terms and conditions of the expiring TSA. Any Party qualified under the capacity release rules of this Tariff may submit a bid for all, or a portion of, the subject capacity during the bid period.
- (e) Existing Shipper's and Right to Match. Within ten Business Days after the close of the bid period, Transporter shall notify the existing Shipper of the best offer or offers received for the expiring capacity. Transporter's evaluation shall be based on one of the capacity release bid evaluation methods listed in Section 9.11(d). Transporter shall identify the method to be used in its solicitation of bids. The term of any competing offer shall not be capped for comparison purposes. Within ten Business Days after such notification by Transporter, the existing Shipper must notify Transporter of its intent to match the best offer(s). If the existing Shipper does not agree to match the best offer(s), then the existing Shipper relinquishes all rights to such capacity. Transporter may enter into a TSA with the bidder(s) submitting the highest offer(s). However, Transporter shall not be required to enter into a TSA that is at less than Transporter's applicable maximum Tariff rate.
- (f) Continuation if No Firm TSA is Executed. If Transporter does not execute a firm TSA with a competing Shipper on or before the expiration of the existing Shipper's TSA, the existing Shipper shall have the right to continue service at Transporter's maximum applicable Tariff rate for an agreed term between the Parties.
- (g) Evergreen Rights. Transporter and Shipper may mutually agree to an evergreen provision in the TSA that would allow the TSA to go beyond its primary term with the mutual consent of the parties. If the TSA contains an evergreen provision, the ROFR provisions of this section will not apply until the TSA has reached the end of the evergreen period. However, if such Shipper has entered into a firm agreement utilizing off-system capacity contracted for pursuant to Section 4.6 below, it may not elect to extend the term of its agreement beyond the term of Transporter's agreement for such off-system capacity.
- (h) Capacity that is sold on an interim basis up to the commencement date of a prospective firm transportation agreement, pursuant to Section 4.3(f) of the General Terms and Conditions, shall not be eligible for a right of first refusal.
- (i) Transporter and Shipper may mutually agree to the early termination of one or more TSAs in exchange for Shipper's extension of the use of all or part of the underlying capacity under new terms. To the extent that Transporter and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's EBB as unsubscribed, available capacity prior to the extension.

4.9 Right-of-First-Refusal ("ROFR") (continued)

- (j) Prior to the expiration of the term of a TSA, Transporter and Shipper may mutually agree to an extension of the term of the TSA with respect to all or part of the underlying capacity (the exact terms of which are to be negotiated on a case-by-case basis in a not unduly discriminatory manner). To the extent that Transporter and Shipper have mutually agreed to this arrangement, Shipper need not participate in an open season for the extension nor must the underlying capacity be posted on Transporter's EBB as unsubscribed, available capacity prior to the extension. If a TSA has a right-of-first-refusal, the agreement to extend the term must be reached prior to the receipt of an acceptable bid submitted pursuant to Section 4.3 of these General Terms and Conditions.
- (k) When an agreement is subject to a regulatory right of first refusal, contains a contractual right of first refusal, a rollover clause, or an evergreen clause, extension rights apply to each expiring increment of capacity (i.e., on a step-down basis) during the term of the agreement.
- (l) Contractual ROFR. For purposes of this section, Transporter and any Shipper may agree to include a contractual right of first refusal in a TSA, which would allow Shipper to exercise a right of first refusal where the regulatory right would not apply.
 - (i) If a TSA includes Lease Capacity as defined in Section 3.6 of the Rate Schedule and does not otherwise qualify for a regulatory ROFR, such TSA shall not be eligible for a ROFR, unless Transporter and Shipper agree to a conditional contractual ROFR. Such contractual ROFR will be conditioned on the availability of the Lease Capacity and the remaining term of Transporter's underlying agreement for such capacity.

4.10 Creditworthiness

- (a) **Creditworthiness Requirement.** A Shipper wishing to obtain service must first comply with the creditworthiness requirements of this Tariff.
- (b) **Criteria for Creditworthiness Determination**
 - (i) Acceptance of a Shipper's request for service and the continuation of service are contingent upon the Shipper satisfying, on an on-going basis, a credit appraisal by Transporter.
 - (ii) Transporter shall apply consistent evaluation practices to all similarly situated Shippers to determine the Shipper's financial ability to satisfy the payment obligations due to Transporter over the term of the requested service agreement.
 - (iii) A Shipper will be deemed creditworthy if: (i) it's senior unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation ("S&P") or Baa3 by Moody's Investor Service ("Moody's"), (ii) Shipper's short term and long term outlook opinion is Stable or Positive from S&P or Moody's, and (iii) the sum of 12 Months of anticipated charges under a firm or interruptible TSA is less than 10% of Shipper's tangible net worth. In the event Shipper is rated by multiple agencies, the lowest rating shall be used. If the Shipper has multiple TSAs with Transporter, then the total of all such TSAs shall be considered in determining creditworthiness.
 - (iv) If Shipper is not rated by S&P or Moody's but has a parent that can satisfy the requirements of Section 4.10(c), then a Shipper may use its parent's credit rating and financial strength if a guarantee acceptable to Transporter is provided.
- (c) If Shipper is unable to satisfy the requirements of Section 4.10(d), Transporter will perform a creditworthiness review. As a part of this review, Transporter may require, either with the request for service or at any future time as Transporter deems necessary to conduct on-going credit evaluations of Shipper, that the Shipper provide Transporter with additional information to allow Transporter to determine the Shipper's creditworthiness.

If the service under review involves service under an existing TSA, Shipper must provide the additional information within five Business Days of the request for such information. If the service under review involves service under a new TSA, the information must be provided before Shipper's request may be deemed a valid request for service.

4.10 Creditworthiness (continued)

- (d) Transporter may request Shipper provide any or all of the following information:
- (i) a copy of Shipper's audited financial statements for the previous two fiscal year ends certified by the Chief Financial Officer or Chief Accounting Officer of the Shipper (which certificate shall state that such financial statements fairly present the financial condition and results of operations of the Shipper for the period indicated therein) prepared in accordance with generally accepted accounting principles or, for non-U.S.-based Shippers, prepared in accordance with equivalent standards;
 - (ii) a copy of Shipper's financial statements for the most recent period available, which may be unaudited, but if unaudited, must be signed and attested by Shipper's President and Chief Financial Officer as fairly representing the financial position of the company;
 - (iii) Shipper shall provide a bank reference and at least two trade references. The results of reference checks and any credit reports submitted herein must show that Shipper's obligations are being paid on a reasonably prompt basis;
 - (iv) Shipper shall confirm in writing that Shipper is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditors' committee agreement. Transporter may make an exception for a Shipper who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is adequately assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction;
 - (v) Shipper shall provide a list of owners and/or shareholders of the entity, if privately held.

4.10 Creditworthiness (continued)

- (e) If Shipper is unable to satisfy the requirements of Sections 4.10(b)(iii) and 4.10(c), it must provide and maintain adequate credit assurance satisfactory to Transporter in order to be granted a request for new service or to continue service under an existing TSA. If the service under review involves service under an existing TSA with a Shipper that has failed to demonstrate creditworthiness, the Shipper must bring its account with Transporter current by paying all past due invoice amounts owed to Transporter and provide, within five Business Days, payment in advance of one Month's anticipated charges in order to continue service for the current Month and within 30 calendar Days, the Shipper must provide the next three Months of credit assurance to continue service. Adequate assurance shall include at least one of the following at Shipper's election:
- (i) an irrevocable letter of credit to Transporter, satisfactory to Transporter, verifying the Shipper's creditworthiness;
 - (ii) a deposit in advance for the service under review;
 - (iii) a grant to Transporter of a security interest in collateral found to be satisfactory to Transporter; or
 - (iv) a guarantee acceptable to Transporter, by another person or entity which satisfies credit appraisal.
- Such letter of credit, deposit, security interest or guarantee shall be equal to three Months of the highest estimated reservation and commodity charges to include estimated charges for Natural Gas imbalances during the term of the service agreement. Upon Shipper's establishment of an acceptable credit record pursuant to Sections 4.10(b)(iii) or 4.10(c) or upon expiration of the TSA, Transporter shall return Shipper's letter of credit, deposit, security interest, or guarantee as applicable. If Transporter returns a deposit to Shipper, Transporter shall pay interest to Shipper at rates set pursuant to 18 CFR Section 154.501(d).
- (f) If Shipper is found to be non-creditworthy, Transporter will inform Shipper, in writing upon Shipper's request, of the reasons for the determination.
- (g) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for a request for new service, Transporter may deny the Shipper's request.
- (h) If Shipper is unable to demonstrate creditworthiness using any of the methods described above for service under an existing TSA, Transporter may, without waiving any rights or remedies it may have, terminate service upon 30-Day written notice using the notice procedures of Section 12.6 of the General Terms and Conditions.

4.10 Creditworthiness (continued)

- (i) Transporter may determine in its reasonable discretion that a Shipper that requests new service is not creditworthy to receive such service on the basis that Shipper has outstanding payments due on invoices rendered by Transporter on current or past TSAs and Shipper has defaulted on such payments per the terms of Section 12 of the General Terms and Conditions.
- (j) If a Shipper has multiple TSAs with Transporter and defaults on one TSA, Transporter may deem a default by Shipper on that one TSA as a loss of creditworthiness on any other TSA the Shipper has with Transporter.
- (k) Notwithstanding any other provision of this section, the Initial Shippers identified in the Docket No. CP03-302-000 proceeding or any Shippers succeeding to such capacity shall demonstrate creditworthiness in an amount equal to at least one year of reservation charges under the TSA. The one-year requirement shall remain in effect until the earlier of the termination of the applicable TSA or when Transporter has been reimbursed for the cost of the new facilities.

4.11 Discounting.

- (a) In the event that Transporter agrees to discount its rate to Shipper below Transporter's maximum rate under Transporter's FT, SEDS, IT, SS, and PAL Rate Schedules, the following discount terms may be reflected on the applicable service agreements and will apply without the discount constituting a material deviation from Transporter's Form of Service Agreement; provided, however, that any such discounted rates set forth below shall be between the minimum and maximum rates applicable to the service provided under the applicable rate schedule. Transporter and Shipper may agree that a specified discounted rate will apply under the following conditions:
 - (i) to specified quantities under the TSA or related scheduled overrun transportation;
 - (ii) to specified quantities achieving or not exceeding a certain level (including parked or loaned quantities withdrawn or paid back on the specific dates mutually agreed to by Transporter and Shipper or pursuant to Section 6.2 of Rate Schedule PAL);
 - (iii) in a specified relationship to quantities actually transported;
 - (iv) to specified quantities during specified periods of time or during specified periods of the year;
 - (v) to specified quantities at specific receipt or delivery points or other geographical locations;
 - (vi) to production reserves committed by the Shipper; and/or

4.11 (a) (continued)

- (vii) that a specific discounted rate is based on published index prices for specific receipt and/or delivery points or other agreed-upon published pricing reference points (such discounted rate may be based upon the differential between published prices or arrived at by formula). Any agreement containing such discounted rate shall specify the rate component(s) to be discounted (i.e., reservation charge or usage charge or both) and any formula will provide a reservation rate per unit of contract demand (Maximum Daily Quantity). To the extent the firm reservation charge is discounted, the index price differential rate formula shall be calculated to state a rate per dth. Furthermore, such discount shall not change the underlying rate design of the service being provided or include any minimum bill or minimum take provision that would have the effect of guaranteeing revenue.

In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate or is less than the applicable minimum rate due to a change in Transporter's maximum (minimum) rates so that such rate component must be adjusted downward (upward) to equal the new applicable maximum (minimum) rate, then other rate components may be adjusted upward (downward) to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate or are less than the minimum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sheets. Nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

4.12 Negotiated Rate Authority

- (a) Authority and Conditions. The rate or rates to be charged for service pursuant to any rate schedule contained in this Tariff may vary in form or level from the maximum-to-minimum ranges set forth on Statement of Rates sheets of this Tariff, provided:
 - (i) Transporter and Shipper have executed a valid TSA agreeing to such negotiated rate(s) or rate formula,
 - (ii) At the time of execution of such TSA or amendment agreeing to the negotiated rate(s) or rate formula, Shipper had access to service pursuant to this Tariff at the rates then set forth on the Statement of Rates sheets or, in the event of initial construction, Shipper had access to service pursuant to this Tariff at recourse rates and an initial recourse rate estimate was provided in good faith, and

4.12 (a) (continued)

- (iii) Prior to commencing service at such negotiated rate(s) or rate formula, Transporter will have filed a tariff sheet advising the Commission of such negotiated rate TSA, stating the exact legal name of Shipper and specifying the rate or rate formula included in such agreement,
- (b) Impact on Capacity Allocation. To the extent the revenue level pursuant to the negotiated rate(s) or rate formula should exceed the maximum rate for such service stated on the Statement of Rates sheets of this Tariff, Shipper paying such rate(s) shall be treated, for capacity-allocation purposes pursuant to Section 6.5, and for purposes of evaluating ROFR bids pursuant to Section 4.9 of these General Terms and Conditions, as if the rate(s) paid had been equal to the maximum rate for such service stated on the Statement of Rates sheets. The highest rate the Shipper must match for ROFR matching purposes is the maximum rate set forth in this Tariff. Any Shipper, existing or new, paying the maximum tariff rate has the same right to capacity as a Shipper willing to pay a higher negotiated rate. If the negotiated rate is higher than the corresponding maximum recourse rate, the negotiated rate cannot be used as the price cap for release capacity pursuant to Section 9 of these General Terms and Conditions.
- (c) Accounting for Costs and Revenues. Transporter will maintain accounting records so that revenues can be tracked to each negotiated rate transaction
- (d) Subject to the limitations set forth below, Transporter may seek to include negotiated rates in a discount-type adjustment to the level of Transporter's recourse rates in general rate changes initiated by Transporter under Section 4 of the Natural Gas Act and rate changes initiated by others under Section 5 of the Natural Gas Act. Transporter may seek to include negotiated rates in such recourse rate adjustment whenever the rate for service is below the posted maximum rate for service under the applicable rate schedule for all or part of the 12-Month base period and/or the nine Month adjustment period for such rate change proceeding. However, if the negotiated rate TSA(s) was/were not in effect during the base period, such discount may still be requested in the recourse rate adjustment when the rate for service under the negotiated rate TSA is projected to be in effect with rates below the otherwise applicable maximum recourse rate as of the end of the 9-Month adjustment period applicable to such rate proceeding.
- (e) A discount adjustment to recourse rates shall only be allowed to the extent that Transporter can meet the standards required of an affiliate discount-type adjustment including requiring that the Transporter shall have the burden of proving that any discount granted is required to meet competition.

4.12 (continued)

- (f) Transporter shall be required to demonstrate that any discount-type adjustment does not have an adverse impact on recourse rate Shippers.
 - (i) Demonstrating that, in the absence of Transporter's entering into such negotiated rate TSA providing for such discount, Transporter would not have been able to contract for such capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates which result after applying the discount adjustment; or
 - (ii) Making another comparable showing that the negotiated rate discount contributes more fixed costs to the system than could have been achieved without the discount.
- (g) Transporter may also seek to include in a discount-type adjustment negotiated rate TSA that were converted from pre-existing discounted Part 284 agreements to negotiated rate TSAs.
- (h) This provision does not allow Transporter and Shipper to negotiate terms and conditions of service.

4.13 Statutory Regulation

The respective obligations of Transporter and Shipper under the TSA are subject to the laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

4.14 Assignments

- (a) Assignable Parties. A Shipper may assign its TSA to:
 - (i) any person, firm, or corporation acquiring all, or substantially all, of the Natural Gas business of said Party;
 - (ii) a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities; but it may not be otherwise assigned without the consent of the other Party hereto. Whenever any corporation is referred to herein, such reference shall be deemed to include the successors and assignees of such corporation.
- (b) If a Shipper wishes to assign a portion or all of its firm capacity under a TSA to a party not described above, it must do so using the capacity release provisions of this Tariff.

- 4.15 Agents. Shipper must provide written notice to Transporter of the name, and any other pertinent information of another person ("Agent") that has agency authority to act for Shipper pursuant to a TSA, in connection with (1) the operation of pipelines, facilities and wells in connection with a TSA under Transporter's rate schedules, (2) Imbalance Management and Critical Conditions as described in the General Terms and Conditions and/or (3) other matters covered by a TSA. If the Agent has authority under (1) and (2) above, operating notices shall be served on the Agent alone. When using an Agent, the Shipper remains bound by its obligations under a TSA. Further, commitments made by the Agent on behalf of the Shipper are binding on the Shipper as if made by the Shipper. The Shipper must provide prompt written notice of the termination of the agency.
- 4.16 Termination Obligations. Termination of a firm or interruptible TSA, SS Agreement, PAL, or HSP Agreement shall not relieve Shipper or Operator, as applicable, of the obligation to pay money due to Transporter or to correct any volume imbalances. All warranties and indemnities shall survive the termination of the TSA or Agreement.
- 4.17 Regulatory Authority: All services shall be performed pursuant to 18 CFR 284.221 authority, unless Shipper elects service to be performed pursuant to 18 CFR 284.101 (Section 311) authority. In that event, Transporter shall only accept, and Shipper shall only make, nominations for service to be performed pursuant to 18 CFR 284.101 (Section 311) in accordance with the regulations governing the provisions of such service, and after Transporter has received an "on behalf of" letter acceptable to Transporter.
- 4.18 Governing Law: The laws of the State of Colorado shall govern the validity, construction, interpretation and effect of TSAs and of the applicable Tariff provisions. TSAs are subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

6. NOMINATIONS AND SCHEDULING PROCEDURES

6.1 Nomination Cycles (All times are Central Clock Time.) Except as provided below for certain nominations, Transporter will support the NAESB WGQ Standard 1.3.2 nomination cycles, as modified for the extension of the deadline for nominations to leave control of the nominating party (nomination deadlines) for an additional fifteen minutes. All times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard No. 0.3.17.

All nominations requiring Transporter to coordinate nominations across multiple pipelines shall submit nominations in accordance with NAESB WGQ Standard 1.3.2.

(a) The Timely Nomination Cycle

On the day prior to gas flow:

- 1:15 p.m. Nominations leave control of the Service Requester (SR);
- 1:30 p.m. Nominations are received by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- 1:30 p.m. Transporter sends the quick response to the SR;
- 4:30 p.m. Transporter receives completed confirmations from confirming parties;
- 5:00 p.m. SR and point operator receive scheduled quantities from the Transporter.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard No. 1.3.2(i))

(b) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:15 p.m. Nominations leave control of the SR;
- 6:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 6:30 p.m. Transporter sends the quick response to the SR;
- 8:30 p.m. Transporter receives completed confirmations from confirming parties;
- 9:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard No. 1.3.2(ii))

(c) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:15 a.m. Nominations leave control of the SR;
- 10:30 a.m. Nominations are received by the Transporter (including from TTTSPs);
- 10:30 a.m. Transporter sends the quick response to the SR;
- 12:30 p.m. Transporter receives completed confirmations from confirming parties;
- 1:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

6.1 (continued)

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day. (NAESB WGQ Standard No.1.3.2(iii))

(d) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:45 p.m. Nominations leave control of the SR;
- 3:00 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 3:00 p.m. Transporter sends the quick response to the SR;
- 5:00 p.m. Transporter receives completed confirmations from confirming parties;
- 5:30 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day. (NAESB WGQ Standard No. 1.3.2(iv))

(e) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:15 p.m. Nominations leave control of the SR;
- 7:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 7:30 p.m. Transporter sends the quick response to the SR;
- 9:30 p.m. Transporter receives completed confirmations from confirming parties;
- 10:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle. (NAESB WGQ Standard No. 1.3.2(v))

(f) For purposes of NAESB WGQ Standard No. 1.3.2 (ii), (iii), (iv) and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post (NAESB WGQ Standard 1.3.2(vi)).

(g) Show in Section 1 of Part VI: Illustrations is a representation of NAESB WGQ Standard 1.3.2 in tabular format.

(h) Reserved.

- 6.2 Nomination Procedures. Nominating parties will submit nominations to Transporter in accordance with the procedures and conditions set forth in this section. However, Transporter reserves the right to accept nominations after the deadlines specified in Section 6.1, provided that no Shipper will be disadvantaged by such action.
- (a) All nominations should be considered original nominations and should be replaced to be changed. When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only (NAESB WGQ Standard 1.3.7).
 - (b) All nominations should include Shipper defined begin dates and end dates. All nominations excluding intraday nominations should have roll-over options. Specifically, Shippers should have the ability to nominate for several Days, Months, or years, provided the nomination begin and end dates are within the term of Shipper's contract (NAESB WGQ Standard 1.3.5). For the date specified in the nomination, all nominations received by Transporter at or prior to a nomination deadline for that date shall be processed in the next available nomination cycle pursuant to this section.
 - (c) Intraday Nomination Requirements.
 - (i) For services that provide for intraday nominations and scheduling, there is no limitation as to the number of intraday nominations (line items as per NAESB WGQ Standard 1.2.1) which a Shipper may submit at any one standard nomination cycle or in total across all standard nomination cycles (NAESB WGQ Standard 1.3.32).
 - (ii) Intraday nominations are to be submitted in full-Day quantities.
 - (iii) Firm intraday nominations shall be scheduled ahead of previously scheduled interruptible nominations in the Evening, Intraday 1 and Intraday 2 Nomination Cycles. Application of this provision will result in such interruptible nominations being Bumped.
 - (iv) Flow Day Diversion. Subject to the limitations set forth in the applicable rate schedule, during any intraday nomination cycle of the Gas Day a shipper moving gas pursuant to this Tariff may use the Flow Day Diversion process to divert scheduled quantities to a new receipt or delivery point as detailed in this Section 6. Such diversion is limited to the elapsed pro rata scheduled quantities, as applicable.

6.2(c) (continued)

- (A) Flow Day Diversion Options
 - (1) A Shipper may divert scheduled quantities to a new receipt point upstream of a Segment.
 - (2) A Shipper may divert scheduled quantities to a new delivery point downstream of a Segment.
 - (3) Flow Day Diversion is not available for quantities scheduled at off-system locations nominated pursuant to General Terms and Conditions Section 4.6.

- (B) Conditions of Flow Day Diversion
 - (1) Shipper shall divert scheduled quantities under the same Transportation Service Agreement as quantities scheduled for the Gas Day.
 - (2) All nominations on a Transportation Service Agreement, including prior-cycle nominations and new intra-day nominations, shall be evaluated against quantities scheduled at a location(s) and on a Segment(s) available in the most recent intraday cycle.
 - (3) At Shipper's option, the Flow Day Diversion nomination may include changes to upstream/downstream transaction information, including package identification and rank.
 - (4) All nominations are evaluated based on the requirements of General Terms and Conditions Section 6.3.
 - (a) To the extent the sum of nominations for a transportation service agreement does not exceed the previously scheduled capacity for that Transportation Service Agreement, at a location or on a Segment, such nominations shall be processed as previously scheduled in the intraday cycle.
 - (b) If the sum of the nominated quantities on a Transportation Service Agreement in an intraday cycle exceeds the previously scheduled capacity at a location or on a Segment, such additional quantities shall be processed as incremental nominations and scheduled pursuant to GT&C Section 6.3.

6.2(c) (continued)

- (v) Transportation Service Providers should provide affected Parties with notification of Intraday Bumps, Operational Flow Orders, and other Critical Notices through the affected Party's choice of Electronic Notice Delivery Mechanism(s) (NAESB WGQ Standard 5.3.34). "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM (NAESB WGQ Standard 5.2.2).
- (vi) Intraday Bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced (NAESB WGQ Standard 1.3.51).
- (vii) Scheduling of intraday nominations shall be based on the elapsed pro rata scheduled quantities. Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform Hourly quantity for each nomination period affected (NAESB WGQ Standard 1.2.12).
- (viii) Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas (NAESB WGQ Standard 1.3.11). However, requests for decrease in flow shall only be accepted to the extent they do not represent a decrease below previous confirmed quantities which would have flowed on the requested Gas Day prior to the nominated decrease, assuming even Hourly flow rates. Intraday nominations do not rollover (i.e. Intraday nominations span one Day only). Intraday nominations may be used to nominate new supply or market (NAESB WGQ Standard 1.3.33).
- (ix) Transporter will re-determine scheduled quantities, pursuant to the scheduling priorities of Section 6.3, at the Evening, Intraday 1, Intraday 2 and Intraday 3 Nomination Cycles when such scheduled quantities are affected by a discount requested by Shipper and granted by Transporter. Such re-determination may cause a discounted firm Shipper that receives a discount after Gas has been scheduled to be Bumped.
- (x) Scheduling of Intraday Nominations. For purposes of determining the portion of any intraday nomination which is to be scheduled when available capacity is not sufficient to schedule all confirmed quantities, all intraday nominations shall first be cumulated with all prior confirmed daily and intraday nominations for that gas Day and compared to Shipper's MDQ. For the intraday nomination being processed, if the cumulated nomination quantity is in excess of MDQ, that portion of the quantity in excess of MDQ and any subsequently processed intraday nomination under that TSA shall be considered as using overrun capacity.

6.2(c) (continued)

- (xi) Scheduling of Pool Nominations. When required by capacity constraints, nominations related to pooling agreement(s) shall be based on the priorities of the Downstream Shipper's service agreement(s). When appropriate, such capacity allocations may supersede the priority ranking provided by the Pooler.
- (d) Nominated Imbalance Quantities. Shippers shall separately nominate makeup and payback quantities to resolve imbalances.
- (e) Overrun Nominations. Overrun quantities should be requested on a separate transaction (NAESB WGQ Standard 1.3.19). However, in the event that such excess quantities are included in other nominations, the excess portion of such nomination will be scheduled pursuant to Section 6.5.
- (f) Responsibility for Nominated Quantities. When submitting nominations, the nominating party/Shipper is responsible for assuring that nominations are made in good faith and that sufficient gas supplies are available at the nominated receipt point(s). Pursuant to the procedures specified above, Transporter will verify nomination information with the Interconnecting Party and will determine the confirmed quantity. Transporter is not responsible for assuring that the confirmed quantities are actually tendered to Transporter at the receipt point(s).
- (g) Accuracy of Nominated Quantities. The nominating party/Shipper is responsible for the accuracy of nomination data. If Transporter determines that the confirming party/Shipper is consistently nominating greater quantities than the capacity of the meter or the party's ability to take such quantities, Transporter will reduce such nominations to the level of the most recent takes at that location.
- (h) Transporter's Obligation to Deliver. For any gas Day, except as provided for no-notice transportation service under Rate Schedule SEDS, Transporter shall not be obligated to deliver any greater quantity than it has confirmed and received. Further, Transporter is not obligated to increase or decrease quantities at any receipt or delivery point which have not been confirmed.
- (i) Pooling Nominations. Except when noted below, all nominations related to Pools are subject to the nomination procedures set forth in GT&C Section 6.2.
 - (i) With respect to nomination procedures, all Pooling nominations will identify the Pool as the delivery point.
 - (ii) With respect to daily and intraday nomination and confirmation schedules, the Pooler is responsible for submission of appropriate Pooling nominations to support confirmation of the Pool.
 - (iii) With respect to nominated imbalance quantities, Poolers may not nominate out of balance, except to resolve existing imbalances.

- 6.3 Scheduling of Receipt and Deliveries. Each Day, Transporter shall schedule the quantities nominated by Shippers in the order described hereinafter. Transporter shall schedule the lesser of the nominated quantity or the confirmed quantity. The following provisions shall not apply to no-notice transportation provided under Rate Schedule SEDS.
- (a) The first quantities scheduled shall be those quantities nominated and confirmed for service under Rate Schedules FT and SEDS utilizing Primary Capacity. If Transporter has insufficient capacity to schedule all nominated quantities as Primary Capacity, Transporter shall schedule pro rata based on contract entitlement at the point at which the capacity limitation occurs.
 - (b) The next quantities scheduled shall be those nominated and confirmed under Rate Schedules FT and SEDS for service involving Flow Path Secondary Capacity. Quantities using Flow Path Secondary Capacity will be scheduled based on the reservation rate being paid, with the highest rate being scheduled first. Shippers paying the same reservation rate shall be scheduled on a pro rata basis based on nominated quantities.
 - (c) The next quantities scheduled shall be those quantities nominated and confirmed for service under Rate Schedules FT and SEDS using Secondary Capacity. Secondary Capacity quantities will be scheduled based on the reservation rate being paid, with quantities at the highest rate being scheduled first. Quantities subject to the same rate shall be scheduled on a pro rata basis based on nominated quantities.
 - (d) The next quantities scheduled shall be those quantities required by Transporter for the operational purchases and sales gas requirements contemplated in Section 29 of the General Terms and Conditions of this Tariff.
 - (e) The next quantities scheduled shall be those quantities nominated and confirmed under Rate Schedule IT. Under this service, a Shipper paying a higher commodity rate than another Shipper shall be scheduled first. Further, within this group, Shippers paying the same commodity rate shall be scheduled pro rata based on nominated quantities.
 - (f) The last quantities scheduled shall be authorized overrun, imbalance quantities under any rate schedule, and quantities nominated and confirmed under Rate Schedule PAL. Quantities not associated with concurrent receipts or deliveries will only be scheduled when supported by Transporter's ability to deliver extra gas from the pipeline system without a concurrent supply or to receive extra gas into the pipeline system without a concurrent delivery.
 - (i) Notwithstanding Section 6.3(e)(ii) below, nominations for withdrawal and payback quantities under Rate Schedules PAL shall be scheduled first before nominations for park and/or loan quantities under Rate Schedules PAL.

6.3(f) (continued)

- (ii) For quantities scheduled within this Section 6.3(f), quantities will be scheduled based on the priority of the TSA or PAL Agreement under which the quantity is being nominated. Quantities nominated under firm TSAs shall be scheduled first in accordance with Section 6.3, as appropriate. Quantities nominated under interruptible TSAs or Rate Schedule PAL Agreements shall be scheduled next with quantities associated with higher commodity rates scheduled before those associated with lower commodity rates. Interruptible and Rate Schedule PAL nominations carrying the same commodity rate shall be scheduled pro rata based on the quantities nominated.

6.4 Confirmation Procedures

- (a) Confirmations issued during each scheduling cycle shall be treated as scheduled quantities at the point of interconnection. If a confirmation from an Interconnecting Party is received after final quantities are scheduled, the resulting imbalance will be carried on the Shipper's TSA unless the Interconnecting Party agrees to accept the scheduled quantities on its operational balancing agreement during the Intraday 3 Nomination Cycle.
- (b) With respect to the confirmation process for intraday nominations, the following provisions apply:
 - (i) Requests for Increases. In the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the previously scheduled quantity should be the new confirmed quantity.
 - (ii) Requests for Decreases. In the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a request for confirmation or an unsolicited confirmation response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

6.5 Allocation of Capacity

Where transportation service is interrupted due to capacity limitations, service shall be interrupted pursuant to the following order until the level of scheduled service equals available capacity. Transporter shall provide as much notice as is practicable prior to implementing any interruption of services.

- (a) All overrun quantities on a pro rata basis.
- (b) The next quantities to be interrupted shall be those quantities nominated as imbalance quantities under any rate schedule and Rate Schedule PAL quantities. Such quantities shall be interrupted based on the priority of the TSA under which the quantity is being nominated. Quantities nominated under interruptible TSAs or Rate Schedule PAL Agreements shall be interrupted first with quantities associated with lower commodity rates interrupted before those associated with higher commodity rates. Interruptible and Rate Schedule PAL nominations carrying the same commodity rate shall be allocated pro rata based on the quantities scheduled. Quantities nominated under firm TSAs shall be interrupted next on a pro rata basis based on quantities scheduled.
- (c) The next quantities to be interrupted shall be those quantities nominated as interruptible service. The allocation of capacity will be based on the commodity rate being paid. A service at a lower rate than another service shall be interrupted first. Further within this group, Shippers that are paying the same commodity rate shall be allocated pro rata based on quantities scheduled.
- (d) The next quantities to be interrupted shall be those quantities required by Transporter for the operational purchases and sales gas requirements contemplated in Section 29 of the General Terms and Conditions of this Tariff.
- (e) The next quantities to be interrupted shall be those quantities utilizing Primary, Flow Path Secondary and/or Secondary Capacity (including imbalance payback quantities within firm entitlements). Reductions during the Evening Nomination Cycle will be interrupted using the scheduling priorities in Section 6.5 for firm services. Reductions occurring after the Evening Nomination Cycle will be interrupted pro rata based on contract entitlements at the point at which the capacity limitation occurs. For purposes of this section, contract entitlement involving non-Primary Capacity shall be the quantity scheduled to flow before the interruption of service.

6.6 Title Transfer Tracking Service

- (a) Transporter shall provide one or more pools for purposes of facilitating the aggregation and disaggregation of gas received into its system. The process of aggregating and disaggregating gas receipts shall be deemed pooling.
 - (b) At a minimum, Transporter should be responsible for accommodating Title Transfer Tracking ("TTT") services at all points identified by the Transporter as pooling points, where TTT services are requested. In absence of existing pooling points or in addition to existing pooling points where access to TTT activity is not reasonably accessible for supply receipt locations covered by an OBA, Transporter should be responsible for accommodating TTT at no less than one location. (NAESB WGQ Standard 1.3.64)
 - (c) The Title Transfer Tracking services should be supported by means of the nominations, quick responses and scheduled quantities processes. At Transporter's election, the confirmation process may also be utilized with Title Transfer Tracking Service Providers within Transporter's System. (NAESB WGQ Standard 1.3.65)
 - (d) Transporter shall provide service as a Title Transfer Tracking Provider ("TTTSP") at its designated pooling points. Parties wishing to transfer title to other parties using Transporter's TTT services must hold a pooling account with Transporter. Third Party Account Administrators ("3PADS") must hold a pooling account with Transporter and must follow the procedures and requirements for nominations, quick responses and scheduled quantities.
 - (e) Transporter may facilitate TTT service(s) at individual locations where such service(s) is requested.
- 6.7 Protection of Life and Property. Transporter and Shipper shall collaborate in making adjustments to receipt quantities or delivery quantities, if possible, which may be necessary to avoid or forestall injury to life and property.
- 6.8 Liability for Interruption. If service under this Tariff is interrupted consistent with this section, Transporter shall not be liable for damages resulting from the implementation of the procedures described herein, except to the extent that such interruptions of service are shown to be the result of negligence or misfeasance by Transporter.

8. OPERATING PROVISIONS

8.1 FIRM SERVICE

(a) Segmentation of Capacity

- (i) **Applicability.** Any Shipper receiving firm transportation service under Rate Schedule FT or firm nominated transportation service under Rate Schedule SEDS may Segment its capacity pursuant to the provisions and restrictions of this section and Rate Schedule SEDS.
 - (A) Segmentation may be accomplished on a self-implementing basis, by nomination or capacity release.
 - (B) Segmentation may be accomplished on Transporter's System by specifying the desired Segmentation receipt and delivery points. Transporter shall permit such Segmentation if the provisions in Section 8.1(a)(ii) are met, if capacity is available, and if such Segmentation request can be supported without adversely affecting system operations or other firm obligations. Any new receipt or delivery points established by Segmentation will not affect Shipper's entitlements at existing receipt and delivery points except as adjusted by capacity release, and are deemed to be Segmentation receipt and/or delivery points, as appropriate. If the Segmentation involves the release of capacity, then the requirements of Section 9 must be met.
- (ii) **General Prerequisites for Segmentation.** To maintain the integrity and reliability of Transporter's system, the following prerequisites for Segmentation have been established to ensure that Segmentation is supported to the greatest extent possible without detriment to, or degradation of, any Shipper's service.
 - (A) Segmented capacity may not exceed Shipper's MDQ, except as provided below.
 - (B) Segmentation is subject to the availability of capacity and existing contractual obligations at and between the new receipt point(s) and/or delivery point(s) established as a result of Segmentation.
 - (C) The thermal content of gas being received at Segmented points must be no less than the thermal content of gas received at the original receipt point under the Shipper's TSA.

8.1(a)(ii) (Continued)

- (D) Shipper may nominate and tender and Transporter may confirm and receive quantities pursuant to Segmentation transactions which exceed Shipper's MDQ. However, the quantity of capacity usage on any Segment which exceeds Shipper's MDQ shall be considered Overrun Gas and shall be invoiced at the applicable maximum Authorized Overrun Rate.
- (iii) Implementation of Segmentation.
- (A) Segmentation transactions for which the receipt or delivery point lies within Shipper's Primary Receipt-to-Delivery Flow Path are to be scheduled as primary for the portion of the transaction that is within Shipper's Primary Receipt-to-Delivery Flow Path and Flow Path Secondary for the portion of the transaction outside such flow path. However, Shipper may request to acquire primary rights at the receipt and/or delivery point from Transporter, pursuant to Section 8.1(b)(ii).
 - (B) Segmentation transactions entirely outside the Primary Receipt-to-Delivery Flow Path are to be scheduled as Secondary Capacity.
 - (C) Both Releasing and Replacement Shippers may utilize Secondary Capacity. However, the combined nominations of such Shippers on any Segment are limited to the original contractual MDQ. Based on the replacement TSA's MDQ, Secondary Capacity on a Segment shall be allocated on a pro rata basis between the Releasing and Replacement Shippers up to the original contractual MDQ. Capacity utilized above the Secondary Capacity Allocation shall be scheduled and invoiced as authorized overrun.
 - (D) As long as FERC's Order No. 637 policies require it, a firm Shipper (or a Releasing Shipper and a Replacement Shipper participating in a capacity release) may Segment its capacity by simultaneously transporting its full MDQ in a forward haul and its full MDQ in a Backhaul to the same delivery point.
 - (E) Control of Segmentation. Transporter reserves the right at any time to control or restrict Segmentation when, in Transporter's sole discretion, such Segmentation would result in a degradation of service or pose a threat to the sound operation of Transporter's System. Such control or restriction may be necessary to ensure that critically sourced gas is available when and where it is needed during times of normal, as well as critical operations.

8.1(a) (Continued)

- (iv) Shipper, utilizing Segmentation point(s) shall pay the applicable maximum reservation and commodity rates for the portion of Shipper's quantities utilizing Segmentation points, unless Shipper has requested and been granted a discount pursuant to Section 3.2 of Rate Schedule FT, Section 4.6 of Rate Schedule SEDS or Shipper's TSA provides otherwise. In no event shall Shipper be entitled to more transportation service than is provided for under the TSA. Shipper's entitlements at the existing primary receipt or delivery points are not affected by Segmentation.
- (b) Flexible Receipt and Delivery Point(s).
- (i) Designation of primary receipt and delivery points. The receipt and delivery points listed in the TSA shall be the Shipper's primary receipt and delivery points. The total receipt point capacity must equal the total delivery point capacity and must equal the MDQ specified in the TSA.
 - (ii) Revision of Primary Points. A firm Shipper may request a permanent change to the primary receipt and delivery point(s) listed in the TSA. Requests for such changes shall be made in writing no less than five Business Days prior to the Day on which Shipper desires such change to be effective. Transporter shall evaluate all requests for changes as promptly as possible and shall grant such changes if capacity is available and the change can be made without adversely affecting system operations or other firm obligations at the new or existing Primary Point(s). For permanent changes to primary receipt and delivery point(s) listed in a Rate Schedule SEDS TSA, Transporter shall grant such changes only if Transporter also has all the required available capacity including Lease Capacity available to support the requested changes, and the proposed receipt and/or delivery point otherwise met the requirements of the service. Any changes in receipt and/or delivery point(s) shall result in a corresponding one-for-one reduction in quantities at the original receipt and/or delivery point(s). Shipper retains no rights to the reduced original points. Transporter may sell such reduced capacity to other Shippers requesting the capacity.
 - (iii) Through the nomination process, Shipper may request transportation service at Secondary Point(s) outside of the Primary Receipt-to-Delivery Flow Path. The Secondary Point(s) may be any receipt and/or delivery point(s). The total quantity of gas transported on behalf of Shipper shall not exceed Shipper's MDQ, unless otherwise agreed to by Transporter.
 - (iv) Discounted Transportation Rates. Unless otherwise agreed by Transporter, pursuant to Section 3.2 of Rate Schedule FT or Section 4.6 of Rate Schedule SEDS, Shipper shall pay the maximum firm transportation charges for service requested at Secondary Points or at revised primary receipt or delivery points.

8.2 Interruptible Service

Obtaining Interruptible Service. After receiving a valid request for interruptible service, Transporter will evaluate Shipper's request and respond to Shipper within five Business Days. Once the request has been evaluated and approved, Transporter will prepare and tender to Shipper, electronically or in writing, an agreement for execution.

9. CAPACITY RELEASE PROGRAM

- 9.1 Purpose. This section sets forth the specific terms and conditions applicable to Transporter's capacity release program. Unless otherwise stated in this Section 9, all times are Central Clock Time (CCT) pursuant to NAESB WGQ Standard No. 0.3.17.
- 9.2 Applicability. This section is applicable to any Releasing Shipper(s) or any Replacement Shipper(s) who elect to release all or a portion of its firm capacity under Rate Schedules FT and SEDS. Releasing Shipper(s) shall have the right to release, on a permanent or temporary basis, any portion of its firm capacity rights held under a TSA with Transporter, but only to the extent that the capacity so released is acquired by another Shipper pursuant to this section.
- 9.3 Availability of Released Capacity. Released capacity shall be made available on a non-discriminatory basis and shall be assigned on the basis of an open season or prearrangement in accordance with the procedures of this section and, where appropriate, the applicable NAESB WGQ Standards.
- 9.4 Qualification for Participation in the Capacity Release Program. Any party, whether seeking to acquire capacity under bid or a prearranged release, must be pre-qualified by Transporter prior to submitting a bid for released capacity. To be pre-qualified, a Shipper must satisfy the creditworthiness requirements of this Tariff. Notwithstanding such qualification to participate in the capacity release program, Transporter does not guarantee the payment of any outstanding amounts by a Replacement Shipper.
- 9.5 (a) Releases Assigned On the Basis of An Open Season. A Shipper electing to release capacity on the basis of an open season must post notice of release on Transporter's EBB pursuant to Section 9.7 hereof. Such notice shall be posted upon receipt unless Releasing Shipper requests otherwise.
- (b) The capacity release timeline (NAESB WGQ Timeline) applies to all parties involved in the capacity release process provided that 1) all information provided by the parties to the transaction is valid and the acquiring Shipper has been determined to be credit worthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided the Transportation Service Provider (TSP) with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, the TSP may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by the Transportation Service Provider. (NAESB WGQ Standard No. 5.3.1) Furthermore, the release must comply with the Bid Evaluation Methods described in Sections 9.11(d)(i) through (iii), hereof (Note 1):

9.5 (b) (continued)

NAESB WGQ Standard 5.3.2:

For biddable releases (one (1) year or less):

- (i) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day (evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken).
- (iii) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (iv) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 p.m. Noon.
- (v) The contract is issued within one Hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than one (1) year):

- (vi) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (vii) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- (viii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (ix) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (x) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- (xi) The contract is issued within one Hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

9.5 (b) (continued)

For non-biddable releases:

(xii) The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- Timely Cycle 12:00 Noon
- Evening Cycle 5:00 p.m.
- Intraday 1 Cycle 9:00 a.m.
- Intraday 2 Cycle 1:30 p.m.
- Intraday 3 Cycle 6:00 p.m.

(xiii) The contract is issued within one Hour of the award posting (with a new contract number, when applicable); nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

NOTE: (1) Posting of Notices of Release (either under an open season or a prearranged release) is subject to review by Transporter for accuracy, completeness, and validity before being posted.

9.6 Prearranged Releases. Shipper electing to release capacity on the basis of a prearranged release must post notice on Transporter's EBB pursuant to Section 9.8 herein.

- (a) No open season is required for a prearranged release which meets all of the terms of the release and is:
- (i) a release for more than one Year at the maximum reservation rate under the applicable Tariff rate schedule;
 - (ii) a release for any period of thirty-one Days or less;
 - (iii) a release to an asset manager as defined by FERC regulations at 18 C.F.R. 284.8; or
 - (iv) a release to a marketer participating in a state-regulated retail access program as defined by FERC regulations at 18 C.F.R. 284.8. All other prearranged releases shall be subject to an open season requirement contained in Section 9.5 hereof.
- (b) A Releasing Shipper may not re-release capacity that is a rollover or extension of a release of thirty-one Days or less to the same Replacement Shipper until twenty-eight (28) Days after the first release period has ended. The 28-Day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding in this Section 9.6.

- 9.6 (continued)
- (c) A Shipper electing to release capacity on a prearranged basis not subject to an open season must post the notice of release on Transporter's EBB pursuant to the timeline for non-biddable releases in Sections 9.5(b)(xii) - (xv).
- 9.7 Notice by Shipper Electing to Release Capacity On An Open Season Basis. Any Shipper holding capacity rights subject to this Section 9 who desires to release such firm capacity on an Open Season Basis shall deliver notice via Transporter's EBB which shall contain the following:
- (a) Releasing Shipper's legal name, contract number, and the name of the individual responsible for authorizing the release of capacity;
- (b) The maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;
- (c) the receipt and delivery point(s) at which the Releasing Shipper will release capacity and the firm capacity to be released at each such point;
- (d) whether capacity will be released on a recallable or a recallable and reputtable (returned to the Replacement Shipper) basis (subject to minimum terms and conditions in Section 9.12). Recall and reput terms must be objectively stated, nondiscriminatory, and applicable to all bidders. The Transportation Service Provider should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day (NAESB WGQ Standard 5.3.51).
- (e) the requested effective date and the term of the release (minimum term of release is one Day);
- (f) whether the Releasing Shipper is willing to consider release for a shorter time period than that specified in (e) above, and, if so, the minimum acceptable period of release;
- (g) whether the Releasing Shipper desires bids for the released capacity to be stated in a dollar amount per Dth, as a percentage of Transporter's maximum Reservation Rate as in effect from time to time; or an index-based formula under one of the methods listed below, in conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this choice. Once the choice is made by the Releasing Shipper, the bids should comport with the choice. The methods available for an index-based formula are:
- (i) a percentage of the formula,
- (ii) a dollars and cents differential from the formula, or
- (iii) a dollars and cents differential from the Rate Floor;

9.7 (continued)

- (h) whether the Releasing Shipper desires to release capacity on a volumetric Reservation Rate Basis, and, if so, the minimum acceptable rate and, if applicable, any minimum volumetric load factor commitment-, or as an index-based formula.. (Capacity releases made on a volumetric rate basis cannot be re-released by the Replacement Shipper);
- (i) the applicable maximum reservation rate for capacity being released as shown on Transporter's Statement of Rates or as an index-based formula;
- (j) if Releasing Shipper is willing to consider releasing capacity at less than maximum reservation rate stated in (i) above, and if so, the minimum reservation rate Releasing Shipper is willing to accept;
- (k) Reserved.
- (l) whether the Releasing Shipper wants Transporter to market the capacity in accordance with Section 9.17 hereof;
- (m) for releases posted to comply with the NAESB WGQ Timeline as shown in Section 9.5(b) hereof, the Releasing Shipper shall select one of the following bid evaluation methods which are described more fully in Section 9.11(d):
 - (i) Present Value
 - (ii) Highest Rate
 - (iii) Net Revenue
- (n) In lieu of the methods described in Section 9.7(m) above, the Releasing Shipper may provide its own nondiscriminatory bid evaluation criteria; except that Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation method.
- (o) The time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff or by the Releasing Shipper, if Releasing Shipper requests a longer open season or an earlier posting than is required in Section 9.5). After the open season has commenced, a Releasing Shipper cannot specify the extension of an open season bid period without posting a new release;
- (p) whether the Releasing Shipper is willing to accept contingent bids;
- (q) Releasing Shipper shall elect one of the following:
 - (i) establish minimum terms of the release and display them on the electronic bulletin board; or

- 9.7 (continued)
- (ii) establish minimum terms of the release and keep such terms confidential (i.e., not post them on the electronic bulletin board) but Bidding Shippers will be informed on the EBB that minimums have been established;
 - (iii) establish no minimum terms; Releasing Shipper will accept highest bid received for the release.
 - (iv) any other applicable conditions of the release.
- (r) any other applicable conditions of the release.
- 9.8 Notice by Shipper Electing to Release Capacity on Prearranged Release Basis and Confirmation of Bid by Prearranged Shipper. The Releasing Shipper shall deliver a notice of a prearranged release via Transporter's electronic bulletin board. Likewise, the Prearranged Shipper must confirm its bid electronically on the EBB. The EBB notice shall set forth the following information
- (a) all the items contained in Section 9.7 hereof required to define a prearranged release;
 - (b) Prearranged Shipper's legal name, address, and the name of the individual responsible for authorizing the bid for the prearranged release;
 - (c) the term of the proposed acquisition of capacity by Prearranged Shipper (minimum term of any release is one Day);
 - (d) the reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, or as an index-based formula, as specified by Releasing Shipper, the Prearranged Shipper has agreed to pay for the released capacity and any minimum volumetric load factor, if applicable. In conformance with NAESB WGQ Standard 5.3.26, Releasing Shipper has the choice to specify dollars and cents or percent of maximum Tariff rate in the denomination of bids and Transporter shall support this. Once the choice is made by the Releasing Shipper, the bids should comport with the choice. If capacity is released on a volumetric Rate basis, it cannot be re-released by the Replacement Shipper.
 - (e) the maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day;
 - (f) whether or not the Prearranged Shipper is an affiliate of the Releasing Shipper or Transporter;
 - (g) whether or not the Prearranged Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;

9.8 (continued)

- (h) the time and date the notice is to be posted on Transporter's EBB. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper (open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff, if applicable, or by Releasing Shipper, if Releasing Shipper requests a longer open season than the minimum required in Section 9.5 herein).

Releasing Shipper cannot allow extension of time provided for the Prearranged Shipper to match a higher bid (matching period as described in the timeline in Section 9.5 hereof) without posting a new release;

- (i) any other applicable conditions of the prearranged release.

9.9 Term of Released Capacity. The term of any release of firm capacity shall not exceed the term of the TSA or Replacement Capacity Agreement under which the release occurs, nor shall it be less than one Day.

9.10 Bids for Released Capacity Subject to Open Season. A bid may be submitted to Transporter by a Bidding Shipper at any time during the open season via Transporter's EBB.

- (a) Each bid for released capacity must include the following:

- (i) Bidding Shipper's legal name and the name of the individual responsible for authorizing the bid;
- (ii) the term of the proposed acquisition;
- (iii) the maximum reservation rate, expressed as a daily rate (dollars and cents) or percentage of the maximum reservation rate, as appropriate, or maximum volumetric rate, or the maximum dollars differential or percentage of an index-based formula Bidding Shipper is willing to pay for the released capacity;
- (iv) the capacity desired at primary receipt and delivery points;
- (v) for Segmented capacity release requests, the prerequisites and requirements of Section 8.1(a) must be met.
- (vi) whether or not the Bidding Shipper is an affiliate of the Releasing Shipper or Transporter;

- 9.10 (a) (continued)
- (vii) for prearranged releases, whether or not the Bidding Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;
 - (viii) any other information requested in the notice of release posted on Transporter's EBB;
 - (ix) whether or not the Bidding Shipper will meet all other terms of release (if there are any); and
 - (x) the time and date the bid was submitted to Transporter for posting on Transporter's EBB.
- (b) All valid and complete bid(s) received by Transporter during the open season as detailed in Section 9.5 hereof shall be posted on Transporter's EBB. The identity of the Bidding Shipper(s) will not be posted, but all other terms of the bid(s) will be posted on Transporter's EBB.
- (c) Except as stated in this Section 9.10(c), a Bidding Shipper may not bid a reservation rate less than the minimum reservation rate nor more than the maximum reservation rate applicable to the appropriate rate schedule nor may the capacity or the term of the release of such bid exceed the maximum quantity or term specified by the Releasing Shipper. No maximum rate limitation applies to a release of capacity, including an index-based release, for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release.
- (d) A Bidding Shipper may withdraw its bid any time prior to the expiration of the open season but may not resubmit a bid for the same release at an equal or lower rate. Bids may be withdrawn in writing, interactively via the EBB .
- (e) A Bidding Shipper may only have one bid pending for a capacity release transaction at any one time.
- (f) All bids pending at the expiration of the open season shall be binding upon the Bidding Shipper(s). Further, the Bidding Shipper(s) agrees that its bid will constitute a binding agreement if the Bidding Shipper is awarded the released capacity pursuant to this Section 9.
- (g) Bids shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.13).

9.11 Awarding of Released Capacity. Released capacity shall be awarded in accordance with this section.

- (a) If a Bidding Shipper's bid satisfies all terms and conditions specified in the Releasing Shipper's notice, including the posted reservation rate, then the capacity shall be awarded to such Bidding Shipper, and the Releasing Shipper shall not be permitted to reject such bid. If such bid was submitted in an open season relating to a prearranged release, capacity shall be awarded as described in Section 9.11(h) hereof.
- (b) Offers shall be binding until notice of withdrawal is received by Transporter on its Customer Activities Web site (NAESB WGQ Standard 5.3.14). Releasing Shipper(s) may withdraw their offer of release any time prior to the start of the open season, or during the open season in the event of an unexpected change in Releasing Shipper's need for the capacity being released provided, however, that the Releasing Shipper may not withdraw its offer of release, if bids have been received that meet the minimum terms of the release. The Releasing Shipper may withdraw its offer to release capacity via the EBB. In summary, the Releasing Shipper has the right to withdraw its offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made (NAESB WGQ Standard 5.3.16).
- (c) If more than one bid is received that is equal to or exceeds all the minimum terms and conditions specified in the Releasing Shipper's notice, then the Replacement Shipper(s) shall be the Bidding Shipper(s) who offer(s) the highest bid, based on the bid evaluation methods as posted by the Releasing Shipper in its notice of release. Transporter shall evaluate and rank all bids submitted during the open season. If Bidding Shipper has made a bid based on a contingency and such contingency has not been removed by the date and time specified pursuant to the timeline as described in Section 9.5 hereof, such bid shall be deemed withdrawn. If bids from two or more Bidding Shippers result in bids of equal value, then the capacity shall be awarded pursuant to Section 9.11(g) hereof.

9.11 (continued)

- (d) Bid Evaluation Methods. All bids received will be evaluated pursuant to one of the following methods:
- (i) Present Value Calculation. Releasing Shipper may elect to have all bids evaluated and ranked pursuant to a Present Value Calculation, as follows:

$$R \times \frac{1 - (1 + i)^{-n}}{i} \times V = \text{present value}$$

where: i = interest rate per Month using one-twelfth (1/12th) of the current FERC annual interest rate defined in Section 154.501(d)(1) of FERC's Regulations.
 n = term of the release, in Months
 R = the Reservation Charge(s) and Reservation Surcharge(s) bid
 V = volume stated in dth

- (ii) Highest Rate. Releasing Shipper may elect to have bids evaluated on the basis of the highest reservation rate bid;
- (iii) Net Revenue. Releasing Shipper may elect to have bids evaluated on the basis of the total reservation rate-based revenues received over the term of the release;
- (iv) Other Method. Releasing Shipper may at the time of posting of the notice of release specify how bids are to be evaluated to determine which offer is the best. The criteria must be objectively stated, applicable to all potential bidders, and nondiscriminatory. The criteria can contain provisions that allow for weighting of factors such as quantity, term, and rate; however, Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation methodology. If bid evaluation criteria are provided by the Releasing Shipper, the evaluation period specified in Section 9.5(b) shall be extended by one Business Day.
- (e) For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies an index-based formula in its capacity release offer, the bid rate (R) used in the bid evaluation options of this Section 9.11 will be based on: 1) the dollars and cents differential or percentage of the Rate Default, or 2) the dollars and cents differential of the Rate Floor, as applicable.

9.11 (continued)

- (f) If bid evaluation criteria are provided by the Releasing Shipper, Transporter shall, for each bid received, calculate the total value of each bid received at the end of the open season based on the nondiscriminatory criteria provided by the Releasing Shipper. The results of this calculation shall determine each bid's total value. The bids will then be ranked by Transporter in order from the highest to the lowest total value.
- (g) For bids evaluated using any of the first three methods (Sections 9.11(d)(i) through (iii), above), Transporter shall notify the Releasing Shipper and successful bidder no later than 5:00 p.m. CCT on the Business Day before nominations are due (as specified in Section 9.5, hereof) and the capacity shall be awarded to the successful Bidding Shipper(s) (i.e., the Replacement Shipper(s)).
- (h) If bids from two or more Bidding Shippers result in bids of the highest equal value, the first bid received of highest equal value will be awarded the capacity. When Transporter makes awards of capacity for which there have been multiple bids meeting minimum conditions, Transporter shall award the bids, best bid first, until all offered capacity is awarded (NAESB WGQ Standard 5.3.4).
- (i) With respect to a prearranged release, if no better offer (as determined above) is received during an open season or the prearranged offer is for the applicable maximum reservation rate under the applicable rate schedule for a term of more than one year and meets all the other terms of the release, then the Prearranged Shipper shall become the Replacement Shipper for the released capacity. If a better offer is received during the open season, the Prearranged Shipper shall have the time specified in Section 9.5 hereof to match that offer. If the Prearranged Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer, as determined above, shall become the Replacement Shipper.
- (j) A Releasing Shipper shall retain all of the capacity under the executed TSA or Replacement Capacity Agreement that is not acquired by a Replacement Shipper as the result of an open season or a prearranged release.
- (k) If no bids are received which meet or exceed all of the minimum conditions specified by the Releasing Shipper, no capacity shall be awarded.

9.12 Recalls and Reput of Capacity. If capacity is released subject to recall pursuant to Section 9.7(d), in addition to such other terms not inconsistent with this section as are agreed to by the Releasing Shipper and the Replacement Shipper, recall of such capacity shall be subject to the following terms and conditions:

(a) All Transportation Service Providers ("TSPs") should support the following recall notification periods for all released capacity subject to recall rights: (NAESB WGQ Standard 5.3.44)

(i) Timely Recall Notification:

(A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the Day that Timely Nominations are due;

(B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the Day that Timely Nominations are due;

(ii) Early Evening Recall Notification:

(A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. on the Day that Evening Nominations are due;

(B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the Day that Evening Nominations are due;

(iii) Evening Recall Notification

(A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the Day that Evening Nominations are due;

(B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the Day that Evening Nominations are due;

9.12 (a) (continued)

(iv) Intraday 1 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. on the Day that Intraday 1 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the Day that Intraday 1 Nominations are due; and

(v) Intraday 2 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 12:00 p.m. on the Day that Intraday 2 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the Day that Intraday 2 Nominations are due.

(vi) Intraday 3 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

- (b) For recall notification provided to the Transportation Service Provider ("TSP") prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the TSP should provide notification to all affected Replacement Shippers no later than one Hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard 5.3.45)

- (c) Releasing Shipper's notice of recall and reput must be submitted using Transporter's on-line capacity release system.

9.12 (continued)

- (d) The recall notice must detail receipt and delivery point(s) and quantities being recalled. The notification shall also state the length of the recall period and the conditions of any reput rights of the Releasing Shipper and reput obligations of the Replacement Shipper as may have been negotiated at the time of the release (see Section 9.7(d), hereof). Unless otherwise agreed to by the Releasing Shipper and the Replacement Shipper, and Transporter is so advised, the Replacement Shipper will regain the capacity at the end of the recall period.
- (e) In the event of an intraday capacity recall, the Transportation Service Provider ("TSP") should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity ("EPC"). Variations to the use of EPC may be necessary to reflect the nature of the TSP's tariff, services and/or operational characteristics. (NAESB WGQ Standard 5.3.56)
- (f) Unless otherwise agreed between Releasing Shipper, Replacement Shipper, and Transporter, the Releasing Shipper must notify Transporter and Replacement Shipper of its intent to reput the capacity back to the Replacement Shipper. The deadline for notifying the Transportation Service Provider of a reput is 8:00 a.m. to allow for timely nominations to flow on the next gas Day (NAESB WGQ Standard 5.3.54).
- (g) In the event of a reput after a recall period, the Releasing Shipper may not reput capacity at point(s) other than those originally released. When capacity is recalled, it may not be reput for the same gas Day (NAESB WGQ Standard 5.3.53). Unless otherwise agreed to in the terms of the release and Transporter is advised of such condition, the Releasing Shipper may permanently retain capacity at certain Primary Points originally released.
- (h) Transporter shall not assess penalties during non-critical periods on transactions related to quantities recalled during an intraday scheduling cycle.

9.13 Execution of Agreements or Amendments

- (a) The successful bidder (or successful Prearranged Shipper) for capacity shall become the Replacement Shipper and its bid for capacity or posting of prearranged release pursuant to Sections 9.8 and 9.10 shall be binding. The bid submitted by the Replacement Shipper as supplemented by the posting of the notice of capacity release on Transporter's EBB shall constitute the Replacement Capacity Agreement. The Replacement Shipper(s) will gain rights to nominate firm capacity consistent with the capacity acquired from the Releasing Shipper, and for the term as agreed to by the Releasing Shipper and subject to all other terms of the underlying Agreement and Sections 9.7 and 9.8 herein. The Releasing Shipper(s) will relinquish its firm entitlement rights to nominate consistent with the same terms. Replacement Shipper(s) are not permitted to change Primary Receipt or Delivery Point(s) under the Releasing Shipper's Agreement unless the release is permanent and at maximum rates. Replacement Shippers are, however, allowed to make nominations at Secondary Points subject to the same conditions as the underlying agreements, including paying the maximum applicable reservation rate under the applicable Rate Schedule unless a discount is agreed to by Transporter.
- (b) Where capacity has been released for the entire remaining term of the Releasing Shipper's TSA, the Releasing Shipper may request Transporter to amend its TSA to reflect the release of capacity. The Releasing Shipper shall remain bound by and liable for payment of the reservation charge under the TSA unless the Replacement Shipper is paying the maximum reservation rate for the entire contract term, provided that any requisite consent(s) are obtained from applicable financial institution(s).

9.14 Notice of Completed Transactions. Within 48 Hours after the transaction commences, pursuant to Section 9.11, Transporter shall post a Notice of Completed Transaction on its electronic bulletin board for a minimum period of five Business Days. The notice shall include the following information regarding each transaction:

- (a) the name(s) of the Releasing Shipper and the Replacement Shipper (or Prearranged Shipper);
- (b) term of release;
- (c) reservation rate as bid;
- (d) delivery point(s);
- (e) receipt point(s);
- (f) capacity (Dth);
- (g) present value of winning bid(s), if such method for bid evaluation was utilized;

9.14 (continued)

- (h) whether the capacity is recallable and reputtable and, if so, recall and reput terms; and
- (i) whether or not the Replacement Shipper is an affiliate of the Releasing Shipper or Transporter;
- (j) whether or not the Replacement Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8.
- (k) Service may begin on the initial date of the term of the release if nominations are made timely to Transporter and are in accordance with this Tariff.
- (l) Releasing Shipper shall include the tariff reservation rate and all reservation surcharges as a total.

9.15 Effective Date of Release and Acquisition. The effective date of the release by a Releasing Shipper and acquisition by a Replacement Shipper shall be on the date so designated in the Replacement Capacity Agreement (posted term effective date).

9.16 Rates

- (a) The reservation rate(s) for any released firm capacity under Rate Schedule FT or Rate Schedule SEDS shall be the reservation rate(s) bid by the Replacement Shipper. Such reservation rate(s) and reservation surcharge(s) shall not be less than Transporter's minimum or more than Transporter's maximum reservation rate(s) and reservation surcharge(s) under the applicable rate schedule as in effect from time to time, except as noted in Section 9.10(c) of the GT&C.
- (b) Replacement Shipper shall pay the applicable maximum commodity rate in addition to all other applicable charges and surcharge(s) for the service rendered unless otherwise agreed by Transporter. In the event that the Releasing Shipper has agreed to a negotiated rate pursuant to Section 4.12, the Replacement Shipper shall pay the commodity charge(s) applicable to the Releasing Shipper's contract.
- (c) For releases based on a volumetric reservation rate, the minimum and maximum rates shall be computed by converting the reservation rate to a daily rate by multiplying the maximum and minimum reservation rate by 12 Months and dividing that product by 365 Days or 366 Days as appropriate.
- (d) The reservation charge(s) and reservation surcharge(s) for any index-based capacity release shall be determined according to NAESB Standard 5.3.67.

- 9.17 Marketing Fee. A Releasing Shipper may request that Transporter actively market the capacity to be released. In such event, the Releasing Shipper and Transporter shall negotiate the terms of the marketing service to be provided by Transporter and the marketing fee to be charged therefore.
- 9.18 Billing. Transporter will bill the Replacement Shipper the reservation charge(s) and any applicable surcharges specified in the Replacement Capacity Agreement, and the Replacement Shipper shall pay these amounts directly to Transporter. The Releasing Shipper shall be billed the reservation charge(s) and any associated surcharges pursuant to its contract, and, concurrently, Transporter will credit said bill by the reservation charge(s) and applicable surcharge(s) due from the Replacement Shipper. The Releasing Shipper shall also be billed a negotiated marketing fee, if applicable, pursuant to the provisions of Section 9.17 herein. A Replacement Shipper who re-releases acquired capacity shall also pay Transporter's marketing fee, if applicable.

Transporter separately maintains gas flows of Releasing and Replacement Shippers and will directly bill the appropriate Shipper for any overrun and imbalance charges, if applicable. Replacement Shipper shall pay the applicable Tariff maximum commodity rate(s) for service rendered unless otherwise agreed by Transporter.

If a Replacement Shipper fails to make payment to Transporter of the reservation charge(s) and any applicable reservation surcharge(s) due as set forth in Section 12, Transporter shall invoice Releasing Shipper the unpaid (1) reservation rates, (2) surcharges to the reservation rate, (3) other reservation-type charges, and (4) interest charges and late fees associated with such amounts. In addition, the Releasing Shipper may terminate the release of capacity to the Replacement Shipper if such Shipper fails to pay all of the amount of any bill for service under the Replacement Agreement when such amount is due.

- 9.19 Compliance by Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with the terms and conditions of Transporter's certificate of public convenience and necessity authorizing this Capacity Release Program and all applicable Commission orders and regulations. Such Replacement Shipper also agrees to be responsible to Transporter for compliance with all terms and conditions of Transporter's Tariff, as well as the terms and conditions of the Replacement Capacity Agreement.
- 9.20 Obligations of Releasing Shipper. The Releasing Shipper shall continue to be liable and responsible for all reservation charge(s) associated with the released capacity derived from the reservation charge specified in the Releasing Shipper's TSA or Replacement Capacity Agreement. Re-releases by a Replacement Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this section.

- 9.21 Refunds. In the event that the Commission orders refunds of any rates charged by Transporter, Transporter shall provide refunds to Releasing Shippers to the extent that such Shippers have paid a rate in excess of Transporter's just and reasonable, applicable maximum rates. Releasing Shipper will bear the responsibility for providing refunds to the appropriate Replacement Shippers.
- 9.22 Right to Terminate a Temporary Capacity Release
- (a) Using the notice procedures of Section 12.6 of the General Terms and Conditions, Transporter may elect to terminate a Replacement Capacity Agreement upon 30 Days written notice to the Replacement Shipper, and to FERC, under the following conditions.
 - (i) Transporter has or will terminate the Releasing Shipper's service pursuant to (i) the Termination of Service provisions of Section 12.6 the General Terms and Conditions or (ii) the Creditworthiness requirements of Section 4.10 of the General Terms and Conditions; and
 - (ii) The rate stated in the Replacement Capacity Agreement is less than the rate for service under the TSA with the Releasing Shipper.
 - (b) A creditworthy Replacement Shipper may continue an existing Replacement Capacity Agreement by notifying Transporter prior to the end of the 30-Day notice period that it agrees to pay a rate that is the lesser of:
 - (i) the applicable maximum rate; or
 - (ii) the same rate as is in the TSA between Transporter and the Releasing Shipper; or
 - (iii) a mutually agreed upon rate.
- 9.23 Segmented Releases. Shipper may also release capacity using the Segmentation provisions of Section 8.1(a) under the following conditions.
- (a) The Segmented release must be within the Primary Receipt-to-Delivery Flow path.
 - (b) The quantity released does not exceed the MDQ entitlements for that Segment.

9.24 Advertisements. Any person may advertise for the purchase of capacity on Transporter's System on its EBB by submitting the desired advertisement (up to one page) to Transporter. Transporter shall post such advertisement on the Informational Postings portion of its EBB no later than the Business Day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with Transporter's Tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Transporter's System. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release. To release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 9 of these General Terms and Conditions.

10. IMBALANCE MANAGEMENT

- 10.1 Rates of Flow. Unless otherwise agreed, at each receipt and delivery point, quantities tendered or caused to be tendered for Shipper's account in any Hour shall not exceed 1/24th of daily scheduled quantities at such point. However, Transporter may from time to time, on a non-discriminatory basis, permit reasonable operating variations that do not adversely affect other Shippers or operating conditions. If Transporter is unable to accommodate operating variances without adversely affecting other Shippers or system operations, it may reduce the flow into or out of its System by partially or fully closing the valves at the applicable receipt or delivery points.
- 10.2 Imbalance Management and Operating Tolerances.
- (a) Imbalance. For purposes of this section, "imbalance" shall mean the cumulative difference between receipt quantities less FL&U, and the quantities accepted by Shipper or Shipper's designee at the delivery points, resulting from current Month activity plus any beginning of Month imbalance.
 - (b) Balancing Obligations. Daily and monthly balancing of receipt quantities and the quantities delivered to Shipper shall be Shipper's responsibility. Transporter shall, to the extent practicable, deliver quantities for Shipper's account concurrently with the receipt of receipt quantities. At no time shall Transporter be required to receive quantities for Shipper's account in excess of the quantities Shipper or Shipper's designee will accept at the delivery point(s) on a concurrent basis. Similarly, Transporter shall not be required to make quantities available for delivery in excess of the receipt quantities being tendered by Shipper on a concurrent basis.
 - (c) Operating Tolerances. Shipper and Transporter shall manage the receipts and deliveries so that daily and Monthly imbalances shall be kept as near zero as practicable.
 - (d) Notification. Either Party shall notify the other as soon as practicable when it becomes aware that receipts and deliveries are not in balance. Transporter shall formally notify Shipper of allocated receipts, deliveries, and related imbalances, by way of Transporter's EBB as soon as allocated quantities are available.
 - (e) Third Party Imbalance Management Services. Transporter shall accommodate third-party imbalance management services on a non-discriminatory basis as long as these services comply with applicable NAESB WGQ Standards and do not adversely impact system operations. Criteria for third-party services will include compliance with NAESB WGQ nomination and confirmation time lines, and meeting Transporter credit requirements appropriate for the quantity of Shipper imbalance gas for which such third party may be responsible.

10.2 (continued)

- (f) **Imbalances with Other Parties.** Transporter shall not be responsible for eliminating any imbalances between Shipper and any third party, including imbalances between local distribution companies and/or specific end users. Furthermore, Transporter shall not be obligated to deviate from its standard operating and accounting procedures in order to reduce or eliminate any such imbalances.
- (g) **Balancing Upon Termination.** Upon termination of the TSA, any imbalance shall be eliminated through the procedures set forth in this section.
 - (i) Shipper shall have the first five calendar days of the month following the TSA termination date to resolve the terminated TSA imbalance pursuant to this Section 10.3.
 - (ii) Any remaining imbalance at the end of the five-day period of the month following the TSA termination date will be cashed out to eliminate the remaining balance in accordance with Section 10.4(b).
 - (iii) Cash out of terminated TSA imbalances will not be required if a resolution to the imbalance is mutually agreed to in writing prior to the end of the five-day period of the month following the TSA termination date. Any such written imbalance resolution will be agreed to on a not unduly discriminatory basis and posted on Transporter's EBB.
- (h) **Inactive TSA Imbalances.** An Inactive TSA is defined as any TSA with an imbalance that has remained unchanged for a three consecutive month period. Any such Inactive TSA imbalance quantity will be cashed out in accordance with Section 10.4(b). Transporter will provide notice to the Inactive TSA Shipper 15 days prior to the pending cash out.
- (i) **Locations For Which Electronic Measurement Is Not Available.** When measurement information is not available at a location at the time allocations are performed, quantities will be allocated as nominated. If measurement data is received on or before the fifth Business Day of the Month following flow, daily quantities will be reallocated pursuant to the appropriate Pre-determined Allocation procedure for the location. Measurement data which is received after the fifth Business Day of the Month will be used to retroactively allocate quantities at the location. Imbalances resulting from such retroactive allocations will be reflected for the next Month on the appropriate Shipper TSAs.

10.3 Imbalance Adjustments.

- (a) **Imbalance Transfers.** At the end of each Month, Transporter shall, unless otherwise agreed, review each Shipper's TSAs and will transfer imbalances among such TSAs to provide the Shipper with the lowest possible imbalance on all TSAs. Transporter will first transfer imbalances among a Shipper's TSAs under the same rate schedule. Thereafter, Transporter will transfer imbalances among that Shipper's TSAs under all rate schedules. No imbalance under any TSA will be increased as the result of a transfer.
- (b) Upon completion of imbalance transfers, Shipper may elect to trade the remaining imbalance quantity under its TSA in the Imbalance Trade process as described in Sections 10.3(c) and 10.3(d) below.
- (c) **Election for Imbalance Trades.** On or before the ninth Business Day of the Month following the accumulation of an imbalance, a Shipper may notify Transporter of its election to make an imbalance trade. If Transporter does not receive notification, then the imbalance will be cashed out pursuant to the terms of this section.
- (d) **Imbalance Trades.** The term "imbalance trade" shall mean the reallocation of imbalances from one Shipper to another Shipper in order to reduce the imbalances of both Shippers. Transporter shall effect an election to trade imbalances incurred during a Month as posted and verified electronically.
 - (i) A Shipper, acting without the assistance of Transporter, may negotiate an imbalance trade arrangement with another Shipper.
 - (ii) Upon Shipper's designation, Transporter shall post on its EBB the Shipper's availability to trade imbalances. Such posting shall include the imbalance quantity available to be traded, the Shippers' contact name(s) and phone number(s) and any special conditions. Such posting may be made through the seventeenth Business Day of the Month following the Month of gas flow.
 - (iii) Shippers shall negotiate the terms of any trades among themselves.
 - (iv) Shippers trading imbalances must electronically notify Transporter of their trade no later than the seventeenth Business Day of the Month following the Month in which the imbalance to be traded was created.
 - (v) Only trades which have the effect of reducing a Shipper's imbalance quantity under a specific TSA are permitted.
 - (vi) Transporter shall permit trade arrangements at no additional cost to the Shippers.

10.3 (d) (continued)

- (vii) After completion of all trade transactions, Transporter shall apply the traded imbalance quantity to Shipper's TSA imbalance quantity. After all successful imbalance trades have been completed, the remaining imbalance will be cashed out pursuant to Section 10.4.

10.4 Cash Out. All remaining imbalances shall be subject to the following Cash Out provisions.

- (a) Determination of Cash Out Quantities. The term "cash out" shall refer to the valuation of an imbalance at a market-related price pursuant to the requirements of this section. Application of the cash out process will result in a monetary value due to the Shipper or Transporter which upon payment, will result in reduction of the imbalance to zero.
 - (i) Transporter shall determine the imbalance quantity applicable to each TSA through the last Day of the Month.
 - (ii) Shippers shall have the opportunity to reduce the end-of-Month imbalances pursuant to the imbalance trading procedures above. Such reductions, if any, shall determine a final end-of-Month imbalance for each TSA.
 - (iii) Except as provided in Sections 10.2(g) and 10.2(h), Transporter and Shipper shall Cash Out the full imbalance by applying the Cash Out Index Price to the final end-of-Month imbalance if such imbalance exceeds the Monthly threshold quantity. If the end-of-Month imbalance does not exceed the Monthly threshold, such imbalance will be forwarded to the next Month's imbalance calculation, unless the Shipper elects to cash out the imbalance.
 - (iv) The Monthly threshold applicable to a Rate Schedule FT or Rate Schedule SEDS TSA will be calculated by multiplying the MDQ by the number of Days in the applicable Month and 3%. The Monthly threshold applicable to a Rate Schedule IT TSA will be calculated by multiplying the monthly scheduled quantity by 3%.
- (b) Determination of Cash Out Liabilities.
 - (i) Shipper shall not be subject to cash out if the imbalance occurs at an interconnection between Transporter's System and another interstate pipeline, unless Shipper fails to follow the scheduling procedures of Section 6 of the General Terms and Conditions.
 - (ii) Imbalances shall be valued at the reference prices for the Month in which the imbalance was incurred.

10.4 (b) (continued)

- (iii) Cash outs shall be priced in the following manner.
 - (A) For that portion of the imbalance less than the Monthly threshold quantity:

If Shipper owes end-of-Month balances to Transporter, the quantities shall be cashed out at the reference price described in Section 10.4(b)(iv)(D) below.

If Transporter owes end-of-Month balances to Shipper, the quantities shall be cashed out at the reference price described in Section 10.4(b)(iv)(B) below.
 - (B) For that portion of the imbalance exceeding the Monthly threshold quantity:

If Shipper owes end-of-Month balances to Transporter, the quantities shall be cashed out at the highest of the reference prices described in Section 10.4(b)(iv) below.

If Transporter owes end-of-Month balances to Shipper, the quantities shall be cashed out at the lowest of the reference prices described in Section 10.4(b)(iv) below.
- (iv) Each Month, Transporter shall use the reference prices reviewed by the Commission and listed below to determine the Cash Out Index Price. Should any of these publications become temporarily unavailable or to the extent a publication fails to report the applicable prices, Transporter shall substitute information posted in a similar publication. Should any of these publications become permanently unavailable or a reference price no longer be reported, Transporter shall substitute information posted in a similar publication after first filing for Commission approval of the point or publication it wishes to use as a substitute. Changes in the name, format or other method of reporting by the publications in Section 10.4(b)(iv) that do not materially affect the content shall not affect their use hereunder. The Cash Out Index Prices shall be reported on Transporter's EBB no later than 5:00 p.m. CCT on the fifth Business Day of the Month following the production Month.
 - (A) The Cheyenne Hub price reported in Natural Gas Intelligence (“NGI”) Bidweek Survey.
 - (B) The average of the daily Cheyenne Hub prices reported in the NGI Daily Gas Price Index for NAESB Business Days.

- 10.4 (b) (iv) (continued)
- (C) The average of the prices reported in the NGI Bidweek Survey for the following points: ANR SW, NGPL Midcontinent, Panhandle Eastern, Southern Star.
 - (D) The average of the daily prices reported in the NGI Daily Gas Price Index for NAESB Business Days for the following points: ANR SW, NGPL Midcontinent, Panhandle Eastern, Southern Star.
- (v) Transporter shall pay or credit the account, as appropriate, of Shipper for any cash out amounts due Shipper. Shipper shall pay Transporter for any cash out amounts due Transporter.
 - (vi) Upon payment of the appropriate cash out amounts, the final end-of-Month quantities under the affected TSA will be reduced to zero.
 - (vii) Transporter will not cash out imbalances if: (i) Shipper's action is excused by force majeure, (ii) Transporter has invoked force majeure, or (iii) the imbalances are caused by Transporter or result from Transporter's error. Transporter shall permit any imbalances exempted from cash out under this provision to be made up in-kind or by some other mutually agreeable method.
 - (viii) Within 90 Days, total penalties that are in excess of Transporter's gas costs and administrative costs that are received by Transporter pursuant to the operation of this section, shall be credited to Transporter's firm and interruptible transportation Shippers on a pro rata basis in accordance with the quantities transported for each Shipper.
- 10.5 Determination of Deliveries. At each receipt or delivery point, quantities shall be based upon an allocation procedure. Quantities shall mean quantities nominated by Shipper and scheduled and confirmed by Transporter pursuant to Section 6.4.
- (a) At each receipt and delivery point, Transporter shall reach agreement with the Interconnecting Party as to the Predetermined Allocation Agreement (PDA) to be used.
 - (i) PDAs shall be established using the allocation methodologies and criteria set forth in the NAESB WGQ Standards.
 - (ii) PDAs for each gas Day shall be agreed to prior to gas flow. To the extent possible, changes to PDAs during a calendar Month shall be minimized or avoided.

10.5 (a) (continued)

- (iii) Transporter shall post on its EBB the PDA methodology to be used at each receipt and delivery point.
 - (iv) In the event that less than confirmed nominations are to be allocated, Transporter shall use the ranks provided in the affected nominations to determine Shipper priorities to the extent that use of such rank is not in conflict with other provisions of this Tariff.
 - (v) Transporter shall not be liable for any damages which may directly or indirectly result from Transporter's implementing the allocation procedures set forth in this section, so long as Transporter complies with the provisions of this Section 6 of the General Terms and Conditions.
- (b) Absent agreement to a PDA methodology, quantities at each receipt and delivery point shall be allocated pro rata based on scheduled quantities or based on the OBA provisions of Section 10.6.

10.6 Transporter may enter into Operational Balancing Agreements (OBA) at receipt and delivery points with the Interconnecting Party. An OBA is a contract between Transporter and an interconnected operator which specifies the procedures to manage operating variances at an interconnect (NAESB WGQ Standard 2.2.1). Such OBAs provide for the allocation of scheduled quantities to the Shippers' accounts with any operational variances allocated to the OBA. The form of agreement used by Transporter follows the format of the Model OBA developed by NAESB WGQ. Locations covered by an effective OBA do not require a Predetermined Allocation Agreement.

10.7 Maintenance of System Integrity. Nothing in this section limits Transporter's right to take action that may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system, including maintenance of service to higher-priority Shippers.

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE SEDS

Agreement No. _____

STORAGE ENHANCED DELIVERY SERVICE AGREEMENT
RATE SCHEDULE SEDS

between

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.

and

(Shipper)

DATED: _____

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Service Agreement)

FORM OF TRANSPORTATION SERVICE AGREEMENT
APPLICABLE TO RATE SCHEDULE SEDS

Agreement No. _____

Storage Enhanced Delivery Service Agreement
Rate Schedule SEDS
Dated: _____

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
2. Shipper: _____
3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff First Revised Volume No. 1, as the same may be amended or superseded from time to time ("Tariff"). This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC changes in its rates and terms of service, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Storage Enhanced Delivery Service: Subject to the provisions of this Agreement, Rate Schedule SEDS, and the applicable provisions of the General Terms and Conditions of the Tariff: (a) quantities of Natural Gas shall be banked, stored, and drawn on a firm basis for Shipper (or Shipper's account); and (b) transportation service at and between primary receipt point(s) and primary delivery point(s) shall be on a firm basis. Receipt and delivery of quantities at Secondary Receipt Point(s) and/or Secondary Delivery Point(s) shall be in accordance with the Tariff.
6. Service Points: Shipper agrees to tender Natural Gas for storage service at the Bank Point and for the subsequent withdrawal of previously banked quantities of Natural Gas at the Draw Point as both points are identified on Exhibit A. Transporter agrees to accept the tendered gas at the Bank Point and store it until withdrawn at the Draw Point. Shipper also agrees to the transportation of the banked quantities or other quantities tendered by Shipper and Transporter agrees to transport such quantities, from the primary receipt point(s) to the primary delivery point(s) as such points are identified on Exhibit A. Minimum and maximum pressures, as applicable, are listed on Exhibit A.

7. Rates and Surcharges: As set forth in Exhibit B. Shipper shall pay the applicable maximum tariff rate(s) unless otherwise provided. Transporter and Shipper may mutually agree to a discounted rate or negotiated rate pursuant to the rate provisions of Rate Schedule SEDS and Section 4.11 or Section 4.12 of the General Terms and Conditions of the Tariff.

8. Negotiated Rate: Yes _____ No _____

9. Maximum Banked Amount ("MBA") (insert varying MBA if applicable)

MBA (Dth/d)	Effective
-----	-----
-----	-----

10. Maximum Delivery Quantity ("MDQ") (insert varying MDQ if applicable)

MDQ (Dth/d)	Effective
-----	-----
-----	-----

11. Term of Storage Enhanced Delivery Service: _____

[Insert term of service including any (i) construction contingencies, (ii) extension rights such as an evergreen or rollover provision, (iii) contractual rights of first refusal, including a conditional right of first refusal that is subject to the availability of Lease Capacity (iv) interim capacity limitations, (v) provisions related to the acquisition of lease capacity and/or (vi) related termination provisions, as applicable.]

(Insert the applicable portion(s) of the following provisions as needed):

The parties recognize that Transporter must construct additional facilities, and/or obtain sufficient lease capacity, to provide the service for Shipper under this Agreement. Parties agree that on [Insert applicable date, e.g., in-service date or commencement date] the conditions precedent to the rights and obligations of this Agreement listed below shall no longer apply. Transporter's obligations under this Agreement are subject to the following conditions precedent:

[Insert as necessary (e.g., (i), (ii), (iii), etc.)

(i) [Insert regulatory approvals, as applicable]

(ii) [Insert approval of management, as applicable]

(iii) [Insert additional conditions precedent, as necessary]

12. Notices, Statements, and Bills:

To Shipper:

Invoices: _____

Attn: _____

All Notices: _____

Attn: _____

To Transporter: See "Points of Contact" in the Tariff.

13. Effect on Prior Agreement(s): _____

14. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

15. Elimination of Non-Conforming Provisions: Upon the satisfaction or waiver of any condition precedent to the obligations within this Agreement, which are memorialized in Paragraph __ of this Agreement, or the completion of any action which causes provisions of this Agreement to be no longer relevant, Transporter and Shipper shall execute an amendment to this Agreement [or a replacement Agreement] with each of such conditions and/or provisions omitted, but with all other terms of this Agreement unchanged. [Insert paragraph upon agreement of the Parties for conditions precedent incorporated in paragraph 11 above, or for provisions that may become no longer relevant due to actions.]

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:

SHIPPER:

CHEYENNE PLAINS GAS PIPELINE
COMPANY, L.L.C.

Accepted and agreed to this

Accepted and agreed to this

_____ day of _____, _____

_____ day of _____, _____

EXHIBIT A

to

Storage Enhanced Delivery Service Agreement
Rate Schedule SEDS

between

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
and

(Shipper)

Dated: _____

Storage - Shipper's Maximum Banked Amount ("MBA"): See ¶__

Transportation - Shipper's Maximum Delivery Quantity ("MDQ"): See ¶__

The following data elements shall be described on this Exhibit A, as applicable:

- Primary Receipt Point(s) (including, among other things, Point Identification Number (PIN) and PIN Name) (1)
- Primary Delivery Point(s) (including, among other things, (PIN and PIN Name) (1)
- Bank Point(s) (including, among other things, (PIN and PIN Name) (1)
- Draw Point(s) (including, among other things, (PIN and PIN Name) (1)
- Effective Dates
- Primary Receipt Point(s) Quantity (Dth per Day) (2)
- Primary Delivery Point(s) Quantity (Dth per Day) (3)
- Minimum Pressure (p.s.i.g.) (4)
- Maximum Pressure (p.s.i.g.) (4)

Notes: [Insert as applicable]

- (1) Information regarding points, including legal descriptions, measuring parties, and interconnecting parties, shall be posted on Transporter's electronic bulletin board. Transporter shall update such information from time to time to include additions, deletions, or any other revisions deemed appropriate by Transporter.

- (2) The quantity at each receipt point may be increased by an amount equal to Transporter's Fuel Reimbursement percentage. Shipper shall be responsible for providing such Fuel Reimbursement at each receipt point on a pro rata basis based on the quantities received on any Day at a receipt point divided by the total quantity delivered at all delivery points under this Agreement.
- (3) The sum of the delivery quantities at all delivery point(s) shall be equal to Shipper's MDQ.
- (4) Pressure conditions shall be in accordance with Section 5.7 of the General Terms and Conditions of the Tariff.

Agreement No. _____

EXHIBIT B

to

Storage Enhanced Delivery Service Agreement
Rate Schedule SEDS

between

CHEYENNE PLAINS GAS PIPELINE COMPANY, L.L.C.
and

(Shipper)

Dated: _____

The following data elements shall be described on this Exhibit B, as applicable:

Storage

Bank Point(s) (including, among other things, (PIN and PIN Name)

Draw Point(s) (including, among other things, (PIN)and PIN Name)

Transportation

Primary Receipt Point(s) (including, among other things, Point Identification Number
(PIN) and PIN Name) (7)

Primary Delivery Point(s) (including, among other things, (PIN and PIN Name) (7)

Reservation Rate(s) (1) (4)

Commodity Rate (1) (4)

Effective Dates

Fuel (2) (4)

Surcharges (3)

Secondary Receipt Point(s) (which may include, among other things, (PIN and PIN
Name)

Secondary Delivery Point(s) (which may include, among other things, (PIN and PIN
Name)

Authorized Overrun Rates (1) (5)

Electric Power Cost (6)

Notes: [Insert as applicable]

- (1) Unless otherwise agreed by the Parties in writing, the rates for service including rates for service components shall be Transporter's maximum rates, as may be changed from time to time, for service under rate Schedule SEDS or other superseding Rate Schedules. The reservation rate(s) shall be payable regardless of quantities transported.

-and/or-

[Insert for discount rate(s), as necessary (e.g., 1(a), (1b), etc.)

As provided in Section 4.11 of the General Terms and Conditions of Transporter's Tariff, the parties agree to the following discount rate(s) _____ (insert the following, as applicable, for components - "comprised of _____"). The rates charged under this Agreement shall not be less than the applicable minimum, nor greater than the maximum rate or maximum component rates provided in Transporter's Tariff.

-and/or-

[Insert for negotiated rate(s) as necessary (e.g., 1(a), (1b), etc.)

As provided in Section 4.12 of the General Terms and Conditions of Transporter's Tariff, the parties agree to the following negotiated rate(s) _____ (insert the following, as applicable, for components - "comprised of _____").

-and/or-

[Insert if capacity is associated with Lease Capacity (e.g., 1(a), (1b), etc.)

Service under this Agreement is subject to the additional charges associated with the Leased Capacity as described in Rate Schedule SEDS and the Statement of Rates.

- (2) Fuel Reimbursement shall be as stated in Transporter's Rate Schedule SEDS and the Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, if applicable: All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated on the Statement of Rates, as they may be changed from time to time, unless otherwise agreed to by the Parties. The ACA Surcharge shall be assessed pursuant to Section 17.1 of the General Terms and Conditions of the Tariff.
- (4) Quantities scheduled by Transporter using nominated transportation from/to primary and/or secondary, and/or segmented point(s) on any off-system capacity held by Transporter shall be subject to Transporter's Off-System Capacity charges as described on Transporter's EBB and/or pursuant to Section 4.6 of the General Terms and Conditions of the Tariff.
- (5) Subject to Transporter's authorized maximum and minimum rates in effect from time to time, a rate of \$___ per Dth shall apply to Daily Authorized Overrun of up to __Dth per Day.

- (6) EPC shall be as stated on Transporter's Statement of Rates in the Tariff, as they may be changed from time to time, unless otherwise agreed between the parties.
- (7) The no-notice service feature of this Rate Schedule is only available for transportation to and at the Primary Delivery Point.