

ROFR Posting for Expiring Contract Available Summer Season Capacity on El Paso Natural Gas Company, L.L.C. (EPNG)

Bid Deadline – 2:00 PM Mountain Time, July 18th, 2019

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

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

Due to the expiration of an existing Firm Transportation Service Agreement (“FTSA”), EPNG is conducting a binding Open Season as outlined below. The capacity offered under this posting is subject to a Right-of-First-Refusal (“ROFR”) by an existing customer who is the current holder of this firm capacity.

Rate Schedule:	FT-1
Volume / TCD:	Varying Summer Season Quantities see Table below
Primary Receipt Point(s):	IREDBLUF (800911)
Primary Delivery Point(s):	IWILCOXD (302080)
Flow Path:	SS1
<p>Because EPNG will consider in this ROFR open season alternative primary receipt points subject to available capacity in conjunction with some or all of the primary path and primary delivery point, parties that are interested in capacity at and from other primary points of receipts are encouraged to contact their service representatives or any of the individuals listed below.</p>	
Rate:	Maximum Arizona Reservation and Usage rates
Capacity Available Starting:	April 1, 2020
Open Season Start:	4:00 PM MST, June 18th, 2019
Open Season End:	2:00 PM MST, July 18th, 2019
Award Notification Date:	4:00 PM MST, July 30th, 2019
Bid Sheet:	<p>Email attached Bid Sheet to KMWestBids@KinderMorgan.com</p> <p>NOTE: EPNG will rely upon the time the bid is received to determine whether the bid was timely. Bids that are received (as determined by the time stamp on the EPNG’s email inbox) after the end date and time listed above will be considered invalid bids and will not be eligible for an award of capacity in this Open Season. EPNG recommends that bids be submitted well in advance of the closing time listed above to minimize the risk that any email delay could cause a bid to be excluded from consideration.</p>

Matching Rights of Existing Customer

If EPNG accepts the highest or best bid(s), the existing customer who currently holds this capacity will have five (5) business days to match any bid(s) accepted by EPNG. The existing customer may retain all or a portion of the capacity included in one or more of the acceptable bids by matching the term and rate of that bid(s) up to the maximum applicable recourse rate reflected in the existing contract pursuant to Section 4.14(d) of the GT&C of EPNG's FERC Gas Tariff. If there are no bids or no acceptable bids submitted, the existing customer may retain the capacity under a new FTSA after the expiration of its current contract only if it is willing to pay the maximum applicable recourse rate, unless EPNG and existing customer enter into a new FTSA providing otherwise.

General Open Season Requirements:

Bids must include the bidding party's name, Open Season Name (South Mainline ROFR Open Season), quantity, term, and rate.

By submitting a bid, the bidding party certifies that:

- (a) All information contained in the bid is complete and accurate.
- (b) It satisfies, or will be able to satisfy, all the requirements of EPNG's FERC Gas Tariff.
- (c) The person submitting the bid has full authority to bind the bidding party.

The bid rate must be presented as: 1) the reservation rate per Dth/month, 2) the reservation rate per Dth/day (which will be converted to a Dth/month rate for the (FTSA) by rounding to the fourth decimal the result of the formula (daily rate x 365)/12), or (c) the maximum tariff rate.

In addition to the bid rate, each bidding party shall be subject to the applicable maximum usage rate and maximum usage surcharges, all other maximum rates, charges and surcharges, including ACA, Fuel and L&U, and any other authorized surcharges assessed under the applicable Rate Schedule of EPNG's FERC Gas Tariff as may change from time-to-time. This includes incremental lateral charges and any third party charges resulting from the use of capacity that EPNG may hold on other pipelines.

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

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

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

Creditworthiness Criteria:

The successful bidder(s) must satisfy the creditworthiness requirements of EPNG's FERC Gas Tariff. Bidders that fail to satisfy such creditworthiness requirements within a reasonable time will have their capacity award withdrawn. EPNG will treat the financial statements provided by bidders as confidential.

Each successful bidder and EPNG shall enter into and execute a FTSA reflecting the terms of its bid as awarded by EPNG. The FTSA will be in the form contained in EPNG's FERC Gas Tariff.

Evaluation Criteria:

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

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

The PV for each month will be calculated as follows:

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

Where:

R = the monthly reservation bid rate

Q = the monthly bid quantity

i = the monthly discount rate of 0.4583% (which is the annual discount rate of 5.50% divided by 12).

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

Contact Information:

Questions concerning this Open Season should be directed to:

Randy Barton	(719) 520-4667
Thania Delgado	(719) 520-4482
John Driscoll	(719) 520-4471
Mark Iverson	(719) 520-4587
Robin Janes	(719) 667-7555
Damon McEnaney	(719) 520-4472
Dan Tygret	(719) 520-3765
Cory Chalack	(719) 520-3769

Open Season Bid Sheet

South Mainline ROFR Open Season

Form of Service (e.g. FT-1): _____

Email Bid To: KMWestBids@KinderMorgan.com

A. Shipper Information

Legal Name of Bidder: _____

Name of Requesting Party: _____

Title of Requesting Party: _____

A. Term of Service

Effective Start Date: _____

Requested Term End Date: _____

B. Transportation Contract Demand (TCD):

Will you accept an allocation of capacity if necessary? Yes NO

South Mainline ROFR Open Season

FT-1 Summary

Receipt Area/Location	Delivery Area/Location	Path	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
IREDBLUF (3800911)	IWILCOXD (302080)	SS1				19,879	22,906	22,906	22,906	22,906	22,906	19,985		
Total						19,879	22,906	22,906	22,906	22,906	22,906	19,985		

OPEN SEASON VOLUME BID SHEET

Receipt Area/Location	Delivery Area/Location	Path	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	IWILCOXD (302080)	SS1												
Total														

*The sum of the MDQs at the Primary Delivery Location(s) must equal the TCD.

D. Bid Rate (express as a monthly rate per Dth, daily rate per Dth or maximum reservation rate):-

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