

BRACEWELL

November 18, 2022

VIA E-FILING

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: El Paso Natural Gas Company, L.L.C.
Offer of Settlement
Docket No. RP19-73-003

Dear Secretary Bose:

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”),¹ El Paso Natural Gas Company, L.L.C. (“El Paso”) hereby submits for filing in the above-referenced proceeding an Offer of Settlement which contains an Explanatory Statement and a Stipulation and Agreement with its Appendices A, B, and C (“S&A”). El Paso submits the S&A on behalf of itself and the parties listed in Appendix A. Appendix B contains clean and marked versions of the *pro forma* tariff records regarding the Settlement Rates that will be implemented under the terms of the S&A. Appendix C contains clean and marked versions of the *pro forma* tariff records regarding non-rate tariff changes.

Pursuant to Rule 602(b)(2)(i),² El Paso respectfully requests that the Secretary transmit the Offer of Settlement and accompanying documents to the Presiding Judge, the Honorable Patricia E. Hurt, and the Settlement Judge, the Honorable Joel deJesus. El Paso respectfully requests that the Offer of Settlement be certified promptly as an uncontested settlement and that the Commission act expeditiously to approve the Offer of Settlement.

In compliance with Rule 602(c),³ this submission includes the following:

1. This transmittal letter;
2. The Explanatory Statement; and
3. The S&A.

¹ 18 C.F.R. § 385.602.

² *Id.* § 385.602(b)(2)(i).

³ *Id.* § 385.602(c)

Pursuant to Rule 602(f)(2),⁴ comments on this Offer of Settlement are due no later than twenty days after this filing, on December 8, 2022, and reply comments are due no later than thirty days after this filing, on December 19, 2022. El Paso respectfully requests that if no comments are filed in opposition to this Offer of Settlement, then the Offer of Settlement be certified without waiting for the reply comment deadline to pass. If El Paso's filing of this Offer of Settlement is unopposed, El Paso will, within three business days of the date for filing initial comments, file a motion to modify its tariff to place the Settlement Rates provided in Appendix B-1 into effect on an interim basis effective January 1, 2023.

Pursuant to Rule 602(d),⁵ El Paso is serving copies of the instant filing upon all parties listed on the official service list compiled by the Secretary in this proceeding, all affected customers of El Paso, and interested state commissions.

Please direct any questions with respect to this filing to Kirk Morgan at (202) 828-5854.

Respectfully submitted,

/s/ D. Kirk Morgan II

D. Kirk Morgan II

Counsel for El Paso Natural Gas Company, L.L.C.

Enclosures

⁴ *Id.* § 385.602(f)(2).

⁵ *Id.* § 385.602(d).

Certificate of Service

I hereby certify that on this 18th day of November 2022, I have electronically served the foregoing document upon each person designated on the official service list compiled by the Commission's Secretary in this proceeding as well as upon customers of El Paso Natural Gas Company, L.L.C. and interested state commissions that have requested electronic service.

/s/ Boris Shkuta _____

Boris Shkuta
Bracewell LLP

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

El Paso Natural Gas Company, L.L.C. **)**

Docket No. RP19-73-003

**OFFER OF SETTLEMENT
AND EXPLANATORY STATEMENT**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission’s (“Commission”) Rules of Practice and Procedure,¹ El Paso Natural Gas Company, L.L.C. (“El Paso”) hereby submits this Offer of Settlement which includes the Explanatory Statement and the Stipulation and Agreement (“S&A”). This Explanatory Statement is filed in compliance with Rule 602(c)(1)(ii),² and is intended to align with the S&A. However, in the event of an inconsistency between this Explanatory Statement and the S&A, the S&A shall control. For the reasons set forth herein, El Paso respectfully requests that the Commission approve the attached S&A as in the public interest and as a fair and reasonable resolution of all matters and issues in the above-captioned proceeding.

I. PROCEDURAL BACKGROUND

El Paso’s currently effective rates were established in a settlement, approved by the Commission on May 2, 2019, in response to El Paso’s filing of its FERC Form No. 501-G in Docket Nos. RP19-73-000 and RP19-73-001 (“2019 Settlement”).³ On April 21, 2022, in response to a cost and revenue study filed by El Paso on December 30, 2021, pursuant to its obligations under the 2019 Settlement, the Commission issued an order pursuant to section 5 of the Natural Gas Act (“NGA”) instituting an investigation into El Paso’s existing rates and setting the matter

¹ 18 C.F.R. § 385.602.

² *Id.* § 385.602(c)(1)(ii).

³ *El Paso Natural Gas Co., L.L.C.*, 167 FERC ¶ 61,102 (2019).

for hearing (“Investigation Order”).⁴ The Investigation Order directed El Paso to file a new cost and revenue study within seventy-five (75) days of the date of the order.⁵ A pre-hearing conference was held on June 22, 2022, which led to an order from the Presiding Administrative Law Judge establishing a hearing in this proceeding to commence on March 7, 2023.⁶

Consistent with the requirements of the Investigation Order, El Paso filed its cost and revenue study on July 5, 2022. Commission Trial Staff and the parties to this proceeding have engaged in extensive discovery with respect to El Paso’s cost and revenue study.

Simultaneously with the discovery process, El Paso, Commission Trial Staff, and the parties to this proceeding conducted extensive settlement discussions in an effort to resolve the issues set for hearing in this proceeding. As a result of the settlement discussions, El Paso, Commission Trial Staff, and the parties reached an agreement in principle on October 5, 2022, on the terms reflected in this Offer of Settlement and S&A that, if approved by the Commission, would resolve all issues in this proceeding. In light of the agreement in principle, on October 21, 2022, Commission Trial Staff filed an unopposed motion requesting a suspension of the procedural schedule. On October 24, 2022, the Chief Administrative Law Judge granted Commission Trial Staff’s motion.

II. SUMMARY OF THE S&A

The attached S&A reflects the agreement of El Paso and the parties to the captioned proceedings in Docket No. RP19-73-003, following settlement negotiations to resolve all the rate issues set for hearing in the Investigation Order. The S&A provides long-term rate stability for

⁴ *El Paso Natural Gas Co., L.L.C.*, 179 FERC ¶ 61,051 (2022).

⁵ *Id.* P 1.

⁶ *El Paso Natural Gas Co., L.L.C.*, Order Adopting Procedural Schedule and Establishing Hearing Rules, Docket No. RP19-73-003 (June 24, 2022).

shippers and provides for a cumulative 16% reduction (on average across mainline rate zones) in El Paso's maximum reservation rates to be phased in over three years beginning on January 1, 2023.

The Commission has specifically encouraged the use of negotiated settlements, such as this one, to resolve rate issues, and has approved several such settlements.⁷ The S&A eliminates the need for further testimony, discovery, hearing, and briefing that would otherwise be required in this NGA section 5 proceeding and achieves an outcome that is satisfactory to El Paso, Commission Trial Staff, and the parties. The avoidance of further litigation and resulting better use of resources is a valuable outcome, benefiting the participants, the Commission, and the public interest. Therefore, El Paso submits that this S&A is fair and reasonable and in the public interest and should be approved without modification or condition.

Article I sets forth a brief procedural and factual background of this proceeding, and states that the S&A resolves all issues set for hearing by the Investigation Order.

Article II sets forth the new settlement reservation rates ("Settlement Rates") for El Paso's transportation services on a "black box" basis. Section 2.1 establishes that (i) effective on January 1, 2023, the maximum recourse reservation rates in effect on October 1, 2022, will be reduced on average across mainline rate zones by 6% as provided in Appendix B-1; (ii) effective on January 1, 2024, the maximum recourse reservation rates in effect on October 1, 2022, will be reduced on average across mainline rate zones by 11% as provided in Appendix B-2; and (iii) effective on

⁷ See, e.g., *Trans Bay Cable LLC*, 165 FERC ¶ 61,106, at P 18 (2018) ("Commission policy generally favors settlements because they provide rate finality."); *El Paso Natural Gas Co.*, 120 FERC ¶ 61,170, at P 38 (2007) (approving an uncontested settlement and explaining the Commission's policy "favoring settlements"); *Tennessee Gas Pipeline Co.*, 20 FERC ¶ 61,096, at 61,207 (1982) (explaining that settlements "can significantly improve administrative efficiency and reduce the delay that is a basic source of dissatisfaction with government regulation.").

January 1, 2025, the maximum recourse reservation rates in effect on October 1, 2022, will be reduced on average across mainline rate zones by 16% as provided in Appendix B-3.

Section 2.2 establishes that El Paso will maintain existing usage rates for firm services on the El Paso system.

Section 2.3 establishes the tariff record implementation procedures to be followed by El Paso.

Section 2.4 establishes the rate implementation procedures to be followed by El Paso.

Section 2.4(a) provides that if El Paso's filing of the S&A is unopposed based on the filing of initial comments, El Paso will file a motion to place the Settlement Rates provided in Appendix B-1—that is, the rates reflecting the first rate reduction that is to be effective January 1, 2023—in effect on an interim basis effective January 1, 2023. El Paso will file such motion within three (3) business days of the date for filing initial comments on this Offer of Settlement. Section 2.4(a) also reserves El Paso's authority to restore the *status quo ante* and reinstate the rates effective as of October 1, 2022, in the event that the Commission rejects the S&A or approves the S&A with any condition, clarification, or modification.

Section 2.4(b) provides that El Paso will file with the Commission the revised non-rate tariff records, as provided in Appendix C, within fifteen (15) days after the S&A becomes effective in accordance with Article VI.

Section 2.4(c) provides that the Commission's order approving the S&A shall constitute all authority necessary for El Paso to place into effect the *pro forma* tariff records attached hereto in Appendix B-2, Appendix B-3, and Appendix C, and, to the extent necessary, to place into effect on a permanent, as opposed to an interim basis, the *pro forma* tariff records attached hereto in Appendix B-1 consistent with Section 2.4(a).

Section 2.5 sets forth El Paso's Commission depreciation rates.

Section 2.6 sets forth a variety of accounting related matters, including treatment of post-retirement benefits other than pensions, pension service costs and contributions to the third-party pension trust, and treatment of a variety of regulatory assets and liabilities, including for excess accumulated deferred income taxes resulting from the Tax Cuts and Jobs Act of 2017.

Section 2.7 establishes four distinct working groups to identify tariff and facility-based solutions to enhance services offered by El Paso. Section 2.7(a) establishes a Storage Solutions Working Group. Section 2.7(b) establishes a Permian Pathing Working Group. Section 2.7(c) establishes a Reliability Working Group. Lastly, Section 2.7(d) establishes a Tariff/Operational Issues Working Group.

Section 2.8 amends Section 37.2(g) of the General Terms & Conditions of El Paso's tariff regarding the treatment of transportation service agreements under Section 37 of El Paso's tariff.

Article III sets forth provisions addressing settling and contesting parties. Sections 3.1 and 3.2 define the entities that will be settling parties and contesting parties, respectively. Section 3.3 describes the process for the Commission to apply the S&A to a contesting party and make the entirety of the S&A effective as to such contesting party. Section 3.4 describes the circumstances under which El Paso and the settling parties intend for a contesting party to be severed from the benefits of the S&A.

Article IV sets forth the term of the S&A, which will extend from the effective date as provided by Article VI through the earlier of: (a) the date new rates become effective pursuant to a new general, system-wide rate change submitted by El Paso pursuant to section 4 of the NGA,⁸ or (b) the date new rates become effective as a result of the Commission initiating or instituting an

⁸ 15 U.S.C. § 717c.

investigation pursuant to section 5 of the NGA⁹ to determine whether the rates charged by El Paso are just and reasonable.

Article V establishes a rate moratorium until September 30, 2027, wherein neither El Paso nor any settling party¹⁰ shall make a filing with the Commission that seeks to change any terms provided in the S&A.

Article VI sets forth the requirements for the S&A to become effective.

Article VII provides for certain reservations, such as that the S&A shall not have any precedential value and that in the event of a conflict between the terms of the S&A and the El Paso tariff that the terms of the tariff will govern.

Article VIII provides that the standard of review for any changes to the S&A proposed by any party identified in Appendix A, and/or any party that expressly supports or does not oppose the S&A, will be the more rigorous application of the statutory “just and reasonable” standard of review which is characterized as the *Mobile-Sierra* “public interest” standard.¹¹

Article IX sets forth that the Commission’s approval of the S&A shall constitute Commission authorization and approval for El Paso to make the rate and tariff changes set forth in the *pro forma* tariff records attached in Appendix B-2, Appendix B-3, and Appendix C, and, to the extent necessary, to place into effect on a permanent basis the *pro forma* tariff records attached hereto in Appendix B-1 consistent with Section 2.4(a) of Article II. Article IX also provides that

⁹ *Id.* § 717d.

¹⁰ A settling party is defined in Section 3.1 of the S&A as “(a) any party identified in Appendix A; or (b) any party, as that term is defined in 18 C.F.R. § 385.102(c), and any shipper not identified in Appendix A that (i) expressly supports, or (ii) does not oppose the S&A as a whole and/or any of its underlying provisions.”

¹¹ See *Devon Power LLC*, 134 FERC ¶ 61,208, at P 1 (2011) (citing *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956); and *Morgan Stanley Cap. Grp., Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008) for the proposition that the “just and reasonable” standard is the only statutory standard of review); see also *NRG Power Mktg., LLC v. Me. Pub. Utils. Comm’n*, 558 U.S. 165 (2010).

the Commission’s approval of the Offer of Settlement and the S&A shall constitute Commission waiver, to the extent necessary, to carry out any provision of the S&A.

III. INFORMATION TO BE PROVIDED WITH SETTLEMENT AGREEMENTS

Pursuant to the “Amended Notice to the Public on Information to be Provided with Settlement Agreements and Guidance on the Role of Settlement Judges” issued by the Chief Administrative Law Judge on December 15, 2016, El Paso addresses the following four questions:

1. Does the settlement affect other pending cases?

No. The S&A does not affect other pending cases.

2. Does the settlement involve issues of first impression?

No. The S&A does not involve any issues of first impression.

3. Does the settlement depart from Commission precedent?

No. The S&A does not depart from Commission precedent.

4. Does the settlement seek to impose a standard of review other than the ordinary just and reasonable standard with respect to any changes to the settlement that might be sought by either a third party or the Commission acting *sua sponte*?

The S&A provides that the standard of review for any changes proposed to the terms of the S&A including, but not limited to, the Settlement Rates, by El Paso, any party identified in Appendix A of the S&A, and/or any party that expressly supports or does not oppose the S&A will be the more rigorous application of the statutory “just and reasonable” standard of review which is characterized as the *Mobile-Sierra* “public interest” standard.¹² If the Commission finds that application of the *Mobile-Sierra*

¹² See *Devon Power LLC*, 134 FERC ¶ 61,208, at P 1 (2011) (citing *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956); and *Morgan Stanley Cap. Grp., Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008) for the proposition that the “just and reasonable” standard is the only statutory standard of review); see also *NRG Power Mktg., LLC v. Me. Pub. Utils. Comm’n*, 558 U.S. 165 (2010).

“public interest” standard to any such party is inconsistent with Commission policy, precedent, or applicable law, then the standard of review will be the most stringent standard permissible under Commission policy, precedent, and applicable law.¹³ The standard of review for any changes proposed by the non-parties to the proceeding or the Commission acting *sua sponte* will be the just and reasonable standard.

IV. CONCLUSION

WHEREFORE, El Paso respectfully asks that the Commission promptly issue an order approving this S&A without condition or modification.

Respectfully submitted,

EL PASO NATURAL GAS COMPANY, L.L.C.

By: /s/ William D. Wible
Name: William D. Wible
Title: Vice President, Regulatory

¹³ See *Natural Gas Pipeline Co. of America LLC*, 162 FERC ¶ 61,009 (2018); *Gas Transmission Northwest LLC*, 165 FERC ¶ 61,195 (2018).

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

El Paso Natural Gas Company, L.L.C. **)**

Docket No. RP19-73-003

STIPULATION AND AGREEMENT

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 385.602, El Paso Natural Gas Company, L.L.C. (“El Paso”)¹ on behalf of itself and the active parties listed in Appendix A attached hereto, hereby submits this Stipulation and Agreement (“S&A”) in support of its Offer of Settlement in the instant proceeding. El Paso respectfully requests that the Commission approve this S&A without modification or condition, which resolves all issues in the captioned proceeding. Approval of the S&A will allow the settling parties to (i) mutually resolve the issue of the appropriate rates to be charged during the term of the S&A, which will result in lower maximum rates on the El Paso system, and (ii) avoid the cost and uncertainty of further litigation.

**Article I
Introduction**

El Paso’s currently effective rates were established in a settlement, approved by the Commission on May 2, 2019, in response to El Paso’s filing of its FERC Form No. 501-G in

¹ The exact legal name of El Paso is El Paso Natural Gas Company, L.L.C. It is a limited liability company duly organized and existing under the laws of the State of Delaware, having its principal place of business located in Colorado Springs, Colorado. El Paso is a wholly-owned subsidiary of Kinder Morgan Energy Partners, L.P. El Paso is authorized to conduct business as a foreign corporation in the States of Arizona, California, Colorado, Idaho, Kansas, Louisiana, Nevada, New Mexico, New York, Oklahoma, Texas, Utah, and in the District of Columbia. El Paso received a blanket transportation certificate in Docket No. CP88-433-000 for transportation of natural gas on behalf of others as contemplated by Part 284, Subpart G, of the Commission's regulations. *See El Paso Natural Gas Co.*, 45 FERC ¶ 61,175 (1988).

Docket Nos. RP19-73-000 and RP19-73-001 (“2019 Settlement”).² On April 21, 2022, in response to a cost and revenue study filed by El Paso on December 30, 2021, pursuant to its obligations under the 2019 Settlement, the Commission issued an order pursuant to section 5 of the Natural Gas Act (“NGA”) instituting an investigation into El Paso’s existing rates and setting the matter for hearing (“Investigation Order”).³ The Investigation Order directed El Paso to file a new cost and revenue study within seventy-five (75) days of the date of the order.⁴ A pre-hearing conference was held on June 22, 2022, which led to an order from the Presiding Administrative Law Judge establishing a hearing in this proceeding to commence on March 7, 2023.⁵

Consistent with the requirements of the Investigation Order, El Paso filed a revised cost and revenue study on July 5, 2022. Commission Trial Staff and the parties to this proceeding have engaged in extensive discovery with respect to this cost and revenue study.

Simultaneously with the discovery process, El Paso, Commission Trial Staff, and the parties to this proceeding have conducted extensive settlement discussions in an effort to resolve the issues set for hearing in this proceeding. As a result of the settlement discussions, El Paso, Commission Trial Staff, and the parties reached an agreement in principle on October 5, 2022, on the terms reflected in this S&A that, if approved by the Commission, would resolve all issues in this proceeding. In light of the agreement in principle, on October 21, 2022, Commission Trial Staff filed an unopposed motion requesting a suspension of the procedural schedule. On October 24, 2022, the Chief Administrative Law Judge granted Commission Trial Staff’s motion.

² *El Paso Natural Gas Co., L.L.C.*, 167 FERC ¶ 61,102 (2019).

³ *El Paso Natural Gas Co., L.L.C.*, 179 FERC ¶ 61,051 (2022).

⁴ *Id.* P 1.

⁵ *El Paso Natural Gas Co., L.L.C.*, Order Adopting Procedural Schedule and Establishing Hearing Rules, Docket No. RP19-73-003 (June 24, 2022).

The S&A provides shippers with a cumulative 16% reduction (on average across mainline rate zones) to El Paso's maximum reservation rates to be phased in over three years beginning on January 1, 2023. Relative to the reservation rates (and including usage rates for FT-2 service) that were in effect as of October 1, 2022: (i) effective January 1, 2023, reservation rates will be reduced on average across mainline rate zones by 6%; (ii) effective January 1, 2024, reservation rates will be reduced on average across mainline rate zones by an additional 5%, and (iii) effective January 1, 2025, reservation rates will be reduced on average across mainline rate zones by an additional 5%. The S&A also provides for a moratorium on certain NGA section 4 and NGA section 5 actions prior to September 30, 2027, and for El Paso to file a cost and revenue study on October 1, 2027. To promote ongoing engagement between El Paso and its customers, the S&A further establishes several working groups to help address a variety of operational and reliability matters on the El Paso system.

The S&A is the product of many discussions, significant information and data exchanges, and multiple compromises of the parties. Approval of this S&A would obviate the need for further litigation and commencement of the scheduled hearing. As a result of this S&A, customers will receive the benefit of rate reductions, and all parties will enjoy rate certainty and will be able to avoid the expenses of the continuation of the ongoing proceeding before the Commission.

Article II

Settlement Rates and Other Provisions

2.1 Settlement Rates. This S&A establishes new settlement reservation rates ("Settlement Rates") for El Paso's transportation services on a "black box" basis. It is stipulated and agreed that upon the approval and effectiveness of this S&A, El Paso's

Settlement Rates shall be the rates as set forth in the *pro forma* tariff records attached hereto in Appendix B⁶ and shall take effect according to the following schedule:

(a) Effective on January 1, 2023, the maximum recourse reservation rates shown on Appendix B-1 shall be placed in effect. These rates reflect a reduction, on average across all mainline rate zones by 6% from the rates in effect on October 1, 2022.

(b) Effective on January 1, 2024, the maximum recourse reservation rates shown on Appendix B-2 shall be placed in effect. These rates reflect a reduction, on average across all mainline rate zones by 11% from the rates in effect on October 1, 2022.

(c) Effective on January 1, 2025, the maximum recourse reservation rates shown on Appendix B-3 shall be placed in effect. These rates reflect a reduction, on average across all mainline rate zones by 16% from the rates in effect on October 1, 2022.

2.2 Usage Rates. El Paso will maintain existing usage rates for firm services (except usage rates for FT-2 service), effective as of October 1, 2022, pursuant to the El Paso FERC Gas Tariff on file with the Commission (“Tariff”).

2.3 Revised Tariff Records – Within fifteen (15) days after the S&A becomes effective, in accordance with Article VI, and pursuant to Section 2.8 hereto, El Paso will file to place the revised *pro forma* tariff records in Appendix C. El Paso will request that those *pro forma* tariff records become effective thirty (30) days after they are filed.

⁶ Article 11.2(a) rates shall be subject to inflation escalation in accordance with Section 37.3 of El Paso’s Tariff.

2.4 Rate Implementation.

(a) Placement of Settlement Rates into Effect on Interim Basis. If El Paso’s filing of the S&A is unopposed based on the filing of initial comments, El Paso will, within three (3) business days of the date for filing initial comments, file a motion to modify its tariff to place the Settlement Rates, as set forth in the *pro forma* tariff records attached hereto in Appendix B-1, into effect on an interim basis, effective January 1, 2023, in lieu of the currently effective rate as of October 1, 2022; provided, however, should the Commission reject this S&A or approve this S&A with any condition, clarification or modification not acceptable to El Paso, El Paso reserves the right to restore the *status quo ante* and reinstate El Paso’s maximum recourse reservation rates in effect on October 1, 2022, for all rate schedules.

(b) The Commission’s order approving this S&A and making it effective shall constitute all authority necessary for El Paso to place into effect the *pro forma* tariff records attached hereto in Appendix B-2, Appendix B-3, and Appendix C, and, to the extent necessary, to place into effect on a permanent basis the *pro forma* tariff records attached hereto in Appendix B-1 consistent with Section 2.4(a) of this Article II.

2.5 Depreciation and Amortization. El Paso’s Commission depreciation rates for book purposes and for the Settlement Rates described above shall be as follows:

Depreciation, Amortization and Negative Salvage Rates

Line No.	FERC Account	Description	Rates
	(a)	(b)	(c)
		<u>Intangible Plant Amortization Rates</u>	
1	301.00	Organization Cost	4.00%
2	303.00	Miscellaneous	4.00%
3	303.01	Software	15.00%

4	303.10	Reverse CIAC's	4.00%
5		<u>Underground Storage Plant Depreciation Rate</u>	1.09%
		<u>Transmission Plant Depreciation Rates</u>	
6	365.10	Land and Land Rights	0.00%
7	365.21	Rights-of-Way (all term lengths)	2.20%
8	365.21-371.01	All Other Transmission Plant	2.20%
9			
10	365.10	Transmission Land and Land Rights Negative Salvage Rate	0.00%
11	365.21-367.00	All Other Transmission Plant Negative Salvage Rate	0.12%
		<u>Willcox Lateral Plant Depreciation Rates</u>	
12	365.10	Land and Land Rights	0.00%
13	365.21-367.00	All Other Willcox Lateral Plant	2.20%
14	365.10	Willcox Lateral Land and Land Rights Negative Salvage Rate	0.00%
15	365.21-367.00	All Other Willcox Lateral Negative Salvage Rate	0.12%
		<u>Willcox Expansion Plant Depreciation Rates</u>	
16	365.10	Land and Land Rights	0.00%
17	365.21-371.01	All Other Willcox Expansion Plant	2.20%
18	365.10	Willcox Expansion Land and Land Rights Negative Salvage Rate	0.00%
19	365.21-371.01	All Other Willcox Expansion Negative Salvage Rate	0.12%
		<u>General Plant Depreciation Rates</u>	
20	390.01	Structures and Improvements (General Structures)	4.00%
21	391.01	Office Furniture and Equipment (Computer Equipment and Hardware)	20.00%
22	391.02	Office Furniture and Equipment	10.00%
23	392.03	Transportation Equipment (Heavy)	1.66%
24	392.07	Transportation Equipment (Light)	13.33%
25	394.00	Tools, Shop and Garage Equipment	10.00%
26	395.00	Laboratory Equipment	10.00%
27	397.00	Communication Equipment	10.00%
28	398.00	Miscellaneous Equipment	0.00%
29	114.00	Acquisition Adjustment (Santan Lateral) Amortization Rate	2.20%

2.6 Accounting Related Matters. Nothing in Section 2.6 is intended to limit the rights of El Paso or any other party to advocate any position on the recovery of any costs, regulatory assets, or regulatory liabilities in Section 2.6 in future El Paso rate proceedings.

(a) Post-Retirement Benefits Other than Pensions.

(1) Currently, El Paso has no funding obligation to the VEBA trust and El Paso projects that it will have no such funding obligation during the term of this S&A under the Financial Accounting Standards Board Financial Accounting Standards Codification Topic 715 (“ASC 715”) (formerly known as Financial Accounting Standard No. 106 – “Post Retirement Benefits Other than Pensions”). The rates provided by this S&A do not include recovery of any costs associated with ASC 715 expense amounts or any amounts to be funded to the ASC 715 VEBA trust during the period such rates are in effect.

(2) El Paso has previously established external irrevocable VEBA trust(s) pursuant to Internal Revenue Code (“IRC”) section 501(c)(9) as a funding vehicle for the ASC 715 amounts. The investment advisors to the trust(s) are independent of El Paso, its parent and its affiliates and are authorized to make only those investments which are consistent with sound investment policies for funds of this nature; however, employees of El Paso or its parent may notify the investment advisor of anticipated short-term cash requirements based on ongoing, pay-as-you go benefit claims experienced (i.e., medical, dental, and life).

(3) In addition, if amounts contributed to the trust(s) by El Paso, plus interest thereon, are not required, El Paso intends to use the VEBA trust assets to meet other employee welfare benefit obligations, as allowed by applicable laws including tax laws. If the VEBA trust assets are used to meet any employee welfare obligations other than ASC 715

post-retirement obligations, El Paso shall record the amount of any such assets so used in a regulatory liability account. Such recorded amounts shall not be amortized during the term of this S&A. El Paso may propose a treatment of this regulatory liability in its next general NGA section 4 proceeding.

(b) Pension Service Costs and Contributions to the Third-Party Pension Trust Fund. The rates provided by this S&A do not include recovery of any costs associated with pension net periodic service costs or contributions to pension trusts.

(c) Regulatory Liability – Excess Accumulated Deferred Income Taxes (“ADIT”). The rates in effect during the term of this S&A include amortization of approximately \$1,300,000 per year of the \$28,900,000 regulatory liability, as adjusted, as of September 30, 2022, associated with excess ADIT resulting from the Tax Cuts and Jobs Act of 2017 (“TCJA”).

(d) Regulatory Liability and Asset – State Income Tax Rate Changes. The rates in effect during the term of this S&A include amortization of approximately (\$2,000) per year of a (\$52,000) regulatory liability as of September 30, 2022, and approximately \$24,000 per year of a \$547,000 regulatory asset as of September 30, 2022, each associated with changes to state income tax rates.

(e) Regulatory Liability – Medicare Subsidy. The rates in effect during the term of this S&A include amortization of approximately (\$405,000) per year of the (\$9,200,000) regulatory liability as of September 30, 2022, associated with a Medicare subsidy.

2.7 Customer Working Group. El Paso shall establish customer working groups to identify Tariff and facility-based solutions to enhance services offered by El Paso. Although the goal of the working groups will be to develop mutually agreeable solutions that garner broad consensus support from customers and El Paso, the parties to this S&A are not precluded from commenting on or protesting any El Paso Tariff change filings that result from the working group process.

(a) Storage Solutions Working Group. El Paso shall establish a Storage Solutions Working Group to identify and develop gas storage service solutions to improve gas-electric coordination and enhance reliability on El Paso's system. The Storage Solutions Working Group will not be limited to any particular region or zone of the El Paso system. To the extent different solutions are required to meet the demand for different regions or zones, sub-working groups shall be established to keep the working group focused on solutions relevant to parties' needs. The Storage Solutions Working Group will meet during the term of the S&A and will seek to finalize consensus-based solutions and the timeline for those solutions (including any resulting Tariff changes) by the end of the second quarter of 2023. Nothing precludes El Paso from identifying and developing consensus-based solutions before that time.

(b) Permian Pathing Working Group. El Paso shall establish a Permian Pathing Working Group to examine and implement operationally feasible pathing options for transportation service in the Permian Basin. The Permian Pathing Working Group will meet prior to the third quarter of 2023.

(c) Reliability Working Group. El Paso shall establish a Reliability Working Group to examine and implement increased reliability for service on El Paso's system, including, but not limited to, the South Main Line. The Reliability Working Group will meet during the term of the S&A. For the term of the S&A, commencing in the third quarter of 2023 and on a biennial basis thereafter, El Paso will circulate a report to its customers and interested parties that have executed a mutually agreed-upon confidentiality agreement. Prior to the first biennial report, El Paso shall provide to those parties that have executed the confidentiality agreement a copy of El Paso's then-current integrity management plan.

(1) Biennial Report Requirements. Each biennial report will include the following items: (1) a schedule of proposed reliability projects to be completed within two years of El Paso's preparation of the report; (2) a schedule of completed reliability projects from the two years immediately preceding the report; and (3) a summary of costs for all proposed and completed reliability projects.

(2) Force Majeure Reporting. Each biennial report will also include force majeure events reported to the Commission pursuant to section 260.9 of the Commission's regulations⁷ that impacted firm service during the two years immediately preceding the report. For each force majeure event, El Paso shall provide customers with (1) a description of the event, (2) a detailed description of the impacted pipeline and/or equipment, and (3) the force majeure event's duration.

⁷ 18 C.F.R. § 260.9.

(3) Meetings. Within 30 days following the issuance of each biennial report, El Paso will convene the Reliability Working Group to discuss any questions concerning the biennial report and reliability for service on the El Paso system.

(d) Tariff/Operational Issues Working Group. El Paso shall convene a Tariff/Operational Issues Working group to discuss (1) the method for estimating hourly penalties as established in the El Paso Tariff and the assessment of penalties during Winter Storm Uri without adjustment for the daily Safe Harbor Tolerance Quantity;⁸ and (2) the linepack levels for operational flow order (“OFO”) penalties in Section 11.1 of the General Terms and Conditions of the El Paso Tariff. The Tariff/Operational Issues Working Group will meet at least once within 60 days of filing of the S&A with the Commission to try to identify mutually agreeable Tariff changes. If no Tariff changes are identified before that time that is acceptable to all parties to this S&A, the Tariff/Operational Issues Working Group will meet periodically (and at least twice prior to the end of the second quarter of 2023) to attempt to identify Tariff changes with the goal of finding a compromise by the end of the second quarter of 2023. Nothing precludes El Paso from identifying and developing consensus-based Tariff changes before that time. If no Tariff changes are identified by the end of the second quarter of 2023, the parties to this S&A agree to discuss in good faith whether the Tariff/Operational Issues Working Group should continue to meet to try to find acceptable Tariff changes.

⁸ The daily Safe Harbor Tolerance Quantity is used to determine daily unauthorized overrun penalties and is determined pursuant to the terms of the El Paso Tariff for each applicable rate schedule—such as Section 5.2(c)(iv) for Rate Schedule FT-1—as well as in Sections 11.1(a)(viii) and 11.1(i) of the General Terms & Conditions of the El Paso Tariff.

2.8 El Paso's FERC Gas Tariff – Section 37.2(g). El Paso shall amend Section 37.2(g) of the General Terms & Conditions of its Tariff by deleting such Section 37.2(g) in its entirety and replacing it with the following:

Should a Section 37 TSA be subject to an Article 11.2(a) reservation rate that exceeds the maximum non-Article 11.2 reservation tariff rate or Article 11.2(b) reservation rate for such service, this service shall be billed at the lower of the applicable maximum non-Article 11.2 reservation tariff rate or the Article 11.2(b) reservation rate, if any. Should a Section 37 TSA be subject to an Article 11.2(a) usage rate that exceeds the maximum non-Article 11.2 usage tariff rate for such service (or exceeds the applicable Article 11.2(b) usage rate for the FT-2 service, if any), this service shall be billed at the applicable maximum non-Article 11.2 usage tariff rate (or the applicable Article 11.2(b) usage rate for the FT-2 service if it is lower than the other two rates).

Article III Settling and Contesting Parties

3.1 Settling Parties. The term “Settling Party” means (a) any party identified in Appendix A; or (b) any party, as that term is defined in 18 C.F.R. § 385.102(c), and any shipper not identified in Appendix A that (i) expressly supports, or (ii) does not oppose the S&A as a whole and/or any of its underlying provisions. If this S&A is approved without modification or condition, El Paso and the Settling Parties shall be bound by the terms of this S&A and waive any and all rights to rehearing and judicial review of the Commission's order approving the S&A.

3.2 Contesting Parties.

(a) A Contesting Party is any entity that (i) files any comment or other pleading that opposes approval of this S&A or advocates any change or modification to this S&A, (ii) states in any comment pursuant to Rule 602, or other pleading, a desire not to be bound by all provisions of this S&A; (iii) files any comment conditioning consent to the S&A or reserving any right inconsistent with this S&A; or (iv) seeks rehearing or judicial review, or otherwise seeks to set aside or challenge, an order that approves this S&A without modification or condition. A Contesting Party shall be deemed to contest the S&A as to each and every one of the service agreements it has with El Paso, if any. A Contesting Party shall become a Contesting Party on the date on which it fulfills any of the conditions listed above, provided however, if the Commission later determines that an entity deemed to be a Contesting Party through meeting one or more of the conditions above, was not, in fact, contesting the S&A, El Paso shall provide to that entity refunds, plus interest calculated pursuant to 18 C.F.R. § 154.501(d), equal to the difference between the applicable Settlement Rate(s) and the rate(s) charged that entity.

(b) El Paso may permit a Contesting Party to become a Settling Party at any time, but El Paso shall not be required to do so, unless the Commission orders otherwise, or be permitted to do so in an unduly discriminatory manner.

3.3 Commission Disposition of Contested Settlement. If, consistent with the Commission's Rules of Practice and Procedure, the Commission finds that this S&A should be applied to any Contesting Party, and approved over that party's objection, for any reason including, but not limited to: (a) the Contesting Party's arguments have failed to raise a genuine

issue of material fact; (b) the Commission is able to make a merits determination on policy or legal issues raised by the Contesting Party; (c) the S&A as a package produces an overall just and reasonable result; (d) the Contesting Party's interest is sufficiently attenuated to allow the Commission to approve the S&A under the fair and reasonable standard applicable to uncontested settlements; and/or (e) there is substantial evidence upon which to make a finding that the S&A is just and reasonable and can be approved as to all El Paso's customers, El Paso and the Settling Parties request that the Commission's order approving this S&A make the entirety of the S&A effective as to such Contesting Party, and such party shall be deemed a Settling Party.

3.4 Severance.

(a) If this S&A cannot be approved as to all Settling Parties pursuant to this Article III, then El Paso and the Settling Parties intend to permit the severance of the Contesting Parties as a last resort to avoid modification of the bargains memorialized in the S&A to the extent allowed under Rule 602 of the Commission's Rules of Practice and Procedure.

(b) Subject to the Commission's authority to dispose of a contested settlement as set forth in Section 3.3, the Commission may approve the S&A only for the Settling Parties. Contesting Parties, however, shall forego any and all rights or obligations under this S&A. El Paso shall retain all rights to file NGA⁹ section 4 base rate changes applicable to all Contesting Parties notwithstanding anything in this S&A. Any Commission orders during the term of this S&A related to NGA section 4 filings that are otherwise

⁹ 15 U.S.C. §§ 717-717w.

precluded by the S&A shall become effective only as to Contesting Parties. Further, no rate, surcharge, or allocation of costs applicable to any Settling Party shall be modified as a result of the election of any other party to be a Contesting Party.

(c) If (i) the Commission severs one or more issues as contested or severs a Contesting Party and establishes additional proceedings to resolve matters in either circumstance, and (ii) this S&A does not become null and void pursuant to Section 6.3 of this S&A, then El Paso and/or the Settling Parties may intervene and/or participate in such additional proceedings, as applicable, but, in any such additional proceeding: (A) the Settling Parties shall not challenge El Paso's proposed cost of service or billing determinants; (B) neither El Paso nor the Settling Parties (whether individually or collectively) will advocate for, or support any changes to the S&A, including the *pro forma* tariff records attached hereto in Appendix B implementing the provisions of this S&A; and (C) neither El Paso nor the Settling Parties shall propose any changes to El Paso's Tariff or current cost allocation or rate design, as the Tariff, cost allocation, or rate design apply to the Settling Parties. The Settling Parties will otherwise have the right to participate fully in the additional proceedings, including, but not limited to challenging (I) changes to cost allocation or rate design proposed by El Paso or any other participant, or (II) changes proposed by El Paso or any other participant to El Paso's Tariff. Further, any rate or Tariff changes resulting from a Commission order addressing severed issues shall be applied only to Contesting Parties. Moreover, any rate or Tariff changes resulting from a Commission order involving matters for which Settling Parties are expressly precluded from participating pursuant to this section (e.g., El Paso's proposed cost of service or billing determinants) shall not serve as a generally applicable precedent, or settled practice,

or in any way impact the burden of proof in any future El Paso rate proceeding which commences after the expiration of the Rate Moratorium as established in Article V.

Article IV Term of S&A

4.1 Term. The term of this S&A shall extend from the Effective Date pursuant to Article VI, through the earlier of: (a) the date new rates become effective pursuant to a new general, system-wide rate change submitted by El Paso pursuant to section 4 of the NGA,¹⁰ or (b) the date new rates become effective pursuant to the Commission initiating or instituting an investigation pursuant to section 5 of the NGA¹¹ to determine whether the rates charged by El Paso are just and reasonable. Once they become effective, Sections 2.4 and 2.5 of this S&A and the *pro forma* tariff records attached hereto in Appendix B, will remain in full force and effect until such time as they are superseded by a final order of the Commission. Notwithstanding anything herein, Article VII shall survive expiration of this S&A.

Article V Rate Moratorium

5.1 NGA Section 4 and NGA Section 5 Moratorium. Prior to September 30, 2027 and during the term of this S&A, each Settling Party and El Paso, on behalf of itself and its parents, affiliates, subsidiaries, representatives, successors, and assigns, represents and warrants that it will not, pursuant to the NGA or any other statute, challenge or advocate, in any manner whatsoever, a change in any provision of the S&A, including, without limitation, the Settlement Rates, at the Commission or with any other governmental authority or regulatory

¹⁰ *Id.* § 717c.

¹¹ *Id.* § 717d.

body having jurisdiction over El Paso. For purposes of clarity, this Section 5.1 does not preclude any Settling Party from (i) making any NGA section 5 filing on the basis that El Paso has violated the terms of this S&A or has applied the terms of this S&A in an unduly discriminatory manner; (ii) taking any position in a proceeding pursuant to section 5 of the NGA that is initiated by the Commission against El Paso, irrespective of the timing and terms of this S&A;¹² and (ii) does not apply after the end of the term of this S&A as set forth in Section 4.1.

5.2 Reservation of Rights. This S&A represents a negotiated settlement only with the respect to the issues resolved by the S&A. The provisions hereof are limited to the specific matters referred to herein. Every party to this proceeding reserves any claim or right that it may otherwise have with respect to any matters not expressly provided for in this S&A.

5.3 Parties' Rights During the Moratorium.

(a) During the Moratorium, all Settling Parties and El Paso shall be free, so long as no Settling Party or El Paso actively seeks to undermine this S&A or the enforcement of any of its provisions, to (i) advance legislative changes and/or petition to initiate rulemaking proceedings of general industry-wide applicability; (ii) actively participate in any rulemaking, notice of inquiry, or similar proceeding of general applicability before the Commission (“Commission Rulemakings”); (iii) petition for and actively participate in judicial appeals or remands of Commission Rulemakings or pipeline proceedings unrelated to this S&A; and (iv) participate in any other forum and/or any related judicial appeals and take any

¹² Likewise, nothing precludes El Paso from taking any position in a proceeding pursuant to section 5 of the NGA that is initiated by the Commission against El Paso, irrespective of the timing and terms of this S&A.

position on any issue in those proceedings without undermining this S&A or the enforcement of any of its provisions.

(b) During the Moratorium, El Paso shall be free, so long as El Paso does not seek to undermine this S&A or the enforcement of any of its provisions, to make limited NGA section 4 filings including, but not limited to, the establishment of a rate for a new service; the approval of nonconforming and/or negotiated rate agreements; the recovery of appropriate costs incurred for fuel, lost and unaccounted-for gas, and ACA charges; any appropriate tariff filings for service modifications as needed over time; and such filings, if any, necessary to comply with Commission policy, rules, regulations or orders, and/or make requests for rehearing, seek judicial review, and participate in remands of Commission orders associated with the types of filings listed in this Section 5.2(b). For the avoidance of doubt, this provision does not preclude either a filing by EPNG under section 7 of the NGA to establish initial rates for new facilities or the filing by Settling Parties of comments, protests, or motions with respect to any El Paso filing identified hereinabove.

(c) Nothing in this S&A is intended to affect the rights of any Settling Party to advocate any position on any issues arising from NGA section 4 filings made by El Paso.

5.4 Cost and Revenue Study. El Paso shall file with the Commission a cost and revenue study on October 1, 2027. The study shall be based on actual costs, revenues, and volumes for a 12-month base period that complies with section 154.303(a)(1) of the Commission's regulations; provided, however, that El Paso may also submit an additional and separate cost and revenue study for such 12-month period that may include adjustments.

Article VI Effectiveness

6.1 Conditions for this S&A to Become Effective. Except as otherwise expressed in this Article VI, the various provisions of this S&A are an integrated whole and are not severable. Neither this S&A, nor any of the provisions hereof, shall become effective unless and until the Commission has entered an order no longer subject to rehearing or judicial review approving this S&A, without any condition, clarification or modification, or in the event of a condition, clarification or modification, El Paso shall not have exercised its right under Section 6.3 to withdraw the Offer of Settlement including this S&A within the prescribed time, and the Commission has denied any request for rehearing of the order modifying, clarifying or conditioning this S&A.

6.2 Effective Date. The Effective Date of this S&A shall be the first day of the month following the month in which the conditions in Section 6.1 have been satisfied.

6.3 El Paso Withdrawal of Settlement Offer. If the Commission issues an order approving this S&A (“S&A Order”) with any terms or conditions that are directly contradictory to the terms and conditions of the S&A, then El Paso shall have the right to convene the Settling Parties within twenty (20) days to discuss whether the S&A may be modified so that El Paso is no longer adversely impacted. If El Paso concludes after meeting with the Settling Parties that the adverse impacts of the S&A Order cannot be adequately mitigated, then El Paso shall have the right, exercised in good faith, to withdraw the Offer of Settlement including this S&A by notifying the Commission and all other participants in the instant proceeding of such a withdrawal within thirty (30) days from the date of the S&A Order. Upon such a withdrawal, the Offer of Settlement including without limitation this S&A shall become null and void.

Conversely, should the Commission impose any terms and conditions in the S&A Order that are acceptable to El Paso but opposed by any Settling Party, such Settling Party shall have the right to become a Contesting Party.

Article VII Reservations

7.1 Rule 602 Privilege. This S&A is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure.¹³ All discussions held and materials provided by any participant in the instant proceeding in reaching this S&A shall be treated as privileged under Rule 602 of the Commission's Rules of Practice regardless of whether this S&A becomes effective.

7.2 Scope. The provisions of this S&A are intended to relate only to the specific matters referred to herein and, by agreeing to the instant S&A, neither El Paso nor any Settling Party waives any claim or right which it may otherwise have with respect to any matters not expressly provided for herein.

7.3 Negotiated Settlement. This S&A is made on the express understanding that it constitutes a negotiated settlement, and except as otherwise expressly provided for herein, neither El Paso nor any Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any ratemaking principle, or any allocation method or rate design formula, underlying or supposed to underlie any of the rates, charges, cost classifications, cost functionalization, or cost of service provided for herein, or to be prejudiced thereby in any future El Paso rate proceeding, or in any other pending or future Commission or court

¹³ 18 C.F.R. § 385.602.

proceedings. Except as otherwise provided in this S&A, nothing in this S&A shall be deemed to create a “settled practice” as the term is interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980), or to affect or shift the burden of proof on any issue in any proceeding.

7.4 Interpretation. In the event of any conflict between the terms contained in this S&A and those in the accompanying Explanatory Statement, the terms of this S&A control. In the event of any conflict between the terms of this S&A or the accompanying Explanatory Statement and the *pro forma* tariff records reflected in Appendix B, the tariff records control.

Article VIII Standard of Review

El Paso, any party identified in Appendix A, and any party, as that term is defined in 18 C.F.R. § 385.102(c), that (i) expressly supports, or (ii) does not oppose the S&A as a whole and/or any of its underlying provisions, intend that the standard of review for any changes proposed by such parties to the terms of this S&A including, but not limited to, the Settlement Rates as provided in Article II, shall be the more rigorous application of the statutory “just and reasonable” standard of review which is characterized as the *Mobile-Sierra* “public interest” standard;¹⁴ provided, however, that if the Commission finds that application of the *Mobile-Sierra* “public interest” standard to any such party is inconsistent with Commission policy, precedent, or applicable law, then such parties request that the standard of review be the most stringent standard permissible

¹⁴ See *Devon Power LLC*, 134 FERC ¶ 61,208, at P 1 (2011) (citing *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956); and *Morgan Stanley Cap. Grp., Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008) for the proposition that the “just and reasonable” standard is the only statutory standard of review); see also *NRG Power Mktg., LLC v. Me. Pub. Utils. Comm’n*, 558 U.S. 165 (2010).

under Commission policy, precedent, and applicable law.¹⁵ During the term of this S&A as defined by this Article IV, the Commission shall review any and all changes, amendments or alterations of any manner to this S&A in accordance with the appropriate standards established by sections 4 and 5 of the NGA.¹⁶ The standard of review for any changes proposed by any non-party to this proceeding or the Commission acting *sua sponte* to the terms of this S&A including, but not limited to, the Settlement Rates, shall be the just and reasonable standard.

Article IX
Effect of Approval of the Offer or Settlement

The Commission's approval of the Offer of Settlement including this S&A shall constitute:

(a) Commission authorization and approval for El Paso to make the rate and Tariff changes set forth in the *pro forma* tariff records attached hereto in Appendix B-2, Appendix B-3, and Appendix C, and, to the extent necessary, to place into effect on a permanent basis the *pro forma* tariff records attached hereto in Appendix B-1 consistent with Section 2.4(a) of Article II; and (b) Commission waiver of any requirement to the extent necessary to carry out any provision of this S&A including, without limitation, any necessary waivers of the Commission Rules and Regulations, policies, procedures or practices, or El Paso's Tariff

Respectfully submitted,

EL PASO NATURAL GAS COMPANY, L.L.C.

By: /s/ William D. Wible
Name: William D. Wible
Title: Vice President, Regulatory

¹⁵ See *Natural Gas Pipeline Co. of America LLC*, 162 FERC ¶ 61,009 (2018); *Gas Transmission Northwest LLC*, 165 FERC ¶ 61,195 (2018).

¹⁶ 15 U.S.C. §§ 717c, 717d.

APPENDIX A

The following parties in Docket No. RP19-73-003 either support or do not oppose the Offer of Settlement including the S&A:

American Forest and Paper Association

Anadarko Energy Services Company

Apache Nitrogen Products, Inc.

Arizona Corporation Commission*

Arizona Electric Power Cooperative, Inc.

Arizona Public Service Company

Arlington Valley, LLC

Atmos Energy Corporation

BP Energy Company

California Public Utilities Commission

Calpine Energy Services, L.P.

Chevron U.S.A. Inc.

Concord Energy LLC

ConocoPhillips Company

Constellation Energy Generation, LLC

EDF Trading North America, LLC

El Paso Electric Company

El Paso Municipal Customer Group

Exelon Corporation

Freeport Minerals Corporation

Koch Energy Services, LLC

Macquarie Energy LLC

Mex Gas Supply, S.L.

Mioco, LLC

NJR Energy Services Company

Occidental Energy Marketing, Inc.
Pacific Gas & Electric Company
PCS Nitrogen Fertilizer, L.P.
Pioneer Natural Resources USA, Inc.
Process Gas Consumers Group
Public Citizen, Inc.
Repsol Energy North America Corporation
Salt River Project Agricultural Improvement and Power District
San Diego Gas & Electric Company
Sempra Gas & Power Marketing, LLC
Sequent Energy Management, LLC
Shell Energy North America (US), L.P.
Southern California Gas Company
Southwest Gas Corporation
Southwestern Public Service Company
Spotlight Energy, LLC
Tenaska Marketing Ventures
Texas Gas Service Company, a division of ONE Gas, Inc.
Tucson Electric Power Company
UNS Gas, Inc.
WPX Energy Marketing, LLC
XTO Energy Inc.

* The Arizona Corporation Commission's inclusion on Appendix A is subject to its December 6-7, 2022 open meeting.

APPENDIX B

***PRO FORMA* CLEAN AND REDLINE TARIFF RECORDS**

FOR SETTLEMENT RATES

TO BE EFFECTIVE AS DESCRIBED IN ARTICLE II OF THE S&A

APPENDIX B-1

PRO FORMA CLEAN AND MARKED TARIFF RECORDS

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

PRODUCTION AREA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$2.7649	\$3.0417	\$3.2272	\$3.4553	\$5.5298	\$3.6804	\$3.9572	\$4.1428	\$4.3709
Daily Reservation 1/									
Maximum	\$0.0909	\$0.1000	\$0.1061	\$0.1136	\$0.1818	\$0.1210	\$0.1301	\$0.1362	\$0.1437
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$2.6706	\$2.9413	\$3.1177	\$3.3428	\$5.3473				
Daily Reservation 1/									
Maximum	\$0.0878	\$0.0967	\$0.1025	\$0.1099	\$0.1758				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041
Minimum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

.STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

TEXAS RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.4065	\$8.1486	\$8.6414	\$9.2588	\$14.8129	\$8.3220	\$9.0642	\$9.5569	\$10.1744
Daily Reservation 1/									
Maximum	\$0.2435	\$0.2679	\$0.2841	\$0.3044	\$0.4870	\$0.2736	\$0.2980	\$0.3142	\$0.3345
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.1631	\$7.8779	\$8.3585	\$8.9547	\$14.3263				
Daily Reservation 1/									
Maximum	\$0.2355	\$0.2590	\$0.2748	\$0.2944	\$0.4710				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Minimum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEW MEXICO RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.6863	\$8.4558	\$8.9668	\$9.6086	\$15.3726	\$8.6018	\$9.3714	\$9.8824	\$10.5242
Daily Reservation 1/									
Maximum	\$0.2527	\$0.2780	\$0.2948	\$0.3159	\$0.5054	\$0.2828	\$0.3081	\$0.3249	\$0.3460
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.4338	\$8.1790	\$8.6748	\$9.2953	\$14.8738				
Daily Reservation 1/									
Maximum	\$0.2444	\$0.2689	\$0.2852	\$0.3056	\$0.4890				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Minimum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ARIZONA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$9.7242	\$10.6975	\$11.3454	\$12.1545	\$19.4484	\$10.6398	\$11.6131	\$12.2610	\$13.0700
Daily Reservation 1/									
Maximum	\$0.3197	\$0.3517	\$0.3730	\$0.3996	\$0.6394	\$0.3498	\$0.3818	\$0.4031	\$0.4297
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.4048	\$10.3447	\$10.9713	\$11.7560	\$18.8097				
Daily Reservation 1/									
Maximum	\$0.3092	\$0.3401	\$0.3607	\$0.3865	\$0.6184				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Minimum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEVADA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10.0953	\$11.1051	\$11.7773	\$12.6199	\$20.1906	\$11.0108	\$12.0207	\$12.6929	\$13.5354
Daily Reservation 1/									
Maximum	\$0.3319	\$0.3651	\$0.3872	\$0.4149	\$0.6638	\$0.3620	\$0.3952	\$0.4173	\$0.4450
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.7638	\$10.7432	\$11.3941	\$12.2062	\$19.5336				
Daily Reservation 1/									
Maximum	\$0.3210	\$0.3532	\$0.3746	\$0.4013	\$0.6422				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Minimum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

CALIFORNIA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10.4664	N/A	N/A	N/A	N/A	\$11.3819	N/A	N/A	N/A
Daily Reservation 1/									
Maximum	\$0.3441	N/A	N/A	N/A	N/A	\$0.3742	N/A	N/A	N/A
Minimum	\$0.0000	N/A	N/A	N/A	N/A	\$0.0000	N/A	N/A	N/A
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$10.1257	N/A	N/A	N/A	N/A				
Daily Reservation 1/									
Maximum	\$0.3329	N/A	N/A	N/A	N/A				
Minimum	\$0.0000	N/A	N/A	N/A	N/A				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Minimum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Daily Authorized Overrun 7/ 9/	FT-1	N/A	N/A	N/A	N/A	NNTD	N/A	N/A	N/A

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

LATERAL LINE FACILITIES CHARGES 4/

	Monthly Reservation 5/ \$2.9196	Daily Maximum Reservation \$0.0960	Daily Minimum Reservation \$0.0000	Daily Maximum Usage \$0.0000	Daily Minimum Usage \$0.0000	Daily Authorized Overrun FT-1 7/ 9/
FT-1 Willcox 2/						
IT-1 1/ Willcox	N/A	N/A	N/A	\$0.3290	\$0.0000	
IHSW Willcox	N/A	N/A	N/A	\$0.3996	\$0.0000	
PAL Willcox	N/A	N/A	N/A	\$0.3290	\$0.0000	Max PAL Usage

SYSTEM-WIDE BALANCING & STORAGE RATES 4/

	Monthly Reservation 5/ \$9.1585	Daily Maximum Reservation 1/ \$0.3011	Daily Minimum Reservation 1/ \$0.0000	Daily Maximum Usage 1/ \$0.0000	Daily Minimum Usage 1/ \$0.0000
FDBS					

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

	Storage Inventory		Quantity Injection		Quantity Withdrawal	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
ISS	\$0.0431	\$0.0000	\$0.0267	\$0.0267	\$0.0444	\$0.0444

Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

FIRM SMALL SHIPPER SERVICES 4/
 Contract Quantity Equal to or Less than 10,000 dth/d

	Texas	New Mexico	Arizona
FT-2 1/ Tier 1 Daily Usage 8/ Maximum	\$0.4130	\$0.4286	\$0.5415
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.4957	\$0.5143	\$0.6498
Minimum	\$0.0077	\$0.0079	\$0.0093
FT-2 – Article 11.2(b) 1/ Tier 1 Daily Usage Maximum	\$0.3998	\$0.4148	\$0.5241
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.4798	\$0.4978	\$0.6289
Minimum	\$0.0077	\$0.0079	\$0.0093

	Monthly Reservation 5/	Daily Maximum Reservation 1/	Daily Minimum Reservation 1/	Daily Maximum Usage 1/	Daily Minimum Usage 1/	Daily Authorized Overrun 7/ 9/ FTHV FTHV – Article 11.2(b)
FTH-V	\$3.0417	\$0.1000	\$0.0000	\$0.0034	\$0.0034	
FTH-V – Article 11.2(b)	\$2.9413	\$0.0967	\$0.0000	\$0.0034	\$0.0034	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ZONAL RATES - Daily Usage

	IT-1 1/	IHSW	PAL Parking	PAL Lending
Production Area				
Maximum	\$0.0938	\$0.1177	\$0.2865	\$0.2865
Minimum	\$0.0029	\$0.0041	\$0.0000	\$0.0000
Texas				
Maximum	\$0.2512	\$0.3140	\$0.2865	\$0.2865
Minimum	\$0.0077	\$0.0096	\$0.0000	\$0.0000
New Mexico				
Maximum	\$0.2606	\$0.3258	\$0.2865	\$0.2865
Minimum	\$0.0079	\$0.0099	\$0.0000	\$0.0000
Arizona				
Maximum	\$0.3290	\$0.4112	\$0.2865	\$0.2865
Minimum	\$0.0093	\$0.0116	\$0.0000	\$0.0000
Nevada				
Maximum	\$0.3413	\$0.4267	\$0.2865	\$0.2865
Minimum	\$0.0094	\$0.0118	\$0.0000	\$0.0000
California				
Maximum	\$0.3537	N/A	\$0.2865	\$0.2865
Minimum	\$0.0096	N/A	\$0.0000	\$0.0000
Daily Authorized Overrun	N/A	N/A	Max PAL Usage	Max PAL Usage

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

PRODUCTION AREA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16	
<u>RESERVATION RATES</u>										
Monthly Reservation 5/	\$3.02302.7649	\$3.3252-0417		\$3.52682272	\$3.77874553	\$6.04595.5298	\$3.99746804	\$3.95724.2996	\$4.50121428	\$4.7531-37
Daily Reservation 1/										
Maximum	\$0.09940909	\$0.10931000	\$0.1061459	\$0.12421136	\$0.1818988	\$0.12104314	\$0.14141301	\$0.13621480	\$0.15631437	
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>										
Monthly Reservation 5/	\$2.92436706	\$3.21672.9413		\$3.11774117	\$3.65543428	\$5.84863473				
Daily Reservation 1/										
Maximum	\$0.09610878	\$0.10580967	\$0.1025122	\$0.12021099	\$0.19231758					
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000					
<u>USAGE RATES - DAILY 1/</u>										
Maximum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041	
Minimum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041	
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

.STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

TEXAS RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.80464065	\$8.58511486	\$9.10548.6414	\$9.75572588	\$15.609214.8129	\$8.77903220	\$9.55950642	\$10.07989.5569	\$10.73011744
Daily Reservation 1/									
Maximum	\$0.25662435	\$0.28222679	\$0.29942841	\$0.32073044	\$0.51324870	\$0.28862736	\$0.31432980	\$0.33143142	\$0.35283345
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.54991631	\$8.30497.8779		\$8.80823585	\$9.43748.9547	\$15.099814.3263			
Daily Reservation 1/									
Maximum	\$0.24822355	\$0.27302590	\$0.28962748	\$0.31032944	\$0.49644710				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Minimum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEW MEXICO RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$8.20447.6863 \$11.229910.5242	\$9.02498.4558	\$9.57188.9668	\$10.25559.6086	\$16.408915.3726		\$9.17888.6018	\$9.99933714	\$10.54629.8824
Daily Reservation 1/									
Maximum	\$0.26972527	\$0.29672780	\$0.31472948	\$0.33723159	\$0.53955054	\$0.30182828	\$0.32873081	\$0.34673249	\$0.36923460
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.93674338	\$8.73041790		\$9.25958.6748	\$9.92092953		\$15.873414.8738		
Daily Reservation 1/									
Maximum	\$0.26092444	\$0.28702689	\$0.30442852	\$0.32623056	\$0.52194890				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Minimum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ARIZONA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
RESERVATION RATES									
Monthly Reservation 5/	\$10.31969.7242 \$13.014012.2610	\$11.351610.6975 \$13.87390700		\$12.039611.3454	\$12.89951545		\$20.639319.4484	\$11.294010.6398	\$12.326011.6131
Daily Reservation 1/									
Maximum	\$0.33933197	\$0.37323517	\$0.39583730	\$0.42413996	\$0.67866394	\$0.37133498	\$0.40523818	\$0.42794031	\$0.45614297
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
RESERVATION RATES – ARTICLE 11.2(B)									
Monthly Reservation 5/	\$9.98294048	\$10.98123447	\$11.646710.9713	\$12.478611.7560		\$19.965818.8097			
Daily Reservation 1/									
Maximum	\$0.32823092	\$0.36103401	\$0.38293607	\$0.41033865	\$0.65646184				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
USAGE RATES - DAILY 1/									
Maximum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Minimum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEVADA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10.66370953 \$14.304013.5354	\$11.73041051	\$12.444011.7773	\$13.329612.6199	\$21.327420.1906		\$11.63840108	\$12.70450207	\$13.415412.6929
Daily Reservation 1/									
Maximum	\$0.35063319	\$0.38563651	\$0.40903872	\$0.43824149	\$0.70126638	\$0.38263620	\$0.41773952	\$0.4414173	\$0.47034450
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$10.31579.7638	\$11.347310.7432		\$12.035011.3941	\$12.89462062		\$20.631419.5336		
Daily Reservation 1/									
Maximum	\$0.33913210	\$0.37313532	\$0.39573746	\$0.42394013	\$0.67836422				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Minimum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

CALIFORNIA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$11.0077 10.4664	N/A	N/A	N/A	N/A	\$11.9821 3819	N/A	N/A	N/A
Daily Reservation 1/									
Maximum	\$0.3619 3441	N/A	N/A	N/A	N/A	\$0.3939 3742	N/A	N/A	N/A
Minimum	\$0.0000	N/A	N/A	N/A	N/A	\$0.0000	N/A	N/A	N/A
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$10.6485 1257		N/A	N/A	N/A	N/A			
Daily Reservation 1/									
Maximum	\$0.3501 3329	N/A	N/A	N/A	N/A				
Minimum	\$0.0000	N/A	N/A	N/A	N/A				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Minimum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Daily Authorized Overrun 7/ 9/	FT-1	N/A	N/A	N/A	N/A	NNTD	N/A	N/A	N/A

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

LATERAL LINE FACILITIES CHARGES 4/

	Monthly Reservation 5/ \$2.9196	Daily Maximum Reservation \$0.0960	Daily Minimum Reservation \$0.0000	Daily Maximum Usage \$0.0000	Daily Minimum Usage \$0.0000	Daily Authorized Overrun FT-1 7/ 9/
FT-1 Willcox 2/						
IT-1 1/ Willcox	N/A	N/A	N/A	\$0.34863290	\$0.0000	
IHSW Willcox	N/A	N/A	N/A	\$0.42413996	\$0.0000	
PAL Willcox	N/A	N/A	N/A	\$0.34863290	\$0.0000	Max PAL Usage

SYSTEM-WIDE BALANCING & STORAGE RATES 4/

	Monthly Reservation 5/ \$9.74371585	Daily Maximum Reservation 1/ \$0.32033011	Daily Minimum Reservation 1/ \$0.0000	Daily Maximum Usage 1/ \$0.0000	Daily Minimum Usage 1/ \$0.0000
FDBS					

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

	Storage Inventory		Quantity Injection		Quantity Withdrawal	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
ISS	\$0.04590431	\$0.0000	\$0.0267	\$0.0267	\$0.0444	\$0.0444

Fuel and L&U See the Fuel and L&U Statement of Rates.

See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

FIRM SMALL SHIPPER SERVICES 4/
 Contract Quantity Equal to or Less than 10,000 dth/d

	Texas	New Mexico	Arizona
FT-2 1/ Tier 1 Daily Usage 8/ Maximum	\$0.43534130	\$0.45754286	\$0.57485415
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.52244957	\$0.54895143	\$0.68976498
Minimum	\$0.0077	\$0.0079	\$0.0093
FT-2 – Article 11.2(b) 1/ Tier 1 Daily Usage Maximum	\$0.42143998	\$0.44284148	\$0.55635241
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.50574798	\$0.53134978	\$0.66766289
Minimum	\$0.0077	\$0.0079	\$0.0093

	Monthly Reservation 5/	Daily Maximum Reservation 1/	Daily Minimum Reservation 1/	Daily Maximum Usage 1/	Daily Minimum Usage 1/	Daily Authorized Overrun 7/ 9/ FTHV FTHV – Article 11.2(b)
FTH-V	\$3.32520417	\$0.40931000	\$0.0000	\$0.0034	\$0.0034	
FTH-V – Article 11.2(b)	\$3.21672.9413	\$0.40580967	\$0.0000	\$0.0034	\$0.0034	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ZONAL RATES - Daily Usage

	IT-1 1/	IHSW	PAL Parking	PAL Lending
Production Area				
Maximum	\$0. 4023 0938	\$0. 1283 1177	\$0. 3052 2865	\$0. 2865 3052
Minimum	\$0.0029	\$0.0041	\$0.0000	\$0.0000
Texas				
Maximum	\$0. 2643 2512	\$0. 3303 3140	\$0. 2865 3052	\$0. 2865 3052
Minimum	\$0.0077	\$0.0096	\$0.0000	\$0.0000
New Mexico				
Maximum	\$0. 2776 2606	\$0. 3471 3258	\$0. 2865 3052	\$0. 2865 3052
Minimum	\$0.0079	\$0.0099	\$0.0000	\$0.0000
Arizona				
Maximum	\$0. 3486 3290	\$0. 4357 4112	\$0. 2865 3052	\$0. 2865 3052
Minimum	\$0.0093	\$0.0116	\$0.0000	\$0.0000
Nevada				
Maximum	\$0. 3600 3413	\$0. 4500 4267	\$0. 2865 3052	\$0. 2865 3052
Minimum	\$0.0094	\$0.0118	\$0.0000	\$0.0000
California				
Maximum	\$0. 3715 3537	N/A	\$0. 2865 3052	\$0. 2865 3052
Minimum	\$0.0096	N/A	\$0.0000	\$0.0000
Daily Authorized Overrun	N/A	N/A	Max PAL Usage	Max PAL Usage

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

APPENDIX B-2

PRO FORMA CLEAN AND MARKED TARIFF RECORDS

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

PRODUCTION AREA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$2.5459	\$2.8014	\$2.9717	\$3.1816	\$5.0918	\$3.4128	\$3.6683	\$3.8386	\$4.0485
Daily Reservation 1/									
Maximum	\$0.0837	\$0.0921	\$0.0977	\$0.1046	\$0.1674	\$0.1122	\$0.1206	\$0.1262	\$0.1331
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$2.4607	\$2.7101	\$2.8744	\$3.0782	\$4.9275				
Daily Reservation 1/									
Maximum	\$0.0809	\$0.0891	\$0.0945	\$0.1012	\$0.1620				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041
Minimum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

.STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

TEXAS RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.0719	\$7.7806	\$8.2520	\$8.8391	\$14.1438	\$7.9388	\$8.6475	\$9.1189	\$9.7060
Daily Reservation 1/									
Maximum	\$0.2325	\$0.2558	\$0.2713	\$0.2906	\$0.4650	\$0.2610	\$0.2843	\$0.2998	\$0.3191
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$6.8407	\$7.5251	\$7.9813	\$8.5532	\$13.6845				
Daily Reservation 1/									
Maximum	\$0.2249	\$0.2474	\$0.2624	\$0.2812	\$0.4499				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Minimum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEW MEXICO RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.2544	\$7.9813	\$8.4650	\$9.0672	\$14.5088	\$8.1213	\$8.8482	\$9.3318	\$9.9341
Daily Reservation 1/									
Maximum	\$0.2385	\$0.2624	\$0.2783	\$0.2981	\$0.4770	\$0.2670	\$0.2909	\$0.3068	\$0.3266
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.0171	\$7.7198	\$8.1882	\$8.7722	\$14.0373				
Daily Reservation 1/									
Maximum	\$0.2307	\$0.2538	\$0.2692	\$0.2884	\$0.4615				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Minimum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ARIZONA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$9.2254	\$10.1470	\$10.7645	\$11.5310	\$18.4508	\$10.0923	\$11.0139	\$11.6313	\$12.3978
Daily Reservation 1/									
Maximum	\$0.3033	\$0.3336	\$0.3539	\$0.3791	\$0.6066	\$0.3318	\$0.3621	\$0.3824	\$0.4076
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$8.9243	\$9.8155	\$10.4086	\$11.1538	\$17.8455				
Daily Reservation 1/									
Maximum	\$0.2934	\$0.3227	\$0.3422	\$0.3667	\$0.5867				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Minimum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEVADA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$9.6238	\$10.5850	\$11.2268	\$12.0298	\$19.2477	\$10.4907	\$11.4519	\$12.0937	\$12.8967
Daily Reservation 1/									
Maximum	\$0.3164	\$0.3480	\$0.3691	\$0.3955	\$0.6328	\$0.3449	\$0.3765	\$0.3976	\$0.4240
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.3075	\$10.2413	\$10.8618	\$11.6344	\$18.6180				
Daily Reservation 1/									
Maximum	\$0.3060	\$0.3367	\$0.3571	\$0.3825	\$0.6121				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Minimum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

CALIFORNIA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10.0162	N/A	N/A	N/A	N/A	\$10.8831	N/A	N/A	N/A
Daily Reservation 1/									
Maximum	\$0.3293	N/A	N/A	N/A	N/A	\$0.3578	N/A	N/A	N/A
Minimum	\$0.0000	N/A	N/A	N/A	N/A	\$0.0000	N/A	N/A	N/A
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.6908	N/A	N/A	N/A	N/A				
Daily Reservation 1/									
Maximum	\$0.3186	N/A	N/A	N/A	N/A				
Minimum	\$0.0000	N/A	N/A	N/A	N/A				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Minimum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Daily Authorized									
Overrun 7/ 9/	FT-1	N/A	N/A	N/A	N/A	NNTD	N/A	N/A	N/A

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

LATERAL LINE FACILITIES CHARGES 4/

	Monthly Reservation 5/ \$2.9196	Daily Maximum Reservation \$0.0960	Daily Minimum Reservation \$0.0000	Daily Maximum Usage \$0.0000	Daily Minimum Usage \$0.0000	Daily Authorized Overrun FT-1 7/ 9/
FT-1 Willcox 2/						
IT-1 1/ Willcox	N/A	N/A	N/A	\$0.3126	\$0.0000	
IHSW Willcox	N/A	N/A	N/A	\$0.3791	\$0.0000	
PAL Willcox	N/A	N/A	N/A	\$0.3126	\$0.0000	Max PAL Usage

SYSTEM-WIDE BALANCING & STORAGE RATES 4/

	Monthly Reservation 5/ \$8.6718	Daily Maximum Reservation 1/ \$0.2851	Daily Minimum Reservation 1/ \$0.0000	Daily Maximum Usage 1/ \$0.0000	Daily Minimum Usage 1/ \$0.0000
FDBS					

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

	Storage Inventory		Quantity Injection		Quantity Withdrawal	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
ISS	\$0.0409	\$0.0000	\$0.0267	\$0.0267	\$0.0444	\$0.0444

Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

FIRM SMALL SHIPPER SERVICES 4/
 Contract Quantity Equal to or Less than 10,000 dth/d

	Texas	New Mexico	Arizona
FT-2 1/ Tier 1 Daily Usage 8/ Maximum	\$0.3945	\$0.4046	\$0.5138
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.4734	\$0.4854	\$0.6165
Minimum	\$0.0077	\$0.0079	\$0.0093
FT-2 – Article 11.2(b) 1/ Tier 1 Daily Usage Maximum	\$0.3819	\$0.3916	\$0.4972
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.4583	\$0.4698	\$0.5967
Minimum	\$0.0077	\$0.0079	\$0.0093

	Monthly Reservation 5/	Daily Maximum Reservation 1/	Daily Minimum Reservation 1/	Daily Maximum Usage 1/	Daily Minimum Usage 1/	Daily Authorized Overrun 7/ 9/ FTHV FTHV – Article 11.2(b)
FTH-V	\$2.8014	\$0.0921	\$0.0000	\$0.0034	\$0.0034	
FTH-V – Article 11.2(b)	\$2.7101	\$0.0891	\$0.0000	\$0.0034	\$0.0034	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.

Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ZONAL RATES - Daily Usage

	IT-1 1/	IHSW	PAL Parking	PAL Lending
Production Area				
Maximum	\$0.0866	\$0.1087	\$0.2717	\$0.2717
Minimum	\$0.0029	\$0.0041	\$0.0000	\$0.0000
Texas				
Maximum	\$0.2402	\$0.3002	\$0.2717	\$0.2717
Minimum	\$0.0077	\$0.0096	\$0.0000	\$0.0000
New Mexico				
Maximum	\$0.2464	\$0.3080	\$0.2717	\$0.2717
Minimum	\$0.0079	\$0.0099	\$0.0000	\$0.0000
Arizona				
Maximum	\$0.3126	\$0.3907	\$0.2717	\$0.2717
Minimum	\$0.0093	\$0.0116	\$0.0000	\$0.0000
Nevada				
Maximum	\$0.3258	\$0.4073	\$0.2717	\$0.2717
Minimum	\$0.0094	\$0.0118	\$0.0000	\$0.0000
California				
Maximum	\$0.3389	N/A	\$0.2717	\$0.2717
Minimum	\$0.0096	N/A	\$0.0000	\$0.0000
Daily Authorized Overrun	N/A	N/A	Max PAL Usage	Max PAL Usage

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

PRODUCTION AREA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16	
<u>RESERVATION RATES</u>										
Monthly Reservation 5/	\$2.76495459	\$3.04172.8014	\$3.22722.9717	\$3.45531816	\$5.52980918	\$3.68044128	\$3.95726683	\$3.83864.1428	\$4.3709.0485	
Daily Reservation 1/										
Maximum	\$0.09090837	\$0.10000921	\$0.10640977	\$0.11361046	\$0.18181674	\$0.12101122	\$0.13011206	\$0.13621262	\$0.14371331	
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>										
Monthly Reservation 5/	\$2.67064607	\$2.94137101	\$3.11772.8744	\$3.34280782	\$5.34734.9275					
Daily Reservation 1/										
Maximum	\$0.08780809	\$0.09670891	\$0.10250945	\$0.10991012	\$0.17581620					
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000					
<u>USAGE RATES - DAILY 1/</u>										
Maximum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041	
Minimum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041	
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

.STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

TEXAS RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.40650719	\$8.14867.7806	\$8.64142520	\$9.25888.8391	\$14.81291438	\$8.32207.9388	\$9.06428.6475	\$9.55691189	\$10.17449.7060
Daily Reservation 1/									
Maximum	\$0.24352325	\$0.26792558	\$0.28442713	\$0.30442906	\$0.48704650	\$0.27362610	\$0.29802843	\$0.31422998	\$0.33453191
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.16316.8407	\$7.87795251		\$8.35857.9813	\$8.95475532	\$14.326313.6845			
Daily Reservation 1/									
Maximum	\$0.23552249	\$0.25902474	\$0.27482624	\$0.29442812	\$0.47104499				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Minimum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEW MEXICO RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.68632544 \$10.524299341	\$8.455879813	\$8.96684650	\$9.60860672	\$15.372614.5088		\$8.60181213	\$9.37148.8482	\$9.88243318
Daily Reservation 1/									
Maximum	\$0.25272385	\$0.27802624	\$0.29482783	\$0.31592981	\$0.50544770	\$0.28282670	\$0.30812909	\$0.32493068	\$0.34603266
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.43380171	\$8.17907.7198		\$8.67481882	\$9.29538.7722	\$14.8738.0373			
Daily Reservation 1/									
Maximum	\$0.24442307	\$0.26892538	\$0.28522692	\$0.30562884	\$0.48904615				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Minimum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ARIZONA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
RESERVATION RATES									
Monthly Reservation 5/	\$9.72422254 \$12.261011.6313	\$10.69751470 \$13.070012.3978	\$11.345410.7645	\$12.154511.5310		\$19.448418.4508		\$10.63980923	\$11.61340139
Daily Reservation 1/									
Maximum	\$0.31973033	\$0.35173336	\$0.37303539	\$0.39963791	\$0.63946066	\$0.34983318	\$0.38183621	\$0.40313824	\$0.42974076
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
RESERVATION RATES – ARTICLE 11.2(B)									
Monthly Reservation 5/	\$9.40488.9243	\$10.34479.8155	\$10.97134086		\$11.75601538		\$17.845518.8097		
Daily Reservation 1/									
Maximum	\$0.30922934	\$0.34013227	\$0.36073422	\$0.38653667	\$0.61845867				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
USAGE RATES - DAILY 1/									
Maximum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Minimum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEVADA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10.09539.6238 \$13.535412.8967	\$11.105410.5850	\$11.77732268	\$12.64990298	\$20.490619.2477		\$11.010810.4907	\$12.020711.4519	\$12.69290937
Daily Reservation 1/									
Maximum	\$0.33493164	\$0.36543480	\$0.38723691	\$0.41493955	\$0.66386328	\$0.36203449	\$0.39523765	\$0.41733976	\$0.44504240
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.76383075	\$10.74322413	\$11.394410.8618	\$12.206211.6344		\$19.533618.6180			
Daily Reservation 1/									
Maximum	\$0.32403060	\$0.35323367	\$0.37463571	\$0.40433825	\$0.64226121				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Minimum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

CALIFORNIA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10. 4664 <u>0162</u>	N/A	N/A	N/A	N/A	\$10.8831 <u>11.3819</u>	N/A	N/A	N/A
Daily Reservation 1/									
Maximum	\$0. 3441 <u>3293</u>	N/A	N/A	N/A	N/A	\$0.3742 <u>3578</u>	N/A	N/A	N/A
Minimum	\$0.0000	N/A	N/A	N/A	N/A	\$0.0000	N/A	N/A	N/A
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$10.1257 <u>9.6908</u>		N/A	N/A	N/A	N/A			
Daily Reservation 1/									
Maximum	\$0. 3329 <u>3186</u>	N/A	N/A	N/A	N/A				
Minimum	\$0.0000	N/A	N/A	N/A	N/A				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Minimum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Daily Authorized Overrun 7/ 9/	FT-1	N/A	N/A	N/A	N/A	NNTD	N/A	N/A	N/A

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

LATERAL LINE FACILITIES CHARGES 4/

	Monthly Reservation 5/ \$2.9196	Daily Maximum Reservation \$0.0960	Daily Minimum Reservation \$0.0000	Daily Maximum Usage \$0.0000	Daily Minimum Usage \$0.0000	Daily Authorized Overrun FT-1 7/ 9/
FT-1 Willcox 2/						
IT-1 1/ Willcox	N/A	N/A	N/A	\$0.32903126	\$0.0000	
IHSW Willcox	N/A	N/A	N/A	\$0.39963791	\$0.0000	
PAL Willcox	N/A	N/A	N/A	\$0.32903126	\$0.0000	Max PAL Usage

SYSTEM-WIDE BALANCING & STORAGE RATES 4/

	Monthly Reservation 5/ \$9.45858 6.718	Daily Maximum Reservation 1/ \$0.3014 2851	Daily Minimum Reservation 1/ \$0.0000	Daily Maximum Usage 1/ \$0.0000	Daily Minimum Usage 1/ \$0.0000
FDBS					

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

	Storage Inventory		Quantity Injection		Quantity Withdrawal	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
ISS	\$0.04310409	\$0.0000	\$0.0267	\$0.0267	\$0.0444	\$0.0444

Fuel and L&U See the Fuel and L&U Statement of Rates.

See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

FIRM SMALL SHIPPER SERVICES 4/
 Contract Quantity Equal to or Less than 10,000 dth/d

	Texas	New Mexico	Arizona			
FT-2 1/ Tier 1 Daily Usage 8/ Maximum	\$0.41303945	\$0.42864046	\$0.54155138			
Minimum	\$0.0077	\$0.0079	\$0.0093			
Tier 2 Daily Usage Maximum	\$0.49574734	\$0.51434854	\$0.64986165			
Minimum	\$0.0077	\$0.0079	\$0.0093			
FT-2 – Article 11.2(b) 1/ Tier 1 Daily Usage Maximum	\$0.39983819	\$0.41483916	\$0.52414972			
Minimum	\$0.0077	\$0.0079	\$0.0093			
Tier 2 Daily Usage Maximum	\$0.47984583	\$0.49784698	\$0.62895967			
Minimum	\$0.0077	\$0.0079	\$0.0093			
	Monthly Reservation 5/	Daily Maximum Reservation 1/	Daily Minimum Reservation 1/	Daily Maximum Usage 1/	Daily Minimum Usage 1/	Daily Authorized Overrun 7/ 9/ FTHV
FTH-V	\$3.04172.8014	\$0.40000921	\$0.0000	\$0.0034	\$0.0034	FTHV – Article 11.2(b)
FTH-V – Article 11.2(b)	\$2.94132.7101	\$0.09670891	\$0.0000	\$0.0034	\$0.0034	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

Fuel and L&U See the Fuel and L&U Statement of Rates.

See the Statement of Rates Footnotes.

Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ZONAL RATES - Daily Usage

	IT-1 1/	IHSW	PAL Parking	PAL Lending
Production Area				
Maximum	\$0.09380866	\$0.11771087	\$0.28652717	\$0.27172865
Minimum	\$0.0029	\$0.0041	\$0.0000	\$0.0000
Texas				
Maximum	\$0.25122402	\$0.31403002	\$0.27172865	\$0.27172865
Minimum	\$0.0077	\$0.0096	\$0.0000	\$0.0000
New Mexico				
Maximum	\$0.26062464	\$0.32583080	\$0.27172865	\$0.27172865
Minimum	\$0.0079	\$0.0099	\$0.0000	\$0.0000
Arizona				
Maximum	\$0.32903126	\$0.41123907	\$0.27172865	\$0.27172865
Minimum	\$0.0093	\$0.0116	\$0.0000	\$0.0000
Nevada				
Maximum	\$0.34133258	\$0.42674073	\$0.27172865	\$0.27172865
Minimum	\$0.0094	\$0.0118	\$0.0000	\$0.0000
California				
Maximum	\$0.35373389	N/A	\$0.27172865	\$0.27172865
Minimum	\$0.0096	N/A	\$0.0000	\$0.0000
Daily Authorized Overrun	N/A	N/A	Max PAL Usage	Max PAL Usage

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

APPENDIX B-3

PRO FORMA CLEAN AND MARKED TARIFF RECORDS

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

PRODUCTION AREA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$2.3299	\$2.5641	\$2.7193	\$2.9139	\$4.6598	\$3.1481	\$3.3823	\$3.5375	\$3.7321
Daily Reservation 1/									
Maximum	\$0.0766	\$0.0843	\$0.0894	\$0.0958	\$0.1532	\$0.1035	\$0.1112	\$0.1163	\$0.1227
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$2.2539	\$2.4790	\$2.6310	\$2.8166	\$4.5078				
Daily Reservation 1/									
Maximum	\$0.0741	\$0.0815	\$0.0865	\$0.0926	\$0.1482				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041
Minimum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

.STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

TEXAS RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$6.7403	\$7.4156	\$7.8627	\$8.4254	\$13.4807	\$7.5585	\$8.2338	\$8.6809	\$9.2436
Daily Reservation 1/									
Maximum	\$0.2216	\$0.2438	\$0.2585	\$0.2770	\$0.4432	\$0.2485	\$0.2707	\$0.2854	\$0.3039
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$6.5183	\$7.1723	\$7.6072	\$8.1517	\$13.0396				
Daily Reservation 1/									
Maximum	\$0.2143	\$0.2358	\$0.2501	\$0.2680	\$0.4287				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Minimum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEW MEXICO RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$6.8225	\$7.5038	\$7.9600	\$8.5288	\$13.6449	\$7.6407	\$8.3220	\$8.7783	\$9.3470
Daily Reservation 1/									
Maximum	\$0.2243	\$0.2467	\$0.2617	\$0.2804	\$0.4486	\$0.2512	\$0.2736	\$0.2886	\$0.3073
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$6.6004	\$7.2605	\$7.7015	\$8.2520	\$13.2008				
Daily Reservation 1/									
Maximum	\$0.2170	\$0.2387	\$0.2532	\$0.2713	\$0.4340				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Minimum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ARIZONA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$8.7265	\$9.5995	\$10.1805	\$10.9074	\$17.4531	\$9.5448	\$10.4177	\$10.9987	\$11.7256
Daily Reservation 1/									
Maximum	\$0.2869	\$0.3156	\$0.3347	\$0.3586	\$0.5738	\$0.3138	\$0.3425	\$0.3616	\$0.3855
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$8.4406	\$9.2832	\$9.8489	\$10.5515	\$16.8813				
Daily Reservation 1/									
Maximum	\$0.2775	\$0.3052	\$0.3238	\$0.3469	\$0.5550				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Minimum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEVADA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$9.1493	\$10.0649	\$10.6732	\$11.4367	\$18.2987	\$9.9675	\$10.8831	\$11.4914	\$12.2549
Daily Reservation 1/									
Maximum	\$0.3008	\$0.3309	\$0.3509	\$0.3760	\$0.6016	\$0.3277	\$0.3578	\$0.3778	\$0.4029
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$8.8482	\$9.7364	\$10.3265	\$11.0625	\$17.7025				
Daily Reservation 1/									
Maximum	\$0.2909	\$0.3201	\$0.3395	\$0.3637	\$0.5820				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Minimum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

CALIFORNIA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$9.5660	N/A	N/A	N/A	N/A	\$10.3843	N/A	N/A	N/A
Daily Reservation 1/									
Maximum	\$0.3145	N/A	N/A	N/A	N/A	\$0.3414	N/A	N/A	N/A
Minimum	\$0.0000	N/A	N/A	N/A	N/A	\$0.0000	N/A	N/A	N/A
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.2528	N/A	N/A	N/A	N/A				
Daily Reservation 1/									
Maximum	\$0.3042	N/A	N/A	N/A	N/A				
Minimum	\$0.0000	N/A	N/A	N/A	N/A				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Minimum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Daily Authorized Overrun 7/ 9/	FT-1	N/A	N/A	N/A	N/A	NNTD	N/A	N/A	N/A

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

LATERAL LINE FACILITIES CHARGES 4/

	Monthly Reservation 5/ \$2.9196	Daily Maximum Reservation \$0.0960	Daily Minimum Reservation \$0.0000	Daily Maximum Usage \$0.0000	Daily Minimum Usage \$0.0000	Daily Authorized Overrun FT-1 7/ 9/
FT-1 Willcox 2/						
IT-1 1/ Willcox	N/A	N/A	N/A	\$0.2962	\$0.0000	
IHSW Willcox	N/A	N/A	N/A	\$0.3586	\$0.0000	
PAL Willcox	N/A	N/A	N/A	\$0.2962	\$0.0000	Max PAL Usage

SYSTEM-WIDE BALANCING & STORAGE RATES 4/

	Monthly Reservation 5/ \$8.1851	Daily Maximum Reservation 1/ \$0.2691	Daily Minimum Reservation 1/ \$0.0000	Daily Maximum Usage 1/ \$0.0000	Daily Minimum Usage 1/ \$0.0000
FDBS					

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

	Storage Inventory		Quantity Injection		Quantity Withdrawal	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
ISS	\$0.0386	\$0.0000	\$0.0267	\$0.0267	\$0.0444	\$0.0444

Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

FIRM SMALL SHIPPER SERVICES 4/
 Contract Quantity Equal to or Less than 10,000 dth/d

	Texas	New Mexico	Arizona
FT-2 1/ Tier 1 Daily Usage 8/ Maximum	\$0.3759	\$0.3805	\$0.4860
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.4511	\$0.4565	\$0.5832
Minimum	\$0.0077	\$0.0079	\$0.0093
FT-2 – Article 11.2(b) 1/ Tier 1 Daily Usage Maximum	\$0.3639	\$0.3683	\$0.4704
Minimum	\$0.0077	\$0.0079	\$0.0093
Tier 2 Daily Usage Maximum	\$0.4367	\$0.4419	\$0.5645
Minimum	\$0.0077	\$0.0079	\$0.0093

	Monthly Reservation 5/	Daily Maximum Reservation 1/	Daily Minimum Reservation 1/	Daily Maximum Usage 1/	Daily Minimum Usage 1/	Daily Authorized Overrun 7/ 9/ FTHV FTHV – Article 11.2(b)
FTH-V	\$2.5641	\$0.0843	\$0.0000	\$0.0034	\$0.0034	
FTH-V – Article 11.2(b)	\$2.4790	\$0.0815	\$0.0000	\$0.0034	\$0.0034	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ZONAL RATES - Daily Usage

	IT-1 1/	IHSW	PAL Parking	PAL Lending
Production Area				
Maximum	\$0.0795	\$0.0999	\$0.2569	\$0.2569
Minimum	\$0.0029	\$0.0041	\$0.0000	\$0.0000
Texas				
Maximum	\$0.2293	\$0.2866	\$0.2569	\$0.2569
Minimum	\$0.0077	\$0.0096	\$0.0000	\$0.0000
New Mexico				
Maximum	\$0.2322	\$0.2903	\$0.2569	\$0.2569
Minimum	\$0.0079	\$0.0099	\$0.0000	\$0.0000
Arizona				
Maximum	\$0.2962	\$0.3702	\$0.2569	\$0.2569
Minimum	\$0.0093	\$0.0116	\$0.0000	\$0.0000
Nevada				
Maximum	\$0.3102	\$0.3878	\$0.2569	\$0.2569
Minimum	\$0.0094	\$0.0118	\$0.0000	\$0.0000
California				
Maximum	\$0.3241	N/A	\$0.2569	\$0.2569
Minimum	\$0.0096	N/A	\$0.0000	\$0.0000
Daily Authorized Overrun	N/A	N/A	Max PAL Usage	Max PAL Usage

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

PRODUCTION AREA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16	
<u>RESERVATION RATES</u>										
Monthly Reservation 5/	\$2.54593299	\$2.80445641		\$2.97177193	\$3.18162.9139	\$5.09184.6598	\$3.41281481	\$3.66833823	\$3.83865375	\$4.04853.7321
Daily Reservation 1/										
Maximum	\$0.08370766	\$0.09210843	\$0.09770894	\$0.10460958	\$0.16741532	\$0.11221035	\$0.12061112	\$0.12621163	\$0.13311227	
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>										
Monthly Reservation 5/	\$2.46072539	\$2.71014790		\$2.87446310	\$3.07822.8166	\$4.92755078				
Daily Reservation 1/										
Maximum	\$0.08090741	\$0.08910815	\$0.09450865	\$0.10120926	\$0.16201482					
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000					
<u>USAGE RATES - DAILY 1/</u>										
Maximum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041	
Minimum	\$0.0029	\$0.0034	\$0.0037	\$0.0041	\$0.0077	\$0.0029	\$0.0034	\$0.0037	\$0.0041	
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

.STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

TEXAS RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.07196.7403	\$7.78064156	\$8.25207.8627	\$8.83914254	\$14.143813.4807	\$7.93885585	\$8.64752338	\$9.11898.6809	\$9.70602436
Daily Reservation 1/									
Maximum	\$0.23252216	\$0.25582438	\$0.27132585	\$0.29062770	\$0.46504432	\$0.26102485	\$0.28432707	\$0.29982854	\$0.31913039
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$6.84076.5183	\$7.52511723		\$7.98136072	\$8.55321517	\$13.6845.0396			
Daily Reservation 1/									
Maximum	\$0.22492143	\$0.24742358	\$0.26242501	\$0.28122680	\$0.44994287				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Minimum	\$0.0077	\$0.0084	\$0.0089	\$0.0096	\$0.0153	\$0.0077	\$0.0084	\$0.0089	\$0.0096
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEW MEXICO RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$7.25446.8225 <u>\$9.93443470</u>	\$7.98135038	\$8.46507.9600	\$9.06728.5288	\$14.508813.6449		\$8.12137.6407	\$8.84823220	\$9.33188.7783
Daily Reservation 1/									
Maximum	\$0.23852243	\$0.26242467	\$0.27832617	\$0.29812804	\$0.47704486	\$0.26702512	\$0.29092736	\$0.30682886	\$0.32663073
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$7.01716.6004	\$7.71982605		\$8.18827.7015	\$8.77222520		\$14.037313.2008		
Daily Reservation 1/									
Maximum	\$0.23072170	\$0.25382387	\$0.26922532	\$0.28842713	\$0.46154340				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Minimum	\$0.0079	\$0.0087	\$0.0093	\$0.0099	\$0.0158	\$0.0079	\$0.0087	\$0.0093	\$0.0099
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ARIZONA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
RESERVATION RATES									
Monthly Reservation 5/	\$9.22548.7265 \$11.631310.9987	\$10.14709.5995 \$12.397811.7256		\$10.76451805	\$11.531010.9074		\$18.450817.4531	\$10.09239.5448	\$11.013910.4177
Daily Reservation 1/									
Maximum	\$0.30332869	\$0.33363156	\$0.35393347	\$0.37913586	\$0.60665738	\$0.33183138	\$0.36213425	\$0.38243616	\$0.40763855
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
RESERVATION RATES – ARTICLE 11.2(B)									
Monthly Reservation 5/	\$8.92434406	\$9.81552832	\$10.40869.8489	\$11.153810.5515		\$17.845516.8813			
Daily Reservation 1/									
Maximum	\$0.29342775	\$0.32273052	\$0.34223238	\$0.36673469	\$0.58675550				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
USAGE RATES - DAILY 1/									
Maximum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Minimum	\$0.0093	\$0.0102	\$0.0108	\$0.0116	\$0.0185	\$0.0093	\$0.0102	\$0.0108	\$0.0116
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

NEVADA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$9.62381493 \$12.89672549	\$10.58500649	\$11.226810.6732	\$12.029811.4367	\$19.247718.2987		\$10.49079.9675	\$11.451910.8831	\$12.093711.4914
Daily Reservation 1/									
Maximum	\$0.34643008	\$0.34803309	\$0.36943509	\$0.39553760	\$0.63286016	\$0.34493277	\$0.37653578	\$0.39763778	\$0.42404029
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.30758.8482	\$10.24139.7364		\$10.86183265	\$11.63440625		\$18.618017.7025		
Daily Reservation 1/									
Maximum	\$0.30602909	\$0.33673201	\$0.35743395	\$0.38253637	\$0.64215820				
Minimum	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Minimum	\$0.0094	\$0.0104	\$0.0110	\$0.0118	\$0.0188	\$0.0094	\$0.0104	\$0.0110	\$0.0118
Daily Authorized Overrun 7/ 9/	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

CALIFORNIA RATES 4/

	FT-1	FTH-3	FTH-12	FTH-16	FTH-8	NNTD	NNTH-3	NNTH-12	NNTH-16
<u>RESERVATION RATES</u>									
Monthly Reservation 5/	\$10.01629.5660	N/A	N/A	N/A	N/A	\$10.88313843	N/A	N/A	N/A
Daily Reservation 1/									
Maximum	\$0.32933145	N/A	N/A	N/A	N/A	\$0.35783414	N/A	N/A	N/A
Minimum	\$0.0000	N/A	N/A	N/A	N/A	\$0.0000	N/A	N/A	N/A
<u>RESERVATION RATES – ARTICLE 11.2(B)</u>									
Monthly Reservation 5/	\$9.69082528		N/A	N/A	N/A	N/A			
Daily Reservation 1/									
Maximum	\$0.31863042	N/A	N/A	N/A	N/A				
Minimum	\$0.0000	N/A	N/A	N/A	N/A				
<u>USAGE RATES - DAILY 1/</u>									
Maximum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Minimum	\$0.0096	N/A	N/A	N/A	N/A	\$0.0096	N/A	N/A	N/A
Daily Authorized Overrun 7/ 9/	FT-1	N/A	N/A	N/A	N/A	NNTD	N/A	N/A	N/A

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

LATERAL LINE FACILITIES CHARGES 4/

	Monthly Reservation 5/ \$2.9196	Daily Maximum Reservation \$0.0960	Daily Minimum Reservation \$0.0000	Daily Maximum Usage \$0.0000	Daily Minimum Usage \$0.0000	Daily Authorized Overrun FT-1 7/ 9/
FT-1 Willcox 2/						
IT-1 1/ Willcox	N/A	N/A	N/A	\$0.3126 2962	\$0.0000	
IHSW Willcox	N/A	N/A	N/A	\$0.3791 3586	\$0.0000	
PAL Willcox	N/A	N/A	N/A	\$0.3126 2962	\$0.0000	Max PAL Usage

SYSTEM-WIDE BALANCING & STORAGE RATES 4/

	Monthly Reservation 5/ \$8.6748 1851	Daily Maximum Reservation 1/ \$0.2854 2691	Daily Minimum Reservation 1/ \$0.0000	Daily Maximum Usage 1/ \$0.0000	Daily Minimum Usage 1/ \$0.0000
FDBS					

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)

	Storage Inventory		Quantity Injection		Quantity Withdrawal	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
ISS	\$0.0409 0386	\$0.0000	\$0.0267	\$0.0267	\$0.0444	\$0.0444

Fuel and L&U See the Fuel and L&U Statement of Rates.

See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

FIRM SMALL SHIPPER SERVICES 4/
 Contract Quantity Equal to or Less than 10,000 dth/d

	Texas	New Mexico	Arizona			
FT-2 1/ Tier 1 Daily Usage 8/ Maximum	<u>\$0.39453759</u>	<u>\$0.40463805</u>	<u>\$0.51384860</u>			
Minimum	\$0.0077	\$0.0079	\$0.0093			
Tier 2 Daily Usage Maximum	<u>\$0.47344511</u>	<u>\$0.48544565</u>	<u>\$0.61655832</u>			
Minimum	\$0.0077	\$0.0079	\$0.0093			
FT-2 – Article 11.2(b) 1/ Tier 1 Daily Usage Maximum	<u>\$0.38193639</u>	<u>\$0.39163683</u>	<u>\$0.49724704</u>			
Minimum	\$0.0077	\$0.0079	\$0.0093			
Tier 2 Daily Usage Maximum	<u>\$0.45834367</u>	<u>\$0.46984419</u>	<u>\$0.59675645</u>			
Minimum	\$0.0077	\$0.0079	\$0.0093			
	Monthly Reservation 5/	Daily Maximum Reservation 1/	Daily Minimum Reservation 1/	Daily Maximum Usage 1/	Daily Minimum Usage 1/	Daily Authorized Overrun 7/ 9/ FTHV FTHV – Article 11.2(b)
FTH-V	<u>\$2.80145641</u>	<u>\$0.09240843</u>	\$0.0000	\$0.0034	\$0.0034	
FTH-V – Article 11.2(b)	<u>\$2.71014790</u>	<u>\$0.08940815</u>	\$0.0000	\$0.0034	\$0.0034	

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS
 (Rates per dth)

ZONAL RATES - Daily Usage

	IT-1 1/	IHSW	PAL Parking	PAL Lending
Production Area				
Maximum	\$0. 0866 <u>0795</u>	\$0. 1087 <u>0999</u>	\$0. <u>27172569</u>	\$0. <u>27172569</u>
Minimum	\$0.0029	\$0.0041	\$0.0000	\$0.0000
Texas				
Maximum	\$0. <u>24022293</u>	\$0. 3002 <u>2866</u>	\$0. <u>27172569</u>	\$0. <u>27172569</u>
Minimum	\$0.0077	\$0.0096	\$0.0000	\$0.0000
New Mexico				
Maximum	\$0. <u>24642322</u>	\$0. 3080 <u>2903</u>	\$0. <u>27172569</u>	\$0. <u>27172569</u>
Minimum	\$0.0079	\$0.0099	\$0.0000	\$0.0000
Arizona				
Maximum	\$0. <u>31262962</u>	\$0. 3907 <u>3702</u>	\$0. <u>27172569</u>	\$0. <u>27172569</u>
Minimum	\$0.0093	\$0.0116	\$0.0000	\$0.0000
Nevada				
Maximum	\$0. <u>32583102</u>	\$0. 4073 <u>3878</u>	\$0. <u>27172569</u>	\$0. <u>27172569</u>
Minimum	\$0.0094	\$0.0118	\$0.0000	\$0.0000
California				
Maximum	\$0. <u>33893241</u>	N/A	\$0. <u>27172569</u>	\$0. <u>27172569</u>
Minimum	\$0.0096	N/A	\$0.0000	\$0.0000
Daily Authorized Overrun	N/A	N/A	Max PAL Usage	Max PAL Usage

Mainline Backhaul 3/ (Forward haul rate identified above applicable to the delivery zone for which service is provided.)
 Fuel and L&U See the Fuel and L&U Statement of Rates.

 See the Statement of Rates Footnotes.
 Surcharges are shown in Footnote 1.

APPENDIX C

***PRO FORMA* CLEAN AND REDLINE TARIFF RECORDS**

FOR NON-RATE TARIFF CHANGES

TO BE EFFECTIVE AS DESCRIBED IN ARTICLE II OF THE S&A

APPENDIX C

PRO FORMA CLEAN AND MARKED TARIFF RECORDS

37. ARTICLE 11.2 PROVISIONS

Pursuant to the Commission's Order issued on March 20, 2006 in Docket No. RP05-422-000, this Section 37 is applicable to firm Rate Schedule FT-1 and FT-2 transportation service provided under applicable TSAs ("Section 37 TSAs") to the contracted Shippers that are parties to the Stipulation and Agreement in Docket No. RP95-363-000, et al. ("1996 Settlement").

37.1 Article 11.2(a) Rates - Article 11.2(a) Rates shall be used for purposes of invoicing transportation charges and reservation charge crediting. The System Average Usage Rate shall be used for purposes of invoicing usage, such as imbalance payback, that cannot be identified by receipt basin and is identified by Transporter as a system receipt. These rates shall be adjusted annually pursuant to Section 37.3 for Section 37 TSAs.

Rate Schedule FT-1

RESERVATION	MONTHLY	DAILY
	-----	-----
Production Area	\$ 4.3044	\$ 0.1415
Texas	\$ 6.3009	\$ 0.2072
New Mexico	\$ 7.2685	\$ 0.2390
Arizona	\$ 9.8612	\$ 0.3242
Nevada	\$ 9.9915	\$ 0.3285
California	\$ 11.7164	\$ 0.3852

DAILY USAGE	From	From	From	From	System
Maximum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Production Area	\$ 0.0031	\$ 0.0031	\$ 0.0031	\$ 0.0173	\$ 0.0032
Texas	\$ 0.0033	\$ 0.0081	\$ 0.0090	\$ 0.0173	\$ 0.0071
New Mexico	\$ 0.0194	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0200
Arizona	\$ 0.0249	\$ 0.0291	\$ 0.0389	\$ 0.0173	\$ 0.0282
Nevada	\$ 0.0237	\$ 0.0466	\$ 0.0513	\$ 0.0173	\$ 0.0411
California	\$ 0.0217	\$ 0.0443	\$ 0.0499	\$ 0.0173	\$ 0.0389

DAILY USAGE	From	From	From	From	System
Minimum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Production Area	\$ 0.0031	\$ 0.0031	\$ 0.0031	\$ 0.0173	\$ 0.0032
Texas	\$ 0.0033	\$ 0.0081	\$ 0.0090	\$ 0.0173	\$ 0.0071
New Mexico	\$ 0.0194	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0200
Arizona	\$ 0.0249	\$ 0.0291	\$ 0.0389	\$ 0.0173	\$ 0.0282
Nevada	\$ 0.0237	\$ 0.0466	\$ 0.0513	\$ 0.0173	\$ 0.0411
California	\$ 0.0217	\$ 0.0443	\$ 0.0499	\$ 0.0173	\$ 0.0389

37.1 Article 11.2(a) Rates (continued)

Rate Schedule FT-2

DAILY USAGE	From	From	From	From	System
Maximum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0.3483	\$ 0.3566	\$ 0.3479	\$ 0.4002	\$ 0.3548
Permian	\$ 0.3483	\$ 0.3479	\$ 0.3585	\$ 0.4002	\$ 0.3486
San Juan	\$ 0.3479	\$ 0.3800	\$ 0.4022	\$ 0.4002	\$ 0.3731
Texas	\$ 0.3502	\$ 0.3566	\$ 0.3585	\$ 0.4002	\$ 0.3555
New Mexico	\$ 0.3812	\$ 0.3800	\$ 0.4022	\$ 0.4002	\$ 0.3808
Arizona	\$ 0.5604	\$ 0.5649	\$ 0.5841	\$ 0.4002	\$ 0.5630
DAILY USAGE	From	From	From	From	System
Minimum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0.0033	\$ 0.0081	\$ 0.0031	\$ 0.0173	\$ 0.0070
Permian	\$ 0.0033	\$ 0.0031	\$ 0.0090	\$ 0.0173	\$ 0.0034
San Juan	\$ 0.0031	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0162
Texas	\$ 0.0033	\$ 0.0081	\$ 0.0090	\$ 0.0173	\$ 0.0071
New Mexico	\$ 0.0194	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0200
Arizona	\$ 0.0249	\$ 0.0291	\$ 0.0389	\$ 0.0173	\$ 0.0282

37.2 Rights and Conditions

- (a) When Section 37 TSAs expire or are terminated by the shipper, the rights listed in this Section 37 shall no longer apply to such TSAs.
- (b) In the event a Section 37 TSA uses service or re-designates service to an alternate receipt or delivery point in the same zone as the primary receipt or delivery point(s) under that TSA, the service shall be invoiced at the Article 11.2(a) Rate. Should service be provided to or re-designated to an alternate receipt or delivery point other than the primary receipt or delivery point(s) under that TSA, the service shall be invoiced under the Out-of-Zone-Charge provisions contained in Sections 8.1(e), 8.1(f) and 8.1(g). However, the Article 11.2(a) reservation rates for the applicable zone shall be used in lieu of the maximum non-Article 11.2 tariff rates.
- (c) Capacity released from a Section 37 TSA may be released at a reservation rate no higher than the applicable Article 11.2(a) rate. Such released capacity will be billed at the applicable Article 11.2(a) usage rate.
- (d) If the Shippers applicable to this Section 37 acquire any permanent or temporary capacity releases, they will pay the reservation rate specified in the posted award of the capacity release for that capacity, rather than the Article 11.2(a) rate.

37.2 Rights and Conditions (continued)

- (e) For purposes of determining scheduling priority, pursuant to Section 6.2(a)(iii) of the GT&C, the Article 11.2(a) reservation rates will be considered equivalent to the maximum tariff rate.
- (f) Article 11.2(a) rates shall not apply to any other firm transportation service under any rate schedule.
- (g) Should a Section 37 TSA be subject to an Article 11.2(a) reservation rate that exceeds the maximum non-Article 11.2 reservation tariff rate or Article 11.2(b) reservation rate for such service, this service shall be billed at the lower of the applicable maximum non-Article 11.2 reservation tariff rate or the Article 11.2(b) reservation rate, if any. Should a Section 37 TSA be subject to an Article 11.2(a) usage rate that exceeds the maximum non-Article 11.2 usage tariff rate for such service (or exceeds the applicable Article 11.2(b) usage rate for the FT-2 service, if any), this service shall be billed at the applicable maximum non-Article 11.2 usage tariff rate (or the applicable Article 11.2(b) usage rate for the FT-2 service if it is lower than the other two rates).

37.3 The applicable Article 11.2(a) rates shall be subject to inflation escalation and will be adjusted according to the following provisions.

- (a) Annual Inflation Adjustment - Effective January 1, 1998, and on each anniversary date thereafter, Transporter shall increase the Operations and Maintenance (O&M) and Other Taxes portion of the reservation and usage charges for Rate Schedule FT-1 and the rates for Rate Schedule FT-2 in effect for the preceding Year by 93% of the increase in the Implicit Price Deflator ("IPD") to the Gross Domestic Product ("GDP") as published by the Department of Commerce's Bureau of Economic Analysis ("BEA"), or a mutually agreed similar indicator should the GDP no longer be available on a continuing basis, or, failing such agreement, a similar indicator as approved by the Commission. Notwithstanding the above calculation, the annual increase in total rates will not be less than 1% or more than 4-1/2% of the prior Year's total rates. The resulting rates shall become the rates for purposes of applying the annual inflation adjustment for the succeeding Year.
- (b) For the annual inflation adjustment to be effective January 1, 1998, the most recently published final IPD prior to the inflation adjustment filing will be compared to the IPD reported by the BEA for the same period of the prior Year to determine the annual change. For each rate change subject to this provision, the most recently published final IPD prior to the inflation adjustment filing will be compared to the prior Year's IPD to determine the annual change. If the BEA modifies the benchmark index for the IPD, then Transporter will use the restated IPD reported by the BEA instead of the IPD used by Transporter in its last inflation adjustment filing.

37.3 (continued)

- (c) The Article 11.2(a) System Average Usage Rate shall be applied to those receipts that are not defined by receipt basin, but rather as a system receipt. Such usage rates are weighted average rates, as shown in Section 37.1 of the GT&C, derived through the following process.
 - (i) Transporter's actual system throughput data (by basin) for the 12-Month period ending September 30th of each Year is collected and the relative percentage contribution of each basin in comparison to the total system is determined.
 - (ii) Pursuant to Section 37.3(c)(i), the basin percentages, or factors, are multiplied by the specific receipt basin rates within each delivery zone to derive an Article 11.2(a) weighted rate.
 - (iii) The weighted Article 11.2(a) rates, as calculated by Section 37.3(c)(ii), shall be summed together to arrive at the Article 11.2(a) System Average Usage Rate for each delivery zone.

37. ARTICLE 11.2 PROVISIONS

Pursuant to the Commission's Order issued on March 20, 2006 in Docket No. RP05-422-000, this Section 37 is applicable to firm Rate Schedule FT-1 and FT-2 transportation service provided under applicable TSAs ("Section 37 TSAs") to the contracted Shippers that are parties to the Stipulation and Agreement in Docket No. RP95-363-000, et al. ("1996 Settlement").

37.1 Article 11.2(a) Rates - Article 11.2(a) Rates shall be used for purposes of invoicing transportation charges and reservation charge crediting. The System Average Usage Rate shall be used for purposes of invoicing usage, such as imbalance payback, that cannot be identified by receipt basin and is identified by Transporter as a system receipt. These rates shall be adjusted annually pursuant to Section 37.3 for Section 37 TSAs.

Rate Schedule FT-1

RESERVATION	MONTHLY	DAILY
	-----	-----
Production Area	\$ 4.3044	\$ 0.1415
Texas	\$ 6.3009	\$ 0.2072
New Mexico	\$ 7.2685	\$ 0.2390
Arizona	\$ 9.8612	\$ 0.3242
Nevada	\$ 9.9915	\$ 0.3285
California	\$ 11.7164	\$ 0.3852

DAILY USAGE	From	From	From	From	System
Maximum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Production Area	\$ 0.0031	\$ 0.0031	\$ 0.0031	\$ 0.0173	\$ 0.0032
Texas	\$ 0.0033	\$ 0.0081	\$ 0.0090	\$ 0.0173	\$ 0.0071
New Mexico	\$ 0.0194	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0200
Arizona	\$ 0.0249	\$ 0.0291	\$ 0.0389	\$ 0.0173	\$ 0.0282
Nevada	\$ 0.0237	\$ 0.0466	\$ 0.0513	\$ 0.0173	\$ 0.0411
California	\$ 0.0217	\$ 0.0443	\$ 0.0499	\$ 0.0173	\$ 0.0389

DAILY USAGE	From	From	From	From	System
Minimum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Production Area	\$ 0.0031	\$ 0.0031	\$ 0.0031	\$ 0.0173	\$ 0.0032
Texas	\$ 0.0033	\$ 0.0081	\$ 0.0090	\$ 0.0173	\$ 0.0071
New Mexico	\$ 0.0194	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0200
Arizona	\$ 0.0249	\$ 0.0291	\$ 0.0389	\$ 0.0173	\$ 0.0282
Nevada	\$ 0.0237	\$ 0.0466	\$ 0.0513	\$ 0.0173	\$ 0.0411
California	\$ 0.0217	\$ 0.0443	\$ 0.0499	\$ 0.0173	\$ 0.0389

37.1 Article 11.2(a) Rates (continued)

Rate Schedule FT-2

DAILY USAGE	From	From	From	From	System
Maximum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0.3483	\$ 0.3566	\$ 0.3479	\$ 0.4002	\$ 0.3548
Permian	\$ 0.3483	\$ 0.3479	\$ 0.3585	\$ 0.4002	\$ 0.3486
San Juan	\$ 0.3479	\$ 0.3800	\$ 0.4022	\$ 0.4002	\$ 0.3731
Texas	\$ 0.3502	\$ 0.3566	\$ 0.3585	\$ 0.4002	\$ 0.3555
New Mexico	\$ 0.3812	\$ 0.3800	\$ 0.4022	\$ 0.4002	\$ 0.3808
Arizona	\$ 0.5604	\$ 0.5649	\$ 0.5841	\$ 0.4002	\$ 0.5630
DAILY USAGE	From	From	From	From	System
Minimum	San Juan	Permian	Anadarko	California	Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0.0033	\$ 0.0081	\$ 0.0031	\$ 0.0173	\$ 0.0070
Permian	\$ 0.0033	\$ 0.0031	\$ 0.0090	\$ 0.0173	\$ 0.0034
San Juan	\$ 0.0031	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0162
Texas	\$ 0.0033	\$ 0.0081	\$ 0.0090	\$ 0.0173	\$ 0.0071
New Mexico	\$ 0.0194	\$ 0.0199	\$ 0.0309	\$ 0.0173	\$ 0.0200
Arizona	\$ 0.0249	\$ 0.0291	\$ 0.0389	\$ 0.0173	\$ 0.0282

37.2 Rights and Conditions

- (a) When Section 37 TSAs expire or are terminated by the shipper, the rights listed in this Section 37 shall no longer apply to such TSAs.
- (b) In the event a Section 37 TSA uses service or re-designates service to an alternate receipt or delivery point in the same zone as the primary receipt or delivery point(s) under that TSA, the service shall be invoiced at the Article 11.2(a) Rate. Should service be provided to or re-designated to an alternate receipt or delivery point other than the primary receipt or delivery point(s) under that TSA, the service shall be invoiced under the Out-of-Zone-Charge provisions contained in Sections 8.1(e), 8.1(f) and 8.1(g). However, the Article 11.2(a) reservation rates for the applicable zone shall be used in lieu of the maximum non-Article 11.2 tariff rates.
- (c) Capacity released from a Section 37 TSA may be released at a reservation rate no higher than the applicable Article 11.2(a) rate. Such released capacity will be billed at the applicable Article 11.2(a) usage rate.
- (d) If the Shippers applicable to this Section 37 acquire any permanent or temporary capacity releases, they will pay the reservation rate specified in the posted award of the capacity release for that capacity, rather than the Article 11.2(a) rate.

37.2 Rights and Conditions (continued)

- (e) For purposes of determining scheduling priority, pursuant to Section 6.2(a)(iii) of the GT&C, the Article 11.2(a) reservation rates will be considered equivalent to the maximum tariff rate.
- (f) Article 11.2(a) rates shall not apply to any other firm transportation service under any rate schedule.
- (g) Should a Section 37 TSA be subject to an Article 11.2(a) reservation rate that exceeds the maximum non-Article 11.2 reservation tariff rate or Article 11.2(b) reservation rate for such service, this service shall be billed at the lower of the applicable maximum non-Article 11.2 reservation tariff rate or the Article 11.2(b) reservation rate, if any. Should a Section 37 TSA be subject to an Article 11.2(a) usage rate that exceeds the maximum non-Article 11.2 usage tariff rate for such service (or exceeds the applicable Article 11.2(b) usage rate for the FT-2 service, if any), this service shall be billed at the applicable maximum non-Article 11.2 usage tariff rate (or the applicable Article 11.2(b) usage rate for the FT-2 service if it is lower than the other two rates). Should a Section 37 TSA be subject to an Article 11.2(a) rate that exceeds the maximum non-Article 11.2 tariff rate for such service, this service shall be billed at the applicable maximum non-Article 11.2 tariff rate.

37.3 The applicable Article 11.2(a) rates shall be subject to inflation escalation and will be adjusted according to the following provisions.

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- (b) For the annual inflation adjustment to be effective January 1, 1998, the most recently published final IPD prior to the inflation adjustment filing will be compared to the IPD reported by the BEA for the same period of the prior Year to determine the annual change. For each rate change subject to this provision, the most recently published final IPD prior to the inflation adjustment filing will be compared to the prior Year's IPD to determine the annual change. If the BEA modifies the

benchmark index for the IPD, then Transporter will use the restated IPD reported by the BEA instead of the IPD used by Transporter in its last inflation adjustment filing.

37.3 (continued)

- (c) The Article 11.2(a) System Average Usage Rate shall be applied to those receipts that are not defined by receipt basin, but rather as a system receipt. Such usage rates are weighted average rates, as shown in Section 37.1 of the GT&C, derived through the following process.

~~37.3 (e) (continued)~~

- (i) Transporter's actual system throughput data (by basin) for the 12-Month period ending September 30th of each Year is collected and the relative percentage contribution of each basin in comparison to the total system is determined.
- (ii) Pursuant to Section 37.3(c)(i), the basin percentages, or factors, are multiplied by the specific receipt basin rates within each delivery zone to derive an Article 11.2(a) weighted rate.
- (iii) The weighted Article 11.2(a) rates, as calculated by Section 37.3(c)(ii), shall be summed together to arrive at the Article 11.2(a) System Average Usage Rate for each delivery zone.