



El Paso Natural Gas  
Company, L.L.C.  
a Kinder Morgan company

November 28, 2023

Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Attention: Ms. Kimberly D. Bose, Secretary

Re: Article 11.2(a) Inflation Adjustment Filing;  
El Paso Natural Gas Company, L.L.C.  
Docket No. RP24-

Commissioners:

El Paso Natural Gas Company, L.L.C. ("EPNG") tenders for filing and acceptance by the Federal Energy Regulatory Commission ("Commission") Version 22.0.0 of Part IV: General Terms and Conditions, Section 37 "Article 11.2 Provisions" for its Third Revised Volume No. 1A Tariff ("Tariff").

Proposed with an effective date of January 1, 2024, this tariff record adjusts EPNG's Article 11.2(a) rates for inflation, in accordance with EPNG's Tariff and the rate case settlement in Docket No. RP95-363 ("1996 Settlement").<sup>1</sup>

### **Background**

Section 37.3 of the General Terms and Conditions ("GT&C") of EPNG's Tariff sets forth provisions requiring EPNG to adjust the Article 11.2(a) rates annually for inflation.<sup>2</sup> Pursuant to these provisions, EPNG increases, on an annual basis, the Operations and Maintenance ("O&M") and Other Taxes portion of the reservation rate and usage charges for the Article 11.2(a) Rate Schedule FT-1 service and a portion of the base rates for the Article 11.2(a) Rate Schedule FT-2 service that were in effect for the preceding year. The annual adjustment is limited to 93% of the increase in the Implicit Price Deflator to the Gross Domestic Product ("GDP-IPD") as published by the Department of Commerce's Bureau of Economic Analysis ("BEA"). The annual increase in rates may not be more than 4.5% or less than 1% of the prior year's total base rates.

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<sup>1</sup> See *El Paso Natural Gas Co.*, 79 FERC ¶ 61,028 (1997) (Order Approving Contested Settlement).

<sup>2</sup> These provisions were added as part of the implementation of the 1996 Settlement.

### **Description of Filing**

This filing is submitted pursuant to Subpart C of Part 154 of the Commission's regulations<sup>3</sup> and Section 37.3 of the GT&C of EPNG's Tariff. Section 37 of the GT&C is submitted to revise the Article 11.2(a) rates to reflect the inflation adjustment, as described below. Pursuant to EPNG's Tariff, for the annual inflation adjustment to be effective January 1, 2024, the GDP-IPD increase is determined by comparing the most recently published final GDP-IPD index to the one used in the previous year's filing or, if the BEA has modified the benchmark index for the GDP-IPD, the restated GDP-IPD for the previous year.<sup>4</sup>

To calculate the GDP-IPD increase in this filing, the final GDP-IPD index for the second quarter of 2023 and the GDP-IPD for the same period of 2022 are compared. The resulting annual change in the GDP-IPD is 3.4800%.<sup>5</sup> However, as stated earlier, the adjustment is limited to 93% of the annual change in GDP-IPD. Therefore, the adjusted annual change is 3.2364%. This change in GDP-IPD, as adjusted for the O&M and Other Taxes portion of the base rates according to the formula specified in the Tariff, produces an overall increase to the base rates of less than the maximum inflation adjustment of 4.5%. Accordingly, EPNG is proposing to increase the Article 11.2(a) base reservation and usage rates by 2.1554%. The revised rate calculations are presented in Appendix B.

Pursuant to Section 37.3(c) of the GT&C, EPNG has separately identified system-wide usage rates. The system-wide usage rates are applied to receipts that are not defined by receipt basin, such as imbalance paybacks. Accordingly, EPNG updates those system-wide usage rates in this filing and shows the calculations of those rates in Appendix C.

### **Section 154.204 Discussion**

Pursuant to 18 C.F.R. § 154.204 (2022), EPNG states the following:

- (a) EPNG does not anticipate any significant increase in revenues as a result of these tariff changes. These changes are required by existing tariff provisions.

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<sup>3</sup> 18 C.F.R. §§ 154.201 - 154.210 (2022) (Subpart C).

<sup>4</sup> At the time of preparation of this filing, the final third quarter 2023 index is not yet published; therefore, consistent with EPNG's tariff, the second quarter index was used.

<sup>5</sup> See Appendix D for the calculation of the change in the GDP-IPD.

- (b) EPNG is unaware of any filings pending before the Commission that will significantly affect this filing.

**Procedural Matters**

In accordance with the applicable provisions of Part 154 of the Commission's regulations,<sup>6</sup> EPNG is submitting an eTariff XML package that includes the following:

- a) a transmittal letter;
- b) clean and marked versions of the tariff record in PDF format;
- c) Appendix A – a summary of the revised Docket No. RP95-363 Article 11.2(a) rates, as adjusted for inflation;
- d) Appendix B – a schedule detailing calculation of the rates;
- e) Appendix C – computation of system-wide average usage rates; and
- f) Appendix D – derivation of the annual escalation factor as computed based on the annual change in the GDP-IPD, along with the pertinent page from the Bureau of Economic Affairs second quarter (final) news release.

EPNG respectfully requests the Commission accept the tendered tariff record for filing and permit it to become effective on January 1, 2024, which is not less than 30 days or more than 60 days following the date of the filing. With respect to any tariff provision the Commission allows to go into effect without change, EPNG hereby moves to place the tendered tariff provision into effect at the end of any minimal suspension period, if any, specified by the Commission.

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<sup>6</sup> 18 C.F.R. §§ 154.1 – 154.603 (2022) (Part 154).

Correspondence and communications concerning this filing should be directed to:

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These persons have been designated for service in accordance with Rule 203 of the Commission's Rules of Practice and Procedure.

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

Respectfully submitted,

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

By,                     /s/                      
Shelly L. Busby  
Director, Rates

Enclosures

Certificate of Service

I hereby certify that I have this day caused a copy of the foregoing document to be served upon all shippers on EPNG's system and interested state regulatory commissions, in accordance with the requirements of Sections 154.208 and 385.2010 of the Federal Energy Regulatory Commission's Rules of Practice and Procedures.

Dated at Colorado Springs, Colorado as of this 28<sup>th</sup> day of November 2023.

\_\_\_\_\_/s/\_\_\_\_\_  
Shelly L. Busby

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

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

**Docket No. RP24-\_\_**

**Appendix A**

**Article 11.2(a) Rates Escalated**

El Paso Natural Gas Company, L.L.C.  
 FT-1 Firm Transportation Rates  
 2024 Article 11.2(a) Rates Escalated Per Tariff  
 (Excludes Surcharges)

FT-1			
Line No.	Description	Maximum Rate	Minimum Rate
	(a)	(b)	(c)
<u>Mainline Transmission Base Reservation Rates</u>			
1	Production Area	\$ 4.5950	\$ 0.0000
2	Texas	\$ 6.7263	\$ 0.0000
3	New Mexico	\$ 7.7593	\$ 0.0000
4	Arizona	\$ 10.5271	\$ 0.0000
5	Nevada	\$ 10.6661	\$ 0.0000
6	California	\$ 12.5075	\$ 0.0000
<u>Mainline Transmission Usage Rates</u>			
From San Juan Basin to:			
7	Production Area	\$ 0.0033	\$ 0.0033
8	Texas	\$ 0.0035	\$ 0.0035
9	New Mexico	\$ 0.0207	\$ 0.0207
10	Arizona	\$ 0.0266	\$ 0.0266
11	Nevada	\$ 0.0253	\$ 0.0253
12	California	\$ 0.0232	\$ 0.0232
From Permian Basin to:			
13	Production Area	\$ 0.0033	\$ 0.0033
14	Texas	\$ 0.0087	\$ 0.0087
15	New Mexico	\$ 0.0213	\$ 0.0213
16	Arizona	\$ 0.0311	\$ 0.0311
17	Nevada	\$ 0.0498	\$ 0.0498
18	California	\$ 0.0473	\$ 0.0473
From Anadarko Basin to:			
19	Production Area	\$ 0.0033	\$ 0.0033
20	Texas	\$ 0.0096	\$ 0.0096
21	New Mexico	\$ 0.0330	\$ 0.0330
22	Arizona	\$ 0.0416	\$ 0.0416
23	Nevada	\$ 0.0548	\$ 0.0548
24	California	\$ 0.0532	\$ 0.0532
From California to:			
25	Production Area	\$ 0.0185	\$ 0.0185
26	Texas	\$ 0.0185	\$ 0.0185
27	New Mexico	\$ 0.0185	\$ 0.0185
28	Arizona	\$ 0.0185	\$ 0.0185
29	Nevada	\$ 0.0185	\$ 0.0185
30	California	\$ 0.0185	\$ 0.0185



El Paso Natural Gas Company, L.L.C.  
 FT-2 Firm Transportation Rates  
 2024 Article 11.2(a) Rates Escalated Per Tariff  
 (Excludes Surcharges)

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Line No.	Description	FT-2	
		Maximum Rate	Minimum Rate
	(a)	(b)	(c)
<u>Mainline Transmission Usage Rates:</u>			
From San Juan Basin to:			
1	Anadarko	\$ 0.3718	\$ 0.0035
2	Permian	\$ 0.3718	\$ 0.0035
3	San Juan	\$ 0.3714	\$ 0.0033
4	Texas	\$ 0.3738	\$ 0.0035
5	New Mexico	\$ 0.4069	\$ 0.0207
6	Arizona	\$ 0.5983	\$ 0.0266
From Permian Basin to:			
7	Anadarko	\$ 0.3808	\$ 0.0087
8	Permian	\$ 0.3714	\$ 0.0033
9	San Juan	\$ 0.4057	\$ 0.0213
10	Texas	\$ 0.3808	\$ 0.0087
11	New Mexico	\$ 0.4057	\$ 0.0213
12	Arizona	\$ 0.6031	\$ 0.0311
From Anadarko Basin to:			
13	Anadarko	\$ 0.3714	\$ 0.0033
14	Permian	\$ 0.3827	\$ 0.0096
15	San Juan	\$ 0.4294	\$ 0.0330
16	Texas	\$ 0.3827	\$ 0.0096
17	New Mexico	\$ 0.4294	\$ 0.0330
18	Arizona	\$ 0.6236	\$ 0.0416
From California to:			
19	Anadarko	\$ 0.4272	\$ 0.0185
20	Permian	\$ 0.4272	\$ 0.0185
21	San Juan	\$ 0.4272	\$ 0.0185
22	Texas	\$ 0.4272	\$ 0.0185
23	New Mexico	\$ 0.4272	\$ 0.0185
24	Arizona	\$ 0.4272	\$ 0.0185

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

**Docket No. RP24-\_\_**

**Appendix B**

**Escalation of Rates**

El Paso Natural Gas Company, L.L.C.  
Escalation of Rates Per Tariff  
2024 FT-1 Reservation Base Rates

Ln. No.	Description (a)		California (b)	Nevada (c)	Arizona (d)	New Mexico (e)	Texas (f)	Producing Area (g)	Ln. No.
<b><u>Reservation</u></b>									
<b>Minimum Escalation - Floor</b>									
1	Rate for 2023	1/	\$ 12.2436	\$ 10.4411	\$ 10.3050	\$ 7.5956	\$ 6.5844	\$ 4.4981	1
2	Minimum Inflation Percent		1%	1%	1%	1%	1%	1%	2
3	Escalated Threshold Minimum		<b>\$ 0.1224</b>	<b>\$ 0.1044</b>	<b>\$ 0.1031</b>	<b>\$ 0.0760</b>	<b>\$ 0.0658</b>	<b>\$ 0.0450</b>	3
<b>Maximum Escalation - Ceiling</b>									
4	Rate for 2023		\$ 12.2436	\$ 10.4411	\$ 10.3050	\$ 7.5956	\$ 6.5844	\$ 4.4981	4
5	Maximum Inflation Percent		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5
6	Escalated Threshold Maximum		<b>\$ 0.5510</b>	<b>\$ 0.4698</b>	<b>\$ 0.4637</b>	<b>\$ 0.3418</b>	<b>\$ 0.2963</b>	<b>\$ 0.2024</b>	6
<b>GDP-IPD Calculation</b>									
7	O&M,OT - Year 2023 Portion of the Rate	2/	\$ 7.6262	\$ 6.5036	\$ 6.4187	\$ 4.7311	\$ 4.1012	\$ 2.8018	7
8	Year 2023 Escalation	2/	\$ 0.5272	\$ 0.4496	\$ 0.4438	\$ 0.3271	\$ 0.2835	\$ 0.1937	8
9	Year 2024 O&M, and Other Taxes		\$ 8.1534	\$ 6.9532	\$ 6.8625	\$ 5.0582	\$ 4.3847	\$ 2.9955	9
10	GDP-IPD Escalation Factor	3/	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	10
11	Applicable Percent of GDP-IPD		93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	11
12	Reduced Inflation Adjustment		3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	12
13	Applied GDP-IPD Escalator (Ln 9 * Ln 12)		<b>\$ 0.2639</b>	<b>\$ 0.2250</b>	<b>\$ 0.2221</b>	<b>\$ 0.1637</b>	<b>\$ 0.1419</b>	<b>\$ 0.0969</b>	13
<b>Selected Escalation Amount</b>									
14	Rate for 2023		\$ 12.2436	\$ 10.4411	\$ 10.3050	\$ 7.5956	\$ 6.5844	\$ 4.4981	14
15	<b>Selected Escalation</b>	4/	<b>\$ 0.2639</b>	<b>\$ 0.2250</b>	<b>\$ 0.2221</b>	<b>\$ 0.1637</b>	<b>\$ 0.1419</b>	<b>\$ 0.0969</b>	15
16	Total Rate Year 2024		\$ 12.5075	\$ 10.6661	\$ 10.5271	\$ 7.7593	\$ 6.7263	\$ 4.5950	16
17	100% Load Factor Rate (excluding usage)		\$ 0.4112	\$ 0.3507	\$ 0.3461	\$ 0.2551	\$ 0.2211	\$ 0.1511	17

1/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 1, Line 16, Docket No. RP23-192-000 (Nov. 15, 2022).

2/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 1, Lines 9 and 15, Docket No. RP23-192-000 (Nov. 15, 2022).

3/ See Appendix D, Page 1 of 2.

4/ If the GDP-IPD escalation calculation is not within the minimum (floor) and the maximum (ceiling) calculation then the applicable minimum or maximum calculated escalation is selected. In this case, the escalation is 2.1554% and can be derived by dividing Line 15 by Line 14.

El Paso Natural Gas Company, L.L.C.  
Escalation of Rates Per Tariff  
2024 FT1 Usage Base Rates

Line No.	Description		California	Nevada	Arizona	New Mexico	Texas	Producing Area	Line No.
	(a)		(b)	(c)	(d)	(e)	(f)	(g)	
<b>From San Juan:</b>									
<b>Minimum Escalation - Floor</b>									
1	Rate for 2023	1/	\$ 0.0227	\$ 0.0248	\$ 0.0260	\$ 0.0203	\$ 0.0034	\$ 0.0032	1
2	Minimum Inflation Percent		1%	1%	1%	1%	1%	1%	2
3	Escalated Threshold Minimum		<b>\$ 0.0002</b>	<b>\$ 0.0002</b>	<b>\$ 0.0003</b>	<b>\$ 0.0002</b>	<b>\$ -</b>	<b>\$ -</b>	3
<b>Maximum Escalation - Ceiling</b>									
4	Rate for 2023		\$ 0.0227	\$ 0.0248	\$ 0.0260	\$ 0.0203	\$ 0.0034	\$ 0.0032	4
5	Maximum Inflation Percent		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5
6	Escalated Threshold Maximum		<b>\$ 0.0010</b>	<b>\$ 0.0011</b>	<b>\$ 0.0012</b>	<b>\$ 0.0009</b>	<b>\$ 0.0002</b>	<b>\$ 0.0001</b>	6
<b>GDP-IPD Calculation</b>									
7	O&M,OT - Year 2023 Portion of the Rate	2/	\$ 0.0142	\$ 0.0154	\$ 0.0161	\$ 0.0127	\$ 0.0019	\$ 0.0017	7
8	Year 2023 Escalation	2/	\$ 0.0010	\$ 0.0011	\$ 0.0011	\$ 0.0009	\$ 0.0001	\$ 0.0001	8
9	Year 2024 O&M, and Other Taxes		\$ 0.0152	\$ 0.0165	\$ 0.0172	\$ 0.0136	\$ 0.0020	\$ 0.0018	9
10	GDP-IPD Escalation Factor	3/	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	10
11	Applicable Percent of GDP-IPD		93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	11
12	Reduced Inflation Adjustment		3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	12
13	Applied GDP-IPD Escalator (Ln 9 * Ln 12)		<b>\$ 0.0005</b>	<b>\$ 0.0005</b>	<b>\$ 0.0006</b>	<b>\$ 0.0004</b>	<b>\$ 0.0001</b>	<b>\$ 0.0001</b>	13
<b>Selected Escalation Amount</b>									
14	Rate for 2023		\$ 0.0227	\$ 0.0248	\$ 0.0260	\$ 0.0203	\$ 0.0034	\$ 0.0032	14
15	<b>Selected Escalation</b>	4/	<b>0.0005</b>	<b>0.0005</b>	<b>0.0006</b>	<b>0.0004</b>	<b>0.0001</b>	<b>0.0001</b>	15
16	Total Usage Rate Year 2024		\$ 0.0232	\$ 0.0253	\$ 0.0266	\$ 0.0207	\$ 0.0035	\$ 0.0033	16
<b>Total Rate</b>									
17	Reservation (Sheet 1, Line 16)		\$ 12.5075	\$ 10.6661	\$ 10.5271	\$ 7.7593	\$ 6.7263	\$ 4.5950	17
18	Total Usage Rate		\$ 0.0232	\$ 0.0253	\$ 0.0266	\$ 0.0207	\$ 0.0035	\$ 0.0033	18
19	100% Load Factor Rate		\$ 0.4344	\$ 0.3760	\$ 0.3727	\$ 0.2758	\$ 0.2246	\$ 0.1544	19

1/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 2, Line 16, Docket No. RP23-192-000 (Nov. 15, 2022).

2/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 2, Lines 9 and 15, Docket No. RP23-192-000 (Nov. 15, 2022).

3/ See Appendix D, Page 1 of 2.

4/ If the GDP-IPD escalation calculation is not within the minimum (floor) and the maximum (ceiling) calculation then the applicable minimum or maximum calculated escalation is selected.

El Paso Natural Gas Company, L.L.C.  
Escalation of Rates Per Tariff  
2024 FT1 Usage Base Rates

Line No.	Description		California	Nevada	Arizona	New Mexico	Texas	Producing Area	Line No.
	(a)		(b)	(c)	(d)	(e)	(f)	(g)	
<b>From Permian:</b>									
<b>Minimum Escalation - Floor</b>									
1	Rate for 2023	1/	\$ 0.0463	\$ 0.0487	\$ 0.0304	\$ 0.0208	\$ 0.0085	\$ 0.0032	1
2	Minimum Inflation Percent		1%	1%	1%	1%	1%	1%	2
3	Escalated Threshold Minimum		<b>\$ 0.0005</b>	<b>\$ 0.0005</b>	<b>\$ 0.0003</b>	<b>\$ 0.0002</b>	<b>\$ 0.0001</b>	<b>\$ -</b>	3
<b>Maximum Escalation - Ceiling</b>									
4	Rate for 2023		\$ 0.0463	\$ 0.0487	\$ 0.0304	\$ 0.0208	\$ 0.0085	\$ 0.0032	4
5	Maximum Inflation Percent		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5
6	Escalated Threshold Maximum		<b>\$ 0.0021</b>	<b>\$ 0.0022</b>	<b>\$ 0.0014</b>	<b>\$ 0.0009</b>	<b>\$ 0.0004</b>	<b>\$ 0.0001</b>	6
<b>GDP-IPD Calculation</b>									
7	O&M,OT - Year 2023 Portion of the Rate	2/	\$ 0.0288	\$ 0.0304	\$ 0.0190	\$ 0.0131	\$ 0.0056	\$ 0.0017	7
8	Year 2023 Escalation	2/	\$ 0.0020	\$ 0.0021	\$ 0.0013	\$ 0.0009	\$ 0.0004	\$ 0.0001	8
9	Year 2024 O&M, and Other Taxes		\$ 0.0308	\$ 0.0325	\$ 0.0203	\$ 0.0140	\$ 0.0060	\$ 0.0018	9
10	GDP-IPD Escalation Factor	3/	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	10
11	Applicable Percent of GDP-IPD		93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	11
12	Reduced Inflation Adjustment		3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	12
13	Applied GDP-IPD Escalator (Ln 9 * Ln 12)		<b>\$ 0.0010</b>	<b>\$ 0.0011</b>	<b>\$ 0.0007</b>	<b>\$ 0.0005</b>	<b>\$ 0.0002</b>	<b>\$ 0.0001</b>	13
<b>Selected Escalation Amount</b>									
14	Rate for 2023		\$ 0.0463	\$ 0.0487	\$ 0.0304	\$ 0.0208	\$ 0.0085	\$ 0.0032	14
15	<b>Selected Escalation</b>	4/	<b>0.0010</b>	<b>0.0011</b>	<b>0.0007</b>	<b>0.0005</b>	<b>0.0002</b>	<b>0.0001</b>	15
16	Total Usage Rate Year 2024		\$ 0.0473	\$ 0.0498	\$ 0.0311	\$ 0.0213	\$ 0.0087	\$ 0.0033	16
<b>Total Rate</b>									
17	Reservation (Sheet 1, Line 16)		\$ 12.5075	\$ 10.6661	\$ 10.5271	\$ 7.7593	\$ 6.7263	\$ 4.5950	17
18	Total Usage Rate		\$ 0.0473	\$ 0.0498	\$ 0.0311	\$ 0.0213	\$ 0.0087	\$ 0.0033	18
19	100% Load Factor Rate		\$ 0.4585	\$ 0.4005	\$ 0.3772	\$ 0.2764	\$ 0.2298	\$ 0.1544	19

1/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 3, Line 16, Docket No. RP23-192-000 (Nov. 15, 2022).

2/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 3, Lines 9 and 15, Docket No. RP23-192-000 (Nov. 15, 2022).

3/ See Appendix D, Page 1 of 2.

4/ If the GDP-IPD escalation calculation is not within the minimum (floor) and the maximum (ceiling) calculation then the applicable minimum or maximum calculated escalation is selected.

El Paso Natural Gas Company, L.L.C.  
Escalation of Rates Per Tariff  
2024 FT1 Usage Base Rates

Line No.	Description		California	Nevada	Arizona	New Mexico	Texas	Producing Area	Line No.
	(a)		(b)	(c)	(d)	(e)	(f)	(g)	
<b>From Anadarko:</b>									
<b>Minimum Escalation - Floor</b>									
1	Rate for 2023	1/	\$ 0.0521	\$ 0.0536	\$ 0.0407	\$ 0.0323	\$ 0.0094	\$ 0.0032	1
2	Minimum Inflation Percent		1%	1%	1%	1%	1%	1%	2
3	Escalated Threshold Minimum		<b>\$ 0.0005</b>	<b>\$ 0.0005</b>	<b>\$ 0.0004</b>	<b>\$ 0.0003</b>	<b>\$ 0.0001</b>	<b>\$ -</b>	3
<b>Maximum Escalation - Ceiling</b>									
4	Rate for 2023		\$ 0.0521	\$ 0.0536	\$ 0.0407	\$ 0.0323	\$ 0.0094	\$ 0.0032	4
5	Maximum Inflation Percent		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5
6	Escalated Threshold Maximum		<b>\$ 0.0023</b>	<b>\$ 0.0024</b>	<b>\$ 0.0018</b>	<b>\$ 0.0015</b>	<b>\$ 0.0004</b>	<b>\$ 0.0001</b>	6
<b>GDP-IPD Calculation</b>									
7	O&M,OT - Year 2023 Portion of the Rate	2/	\$ 0.0325	\$ 0.0334	\$ 0.0253	\$ 0.0201	\$ 0.0060	\$ 0.0017	7
8	Year 2023 Escalation	2/	\$ 0.0022	\$ 0.0023	\$ 0.0018	\$ 0.0014	\$ 0.0004	\$ 0.0001	8
9	Year 2024 O&M, and Other Taxes		\$ 0.0347	\$ 0.0357	\$ 0.0271	\$ 0.0215	\$ 0.0064	\$ 0.0018	9
10	GDP-IPD Escalation Factor	3/	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	10
11	Applicable Percent of GDP-IPD		93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	11
12	Reduced Inflation Adjustment		3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	12
13	Applied GDP-IPD Escalator (Ln 9 * Ln 12)		<b>\$ 0.0011</b>	<b>\$ 0.0012</b>	<b>\$ 0.0009</b>	<b>\$ 0.0007</b>	<b>\$ 0.0002</b>	<b>\$ 0.0001</b>	13
<b>Selected Escalation Amount</b>									
14	Rate for 2023		\$ 0.0521	\$ 0.0536	\$ 0.0407	\$ 0.0323	\$ 0.0094	\$ 0.0032	14
15	<b>Selected Escalation</b>	4/	<b>0.0011</b>	<b>0.0012</b>	<b>0.0009</b>	<b>0.0007</b>	<b>0.0002</b>	<b>0.0001</b>	15
16	Total Usage Rate Year 2024		\$ 0.0532	\$ 0.0548	\$ 0.0416	\$ 0.0330	\$ 0.0096	\$ 0.0033	16
<b>Total Rate</b>									
17	Reservation (Sheet 1, Line 16)		\$ 12.5075	\$ 10.6661	\$ 10.5271	\$ 7.7593	\$ 6.7263	\$ 4.5950	17
18	Total Usage Rate		\$ 0.0532	\$ 0.0548	\$ 0.0416	\$ 0.0330	\$ 0.0096	\$ 0.0033	18
19	100% Load Factor Rate		\$ 0.4644	\$ 0.4055	\$ 0.3877	\$ 0.2881	\$ 0.2307	\$ 0.1544	19

1/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 4, Line 16, Docket No. RP23-192-000 (Nov. 15, 2022).

2/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 4, Lines 9 and 15, Docket No. RP23-192-000 (Nov. 15, 2022).

3/ See Appendix D, Page 1 of 2.

4/ If the GDP-IPD escalation calculation is not within the minimum (floor) and the maximum (ceiling) calculation then the applicable minimum or maximum calculated escalation is selected.

El Paso Natural Gas Company, L.L.C.  
Escalation of Rates Per Tariff  
2024 FT1 Usage Base Rates

Line No.	Description		California	Nevada	Arizona	New Mexico	Texas	Producing Area	Line No.
	(a)		(b)	(c)	(d)	(e)	(f)	(g)	
<b><u>From California:</u></b>									
<b>Minimum Escalation - Floor</b>									
1	Rate for 2023	1/	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	1
2	Minimum Inflation Percent		1%	1%	1%	1%	1%	1%	2
3	Escalated Threshold Minimum		<b>\$ 0.0002</b>	<b>\$ 0.0002</b>	<b>\$ 0.0002</b>	<b>\$ 0.0002</b>	<b>\$ 0.0002</b>	<b>\$ 0.0002</b>	3
<b>Maximum Escalation - Ceiling</b>									
4	Rate for 2023		\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	4
5	Maximum Inflation Percent		4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	5
6	Escalated Threshold Maximum		<b>\$ 0.0008</b>	<b>\$ 0.0008</b>	<b>\$ 0.0008</b>	<b>\$ 0.0008</b>	<b>\$ 0.0008</b>	<b>\$ 0.0008</b>	6
<b>GDP-IPD Calculation</b>									
7	O&M,OT - Year 2023 Portion of the Rate	2/	\$ 0.0113	\$ 0.0113	\$ 0.0113	\$ 0.0113	\$ 0.0113	\$ 0.0113	7
8	Year 2023 Escalation	2/	\$ 0.0008	\$ 0.0008	\$ 0.0008	\$ 0.0008	\$ 0.0008	\$ 0.0008	8
9	Year 2024 O&M, and Other Taxes		\$ 0.0121	\$ 0.0121	\$ 0.0121	\$ 0.0121	\$ 0.0121	\$ 0.0121	9
10	GDP-IPD Escalation Factor	3/	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	3.4800%	10
11	Applicable Percent of GDP-IPD		93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	93.0000%	11
12	Reduced Inflation Adjustment		3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	3.2364%	12
13	Applied GDP-IPD Escalator (Ln 9 * Ln 12)		<b>\$ 0.0004</b>	<b>\$ 0.0004</b>	<b>\$ 0.0004</b>	<b>\$ 0.0004</b>	<b>\$ 0.0004</b>	<b>\$ 0.0004</b>	13
<b>Selected Escalation Amount</b>									
14	Rate for 2023		\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	\$ 0.0181	14
15	<b>Selected Escalation</b>	4/	<b>0.0004</b>	<b>0.0004</b>	<b>0.0004</b>	<b>0.0004</b>	<b>0.0004</b>	<b>0.0004</b>	15
16	Total Usage Rate Year 2024		\$ 0.0185	\$ 0.0185	\$ 0.0185	\$ 0.0185	\$ 0.0185	\$ 0.0185	16
<b>Total Rate</b>									
17	Reservation (Sheet 1, Line 16)		\$ 12.5075	\$ 10.6661	\$ 10.5271	\$ 7.7593	\$ 6.7263	\$ 4.5950	17
18	Total Usage Rate		\$ 0.0185	\$ 0.0185	\$ 0.0185	\$ 0.0185	\$ 0.0185	\$ 0.0185	18
19	100% Load Factor Rate		\$ 0.4297	\$ 0.3692	\$ 0.3646	\$ 0.2736	\$ 0.2396	\$ 0.1696	19

1/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 5, Line 16, Docket No. RP23-192-000 (Nov. 15, 2022).

2/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 5, Lines 9 and 15, Docket No. RP23-192-000 (Nov. 15, 2022).

3/ See Appendix D, Page 1 of 2.

4/ If the GDP-IPD escalation calculation is not within the minimum (floor) and the maximum (ceiling) calculation then the applicable minimum or maximum calculated escalation is selected.

El Paso Natural Gas Company, L.L.C.  
 FT-2 Firm Transportation Rates  
 2024 11.2 Rates Escalated Per Tariff  
 (Excludes Surcharges)

		2023 FT-2 RATES			2024 FT-2 RATES			
Line No.	Description	Rate Less Usage	FT-1 Usage	Total 1/ [ b + c ]	Inflation Adjustment 2/ [ b * 1.0216 ]	FT-1 Usage	Total [ e + f ]	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<u>Mainline Transmission Usage Rates:</u>								
From San Juan Basin to:								
1	Anadarko	\$ 0.3605	\$ 0.0034	\$ 0.3639	\$ 0.3683	\$ 0.0035	\$ 0.3718	1
2	Permian	\$ 0.3605	\$ 0.0034	\$ 0.3639	\$ 0.3683	\$ 0.0035	\$ 0.3718	2
3	San Juan	\$ 0.3603	\$ 0.0032	\$ 0.3635	\$ 0.3681	\$ 0.0033	\$ 0.3714	3
4	Texas	\$ 0.3625	\$ 0.0034	\$ 0.3659	\$ 0.3703	\$ 0.0035	\$ 0.3738	4
5	New Mexico	\$ 0.3781	\$ 0.0203	\$ 0.3984	\$ 0.3862	\$ 0.0207	\$ 0.4069	5
6	Arizona	\$ 0.5596	\$ 0.0260	\$ 0.5856	\$ 0.5717	\$ 0.0266	\$ 0.5983	6
From Permian Basin to:								
7	Anadarko	\$ 0.3642	\$ 0.0085	\$ 0.3727	\$ 0.3721	\$ 0.0087	\$ 0.3808	7
8	Permian	\$ 0.3603	\$ 0.0032	\$ 0.3635	\$ 0.3681	\$ 0.0033	\$ 0.3714	8
9	San Juan	\$ 0.3763	\$ 0.0208	\$ 0.3971	\$ 0.3844	\$ 0.0213	\$ 0.4057	9
10	Texas	\$ 0.3642	\$ 0.0085	\$ 0.3727	\$ 0.3721	\$ 0.0087	\$ 0.3808	10
11	New Mexico	\$ 0.3763	\$ 0.0208	\$ 0.3971	\$ 0.3844	\$ 0.0213	\$ 0.4057	11
12	Arizona	\$ 0.5599	\$ 0.0304	\$ 0.5903	\$ 0.5720	\$ 0.0311	\$ 0.6031	12
From Anadarko Basin to:								
13	Anadarko	\$ 0.3603	\$ 0.0032	\$ 0.3635	\$ 0.3681	\$ 0.0033	\$ 0.3714	13
14	Permian	\$ 0.3652	\$ 0.0094	\$ 0.3746	\$ 0.3731	\$ 0.0096	\$ 0.3827	14
15	San Juan	\$ 0.3880	\$ 0.0323	\$ 0.4203	\$ 0.3964	\$ 0.0330	\$ 0.4294	15
16	Texas	\$ 0.3652	\$ 0.0094	\$ 0.3746	\$ 0.3731	\$ 0.0096	\$ 0.3827	16
17	New Mexico	\$ 0.3880	\$ 0.0323	\$ 0.4203	\$ 0.3964	\$ 0.0330	\$ 0.4294	17
18	Arizona	\$ 0.5697	\$ 0.0407	\$ 0.6104	\$ 0.5820	\$ 0.0416	\$ 0.6236	18
From California to:								
19	Anadarko	\$ 0.4001	\$ 0.0181	\$ 0.4182	\$ 0.4087	\$ 0.0185	\$ 0.4272	19
20	Permian	\$ 0.4001	\$ 0.0181	\$ 0.4182	\$ 0.4087	\$ 0.0185	\$ 0.4272	20
21	San Juan	\$ 0.4001	\$ 0.0181	\$ 0.4182	\$ 0.4087	\$ 0.0185	\$ 0.4272	21
22	Texas	\$ 0.4001	\$ 0.0181	\$ 0.4182	\$ 0.4087	\$ 0.0185	\$ 0.4272	22
23	New Mexico	\$ 0.4001	\$ 0.0181	\$ 0.4182	\$ 0.4087	\$ 0.0185	\$ 0.4272	23
24	Arizona	\$ 0.4001	\$ 0.0181	\$ 0.4182	\$ 0.4087	\$ 0.0185	\$ 0.4272	24

1/ Article 11.2(a) Inflation Adjustment Filing, Appendix B, Page 6, Column (g), Docket No. RP23-192-000 (Nov. 15, 2022).

2/ FT-2 rates were escalated using the selected escalation for the FT-1 rates as shown in Appendix B, page 1 line 15. Because all of the zonal FT-1 rates are escalated at 1.0216 (the GDP-IPD inflation factor), the FT-2 rates were also escalated by using the same 1.0216 inflation factor.



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

**Docket No. RP24-\_\_\_\_**

**Appendix C**

**System Average Usage Rates**

El Paso Natural Gas Company, L.L.C.  
Calculation of  
2024 System Average Usage Rates

Maximum Article 11.2(a) 2024 FT-1 Usage Rates			
	Rate	Factor	Total
SJ to PA	\$0.0033	20.281%	\$0.0007
P to PA	\$0.0033	76.196%	\$0.0025
A to PA	\$0.0033	2.408%	\$0.0001
CA to PA	\$0.0185	1.115%	\$0.0002
			<u>\$0.0035</u>
SJ to TX	\$0.0035	20.281%	\$0.0007
P to TX	\$0.0087	76.196%	\$0.0066
A to TX	\$0.0096	2.408%	\$0.0002
CA to TX	\$0.0185	1.115%	\$0.0002
			<u>\$0.0077</u>
SJ to NM	\$0.0207	20.281%	\$0.0042
P to NM	\$0.0213	76.196%	\$0.0162
A to NM	\$0.0330	2.408%	\$0.0008
CA to NM	\$0.0185	1.115%	\$0.0002
			<u>\$0.0214</u>
SJ to AZ	\$0.0266	20.281%	\$0.0054
P to AZ	\$0.0311	76.196%	\$0.0237
A to AZ	\$0.0416	2.408%	\$0.0010
CA to AZ	\$0.0185	1.115%	\$0.0002
			<u>\$0.0303</u>
SJ to NV	\$0.0253	20.281%	\$0.0051
P to NV	\$0.0498	76.196%	\$0.0379
A to NV	\$0.0548	2.408%	\$0.0013
CA to NV	\$0.0185	1.115%	\$0.0002
			<u>\$0.0445</u>
SJ to CA	\$0.0232	20.281%	\$0.0047
P to CA	\$0.0473	76.196%	\$0.0360
A to CA	\$0.0532	2.408%	\$0.0013
CA to CA	\$0.0185	1.115%	\$0.0002
			<u>\$0.0422</u>

Maximum Article 11.2(a) 2024 FT-2 Usage Rates			
	Rate	Factor	Total
SJ to A	\$0.3718	20.281%	\$0.0754
P to A	\$0.3808	76.196%	\$0.2902
A to A	\$0.3714	2.408%	\$0.0089
CA to A	\$0.4272	1.115%	\$0.0048
			<u>\$0.3793</u>
SJ to P	\$0.3718	20.281%	\$0.0754
P to P	\$0.3714	76.196%	\$0.2830
A to P	\$0.3827	2.408%	\$0.0092
CA to P	\$0.4272	1.115%	\$0.0048
			<u>\$0.3724</u>
SJ to SJ	\$0.3714	20.281%	\$0.0753
P to SJ	\$0.4057	76.196%	\$0.3091
A to SJ	\$0.4294	2.408%	\$0.0103
CA to SJ	\$0.4272	1.115%	\$0.0048
			<u>\$0.3995</u>
SJ to TX	\$0.3738	20.281%	\$0.0758
P to TX	\$0.3808	76.196%	\$0.2902
A to TX	\$0.3827	2.408%	\$0.0092
CA to TX	\$0.4272	1.115%	\$0.0048
			<u>\$0.3800</u>
SJ to NM	\$0.4069	20.281%	\$0.0825
P to NM	\$0.4057	76.196%	\$0.3091
A to NM	\$0.4294	2.408%	\$0.0103
CA to NM	\$0.4272	1.115%	\$0.0048
			<u>\$0.4067</u>
SJ to AZ	\$0.5983	20.281%	\$0.1213
P to AZ	\$0.6031	76.196%	\$0.4595
A to AZ	\$0.6236	2.408%	\$0.0150
CA to AZ	\$0.4272	1.115%	\$0.0048
			<u>\$0.6006</u>

Minimum Article 11.2(a) 2024 FT-2 Usage Rates			
	Rate	Factor	Total
SJ to A	\$0.0035	20.281%	\$0.0007
P to A	\$0.0087	76.196%	\$0.0066
A to A	\$0.0033	2.408%	\$0.0001
CA to A	\$0.0185	1.115%	\$0.0002
			<u>\$0.0076</u>
SJ to P	\$0.0035	20.281%	\$0.0007
P to P	\$0.0033	76.196%	\$0.0025
A to P	\$0.0096	2.408%	\$0.0002
CA to P	\$0.0185	1.115%	\$0.0002
			<u>\$0.0036</u>
SJ to SJ	\$0.0033	20.281%	\$0.0007
P to SJ	\$0.0213	76.196%	\$0.0162
A to SJ	\$0.0330	2.408%	\$0.0008
CA to SJ	\$0.0185	1.115%	\$0.0002
			<u>\$0.0179</u>
SJ to TX	\$0.0035	20.281%	\$0.0007
P to TX	\$0.0087	76.196%	\$0.0066
A to TX	\$0.0096	2.408%	\$0.0002
CA to TX	\$0.0185	1.115%	\$0.0002
			<u>\$0.0077</u>
SJ to NM	\$0.0207	20.281%	\$0.0042
P to NM	\$0.0213	76.196%	\$0.0162
A to NM	\$0.0330	2.408%	\$0.0008
CA to NM	\$0.0185	1.115%	\$0.0002
			<u>\$0.0214</u>
SJ to AZ	\$0.0266	20.281%	\$0.0054
P to AZ	\$0.0311	76.196%	\$0.0237
A to AZ	\$0.0416	2.408%	\$0.0010
CA to AZ	\$0.0185	1.115%	\$0.0002
			<u>\$0.0303</u>

El Paso Natural Gas Company, L.L.C.  
Calculation of Percentage Weighting for  
2024 System Average Usage Rates

<b>Percents from Each Receipt Area</b>			
	Oct-22	to	Sep-23
Receipt Area	Volume (Mmbtu)		Percent
San Juan	S	475,568,127	20.281%
Permian	P	1,786,720,615	76.196%
Anadarko	A	56,472,973	2.408%
California	CA	26,137,957	1.115%
Total from Basins		2,344,899,672	100.00%

See Section 37.3(c) of the GT&C of EPNG's tariff for a description of the calculation requirements.

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

**Docket No. RP24-\_\_**

**Appendix D**

**Derivation of Escalator**

El Paso Natural Gas Company, L.L.C.  
Derivation of Escalator  
GDP-IPD

Line No.	Description	2nd Qtr 2022	2nd Qtr 2023	Percentage Increase/(Decrease)
	(a)	(b)	(c)	(d) [( c - b ) / b ]
1	Implicit Price Deflator	117.671	121.766	3.4800%
2				
3				
4				
5				
6				
7	Minimum Inflation Percent			1.0%
8	Maximum Inflation Percent			4.5%
9				
10	2022-2023 GDP-IPD Escalation Factor			3.4800%
11	Applicable Percent of GDP-IPD			93.0%
12	Adjusted Inflation Percent			3.2364%

**Table 1.1.9. Implicit Price Deflators for Gross Domestic Product**

[Index numbers, 2017=100] Seasonally adjusted

Bureau of Economic Analysis

Last Revised on: October 26, 2023 - Next Release Date November 29, 2023

Line		2021				2022				2023		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1	<b>Gross domestic product</b>	<b>107.67</b>	<b>109.31</b>	<b>110.92</b>	<b>112.85</b>	<b>115.14</b>	<b>117.67</b>	<b>118.96</b>	<b>120.09</b>	<b>121.26</b>	<b>121.77</b>	<b>122.82</b>
2	<b>Personal consumption expenditures</b>	<b>106.55</b>	<b>108.17</b>	<b>109.67</b>	<b>111.49</b>	<b>113.57</b>	<b>115.57</b>	<b>116.9</b>	<b>118.1</b>	<b>119.31</b>	<b>120.04</b>	<b>120.91</b>
3	Goods	101.35	103.45	105.38	108.05	111.15	113.8	114.62	114.64	114.84	114.91	115.15
4	Durable goods	97.844	101.22	103.59	105.89	108.07	108.44	109.21	108.76	108.52	108.55	107.33
5	Nondurable goods	103.25	104.57	106.24	109.13	112.75	116.75	117.59	117.9	118.37	118.46	119.58
6	Services	109.09	110.45	111.7	113.04	114.57	116.21	117.81	119.62	121.37	122.46	123.66
7	<b>Gross private domestic investment</b>	<b>105.51</b>	<b>106.53</b>	<b>108.07</b>	<b>110.46</b>	<b>112.89</b>	<b>115.43</b>	<b>117.39</b>	<b>118.18</b>	<b>119.23</b>	<b>119.09</b>	<b>119.61</b>
8	Fixed investment	105.88	106.92	108.77	111.04	113.63	116.23	118.1	119.14	120.38	120.37	120.95
9	Nonresidential	102.38	102.43	103.56	105.44	107.14	109.07	110.67	111.55	113.28	113.33	113.63
10	Structures	106.61	108.25	110.63	116.51	120.36	124.9	129.64	131.83	134.13	134.43	133.83
11	Equipment	99.752	98.915	100.09	101.52	103.58	105.64	107.07	108.61	110.7	110.38	110.98
12	Intellectual property products	102.75	102.9	103.37	103.88	104.29	104.99	105.45	105.16	106.33	106.61	107.03
13	Residential	118.26	122.62	127	130.67	136.37	141.4	144.31	146.04	145.1	144.78	146.61
14	Change in private inventories	---	---	---	---	---	---	---	---	---	---	---
15	<b>Net exports of goods and services</b>	---	---	---	---	---	---	---	---	---	---	---
16	Exports	106.52	111.13	113.72	115.58	120.54	126.1	123.08	121.33	121.36	120.17	121.36
17	Goods	105.22	111.07	114.08	116.17	122.48	129.89	125.16	121.69	120.8	118.82	120.07
18	Services	108.89	110.81	112.52	113.9	115.92	117.61	118.14	120.01	122.02	122.5	123.57
19	Imports	102.43	105.45	107.05	108.88	112.36	115.28	114.03	112.8	112.43	111.05	111.09
20	Goods	101.5	104.66	106.25	108.2	112.15	115.15	113.37	111.43	110.76	109.05	109.28
21	Services	106.55	108.81	110.49	111.7	112.9	115.42	116.63	118.69	119.7	119.94	119.04
22	<b>Government consumption expenditures and gross investm</b>	<b>110.71</b>	<b>112.38</b>	<b>113.92</b>	<b>115.76</b>	<b>118.11</b>	<b>121.27</b>	<b>122.11</b>	<b>123.09</b>	<b>123.55</b>	<b>123.22</b>	<b>124.57</b>
23	Federal	107.4	108.45	109.54	110.78	112.73	114.6	115.95	117.12	118.31	118.92	120.23
24	National defense	107.44	108.58	109.7	111.06	113.49	115.98	116.8	117.84	118.81	119.36	120.59
25	Nondefense	107.35	108.28	109.35	110.44	111.75	112.83	114.88	116.21	117.68	118.36	119.77
26	State and local	112.77	114.85	116.66	118.89	121.5	125.48	126.01	126.86	126.86	125.94	127.32
Addendum:												
27	Gross national product	107.59	109.23	110.84	112.77	115.05	117.58	118.87	120	121.17	121.67	---

### 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	\$ 4.5950	\$ 0.1511
Texas	\$ 6.7263	\$ 0.2211
New Mexico	\$ 7.7593	\$ 0.2551
Arizona	\$ 10.5271	\$ 0.3461
Nevada	\$ 10.6661	\$ 0.3507
California	\$ 12.5075	\$ 0.4112

DAILY USAGE Maximum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Production Area	\$ 0.0033	\$ 0.0033	\$ 0.0033	\$ 0.0185	\$ 0.0035
Texas	\$ 0.0035	\$ 0.0087	\$ 0.0096	\$ 0.0185	\$ 0.0077
New Mexico	\$ 0.0207	\$ 0.0213	\$ 0.0330	\$ 0.0185	\$ 0.0214
Arizona	\$ 0.0266	\$ 0.0311	\$ 0.0416	\$ 0.0185	\$ 0.0303
Nevada	\$ 0.0253	\$ 0.0498	\$ 0.0548	\$ 0.0185	\$ 0.0445
California	\$ 0.0232	\$ 0.0473	\$ 0.0532	\$ 0.0185	\$ 0.0422

DAILY USAGE Minimum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Production Area	\$ 0.0033	\$ 0.0033	\$ 0.0033	\$ 0.0185	\$ 0.0035
Texas	\$ 0.0035	\$ 0.0087	\$ 0.0096	\$ 0.0185	\$ 0.0077
New Mexico	\$ 0.0207	\$ 0.0213	\$ 0.0330	\$ 0.0185	\$ 0.0214
Arizona	\$ 0.0266	\$ 0.0311	\$ 0.0416	\$ 0.0185	\$ 0.0303
Nevada	\$ 0.0253	\$ 0.0498	\$ 0.0548	\$ 0.0185	\$ 0.0445
California	\$ 0.0232	\$ 0.0473	\$ 0.0532	\$ 0.0185	\$ 0.0422

### 37.1 Article 11.2(a) Rates (continued)

#### Rate Schedule FT-2

DAILY USAGE Maximum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0.3718	\$ 0.3808	\$ 0.3714	\$ 0.4272	\$ 0.3793
Permian	\$ 0.3718	\$ 0.3714	\$ 0.3827	\$ 0. 4272	\$ 0.3724
San Juan	\$ 0.3714	\$ 0.4057	\$ 0.4294	\$ 0. 4272	\$ 0.3995
Texas	\$ 0.3738	\$ 0.3808	\$ 0.3827	\$ 0. 4272	\$ 0.3800
New Mexico	\$ 0.4069	\$ 0.4057	\$ 0.4294	\$ 0. 4272	\$ 0.4067
Arizona	\$ 0.5983	\$ 0.6031	\$ 0.6236	\$ 0. 4272	\$ 0.6006
DAILY USAGE Minimum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0.0035	\$ 0.0087	\$ 0.0033	\$ 0.0185	\$ 0.0076
Permian	\$ 0.0035	\$ 0.0033	\$ 0.0096	\$ 0. 0185	\$ 0.0036
San Juan	\$ 0.0033	\$ 0.0213	\$ 0.0330	\$ 0. 0185	\$ 0.0179
Texas	\$ 0.0035	\$ 0.0087	\$ 0.0096	\$ 0. 0185	\$ 0.0077
New Mexico	\$ 0.0207	\$ 0.0213	\$ 0.0330	\$ 0. 0185	\$ 0.0214
Arizona	\$ 0.0266	\$ 0.0311	\$ 0.0416	\$ 0. 0185	\$ 0.0303

### 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 30<sup>th</sup> 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. <del>59504981</del>	\$ 0. <del>15114479</del>
Texas	\$ 6. <del>72635844</del>	\$ 0. <del>22112165</del>
New Mexico	\$ 7. <del>75935956</del>	\$ 0. <del>25512497</del>
Arizona	\$ 10. <del>52713050</del>	\$ 0. <del>34613388</del>
Nevada	\$ 10. <del>66614411</del>	\$ 0. <del>35073433</del>
California	\$ 12. <del>50752436</del>	\$ 0. <del>41124025</del>

DAILY USAGE Maximum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Production Area	\$ 0. <del>00330032</del>	\$ 0. <del>00330032</del>	\$ 0. <del>00330032</del>	\$ 0. <del>01850181</del>	\$
0. <del>00350034</del>					
Texas	\$ 0. <del>00350034</del>	\$ 0. <del>00870085</del>	\$ 0. <del>00960094</del>	\$ 0. <del>01850181</del>	\$
0. <del>00770075</del>					
New Mexico	\$ 0. <del>02070203</del>	\$ 0. <del>02130208</del>	\$ 0. <del>03300323</del>	\$ 0. <del>01850181</del>	\$
0. <del>02140208</del>					
Arizona	\$ 0. <del>02660260</del>	\$ 0. <del>03110304</del>	\$ 0. <del>04160407</del>	\$ 0. <del>01850181</del>	\$
0. <del>03030294</del>					
Nevada	\$ 0. <del>02530248</del>	\$ 0. <del>04980487</del>	\$ 0. <del>05480536</del>	\$ 0. <del>01850181</del>	\$
0. <del>04450429</del>					
California	\$ 0. <del>02320227</del>	\$ 0. <del>04730463</del>	\$ 0. <del>05320521</del>	\$ 0. <del>01850181</del>	\$
0. <del>04220407</del>					

DAILY USAGE Minimum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----

Production Area	\$ 0. <del>00330032</del>	\$ 0. <del>00330032</del>	\$ 0. <del>00330032</del>	\$ 0. <del>01850181</del>	\$
<del>0.00350034</del>					
Texas	\$ 0. <del>00350034</del>	\$ 0. <del>00870085</del>	\$ 0. <del>00960094</del>	\$ 0. <del>01850181</del>	\$
<del>0.00770075</del>					
New Mexico	\$ 0. <del>02070203</del>	\$ 0. <del>02130208</del>	\$ 0. <del>03300323</del>	\$ 0. <del>01850181</del>	\$
<del>0.02140208</del>					
Arizona	\$ 0. <del>02660260</del>	\$ 0. <del>03110304</del>	\$ 0. <del>04160407</del>	\$ 0. <del>01850181</del>	\$
<del>0.03030294</del>					
Nevada	\$ 0. <del>02530248</del>	\$ 0. <del>04980487</del>	\$ 0. <del>05480536</del>	\$ 0. <del>01850181</del>	\$
<del>0.04450429</del>					
California	\$ 0. <del>02320227</del>	\$ 0. <del>04730463</del>	\$ 0. <del>05320521</del>	\$ 0. <del>01850181</del>	\$
<del>0.04220407</del>					

37.1 Article 11.2(a) Rates (continued)

Rate Schedule FT-2

DAILY USAGE Maximum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0. <del>37183639</del>	\$ 0. <del>38083727</del>	\$ 0. <del>37143635</del>	\$ 0. <del>42724182</del>	\$
<del>0.37933712</del>					
Permian	\$ 0. <del>37183639</del>	\$ 0. <del>37143635</del>	\$ 0. <del>38273746</del>	\$ 0. <del>42724182</del>	\$
<del>0.37243646</del>					
San Juan	\$ 0. <del>37143635</del>	\$ 0. <del>40573971</del>	\$ 0. <del>42944203</del>	\$ 0. <del>42724182</del>	\$
<del>0.39953901</del>					
Texas	\$ 0. <del>37383659</del>	\$ 0. <del>38083727</del>	\$ 0. <del>38273746</del>	\$ 0. <del>42724182</del>	\$
<del>0.38003718</del>					
New Mexico	\$ 0. <del>40693984</del>	\$ 0. <del>40573971</del>	\$ 0. <del>42944203</del>	\$ 0. <del>42724182</del>	\$
<del>0.40673980</del>					
Arizona	\$ 0. <del>59835856</del>	\$ 0. <del>60315903</del>	\$ 0. <del>62366104</del>	\$ 0. <del>42724182</del>	\$
<del>0.60065870</del>					

DAILY USAGE Minimum	From San Juan	From Permian	From Anadarko	From California	System Average
	-----	-----	-----	-----	-----
Anadarko	\$ 0. <del>00350034</del>	\$ 0. <del>00870085</del>	\$ 0. <del>00330032</del>	\$ 0. <del>01850181</del>	\$
<del>0.00760074</del>					
Permian	\$ 0. <del>00350034</del>	\$ 0. <del>00330032</del>	\$ 0. <del>00960094</del>	\$ 0. <del>01850181</del>	\$
<del>0.00360036</del>					
San Juan	\$ 0. <del>00330032</del>	\$ 0. <del>02130208</del>	\$ 0. <del>03300323</del>	\$ 0. <del>01850181</del>	\$
<del>0.01790169</del>					
Texas	\$ 0. <del>00350034</del>	\$ 0. <del>00870085</del>	\$ 0. <del>00960094</del>	\$ 0. <del>01850181</del>	\$
<del>0.00770075</del>					

New Mexico	\$ 0. <del>02070203</del>	\$ 0. <del>02130208</del>	\$ 0. <del>03300323</del>	\$ 0. <del>01850181</del>	\$
	0. <del>02140208</del>				
Arizona	\$ 0. <del>02660260</del>	\$ 0. <del>03110304</del>	\$ 0. <del>04160407</del>	\$ 0. <del>01850181</del>	\$
	0. <del>03030294</del>				

## 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 30<sup>th</sup> 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.