

**South Mainline Open Season
ROFR Open Season for Capacity from an Expiring Firm Contract on El Paso Natural Gas
Company, L.L.C. (Transporter)**

Bid Deadline – October 30, 2020, 2:00 PM Mountain Time (MT)

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

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

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

Rate Schedule:	FT-1
Volume / Transportation Contract Demand (“TCD”):	4,411 Dth/day (See Bid Sheet for the available capacity from each receipt point)
Primary Receipt Point(s):	IRAMSEYN (PIN 48164) IRAMSEYS (PIN 800908)
Primary Delivery Point(s):	DSCALEHR (PIN 301016)
Flow Path:	Varying (Please see the attached bid sheet for available Flow Path by month)
In this ROFR open season, Transporter will consider alternative primary receipt and/or delivery points (subject to available capacity) in conjunction with some or all of the flow path and primary receipt and/or delivery points. Parties that are interested in capacity at and from other primary receipt points or at and to other primary delivery points, or for other periods, should contact their service representatives or any of the individuals listed below.	
Rate:	California Maximum Reservation and Usage rates
Capacity Available Starting:	April 1, 2021
Open Season Start:	October 1, 2020 9:00 AM Mountain Time
Open Season End:	October 30, 2020 2:00 PM Mountain Time
Award Notification Date:	November 10, 2020 2:00 PM Mountain Time
Bid Sheet:	Email attached Bid Sheet to KMWestBids@KinderMorgan.com NOTE: Transporter will rely upon the time the bid is received to determine whether the bid was timely. Bids that are received (as determined by the time stamp on the Transporter’s email inbox) after the end date and time listed above will be considered invalid bids and will not be eligible for an award of capacity in this Open Season. Transporter recommends that bids be submitted well in advance of the closing time listed above to minimize the risk that any email delay could cause a bid to be excluded from consideration.

Matching Rights of Existing Customer

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

General Open Season Requirements:

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

By submitting a bid, the bidding party certifies that:

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

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

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

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

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

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

Creditworthiness Requirements:

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

Execution of FTSA:

Each successful bidder and Transporter shall enter into and execute a FTSA reflecting the terms of its bid as awarded by Transporter. All successful bidders shall execute and return the FTSA within the earlier of the day before the first day of the term of firm transportation service in the bid as awarded by Transporter or twenty (20) business days following the day Transporter tenders the FTSA to the bidder ("Execution Date"). If a successful bidder fails to fully execute and return the FTSA on or before the Execution Date, then Transporter reserves the right to cancel the successful bidder's binding bid without prejudice as to Transporter's right to seek any and all permitted remedies as a result of the breach of the bid. The FTSA will be in the form contained in Transporter's FERC Gas Tariff. Transporter and any successful bidder may mutually agree to enter into and execute more than one FTSA that together reflect all the terms of the successful bid as awarded by Transporter.

Evaluation Criteria:

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

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

The PV for each month will be calculated as follows:

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

Where:

R = the monthly reservation bid rate

Q = the monthly bid quantity

i = the monthly discount rate of 0.2708% (which is the annual discount rate of 3.25% divided by 12).

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

Contact Information:

Questions concerning this Open Season should be directed to:

Cory Chalack	(719) 520-3769
Damon McEnaney	(719) 520-4472
John Driscoll	(719) 520-4471
Mark Iverson	(719) 520-4587
Randy Barton	(719) 520-4667
Robin Janes	(719) 667-7555
Thania Delgado	(719) 520-4482
Evelyn Spencer	(719) 520-4753

Open Season Bid Sheet
(See next page)

*The sum of the monthly Maximum Delivery Quantities at the Primary Delivery Location(s) must equal the monthly Transportation Contract Demand.

C. Reservation Rate (select one):

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

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

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

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