

RATE SCHEDULE FTS
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (a) submits to Kinder Morgan Louisiana Pipeline LLC (hereinafter called KMLP) a valid request as defined in Section 3 hereof as to which KMLP has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; (b) is awarded capacity consistent with the provisions of the Tariff; and (c) executes a Firm Transportation Service Agreement (FTS Agreement) with KMLP applicable to service under this Rate Schedule FTS. The form of FTS Agreement is contained in this Tariff. There is no limitation on the number of FTS Agreements any one Shipper may have.

2. APPLICABILITY, DEFAULTS AND CHARACTER OF SERVICE

2.1 The transportation service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTS shall apply to all Gas transported by KMLP for Shipper pursuant to an FTS Agreement. Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in the applicable provisions of this Tariff. As more fully set out in the General Terms and Conditions of this Tariff, KMLP is not providing supply service under this Rate Schedule.

2.2 KMLP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of KMLP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by KMLP shall be made available to all similarly situated Shippers during the time period when it is in effect. KMLP shall post on the Informational Posting portion of the Interactive Website the nature and scope of any such waiver as soon as possible after the waiver is made effective, but need not post customer's names or sensitive business information. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

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2.3 Service hereunder shall consist of the acceptance by KMLP of Gas tendered by Shipper or for Shipper's account for transportation at Receipt Points specified in or applicable to the FTS Agreement, the transportation of that Gas through KMLP's pipeline System, and the delivery of that Gas by KMLP to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTS Agreement. To the extent provided in Section 8 of this Rate Schedule FTS, KMLP shall be required to accept Gas tendered in excess of the Maximum Daily Quantity (MDQ) specified in the FTS Agreement for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party (except for facilities leased by KMLP which are part of KMLP's system), processing, transportation of liquids, or transportation to processing facilities unless the FTS Agreement so specifies.

2.4 Shipper shall only tender Gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to KMLP certification including sufficient information in order for KMLP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering Gas for transportation.

2.5 Awarding and allocation of capacity and scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

2.6 Shipper may release capacity dedicated to service under Shipper's FTS Agreement(s) hereunder pursuant to KMLP's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

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3. VALID REQUESTS

3.1 A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section 3.1 and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and KMLP shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of KMLP's System necessary to provide such service; (2) as to which KMLP does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that KMLP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided KMLP with the information required in Section 3.2 hereof; (5) if KMLP determines, based on the credit analysis referenced in Section 3.2(g), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FTS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that KMLP may agree to provide service hereunder at a discount or at a Negotiated Rate or under a Negotiated Rate Formula, consistent with this Rate Schedule FTS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule FTS. KMLP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTS. If a request is not complete, KMLP shall inform Shipper in writing of the specific items needed to complete the FTS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by KMLP within fifteen (15) days, Shipper's request shall be null and void.

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(c) KMLP shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Shipper is obligated to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement has been tendered by KMLP for execution in response to a valid request; provided, however, that KMLP will waive this time period if the delay is not unreasonable. KMLP will post on the Informational Posting portion of its Interactive Website if it declines to waive this time period.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via KMLP's Interactive Website or in writing to KMLP's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002, or Telecopy Number (713) 369-9305. The information required for a valid request shall be as follows:

(a) **GAS QUANTITIES**

The request shall specify in Dth the MDQ for the FTS Agreement and the Point MDQ for each primary Receipt Point and Delivery Point under the FTS Agreement, exclusive of applicable Fuel Gas (if applicable subject to compression being installed), and Unaccounted For Gas; provided, however, that KMLP shall not be obligated to accept requests for an MDQ of less than one hundred (100) Dth per Day. A Shipper shall be entitled to transport, in addition to its MDQ, a volume of Gas adequate to provide any applicable Fuel Gas and Unaccounted For Gas.

(b) **RECEIPT POINT(S)**

The request shall specify the primary point(s) at which Shipper desires KMLP to receive Gas and the Point MDQ for each such point and must be consistent with the General Terms and Conditions of this Tariff.

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(c) DELIVERY POINT(S)

The request shall specify the primary point(s) at which Shipper desires KMLP to deliver Gas and the Point MDQ for each such point and must be consistent with the General Terms and Conditions of this Tariff.

(d) LIMITATION OF POINTS

A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of the Point MDQs at all primary Receipt Points and at all primary Delivery Points equals the MDQ for the FTS Agreement and are consistent with the General Terms and Conditions of this Tariff.

(e) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(f) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by KMLP in accordance with the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH FTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with KMLP; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

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4. TERM

(a) The term of service hereunder shall be set forth in the FTS Agreement between Shipper and KMLP.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTS Agreement. Upon termination of any FTS Agreement, and subject to any such rollover or right of first refusal, service by KMLP to Shipper thereunder shall be terminated and automatically abandoned.

5. RATE

5.1 (a) Shipper shall pay KMLP each Month under this Rate Schedule FTS a two-part rate as set out in this Tariff consisting of: (a) a Reservation Charge, based on Shipper's MDQ, which consists of the Base Monthly Reservation Cost; and (b) a Commodity Charge for each Dth of Gas received for transportation. Shippers shall also pay where applicable, other charges, including but not limited to Balancing Service Charges, provided for in this Tariff.

(b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse KMLP for Unaccounted For Gas required in transporting Gas hereunder as provided by Section 36 of the General Terms and Conditions of this Tariff. Shippers shall reimburse KMLP for Fuel Gas as provided in Section 36 of the General Terms and Conditions of this Tariff.

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5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse KMLP within thirty (30) days after costs have been incurred by KMLP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if KMLP constructs, acquires or modifies any facilities to perform service hereunder, then , to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse KMLP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) KMLP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes received by KMLP from Shipper under this Rate Schedule FTS.

5.5 (a) Unless otherwise provided by contract, KMLP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits KMLP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the FTS Agreement or a separate discount,

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Negotiated Rate or Negotiated Rate Formula agreement provides that the rate established in such an agreement shall not be subject to such modification or increase. Should additional documentation be required in order for KMLP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by KMLP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires KMLP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate or Negotiated Rate Formula agreements).

5.6 KMLP may, consistent with any provisions on discounting in the FTS Agreement or in a separate discount, Negotiated Rate or Negotiated Rate Formula agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate or Negotiated Rate Formula agreements). KMLP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by KMLP as a result of providing service under Rate Schedule FTS shall be retained by KMLP unless KMLP has otherwise explicitly agreed on a different disposition of such amounts. The Penalty Revenue provisions of the General Terms and Conditions of this Tariff represent an agreement by KMLP on a different disposition of certain revenue.

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6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide KMLP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to KMLP at Receipt Point(s), and to cause Gas to be taken from KMLP at Delivery Point(s), in accordance with the information supplied to KMLP.

(b) KMLP will enter into OBAs at Receipt and Delivery Points that are interstate or intrastate pipeline interconnects whenever feasible to deal with imbalances. In addition, KMLP will enter into OBAs with entities other than intrastate and interstate pipelines, on a nondiscriminatory basis, provided that such OBAs are operationally feasible and the operator satisfies the other provisions of KMLP's Tariff, including credit requirements. Where OBAs (as defined in the General Terms and Conditions of this Tariff) cannot be agreed upon, or where imbalances are beyond the parameters in an OBA or an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. KMLP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to KMLP hereunder; and (2) at or downstream of the Delivery Point(s) where KMLP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with KMLP.

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8. OVERRUN SERVICE AND UNAUTHORIZED GAS

(a) Upon request of Shipper, KMLP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's MDQ and/or Point MDQ under the FTS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of KMLP to meet its other obligations of equal or higher priority. In granting requests for overrun service, KMLP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay KMLP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Gas hereunder, Shipper shall pay KMLP the charges for Unauthorized Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

(a) The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (a) submits to Kinder Morgan Louisiana Pipeline LLC (hereinafter called KMLP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation Service Agreement (ITS Agreement) with KMLP applicable to service under this Rate Schedule ITS. The form of ITS Agreement is contained in this Tariff. There is no limitation on the number of ITS Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all Gas received by KMLP for Shipper pursuant to an ITS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, KMLP is not providing supply service under this Rate Schedule ITS.

2.2 Service hereunder shall consist of the acceptance by KMLP of Gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that Gas through KMLP's System, and the delivery of that Gas by KMLP to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. KMLP shall not be required to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party (except for facilities leased by KMLP which are part of KMLP's System), processing, transportation of liquids, or transportation to processing facilities.

2.3 KMLP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of KMLP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by KMLP shall be made available to all similarly situated Shippers during the time period when it is in effect. KMLP shall post on the Informational Posting portion of the Interactive Website the nature and scope of any such waiver as soon as possible after the waiver is made effective, but need not post customer's names or sensitive business information. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

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2.4 The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by KMLP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to KMLP appropriate certification, including sufficient information in order for KMLP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under an ITS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

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3. VALID REQUESTS

3.1 A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and KMLP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that KMLP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided KMLP with the information required in Section 3.2 hereof; (3) if KMLP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule ITS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that KMLP may agree to provide service hereunder at a discount or at a Negotiated Rate or under a Negotiated Rate Formula, consistent with this Rate Schedule ITS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule ITS. KMLP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule ITS. If a request is not complete, KMLP shall inform Shipper in writing of the specific items needed to complete the ITS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by KMLP within fifteen (15) days, Shipper's request shall be null and void.

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(c) KMLP shall tender an ITS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by KMLP, a request for service shall be invalid if Shipper fails to execute an ITS Agreement hereunder within ten (10) days after an ITS Agreement has been tendered by KMLP for execution; provided, however, that KMLP shall waive this time requirement if the delay is not unreasonable. KMLP will post on the Informational Posting portion of its Interactive Website if it declines to waive the time period.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via KMLP's Interactive Website or in writing to KMLP's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002 or Telecopy Number (713) 369-9305:

(a) **GAS QUANTITIES**

The request shall specify in Dth the MDQ, exclusive of applicable Fuel Gas (if applicable subject to compression installed), Unaccounted For Gas; provided, however, that KMLP shall not be obligated to accept requests for an MDQ of less than one hundred (100) Dth per Day.

(b) **AVAILABILITY OF POINTS**

(1) A Shipper may utilize all available Receipt and Delivery Points on KMLP's System under any ITS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available volume and priorities at any point shall be governed by the General Terms and Conditions of this Tariff.

(c) **TERM OF SERVICE**

The request shall specify:

(1) The date service is requested to commence, and

(2) The date service is requested to terminate.

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(d) CREDIT

Acceptance of a request is contingent upon as satisfactory credit appraisal by KMLP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ITS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ITS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with KMLP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

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4. TERM

(a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and KMLP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. KMLP may terminate the ITS Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any ITS Agreement, service by KMLP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

(c) KMLP may terminate any ITS Agreement if KMLP is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such ITS Agreement.

5. RATE

5.1 (a) Shipper shall pay KMLP each Month under this Rate Schedule ITS a one-part Commodity Charge as set out in this Tariff for each Dth of Gas received for transportation, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charge shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually received by KMLP for transportation during the billing Month. Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse KMLP for any Fuel Gas (if applicable subject to compression being installed), and Unaccounted For Gas used in transporting and delivering Gas hereunder as provided by Section 36 of the General Terms and Conditions.

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5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse KMLP within thirty (30) days after costs have been incurred by KMLP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if KMLP constructs, acquires or modifies any facilities to perform service hereunder, then , to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse KMLP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) KMLP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes received by KMLP from Shipper under this Rate Schedule ITS.

5.5 (a) Unless otherwise provided by contract, KMLP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

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(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits KMLP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the ITS Agreement or a separate discount, Negotiated Rate or Negotiated Rate Formula agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for KMLP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by KMLP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires KMLP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate or Negotiated Rate Formula agreements).

5.6 KMLP may, consistent with any provisions on discounting in the ITS Agreement or in a separate discount, Negotiated Rate or Negotiated Rate Formula agreement, charge any individual Shipper for service under this Rate Schedule ITS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule ITS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate or Negotiated Rate Formula agreements). KMLP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by KMLP as a result of providing service under Rate Schedule ITS shall be retained by KMLP unless KMLP has otherwise explicitly agreed on a different disposition of such amounts. The Penalty Revenue provisions in the General Terms and Conditions of this Tariff represent an agreement by KMLP on a different disposition of certain revenue.

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6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide KMLP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to KMLP at Receipt Point(s), and to cause Gas to be taken from KMLP at Delivery Point(s), in accordance with the information supplied to KMLP.

(b) KMLP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and Delivery Points that are interstate or intrastate pipeline interconnections whenever feasible to deal with imbalances. In addition, KMLP will enter into OBAs with entities other than intrastate and interstate pipelines, on a nondiscriminatory basis, provided that such OBAs are operationally feasible and the operator satisfies the other provisions of KMLP's Tariff, including credit requirements. Where OBAs cannot be agreed upon, or where imbalances are beyond the parameters in an OBA or an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. KMLP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to KMLP hereunder; and (2) at or downstream of the Delivery Point(s) where KMLP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with KMLP.

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8. UNAUTHORIZED GAS

For Unauthorized Gas hereunder, Shipper shall pay KMLP the charges for Unauthorized Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE PALS
INTERRUPTIBLE PARK AND LOAN SERVICE

1. AVAILABILITY

This Rate Schedule PALS is available for interruptible park and loan service to provide parks and loans of Gas for any entity (hereinafter called Shipper) which: (a) submits to Kinder Morgan Louisiana Pipeline LLC (hereinafter called KMLP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Park and Loan Service Agreement (PALS Agreement) with KMLP applicable to service under this Rate Schedule PALS. The form of PALS Agreement is contained in this Tariff. With respect to any specific park and loan service under this Rate Schedule PALS, KMLP must have determined that it is operationally able to render such service; and Shipper and KMLP must have executed a Request Order for such service under a PALS Agreement. For purposes of this Rate Schedule, Delivery Point(s) and Receipt Point(s) shall include any pooling points designated by KMLP, to the extent KMLP provides pooling services.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule PALS defines an interruptible park and loan service. This Rate Schedule PALS shall apply to all Gas received by KMLP for Shipper pursuant to a PALS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, KMLP is not providing supply service under this Rate Schedule PALS.

2.2 (a) Service under this Rate Schedule shall be provided on an interruptible basis as follows:

(1) Park Service. Park service shall consist of KMLP's receipt of a quantity of Gas at the designated Receipt Point(s) on the designated date(s), requested by Shipper under a PALS Request Order and approved by KMLP, KMLP's holding of such parked quantity of Gas for Shipper's account and KMLP's redelivery of the parked quantity of Gas to Shipper at the designated Delivery Point(s) and on the designated date(s) set forth in such PALS Request Order.

(2) Loan Service. Loan service shall consist of KMLP's lending a specified quantity of Gas, requested by Shipper and approved by KMLP, on the designated date(s) at designated Delivery Point(s) set forth in Shipper's PALS Request Order and the Shipper's redelivery of and KMLP's acceptance of such quantities of Gas for Shipper's account at the designated Receipt Point(s) on the designated date(s) set forth in such PALS Request Order.

RATE SCHEDULE PALS

(b) Service under this Rate Schedule shall be provided for a minimum of a one (1) Day term and a maximum term as established by the mutual agreement of KMLP and the Shipper; provided, however, such term may be suspended or extended by KMLP at KMLP's sole discretion. The term of each Parking or Loan arrangement with Shipper shall be set forth in the Request Order. The form of the Request Order attached to the PALS Agreement executed between Shipper and KMLP.

(c) Transportation of gas quantities for or on behalf of Shipper to or from the designated Point(s) of Service under the PALS Agreement will not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with KMLP and/or third parties to receive or deliver gas quantities at the designated points for Park or Loan service hereunder. Such arrangements must be compatible with the operating conditions of KMLP's system.

(d) Service under this Rate Schedule shall be scheduled and confirmed consistent with the General Terms and Conditions of this Tariff.

2.3 The service provided under this Rate Schedule PALS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender or receive Gas for service under this Rate Schedule PALS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by KMLP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to KMLP appropriate certification, including sufficient information in order for KMLP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering or receiving Gas under a PALS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.4 KMLP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of KMLP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by KMLP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

RATE SCHEDULE PALS

3. REQUESTS FOR SERVICE

3.1 VALID REQUEST

A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and KMLP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that KMLP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided KMLP with the information required in Section 3.2 hereof; (3) if KMLP determines, based on the credit analysis referenced in Section 3.2(c), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule PALS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that KMLP may agree to provide service hereunder at a discount or at a Negotiated Rate or under a Negotiated Rate Formula, consistent with this Rate Schedule PALS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while the PALS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule PALS. KMLP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule PALS. If a request is not complete, KMLP shall inform Shipper in writing of the specific items needed to complete the PALS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by KMLP within fifteen (15) days, Shipper's request shall be null and void.

RATE SCHEDULE PALS

(c) KMLP shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by KMLP, a request for service shall be invalid if Shipper fails to execute a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by KMLP for execution; provided, however, that KMLP shall waive this time requirement if the delay is not unreasonable. KMLP will post on the Informational Posting portion of its Interactive Website if it declines to waive the time period.

3.2 REQUIRED INFORMATION

Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via KMLP's Interactive Website or in writing to KMLP's Gas Transportation Department, at 1001 Louisiana Street, Suite 1000, Houston, Texas 77002 or Telecopy Number (713) 369-9305:

(a) **GAS QUANTITIES**

The request shall specify in Dth the maximum aggregate quantity (MAQ) and MDQ, provided, however, that KMLP shall not be obligated to accept requests for an MDQ or MAQ of less than one hundred (100) Dth per Day.

(b) **TERM OF SERVICE**

The request shall specify:

- (1) The date service is requested to commence, and
- (2) The date service is requested to terminate.

(c) **CREDIT**

Acceptance of a request is contingent upon as satisfactory credit appraisal by KMLP in accordance with the General Terms and Conditions of this Tariff.

(d) **COMPLIANCE WITH TARIFF**

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

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(e) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed PALS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with KMLP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

3.3 REQUEST ORDER

To implement a specific park and/or loan transaction, KMLP and the Shipper with a PALS Agreement in effect shall enter into a PALS Request Order. The PALS Request Order shall include the following items:

(a) SERVICE TYPE/PALS AGREEMENT

The PALS Request Order must specify that it relates to service under Rate Schedule PALS and must specify the PALS Agreement to which the PALS Request Order relates.

(b) GAS QUANTITIES

The PALS Request Order (PALS RO) shall specify in Dth the maximum aggregate quantity (MAQ RO) and the maximum daily quantity (MDQ RO) of Gas to be parked and/or loaned under the specific transaction; provided that the sum of all MAQ ROs and MDQ ROs under all pending PALS Request Orders cannot exceed the MAQ and MDQ under the applicable PALS Agreement. The PALS Request Order shall specify the minimum daily and aggregate quantities and shall set out a park and/or loan schedule containing the quantity and timing information specified in this Rate Schedule.

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(c) POINTS

The PALS Request Order shall specify the point(s) at which Gas is to be parked or loaned. Any mutually agreeable point(s) on KMLP's system, may be utilized for service under this Rate Schedule PALS. Unless otherwise mutually agreed, the point for completion of the park or loan must be the same as the point at which the park or loan was initiated.

(d) TERM OF SERVICE

The PALS Request Order shall specify:

- (1) The date service is to commence; and
- (2) The date service is to terminate.

The term may include a range of permitted commencement and termination dates for service under the PALS RO, or for any portion of such service. No termination date may extend beyond the term of the PALS Agreement.

(e) SHIPPER CONTACT PERSONNEL

The PALS Request Order shall specify the persons to be contacted by KMLP in connection with the PALS Request Order.

(f) RATE

The PALS Request Order shall specify the rates at which the park or loan service will be provided. Rates may vary by time period, volumes or other permissible discounting parameters, within the applicable maximum and minimum rates.

(g) SHIPPER ASSURANCES

Shipper shall provide KMLP the assurances required hereunder in connection with each PALS Request Order.

(h) POSTED STANDARDIZED REQUEST ORDERS

In addition to reaching agreement with individual Shippers on the terms of specifically tailored Request Orders, KMLP may post the terms of Request Orders it is willing to enter into on a standardized basis with any creditworthy Shipper having quantities of Gas which can be received or delivered at specified points identified in the posting. Such a standing posting shall specify all the terms of the Request Order and also the rights, if any, for KMLP to change the provisions of such a Request Order. Service pursuant to such a posting shall be optional on the part of any Shipper and requires the execution of a specific Request Order by KMLP and the Shipper in the form specified in the posting.

RATE SCHEDULE PALS

4. TERM

(a) The term of service hereunder shall be set forth in the PALS Agreement between Shipper and KMLP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff.

(b) Upon termination of any PALS Agreement, service by KMLP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

(c) KMLP may terminate any PALS Agreement if KMLP is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such PALS Agreement.

RATE SCHEDULE PALS

5. RATE

5.1 (a) (1) The applicable rates for service under this Rate Schedule PALS, shall be subject to the other provisions hereof, and shall be set forth in the PALS RO. Unless otherwise mutually agreed by KMLP and Shipper, Shipper shall pay KMLP the sum of the following charges:

(i) an Initial Fee for each unit of gas tendered for park or taken for loan that month; (ii) a Park/Loan Balance Fee for each unit of gas which is parked or loaned under this Rate Schedule PALS that month (such charge shall be calculated on the basis of the daily ending balance for each PALS RO for each day of the month, summed over the month); and (iii) a Completion Fee for each unit of gas returned to KMLP on completion (payback) of a loan or received by Shipper on completion (reversal) of a park that month. The maximum and minimum rate(s) applicable to this Rate Schedule PALS are set forth in the Currently Effective Rates section of this Tariff. On any day, the sum of the rates for the Initial Fee, the Park/Loan Balance Fee and the Completion Fee assessed for any park or loan may not exceed the sum of the maximum rate for the Initial Fee plus the maximum rate for the Park/Loan Balance Fee.

(2) If a Shipper has submitted a nomination to reverse a park or loan and that nomination is consistent with the PALS RO but is not confirmed by KMLP, the Park/Loan Balance Fee shall only be assessed on the balance which would have resulted if the nomination had been confirmed.

(3) By mutual agreement between KMLP and Shipper which is consistent with the pro forma agreement set out in this Tariff, discounts may be limited to specific volumes or time periods, etc.

(b) Shipper shall pay any other applicable charges, penalties and fees set out in this Rate Schedule PALS or the General Terms and Conditions of this Tariff. Differences between confirmed nominations and allocated volumes will be assessed Balancing Service Charges under Section 12 of the General Terms and Conditions of this Tariff. Overrun charges apply if Shipper exceeds the MDQ and/or MAQ in the PALS Agreement or fails to comply with any quantity or timing parameter in an PALS RO (unless the failure results from KMLP not confirming a nomination properly submitted). Authorized overrun charges set out on the rate section apply if the overrun reflects confirmed nominations. An unauthorized overrun charge of up to \$10 per Dth applies if the overrun is not nominated and confirmed.

RATE SCHEDULE PALS

(c) Charges payable by any Shipper shall be based on the maximum rates set forth in this Tariff applicable to Rate Schedule PALS, which rates are hereby incorporated herein, unless a lower rate for the charge in subsection (a) is specified in the PALS RO.

(d) The charges referenced herein cover only the park or loan service being provided under this Rate Schedule PALS. Shipper must separately contract for any transportation service required for Shipper to move gas to or away from the point(s) specified in the PALS RO.

5.2 Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse KMLP within thirty (30) days after costs have been incurred by KMLP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if KMLP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse KMLP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) KMLP shall assess a Monthly charge reflecting such facility costs.

5.4 (a) Unless otherwise provided by contract, KMLP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule PALS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

RATE SCHEDULE PALS

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits KMLP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the PALS Agreement or a separate discount, Negotiated Rate or Negotiated Rate Formula agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for KMLP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by KMLP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires KMLP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate or Negotiated Rate Formula agreements).

5.5 KMLP may, consistent with any provisions on discounting in the PALS Agreement or in a separate discount, Negotiated Rate or Negotiated Rate Formula agreement, charge any individual Shipper for service under this Rate Schedule PALS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate or Negotiated Rate Formula agreements). KMLP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.6 All revenues collected by KMLP as a result of providing service under Rate Schedule PALS shall be retained by KMLP unless KMLP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provisions in the General Terms and Conditions of this Tariff represent an agreement by KMLP on a different disposition of certain revenue.

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6. QUANTITY

Each PALS Request Order shall specify in Dth the MAQ and a daily schedule of the quantities (including the MDQ) to be parked and/or loaned under the specific transaction. The daily schedule of returned volumes by the Shipper or KMLP shall also be specified in the PALS Request Order. The quantities may be specified as a range of volumes (maximum and minimum aggregate and daily quantities and the related time periods) to be parked and/or loaned and returned, and the schedule may include the flexibility to do either a park or a loan within specified volume and time limits. The schedule may provide for flexibility in total volumes and in the daily volumes parked and/or loaned, in the timing of the park or the loan (or any portion thereof), in the duration of the park and/or loan (or any portion thereof) and/or the timing of the completion of the park or loan (or any portion thereof) by the return of gas to the Shipper or to KMLP, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS Request Order, the MDQ RO shall be the maximum quantity KMLP is obligated, on an interruptible basis, to receive from or deliver to Shipper under the PALS Request Order on the specified day. The MAQ RO shall be the maximum aggregate quantity KMLP is obligated to hold or loan for the account of Shipper under the RO. The minimum aggregate and daily volumes to be parked and/or loaned and returned on an interruptible basis shall also be specified in the PALS Request Order. The sum total of a Shipper's MAQ ROs and MDQ ROs shall not exceed the MAQ and MDQ specified in the PALS Agreement. If a Shipper exceeds the MDQ or MAQ in the PALS Agreement or fails to comply with any quantity or timing parameter in the applicable PALS Request Order (unless such failure is due to KMLP not confirming a nomination properly submitted), it shall be subject to overrun charges.

RATE SCHEDULE PALS

7. PALS POINTS OF SERVICE

Subject to the scheduling and curtailment priorities contained in the General Terms and Conditions of this Tariff, KMLP will render service under this Rate Schedule at any Point(s) mutually agreeable to KMLP and Shipper . The Point(s) actually used in any park or loan service will be specified in a PALS Request Order. Gas parked or loaned at any point must be returned at the same Point unless the parties mutually agree on a different Point for the return and Shipper arranges for any transportation required to the different Point of return.

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8. NOMINATIONS

It shall be solely Shipper's responsibility to provide KMLP with daily nominations of the quantity of gas to be received or delivered at the Receipt or Delivery point(s) within the parameters specified in the applicable PALS Request Order. Nominations for any day or for any nomination cycle must be consistent with the PALS Request Order. It shall also be Shipper's responsibility to cause gas to be delivered to KMLP and to cause gas to be received from KMLP in accordance with the PALS Request Order. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination to reverse a park or loan is consistent with the PALS Request Order but cannot be confirmed by KMLP, the Shipper must continue to nominate on subsequent days until KMLP can confirm the nomination, unless the parties agree on a revised PALS Request Order. Differences between confirmed nominations and allocated volumes are subject to Balancing Service Charges under Section 10.8 of the General Terms and Conditions of this Tariff. Overrun charges apply as specified in Section 9.2 of the General Terms and Conditions of this Tariff.

RATE SCHEDULE PALS

9. UPSTREAM AND DOWNSTREAM ARRANGEMENTS

Shipper shall make all necessary arrangements with upstream or downstream entities. Such arrangements must be consistent with this Rate Schedule PALS and must be coordinated with KMLP.

10. ALLOCATION OF SERVICE

Scheduling and curtailment of service hereunder in relation to other services provided by KMLP will be governed by the General Terms and Conditions of this Tariff.

RATE SCHEDULE PALS

11. OPERATIONAL REQUIREMENTS OF KMLP

For purposes of this Section 11, Average Weekly Index Prices (AWIP) (as defined in Section 1.3 of the General Terms and Conditions) shall be utilized in resolving any outstanding parked or borrowed quantities, as set forth below, on KMLP's system.

(a) Shipper may be required, upon notification from KMLP, to cease or reduce deliveries to, or receipts from, KMLP hereunder within the Day consistent with KMLP's operating requirements. Further, Shipper may be required to return all or a portion of borrowed quantities or remove all or a portion of parked quantities upon notification by KMLP. Such notification may be by written communication, facsimile, telephone or electronic means. KMLP's notification shall specify the time frame within which parked quantities shall be removed and/or borrowed quantities shall be returned, consistent with KMLP's operating conditions and subject to the scheduling and confirmation of such volumes, but in no event shall the specified time be sooner than the next calendar day after KMLP's notification.

(1) In the event that the specified time frame for removal or return of gas quantities is the next calendar day, the time frame for required removal or return shall begin from the time that Shipper receives actual notice from KMLP. Notices provided after business hours for the next calendar day will be provided to Shipper via telephone and electronic means. In the event that Shipper makes a timely nomination in response to notification by KMLP to remove parked quantities and/or return borrowed quantities, the obligation of Shipper to comply with the notification shall begin when KMLP schedules the nomination; provided, however, Shipper shall exercise best efforts to nominate transportation service on a firm or interruptible basis, as necessary, to receipt and delivery points made available by KMLP so as to accommodate, to the greatest extent possible KMLP's notification to remove parked quantities and/or return borrowed quantities.

(2) Unless otherwise agreed by Shipper and KMLP on a not unduly discriminatory basis:

(i) any parked quantity not removed within the time frame specified by KMLP's notice shall be purchased by KMLP at 50% of the applicable AWIPs that includes the date upon which KMLP's notice was given;

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(ii) any borrowed quantity not returned within the time frame specified by KMLP's notice shall be sold to Shipper at 150% of the applicable AWIPs that includes the date upon which KMLP's notice was given.

(b) In the event parked quantities remain in KMLP's system and/or borrowed quantities have not been returned to KMLP's system at the expiration of any PALS Request Order executed by Shipper and KMLP, KMLP and Shipper may negotiate to mutually agree to an extended time frame and/or modified terms, including the rate, of such PALS Request Order. In the event that Shipper and KMLP are unable to come to such agreement, KMLP shall notify Shipper and Shipper shall remove the parked quantities and/or return the borrowed quantities within the time frame specified in KMLP's notice, which in no instance shall be less than one (1) calendar day. During a Critical Time, any parked quantities not removed within the time frame specified by KMLP's notice shall be purchased by KMLP at 50% of the applicable AWIP that includes the date upon which KMLP's notice was given. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on KMLP's system, KMLP shall waive the penalty (i.e., purchase of gas at 50% of the applicable AWIP that includes the date upon which KMLP's notice was given) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by KMLP's notice shall be sold to Shipper at 150% of the applicable AWIP that includes the date upon which KMLP's notice was given.

During a non-Critical Time, any parked quantities not removed within the time frame specified by KMLP's notice shall be purchased at 65% of the applicable AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on KMLP's system, KMLP shall waive the penalty (i.e., purchase of gas at 65% of the applicable AWIP that includes the date upon which KMLP's notice was given) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by KMLP's notice shall be sold to Shipper at 135% of the applicable AWIP that includes the date upon which KMLP's notice was given.

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12. OVERRUN SERVICE AND UNAUTHORIZED GAS

(a) Upon request of Shipper, KMLP shall if system capability is available accept nominations to park or loan on any Day quantities of Gas in excess of Shipper's MAQ and/or MDQ under the PALS Agreement and the related PALS Request Order when the capacity and operating capability of its System will permit such service without impairing the ability of KMLP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, KMLP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay KMLP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Gas, Shipper shall pay KMLP the charges for Unauthorized Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

13. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PALS and shall apply to service rendered hereunder as though stated herein.

Sheet Nos. 57 through 99 are being reserved for future use.