

DRAFT 7/22/2022

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

Natural Gas Pipeline Company of America LLC)

Docket Nos. RP ~~22-~~ ~~-000~~
RP17-303-000
RP17-913-000

**STIPULATION AND AGREEMENT
OF SETTLEMENT**

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") Rules of Practice and Procedure,¹ Natural Gas Pipeline Company of America LLC ("Natural") hereby submits this Stipulation and Agreement of Settlement ("Settlement") for approval by the Commission. The parties or participants supporting or not opposing the Settlement are identified in **Appendix A**.

**ARTICLE I
~~PROCEDURAL~~ BACKGROUND**

Natural's currently-effective reservation rates and Fuel Retention Factors for firm transportation and storage services were established in an an uncontested settlement as a result of an investigation initiated by the Commission pursuant to section 5 of the Natural Gas Act ("NGA")² in Docket No. RP 17-303-000 and included a rate moratorium on section 4 and section 5 proceedings through July 1, 2022 10-147 (the "RP 170-913147 Settlement").³ ~~On January 19, 2017, the Commission initiated an investigation under NGA section 5 into the justness and~~

¹ 18 C.F.R. § 385.602 (20~~22~~17).

² 15 U.S.C. § 717d.

³ *Natural Gas Pipeline Company of America LLC*, 16~~32~~ FERC ¶ 61,009082 (20180). The RP17-913-000 Settlement was filed with the Commission on July 25, 2017 and approved on January 5, 2018.

~~reasonableness of Natural's transportation and storage rates (the "Investigation Order").⁴ The Investigation Order directed Natural to file a cost and revenue study within seventy-five (75) days of the date of the order. A pre-hearing conference was held on February 16, 2017, establishing a hearing in this proceeding to commence on November 14, 2017.~~

~~Natural filed its cost and revenue study on April 4, 2017. The Commission Trial Staff and the parties have engaged in extensive discovery with respect to Natural's cost and revenue study.~~

~~Natural, the Commission Trial Staff and the parties to this proceeding have conducted settlement discussions in an effort to resolve the issues in the proceeding. As a result of the settlement discussions, Natural, the Commission Trial Staff and the parties reached an agreement in principle on June 14, 2017 on the terms reflected in this Settlement Agreement which, if approved by the Commission, would resolve all issues in this proceeding. In light of the agreement in principle, on June 19, 2017, the Commission Trial Staff filed an unopposed motion requesting a suspension of the procedural schedule. On June 21, 2017, the Chief Administrative Law Judge granted the Commission Trial Staff's motion.~~

The RP17-913 Settlement included a requirement that Natural submit a cost and revenue study on or before June 1, 2021, based on actual data for the 12-month period ending December 31, 2020. ("2021 Cost and Revenue Study"). Natural filed the 2021 Cost and Revenue Study on June 1, 2021.⁵ There were no protests or comments filed to Natural's 2021 Cost and Revenue Study. —Since the spring of 2021 and the filing of its 2021 Cost and Revenue Study, Natural and its shippers have been engaged in numerous, ongoing discussions

⁴ *Natural Gas Pipeline Company of America LLC*, 158 FERC ¶ 61,044 (2017) ("Investigation Order").

⁵ *Natural Gas Pipeline Company of America LLC*, Docket No. RP17-913-005.

to negotiate and enter into a new settlement that would succeed the existing RP17-913 Settlement. The commencement of these negotiations was publicly noticed on Natural's internet website and any interested entity was free to participate. Natural and the customers, who chose to participate in the process, have had numerous meetings, conversations and exchanges of information.

In anticipation of reaching a new settlement, Natural and the customers who have actively participated in its current settlement discussions agreed to amend the RP17-913 Settlement to extend the expiration of the Rate Moratorium from July 1, 2022 to September 29, 2022. The petition to amend the RP17-913 Settlement was filed on May 31, 2022 and approved by the Commission on June 30, 2022.⁶

As a result of these extensive settlement discussions, Natural and the parties have reached an agreement on the terms reflected in this Settlement Agreement which, if approved by the Commission, would resolve all outstanding issues between the parties.

The Settlement provides shippers with a nine four and one-half percent (94.5%) reduction in Natural's transportation and storage maximum reservation rates that were in effect as of July April 1, 2022~~17~~ in two phases; a five percent (5%) reduction to be effective on ~~the earlier of: (i) the first day of the month following a final, non-appealable FERC order approving the Settlement; or (ii) November 1, 2022~~17~~;~~ and ~~Effective on November 1, 2018,~~ Natural's transportation and storage maximum reservation rates that were in effect on April 1, 2017, will ~~be reduced by an additional four~~ six and one-half percent (46.5%) reduction to be effective on November 1, 2023. In addition, Natural will commit to spend \$5400 million over the five-year

⁶ Natural Gas Pipeline Company of America LLC, 179 FERC ¶ 61,238 (2022), Docket No. RP 17-913-006.

period from January 1, 20~~23~~¹⁷ through December 31, 202~~7~~¹, ~~with a minimum of \$65 million in each individual year,~~ on reliability, resiliency and green initiatives and pipeline integrity-related activities. The currently-effective Fuel Retention Factors will remain in effect and Natural ~~agrees to maintain its commitment to~~shall continue to file ~~its~~the Fuel Transparency Report as provided in the RP~~17-913-10-147~~ Settlement, but will ~~reduce~~ increase the fuel tolerance band from 2.5 Bcf to 2.0 Bcf for any fuel recovery excesses or shortfalls beginning with the report to be filed in 2024, for the two-year period commencing April 1, 2022~~frequency of filing of the Fuel Transparency Reports to every two years.~~ The Settlement also provides for a moratorium on certain NGA section 4 and NGA section 5 actions prior to July 1, 202~~7~~², and for Natural to file a cost and revenue study on or before Ju~~ly~~^{ne} 1, 202~~7~~¹ based on calendar year 202~~6~~⁰ data. In addition, the Settlement includes revisions to Natural's reservation charge crediting provisions and various other service related provisions to modernize and update Natural's Tariff.

The Settlement represents a fair and reasonable resolution of numerous complex issues ~~in this proceeding.~~ Natural believes that ~~the Commission Trial Staff and~~ all of the parties to this proceeding either support or do not oppose the Settlement.

ARTICLE II SETTLEMENT RATES

The Settlement provides for new lower maximum rates for all firm transportation and storage rate schedules to be implemented in accordance with the effective dates described herein, as set forth in **Appendix B**.

2.1 Base Transportation and Storage Rates

(a) Effective on ~~the earlier of: (i) the first day of the month following a final, non-~~
~~appealable FERC order approving the Settlement; or (ii)~~ November 1, 20~~22~~¹⁷, the maximum

recourse reservation rates in effect on ~~July 1, 2022~~ ~~April 1, 2017~~ for all firm transportation and storage ~~services under R~~ate ~~S~~schedules ~~FTS, FFTS, DSS, NSS and FRSS~~, and the one-part FTS-G rate will be reduced by ~~fivefour and one-half~~ percent (~~545~~%) (~~the~~ “First Rate Reduction”).

(b) Effective on November 1, 20~~23~~~~18~~, the maximum recourse reservation rates in effect on ~~July 1, 2022~~ ~~April 1, 2017~~ for all firm transportation and storage ~~services under R~~ate ~~S~~schedules ~~FTS, FFTS, DSS, NSS and FRSS~~ and the one-part FTS-G rate will be reduced by ~~an additional foursix and one-half~~ percent (~~46.5~~%) (the “Second Rate Reduction”). ~~(T~~he First Rate Reduction and the Second Rate Reduction are referred to collectively as the “Settlement Rates” ~~and reflect a total rate reduction in Natural’s firm transportation and storage rates of 9%).~~

(c) Within thirty (30) days of the effectiveness of the Settlement as defined in Article XVI hereof ~~or as otherwise required by Commission regulations~~, Natural shall make a compliance filing implementing the tariff records included in Appendix B. These Settlement Rates shall continue until the effective date of revised rates placed into effect under either section 4 or section 5 of the NGA, consistent with the Rate Moratorium under Article VII.

(d) The Settlement Rates reflect no change to Natural’s ~~rate structures~~, current cost allocation ~~and~~ rate design.

ARTICLE III FUEL COST RECOVERY AND TRANSPARENCY

3.1 The currently-effective Fuel Retention Factors on all 48 transportation paths and for storage under Natural’s currently-effective fuel matrix shall remain in effect, until modified pursuant to the Fuel Cost Recovery and Transparency provisions in this Article III, or until the effective date of any changes resulting from a subsequent general section 4 case or a section 5 investigation. Fuel and Gas Lost and Unaccounted For (“GLU”) will continue to be retained

based on a fixed percentage matrix and not on a fuel tracker. All Settling Parties (as defined in Article XI, Section 11.1 below) agree that this Settlement does not provide for tracking of fuel and GLU costs. However, Natural will make Transparency Report filings as provided in Section 3.3 and may make limited NGA section 4 filings under the Fuel Transparency Adjustment as provided in Section 3.4. Any changes to Fuel Retention Factors made pursuant to Section 3.4 will be effective on a prospective basis only.

3.2 Definitions – For purposes of Sections 3.3 and 3.4, the following definitions shall apply:

- (a) Fuel Used - actual monthly fuel used by field compressor stations, underground storage compressor stations and transmission compressor stations, including all miscellaneous uses of fuel, e.g., line heater fuel, drip conversion, blowdowns, startups and purges for compressor operations etc., as included in the FERC Form 2 data (P 331 – Accounts 810, 811 and 812);
- (b) Fuel Collections - fuel collections by delivery zone, and for storage services;
- (c) Electric Compression Cost – electricity cost incurred by Natural to pay for electric compression on its system, (net of any refunds or credits from electric suppliers); and
- (d) Cash for Fuel - cash collected by Natural for fuel in lieu of gas in kind.

3.3 ~~Pursuant to Section 3.3 of the RP10-147 Settlement, on August 1, 2016, Natural filed with the Commission an informational report (“Transparency Report”) for the period of April 1, 2013 through March 31, 2016 that details Fuel Used, GLU, Fuel Collections, Electric Compression Cost and Cash for Fuel.~~ Natural will file its next Transparency Report on or before August 1, 2024~~18~~ for the period April 1, 2022~~16~~ through March 31, 2024~~18~~, and will file subsequent Transparency Reports on a recurring basis at a date not to exceed two (2) years

thereafter for the most recent twenty-four month (24) period ending on the calendar quarter at least two (2) months prior to each such filing. In addition, Natural will post each Fuel Transparency Report on its internet website. Natural's obligation to file Transparency Reports under this Section shall continue until the effective date of revised rates placed into effect under either NGA section 4 or NGA section 5. The Transparency Report will include the above data for both transportation and storage services.

Upon request, Natural will make available on a confidential basis to any Settling Party and the Commission Trial Staff copies of invoices received by Natural for costs of electricity utilized for operating compression for the time period covered by the Transparency Report.

3.4 The information from the Transparency Report will be used in completing the following formula and trigger (Fuel Transparency Adjustment):

Average Annual FUEL COLLECTIONS = (Total Fuel Collections reported on Transparency Report divided by number of years included in the Transparency Report)	_____ Dth
Average Annual FUEL USED = (Total Fuel Used reported on Transparency Report divided by number of years included in the Transparency Report)	(____) Dth
Average Annual GLU = (Total GLU reported on Transparency Report divided by number of years included in the Transparency Report)	(____) Dth
NET GAS COLLECTIONS (Fuel Collections minus Fuel Used and minus GLU)	_____ Dth
Average Annual Electric Compression Cost = (Total Electric Compression Cost reported on Transparency Report divided by number of years	\$ _____

included in the Transparency Report)	
Minus \$3.7 million = (This deduction provides that only Electric Compression Costs in excess of \$3.7 million are included.)	\$(3,700,000)
Minus Cash for Fuel (Total Cash for Fuel reported on Transparency Report divided by number of years included in the Transparency Report)	\$(_____)
Subtotal Monetary Fuel Costs = (Average Annual Electric Compression Cost minus \$3.7 million minus Cash for Fuel)	\$ _____
Divided by: Average Gas Cost = (Using ICE Month Ahead Index <u>Platts' Insider FERC's Gas Market report (first of the month)</u> ; Calculated using 50% Natural Gas Pipeline Co. of America - TXOK East Pool (Gulf Coast) and 50% Natural Gas Pipeline Co. of America - Mid-Continent Pool for each month included in the Transparency Report, averaged over the number of months included in the Transparency Report). In the event PlattsICE ceases publication, Natural will utilize comparable indices reported in Platt's Inside FERC's Gas Market Report (i.e., 50% of the price first published for the applicable months under the headings Prices of Spot Gas Delivered to Pipelines; Index: Natural Gas Pipeline Co. of America; Midcontinent zone and 50% of the price first published for the applicable months under the headings Prices of Spot Gas Delivered to Pipelines; Index: Natural Gas Pipeline Co. of America; Texok zone) to calculate the Average Gas Cost under the Fuel Transparency Adjustment.	\$_.____ / Dth
GAS USED for ELECTRIC	_____ Dth
NET RESULT (NET GAS COLLECTIONS minus GAS USED FOR ELECTRIC)	_____ Dth

(a) If the absolute value of the NET RESULT is not greater than 2,500,000 Dth (Fuel Tolerance Band), there will be no change to the then effective Fuel Retention Factors set out in Natural's Tariff.

(b) In the event that the absolute value of the NET RESULT specified under the above formula exceeds the Fuel Tolerance Band, the amount by which the NET RESULT exceeds (in a positive or negative direction) the Fuel Tolerance Band shall be referred to as the "Excess/Shortfall" for purposes of this adjustment. In this case, Natural will make a limited NGA section 4 filing on or before one (1) month after the Transparency Report filing is submitted to be effective on the first day of the following month to adjust the Fuel Retention Factors prospectively reflecting an adjustment based on:

1. The Excess/Shortfall divided by Average Annual Fuel Collections, converted to a percentage.
2. The then-current Fuel Retention Factors for each transportation path and storage will be adjusted upwards if there is a Shortfall, or reduced if there is an Excess by the percentage calculated in (b) (1) above.

~~Attached as **Appendix D** are examples, for illustrative purposes only, showing the calculations under the Fuel Transparency Adjustment as described in this Section 3.4.~~

3.5 Natural will provide a Fuel Transparency update report to Supporting and Non-Opposing Parties identified on Appendix A during the term of the Settlement, for informational purposes, reflecting the status of its fuel cost recovery and collections. Commencing on August 1, 2023 and bi-annually every August 1 thereafter, Natural will provide the informational fuel transparency update for the most recent 12-month period ending on March 31 of that year.

Natural's obligation to provide informational fuel transparency reports under this Section shall continue until the effective date of revised rates placed into effect under either NGA section 4 or NGA section 5.

ARTICLE IV
PIPELINE-INTEGRITY-SPENDING COMMITMENTS

4.1 During the period from January 1, 20~~23~~¹⁷ through December 31, 20~~27~~²¹, Natural shall spend at least ~~five~~^{four}-hundred million dollars (\$~~5~~⁴00,000,000) on the activities discussed in this Section, pipeline-integrity related activities, which may include expense spending and capital spending (“Pipeline Integrity-Spending Commitments”). ~~In any individual calendar year during the period referenced above, Natural shall spend at least sixty-five million dollars (\$65,000,000) on pipeline-integrity related activities.~~ The Pipeline Integrity-Spending Commitments shall cease to be binding on Natural as of the date of a Commission order initiating, on its own motion, or upon the complaint of a third party, a NGA section 5 investigation against Natural prior to July ~~December~~ 31, 20~~27~~¹⁴.

(a) Reliability, Resiliency, and Green Spending Commitment

Natural will spend \$50,000,000 on various reliability, resiliency, and green initiatives.

(b) Pipeline-Integrity Spending Commitment

Natural will spend \$450,000,000 on pipeline-integrity related activities, which may include expense and capital spending.

4.2 Natural will meet with shippers within 60 days of effective date of this Settlement and at least once annually from 20~~23~~¹⁸ through 20~~27~~¹⁴, or until the initiation of a proceeding under either NGA Section 4 or 5 to change rates, to discuss both planned pipeline reliability/resiliency.

integrity and green-related expenditures for the upcoming year and actual expenditures for the preceding year, including information on specific integrity-related activities, pipeline segment, timing, dollars spent, whether costs are capitalized or expensed, and other relevant information.

4.3 Natural will continue to use reasonable commercial efforts to reduce the duration of outages and impacts to customers. For example, if Natural moves up the date of a project, Natural will use reasonable commercial efforts to provide shippers notice at least fifteen (15) days before the end of the month that precedes the month in which the outage occurs.

ARTICLE V

~~FUTURE FILINGS FOR ELIGIBLE COSTS, CORPORATE INCOME TAX CHANGES, AND ANNUAL CHARGE ADJUSTMENTS~~

5.1 Except as otherwise provided in Sections ~~5.2 and 5.3, 5.4, and 5.5~~ below, the parties agree that there will be no changes to Natural's maximum recourse reservation rates or Fuel Retention Factors other than as provided in Articles II and III of this Settlement during the Rate Moratorium (as defined in Section 7.1 below).

~~5.2 Notwithstanding any other provisions of this Settlement, Natural retains the right to file to recover any "Eligible Costs", defined as costs resulting from new or revised requirements, regulations or legislation addressing: (i) environmental mandated changes, e.g., climate change and greenhouse gas emissions; (ii) costs associated with United States Environmental Protection Agency mandated use of best available control technology for emissions; (iii) Commission-mandated generic pipeline initiatives implemented on an industry wide basis, and (iv) additional pipeline safety requirements issued by the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration as a result of either new legislative or administrative regulations or mandates that materially alter existing pipeline safety requirements or impose new mandates for new activities that have a material impact. For purposes of this~~

~~Section 5.2 (iv), “materially alter” and “material impact” shall be defined as a requirement resulting in either (1) an annual O&M expense of Natural in excess of ten million dollars (\$10,000,000) above any excess of cumulative net fuel recoveries retained by Natural pursuant to this Settlement, or (2) an annual capital expenditure by Natural in excess of ten million dollars (\$10,000,000) above any excess of cumulative net fuel recoveries retained by Natural pursuant to this Settlement. Cumulative net fuel recoveries shall be calculated as follows: First, volumetric net fuel recovery, in dekatherms, shall be calculated on an annual basis under the methodology to calculate NET RESULT set forth in Section 3.4. In addition, for purposes of this Section 5.2(iv), “materially alter” and “material impact” shall exclude consideration of the annual and cumulative Pipeline Integrity Spending Commitment specified in Article IV. The resulting volumetric net fuel recovery, in dekatherms, for each year shall then be multiplied by the respective average annual gas cost, as determined under the methodology set forth in Section 3.4, to derive an annual net fuel recovery in dollars. The annual net fuel recoveries in dollars shall be summed to equal the cumulative net fuel recoveries.~~

~~5.3 — Natural may file at any time to seek recovery of the Eligible Costs; provided, however, that any Commission-authorized surcharge shall be effective on a prospective basis no earlier than from the later of (i) the end of any Commission-ordered suspension period, or (ii) the date of a Commission order on rehearing authorizing a surcharge. Natural waives its right to file a motion to place any surcharge into effect any earlier than the later date specified in the preceding sentence. Settling Parties may not challenge Natural’s right to make such filings as violative of the Settlement during the Rate Moratorium established in Article VII, but may otherwise take any position with respect to such filings, which may include opposing Natural’s ability to collect~~

~~such amounts. After the Rate Moratorium, any Settling Party may challenge Natural's right to make such filings, and take any position with respect to such filings.~~

5.24 Natural will implement any FERC-mandated, industry-wide requirement with respect to any statutory change in corporate income tax rates. Nothing in this Settlement shall preclude a party from generally advocating whatever position it deems appropriate in any Commission rulemaking or policymaking proceeding that discusses industry-wide changes to the Commission's income tax policies.

~~5.35 Natural retains the right to continue to make Annual Charges Adjustment filings pursuant to Section 40 of the General Terms and Conditions ("GT&C") of its Tariff during the Rate Moratorium.~~

ARTICLE VI COST AND REVENUE STUDY

6.1 Natural ~~shall agrees to~~ submit a cost and revenue study on or before July~~ne~~ 1, 202~~7~~¹ ("202~~7~~¹ Cost and Revenue Study"). The 202~~7~~¹ Cost and Revenue Study ~~will~~^{shall} be based on actual data for the 12-month period ending December 31, 202~~6~~⁰; ~~provided, however, if the Gulf Coast Expansion Project (Docket No. CP16-488) has gone into or is anticipated to go into service and has not been in service for a full year, Natural will include an annualizing adjustment to reflect a full year of revenue and costs from this project and provided, further, that no adjustment shall be made if the Gulf Coast Expansion Project is not in service and not anticipated to go in service.~~ Natural may also submit another cost and revenue study (or studies) for such 12-month period that may include adjustments. Natural shall include its work papers developed to support the 202~~7~~¹ Cost and Revenue Study. ~~Natural shall also provide with the 2021 Cost and Revenue Study a Microsoft Excel-based rate model with linked Statements~~

~~(“Rate Model”). This Rate Model will have all formulas intact and will function such that a change in inputs can be used to derive rates.”⁷~~

6.2 Upon the effective date of this Settlement, Natural’s 2021 Cost and Revenue Study is hereby deemed final and in satisfaction of Natural’s obligations under the RP17-913 Settlement.

ARTICLE VII RATE FILING MORATORIUM

7.1 Except with respect to the ~~filings for Eligible Costs as set forth in Section 5.2,~~ implementation of a FERC-mandated, industry-wide requirement with respect to any change in corporate income tax rates as set forth in Section 5.24, ~~Annual Charges Adjustment filings as set forth in Section 5.4,~~ and filings to implement adjustments to Natural’s Fuel Retention Factors under the Fuel Transparency Adjustment as set forth in Section 3.4, neither Natural, pursuant to NGA section 4, nor any other Settling Party, pursuant to NGA section 5, will file to propose changes to the Settlement Rates contained in this Settlement prior to July 1, 202~~7~~² (“Rate Moratorium”). Notwithstanding the foregoing, Natural shall have the right to file a general NGA section 4 rate case at any time in the event that a NGA section 5 investigation of Natural’s transportation and storage rates or fuel retention rates is initiated by the Commission, on its own motion, or upon the complaint of a third party.

7.2 Each Settling Party hereby waives and relinquishes, for the duration of the Rate Moratorium, its rights under section 5 of the NGA to advocate individually, with others or in support of others, any changes or adjustments to any provision of this Settlement. During the Rate Moratorium, a Settling Party, and any successor, assignee (including shippers acquiring

⁷~~Natural’s agreement to provide the Rate Model that can be used to derive rates is without prejudice to its right to challenge the legality of any requirement by the Commission that Natural derive rates as part of a Cost and Revenue Study in any future NGA section 5 investigation.~~

capacity by capacity release) or affiliate of any Settling Party that uses or controls Natural capacity, or that provides or transports supplies using Natural, will not initiate, advocate to any entity, including, but not limited to any Commission employee, or support any effort, whether acting individually, with others or in support of others, pursuant to section 5 of the NGA or any other statutory provision, at the Commission or with any successor governmental authority or regulatory body having jurisdiction over Natural, to change in any way, with respect to Natural, the Settlement Rates, or any other provision of this Settlement, including but not limited to challenging, contesting or otherwise opposing the tariff sheets included as Appendix B; provided, however, that the waiver effectuated by Section 7.1 and this Section 7.2 does not preclude Settling Parties from making any NGA section 5 filing on the basis that Natural has violated the terms of this Settlement or has applied the terms of this Settlement in an unduly discriminatory manner.

ARTICLE VIII
SHIPPER WORKING GROUP TARIFF FILING MORATORIUM
AND
OPERATIONAL AND PROCEDURAL CHANGES MORATORIUM

8.1 During the period of the Rate Moratorium, Natural shall establish a shipper working group that will discuss potential tariff provisions or proposals. Natural may make an NGA section 4 filing to propose such tariff changes with consensus from the shipper working group, either in the form of support or non-opposition thereto, as set out in Section 8.2 hereof (“Shipper Working Group Tariff Changes”). Notwithstanding the foregoing, Natural will not seek to revise tariff provisions that have been agreed to, as set forth in Articles IX and X of this Settlement, or pursuant to the shipper working group during the term of the Settlement. -In the event that an NGA section 5 investigation of Natural’s transportation and storage rates or fuel retention rates is

initiated by the Commission, on its own motion, or upon the complaint of a third party, then the shipper working group and consensus process set forth in this Article VIII will no longer apply and Natural may make any NGA section 4 filings.

~~8.21 During the period of the Rate Moratorium, unless required to do so by a Commission Order, Natural will not file, and agrees to oppose any third party effort, to make any of the following restrictive changes to the tariff provisions in effect on July April 1, 2022¹⁷, and Natural will not make certain operational and procedural changes as specified below (the “Section 8.2 Tariff Changes”):~~

~~(a) tariff changes to the unilateral Rollover and ROFR provisions, as set forth in GT&C Sections 22.1, 22.2 and 22.3, other than the ROFR provisions referenced in Section 10.1 (b) hereof;~~

~~(b) tariff changes to the location and boundaries of existing Pooling Points by pipeline segment or increasing the number of Pooling Points, as defined on its system as of July April 1, 2022¹⁷, set forth in GT&C Sections 9.1 and 9.2;~~

~~(c) tariff changes to revise, incorporate, or implement cycling requirements on firm storage services under Rate Schedules DSS or NSS (Rate Schedule DSS Sections 5.1(b) and 5.4(b); Rate Schedule NSS Section 5.4);~~

~~(d) tariff changes to the Central Delivery Point provision in effect on July April 1, 2022¹⁷ set forth in GT&C Section 8.13, or any changes to the location or composition of Central Delivery Points as defined on its system as of July April 1, 2022¹⁷ without the mutual agreement of the point operator;~~

~~(e) — tariff changes to eliminate or materially modify the Late Notice (LN) Option under Rate Schedules FTS, FTS-G, and FFTS. (Currently Effective Rates; Rate Schedule FFTS Sections 2(a), 3.2(e) and (i), 5.1, 5.4, 6.3(a)(2) and (3), and 7(b); Rate Schedule FTS Sections 2(a), 3.2(e) and (i), 5.1, 5.4, 6.2(a)(2) and (3), and 7(a); Rate Schedule DSS Section 2(h));~~

~~(f) — tariff changes to implement a charge for the No-Notice Balancing Option under Rate Schedules FTS, FTS-G and FFTS (Rate Schedule FFTS Section 5.3(d); Rate Schedule FTS Section 5.3(d));~~

~~(g) — tariff changes to revise the requirements under which Storage points will be treated as in-the-path on transportation for injection into storage under Rate Schedules DSS, NSS and FRSS (GT&C Sections 5.6(b)(2) and (3));~~

~~(h) — tariff changes to prohibit or materially modify the rights to transfer nominations at physical receipt points (GT&C Section 8.10(a));~~

~~(i) — tariff changes to revise hourly limitations to: (1) reduce the hourly rights percentage for firm service; (2) base hourly rights on confirmed nominations plus firm no-notice rights as opposed to Shipper's aggregate MDQ for firm service at the Delivery Point; and (3) eliminate the provision under which Natural will, at the request of Shipper, use its best efforts to accommodate a Shipper's load variation that temporarily requires deliveries at a Delivery Point in excess of the tariff hourly rights restriction (GT&C Section 7.4);~~

~~(j) — tariff changes to require a Predetermined Allocation methodology to be submitted to Natural prior to the deadline for submitting Timely Nominations for the gas day on which the methodology is to be effective (GT&C Section 11.1);~~

~~(k) — tariff changes to revise the allocation procedures under the delivery sequence applicable to Point Operator Allocation Agreements (GT&C Sections 11.3(b) and (c)) and firm balancing services under Point Operator Allocation Agreements (GT&C Section 11.1), and operational and procedural changes relating to the allocation of storage withdrawals and injections under Point Operator Allocation Agreements;~~

~~(l) — tariff changes to eliminate or reduce the two percent (2%) monthly balance that point operators are permitted to carry on Point Operator Allocation Agreements, and which balance is not subject to cashout (GT&C Sections 11.3(b)(2) and (c)(2));~~

~~(m) — tariff changes to revise Balancing Service Charges by reducing the range of the first variance tier applicable to: (1) Balancing Service Charges During Non-Critical Times (GT&C Section 12.2(a)(2)); (2) Balancing Service Charges With Operational Flow Orders (GT&C Section 12.3(a)); and (3) Charges During Critical Times (GT&C Section 12.4(a));~~

~~(n) — tariff changes to revise the imbalance resolution procedures to: (1) implement the cashout and trading of imbalances based on defined geographic Operational Impact Areas (OIA's); and (2) utilize average weekly high/low index prices or tiering for valuation of imbalances subject to cashout by OIA (GT&C Sections 13.2, 13.3, 13.4, and 13.5);~~

~~(o) — tariff changes to revise its creditworthiness provisions to: (1) modify the credit rating provisions to require that a creditworthy shipper also have a Stable or Positive Outlook or Credit Watch (GT&C Section 16(a)); (2) require that security be provided for the highest three (3) months of reservation charges under firm agreements, the highest three (3) months of commodity charges under interruptible agreements, plus imbalance gas volumes (GT&C Section 16(b)(1)); and (3) allow Natural to determine which type of security is to be provided by a shipper who fails to satisfy the credit criteria as defined in the Tariff (GT&C Section 16(b)(1));~~

~~(p) — tariff changes to the capacity award procedures and bid evaluation procedures to allow for: (1) negotiated rate bids to be submitted in an initial open season; (12) the tying of various services for bid evaluation purposes; and (3) a shipper's creditworthiness to be used as a bid evaluation criterion (GT&C Sections 5.1 (c)(1) and 5.1 (d)); and~~

~~(q) — tariff changes to revise the cashout provisions applicable to unauthorized receipt and delivery of gas, as set forth in GT&C Section 14.~~

8.2 Notwithstanding the foregoing, (i) if a majority of Natural's customers supports a NGA section 4 filing by Natural to propose any of the Tariff Changes listed in Section 8.1 above, or (ii) in the event that a NGA section 5 investigation of Natural's transportation and storage rates or fuel retention rates is initiated by the Commission, on its own motion, or upon the complaint of a third party, then Natural may make such a NGA section 4 filing to propose any of the Tariff Changes. For purposes of this Section 8.2, a consensus of the shipper working group "majority of Natural's customers" shall will mean affirmative support or non-opposition to the Shipper Working Group Tariff Changes from ~~(1)~~ customers representing at least sixty--sevenfifty percent ~~(5067%)~~ of Natural's annual firm transportation and storage revenue under Rate Schedules FFTS, FTS, FRSS, FTS-G, DSS, and NSS; ~~and (2) the number of customers representing at least sixty-seven percent (67%) of Natural's customers under Rate Schedules FFTS, FTS, FRSS, FTS-G, DSS, and NSS as shown on Natural's most recently filed Index of Customers.~~ Annual firm transportation and storage revenue will~~shall~~ be calculated based on the calendar year preceding the year in which Natural proposes to make a NGA section 4 filing proposing a Shipper Working Group Tariff Change.

8.3 — During the period of the Rate Moratorium, Natural agrees that it will not file for authority to implement: ~~(a) market-based rates for Natural's existing services (as defined by all existing~~

~~rate schedules) or current aggregate levels of capacity in effect on November 1, 2022¹⁷; or (b) a mechanism for recovery of any future ad valorem taxes imposed on Natural related to customer owned working gas in Natural's storage fields.~~

ARTICLE IX
RESERVATION CHARGE CREDITS
AUDITED FINANCIAL STATEMENTS

9.1 On or before April 1, 2023, Natural shall file to amend Section 5.2 of the GT&C of its Tariff to include revised reservation charge crediting provisions, as set forth in the pro forma tariff records attached hereto as Appendix D. This provision incorporates a new section to be in effect during the period of the Rate Moratorium related to PHMSA Mega Rule Testing under which Natural will be exempt from reservation charge crediting for a certain specified number of outage days related to certain eligible projects posted on Natural's internet website, as specified therein. The consensus process set forth in Section 8.2 hereof will apply to changes proposed by Natural to the eligible project list. In addition, this provision sets forth revised terms and conditions for calculating reservation charge credits based on a shipper's previous usage of Natural's system and also incorporates a change to the existing calculation of reservation charge credits whereby a Shipper's reservation charge credits will not be reduced based on additional capacity through the restricted area becoming available in later cycles, as well as other minor modifications. The Settling Parties (defined in Section 11. 1 below) shall support or not oppose these tariff changes.

~~9.1 During the term of the Settlement, Natural will provide annual audited consolidated financial statements and the accompanying Management Discussion and Analysis of NGPL PipeCo LLC (or any company which shall succeed NGPL PipeCo LLC by purchase, merger,~~

~~consolidation, or acquisition of the assets) to the Supporting and Non-Opposing Parties identified on Appendix A within 30 days after they become available.~~

ARTICLE X
OTHER TARIFF SERVICE MODIFICATIONS MODERNIZATION TRACKER

10.1 Within ____ days of the effective date of this Settlement, Natural will file to amend the following Sections of the General Terms & Conditions (“GT&C”) of its FERC Gas Tariff, as set forth in the pro forma tariff sheets attached hereto as Appendix E:

(a) Capacity Award Process –

(i) Natural will amend GT&C Sections 5.1 (c) (d) and (e) to streamline its capacity award process to provide that all firm forwardhaul segment capacity would be made available either via an open season or posted to the public grid whereby the current open season provisions (Initial Open Season (“IOS”), Additional Open Season (“AOS”), Early Open Season (“EOS”), and Shipper Initiated Open Season (“SIOS”)) would be combined into a single open bidding process.

(ii) Natural will amend GT&C Section 5.1(d) (4) to incorporate provisions governing capacity requests in the future.

(iii) Natural will incorporate provisions in GT&C Section 5.1 (c) (1) (iv) to state that Negotiated Rate Bids or Negotiated Rate Bid Formula bids will be capped at the maximum recourse rate for purposes of evaluating the value of a bid.

(iv) Natural will incorporate provisions in GT&C Section 5.1 (c) (1) (x) to state that Natural may enter a prearranged transaction only after the capacity subject to the prearranged transaction has been posted as generally available.

(v) Natural will revise GT&C Section 5.1 (c) (11) to only allow Natural to reserve capacity for an expansion project for up to one year prior to submitting the application to the Commission for approval of the proposed expansion unless Natural posts an open season before

the expiration of such twelve-month period, with such open season being held and closed before Natural may continue to reserve capacity for the proposed expansion, to the extent capacity still exists to be reserved.

(b) ROFR and Rollover Updates – Natural will amend Section 22 of the GT&C to shorten the ROFR timelines and to incorporate a tie-breaker methodology for determining best bids in the ROFR process.

(c) Rate Schedule IBS – Natural will amend the Rate Schedule IBS and the IBS form of service agreement to eliminate the requirement to have a linked transportation agreement and to revise the overrun rate for IBS service.

(d) Form of Service Agreements – Natural will amend the forms and exhibits applicable to its Rate Schedules FTS, FFTS, FTS-G, ITS, DSS, NSS, FRSS, BESS, IBS and LPS to simplify such forms and exhibits and to revise its Rate Schedule LPS, Line Pack Service, and LPS form of service agreement to incorporate an additional billing provision.

(e) Housekeeping Updates – Natural -will amend certain provisions of -its entire Tariff to update its current business address, remove references to outdated communication technologies, remove references to outdated restructuring provisions from the 1990s and remove automatic agency provisions in GT&C Section 5.6 (a).

The Settling Parties (defined in Section 11. 1 below) shall support or not oppose these tariff changes.

~~10.1—Natural may not make a proposal for a cost recovery tracker to recover pipeline modernization costs pursuant to the Commission’s Policy Statement on *Cost Recovery Mechanisms for Modernization of Natural Gas Facilities*⁸ in Docket No. PL15-1~~

⁸ 151 FERC ¶ 61,047 (2015), *clarification denied*, 152 FERC ¶ 61,052 (2015).

~~(“Modernization Policy Statement”), during the Rate Moratorium. This Settlement does not constitute a “Review of Existing Rates” for purposes of the Modernization Policy Statement.~~

ARTICLE XI SETTLING PARTIES AND CONTESTING PARTIES

11.1 A “Settling Party” is (a) any party that files any document with the Commission in this proceeding stating that it (i) expressly supports the Settlement as a whole and each of its underlying provisions, or (ii) does not oppose the Settlement as a whole and each of its underlying provisions; or (b) any ~~party~~entity that does not file any document at the Commission concerning the Settlement. Settling Parties agree that this Settlement should be evaluated and approved as to the Settling Parties as fair and reasonable and in the public interest.⁹

11.2 (a) A Settling Party shall be bound by an order which approves this Settlement without any condition or modification that materially and adversely affects the Settling Party, as determined by that Settling Party in its reasonable discretion.

(b) In the event that the Commission issues an order approving the Settlement subject to a modification or condition that materially and adversely affects a Settling Party, as determined by the affected Settling Party in its reasonable discretion, the Settling Party shall so notify the other Settling Parties within five (5) business days of the date of the Commission order. The Settling Parties agree to make good-faith efforts to preserve the Settlement. In this event, within four (4) business days of a Settling Party’s notice hereunder, the Settling Parties will initiate a good-faith meet-and-confer process to make such mutually agreeable changes to the Settlement as are necessary to achieve a comparable balance of benefits and burdens as was achieved by the Settlement in the first instance. If within fourteen (14) business days of the date

⁹ 18 C.F.R. § 385.602(g)(3) (2016~~22~~).

of such a Commission order the Settling Parties are unable to mutually agree, then the obligation to meet and confer shall cease and the Settlement will become effective in accordance with Article XVI herein; provided, however, that Natural and the other Settling Parties shall retain the rights set forth in this Article XI. If within fourteen (14) business days of the date of the Commission order the Settling Parties are able to mutually agree, the modified Settlement will be filed with the Commission as soon as practicable.

(c) In the event that the Commission, in an order approving this Settlement, imposes any modification or condition that materially and adversely affects a Settling Party other than Natural, as determined by that Settling Party in its reasonable discretion, and the Settling Parties are unable to reach mutual agreement pursuant to the procedures set forth in Section 11.2(b), then within seven (7) business days of the termination of the procedures set forth in Section 11.2(b), the Settling Party shall provide notice to the Commission and all participants stating whether it elects to continue to be bound by the Settlement. If a Settling Party elects to continue to be bound by the Settlement, then the Settlement shall remain in effect with the modification(s) or condition(s) required by the Commission, subject to the outcome of any request for rehearing filed by such Settling Party consistent with Section 11.2(e). A Settling Party providing notice that it elects not to continue to be bound by the Settlement shall cease to be a Settling Party and shall be deemed to be a Contesting Party as of the date of such notice. Within five (5) business days of receipt of such notice, Natural shall have the option, but not the obligation, to withdraw the Settlement by providing written notice of withdrawal of the Settlement to the Commission and all participants.

(d) In the event that the Commission, in an order approving this Settlement, imposes any modification or condition that materially and adversely affects Natural, as determined by

Natural in its reasonable discretion, and the Settling Parties are unable to reach mutual agreement pursuant to the procedures set forth in Section 11.2(b), then within seven (7) business days of the termination of the procedures set forth in Section 11.2(b), Natural shall provide notice to the Commission and all participants stating whether it elects to withdraw the Settlement. If Natural does not elect to withdraw the Settlement, then the Settlement shall remain in effect with the modification(s) or condition(s) required by the Commission, subject to the outcome of any request for rehearing filed by Natural consistent with Section 11.2(c). If Natural elects to withdraw the Settlement, the Settlement shall be of no further force and effect.

(e) If, notwithstanding the procedures set forth in Section 11.2(b), a Settling Party believes the Commission order materially and adversely affects it, as determined by that Settling Party in its reasonable discretion, such Settling Party may seek rehearing and judicial review to remove a condition or restore a provision of this Settlement that the Commission modified. Nothing in this Section 11.2(e) shall preclude any participant from protecting its interest with respect to any position that another party takes on rehearing or judicial review.

11.3 (a) A Contesting Party shall be any party that is not a Settling Party. If there is any Contesting Party, such a party shall be severed but this Settlement shall continue to apply to all Settling Parties. This Settlement shall not apply to any severed Contesting Party with respect to its direct interests on Natural, and Contesting Parties shall not be entitled to any of the benefits or be subject to any of the burdens of the Settlement. If the Commission severs a Contesting Party, that Contesting Party will be free to pursue its direct interests through litigation and any resulting change in rates would apply solely to that Contesting Party. In the event of severance of a Contesting Party under this Section 11.3(a), the provisions of this Settlement shall apply to any other party unless that party becomes a Contesting Party. To the extent there is a Contesting

Party, Natural shall have the option, but not the obligation, to withdraw the Settlement by providing written notice of withdrawal of the Settlement to the Commission and all participants. Such notice shall be provided within thirty (30) days after Natural becomes aware of a Contesting Party. If Natural elects to withdraw the Settlement, the Settlement shall be of no further force and effect.

(b) Contesting Parties shall pay the rates in effect on ~~July April~~ 1, 20~~22~~~~17~~, pending further Commission order or further litigation. If the Contesting Party has a negotiated rate, that negotiated rate shall control. Issues raised by the Contesting Parties shall be resolved by further litigation, settlement or other proceedings, it being recognized that such further proceedings may result in a Contesting Party, as a shipper, paying rates either higher or lower than those provided for under this Settlement or in effect on ~~July April~~ 1, 20~~22~~~~17~~. Resolution of these issues as to a Contesting Party either by litigation or settlement shall have no effect on (i) the rates paid by Settling Parties, (ii) the Fuel Retention Factors applicable to Settling Parties and (iii) any other provisions of this Settlement Agreement applicable to the Settling Parties. Natural and other Settling Parties agree to make any necessary filing(s) to achieve that result.

11.4 In the event that the provisions of Section 11.3 apply, so that Settling Parties and Contesting Parties are subject to different applicable maximum rates, the rate which the existing shipper must match to retain its existing capacity under the Right of First Refusal process, or that any bidder must bid to obtain that capacity, shall be based on the maximum rate that is applicable to the existing shipper's contract. Similarly, to the extent a maximum rate applies to a capacity release, the maximum rate applicable to replacement shippers shall be the maximum rate applicable to the releasing shipper's contract.

11.5 To the extent a Contesting Party desires to become a Settling Party, any change in status shall be effective upon the filing of any necessary pleading with the Commission withdrawing any opposition to the Settlement and stating that the party is now a Settling Party. Such party shall be entitled to the benefits of the Settlement from that day forward only.

ARTICLE XII RATE CREDIT PROVISION

12.1 If this Settlement has not been approved by a final Commission order no longer subject to rehearing by November 1, 20~~22~~¹⁷, which is the ~~no later than~~ date for the First Rate Reduction described in Article II hereof, then Natural will provide an invoice credit, with interest at the applicable rate established by the Commission, as provided herein. Within sixty (60) days after the effective date of this Settlement as set forth in Article XV~~I~~ hereof, Natural shall credit the difference between the reduced maximum reservation rates included in the Settlement Rates and the billed rates for each month starting November 1, 20~~22~~¹⁷ that the reduction did not occur.

12.2 Natural shall file with the Commission a report within thirty (30) days after the date credits are provided under Section 12.1.

ARTICLE XIII DEPRECIATION AND NEGATIVE SALVAGE

13.1 The depreciation and negative salvage rates reflected in the Settlement Rates represent a continuation of the depreciation and negative salvage, as provided for in the RP~~17-91310-147-~~000 Settlement. The depreciation and negative salvage rates are set forth on **Appendix C**.

13.2 Natural shall record negative salvage accruals for its transmission plant on its books in a subaccount to Account No. 108, Accumulated Provision for Depreciation of Gas Utility Plant. This subaccount will function as a negative salvage reserve distinct from the depreciation reserve. In addition to the annual negative salvage accruals, the gross salvage and cost of removal for all transmission plant retirements also will be reflected in the negative salvage

reserve. Upon retirement of transmission plant, the cost of removal and gross salvage will be debited or credited to the negative salvage subaccount in Account No. 108 in sufficient detail to show separately the cost of removal and salvage.

ARTICLE XIV
POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS AND AMORTIZATION
PROVISION FOR ACCUMULATED DEFERRED INCOME TAXES

14.1 If Natural's actual accruals for Post Employment Benefits Other Than Pensions ("PBOPs") pursuant to FASB Accounting Standard Codification 715-60, in the period between July 1, 2010, and the effective date of Natural's next general rate change filing, differ from the amounts contributed by Natural to the trust, a regulatory asset (Account No. 182.3) or regulatory liability (Account No. 254) shall be recorded on Natural's books and deferred until Natural's next general rate filing. Natural shall have the right to file to reflect that regulatory asset or regulatory liability in rates in its next general rate change filing. No participant's rights or position with respect to the rate treatment of that regulatory asset or liability shall be prejudiced, except that no participant shall be entitled to challenge such rate treatment on the basis that the costs were not known or incurred in, or otherwise fail to relate to, the base period and test period in such filing (it being understood that any participant is free to argue that the amount included is not representative).

14.2 To the extent that Natural records deferred income taxes as a result of the non-tax deductibility of the PBOP amounts contributed by it to the trust(s), Natural shall be entitled in its next general rate change filing to include the amount of such accumulated deferred income taxes in Account No. 190 as a rate base addition, subject to challenge by participants as to the calculation and amount of the rate base addition.

14.3 The Settlement Rates reflect amortization of approximately \$10 million per year of Natural's regulatory liability of approximately \$160 million as of June 30, 2022, associated with the excess Accumulated Deferred Income Taxes resulting from the Tax Cuts and Jobs Act of 2017, consistent with IRS guidance.

ARTICLE XV
~~WITHDRAWAL OF REQUEST FOR REHEARING~~

~~15.1 Upon the effective date of the Settlement, as set forth in Section 16.3 below, Natural's Motion to Terminate Section 5 Investigation, Motion to Hold Proceeding in Abeyance, and Request for Rehearing of the Investigation Order shall be deemed withdrawn and moot.~~

~~ARTICLE XVI~~
EFFECTIVENESS

~~156.1~~ Neither this Settlement nor any of its provisions ~~will~~shall become effective unless and until the following have occurred:

(a) A Commission order ~~shall have~~has been issued approving, without any material modification or material condition unacceptable to Natural, all the terms and provisions of this Settlement; and

(b) The Commission order referred to in Section ~~156.1~~(a) ~~shall have~~ waived sd compliance by Natural with the requirements of the Commission's Rules and Regulations, including but not limited to Part 154 thereof, to the extent necessary to effectuate all of the provisions of this Settlement and such order ~~shall have~~ provided sd that the Settlement Rates provided for in Article II to this Settlement ~~shall be~~are permitted to become effective as of the dates specified herein without suspension or material condition unacceptable to Natural.

~~156.2~~ In the event that the Commission issues an order that does not satisfy Section

156.1, then (i) Natural ~~will~~~~shall~~ have the right to reject this Settlement, and (ii) any other Settling Party ~~will~~ ~~shall~~ have the rights set out in Section 11.2 of this Settlement.

156.3 This Settlement ~~will~~~~shall~~ become effective on the first day of the month immediately following the date that a Commission order satisfying Section 156.1 becomes final. Such order ~~will~~~~shall~~ be “final” either by issuance of a final Commission order on rehearing approving the Settlement, or if no rehearing request is filed, thirty one (31) days after issuance of the Commission order approving the Settlement.

156.4 The Settlement is a carefully crafted and delicate compromise among many parties with diverse and conflicting interests. It is an integrated package and must be reviewed and approved in its entirety in order to become effective, as more fully set forth herein.

156.5 The Settling Parties agree that as of the effective date of this Settlement as determined pursuant to Article XVI (Section 156.3), the RP170-913147 Settlement is superseded in its entirety by this Settlement and ~~will~~~~shall~~ be null and void and no provision of that settlement will continue to have any force or effect or be binding on Natural, the other Settling Parties or any other entity.

ARTICLE XVII RESERVATIONS

167.1 This Settlement is submitted pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure,¹⁰ and unless and until it becomes effective under Article XVI, ~~will~~~~shall~~ be privileged and of no effect.

167.2 Unless and until it becomes effective, this Settlement ~~will~~~~shall~~ not be admissible in evidence or in any way used against any person in any proceeding. Insofar as it concerns

¹⁰ 18 C.F.R. § 385.602.

Contesting Parties in the case of severance, this Settlement will be a “non-approved offer of settlement” within the meaning of Rule 602(e) of the Commission’s Rules of Practice and Procedure.¹¹ As such, this Settlement ~~will~~shall not be admissible in evidence or in any way used against any person by any Contesting Party.

~~167.3 Once approved by the Commission, the standard of review for any proposed modifications to the provisions of the Settlement by the Commission acting sua sponte, the Settling Parties acting unanimously, or third parties will be the just and reasonable standard. The standard for review for any proposed modifications to the provisions of the Settlement at the request of one or more but less than all Settling Parties will be the “public interest” standard for review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*¹² and *Federal Power Commission v. Sierra Pacific Power Co.*¹³ (the “Mobile-Sierra doctrine”).¹⁴ Nothing in the Settlement is meant to limit the Commission’s authority to approve uncontested settlements under 18 C.F.R. § 385.602(g)(3). Natural, any party identified in Appendix A, and any party, as that term is defined in 18 C.F.R. § 385.102(c), that (i) expressly supports, or (ii) does not oppose the Settlement as a whole and/or any of its underlying provisions, intend that the standard of review for any changes proposed by such parties to the terms of this Settlement including, but not limited to, the Settlement Rates, shall be the more rigorous application of the statutory “just and reasonable” standard of review which is characterized as the Mobile-Sierra “public interest”~~

¹¹ 18 C.F.R. § 385.602(e).

¹² 350 U.S. 332 (1956).

¹³ 350 U.S. 348 (1956).

¹⁴ ~~See also *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County*, 128 S. Ct. 2733 (2008); *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 130 S. Ct. 693 (2010).~~

standard;¹⁵ provided, however, that if the Commission finds that application of the Mobile-Sierra “public interest” standard to any such party is inconsistent with Commission policy, precedent, or applicable law, then such parties request that the standard of review be the most stringent standard permissible under Commission policy, precedent, and applicable law.¹⁶ During the effectiveness of this Settlement, the Commission shall review any and all changes, amendments or alterations of any manner to this Settlement in accordance with the appropriate standards established by sections 4 and 5 of the NGA.¹⁷ For purposes of clarity only, the filings submitted under section 4 of the NGA as permitted and contemplated by Articles IX and X of this Settlement shall not be considered a change, amendment or alteration to the Settlement.

167.4 The provisions hereof are limited to the specific matters referred to herein. Every party to this proceeding reserves any claim or right that it may otherwise have with respect to any matters not expressly provided for by the Settlement.

167.5 It is specifically understood and agreed that no participant herein ~~will~~shall be deemed to have approved, accepted, agreed or consented to any principle of any method of regulation or ratemaking underlying or supposed to underlie any of the provisions hereof, or be prejudiced or bound thereby in any way, except as specifically provided by this Settlement, in any other proceeding. Without limitation of its terms, the foregoing sentence ~~will~~shall apply to principles of methods relating to (i) the allocation or recoverability of costs, (ii) the level of such costs, (iii)

¹⁵ See Devon Power LLC, 134 FERC ¶ 61,208, at P 1 (2011) (citing United Gas Pipe Line Co. v. Mobile Gas Serv. Corp., 350 U.S. 332 (1956)); FPC v. Sierra Pac. Power Co., 350 U.S. 348 (1956); Morgan Stanley Cap. Grp., Inc. v. Pub. Util. Dist. No. 1, 554 U.S. 527 (2008) (for the proposition that the “just and reasonable” standard is the only statutory standard of review); see also NRG Power Mktg., LLC v. Me. Pub. Util. Comm’n, 558 U.S. 165 (2010).

¹⁶ See Natural Gas Pipeline Co. of America LLC, 162 FERC ¶ 61,009 (2018); Gas Transmission Northwest LLC, 165 FERC ¶ 61,195 (2018).

¹⁷ 15 U.S.C. §§ 717c, 717d.

the level or design of any rate or charge, and (iv) the method of developing or assessing any rate or charge. Nothing in this Settlement ~~will~~shall be deemed to create a settled practice within the meaning of the decision of the U.S. Court of Appeals for the District of Columbia Circuit in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (1980), or to affect or shift the burden of proof on any issue in any proceeding.

1~~67~~.6 No party ~~will~~shall be deemed the drafter of this Settlement or any part of it, and this Settlement ~~will~~shall not be construed against any party as the drafter. In the event of conflict between terms contained in the Settlement and those of the attached Explanatory Statement, the terms of the Settlement control.

1~~67~~.7 The provisions of this Settlement are not severable and may become effective only in accordance with the terms of the Settlement.

CONCLUSION

WHEREFORE, Natural respectfully requests approval of this Stipulation and Agreement of Settlement.

Respectfully submitted,

/s/ Michelle D. Grant

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Dated:

APPENDIX A
Parties/Participants
Supporting or Not Opposing the Settlement

APPENDIX A

Parties/Participants Supporting or Not Opposing the Settlement

[Note: Includes parties from 2017 Settlement and the Active Participants in these Settlement Discussions and new NGPL firm shippers]

Ameren Services Company

Ameren Illinois

Ameren Missouri

Alliant Energy

Anadarko Energy Services Company

Antero Resources Corporation

Apache Corporation

ARC Resources U.S., Corp (formerly Seven Generations)

Arkansas Electric Cooperative Corporation

Ascent Resources - Utica, LLC

Black Hills Utility Holdings, Inc.

BP Canada Energy Marketing Corp.

BP Energy Company

Calpine Energy Services, L.P.

Canadian Association of Petroleum Producers

Cargill Incorporated

Castleton Commodities Merchant Trading L.P.

CenterPoint Energy Resources Corp.

Centerpoint Energy Minnesota Gas

Cheniere Energy, Inc.

Chevron U.S.A. Inc.

CHS Inc., agent for Patriot Renewable Fuels

City of Perryville, MO

City of Pinckneyville, IL

City of Sullivan, IL

Conexus Energy, LLC

Concord Energy LLC

ConocoPhillips Company

Constellation Energy Generation LLC

Corning Municipal Utilities

Corpus Christi Liquefaction, LLC

Cross Timbers Energy Services, Inc.

Devon Gas Services, L.P.

Direct Energy Business Marketing, LLC

EDF Trading North America, LLC

Enstor Energy Services, LLC

Entergy Services, Inc.

EOG Resources, Inc.

EQT Energy, LLC

Exelon Corporation

Exxon Mobil Corporation

Freepoint Commodities LLC

Grain Processing Corp.

Green Plains Inc.

[Golden Pass LNG Terminal LLC](#)

Gulfport Energy Corporation

[Hartree Partners, LP](#)

[Illinois Municipal Electric Agency](#)

[Interstate Municipal Gas Agency](#)

Interstate Power and Light Company

Koch Energy Services, LLC

LaClede Gas Company

[Lucid Energy Group](#)

[Luminant Energy Co LLC](#)

Macquarie Energy LLC

Mercuria Energy America, Inc.

MidAmerican Energy Company

MidAmerican Energy Services, LLC

Midwest Energy, Inc.

MIECO Inc.

Missouri Public Service Commission

[Morgan Stanley Capital Group Inc.](#)

[NextEra Energy Marketing, LLC](#)

NJR Energy Services Company

North Shore Gas Company

Northern Illinois Gas Company d/b/a Nicor Gas Company

Northern Indiana Public Service Company

NRG Power Marketing LLC

Occidental Energy Marketing, Inc.

Process Gas Consumers Group

Range Resources - Appalachia LLC

Rice Energy Marketing LLC

River Energy

Rockies Express Pipeline LLC

Sabine Pass Liquefaction, LLC

Sempra Gas & Power Marketing, LLC

Sequent Energy Management, L.P.

~~Seven Generations Energy (US) Corp.~~

Shell Energy North America (US), L.P.

Six One Commodities LLC

Southern Company Gas

Spire Marketing Inc.

Spire Missouri Inc.

Southwestern Public Service Company

Spotlight Energy, LLC

Tallgrass Interstate Gas Transmission, LLC

Targa Gas Marketing, LLC

Tenaska Marketing Ventures

The Peoples Gas Light and Coke Company

Town of Corning, IA

Trailblazer Pipeline Company LLC

Uniper Global Commodities North America LLC

USG Corporation

Utility Gas Management

Village of Bethany, IL

Vitol Inc.

WEC Business Services LLC

Wisconsin Electric Power Company

World Kinect Energy Services

XTO Energy Inc.

APPENDIX B
Pro Forma Tariff Records
Showing the Settlement Rates

APPENDIX C
Depreciation and Negative Salvage Rates

APPENDIX C

NATURAL GAS PIPELINE COMPANY OF AMERICA LLC

Docket No. RP17-~~913303~~-000

Depreciation and Negative Salvage Rates to be Used for Accounting Purposes

Production	2.65% 1/
Underground Storage	2.32%
Transmission Onshore	1.80%
Negative Salvage – Transmission Onshore	0.30% 2/
Transmission Onshore – Moraine	5.00% 1/
Transmission Offshore	0.50% 1/
Negative Salvage – Transmission Offshore	0.35% 1/ 2/
General / Intangible Plant	3/

1/ Depreciation rate to be applied to new plant additions within this category of plant. Currently, Natural is not booking depreciation or negative salvage (where applicable) on this category of plant as it is fully depreciated.

2/ Natural will book and accrue negative salvage to a separate sub-account in Account 108.

3/ Depreciated using various rates and methods as follows:

Account 301: Organization Expense	5.00% 1/
Account 303: Misc. Intangible Plant	7.50%
Account 303: Intangible Plant (Herscher/Galesville)	5.00%
Account 390: Structures and Improvements	5.00%
Account 391: Office Furniture and Equipment	7.50%
Account 392: Transportation Equipment	10.00%
Account 394: Tools, Shop and Garage Equipment	10.00%
Account 395: Laboratory Equipment	5.00%
Account 396: Power Operated Equipment	10.00%
Account 397: Communication Equipment	7.50%
Account 398: Miscellaneous Equipment	5.00%

APPENDIX D
Pro Forma Tariff Records Setting Forth
Reservation Charge Crediting Provisions

APPENDIX ~~ED~~

Pro Forma Tariff Records Setting Forth

Other Tariff Service Modifications

Fuel Transparency Adjustment Example