October 28, 2025

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

Attention: Ms. Debbie-Anne A. Reese, Secretary

Re: Housekeeping Filing;
TransColorado Gas Transmission Company LLC;
Docket No. RP26-________________________

Commissioners:

TransColorado Gas Transmission Company LLC ("TransColorado") hereby tenders for filing and acceptance by the Federal Energy Regulatory Commission ("Commission") the tariff records listed below for inclusion in its FERC Gas Tariff, Third Revised Volume No. 1.

| Record No. | Record Title | Version |
|---|---|---|
| 6.3 | Rate Schedule - PALS | 4.0.0 |
| 7.12 | GT&C Section 12 – Balancing of Gas | 8.0.0 |

Proposed with an effective date of December 1, 2025, these tariff records propose a minor housekeeping change to update the name of an index price to reflect the current naming convention of the publisher.

**Reason for Filing**

TransColorado's Tariff includes references to index prices reported by Intelligence Press, Inc. in the publication "Natural Gas Intelligence." In particular, the Tariff references the "El Paso non-Bondad" index price in Section 8.4 of Rate Schedule PALS and Section 12 – Balancing of Gas of the General Terms and Conditions ("GT&C"). Upon review, TransColorado discovered that the name of this index price is out of date due to a name change by the publisher. Consequently, TransColorado is proposing to modify its Tariff with the updated name of this index price (i.e., "El Paso San Juan"). These proposed housekeeping changes do not modify the intent or existing business practices relevant to the subject tariff provisions.

**Description of Filing**

TransColorado is submitting the following tariff records pursuant to Subpart C of Part 154 of the Commission's regulations.[1]

References to the "El Paso non-Bondad" index price are updated to "El Paso San Juan," consistent with the publisher's nomenclature, in Rate Schedule – PALS and GT&C Section 12.

**Section 154.204 Discussion**

Pursuant to Section 154.204 of the Commission's regulations,[2] TransColorado states the following:

(a) TransColorado does not anticipate any increase in costs as a result of these tariff changes.

(b) TransColorado is not aware of any filings pending before the Commission that may significantly affect this filing.

**Procedural Matters**

In accordance with the applicable provisions of Part 154 of the Commission's regulations,[3] TransColorado is submitting an eTariff XML filing package, which includes the following:

a) a transmittal letter; and
b) clean and marked versions of the tariff records in PDF format.

TransColorado respectfully requests the Commission accept the tendered tariff records for filing and permit them to become effective December 1, 2025, which is not less than thirty days nor more than sixty days following the date of this filing. With respect to any tariff provisions the Commission allows to go into effect without change, TransColorado hereby moves to place the tendered tariff provisions in to effect at the end of any minimal suspension period established by the Commission.

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1 *See* 18 C.F.R. §§ 154.201 - 154.210 (2025) (Subpart C).
2 18 C.F.R. § 154.204 (2025).
3 18 C.F.R. §§ 154.1 – 154.603 (2025).

Correspondence and communications concerning this filing should be directed to:

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

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

Respectfully submitted,

TRANSCOLORADO GAS TRANSMISSION COMPANY LLC

By______________/s/__________________
Shelly L. Busby
Director, Regulatory

Enclosures

Certificate of Service

I hereby certify that I have this day caused a copy of the foregoing document to be served upon all shippers on TransColorado's pipeline system and interested state regulatory commissions, in accordance with the requirements of Sections 154.208 and 385.2010 of the Commission's Regulations.

Dated at Colorado Springs, Colorado as of this 28th day of October 2025.

/s/

Shelly L. Busby

Post Office Box 1087
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(719) 520-4657

# Clean Tariff Section(s)

# RATE SCHEDULE PALS
# PARK AND LOAN SERVICE

## 1. AVAILABILITY

1.1 This Park and Loan Service (PALS) Rate Schedule is an interruptible service available to any entity (hereinafter called Shipper) which submits to TransColorado Gas Transmission Company LLC (hereinafter called TransColorado):

(a) A valid request for service under this Rate Schedule PALS as defined in Section 4 hereof and executes an agreement for such service (PALS Agreement); and

(b) Enters into one or more valid PALS Request Orders (PALS RO), as defined in Section 4 hereof which, when executed by TransColorado and Shipper, shall evidence their agreement as to the terms of the particular transaction(s) to park and loan gas pursuant to the PALS Agreement.

1.2 Shipper shall arrange separately with TransColorado and others as necessary for any transportation attendant to the PAL service provided hereunder, i.e., in delivering gas to or taking gas away from the designated point(s), and Shipper shall pay separately for such transportation service.

1.3 Shipper shall provide TransColorado with reasonable assurances that Shipper can satisfactorily perform under an applicable PALS RO.

## 2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule PALS shall apply to all PAL services which are rendered by TransColorado pursuant to an executed PALS Agreement and related PALS RO. Under Rate Schedule PALS, a Shipper may nominate a quantity of gas at mutually agreeable point(s) on TransColorado's system, to be held or loaned by TransColorado for a specified period defined in the PALS RO. It is understood that TransColorado is providing the PAL service hereunder through the use of its line pack and/or operational gas; TransColorado is not providing a gas supply service under this Rate Schedule PALS, nor is TransColorado providing a storage or transportation service under this Rate Schedule PALS. Contracting for and nominating service to and from the designated point(s) shall be the Shipper's sole responsibility.

2.2 Under this Rate Schedule PALS, TransColorado shall only park gas or loan gas to the extent TransColorado determines that such actions are not detrimental to its ability to satisfy any of its existing obligations with higher priority service or to meet system operational needs. TransColorado may, based on its reasonable determination of its operational capability and in a non-discriminatory manner, interrupt or decline to schedule any or all of the services hereunder and, if such actions are required to avoid interference with firm service or to protect the integrity of the system, will do so prior to applying Section 20, System Operation, of the General Terms and Conditions of this Tariff and subject to Section 8 hereof.

2.3 All mutually agreeable points of receipt and delivery on TransColorado's system are available on a non-discriminatory basis for service under this Rate Schedule PALS. Unless an alternative point is agreed upon by TransColorado and the Shipper, the same point must be utilized to initiate and to complete a specific park and loan transaction. The specific point(s) for a park or loan shall be set forth in the applicable PALS RO.

2.4 Subject to the provisions of Section 2.2 above, Park and Loan Services available under this Rate Schedule PALS include:

(a) Park Service: shall consist of TransColorado's receipt of a quantity of natural gas at the designated Receipt Point(s) on the designated date(s), requested by Shipper under a PALS RO and approved by TransColorado; TransColorado's holding of such parked quantity of gas for Shipper's account and TransColorado'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 RO.

(b) Loan Service: shall consist of TransColorado lending a specified quantity of natural gas, requested by Shipper and approved by TransColorado, from designated Delivery Point(s) set forth in Shipper's PALS RO, and the Shipper's redelivery of and TransColorado's acceptance of such volumes for Shipper's account at the designated Receipt Point(s) on the designated date(s) set forth in such PALS RO.

2.5 TransColorado will post on its Interactive Web Site the availability of PALS from time to time.

**3. NOMINATIONS AND SCHEDULING**

3.1 It shall be Shipper's sole responsibility to provide TransColorado with daily nominations of the quantity of gas to be received or delivered at the Receipt or Delivery point(s) under the applicable PALS RO. Nominations for any day or for any nomination cycle must be consistent with the PALS RO. It shall also be Shipper's responsibility to cause gas to be delivered to TransColorado and to cause gas to be received from TransColorado in accordance with the PALS RO. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination for payback on a loan, or withdrawal on a park is consistent with the PALS RO but cannot be confirmed by TransColorado, the Shipper must continue to nominate on subsequent days until TransColorado can confirm the nomination, unless the parties agree on a revised PALS RO. Service under Rate Schedule PALS is provided on an interruptible basis.

3.2 Priorities of service for the purposes of scheduling and curtailment shall be governed by Sections 8.1 and 8.3, respectively, of the General Terms and Conditions of this Tariff.

3.3 In the event it is necessary to decline to schedule or to interrupt, curtail or suspend service under PALS because of operational conditions or to satisfy obligations with a higher priority, TransColorado shall provide actual notice to Shipper. In that event, Shipper must comply with the directive(s) contained in TransColorado's notification within the time specified.

3.4 If Shipper fails to comply with the requirements set out in a notification under Section 3.3 above, then Section 8 of this Rate Schedule PALS shall apply.

## 4. VALID REQUESTS FOR PALS AGREEMENT(S) AND FOR PALS RO(S)

4.1 A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section 4 and contains adequate information pursuant to the requirements found in General Terms and Conditions Section 3, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and TransColorado shall not be required to grant any such request: (1) which could in TransColorado's judgment interfere with efficient operation of its system or with service to any firm Shipper; (2) which would require the construction, modification, expansion, or acquisition of any facilities to enable it to perform such services; provided, however, that TransColorado may agree in its reasonable discretion to construct, modify, expand, or acquire any facilities; (3) unless and until Shipper has provided TransColorado with the information required in Section 4.2 hereof and the assurances required under Section 1.3 hereof; (4) if TransColorado determines, based on the creditworthiness requirements of Section 18 of the General Terms and Conditions, 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; (5) if the service requested would not comply with this Rate Schedule PALS; or (6) if the service requested is at less than the applicable maximum rate; provided, however, that TransColorado may agree to provide service hereunder at a discount consistent with this Rate Schedule PALS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to Section 4 hereof and while Agreements under this Rate Schedule are in effect. Such matters are governed by Section 3 of this Rate Schedule and the applicable General Terms and Conditions of this Tariff.

(b) TransColorado may agree, however, to construct, modify, expand or acquire facilities to perform service under this Rate Schedule PALS on a non-discriminatory basis whenever such is deemed, in TransColorado's reasonable judgment, to be economically, operationally and technically feasible, subject to the following conditions:

(1) TransColorado has received an executed revised service agreement from existing and prospective Shipper(s) requesting such additional facilities or expansion of capacity;

(2) TransColorado does not have physical facilities or adequate capacity in the system to accommodate requests for service of existing and prospective Shippers accepted by TransColorado pursuant to Section 4.1 hereof;

(3) The nature, extent and timing of facilities required shall be at the reasonable discretion of TransColorado; and

(4) TransColorado receives acceptable assurance of financial reliability from any Shipper requesting capacity. TransColorado shall maintain a separate record of the nature and costs of such facilities and assess new facility charges in accordance with Section 3.1(c) of the Interruptible Transportation service Rate Schedule of this Tariff.

(c) TransColorado shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule and any other applicable requirements found in General Terms and Conditions Section 3. In the event a request is substantially but not entirely complete, TransColorado 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 within fifteen (15) days, Shipper's request shall be null and void.

(d) TransColorado shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by TransColorado, a request for service shall be invalid if Shipper fails to execute and tender a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by TransColorado for execution. An executed PALS RO must be submitted to TransColorado prior to commencement of service.

4.2 In addition to the information provided in the PALS Agreement, Shipper also shall provide the following information to TransColorado with its initial request for service:

(a) The Park and Loan Service provided for under this Rate Schedule PALS shall be performed under Part 284 of FERC's Regulations. Shipper shall only tender gas under this Rate Schedule PALS to the extent service hereunder would qualify under the applicable statutes, regulations, FERC orders and the blanket certificate authorizing service by TransColorado under this Rate Schedule PALS. For service under Subpart B of Part 284, Shipper shall provide to TransColorado with its initial request for service appropriate certification, including sufficient information in order for TransColorado to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by FERC's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit any necessary certification. Shipper shall provide the actual end user purchaser name(s) to TransColorado if TransColorado must provide them to the FERC.

(b) Shipper will warrant for itself, its successors and assignees, that it will at the time of delivery to TransColorado have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify TransColorado and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to TransColorado under this Rate Schedule; and

(c) Shipper has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, will be in place prior to the commencement of service on TransColorado's pipeline.

4.3 Requests for service hereunder shall be deemed valid only after the requirements of this Section 4 have been met and the information necessary for the PALS Agreement and associated PAL RO(s) has been satisfied pursuant to Section 3.1 of the General Terms and Conditions.

**5. TERM**

5.1 The term of service hereunder shall be set forth in the PALS Agreement between Shipper and TransColorado. The PALS RO shall have a separately stated term or terms applicable to a particular transaction, which term may not extend beyond the term of the related PALS Agreement. Upon termination of any PALS Agreement and of any PALS RO, service by TransColorado to Shipper thereunder shall be terminated and automatically abandoned.

5.2 TransColorado may terminate any PALS Agreement if TransColorado is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capabilities required for service under such PALS Agreement, or if TransColorado ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the PALS Agreement. Settlement of such terminated agreement shall be pursuant to Section 8.4.

**6. RATE**

6.1 (a) For the Park and Loan Service rendered to Shipper under this Rate Schedule PALS, Shipper shall pay TransColorado each month the sum of the following charges:

(i) An Initial Rate for each unit of gas tendered for park or taken for loan during that month;

(ii) A Park/Loan Balance Rate for each unit of gas which is parked or loaned under this Rate Schedule PALS for 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); and

(iii) A Completion Rate for each unit of gas returned to TransColorado 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 Initial Rate, the Park/Loan Balance Rate and the Completion Rate assessed for any park or loan may not exceed the maximum PALS Initial Rate on a per unit basis.

(1) By mutual agreement between TransColorado and Shipper, which is consistent with the pro forma agreement set out in this Tariff, discounts or negotiated rates may be limited to specific volumes and/or specific periods.

(2) If a Shipper has submitted a nomination for a payback on a loan or a withdrawal on a park, and that nomination is consistent with the PALS RO but is not confirmed by TransColorado, the Park/Loan Balance Rate shall only be assessed as if the nomination had been confirmed. Pursuant to Section 3.1 of this Rate Schedule, the Shipper is obligated to continue to nominate on subsequent days until TransColorado is able to confirm the nomination, unless the parties agree on a revised PALS RO.

(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. Deviations from the approved PALS RO nominated volumes when compared to the allocated volumes will be assessed cashout charges under Section 12.6 of the General Terms and Conditions of this Tariff.

(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. However, 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 23 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

(d) The charges referenced herein cover only Park and Loan Services. Shipper must contract separately for any transportation service required for Shipper to move gas to or away from the point(s) specified in the PALS RO.

6.2 Authorized overrun charges apply if a Shipper nominates and TransColorado confirms volumes in excess of the approved MAQ and/or MDQ in the PALS agreement, or if Shipper fails to comply with any quantity or timing parameter in a PALS RO (unless the failure results from TransColorado not confirming a nomination properly submitted). Authorized overrun charges will be assessed at the maximum PALS rate, unless otherwise agreed to in writing by TransColorado. An unauthorized overrun charge of up to $15 per Dth applies if the overrun is not nominated and confirmed. TransColorado may waive or discount unauthorized overrun charges on a non-discriminatory basis.

6.3 (a) Shipper shall reimburse TransColorado within five (5) days after costs have been incurred by TransColorado 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) If TransColorado constructs, acquires or modifies any facilities to perform service hereunder, then, as specified in an agreement related thereto between the parties, either:

(i) Shipper shall reimburse TransColorado for the cost of such facilities or facility modifications as described in Section 3.1(c) of the Interruptible Transportation service Rate Schedule of this Tariff; or

(ii) TransColorado shall assess a monthly charge reflecting such facility costs.

6.4 (a) TransColorado 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; and/or (2) the terms and conditions of this Rate Schedule PALS. TransColorado agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of TransColorado's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(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 TransColorado to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the PALS Agreement or PALS RO, be increased to the highest such rate. Should additional documentation be required in order for TransColorado to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by TransColorado. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires TransColorado to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.5 TransColorado may from time to time and at any time, upon twenty-four (24) hours verbal or written notice, subject to any provisions on discounting in the PALS Agreement or PALS RO, 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 charged may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff. Unless otherwise agreed in the PALS Agreement or PALS RO, TransColorado may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the PALS Agreement and/or PALS RO) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. TransColorado shall file with FERC any and all reports as required by FERC's Regulations with respect to the institution or discontinuance of any discount.

6.6 All revenues and gas in kind collected by TransColorado as a result of providing service under this Rate Schedule PALS shall be retained by TransColorado unless TransColorado has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective FERC orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

**7. QUANTITY**

Each PALS RO shall specify in Dth the MAQ RO and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned volumes by the Shipper or TransColorado shall also be specified in the PALS RO. 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 portion thereof), and/or in the timing of the completion of the park or loan (or portion thereof) by the return of gas to the Shipper or to TransColorado, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS RO, the MDQ RO shall be the maximum quantity TransColorado is obligated, on an interruptible basis, to receive from or deliver to Shipper hereunder on the specified day. The MAQ RO shall be the maximum aggregate quantity TransColorado is obligated to hold or loan for the account of Shipper hereunder on an interruptible basis for the specific transaction covered by the PALS 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 RO schedule. 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 timing parameter in the applicable PALS RO (unless such failure is due to TransColorado not confirming a nomination properly submitted), it shall be subject to overrun charges consistent with Section 6.2 of this Rate Schedule.

**8. MANDATORY BALANCING**

8.1 Mandatory Balancing shall apply in the following instances: (a) at the end of the term specified in any applicable PALS Agreement or PALS RO; (b) where the Shipper fails to comply either with the requirements of TransColorado's notice referenced in Sections 3 and 8.3(b) hereof; or (c) where Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO and the deviation has not been agreed to and confirmed by TransColorado.

8.2 TransColorado shall require mandatory balancing effective the next day prior to taking action under Section 20 to the General Terms and Conditions of this Tariff, if TransColorado reasonably determines that doing so would facilitate system operations and minimize the severity of action under Section 20.

8.3 (a) In the event that TransColorado notifies a PALS Shipper under Section 3 hereof, such notice shall specify the parked balance to be removed or the loaned balance to be returned, up to the full MAQ, and the timeframe within which the balance must be effectuated, but the specified timeframe shall not be less than three (3) days (in one-third daily increments) from the date of notification. TransColorado may allow additional time for contract balancing when operational conditions permit. Notification shall first be provided by telephone and then by facsimile, by e-mail or in writing. General notices will be posted on TransColorado's Interactive Web Site. In instances when notification is required during times other than normal business hours, TransColorado will provide such notification by telephone. To the extent Shipper fails to comply with such notice, the PALS RO shall terminate and the provisions of Section 8.4 shall apply.

(b) In the event that a Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO, TransColorado shall notify Shipper, and the PALS RO shall be subject to termination in accordance with the terms of such notice. The provisions of Sections 8.4(a) and 8.4(b) shall then apply.

8.4 (a) In the event that Shipper still has gas parked at the end of its contract term or because of failure to comply with the notice pursuant to Sections 3 and 8.2 above, the remaining balance shall be forfeited to TransColorado, free and clear of any adverse claims.

(b) Conversely, if the Shipper has not redelivered gas which was loaned by TransColorado by the end of its contract term or within the timeframe specified in the notice in Sections 3 and 8.2 above, the Shipper must purchase the unreturned balance at 150% of the highest daily index price for the El Paso San Juan index as published in “Natural Gas Intelligence” during the term of the loan. The amounts collected are subject to crediting in accordance with Section 12.10 of the General Terms and Conditions of this Tariff.

(c) The tariff provisions of Sections 8.4(a) and (b) above will be implemented by TransColorado on a non-discriminatory basis.

8.5 In circumstances where Shipper is unable to eliminate its PALS RO balance because TransColorado is unable to accept the PALS RO nomination, Shipper shall take any action to reduce the balance which TransColorado can accommodate and Shipper shall be granted additional time to eliminate its PALS RO balance corresponding to the time TransColorado was unable to accept the PALS RO nomination. Shipper shall not incur any penalty or daily fees as to that portion of the balance resulting from TransColorado's inability to accept the PALS RO nomination. Such extension shall only apply in instances where a Shipper's inability to eliminate the PALS RO balance is attributable to TransColorado's inability to accept and confirm PALS RO nominations. Shipper remains responsible to nominate the appropriate level of transportation to meet TransColorado's notification requirements.

**9. GENERAL TERMS AND CONDITIONS**

The applicable General Terms and Conditions of this Tariff are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.

## 12. BALANCING OF GAS

12.1 General Provision. Shipper shall monitor and control its receipts and deliveries of gas and, if necessary, make appropriate adjustments in order to maintain a thermal balance of receipts and deliveries. TransColorado shall not be obligated to receive or deliver gas that differs from the confirmed nomination between Shipper and TransColorado.

TransColorado shall monitor, to the extent of its ability, receipts and deliveries of gas as compared to quantities nominated by Shipper, and, based upon available information, advise Shipper of any imbalances. Upon notification, Shipper shall be obligated to adjust its receipts and deliveries to correct or avoid any imbalance between nominations and actual receipt or delivery. Any adjustment to receipts and deliveries by Shipper, whether or not pursuant to notification from TransColorado, shall be coordinated with TransColorado's gas representatives and in accordance with the TransColorado's scheduling procedures.

12.2 Balancing Upon Termination. In the event the quantities of gas received and delivered are not in balance at the end of the term of the service agreement, then such balance shall be achieved at the earliest practicable date, not to exceed 45 days after the imbalance is determined by extending receipts or deliveries, as applicable, at the appropriate point(s) of receipt or point(s) of delivery, until such balance is achieved, or by such other method as is then mutually agreed upon by TransColorado and Shipper.

12.3 Maintenance of System Integrity. Nothing in this section limits TransColorado's right to take action that may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system, including maintenance of service to higher-priority customers.

12.4 Imbalances with the Other Parties. TransColorado shall not be responsible for eliminating any imbalances between Shipper and any third party. Furthermore, TransColorado shall not be obligated to adjust or deviate from its standard operating and accounting procedures in order to alleviate any such imbalances.

12.5 Netting and Trading

(a) Imbalances under a Shipper's different Agreements will be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.

(b) To assist Shippers in arranging offsets, TransColorado will post on its Interactive Website the total Monthly Imbalance of any Shipper which has notified TransColorado that it has elected to have such information posted. Notification by the Shipper may be in writing or on TransColorado's Interactive Website and shall be effective by 8:00 a.m. on the next Business Day if the notification is received by 11:45 a.m. on a Business Day. Imbalance information authorized for posting through such notification shall be posted no later than the ninth Business Day of the month after the imbalance occurred. Shippers shall have the ability to post and trade imbalances, and imbalance information shall remain posted, until the seventeenth Business Day of the month after the imbalance occurred.

(c) TransColorado shall enable the imbalance trading process by:

(1) Receiving the Request for Imbalance Trade.

(2) Receiving the Imbalance Trade Confirmation.

(3) Sending the Imbalance Trade Notification and

(4) Reflecting the trade prior to or on the next monthly Shipper Imbalance or cashout.

(d) Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by TransColorado.

(e) After receipt of an Imbalance Trade Confirmation, TransColorado shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than noon the next Business Day.

(f) Shipper imbalances remaining after the imbalance netting and trading procedures set out in subsections (a)-(e) shall be cashed out as described in Section 12.6 of these General Terms and Conditions.

12.6 Cashout Procedures

(a) Any imbalance remaining will be cashed out on a tiered basis, pursuant to the following schedule. In determining the cashout tier applicable, TransColorado will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes, whichever results in a lower cashout tier.

| **Imbalance Level** | **Overage (TransColorado pays Shipper)** | **Underage (Shipper pays TransColorado)** |
|---|---|---|
| 0% to 5% | 100% X MIP* | 100% X MIP |
| Greater than 5% to 10% | 90% X MIP | 110% X MIP |
| Greater than 10% to 15% | 80% X MIP | 120% X MIP |
| Greater than 15% to 20% | 70% X MIP | 130% X MIP |
| Greater than 20% | 60% X MIP | 140% X MIP |

*Monthly Index Price

(b) Following any offsetting with other Shippers, a Shipper's remaining imbalance will be cashed out based on the percentage of that imbalance compared to the total receipts for that Shipper during the month. For example, if the total receipts were 1,000 Dth and the remaining underage imbalance after offsetting with other Shippers was 100 Dth, the total imbalance level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the MIP and the remaining 50 Dth would be cashed out at 110% of the MIP.

(c) The Monthly Index Price (MIP) is based on prices as reported by Intelligence Press, Inc. in the publication "Natural Gas Intelligence." TransColorado shall use either the highest weekly average price or the lowest weekly average price determined for each month as the MIP for all monthly imbalances subject to cashout hereunder as described below.

(i) For gas owed TransColorado, the MIP shall be the highest weekly average price for the El Paso San Juan index and will be applicable to the negative imbalance for the month in which the imbalance occurred.
(ii) For gas owed the Shipper, the MIP shall be the lowest weekly average price for the White River Hub index and will apply to the positive imbalance for the month in which the imbalance occurred.

(d) Following the ten-day period for offsetting imbalances, Shippers with remaining imbalances shall pay TransColorado or will be credited with the appropriate cashout amounts, unless otherwise agreed to in writing by TransColorado.

(e) In the event "Natural Gas Intelligence" becomes unavailable, TransColorado shall request authorization from the Commission to substitute another publication and, upon approval, shall substitute information posted in the approved publication for similar indices. The Monthly Index Price shall be reported on TransColorado's Interactive Website no later than 5:00 p.m. CCT on the tenth business Day of the Month following the production Month.

12.7 Assessment of Imbalances. TransColorado will not assess imbalances if (a) Shipper's action is excused by force majeure, (b) TransColorado has invoked force majeure, (c) imbalances are caused by TransColorado or result from TransColorado's error or (d) TransColorado has previously imposed and Shipper has previously paid imbalance charges on the quantities of gas comprising the imbalance amount.

In determining imbalances, TransColorado shall take into consideration (a) quantities retained for FL&U and (b) additional quantities transported pursuant to any agreed-upon action. TransColorado and Shipper may mutually agree to offset excess or deficient quantities delivered under other Transportation Service Agreements between TransColorado and Shipper.

All cashout charges shall be invoiced according to Section 13 to these General Terms and Conditions.

12.8 Unauthorized Overrun

(a) TransColorado shall levy a charge to any Operator that exceeds the limits specified below. Such charge is applicable in times of capacity constraints, or when Operators act in a manner that materially threatens the integrity of TransColorado's System (e.g. under-performance or over-performance that causes significant pressure declines or buildups).

(b) On any day TransColorado determines that it is unable to receive or deliver the total volume of gas scheduled on its System or a portion of its

System, it shall have the right to notify all Operators of a Critical System Alert. Contemporaneously with, or shortly following such notice, TransColorado shall give notice to any Operator that would be subject to an Unauthorized Overrun Charge as provided below.

(c) The quantity of gas subject to such charge is the quantity of gas that varies from the amount scheduled at that receipt or delivery point on such days.

(d) Upon receipt of a notification from TransColorado, the Operator shall, within four hours, reduce takes to a level no more than 5% above the scheduled volume for such day or 50 Dth, whichever is larger. If after the four hour notice period:

(i) the Operator continues to over-perform by amounts that exceed the foregoing threshold, TransColorado is permitted to reduce the flow into or out of its System by partially or fully closing the valves at the applicable receipt or delivery points.

(ii) the Operator continues to under-perform by failing to deliver or take the quantities it confirmed for that flow day, an Unauthorized Overrun Charge shall be levied by TransColorado to the Operator in the amount shown on the Statement of Rates for those volumes exceeding 5%.

(e) TransColorado shall notify Operators each day during a Critical System Alert via the Informational Postings portion of its Interactive Website that the situation continues to exist.

12.9 Fuel and L&U

(a) The Fuel and L&U Reimbursement Percentages shall be stated separately on the Statement of Rates as a Fuel Reimbursement Percentage and an L&U Reimbursement Percentage, but may be referred to collectively as FL&U Reimbursement Percentages. Such percentages shall be furnished in-kind by Shippers at each receipt point on a pro rata basis based on the quantity received.

(b) The FL&U Reimbursement Percentages shall be recomputed quarterly and shall apply to those rate schedules requiring the assessment of Fuel and/or L&U.

(i) The initial FL&U filing to set forth separate Fuel and L&U Reimbursement Percentages shall be proposed with an effective date of January 1, 2018 ("Initial FL&U Filing"). The data collection period for this initial filing is January 1, 2018 through September 30, 2018. The Initial FL&U Filing shall include in the calculation of the FL&U Reimbursement Percentages any over or under collected amounts of Fuel as defined by TransColorado's Tariff prior to the Initial FL&U Filing from the previous fuel and lost and unaccounted for gas reimbursement mechanism.

(ii) After the initial FL&U Filing, TransColorado shall file FL&U Reimbursement Percentages to be effective no later than three Months following the effective date of the immediately prior FL&U filing. The data collection period for such filing shall be the three-Month period ending two calendar months before the filing date of such FL&U Filing. The filed FL&U Reimbursement Percentages shall become effective on the date proposed subject to the review and notice deemed appropriate by FERC.

(c) Derivation of Fuel and L&U Reimbursement Percentages. The Fuel Reimbursement Percentage and the L&U Reimbursement Percentage shall be derived separately. The Fuel Reimbursement Percentage shall equal the sum of the Fuel Current Reimbursement Component and the Fuel Adjustment Reimbursement Component subject to the adjustment described in this Section 12.9(c). The L&U Reimbursement Percentage shall equal the sum of the L&U Current Reimbursement Component and the L&U Adjustment Reimbursement Component subject to the adjustment described in this Section 12.9(c). Neither the Fuel Reimbursement Percentage nor the L&U Reimbursement Percentage shall be less than zero. If after the calculations described in Sections 12.9(c)(i) through (iv), the calculation of the Fuel Reimbursement Percentage or the L&U Reimbursement Percentage results in either percentage being less than zero, such percentage shall be adjusted to zero and the quantities that would have reduced the calculation of the Fuel Reimbursement Percentage and/or the L&U Reimbursement Percentage below zero shall be deferred and applied to the calculation of the Fuel Adjustment Reimbursement Component or the L&U Adjustment Reimbursement Component, as applicable and described below, in a future period. These individual components shall be calculated as follows:

(i) The Fuel Current Reimbursement Component shall be the projected Fuel Requirement divided by the projected receipt quantities related to the anticipated transportation service for all transactions subject to Fuel for the period the percentage will be in effect.

(ii) The Fuel Adjustment Reimbursement Component shall be calculated by first determining the quantity of gas which is the difference between: (1) the actual quantities of Fuel experienced by TransColorado during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing; and (2) the quantities of Fuel retained by Transporter during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing, and any previously deferred Fuel quantities. The difference of these quantities shall then be divided by the projected receipt quantities related to the anticipated transportation service for all transactions subject to Fuel for the period the percentage will be in effect.

(iii) The L&U Current Reimbursement Component shall be the projected L&U Requirement divided by the total receipt quantities for the period the percentages will be in effect.

(iv) The L&U Adjustment Reimbursement Component shall be calculated by first determining the quantity of gas which is the difference between: (1) the actual quantities of L&U experienced by TransColorado during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing; and (2) the quantities of L&U retained by Transporter during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing, and any previously deferred L&U quantities. Determination of the actual quantities of L&U experienced during this period shall include an adjustment to recognize the effect of changes in system linepack, if any. The difference of these quantities shall then be divided by the projected total receipt quantities for the period the percentage will be in effect.

(d) Fuel will not be assessed when the entire transportation service is provided using one of the no-fuel routes identified below. However, Shippers using these routes will be subject to TransColorado's applicable L&U Reimbursement Percentage.

(i) Greasewood Hub
a. A point located at Greasewood ("Greasewood Point") to another Greasewood Point. Greasewood Points include Point Identification Numbers ("PIN") 36100, 36101, and 40237.
b. Greasewood Point to Dark Canyon (PIN 41781)
c. Dark Canyon to Greasewood Point
d. Yellow Jacket Pass (PIN 42223) to Greasewood Point
e. Yellow Jacket Pass to Dark Canyon

(ii) Meeker Hub
a. Ryan Gulch (PIN 43886) to Love Ranch (PIN 42235)
b. Ryan Gulch to Horse Draw (PIN 45314)
c. Love Ranch to Ryan Gulch
d. Love Ranch to Horse Draw
e. Horse Draw to Love Ranch
f. Horse Draw to Ryan Gulch

(iii) Greasewood Hub to Meeker Hub
a. Greasewood to Love Ranch
b. Greasewood to Horse Draw
c. Greasewood to Ryan Gulch
d. Dark Canyon to Love Ranch
e. Dark Canyon to Horse Draw
f. Dark Canyon to Ryan Gulch
g. Yellow Jacket Pass to Love Ranch
h. Yellow Jacket Pass to Horse Draw
i. Yellow Jacket Pass to Ryan Gulch

(iv) Blanco Hub
a. Transwestern Pipeline Company ("TW") Blanco (PIN 36106) to El Paso Natural Gas Company ("El Paso") Blanco (PIN 36105)
b. TW Blanco to Hare Canyon (PIN 40379)

c. Hare Canyon to El Paso Blanco
d. Hare Canyon to TW Blanco

(v) Coyote Gulch (PIN 36103) to a point located at Blanco (i.e., TW Blanco, El Paso Blanco, or Hare Canyon)

(e) FL&U calculations shall be accomplished pursuant to NASEB WGQ standards, as follows:

(i) When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process should be rounded to the nearest dekatherm, gigajoule , or gigacalorie, as applicable per NAESB WGQ Standard No. 1.3.14. The mathematical effect of rounding can yield a result of zero. (NAESB WGQ Standard 1.3.15)

(ii) Where fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, should be (1 - fuel %/100) multiplied by receipt quantity = delivery quantity. (NAESB WGQ Standard 1.3.16)

(iii) For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. (NAESB WGQ Standard 1.3.29)

(iv) The transportation priority for fuel should be the same as the level of service as the transaction to which it applies. (NAESB WGQ Standard 1.3.31)

(v) For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of the month. (NAESB WGQ Standard 1.3.28)

(f) If, pursuant to Section 23.11 of the General Terms and Conditions, TransColorado negotiates FL&U Reimbursement Percentages different than the maximum level, TransColorado will credit the full recourse rate FL&U Reimbursement amounts to the appropriate FL&U Reimbursement accounts.

12.10 Credit of Cashout Revenues. Any cashout revenues that exceed gas purchase and applicable costs will be credited to firm, interruptible and negotiated-rate Shippers. The credits shall be calculated by dividing the actual reservation and commodity revenues for each Shipper by the total reservation and commodity revenues during the reporting period and multiplying the result by the excess cashout revenues. The reservation and commodity revenues used to calculate the refund allocation factor shall be net of all applicable surcharges, including, but not limited to, ACA and GRI surcharges. The reporting period shall be the annual period of January through December. If gas purchase and applicable costs exceed revenues, the costs exceeding revenues will be rolled into subsequent annual costs, as an offset to revenues, until eliminated.

12.11 Third Party Imbalance Management. TransColorado will allow Shippers to obtain imbalance-management service from a third-party provider (TPP) subject to the following:

A. All transactions involving the physical payback of gas or trading of imbalances on TransColorado's system must comply with the terms and conditions of TransColorado's tariff.

B. The trading or curing of imbalances may only involve procedures that are provided for in TransColorado's tariff.

C. Shippers will not be permitted to trade imbalances in any manner that will increase a Shipper's imbalance on TransColorado's system.

D. Trading of imbalances may only be between imbalances on TransColorado's system.

E. When a Shipper desires to physically repay or take deliveries of gas, either the Shipper or the TPP must have the necessary transportation receipt and delivery point capacity to allow for the delivery of the gas.

F. Neither the Shipper nor the TPP may transport or trade gas to which they do not hold title.

G. Shipper shall remain primarily liable for its imbalances under the provisions of this Section 12.

H. The TPP will not be permitted to act as a Shipper's agent until TransColorado has received written notice from Shipper. The Shipper agrees to be bound by all transactions conducted by the TPP in the Shipper's name.

12.12 Refund of Penalty Revenues

All Operational Flow Order penalties, unauthorized overrun penalties, cash-out penalties, parking and loaning penalties and imbalance penalty revenues that exceed gas purchase and incremental administrative costs, will be credited to all non-offending firm, interruptible and negotiated-rate Shippers as set out in Section 12.10 above.

# Marked Tariff Section(s)

# RATE SCHEDULE PALS
# PARK AND LOAN SERVICE

## 1. AVAILABILITY

1.1 This Park and Loan Service (PALS) Rate Schedule is an interruptible service available to any entity (hereinafter called Shipper) which submits to TransColorado Gas Transmission Company LLC (hereinafter called TransColorado):

(a) A valid request for service under this Rate Schedule PALS as defined in Section 4 hereof and executes an agreement for such service (PALS Agreement); and

(b) Enters into one or more valid PALS Request Orders (PALS RO), as defined in Section 4 hereof which, when executed by TransColorado and Shipper, shall evidence their agreement as to the terms of the particular transaction(s) to park and loan gas pursuant to the PALS Agreement.

1.2 Shipper shall arrange separately with TransColorado and others as necessary for any transportation attendant to the PAL service provided hereunder, i.e., in delivering gas to or taking gas away from the designated point(s), and Shipper shall pay separately for such transportation service.

1.3 Shipper shall provide TransColorado with reasonable assurances that Shipper can satisfactorily perform under an applicable PALS RO.

## 2. APPLICABILITY AND CHARACTER OF SERVICE

2.1 This Rate Schedule PALS shall apply to all PAL services which are rendered by TransColorado pursuant to an executed PALS Agreement and related PALS RO. Under Rate Schedule PALS, a Shipper may nominate a quantity of gas at mutually agreeable point(s) on TransColorado's system, to be held or loaned by TransColorado for a specified period defined in the PALS RO. It is understood that TransColorado is providing the PAL service hereunder through the use of its line pack and/or operational gas; TransColorado is not providing a gas supply service under this Rate Schedule PALS, nor is TransColorado providing a storage or transportation service under this Rate Schedule PALS. Contracting for and nominating service to and from the designated point(s) shall be the Shipper's sole responsibility.

2.2 Under this Rate Schedule PALS, TransColorado shall only park gas or loan gas to the extent TransColorado determines that such actions are not detrimental to its ability to satisfy any of its existing obligations with higher priority service or to meet system operational needs. TransColorado may, based on its reasonable determination of its operational capability and in a non-discriminatory manner, interrupt or decline to schedule any or all of the services hereunder and, if such actions are required to avoid interference with firm service or to protect the integrity of the system, will do so prior to applying Section 20, System Operation, of the General Terms and Conditions of this Tariff and subject to Section 8 hereof.

2.3 All mutually agreeable points of receipt and delivery on TransColorado's system are available on a non-discriminatory basis for service under this Rate Schedule PALS. Unless an alternative point is agreed upon by TransColorado and the Shipper, the same point must be utilized to initiate and to complete a specific park and loan transaction. The specific point(s) for a park or loan shall be set forth in the applicable PALS RO.

2.4 Subject to the provisions of Section 2.2 above, Park and Loan Services available under this Rate Schedule PALS include:

(a) Park Service: shall consist of TransColorado's receipt of a quantity of natural gas at the designated Receipt Point(s) on the designated date(s), requested by Shipper under a PALS RO and approved by TransColorado; TransColorado's holding of such parked quantity of gas for Shipper's account and TransColorado'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 RO.

(b) Loan Service: shall consist of TransColorado lending a specified quantity of natural gas, requested by Shipper and approved by TransColorado, from designated Delivery Point(s) set forth in Shipper's PALS RO, and the Shipper's redelivery of and TransColorado's acceptance of such volumes for Shipper's account at the designated Receipt Point(s) on the designated date(s) set forth in such PALS RO.

2.5 TransColorado will post on its Interactive Web Site the availability of PALS from time to time.

**3. NOMINATIONS AND SCHEDULING**

3.1 It shall be Shipper's sole responsibility to provide TransColorado with daily nominations of the quantity of gas to be received or delivered at the Receipt or Delivery point(s) under the applicable PALS RO. Nominations for any day or for any nomination cycle must be consistent with the PALS RO. It shall also be Shipper's responsibility to cause gas to be delivered to TransColorado and to cause gas to be received from TransColorado in accordance with the PALS RO. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination for payback on a loan, or withdrawal on a park is consistent with the PALS RO but cannot be confirmed by TransColorado, the Shipper must continue to nominate on subsequent days until TransColorado can confirm the nomination, unless the parties agree on a revised PALS RO. Service under Rate Schedule PALS is provided on an interruptible basis.

3.2 Priorities of service for the purposes of scheduling and curtailment shall be governed by Sections 8.1 and 8.3, respectively, of the General Terms and Conditions of this Tariff.

3.3 In the event it is necessary to decline to schedule or to interrupt, curtail or suspend service under PALS because of operational conditions or to satisfy obligations with a higher priority, TransColorado shall provide actual notice to Shipper. In that event, Shipper must comply with the directive(s) contained in TransColorado's notification within the time specified.

3.4 If Shipper fails to comply with the requirements set out in a notification under Section 3.3 above, then Section 8 of this Rate Schedule PALS shall apply.

## 4. VALID REQUESTS FOR PALS AGREEMENT(S) AND FOR PALS RO(S)

4.1 A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section 4 and contains adequate information pursuant to the requirements found in General Terms and Conditions Section 3, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and TransColorado shall not be required to grant any such request: (1) which could in TransColorado's judgment interfere with efficient operation of its system or with service to any firm Shipper; (2) which would require the construction, modification, expansion, or acquisition of any facilities to enable it to perform such services; provided, however, that TransColorado may agree in its reasonable discretion to construct, modify, expand, or acquire any facilities; (3) unless and until Shipper has provided TransColorado with the information required in Section 4.2 hereof and the assurances required under Section 1.3 hereof; (4) if TransColorado determines, based on the creditworthiness requirements of Section 18 of the General Terms and Conditions, 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; (5) if the service requested would not comply with this Rate Schedule PALS; or (6) if the service requested is at less than the applicable maximum rate; provided, however, that TransColorado may agree to provide service hereunder at a discount consistent with this Rate Schedule PALS. Nothing herein is intended to govern the scheduling and curtailment of service once a request for service has been granted pursuant to Section 4 hereof and while Agreements under this Rate Schedule are in effect. Such matters are governed by Section 3 of this Rate Schedule and the applicable General Terms and Conditions of this Tariff.

(b) TransColorado may agree, however, to construct, modify, expand or acquire facilities to perform service under this Rate Schedule PALS on a non-discriminatory basis whenever such is deemed, in TransColorado's reasonable judgment, to be economically, operationally and technically feasible, subject to the following conditions:

(1) TransColorado has received an executed revised service agreement from existing and prospective Shipper(s) requesting such additional facilities or expansion of capacity;

(2) TransColorado does not have physical facilities or adequate capacity in the system to accommodate requests for service of existing and prospective Shippers accepted by TransColorado pursuant to Section 4.1 hereof;

(3) The nature, extent and timing of facilities required shall be at the reasonable discretion of TransColorado; and

(4) TransColorado receives acceptable assurance of financial reliability from any Shipper requesting capacity. TransColorado shall maintain a separate record of the nature and costs of such facilities and assess new facility charges in accordance with Section 3.1(c) of the Interruptible Transportation service Rate Schedule of this Tariff.

(c) TransColorado shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule and any other applicable requirements found in General Terms and Conditions Section 3. In the event a request is substantially but not entirely complete, TransColorado 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 within fifteen (15) days, Shipper's request shall be null and void.

(d) TransColorado shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by TransColorado, a request for service shall be invalid if Shipper fails to execute and tender a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by TransColorado for execution. An executed PALS RO must be submitted to TransColorado prior to commencement of service.

4.2 In addition to the information provided in the PALS Agreement, Shipper also shall provide the following information to TransColorado with its initial request for service:

(a) The Park and Loan Service provided for under this Rate Schedule PALS shall be performed under Part 284 of FERC's Regulations. Shipper shall only tender gas under this Rate Schedule PALS to the extent service hereunder would qualify under the applicable statutes, regulations, FERC orders and the blanket certificate authorizing service by TransColorado under this Rate Schedule PALS. For service under Subpart B of Part 284, Shipper shall provide to TransColorado with its initial request for service appropriate certification, including sufficient information in order for TransColorado to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by FERC's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit any necessary certification. Shipper shall provide the actual end user purchaser name(s) to TransColorado if TransColorado must provide them to the FERC.

(b) Shipper will warrant for itself, its successors and assignees, that it will at the time of delivery to TransColorado have title to all gas free and clear of all liens, encumbrances, and claims whatsoever. Shipper will indemnify TransColorado and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses arising from or out of adverse claims of any or all persons or parties to said gas, including claims for royalties, taxes, license fees or charges applicable to such gas or to the delivery thereof to TransColorado under this Rate Schedule; and

(c) Shipper has entered into all necessary arrangements to assure that upstream and downstream transportation, if any, will be in place prior to the commencement of service on TransColorado's pipeline.

4.3 Requests for service hereunder shall be deemed valid only after the requirements of this Section 4 have been met and the information necessary for the PALS Agreement and associated PAL RO(s) has been satisfied pursuant to Section 3.1 of the General Terms and Conditions.

## 5. TERM

5.1 The term of service hereunder shall be set forth in the PALS Agreement between Shipper and TransColorado. The PALS RO shall have a separately stated term or terms applicable to a particular transaction, which term may not extend beyond the term of the related PALS Agreement. Upon termination of any PALS Agreement and of any PALS RO, service by TransColorado to Shipper thereunder shall be terminated and automatically abandoned.

5.2 TransColorado may terminate any PALS Agreement if TransColorado is required by the FERC or some other agency or court to provide service for others utilizing the interruptible system capacity or capabilities required for service under such PALS Agreement, or if TransColorado ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the PALS Agreement. Settlement of such terminated agreement shall be pursuant to Section 8.4.

## 6. RATE

6.1 (a) For the Park and Loan Service rendered to Shipper under this Rate Schedule PALS, Shipper shall pay TransColorado each month the sum of the following charges:

(i) An Initial Rate for each unit of gas tendered for park or taken for loan during that month;

(ii) A Park/Loan Balance Rate for each unit of gas which is parked or loaned under this Rate Schedule PALS for 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); and

(iii) A Completion Rate for each unit of gas returned to TransColorado 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 Initial Rate, the Park/Loan Balance Rate and the Completion Rate assessed for any park or loan may not exceed the maximum PALS Initial Rate on a per unit basis.

(1) By mutual agreement between TransColorado and Shipper, which is consistent with the pro forma agreement set out in this Tariff, discounts or negotiated rates may be limited to specific volumes and/or specific periods.

(2) If a Shipper has submitted a nomination for a payback on a loan or a withdrawal on a park, and that nomination is consistent with the PALS RO but is not confirmed by TransColorado, the Park/Loan Balance Rate shall only be assessed as if the nomination had been confirmed. Pursuant to Section 3.1 of this Rate Schedule, the Shipper is obligated to continue to nominate on subsequent days until TransColorado is able to confirm the nomination, unless the parties agree on a revised PALS RO.

(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. Deviations from the approved PALS RO nominated volumes when compared to the allocated volumes will be assessed cashout charges under Section 12.6 of the General Terms and Conditions of this Tariff.

(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. However, 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 23 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.

(d) The charges referenced herein cover only Park and Loan Services. Shipper must contract separately for any transportation service required for Shipper to move gas to or away from the point(s) specified in the PALS RO.

6.2 Authorized overrun charges apply if a Shipper nominates and TransColorado confirms volumes in excess of the approved MAQ and/or MDQ in the PALS agreement, or if Shipper fails to comply with any quantity or timing parameter in a PALS RO (unless the failure results from TransColorado not confirming a nomination properly submitted). Authorized overrun charges will be assessed at the maximum PALS rate, unless otherwise agreed to in writing by TransColorado. An unauthorized overrun charge of up to $15 per Dth applies if the overrun is not nominated and confirmed. TransColorado may waive or discount unauthorized overrun charges on a non-discriminatory basis.

6.3 (a) Shipper shall reimburse TransColorado within five (5) days after costs have been incurred by TransColorado 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) If TransColorado constructs, acquires or modifies any facilities to perform service hereunder, then, as specified in an agreement related thereto between the parties, either:

(i) Shipper shall reimburse TransColorado for the cost of such facilities or facility modifications as described in Section 3.1(c) of the Interruptible Transportation service Rate Schedule of this Tariff; or

(ii) TransColorado shall assess a monthly charge reflecting such facility costs.

6.4 (a) TransColorado 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; and/or (2) the terms and conditions of this Rate Schedule PALS. TransColorado agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of TransColorado's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.

(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 TransColorado to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the PALS Agreement or PALS RO, be increased to the highest such rate. Should additional documentation be required in order for TransColorado to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by TransColorado. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires TransColorado to charge a lower rate for service hereunder, the rate shall be decreased to such reduced rate.

6.5 TransColorado may from time to time and at any time, upon twenty-four (24) hours verbal or written notice, subject to any provisions on discounting in the PALS Agreement or PALS RO, 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 charged may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff. Unless otherwise agreed in the PALS Agreement or PALS RO, TransColorado may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the PALS Agreement and/or PALS RO) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. TransColorado shall file with FERC any and all reports as required by FERC's Regulations with respect to the institution or discontinuance of any discount.

6.6 All revenues and gas in kind collected by TransColorado as a result of providing service under this Rate Schedule PALS shall be retained by TransColorado unless TransColorado has otherwise explicitly agreed on a different disposition of such amounts. Where crediting or refund mechanisms apply under other provision(s) of this Tariff or pursuant to effective FERC orders or settlements, such mechanisms shall supersede this Section to the extent necessary to carry out such provision(s).

## 7. QUANTITY

Each PALS RO shall specify in Dth the MAQ RO and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned volumes by the Shipper or TransColorado shall also be specified in the PALS RO. 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 portion thereof), and/or in the timing of the completion of the park or loan (or portion thereof) by the return of gas to the Shipper or to TransColorado, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS RO, the MDQ RO shall be the maximum quantity TransColorado is obligated, on an interruptible basis, to receive from or deliver to Shipper hereunder on the specified day. The MAQ RO shall be the maximum aggregate quantity TransColorado is obligated to hold or loan for the account of Shipper hereunder on an interruptible basis for the specific transaction covered by the PALS 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 RO schedule. 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 timing parameter in the applicable PALS RO (unless such failure is due to TransColorado not confirming a nomination properly submitted), it shall be subject to overrun charges consistent with Section 6.2 of this Rate Schedule.

## 8. MANDATORY BALANCING

8.1 Mandatory Balancing shall apply in the following instances: (a) at the end of the term specified in any applicable PALS Agreement or PALS RO; (b) where the Shipper fails to comply either with the requirements of TransColorado's notice referenced in Sections 3 and 8.3(b) hereof; or (c) where Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO and the deviation has not been agreed to and confirmed by TransColorado.

8.2 TransColorado shall require mandatory balancing effective the next day prior to taking action under Section 20 to the General Terms and Conditions of this Tariff, if TransColorado reasonably determines that doing so would facilitate system operations and minimize the severity of action under Section 20.

8.3 (a) In the event that TransColorado notifies a PALS Shipper under Section 3 hereof, such notice shall specify the parked balance to be removed or the loaned balance to be returned, up to the full MAQ, and the timeframe within which the balance must be effectuated, but the specified timeframe shall not be less than three (3) days (in one-third daily increments) from the date of notification. TransColorado may allow additional time for contract balancing when operational conditions permit. Notification shall first be provided by telephone and then by facsimile, by e-mail or in writing. General notices will be posted on TransColorado's Interactive Web Site. In instances when notification is required during times other than normal business hours, TransColorado will provide such notification by telephone. To the extent Shipper fails to comply with such notice, the PALS RO shall terminate and the provisions of Section 8.4 shall apply.

(b) In the event that a Shipper fails to comply with the schedule of activities set forth in the applicable PALS RO, TransColorado shall notify Shipper, and the PALS RO shall be subject to termination in accordance with the terms of such notice. The provisions of Sections 8.4(a) and 8.4(b) shall then apply.

8.4 (a) In the event that Shipper still has gas parked at the end of its contract term or because of failure to comply with the notice pursuant to Sections 3 and 8.2 above, the remaining balance shall be forfeited to TransColorado, free and clear of any adverse claims.

(b) Conversely, if the Shipper has not redelivered gas which was loaned by TransColorado by the end of its contract term or within the timeframe specified in the notice in Sections 3 and 8.2 above, the Shipper must purchase the unreturned balance at 150% of the highest daily index price for the El Paso ~~non-Bondad~~San Juan index as published in "Natural Gas Intelligence" during the term of the loan. The amounts collected are subject to crediting in accordance with Section 12.10 of the General Terms and Conditions of this Tariff.

(c) The tariff provisions of Sections 8.4(a) and (b) above will be implemented by TransColorado on a non-discriminatory basis.

8.5 In circumstances where Shipper is unable to eliminate its PALS RO balance because TransColorado is unable to accept the PALS RO nomination, Shipper shall take any action to reduce the balance which TransColorado can accommodate and Shipper shall be granted additional time to eliminate its PALS RO balance corresponding to the time TransColorado was unable to accept the PALS RO nomination. Shipper shall not incur any penalty or daily fees as to that portion of the balance resulting from TransColorado's inability to accept the PALS RO nomination. Such extension shall only apply in instances where a Shipper's inability to eliminate the PALS RO balance is attributable to TransColorado's inability to accept and confirm PALS RO nominations. Shipper remains responsible to nominate the appropriate level of transportation to meet TransColorado's notification requirements.

**9. GENERAL TERMS AND CONDITIONS**

The applicable General Terms and Conditions of this Tariff are hereby made a part of this Rate Schedule. To the extent that the General Terms and Conditions are inconsistent with the provisions of this Rate Schedule, the provisions of this Rate Schedule shall govern.

## 12. BALANCING OF GAS

12.1 General Provision. Shipper shall monitor and control its receipts and deliveries of gas and, if necessary, make appropriate adjustments in order to maintain a thermal balance of receipts and deliveries. TransColorado shall not be obligated to receive or deliver gas that differs from the confirmed nomination between Shipper and TransColorado.

TransColorado shall monitor, to the extent of its ability, receipts and deliveries of gas as compared to quantities nominated by Shipper, and, based upon available information, advise Shipper of any imbalances. Upon notification, Shipper shall be obligated to adjust its receipts and deliveries to correct or avoid any imbalance between nominations and actual receipt or delivery. Any adjustment to receipts and deliveries by Shipper, whether or not pursuant to notification from TransColorado, shall be coordinated with TransColorado's gas representatives and in accordance with the TransColorado's scheduling procedures.

12.2 Balancing Upon Termination. In the event the quantities of gas received and delivered are not in balance at the end of the term of the service agreement, then such balance shall be achieved at the earliest practicable date, not to exceed 45 days after the imbalance is determined by extending receipts or deliveries, as applicable, at the appropriate point(s) of receipt or point(s) of delivery, until such balance is achieved, or by such other method as is then mutually agreed upon by TransColorado and Shipper.

12.3 Maintenance of System Integrity. Nothing in this section limits TransColorado's right to take action that may be required to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system, including maintenance of service to higher-priority customers.

12.4 Imbalances with the Other Parties. TransColorado shall not be responsible for eliminating any imbalances between Shipper and any third party. Furthermore, TransColorado shall not be obligated to adjust or deviate from its standard operating and accounting procedures in order to alleviate any such imbalances.

12.5 Netting and Trading

(a) Imbalances under a Shipper's different Agreements will be netted together to obtain the Shipper's Total Monthly Imbalance. The Total Monthly Imbalance will be shown with the monthly billings sent to Shippers.

(b) To assist Shippers in arranging offsets, TransColorado will post on its Interactive Website the total Monthly Imbalance of any Shipper which has notified TransColorado that it has elected to have such information posted. Notification by the Shipper may be in writing or on TransColorado's Interactive Website and shall be effective by 8:00 a.m. on the next Business Day if the notification is received by 11:45 a.m. on a Business Day. Imbalance information authorized for posting through such notification shall be posted no later than the ninth Business Day of the month after the imbalance occurred. Shippers shall have the ability to post and trade imbalances, and imbalance information shall remain posted, until the seventeenth Business Day of the month after the imbalance occurred.

(c) TransColorado shall enable the imbalance trading process by:

(1) Receiving the Request for Imbalance Trade.

(2) Receiving the Imbalance Trade Confirmation.

(3) Sending the Imbalance Trade Notification and

(4) Reflecting the trade prior to or on the next monthly Shipper Imbalance or cashout.

(d) Imbalance trades can only be withdrawn by the initiating trader and only prior to the confirming trader's confirmation of the trade. Imbalance trades are considered final when confirmed by the confirming trader and effectuated by TransColorado.

(e) After receipt of an Imbalance Trade Confirmation, TransColorado shall send the Imbalance Trade Notification to the initiating trader and the confirming trader no later than noon the next Business Day.

(f) Shipper imbalances remaining after the imbalance netting and trading procedures set out in subsections (a)-(e) shall be cashed out as described in Section 12.6 of these General Terms and Conditions.

12.6 Cashout Procedures

(a) Any imbalance remaining will be cashed out on a tiered basis, pursuant to the following schedule. In determining the cashout tier applicable, TransColorado will utilize the operational data posted on its Interactive Website as of the end of the month or the actual flow volumes, whichever results in a lower cashout tier.

| **Imbalance Level** | **Overage (TransColorado pays Shipper)** | **Underage (Shipper pays TransColorado)** |
|---|---|---|
| 0% to 5% | 100% X MIP* | 100% X MIP |
| Greater than 5% to 10% | 90% X MIP | 110% X MIP |
| Greater than 10% to 15% | 80% X MIP | 120% X MIP |
| Greater than 15% to 20% | 70% X MIP | 130% X MIP |
| Greater than 20% | 60% X MIP | 140% X MIP |

*Monthly Index Price

(b) Following any offsetting with other Shippers, a Shipper's remaining imbalance will be cashed out based on the percentage of that imbalance compared to the total receipts for that Shipper during the month. For example, if the total receipts were 1,000 Dth and the remaining underage imbalance after offsetting with other Shippers was 100 Dth, the total imbalance level would be 10%. The first 5% (50 Dth) would be cashed out at 100% of the MIP and the remaining 50 Dth would be cashed out at 110% of the MIP.

(c) The Monthly Index Price (MIP) is based on prices as reported by Intelligence Press, Inc. in the publication "Natural Gas Intelligence." TransColorado shall use either the highest weekly average price or the lowest weekly average price determined for each month as the MIP for all monthly imbalances subject to cashout hereunder as described below.

(i) For gas owed TransColorado, the MIP shall be the highest weekly average price for the El Paso ~~non-Bondad~~San Juan index and will be applicable to the negative imbalance for the month in which the imbalance occurred.

(ii) For gas owed the Shipper, the MIP shall be the lowest weekly average price for the White River Hub index and will apply to the positive imbalance for the month in which the imbalance occurred.

(d) Following the ten-day period for offsetting imbalances, Shippers with remaining imbalances shall pay TransColorado or will be credited with the appropriate cashout amounts, unless otherwise agreed to in writing by TransColorado.

(e) In the event "Natural Gas Intelligence" becomes unavailable, TransColorado shall request authorization from the Commission to substitute another publication and, upon approval, shall substitute information posted in the approved publication for similar indices. The Monthly Index Price shall be reported on TransColorado's Interactive Website no later than 5:00 p.m. CCT on the tenth business Day of the Month following the production Month.

12.7 Assessment of Imbalances. TransColorado will not assess imbalances if (a) Shipper's action is excused by force majeure, (b) TransColorado has invoked force majeure, (c) imbalances are caused by TransColorado or result from TransColorado's error or (d) TransColorado has previously imposed and Shipper has previously paid imbalance charges on the quantities of gas comprising the imbalance amount.

In determining imbalances, TransColorado shall take into consideration (a) quantities retained for FL&U and (b) additional quantities transported pursuant to any agreed-upon action. TransColorado and Shipper may mutually agree to offset excess or deficient quantities delivered under other Transportation Service Agreements between TransColorado and Shipper.

All cashout charges shall be invoiced according to Section 13 to these General Terms and Conditions.

12.8 Unauthorized Overrun

(a) TransColorado shall levy a charge to any Operator that exceeds the limits specified below. Such charge is applicable in times of capacity constraints, or when Operators act in a manner that materially threatens the integrity of TransColorado's System (e.g. under-performance or over-performance that causes significant pressure declines or buildups).

(b) On any day TransColorado determines that it is unable to receive or deliver the total volume of gas scheduled on its System or a portion of its

System, it shall have the right to notify all Operators of a Critical System Alert. Contemporaneously with, or shortly following such notice, TransColorado shall give notice to any Operator that would be subject to an Unauthorized Overrun Charge as provided below.

(c) The quantity of gas subject to such charge is the quantity of gas that varies from the amount scheduled at that receipt or delivery point on such days.

(d) Upon receipt of a notification from TransColorado, the Operator shall, within four hours, reduce takes to a level no more than 5% above the scheduled volume for such day or 50 Dth, whichever is larger. If after the four hour notice period:

(i) the Operator continues to over-perform by amounts that exceed the foregoing threshold, TransColorado is permitted to reduce the flow into or out of its System by partially or fully closing the valves at the applicable receipt or delivery points.

(ii) the Operator continues to under-perform by failing to deliver or take the quantities it confirmed for that flow day, an Unauthorized Overrun Charge shall be levied by TransColorado to the Operator in the amount shown on the Statement of Rates for those volumes exceeding 5%.

(e) TransColorado shall notify Operators each day during a Critical System Alert via the Informational Postings portion of its Interactive Website that the situation continues to exist.

12.9 Fuel and L&U

(a) The Fuel and L&U Reimbursement Percentages shall be stated separately on the Statement of Rates as a Fuel Reimbursement Percentage and an L&U Reimbursement Percentage, but may be referred to collectively as FL&U Reimbursement Percentages. Such percentages shall be furnished in-kind by Shippers at each receipt point on a pro rata basis based on the quantity received.

(b) The FL&U Reimbursement Percentages shall be recomputed quarterly and shall apply to those rate schedules requiring the assessment of Fuel and/or L&U.

(i) The initial FL&U filing to set forth separate Fuel and L&U Reimbursement Percentages shall be proposed with an effective date of January 1, 2018 ("Initial FL&U Filing"). The data collection period for this initial filing is January 1, 2018 through September 30, 2018. The Initial FL&U Filing shall include in the calculation of the FL&U Reimbursement Percentages any over or under collected amounts of Fuel as defined by TransColorado's Tariff prior to the Initial FL&U Filing from the previous fuel and lost and unaccounted for gas reimbursement mechanism.

(ii) After the initial FL&U Filing, TransColorado shall file FL&U Reimbursement Percentages to be effective no later than three Months following the effective date of the immediately prior FL&U filing. The data collection period for such filing shall be the three-Month period ending two calendar months before the filing date of such FL&U Filing. The filed FL&U Reimbursement Percentages shall become effective on the date proposed subject to the review and notice deemed appropriate by FERC.

(c) Derivation of Fuel and L&U Reimbursement Percentages. The Fuel Reimbursement Percentage and the L&U Reimbursement Percentage shall be derived separately. The Fuel Reimbursement Percentage shall equal the sum of the Fuel Current Reimbursement Component and the Fuel Adjustment Reimbursement Component subject to the adjustment described in this Section 12.9(c). The L&U Reimbursement Percentage shall equal the sum of the L&U Current Reimbursement Component and the L&U Adjustment Reimbursement Component subject to the adjustment described in this Section 12.9(c). Neither the Fuel Reimbursement Percentage nor the L&U Reimbursement Percentage shall be less than zero. If after the calculations described in Sections 12.9(c)(i) through (iv), the calculation of the Fuel Reimbursement Percentage or the L&U Reimbursement Percentage results in either percentage being less than zero, such percentage shall be adjusted to zero and the quantities that would have reduced the calculation of the Fuel Reimbursement Percentage and/or the L&U Reimbursement Percentage below zero shall be deferred and applied to the calculation of the Fuel Adjustment Reimbursement Component or the L&U Adjustment Reimbursement Component, as applicable and described below, in a future period. These individual components shall be calculated as follows:

(i) The Fuel Current Reimbursement Component shall be the projected Fuel Requirement divided by the projected receipt quantities related to the anticipated transportation service for all transactions subject to Fuel for the period the percentage will be in effect.

(ii) The Fuel Adjustment Reimbursement Component shall be calculated by first determining the quantity of gas which is the difference between: (1) the actual quantities of Fuel experienced by TransColorado during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing; and (2) the quantities of Fuel retained by Transporter during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing, and any previously deferred Fuel quantities. The difference of these quantities shall then be divided by the projected receipt quantities related to the anticipated transportation service for all transactions subject to Fuel for the period the percentage will be in effect.

(iii) The L&U Current Reimbursement Component shall be the projected L&U Requirement divided by the total receipt quantities for the period the percentages will be in effect.

(iv) The L&U Adjustment Reimbursement Component shall be calculated by first determining the quantity of gas which is the difference between: (1) the actual quantities of L&U experienced by TransColorado during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing; and (2) the quantities of L&U retained by Transporter during the data collection period, including any prior period adjustments not already considered in a previous filing before or after the Initial FL&U Filing, and any previously deferred L&U quantities. Determination of the actual quantities of L&U experienced during this period shall include an adjustment to recognize the effect of changes in system linepack, if any. The difference of these quantities shall then be divided by the projected total receipt quantities for the period the percentage will be in effect.

(d) Fuel will not be assessed when the entire transportation service is provided using one of the no-fuel routes identified below. However, Shippers using these routes will be subject to TransColorado's applicable L&U Reimbursement Percentage.

(i) Greasewood Hub
a. A point located at Greasewood ("Greasewood Point") to another Greasewood Point. Greasewood Points include Point Identification Numbers ("PIN") 36100, 36101, and 40237.
b. Greasewood Point to Dark Canyon (PIN 41781)
c. Dark Canyon to Greasewood Point
d. Yellow Jacket Pass (PIN 42223) to Greasewood Point
e. Yellow Jacket Pass to Dark Canyon

(ii) Meeker Hub
a. Ryan Gulch (PIN 43886) to Love Ranch (PIN 42235)
b. Ryan Gulch to Horse Draw (PIN 45314)
c. Love Ranch to Ryan Gulch
d. Love Ranch to Horse Draw
e. Horse Draw to Love Ranch
f. Horse Draw to Ryan Gulch

(iii) Greasewood Hub to Meeker Hub
a. Greasewood to Love Ranch
b. Greasewood to Horse Draw
c. Greasewood to Ryan Gulch
d. Dark Canyon to Love Ranch
e. Dark Canyon to Horse Draw
f. Dark Canyon to Ryan Gulch
g. Yellow Jacket Pass to Love Ranch
h. Yellow Jacket Pass to Horse Draw
i. Yellow Jacket Pass to Ryan Gulch

(iv) Blanco Hub
a. Transwestern Pipeline Company ("TW") Blanco (PIN 36106) to El Paso Natural Gas Company ("El Paso") Blanco (PIN 36105)
b. TW Blanco to Hare Canyon (PIN 40379)

c. Hare Canyon to El Paso Blanco
d. Hare Canyon to TW Blanco

(v) Coyote Gulch (PIN 36103) to a point located at Blanco (i.e., TW Blanco, El Paso Blanco, or Hare Canyon)

(e) FL&U calculations shall be accomplished pursuant to NASEB WGQ standards, as follows:

(i) When the fuel reimbursement method is fuel in-kind, the results of the fuel reimbursement calculations for the nomination process should be rounded to the nearest dekatherm, gigajoule , or gigacalorie, as applicable per NAESB WGQ Standard No. 1.3.14. The mathematical effect of rounding can yield a result of zero. (NAESB WGQ Standard 1.3.15)

(ii) Where fuel reimbursement is in kind, the standard fuel calculation mechanism, as this is related to the nomination process, should be (1 - fuel %/100) multiplied by receipt quantity = delivery quantity. (NAESB WGQ Standard 1.3.16)

(iii) For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. (NAESB WGQ Standard 1.3.29)

(iv) The transportation priority for fuel should be the same as the level of service as the transaction to which it applies. (NAESB WGQ Standard 1.3.31)

(v) For current in-kind fuel reimbursement procedures, fuel rates should be made effective only at the beginning of the month. (NAESB WGQ Standard 1.3.28)

(f) If, pursuant to Section 23.11 of the General Terms and Conditions, TransColorado negotiates FL&U Reimbursement Percentages different than the maximum level, TransColorado will credit the full recourse rate FL&U Reimbursement amounts to the appropriate FL&U Reimbursement accounts.

12.10 Credit of Cashout Revenues. Any cashout revenues that exceed gas purchase and applicable costs will be credited to firm, interruptible and negotiated-rate Shippers. The credits shall be calculated by dividing the actual reservation and commodity revenues for each Shipper by the total reservation and commodity revenues during the reporting period and multiplying the result by the excess cashout revenues. The reservation and commodity revenues used to calculate the refund allocation factor shall be net of all applicable surcharges, including, but not limited to, ACA and GRI surcharges. The reporting period shall be the annual period of January through December. If gas purchase and applicable costs exceed revenues, the costs exceeding revenues will be rolled into subsequent annual costs, as an offset to revenues, until eliminated.

12.11 Third Party Imbalance Management. TransColorado will allow Shippers to obtain imbalance-management service from a third-party provider (TPP) subject to the following:

A. All transactions involving the physical payback of gas or trading of imbalances on TransColorado's system must comply with the terms and conditions of TransColorado's tariff.

B. The trading or curing of imbalances may only involve procedures that are provided for in TransColorado's tariff.

C. Shippers will not be permitted to trade imbalances in any manner that will increase a Shipper's imbalance on TransColorado's system.

D. Trading of imbalances may only be between imbalances on TransColorado's system.

E. When a Shipper desires to physically repay or take deliveries of gas, either the Shipper or the TPP must have the necessary transportation receipt and delivery point capacity to allow for the delivery of the gas.

F. Neither the Shipper nor the TPP may transport or trade gas to which they do not hold title.

G. Shipper shall remain primarily liable for its imbalances under the provisions of this Section 12.

H. The TPP will not be permitted to act as a Shipper's agent until TransColorado has received written notice from Shipper. The Shipper agrees to be bound by all transactions conducted by the TPP in the Shipper's name.

12.12 Refund of Penalty Revenues

All Operational Flow Order penalties, unauthorized overrun penalties, cash-out penalties, parking and loaning penalties and imbalance penalty revenues that exceed gas purchase and incremental administrative costs, will be credited to all non-offending firm, interruptible and negotiated-rate Shippers as set out in Section 12.10 above.