

## **Rate Schedules**

**RATE SCHEDULE FT  
FIRM TRANSPORTATION SERVICE****1. AVAILABILITY**

This rate schedule is available for firm transportation service on behalf of any Shipper in accordance with 18 C.F.R. Part 284, Subparts B and provided that:

- (a) TransColorado has available pipeline system capacity to render the firm service requested;
- (b) TransColorado is not required to construct or acquire any additional facilities to provide the desired transportation service, except as provided by Section 3.1(e) below; and
- (c) Shipper and TransColorado have executed a Transportation Service Agreement for service under Rate Schedule FT.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 Firm Service. The transportation service provided under this rate schedule:

- (a) Shall be firm service performed pursuant to 18 C.F.R. Part 284, Subparts B and G;
- (b) Shall apply to all gas transported by TransColorado for Shipper under this rate schedule up to the contract demand (CD) as defined in Section 1.8 of the General Terms and Conditions and specified in the Transportation Service Agreement;
- (c) Shall be subject to interruption as provided in Section 8 of the General Terms and Conditions;
- (d) Shall be provided in accordance with availability of capacity as determined by Section 8 of the General Terms and Conditions; and
- (e) May be released on a permanent or temporary basis according to the terms of Section 6 of the General Terms and Conditions.

2.2 Authorized Overrun Service. Upon request of Shipper, TransColorado may elect to receive, transport and deliver volumes of gas in excess of Shipper's CD. Such service shall be interruptible and available only to the extent it does not impair TransColorado's ability to render transportation service in accordance with Section 8 of the General Terms and Conditions.

2.3 Service Options. Shippers may contract for firm transportation service as set forth in this Section 2.3. Unless otherwise agreed, Shipper's MDQ as defined in Section 1 of the General Terms and Conditions shall remain the same throughout each season, each season within an annual contract or for the annual period. Shipper's MDRQ and MDDQ and any differing levels in such quantities, as well as the period of such differing levels, shall be specified in the executed Transportation Service Agreement.

- (a) Firm transportation service available for the five consecutive months during the November through March winter period ("Winter Contract"). A Winter Contract may be for a term of multiple years.

(b) Firm transportation service available for the seven consecutive months during the April through October summer period ("Summer Contract"). A Summer Contract may be for a term of multiple years.

(c) Firm transportation service available for twelve consecutive months or more ("Annual Contract").

(d) Shippers may contract for firm transportation service separately with a Summer or Winter Contract, or jointly to create an Annual Contract.

### 3. RATE PROVISIONS

3.1 Specified Charges. Unless otherwise mutually agreed to, Shipper shall pay the maximum rates for transportation service under this rate schedule as set forth in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

(a) Reservation Charge. A monthly reservation charge shall be assessed for each Dth of Shipper's CD, subject to the following conditions:

(i) The reservation charge shall be set forth in the Transportation Service Agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(ii) Shipper shall be obligated to pay the reservation charge beginning on the date agreed to by Shipper and TransColorado.

(iii) If the effective date of any Rate Schedule FT Transportation Service Agreement occurs on any day other than the first day of a month, or the termination of any Rate Schedule FT Transportation Service Agreement occurs on any day other than the last day of a month, then the rate used in the calculation of the reservation charge for such partial month shall be based on the ratio of the number of days that transportation service was in effect to the total number of days in such month.

(b) Usage Charge. Shipper shall pay the appropriate usage charge for all gas nominated by Shipper and confirmed by TransColorado for delivery. The usage charge shall be set forth in the Transportation Service Agreement or any amendment and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(c) Shipper shall reimburse TransColorado for FL&U in kind according to Section 12.9 of the General Terms and Conditions.

(d) Overrun Charges. Shipper shall pay all overrun charges that may be assessed in accordance with this rate schedule and TransColorado's Statement of Rates for all authorized or unauthorized transportation service provided by TransColorado. Authorized Overrun Charges will be subject to the maximum and minimum Rate Schedule IT usage charges.

(e) Additional Facility Charge. Unless otherwise provided in the Transportation Service Agreement or related documents, in the event TransColorado and Shipper agree in writing that additional facilities are necessary in order to implement the service contemplated under the Transportation Service Agreement, Shipper agrees to reimburse TransColorado for all costs, including the income tax costs, associated with the construction and installation of such facilities which shall be owned, operated and maintained by TransColorado.

(f) Balancing Charges. An additional charge may be assessed in accordance with Section 12 of the General Terms and Conditions.

(g) Marketing Fee. Shipper and TransColorado may agree upon a fee to be paid by Shipper to TransColorado when TransColorado actively markets any capacity that is released to an Acquiring Shipper.

(h) Other Charges. TransColorado shall charge Shipper and Shipper shall pay for any other FERC approved charges that may apply to service under this rate schedule.

3.2 Tariff Changes. TransColorado may from time to time file with the FERC to change the rates set forth on the Statement of Rates or the General Terms and Conditions applicable to service under this rate schedule. TransColorado shall be entitled to implement such changed rates for service rendered to Shipper under this rate schedule on their effective dates, subject to such refunds, surcharges or other conditions that are specified as terms of the Transportation Service Agreement or that are permitted or required by the FERC. Nothing in this section limits Shipper's rights to contest such changes, or limits the rights of Shipper and TransColorado to provide for changes in rates through the terms of the Transportation Service Agreement.

3.3 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, TransColorado and Shipper may negotiate a rate that exceeds the maximum reservation and usage rates for service under this rate schedule. TransColorado's maximum rate as shown on its Statement of Rates is available as a recourse rate for any Shipper that does not desire to negotiate a rate with TransColorado. The agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services. This provision does not allow TransColorado and Shipper to negotiate terms and conditions.

#### **4. RECEIPT AND DELIVERY**

4.1 Primary and Alternate Points. The primary receipt and delivery points for gas tendered by Shipper to TransColorado will be the points designated in the Transportation Service Agreement. Firm Shippers shall have priority over interruptible Shippers at any receipt point or delivery point located within the path of the service for which the Shipper is paying. All other receipt and delivery points on TransColorado's System will be available as alternate points to Shippers under this rate schedule in accordance with Section 8 of the General Terms and Conditions.

4.2 Receipt. TransColorado shall receive on each day at each Receipt Point, such quantity of natural gas, if any, up to the CD specified for each Receipt Point listed on the Transportation Service Agreement, not to exceed the physical capacity of such point, as may be tendered to TransColorado by Shipper, and transport such quantity on a firm basis for Shipper.

4.3 Delivery. TransColorado shall deliver and Shipper shall accept or cause to be accepted at the Delivery Point(s), a quantity of natural gas equivalent to the quantities of natural gas received by TransColorado at the Receipt Points for transportation in accordance with Section 4.2.

## **5. GENERAL TERMS AND CONDITIONS**

All of the General Terms and Conditions of this Tariff are applicable to this rate schedule and are incorporated by reference.

**RATE SCHEDULE IT  
INTERRUPTIBLE TRANSPORTATION SERVICE**

**1. AVAILABILITY**

This rate schedule is available for interruptible transportation service on behalf of any Shipper in accordance with 18 C.F.R. Part 284, Subparts B and G provided that:

- (a) TransColorado has the capability to provide such service without impairment to the service being provided to any shipper that has contracted for firm transportation services under this FERC Gas Tariff;
- (b) TransColorado is not required to construct or acquire any additional facilities to provide the desired transportation service, except as provided by Section 3.1(c) below; and
- (c) Shipper and TransColorado have executed a Transportation Service Agreement for service under Rate Schedule IT.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 Interruptible Service. The transportation service provided under this rate schedule:

- (a) Shall be interruptible service performed pursuant to 18 C.F.R. Part 284, Subparts B and G;
- (b) Shall apply to all gas transported by TransColorado for Shipper under this rate schedule up to the daily quantity as defined in Section 1.11 of the General Terms and Conditions and specified in the Transportation Service Agreement;
- (c) Shall be subject to interruption as provided in Section 8 of the General Terms and Conditions; and
- (d) Shall be provided in accordance with availability of capacity as determined by Section 8 of the General Terms and Conditions.

2.2 Authorized Overrun Service. Upon request of Shipper, TransColorado may elect to receive, transport and deliver volumes of gas in excess of Shipper's Daily Quantity. Such service shall be rendered on an interruptible basis and provided in accordance with Section 8 of the General Terms and Conditions and is subject to the maximum and minimum rates for IT transportation service.

**3. RATE PROVISIONS**

3.1 Specified Charges. Unless otherwise mutually agreed to in writing or by Shipper's election to nominate service consistent with the terms of the applicable service discount rate offers posted by TransColorado on its Interactive Website from time-to-time, Shippers shall pay the maximum rate for transportation service under this rate schedule as set forth in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Usage Charge. Shipper shall pay the appropriate usage charge for all gas nominated and confirmed for delivery. The usage charge shall be set forth in the Transportation Service Agreement or any amendment, and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(b) Shipper shall reimburse TransColorado for FL&U in kind according to Section 12.9 of the General Terms and Conditions.

(c) Additional Facility Charge. Unless otherwise provided in the Transportation Service Agreement or related documents, in the event TransColorado and Shipper agree in writing that additional facilities are necessary in order to implement the service contemplated under the Transportation Service Agreement, Shipper agrees to reimburse TransColorado for all costs, including the income tax costs, associated with the construction and installation of such facilities which shall be owned, operated and maintained by TransColorado.

(d) Balancing Charges. An additional charge may be assessed in accordance with Section 12 of the General Terms and Conditions.

(e) Other Charges. TransColorado shall charge Shipper for any other FERC-approved charges that may apply to service under this rate schedule.

(f) Overrun Charges. Shipper shall pay all overrun charges that may be assessed in accordance with this rate schedule and TransColorado's Statement of Rates for all authorized or unauthorized transportation service provided by TransColorado.

3.2 Tariff Changes. TransColorado may, from time to time, file with the FERC to change the rates set forth on the Statement of Rates or the General Terms and Conditions applicable to service under this rate schedule. TransColorado shall be entitled to implement such changed rates for service rendered to Shipper under this rate schedule on their effective dates, subject to such refunds, surcharges or other conditions that are specified as terms of the Transportation Service Agreement or that are permitted or required by the FERC. Nothing in this section limits Shipper's rights to contest such changes, or limits the rights of Shipper and TransColorado to provide for changes in rates through the terms of the Transportation Service Agreement.

3.3 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, TransColorado and Shipper may negotiate a rate that exceeds the maximum usage rates for service under this rate schedule. TransColorado's maximum rate as shown on its Statement of Rates is available as a recourse rate for any Shipper that does not desire to negotiate a rate with TransColorado. The agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services. This provision does not allow TransColorado and Shipper to negotiate terms and conditions.

#### **4. RECEIPT AND DELIVERY**

4.1 Receipt and Delivery Points. All receipt and delivery points on TransColorado's transmission system shall be at the interconnections of the facilities of TransColorado and Shipper and are available for use on an interruptible basis by interruptible shippers upon TransColorado's acceptance of a confirmed nomination.

4.2 Receipt. TransColorado shall accept such volumes of natural gas on behalf of Shipper at the Receipt Point(s) listed on the Transportation Service Agreement, provided, however, that TransColorado shall only be obligated to accept that volume of natural gas which TransColorado determines, in its sole discretion, it has available capacity to receive, transport, and deliver and provided further that in no event shall

TransColorado be obligated to accept on any day in excess of the Daily Quantity for each Receipt Point.

4.3 Delivery. TransColorado shall deliver and Shipper shall accept or cause to be accepted at the Delivery Point(s), a quantity of natural gas equivalent to the quantities of natural gas received by TransColorado at the Receipt Points for transportation in accordance with Section 4.2. Provided, however, that in no event shall TransColorado be obligated to deliver on any day in excess of the Daily Quantity for each Delivery Point as designated in the Transportation Service Agreement.

## **5. GENERAL TERMS AND CONDITIONS**

All of the General Terms and Conditions of this Tariff are applicable to this rate schedule and are incorporated by reference.



## **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 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.

**RATE SCHEDULE FFT  
FLEXIBLE FIRM TRANSPORTATION SERVICE**

**1. AVAILABILITY**

This Rate Schedule FFT is available for firm transportation service on behalf of any Shipper in accordance with 18 C.F.R. Part 284, Subparts B and G, provided that:

- (a) TransColorado has available pipeline system capacity to render the firm service requested;
- (b) TransColorado is not required to construct or acquire any additional facilities to provide the desired transportation service, except as provided by Section 3.1(e) below; and
- (c) Shipper and TransColorado have executed a Transportation Service Agreement for service under Rate Schedule FFT.

**2. APPLICABILITY AND CHARACTER OF SERVICE**

2.1 Firm Service. The transportation service provided under this Rate Schedule:

- (a) Shall be flexible firm transportation service provided on days on which firm service is available under the Transportation Service Agreement (Available Days), and as provided in Sections 2(c) and 5(a) of this Rate Schedule. TransColorado shall not be required to accept or to deliver gas hereunder on any day which is not an Available Day or a partial Available Day, as defined in Section 5(a)(1) of this Rate Schedule, under the Transportation Service Agreement;
- (b) Shall apply to all gas transported by TransColorado for Shipper under this Rate Schedule up to Shipper's contract demand (CD) as defined in Section 1.8 of the General Terms and Conditions and specified in the Transportation Service Agreement, as such CD may be reduced for any partial Available Day;
- (c) Shall be provided on a firm basis on each Available Day (including partial Available Days up to the reduced CD) under the Transportation Service Agreement. The minimum and maximum number of Available Days over a month or other defined time period, if any, and whether the Shipper is willing to accept notification of a partial Available Day under Section 5 hereof (and any limitations on such agreement), shall be stated in the Transportation Service Agreement, based on mutual agreement between TransColorado and Shipper, as provided in Section 5 of this Rate Schedule. TransColorado and Shipper may also agree in the Transportation Service Agreement that certain days will not be Available Days or partial Available Days (e.g., the Transportation Service Agreement might specify that weekend days or certain holidays are not Available Days). Administration of Available Days is covered under Section 5(a) of this Rate Schedule;
- (d) Shall have the same priority on Available Days (including partial Available Days up to the reduced quantity) as service under Rate Schedule FT. No service shall be performed hereunder on a day which is not an

Available Day or a partial Available Day as determined under Section 5(a) of this Rate Schedule;

(e) Shall be subject to interruption as provided in Section 8 of the General Terms and Conditions;

(f) Shall be provided in accordance with availability of capacity as determined by Section 8 of the General Terms and Conditions; and

(g) May be released on a permanent or temporary basis according to the terms of Section 6 of the General Terms and Conditions, provided, however, that:

(i) If a Shipper releases its capacity, in whole or part, any and all Acquiring Shippers must accept the same provisions regarding any circumstances relating to Available Days or partial Available Days as apply under the original Transportation Service Agreement, including the number of Available Days remaining in any applicable defined time period;

(ii) Any required capacity release posting must specifically describe all contract provisions relating to Available Days. Capacity on an Available Day or partial Available Day shall be prorated among the Releasing and Acquiring Shippers based upon their respective CDs effective on such Available Day or partial Available day; and

(iii) Once capacity reverts to the Releasing Shipper, that Shipper is bound by the number of Available Days remaining in the relevant defined time period.

2.2 Available Flexible Firm Transportation Capacity: TransColorado posts the availability of unsubscribed firm capacity on the Informational Postings portion of its Interactive Website pursuant to Section 2.1 of the General Terms and Conditions of this Tariff. Such capacity will be available to provide service under either Rate Schedule FT or FFT; provided, however, that TransColorado may elect to make such firm capacity available only for service under Rate Schedule FT. TransColorado will only utilize for service under Rate Schedule FFT firm capacity that TransColorado determines (i) is in excess of TransColorado's existing firm commitments and (ii) would not be detrimental to system operations or TransColorado's ability to perform other firm transportation service.

2.3 Authorized Overrun Service: Upon request of Shipper, TransColorado may receive, transport, and deliver on any Available Day or partial Available Day quantities of gas in excess of Shipper's CD or, for a partial Available Day, Shipper's reduced CD. Such service shall be interruptible and available only to the extent it does not impair TransColorado's ability to render transportation service in accordance with Section 8 of the General Terms and Conditions. Authorized Overrun Service is not available on any day which is not an Available Day or partial Available Day.

### **3. RATE PROVISIONS**

3.1 Specified Charges. Unless otherwise mutually agreed to in writing, Shipper shall pay the maximum rates for transportation service under this Rate

Schedule as set forth in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Reservation Charge. A monthly reservation charge equal to Shipper's Daily Reservation Rate multiplied by Shipper's CD (or reduced CD for any partial Available Day) and multiplied by the number of Available Days (including any partial Available Days) under the Transportation Service Agreement that month, subject to the following conditions:
  - (i) Subject to the provisions of Section 3.3 of this Rate Schedule regarding Negotiated Rates, the reservation rate shall be no more than the maximum nor less than the minimum unit Daily Reservation Rate(s) specified in the Statement of Rates;
  - (ii) Shipper shall be obligated to pay the reservation charge beginning on the date agreed to by Shipper and TransColorado;
  - (iii) If the effective date of the Transportation Service Agreement occurs on any day other than the first day of a month, or the termination of the Transportation Service Agreement occurs on any day other than the last day of a month, then the reservation charge for such partial month shall be based on the number of Available Days during such partial month.
- (b) Usage Charge. Shipper shall pay the appropriate usage rate for all gas quantities delivered. Subject to the provisions of Section 3.3 of this Rate Schedule regarding Negotiated Rates, the usage rate shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
- (c) Shipper shall reimburse TransColorado for FL&U in kind according to Section 12.9 of the General Terms and Conditions.
- (d) Overrun Charges. Shipper shall pay all overrun charges that may be assessed in accordance with this Rate Schedule and TransColorado's Statement of Rates for all authorized or unauthorized overrun service provided by TransColorado. Authorized Overrun Charges will be subject to the maximum and minimum rates set forth in the Statement of Rates of this Tariff, as adjusted from time to time.
- (e) Additional Facility Charge. Unless otherwise provided in the Transportation Service Agreement or related documents, in the event TransColorado and Shipper agree in writing that additional facilities are necessary in order to implement the service contemplated under the Transportation Service Agreement, Shipper agrees to reimburse TransColorado for all costs, including the income tax costs, associated with the construction and installation of such facilities which shall be owned, operated and maintained by TransColorado.
- (f) Balancing Charges. An additional charge may be assessed in accordance with Section 12 of the General Terms and Conditions of this Tariff.

(g) Marketing Fee. Shipper and TransColorado may agree upon a fee to be paid by Shipper to TransColorado when TransColorado actively markets any capacity that is released to an Acquiring Shipper.

(h) Other Charges. TransColorado shall charge Shipper and Shipper shall pay for any other FERC approved charges that may apply to service under this rate schedule.

3.2 Tariff Changes. TransColorado may from time to time file with the FERC to change the rates set forth on the Statement of Rates or the General Terms and Conditions applicable to service under this Rate Schedule. TransColorado shall be entitled to implement such changed rates for service rendered to Shipper under this Rate Schedule on their effective dates, subject to such refunds, surcharges or other conditions that are specified as terms of the Transportation Service Agreement or that are permitted or required by the FERC. Nothing in this section limits Shipper's rights to contest such changes, or limits the rights of Shipper and TransColorado to provide for changes in rates through the terms of the Transportation Service Agreement.

3.3 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, TransColorado and Shipper may negotiate a rate that exceeds the maximum reservation and usage rates for service under this Rate Schedule (Negotiated Rate). TransColorado's maximum rate as shown on its Statement of Rates is available as a recourse rate for any Shipper that does not desire to agree to a Negotiated Rate with TransColorado. The agreement by the Shipper to accept a Negotiated Rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services. This provision does not allow TransColorado and Shipper to negotiate terms and conditions of service.

#### **4. RECEIPT AND DELIVERY**

4.1 Primary and Alternate Points. The primary receipt and delivery points for gas tendered by Shipper to TransColorado will be the points designated in the Transportation Service Agreement. All other receipt and delivery points on TransColorado's System will be available as alternate points to Shippers under this Rate Schedule in accordance with Section 8 of the General Terms and Conditions.

4.2 Receipt. TransColorado shall receive on each day at each Receipt Point, such quantity of natural gas if any, up to the point quantity specified for each Receipt Point set forth in the Transportation Service Agreement (as may be reduced pro rata for any partial Available Day) plus applicable Fuel Gas use and L&U quantities, not to exceed the physical capacity of such point, as may be tendered to TransColorado by Shipper, and transport such quantity on a firm basis for Shipper.

4.3 Delivery. TransColorado shall deliver and Shipper shall accept or cause to be accepted at the Delivery Point(s), a quantity of natural gas equivalent to the quantities of natural gas received by TransColorado at the Receipt Points, less applicable Fuel Gas use and L&U quantities.

**5. AVAILABILITY AND NOTICE OF AVAILABLE OR PARTIAL AVAILABLE DAYS**

- (a) (1) Shipper and TransColorado may agree that TransColorado will either provide notice of days that are Available Days or partial Available Days, or notice of days that are not Available Days or partial Available Days. Shipper and TransColorado may also agree on combinations or variations of the type of notice to be provided by TransColorado in the preceding sentence. TransColorado shall notify Shipper no later than two and one-half hours, or by another specific, mutually agreeable time, prior to the deadline for timely nominations for a day if that day is to be, or if applicable will not be, an Available Day or a partial Available Day, as such notification requirement has been agreed to by Shipper and TransColorado. Notification shall be made by e-mail or other mutually agreed method. To the extent consistent with the Transportation Service Agreement, the notification may specify that the day is a partial Available Day, which means that the firm service available to Shipper that day under the Transportation Service Agreement is less than Shipper's full CD, in which case the notice must specify the reduced CD which is available, or if applicable is not available, to Shipper that day. A partial Available Day shall not be accounted for as a full Available Day, but rather as a fraction of an Available Day in the ratio of the quantity of service made available for the Shipper under its Transportation Service Agreement that day to that Shipper's CD under the Transportation Service Agreement.
- (2) Available Days and Partial Available Days shall be determined by TransColorado separately for each Transportation Service Agreement, subject to the parameters defined in the Transportation Service Agreement, i.e., the minimum and maximum number of Available Days and the associated defined time period(s), any restrictions stated in the Transportation Service Agreement that certain days are not Available Days or partial Available Days, and whether partial Available Days are permitted under the Transportation Service Agreement. To the extent that TransColorado can identify the conditions under which it will be unable to consider a particular day an Available Day or partial Available Day, TransColorado shall specify such conditions in the Transportation Service Agreement; provided, however, that TransColorado will still be able to determine that a day is not an Available Day or partial Available Day based on other conditions. The determination of which days are, or if applicable are not, Available Days or partial Available Days under a Transportation Service Agreement is to be based on operational considerations and/or on TransColorado's commitments under other firm agreements, including the number of Available Days and partial Available Days under other Transportation Service Agreements under this Rate Schedule.
- (b) 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, as provided in Section 12 of the General Terms and Conditions of this Tariff.

**6. GENERAL TERMS AND CONDITIONS**

All of the General Terms and Conditions of this Tariff are applicable to this Rate Schedule and are incorporated by reference.