

December 28, 2018

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E. Washington, D.C. 20428

Re: Young Gas Storage Company, Ltd.  
Docket Nos. RP19-\_\_\_\_-000 and RP19-276-000 (Not Consolidated)  
Offer of Settlement

Dear Ms. Bose:

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. § 385.602 (2018), Young Gas Storage Company, Ltd. (“Young”) hereby submits for filing in the above-referenced proceeding an Offer of Settlement which contains a Stipulation and Agreement with Appendices A, B and C (collectively referred to as “S&A”) and an Explanatory Statement.

Appendix B contains pro forma tariff records that will be implemented under the terms of the S&A. More specifically, Appendix B contains two sets of tariff records that are marked to show the proposed changes from Young’s currently effective tariff records by redlining additions and striking out deletions. Appendix B also includes two clean sets of proposed tariff records showing the same changes. After the S&A becomes effective and consistent with Section 2.2 of Article II, Young will file to place in effect the updated tariff records included in Appendix B. Additionally, Appendix C includes pro forma tariff records which display modifications to the Available Daily Withdrawal Quantity curve and related quantity rules and formula associated with facility enhancements described in the S&A.

The S&A is supported by the parties listed on Appendix A which represents all participants in Docket No. RP19-276-000. The S&A was circulated to all the participants in Docket No. RP19-276-000 for review and comment. Young is unaware of any participant’s opposition, in whole or in part, to the S&A.

Young respectfully requests that the Commission set a shortened comment period that provides for interventions and initial comments to be filed no later than 10 days after the notice date and reply comments, if any, 20 days after the notice date.

Young respectfully requests that the Commission approve the Settlement as soon as administratively feasible in order for Young to implement the benefits provided through the proposed S&A.

Copies of this transmittal letter and the Offer of Settlement are being served on all participants in Docket No. RP19-276-000.

Respectfully submitted,

/s/ Mark A. Minich

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

Young Gas Storage Company, Ltd. )

Docket Nos. RP19-\_\_-000, and  
RP19-276-000  
(Not Consolidated)

**OFFER OF SETTLEMENT  
AND EXPLANATORY STATEMENT**

Pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”),<sup>1</sup> Young Gas Storage Company, Ltd. (“Young”) hereby submits this Offer of Settlement which includes the Explanatory Statement and the Stipulation and Agreement (“S&A”). For the reasons set forth herein, Young respectfully requests that the Commission approve the attached S&A as in the public interest and a fair and reasonable resolution of all matters and issues in the above-captioned proceedings.

**I. PROCEDURAL BACKGROUND**

On November 8, 2018, Young complied with the requirements of the Final Rule<sup>2</sup> adopted in Order No. 849 in Docket No. RM18-11 and filed its Form 501-G in Docket No. RP19-276-000. In that filing, Young stated that it had negotiated an agreement in principle with its shippers and that it intended to file a prepackaged, non-contested settlement with the Commission by December 31, 2018. This S&A is the result of that negotiation.

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<sup>1</sup> 18 C.F.R. § 385.602(2018).

<sup>2</sup> *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed Reg. 36672 (July 30, 2018); FERC Stats. & Regs., Reg. Preambles ¶ 31,404.

## II. EXPLANATORY STATEMENT

The various provisions of the S&A, and the Articles included therein, are summarized below. In the event of any conflict between this Explanatory Statement and the S&A, the provisions of the S&A shall govern.

Article I briefly describes the factual background and procedural history of this proceeding.

Article II contains a provision for the Settlement Base Rates and other related provisions. Section 2.1 establishes new base rates for Young's storage services on a "black box" basis except as further delineated by the S&A. The Initial Settlement Rates set forth in Appendix B will become effective January 1, 2019, and remain in effect until the update to Initial Settlement Base Rates described in Section 2.5 of the S&A is implemented. Section 2.2 provides that within 15 days after the S&A becomes effective in accordance with Article II, Young shall file with the Commission revised tariff records reflecting the Initial Settlement Base Rates shown on the *Pro Forma* Statement of Rates contained in Appendix B, Tab 1, to become effective January 1, 2019. If the S&A becomes effective after January 1, 2019, Section 2.3 provides that Young will refund by invoice credit the amount collected beginning January 1, 2019, above the appropriate Initial Settlement Base Rates. Refunds, if any, shall be made within sixty (60) days of the Effective Date as defined in Article V and include interest pursuant to 18 C.F.R. § 154.501(d) (2018). Young shall file a refund report within sixty (60) days after refunds are made. Section 2.4 states that, prior to March 1, 2019, Young will file an application with the Commission pursuant to Section 7(c) of the Natural Gas Act ("NGA") to increase total certificated storage inventory of the Young Storage Field by an additional 1 Bcf. The application shall seek authorization to inject 800 MMcf

(equivalent to approximately 879,200 Dekatherms) of additional base gas inventory, subject to the condition that the field performs as expected and that the injection of the additional base gas does not result in gas pressures in the field exceeding any Commission-imposed limits or results in any unexpected risk of uncontrolled gas migration. Appendix C includes the pro forma tariff records which will update the Available Daily Withdrawal Curve and related quantity rules and formula in Young's Tariff to reflect the anticipated performance of the Young Storage Field following the injection of additional base gas inventory. Section 2.5 provides that on the later of June 1, 2019 or the first day of the month after the date upon which Young has actually purchased and injected the additional base gas inventory into its storage field (as described in Section 2.4 and subject to the conditions set forth therein), Young's maximum reservation rate components and the maximum rates for Rate Schedules FS-1, IS-1 and PAL will be increased to the levels in effect on November 1, 2018.<sup>3</sup> Young will make timely tariff filings to implement the Updated Settlement Base Rates, and the ADWQ curve and related tariff changes. Section 2.6 describes accounting related matters. Section 2.6(a) establishes Young's FERC depreciation rates for book purposes and for the Initial and Updated Settlement Base Rates, while Section 2.6(b) provides that the rates in effect during the term of the S&A include approximately \$110,000 per year of amortization on the regulatory liability associated with excess accumulated deferred income tax. Finally, Section 2.7 states that the S&A does not constitute a recent review of Young's base rates for purposes of fulfilling the Docket No. PL15-1 Policy Statement

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<sup>3</sup> The updated Rate Schedule FS-1 maximum reservation rates and the updated Rate Schedule IS-1 and PAL-1 rates are set forth in the S&A in Appendix B and identified as "Update to Base Settlement Rates."

requirement.<sup>4</sup>

Article III provides that the term of the S&A will extend from the Effective Date pursuant to Article V through the earlier of the date new rates become effective pursuant to a new, general system-wide rate change submitted pursuant to section 4 of the NGA<sup>5</sup> or the date new rate(s) becomes effective pursuant to action taken by the Commission under section 5 of the NGA.<sup>6</sup> Notwithstanding anything in the S&A, Article VI shall survive expiration of the S&A.

Under Article IV, Section 4.1 provides that, prior to January 1, 2022, each Settling Party on behalf of itself and its successors and assignees, will not, pursuant to the NGA or any other statute, challenge or advocate in any manner a change in any provision of the S&A, including, without limitation the Settlement Base Rates, at the Commission or with any other governmental authority or regulatory body having jurisdiction over Young. For purposes of clarity, Section 4.1 does not preclude any Settling Party from making any NGA section 5 filing<sup>7</sup> on the basis that Young has violated the terms of the S&A or has applied the terms of the S&A in an unduly discriminatory manner.

Additionally, Section 4.1(a) provides that the Settling Parties retain all their rights and may take any position in a proceeding pursuant to section 5 of the NGA that is initiated by the Commission against Young, irrespective of the timing and the terms of the S&A. The Section acknowledges that the rates established pursuant to the S&A represent a compromise of the positions of the parties and that the Settling Parties shall

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<sup>4</sup> 151 FERC ¶ 61,047 at P 2 (2015), *order denying clarification*. 152 FERC ¶ 61,046 (2015).

<sup>5</sup> 15 U.S.C. § 717c (2012).

<sup>6</sup> 15 U.S.C. § 717c (2012).

<sup>7</sup> 15 U.S.C. § 717d (2012).

not seek to change the rates established pursuant to the S&A during the term of the Moratorium other than in connection with a resolution of a Commission-initiated section 5 proceeding. Section 4.1(b) provides that during the Moratorium, all Settling Parties and Young shall be free, so long as no Settling Party or Young actively seeks to undermine the S&A or the enforcement of any of its provisions, to (i) advance legislative changes and/or petition to initiate rulemaking proceedings of general industry-wide applicability; (ii) actively participate in any rulemaking, notice of inquiry, or similar proceeding of general applicability before the Commission (“Commission Rulemakings”); (iii) petition for and actively participate in judicial appeals or remands of Commission Rulemakings or unrelated pipeline proceedings; and (iv) participate in any other Commission proceeding and any related judicial appeals and take any position on any issue in that proceeding.

Further, Section 4.2 commits Young to file a section 4 Rate Case pursuant to section 4 of the NGA<sup>8</sup> with rates to be effective no later than April 1, 2022, absent a prior agreement with its shippers that no such section 4 rate case is necessary or warranted.

Article V sets forth the requirements for the S&A to become effective. Section 5.1 provides that, except as otherwise expressed in Article V, the various provisions of the S&A are an integrated whole and are not severable. Neither the S&A, nor any of the provisions thereof, shall become effective unless and until the Commission enters an order no longer subject to rehearing or judicial review approving or accepting the S&A, without any condition, clarification or modification or, in the event of a condition, clarification or modification, Young shall not have exercised its right under Section 5.2 to withdraw the Offer of Settlement including the S&A within the prescribed time, and

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<sup>8</sup> 15 U.S.C. § 717c (2012).

the Commission shall have denied any request for rehearing of the order modifying, clarifying or conditioning the S&A. Section 5.2 establishes the Effective Date of the S&A as the first day of the month following the month in which the conditions specified by Section 5.1 have been satisfied. Section 5.3 provides the conditions under which Young may withdraw its Offer of Settlement.

Article VI sets forth reservations including without limitation that the S&A is submitted pursuant to Rule 602 (18 C.F.R. § 385.602 (2018)) and nothing in the S&A will be deemed to create a “settled practice” as the term is interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980), or to affect or shift the burden of proof on any issue in any proceeding. Additionally, Article VI identifies the controlling document in the event of a conflict between the Explanatory Statement, the S&A, and/or the tariff records.

Article VII establishes that the standard of review for any proposed changes by Young or a Settling Party to the terms of the S&A including, but not limited to, the Settlement Base Rates will be the more rigorous application of the statutory “just and reasonable” standard of review which is characterized as the *Mobile-Sierra* “public interest” standard.<sup>9</sup> With respect to proposed changes to any terms of the S&A sought by a third party or the Commission acting *sua sponte*, the standard of review shall be the just and reasonable standard.

Article VIII provides that the Commission’s approval of the Offer of Settlement

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<sup>9</sup> See *Devon Power LLC*, 134 FERC ¶ 61,208, at P 1 (2011), citing *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332, 76 S. Ct. 373, 100 L. Ed. 373 (1956); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348, 76 S. Ct. 368, 100 L. Ed. 388 (1956); *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish County, Washington*, 554 U.S. 527, 545, 128 S. Ct. 2733, 171 L. Ed. 2d 607 (2008) (for the proposition that the “just and reasonable” standard is the only statutory standard of review). See also *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 558 U.S. 165, 130 S. Ct. 693, 175 L. Ed. 2d 642 (2010).



will authorize and approve the tariff changes in Appendix B of the S&A and a waiver of any requirement to the extent necessary to carry out any provision of the S&A.

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

**Young Gas Storage Company, Ltd.**            )

**Docket No. RP19-\_\_\_-000  
Docket No. RP19-276-000  
(Not Consolidated)**

**STIPULATION AND AGREEMENT**

Pursuant to Rule 207(a)(5) of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“FERC” or “Commission”), 18 C.F.R. § 385.207(a)(5) (2018), Young Gas Storage Company, Ltd. (“Young”), on behalf of itself and the parties listed on Appendix A attached hereto (those parties listed on Appendix A are hereinafter referred to as “Settling Party” or “Settling Parties”), hereby submits this Stipulation of Agreement and Settlement (“S&A”) for Commission approval without modification or condition. Approval of this S&A resolves all issues relating to the Final Rule of the Commission, adopted in Order No. 849 in Docket No. RM18-11 (the “Final Rule”)<sup>1</sup> and the impact of the Tax Cuts and Jobs Act of 2017 (“TCJA”)<sup>2</sup> on Young’s rates, and will provide the benefits from the TCJA to Young’s customers.

**Article I  
Introduction**

Young is organized as a limited partnership pursuant to the laws of the state of Colorado. The general partners in Young are CIG Gas Storage Company, L.L.C., a Delaware limited liability company (“CIGG”), and Xcel Energy Markets Holdings Inc., a

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<sup>1</sup> *Interstate and Intrastate Natural Gas Pipelines; Rate Changes Relating to Federal Income Tax Rate*, Order No. 849, 83 Fed Reg. 36672 (July 30, 2018); FERC Stats. & Regs., Reg. Preambles ¶ 31,404.

<sup>2</sup> An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, Pub. L. No. 115-97, 131 Stat.2054 (2017).

Minnesota corporation (“Xcel Holdings”); and the limited partner is Colorado Springs Utilities, an enterprise of the City of Colorado Springs (“CSU”), a home rule city and municipal corporation. Young owns and operates<sup>3</sup> a natural gas storage field in Morgan County, Colorado, pursuant to a Certificate issued by the Commission on June 22, 1994 in Docket No. CP93-541-000.<sup>4</sup>

On November 8, 2018, Young complied with the requirements of the Final Rule and filed its Form 501-G in Docket No. RP19-276-000. In that filing, Young stated that it had negotiated an agreement in principle with its shippers and that it intended to file a prepackaged, non-contested settlement with the Commission by December 31, 2018. This S&A is the result of that negotiation.

This S&A provides a combination of rate reductions by Young (to be passed through to “down-stream” users of the Young storage capacity) and commitments by Young to seek Commission approval of certain facility enhancements that will improve the quality of the storage services. Subject to the receipt of the FERC authority for the facility enhancements, Young and its shippers have agreed to further adjustments in the rates following the additional investments by Young in the facility enhancements.

Since its inception, Young’s firm storage service has been fully contracted to Public Service Company of Colorado (“PSCo”) and CSU. PSCo, an affiliate of Xcel Holdings, is a combination gas and electric utility serving much of the state of Colorado and subject to the regulatory jurisdiction of the Colorado Public Utilities Commission. Following the development of the High Plains lateral on the CIG system, and the addition of Rate Schedule TSB-Y to the CIG FERC Gas Tariff, PSCo temporarily released its

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<sup>3</sup> Young’s affiliate, Colorado Interstate Gas Company, L.L.C. (“CIG”), is the operator of the storage field.

<sup>4</sup> *Young Gas Storage Company, Ltd.*, 67 FERC ¶ 61,375 (1994).

capacity in Young to CIG. In turn, CIG uses that capacity to provide Rate Schedule TSB-Y service to PSCo. The result is that PSCo continues to use the storage capacity provided by Young through the Rate Schedule TSB-Y service on CIG, but CIG pays the maximum tariff recourse rates to Young for the FS-1 Firm Storage Service and PSCo pays the maximum tariff recourse rates to CIG for the Rate Schedule TSB-Y Transportation – Young Storage Balancing Service – Firm.

## **Article II Settlement Base Rates and Other Provisions**

2.1 Settlement Rates. This S&A establishes new base rates for Young’s storage services on a “black box” basis except as may be delineated in this Article II. It is stipulated and agreed that upon the approval and effectiveness of this S&A, Young’s maximum rates for its storage services shall be the rates set forth in the *pro forma* tariff records attached hereto in Appendix B (hereinafter referred to as “Initial Settlement Base Rates”). The Initial Settlement Base Rates in Appendix B, Tab 1 shall become effective on January 1, 2019, and remain in effect until the update to Initial Settlement Base Rates described in section 2.5 of this S&A are implemented. As a capacity replacement shipper under the terms of a temporary release of capacity from PSCo, CIG will, in turn, reduce the rates that it charges PSCo for Rate Schedule TSB-Y service by an equivalent amount.<sup>5</sup>

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<sup>5</sup> The reduction in Young’s rates will be accomplished through the revision to the maximum rates contained in the Statement of Rates in the Young FERC Gas Tariff (“Tariff”). As agreed to by the Settling Parties, the reduction in the rates charged by CIG to PSCo under CIG’s Rate Schedule TSB-Y will be accomplished through an amendment to the PSCo Transportation Service Agreement for the TSB-Y service and a discount to the rate.

2.2 Rate Implementation. Within 15 days after this S&A becomes effective in accordance with Article II, Young shall file with the Commission revised tariff records reflecting the Initial Settlement Base Rates shown on the *Pro Forma* Statement of Rates contained in Appendix B, Tab 1, to become effective January 1, 2019. The Commission's order approving this Settlement and making it effective along with the Commission order approving the Initial Settlement Base Rates tariff records shall constitute all authority necessary for Young to place into effect the revised tariff records described in Appendix B, Tab 1 herein.

2.3 Refunds. If the S&A becomes effective in accordance with Article V of this S&A after January 1, 2019, Young shall refund by invoice credit the amount collected beginning January 1, 2019, above the appropriate Initial Settlement Base Rates. Refunds, if any, shall be made within sixty (60) days of the Effective Date as defined in Article V and include interest pursuant to 18 C.F.R. § 154.501(d) (2018). Young shall file a refund report within sixty (60) days after refunds are made.

2.4 Facility Enhancements. Prior to March 31, 2019, Young will file an application with the Commission pursuant to Section 7(c) of the Natural Gas Act ("NGA") to increase total certificated storage inventory of the Young Storage Field by an additional 1 Bcf. The application shall seek authorization to inject 800 MMcf (equivalent to approximately 879,200 Dekatherms) of additional base gas inventory, subject to the condition that the field performs as expected and that the injection of the additional base gas does not result in gas pressures in the field exceeding any Commission-imposed limits or results in any unexpected risk of uncontrolled gas migration. The application shall also describe modifications Young will make to its Tariff that will update the

Available Daily Withdrawal Quantity (“ADWQ”) curve, set forth in the *pro forma* tariff records attached hereto in Appendix C, and related quantity rules and formula in the Tariff in order to reflect the actual anticipated performance of the field following the injection of the additional base gas inventory.

2.5 Update to Initial Settlement Base Rates. On the later of June 1, 2019 or first day of the month after the date upon which Young has actually purchased and injected the additional base gas inventory into its storage field (as described in section 2.4 and subject to the conditions set forth therein), Young’s maximum reservation rate components and the maximum rates for Rate Schedules FS-1, IS-1 and PAL will be increased to the levels in effect on November 1, 2018.<sup>6</sup>

Young will make a timely tariff filing to implement the Updated Settlement Base Rates, an updated ADWQ curve and related quantity rules and formula in order to place into effect such rates and related Tariff changes. Note that the Updated Settlement Base Rates will be subject to any further adjustments pursuant to other provisions of the Young Gas Tariff relating to changes in the average thermal content of gas in the field.

2.6 Accounting Related Matters.

(a) Depreciation and Amortization. Young’s FERC depreciation rates for book purposes and for the Initial and Updated Settlement Base Rates described above are unchanged and shall be as follows:

<u>Underground Storage Plant</u>	
Underground Storage (Account Nos. 350-355 and 357)	3.33%
<u>General and Intangible Plant</u>	
391.0 – Office Furniture and Equipment	3.33%

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<sup>6</sup> The updated Rate Schedule FS-1 maximum reservation rates and the updated Rate Schedule IS-1 and PAL-1 rates are set forth in the *pro forma* tariff records attached hereto in Appendix B, Tab 2 and identified as “Update to Settlement Base Rates.”

394.0 – Tools, Shop and Garage Equipment	3.33%
398.0 – Miscellaneous Equipment	3.33%
302.0 – Franchises and Consents	3.33%
303.0 – Miscellaneous Intangible Plant	3.33%

(b) Regulatory Liability – Excess Accumulated Deferred Income Taxes (ADIT).

The rates in effect during the term of this settlement include approximately \$110,000 per year of amortization on the regulatory liability associated with excess ADIT resulting from the TCJA.

2.7 Cost Recovery Mechanism. The Parties to this S&A agree that this settlement does not constitute a “recent rate review” for the purposes of fulfilling the Docket No. PL15-1 Policy Statement requirement<sup>7</sup>.

**Article III**  
**Term of S&A**

3.1 Term. The term of this S&A shall extend from the Effective Date pursuant to Article V, through the earlier of: (a) the date new rates become effective pursuant to a new general, system-wide rate change submitted by Young pursuant to section 4 of the NGA,<sup>8</sup> or (b) the date new rate(s) becomes effective pursuant to action taken by the Commission under section 5 of the NGA.<sup>9</sup> Notwithstanding anything herein, Article VI shall survive expiration of this S&A.

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<sup>7</sup> Cost Recovery Mechanisms for Modernization of Natural Gas Facilities, 151 FERC ¶ 61,047 (2015).

<sup>8</sup> 15 U.S.C. § 717c (2012).

<sup>9</sup> 15 U.S.C. § 717d (2012).

**Article IV**  
**Rate Moratorium**

4.1 NGA Section 5 Moratorium. Prior to January 1, 2022, each Settling Party on behalf of itself and its successors and assignees, will not, pursuant to the NGA or any other statute, challenge or advocate in any manner a change in any provision of the S&A, including, without limitation the Settlement Base Rates, at the Commission or with any other governmental authority or regulatory body having jurisdiction over Young. For purposes of clarity, this section 4.1 does not preclude any Settling Party from making any NGA section 5 filing<sup>10</sup> on the basis that Young has violated the terms of this S&A or has applied the terms of this S&A in an unduly discriminatory manner.

(a) NGA Section 5 Proceedings Initiated by the Commission. The Settling Parties retain all their rights and may take any position in a proceeding pursuant to section 5 of the NGA that is initiated by the Commission against Young, irrespective of the timing and the terms of this S&A. Settling Parties acknowledge that the rates established pursuant to this S&A represent a compromise of the positions of the parties and shall not seek to change the rates established pursuant to this S&A during the term of the Moratorium other than in connection with resolution of a Commission-initiated section 5 proceeding.

(b) Parties' Rights During the Moratorium. During the Moratorium, all Settling Parties and Young shall be free, so long as no Settling Party or Young actively seeks to undermine this Settlement or the enforcement of any of its provisions, to (i) advance legislative changes and/or petition to initiate rulemaking proceedings of general industry-wide applicability; (ii) actively participate in any rulemaking, notice of

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<sup>10</sup> 15 U.S.C. § 717d (2012).



inquiry, or similar proceeding of general applicability before the Commission (“Commission Rulemakings”); (iii) petition for and actively participate in judicial appeals or remands of Commission Rulemakings or unrelated pipeline proceedings; and (iv) participate in any other Commission proceeding and any related judicial appeals and take any position on any issue in that proceeding.

4.2 Section 4 Filing Obligation. Young commits to file a Section 4 Rate Case pursuant to section 4 of the NGA,<sup>11</sup> with rates to be effective no later than April 1, 2022, absent a prior agreement with its shippers that no such section 4 rate case is necessary or warranted.

## **Article V Effectiveness**

5.1 Conditions for this S&A to Become Effective. Except as otherwise expressed in this Article V, the various provisions of this S&A are an integrated whole and are not severable. Neither this S&A, nor any of the provisions hereof, shall become effective unless and until the Commission shall have entered an order no longer subject to rehearing or judicial review approving or accepting this S&A, without any condition, clarification or modification, or, in the event of a condition, clarification or modification, Young shall not have exercised its right under section 5.3 of this Article V to withdraw the Offer of Settlement including this S&A within the prescribed time, and the Commission shall have denied any request for rehearing of the order modifying, clarifying or conditioning this S&A.

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<sup>11</sup> 15 U.S.C. § 717c (2012).

5.2 Effective Date. The Effective Date of this S&A shall be the first day of the month following the month in which the conditions in section 5.1 have been satisfied.

5.3 Young Withdrawal of Settlement Offer. If the Commission approves or accepts this S&A with any condition, clarification or modification, Young shall have the right, exercised in good faith, to withdraw the Offer of Settlement including this S&A by notifying the Commission and all other participants to the Proceedings of such a withdrawal within twenty (20) days from the date of the order by the Commission approving or accepting the instant S&A with any condition, clarification or modification that is unacceptable to Young. Upon such a withdrawal, the Offer of Settlement including without limitation this S&A shall become null and void.

## **Article VI Reservations**

6.1 Rule 602 Privilege. This Offer of Settlement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure.<sup>12</sup> Unless and until the S&A shall have become effective in accordance with Article V, this S&A shall be privileged. All discussions held and materials provided by any participant to the Proceedings in reaching this S&A shall be treated as privileged under Rule 602 of the Commission's Rules of Practice regardless of whether this S&A becomes effective.

6.2 Scope. The provisions of this S&A are intended to relate only to the specific matters referred to herein and, by agreeing to the instant S&A, neither Young nor any Settling Party waives any claim or right which it may otherwise have with respect to any matters not expressly provided for herein.

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<sup>12</sup> 18 C.F.R. § 385.602 (2018).

6.3 Negotiated Settlement. This S&A is made on the express understanding that it constitutes a negotiated settlement, and except as otherwise expressly provided for herein, neither Young nor any Settling Party shall be deemed to have approved, accepted, agreed to, or consented to any ratemaking principle, or any allocation method or rate design formula, underlying or supposed to underlie any of the rates, charges, cost classifications, cost functionalization or cost of service provided for herein, or to be prejudiced thereby in any future Young rate proceeding, or in any other pending or future Commission or court proceedings. Nothing in this S&A shall be deemed to create a “settled practice” as the term is interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980), or to affect or shift the burden of proof on any issue in any proceeding.

6.4 Control. In the event of any conflict between the terms contained in this S&A and those in the accompanying Explanatory Statement, the terms of this S&A control. In the event of any conflict between the terms of this S&A or the accompanying Explanatory Statement and the *pro forma* tariff records reflected in Appendix B, the tariff records control.

## **Article VII Standard of Review**

Because the participants in the Proceedings are sophisticated entities in Commission rate proceedings, the standard of review for any proposed changes by Young or any Settling Party to the terms of this S&A including, but not limited to, the Settlement Base Rates, shall be the more rigorous application of the statutory “just and reasonable” standard of review which is characterized as the Mobile-Sierra “public

interest” standard.<sup>13</sup> With respect to proposed changes to any terms of this S&A sought by a third party or the Commission acting *sua sponte*, the standard of review shall be the just and reasonable standard.

**Article VIII**  
**Effect of Approval of Offer of Settlement**

The Commission’s approval of this Offer of Settlement shall constitute: (a) Commission authorization and approval for Young to make the rate and tariff changes set forth in Appendix B; and (b) Commission waiver of any requirement to the extent necessary to carry out any provision of this S&A including without limitation any necessary waivers of the Commission Rules and Regulations, policies, procedures or practices or Young’s FERC Natural Gas Tariff.

Respectfully submitted,

YOUNG GAS STORAGE COMPANY, LTD.

By: \_\_\_\_\_ /s/ \_\_\_\_\_

William D. Wible  
Vice President, Regulatory

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<sup>13</sup> See *Devon Power LLC*, 134 FERC ¶ 61,208, at P 1 (2011), citing *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332, 76 S. Ct. 373, 100 L. Ed. 373 (1956); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348, 76 S. Ct. 368, 100 L. Ed. 388 (1956); *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish County, Washington*, 554 U.S. 527, 545, 128 S. Ct. 2733, 171 L. Ed. 2d 607 (2008) (for the proposition that the “just and reasonable” standard is the only statutory standard of review). See also *NRG Power Marketing, LLC v. Maine Public Util. Comm’n*, 558 U.S. 165, 130 S. Ct. 693, 175 L. Ed. 2d 642 (2010).

## APPENDIX A

The following parties in Docket No. RP19-276-000 support the Offer of Settlement,

including the S&A:

Colorado Springs Utilities

Public Service Company of Colorado

APPENDIX B

*PRO FORMA* AND REDLINE TARIFF RECORDS

FOR SETTLEMENT BASE RATES

TO BE EFFECTIVE AS DESCRIBED IN SECTIONS 2.1 AND 2.5 OF THE S&A

TAB 1: INITIAL SETTLEMENT BASE RATES

TAB 2: UPDATE TO SETTLEMENT BASE RATES

**APPENDIX B**

**TAB 1: INITIAL SETTLEMENT BASE RATES**

**CLEAN TARIFF SECTIONS**

<u>Rate Schedule</u>	<u>Rate per Dth</u> <u>(Note 1)</u>	
	<u>Minimum</u>	<u>Maximum</u>
FS-1: (Note 5)		
Reservation Rates (Note 3) -		
Storage Capacity Rate	\$0.0000	\$0.0526
Reservation Rate	\$0.0000	\$1.3934
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1242
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1242



<u>Rate Schedule</u>	<u>Rate per Dth</u> <u>(Note 1)</u>	
	<u>Minimum</u>	<u>Maximum</u>
IS-1: (Note 5)		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)	\$0.0000	\$0.1052
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1242
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1242
PAL-1: (Note 5)		
Initial Rate	\$0.0000	\$0.1242
Park/Loan Balance Rate	\$0.0000	\$0.0621
Completion Rate	\$0.0000	\$0.1242
Authorized Overrun Rate	\$0.0000	\$0.1242

## STATEMENT OF RATES

### FOOTNOTES

- (1) Rates and Surcharges are stated in Dth. For billing purposes, these charges shall be collected as set forth in Exhibit A of the Agreement and pursuant to the General Terms and Conditions of this Tariff.

When appropriate, the rate shall be adjusted to include applicable surcharges. All surcharges are listed herein and applicable surcharges are detailed in Exhibit A of the Storage Service Agreement.

- (2) The "Fuel Reimbursement" percentage shown on the Statement of Rates shall be adjusted pursuant to Section 13 of the General Terms and Conditions. Such adjustment shall not subject Transporter to any obligation to justify its other costs or revenues or throughput. Transporter shall be allowed to adjust their percentages independent of and without regard to other rates.
- (3) For Capacity Release transactions only, Transporter has adopted the following NAESB standard. Converting a Daily rate to a Monthly rate is accomplished by multiplying the daily rate times the number of days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in the rate period, dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB Standard 5.3.22).
- (4) See Section 17 of the General Terms and Conditions for a description of this surcharge.
- (5) Rate(s) for Rate Schedules FS-1, IS-1, and PAL-1 shall be adjusted effective December 1 of each year as required to reflect the currently effective Average Thermal Content of Gas in Storage as defined in Section 1.2 of the General Terms and Conditions of this Tariff. Once annually, Transporter shall post such Average Thermal Content of Gas in Storage and the resultant change in rates on Transporter's electronic bulletin board and within 30 days Transporter shall make a tariff filing with a requested effective date of December 1 with the Commission to reflect the change(s) in rate(s) if any. Such adjustment shall be made by multiplying the fraction (1000 Btu over the Average Thermal Content Gas in Storage) times the Base Rate(s) for Rate Schedules FS-1, IS-1 and PAL-1. For purposes of this note, the Base Rate(s) shall be the base rate shown in this footnote as calculated based on an Average Thermal Content of Gas in Storage of 1000 Btu per cubic foot.

<u>Rate Schedule</u>	<u>Base Rates per Dth at 1000 Btu</u>	
	<u>Minimum</u>	<u>Maximum</u>
FS-1:		
Reservation Rate - Storage Capacity Rate	\$0.0000	\$0.0578
Reservation Rate	\$0.0000	\$1.5314
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1365
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1365
IS-1:		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)		
Interruptible Storage	\$0.0000	\$0.1156
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1365
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1365
PAL-1:		
Initial Rate	\$0.0000	\$0.1365
Park/Loan Balance Rate	\$0.0000	\$0.0683
Completion Rate	\$0.0000	\$0.1365
Authorized Overrun Rate	\$0.0000	\$0.1365

**APPENDIX B**

**TAB 1: INITIAL SETTLEMENT BASE RATES**

**MARKED TARIFF SECTIONS**

<u>Rate Schedule</u>	Rate per Dth (Note 1)	
	<u>Minimum</u>	<u>Maximum</u>
FS-1: (Note 5)		
Reservation Rates (Note 3) -		
Storage Capacity Rate	\$0.0000	\$0.05 <del>2660</del>
Reservation Rate	\$0.0000	\$1. <del>39344824</del>
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1 <del>242309</del>
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1 <del>242309</del>

<u>Rate Schedule</u>	<u>Rate per Dth</u> <u>(Note 1)</u>	
	<u>Minimum</u>	<u>Maximum</u>
IS-1: (Note 5)		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)	\$0.0000	\$0.1 <del>052449</del>
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1 <del>242309</del>
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1 <del>242309</del>
PAL-1: (Note 5)		
Initial Rate	\$0.0000	\$0.1 <del>242309</del>
Park/Loan Balance Rate	\$0.0000	\$0.06 <del>2155</del>
Completion Rate	\$0.0000	\$0.1 <del>242309</del>
Authorized Overrun Rate	\$0.0000	\$0.1 <del>242309</del>

## STATEMENT OF RATES

### FOOTNOTES

- (1) Rates and Surcharges are stated in Dth. For billing purposes, these charges shall be collected as set forth in Exhibit A of the Agreement and pursuant to the General Terms and Conditions of this Tariff.

When appropriate, the rate shall be adjusted to include applicable surcharges. All surcharges are listed herein and applicable surcharges are detailed in Exhibit A of the Storage Service Agreement.

- (2) The "Fuel Reimbursement" percentage shown on the Statement of Rates shall be adjusted pursuant to Section 13 of the General Terms and Conditions. Such adjustment shall not subject Transporter to any obligation to justify its other costs or revenues or throughput. Transporter shall be allowed to adjust their percentages independent of and without regard to other rates.
- (3) For Capacity Release transactions only, Transporter has adopted the following NAESB standard. Converting a Daily rate to a Monthly rate is accomplished by multiplying the daily rate times the number of days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in the rate period, dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB Standard 5.3.22).
- (4) See Section 17 of the General Terms and Conditions for a description of this surcharge.
- (5) Rate(s) for Rate Schedules FS-1, IS-1, and PAL-1 shall be adjusted effective December 1 of each year as required to reflect the currently effective Average Thermal Content of Gas in Storage as defined in Section 1.2 of the General Terms and Conditions of this Tariff. Once annually, Transporter shall post such Average Thermal Content of Gas in Storage and the resultant change in rates on Transporter's electronic bulletin board and within 30 days Transporter shall make a tariff filing with a requested effective date of December 1 with the Commission to reflect the change(s) in rate(s) if any. Such adjustment shall be made by multiplying the fraction (1000 Btu over the Average Thermal Content Gas in Storage) times the Base Rate(s) for Rate Schedules FS-1, IS-1 and PAL-1. For purposes of this note, the Base Rate(s) shall be the base rate shown in this footnote as calculated based on an Average Thermal Content of Gas in Storage of 1000 Btu per cubic foot.

<u>Rate Schedule</u>	<u>Base Rates per Dth</u> <u>at 1000 Btu</u>	
	<u>Minimum</u>	<u>Maximum</u>
FS-1:		
Reservation Rate -		
Storage Capacity Rate	\$0.0000	\$0.0578615
Reservation Rate	\$0.0000	\$1.53146292
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1365439
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1365439
IS-1:		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)		
Interruptible Storage	\$0.0000	\$0.1156230
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1365439
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1365439
PAL-1:		
Initial Rate	\$0.0000	\$0.1365439
Park/Loan Balance Rate	\$0.0000	\$0.0683720
Completion Rate	\$0.0000	\$0.1365439
Authorized Overrun Rate	\$0.0000	\$0.1365439



**APPENDIX B**

**TAB 2: UPDATE TO SETTLEMENT BASE RATES**

**CLEAN TARIFF SECTIONS**

<u>Rate Schedule</u>	<u>Rate per Dth</u> <u>(Note 1)</u>	
	<u>Minimum</u>	<u>Maximum</u>
FS-1: (Note 5)		
Reservation Rates (Note 3) -		
Storage Capacity Rate	\$0.0000	\$0.0560
Reservation Rate	\$0.0000	\$1.4824
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1309
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1309

<u>Rate Schedule</u>	<u>Rate per Dth</u> <u>(Note 1)</u>	
	<u>Minimum</u>	<u>Maximum</u>
IS-1: (Note 5)		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)	\$0.0000	\$0.1119
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1309
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1309
PAL-1: (Note 5)		
Initial Rate	\$0.0000	\$0.1309
Park/Loan Balance Rate	\$0.0000	\$0.0655
Completion Rate	\$0.0000	\$0.1309
Authorized Overrun Rate	\$0.0000	\$0.1309

## STATEMENT OF RATES

### FOOTNOTES

- (1) Rates and Surcharges are stated in Dth. For billing purposes, these charges shall be collected as set forth in Exhibit A of the Agreement and pursuant to the General Terms and Conditions of this Tariff.

When appropriate, the rate shall be adjusted to include applicable surcharges. All surcharges are listed herein and applicable surcharges are detailed in Exhibit A of the Storage Service Agreement.

- (2) The "Fuel Reimbursement" percentage shown on the Statement of Rates shall be adjusted pursuant to Section 13 of the General Terms and Conditions. Such adjustment shall not subject Transporter to any obligation to justify its other costs or revenues or throughput. Transporter shall be allowed to adjust their percentages independent of and without regard to other rates.
- (3) For Capacity Release transactions only, Transporter has adopted the following NAESB standard. Converting a Daily rate to a Monthly rate is accomplished by multiplying the daily rate times the number of days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in the rate period, dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB Standard 5.3.22).
- (4) See Section 17 of the General Terms and Conditions for a description of this surcharge.
- (5) Rate(s) for Rate Schedules FS-1, IS-1, and PAL-1 shall be adjusted effective December 1 of each year as required to reflect the currently effective Average Thermal Content of Gas in Storage as defined in Section 1.2 of the General Terms and Conditions of this Tariff. Once annually, Transporter shall post such Average Thermal Content of Gas in Storage and the resultant change in rates on Transporter's electronic bulletin board and within 30 days Transporter shall make a tariff filing with a requested effective date of December 1 with the Commission to reflect the change(s) in rate(s) if any. Such adjustment shall be made by multiplying the fraction (1000 Btu over the Average Thermal Content Gas in Storage) times the Base Rate(s) for Rate Schedules FS-1, IS-1 and PAL-1. For purposes of this note, the Base Rate(s) shall be the base rate shown in this footnote as calculated based on an Average Thermal Content of Gas in Storage of 1000 Btu per cubic foot.

<u>Rate Schedule</u>	<u>Base Rates per Dth</u> <u>at 1000 Btu</u>	
	<u>Minimum</u>	<u>Maximum</u>
FS-1:		
Reservation Rate -		
Storage Capacity Rate	\$0.0000	\$0.0615
Reservation Rate	\$0.0000	\$1.6292
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1439
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1439
IS-1:		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)		
Interruptible Storage	\$0.0000	\$0.1230
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1439
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1439
PAL-1:		
Initial Rate	\$0.0000	\$0.1439
Park/Loan Balance Rate	\$0.0000	\$0.0720
Completion Rate	\$0.0000	\$0.1439
Authorized Overrun Rate	\$0.0000	\$0.1439

**APPENDIX B**

**TAB 2: UPDATE TO SETTLEMENT BASE RATES**

**MARKED TARIFF SECTIONS**

<u>Rate Schedule</u>	Rate per Dth (Note 1)	
	<u>Minimum</u>	<u>Maximum</u>
FS-1: (Note 5)		
Reservation Rates (Note 3) -		
Storage Capacity Rate	\$0.0000	\$0.05 <u>6026</u>
Reservation Rate	\$0.0000	\$1. <u>48243934</u>
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1 <u>309242</u>
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1 <u>309242</u>

<u>Rate Schedule</u>	Rate per Dth (Note 1)	
	<u>Minimum</u>	<u>Maximum</u>
IS-1: (Note 5)		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)	\$0.0000	\$0.1 <del>119052</del>
Quantity Injection Rate	\$0.0190	\$0.0190
Quantity Withdrawal Rate	\$0.0190	\$0.0190
Authorized Daily		
Overrun Rate - Injection	\$0.0380	\$0.1 <del>309242</del>
Overrun Rate - Withdrawal	\$0.0190	\$0.0190
Authorized Capacity		
Overrun Rate	\$0.0380	\$0.1 <del>309242</del>
PAL-1: (Note 5)		
Initial Rate	\$0.0000	\$0.1 <del>309242</del>
Park/Loan Balance Rate	\$0.0000	\$0.06 <del>5524</del>
Completion Rate	\$0.0000	\$0.1 <del>309242</del>
Authorized Overrun Rate	\$0.0000	\$0.1 <del>309242</del>



## STATEMENT OF RATES

### FOOTNOTES

- (1) Rates and Surcharges are stated in Dth. For billing purposes, these charges shall be collected as set forth in Exhibit A of the Agreement and pursuant to the General Terms and Conditions of this Tariff.

When appropriate, the rate shall be adjusted to include applicable surcharges. All surcharges are listed herein and applicable surcharges are detailed in Exhibit A of the Storage Service Agreement.

- (2) The "Fuel Reimbursement" percentage shown on the Statement of Rates shall be adjusted pursuant to Section 13 of the General Terms and Conditions. Such adjustment shall not subject Transporter to any obligation to justify its other costs or revenues or throughput. Transporter shall be allowed to adjust their percentages independent of and without regard to other rates.
- (3) For Capacity Release transactions only, Transporter has adopted the following NAESB standard. Converting a Daily rate to a Monthly rate is accomplished by multiplying the daily rate times the number of days in the rate period, dividing the result by the number of Months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place. Converting a Monthly rate to a Daily rate is accomplished by multiplying the Monthly rate by the number of Months in the rate period, dividing the result by the number of Days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the Transporter's specified decimal place (NAESB Standard 5.3.22).
- (4) See Section 17 of the General Terms and Conditions for a description of this surcharge.
- (5) Rate(s) for Rate Schedules FS-1, IS-1, and PAL-1 shall be adjusted effective December 1 of each year as required to reflect the currently effective Average Thermal Content of Gas in Storage as defined in Section 1.2 of the General Terms and Conditions of this Tariff. Once annually, Transporter shall post such Average Thermal Content of Gas in Storage and the resultant change in rates on Transporter's electronic bulletin board and within 30 days Transporter shall make a tariff filing with a requested effective date of December 1 with the Commission to reflect the change(s) in rate(s) if any. Such adjustment shall be made by multiplying the fraction (1000 Btu over the Average Thermal Content Gas in Storage) times the Base Rate(s) for Rate Schedules FS-1, IS-1 and PAL-1. For purposes of this note, the Base Rate(s) shall be the base rate shown in this footnote as calculated based on an Average Thermal Content of Gas in Storage of 1000 Btu per cubic foot.

<u>Rate Schedule</u>	<u>Base Rates per Dth</u> <u>at 1000 Btu</u>	
	<u>Minimum</u>	<u>Maximum</u>
FS-1:		
Reservation Rate - Storage Capacity Rate	\$0.0000	\$0.0 <del>615578</del>
Reservation Rate	\$0.0000	\$1. <del>62925314</del>
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1 <del>439365</del>
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1 <del>439365</del>
IS-1:		
Interruptible Storage Rate (Applied monthly to the average daily balance of Gas in storage for Shipper's account during the Month)		
Interruptible Storage	\$0.0000	\$0.1 <del>230156</del>
Quantity Injection Rate	\$0.0209	\$0.0209
Quantity Withdrawal Rate	\$0.0209	\$0.0209
Authorized Daily		
Overrun Rate - Injection	\$0.0418	\$0.1 <del>439365</del>
Overrun Rate - Withdrawal	\$0.0209	\$0.0209
Authorized Capacity		
Overrun Rate	\$0.0418	\$0.1 <del>439365</del>
PAL-1:		
Initial Rate	\$0.0000	\$0.1 <del>439365</del>
Park/Loan Balance Rate	\$0.0000	\$0.0 <del>720683</del>
Completion Rate	\$0.0000	\$0.1 <del>439365</del>
Authorized Overrun Rate	\$0.0000	\$0.1 <del>439365</del>

APPENDIX C

TAB 1: UPDATE TO RELATED QUANTITY RULES AND FORMULA  
CLEAN TARIFF SECTION

## 1. DEFINITIONS

- 1.1 "Available Daily Injection Quantity" ("ADIQ") shall mean the percentage of Maximum Daily Injection Quantity ("MDIQ") available for injection by Shipper on any Day and that Transporter may be required to inject into storage on a firm basis. ADIQ is a function of Shipper's percent of Maximum Available Capacity ("MAC") in storage on that Day. The ADIQ is calculated using the Available Daily Injection Quantity Formula in Section 1.1. The Available Daily Injection Quantity Curve and Available Daily Injection Quantity Table in Section 1.1 are provided for illustrative purposes only. However, if a reduced MDIQ is required during the month of November (see MDIQ definition), the ADIQ calculation shall be suspended and the ADIQ shall equal the reduced MDIQ. As further experience is gained based on the actual operations of Young Field, it is possible that this ADIQ formula will require modification.

### YOUNG STORAGE FIELD

#### THE AVAILABLE DAILY INJECTION QUANTITY RULES and FORMULA

$$\%MAC = \text{Current Inventory}/MAC$$

-----  
%MDIQ Calculation

If the %MAC is < 100% and > 0%  
then use the FORMULA to find the %MDIQ (1)

FORMULA (2,3):

$$\%MDIQ = 100.0 - (\%MAC * 1.0111774) + (\%MAC^2 * 0.0051126)$$

-----  
ADIQ Calculation (4)

$$ADIQ = (\%MDIQ/100) * MDIQ$$

Round to the nearest whole Dekatherm (an integer)

-----

- Notes: (1) The formula applies only when inventory is < than MAC and > 0. If inventory is > or = to MAC, then set ADIQ = 0. If inventory is < or = 0, set ADIQ = MDIQ.
- (2) In the context of this formula, the %MAC and %MDIQ values are taken as whole numbers, and not as decimal only numbers (i.e. if the value is 40% use 40.0 not .40, or if it is 36.1234% use 36.1234 not 0.361234).

Section 1.1 (Continued):

- (3) The coefficients are entered with seven decimal places. The table is calculated with seven decimal places, and then rounded for display purposes.
- (4) All calculations are initially performed utilizing seven decimal places. The final ADIQ, however, is rounded to the nearest whole number.

The Available Daily Injection Quantity curve is included in Part VI – Graphical Illustrations.

YOUNG STORAGE FIELD  
 AVAILABLE DAILY INJECTION QUANTITY TABLE

%MAC	%MDIQ	%MAC	%MDIQ	%MAC	%MDIQ
100	50.0	66	55.5	32	72.9
98	50.0	64	56.2	30	74.3
96	50.0	62	57.0	28	75.7
94	50.1	60	57.7	26	77.2
92	50.2	58	58.6	24	78.7
90	50.4	56	59.4	22	80.2
88	50.6	54	60.3	20	81.8
86	50.9	52	61.2	18	83.5
84	51.1	50	62.2	16	85.1
82	51.5	48	63.2	14	86.8
80	51.8	46	64.3	12	88.6
78	52.2	44	65.4	10	90.4
76	52.7	42	66.5	8	92.2
74	53.2	40	67.7	6	94.1
72	53.7	38	69.0	4	96.0
70	54.3	36	70.2	2	98.0
68	54.9	34	71.5	0	100.0

1.1A "Available Daily Withdrawal Quantity" ("ADWQ") shall mean the percentage of Maximum Daily Withdrawal Quantity available to Shipper on any Day and that Transporter may be required to withdraw from storage on a firm basis and is a function of Shipper's percent MAC in storage on that Day as calculated using the Available Daily Withdrawal Quantity Formula, as conditioned in Section 1.1. The Available Daily Withdrawal Quantity Table in Section 1.1 and the Available Daily Withdrawal Curve in Part VI: Graphical Illustrations, Section 2 are provided for illustrative purposes only. As further experience is gained based on the actual operations of Young Field, it is possible that this ADWQ formula will require modification.

Section 1.1A (Continued):

YOUNG STORAGE FIELD

THE AVAILABLE DAILY WITHDRAWAL QUANTITY RULES and FORMULA

$$\%MAC = \text{Current Inventory}/MAC$$

-----  
%MDWQ Calculation (1,2,3)

If the %MAC is > or = to 49%  
then set the %MDWQ = to 100%

-----  
If the %MAC is < 49% and > or = to 6%  
then  
%MDWQ = (6.83) + (%MAC \* 1.17) -  
(%MAC^2 \* 0.0384) + (%MAC^3 \* 0.00108)

-----  
If the %MAC is < 6% and > 4%  
then set %MDWQ = -25.5 + (6.4 \* %MAC)

-----  
If the %MAC is < 4%  
then set the %MDWQ = to 0%

-----  
ADWQ Calculation

ADWQ = (%MDWQ/100) \* MDWQ  
Rounded to the nearest whole Dekatherm (an integer)

- Notes: (1) In the context of this formula, the %MAC and %MDWQ values are taken as whole numbers, and not as decimal only numbers (i.e. if the value is 40% use 40.0 not .40, or if it is 36.1234% use 36.1234 not 0.361234).
- (2) The coefficients are entered with four decimal places. The table is calculated with four decimal places, and then rounded for display purposes.
- (3) All calculations are initially performed utilizing four decimal places. The final ADWQ, however, is rounded to the nearest whole number.

Section 1.1A (Continued):

The Available Daily Withdrawal Quantity curve is included in Part VI – Graphical Illustrations.

YOUNG STORAGE FIELD  
 AVAILABLE DAILY WITHDRAWAL QUANTITY TABLE

%MAC	%MDWQ	%MAC	%MDWQ	%MAC	%MDWQ
100	100.0	30	36.6	10	15.8
49	100.0	28	33.3	8	14.3
46	84.5	26	30.3	6	12.7
44	76.0	24	27.8	4	0.0
42	68.3	22	25.5	2	0.0
40	61.3	20	23.6	0	0.0
38	55.1	18	21.8		
36	49.6	16	20.2		
34	44.7	14	18.7		
32	40.4	12	17.3		

1.2 "Average Thermal Content of Gas in Storage" ("ATC") shall be calculated by dividing the Dekatherms by the Volume, in Mcf, in Transporter's Storage Field, excluding base Gas, at a point in time. The ATC shall be assumed to be 1,000 Btu per cubic foot for purposes of contract entitlement and rate design. Transporter shall monitor storage injections and withdrawals and calculate the actual ATC of Gas in storage on October 31 of each year. If the actual ATC deviates from the currently effective ATC by more than plus or minus 20 Btu per cubic foot, the actual ATC shall become the new effective ATC and shall be posted on Transporter's electronic bulletin board on or about November 15 of each year, and a corresponding adjustment will be made to Rate Schedule FS-1 Shipper's MDIQ, MDWQ and MAC entitlements and Rate Schedule IS-1 MDQ and MAC. Transporter may make these annual adjustments for smaller changes in Btu per cubic foot values if in Transporter's judgment such change is required to avoid system disruption. The adjustment will be posted on Transporter's electronic bulletin board as a percentage increase or decrease in entitlements and each firm storage Shipper's adjusted entitlements will also be posted. The adjusted entitlements will take effect upon the first of the Month following posting on Transporter's electronic bulletin board. If an adjustment pursuant to this Section causes Shipper to be in an overrun situation, Shipper will have 30 Days before being subject to overrun charges. When an adjustment to storage contract entitlement is made pursuant to this Section, a corresponding adjustment to storage rates will also be made effective the first of the Month, the Month following the date such adjustment is posted on Transporter's electronic bulletin board.

1.3 "Begin Date" shall mean the Day specified by a Shipper on which a Gas transaction is to begin. Most Gas transactions are to be effective for a full Gas Day. However, Shippers may indicate a requested beginning time when submitting Intraday Nominations.

- 1.4 "Bidding Shipper(s)" is any Shipper who is prequalified pursuant to Section 9 of the General Terms and Conditions to bid for capacity or who is a Party to a prearranged release.
- 1.5 "Btu" shall mean 1 British thermal unit, which is the amount of heat required to raise the temperature of 1 pound of water 1 degree from 59 to 60 degrees Fahrenheit.

Standardize the reporting basis for Btu as 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry. Standardize the reporting basis for gigacalorie as 1.035646 Kg/cm<sup>2</sup> and 15.6 degrees C and dry. Standardize the reporting basis for gas volumes as cubic feet at standard conditions of 14.73 psia at 60 degrees F and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325kPa at 15 degrees C and dry. NAESB WGQ takes no position on the basis upon which transactions are communicated to trading partners and/or regulatory agencies, as applicable, nor does NAESB WGQ state whether transactions may take place between parties on a volumetric basis. (NAESB WGQ Standard No. 2.3.9) For reporting purposes, BTU conversion factors should be reported to not less than 3 decimal places and Pressure Base conversion factors should be reported to not less than 6 decimal places. For calculation purposes, not less than 6 decimal places should be used for both conversion factors. (NAESB WGQ Standard No. 2.3.10)

Thermal conversion factors shall be stated using not less than three decimal places. However, for calculation purposes, not less than 6 decimal places should be used.

- 1.6 "Bumping" or "Bump" shall mean:
- (a) The reduction of a previously Scheduled and Confirmed Interruptible Transportation Quantity (including Rate Schedule PAL-1 service) to permit Transporter to schedule and confirm a firm Transportation Nomination which has a higher priority and which was submitted as an Intraday Nomination.
  - (b) In the event of an Intraday recall of released capacity, "Bumping" or "Bump" shall also mean the reduction of the Replacement Shipper's previously Scheduled and Confirmed Firm Transportation Quantity.

Bumping that affects transactions on multiple Transportation Service Providers should occur at grid-wide synchronization times only. (NAESB WGQ Standard No. 1.3.39)

- 1.7 "Business Day" is defined as Monday through Friday, excluding Federal Bank Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico. (NAESB WGQ Standard No. 3.2.1)
- 1.8 "Central Clock Time" or "CCT" shall mean Central Standard Time (CST) except for that period when daylight savings is in effect. During this period, CCT shall mean Central Daylight Time (CDT). Unless otherwise stated, all times in this Tariff are Central Clock Time.



- 1.9 "Confirmation" shall mean the verification of the Confirmed Quantity by the Confirming Parties. A Confirmation Response is a report provided via EDM which conforms to the requirements of the Data Dictionary standards set forth in NAESB WGQ Standard No. 1.4.4. The Explicit Confirmation process requires that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology. (NAESB WGQ Standard No. 1.3.40).
- (a) A "Confirmation Requester" is a Service Provider (including a Point Operator) which is seeking to Confirm a quantity of Gas via the information outlined in NAESB WGQ Standard No. 1.4.3 to another Service Provider (the Confirming Party) with respect to a Nomination at a location. (NAESB WGQ Standard No. 1.2.8)
  - (b) A "Confirming Party" is a Service Provider (including a Point Operator) which provides a Confirmation for a quantity of Gas via the information outlined in NAESB WGQ Standard No. 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a Nomination at a location. (NAESB WGQ Standard No. 1.2.9)
  - (c) The term "Confirming Parties" refers to the Confirmation Requester and the Confirming Party. (NAESB WGQ Standard No. 1.2.10)
  - (d) "Confirmation by Exception" ("CBE") means that the Confirming Parties agree that one Party deems that all requests at a location are Confirmed by the other Party (the CBE Party) without response communication from that Party. The CBE Party can take exception to the request by so informing the other Party within a mutually agreed upon time frame. (NAESB WGQ Standard No. 1.2.11)
- 1.10 "Confirmed Quantity" shall mean the final result of the Confirmation process and is the quantity of Gas stated in MMBtu or Dth which has been determined as authorized to flow on a specified Gas Day at a specified Point of Injection or Withdrawal on behalf of a Shipper or Shippers. Transporter's Scheduled Quantity reports provided via EDM shall conform to the requirements of the Data Dictionary Standards as set forth in NAESB WGQ Standard No. 1.4.5 and shall reflect Confirmed Quantities.
- 1.11 "Daily Nomination" or "Timely Nomination" shall mean a Nomination submitted by a Nominating Party in conformance with the Timely Nomination Schedule set forth in Section 6 of the General Terms and Conditions, one calendar day prior to the Begin Date of a Gas transaction.
- 1.12 "Daily PAL Quantity" shall mean the maximum daily quantity that may be parked or loaned at the PAL Point as specified in the executed PAL RO. The PAL RO may specify a range for the quantity of a park or loan. On any Day, the sum of all Daily PAL Quantities on the PAL ROs for Shipper shall not exceed the Maximum PAL Quantity.

- 1.13 "Day" or "Gas Day" shall mean a period beginning at 9:00 a.m. Central Clock Time and ending at 9:00 a.m. Central Clock Time on the next calendar day.
- 1.14 "Dekatherm" or "Dth" shall mean the quantity of heat energy which is equivalent to 1,000,000 British Thermal Units ("MMBtu"). One "Dekatherm" of Gas shall mean the quantity of Gas which contains one Dekatherm of heat energy, and will be reported on a dry MMBtu (or Dth) basis. Dth is the Standard Quantity unit for Nominations, Confirmations and Scheduled Quantities in the United States. The standard conversion factor between Dth and Canadian Gigajoules (Gj) is 1.055056 Gjs per Dth. As used in this Tariff, related service agreements, statements and invoices, MMBtu and Dth are considered synonymous. (NAESB WGQ Standard No. 1.3.14)
- 1.15 "Deliver" or "Delivered" shall mean the Tender by Transporter to Shipper, or to a third Party for Shipper's account of a quantity of natural Gas containing the same thermal content as received by Transporter (net of Fuel Reimbursement) in accordance with all of the provisions of this Tariff and Shipper's Storage Service agreement.
- 1.16 "Downstream Party" shall mean the entity (name or identifying number) receiving Gas at a designated location as identified by a Shipper's Nomination.
- 1.17 "Electronic Delivery Mechanism" or "EDM" shall mean the electronic communication methodology used to transmit and receive data related to Gas transactions. Transporter shall designate an electronic "site" at which Shippers and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate Party. Transporter's use and implementation of EDM shall conform to all appropriate NAESB Standards.
- 1.18 "Electronic Transmission" or "Electronic Communication" shall mean the transmission of information via Transporter's electronic bulletin board, Transporter's standardized internet website, and Electronic Data Interchange ("EDI") including information exchanged via EDM. This term excludes facsimile.
- 1.19 "End Date" shall mean the Day specified by a Shipper on which a Gas transaction is to end. Most Gas transactions are to be effective for a full Gas Day. However, Shippers may indicate a requested end time when submitting Intraday Nominations.
- 1.20 "FERC" shall mean the Federal Energy Regulatory Commission and any other governmental body or bodies succeeding to, lawfully exercising, or superseding any powers of the Federal Energy Regulatory Commission.
- 1.21 "Fuel Reimbursement" shall mean the Fuel Gas and Unaccounted-for Gas as described in Section 13 of these General Terms and Conditions.
- 1.22 "Gas" shall mean combustible hydrocarbon Gas.

- 1.23 "Gas in Place" shall mean a quantity of Gas currently held in storage for the account of each Shipper.
- 1.24 "Gas Industry Standards Board" or "GISB" also known as "North American Energy Standards Board" or "NAESB" shall mean that accredited organization established to set standards for certain natural Gas industry business practices and procedures.
- 1.25 "GISB or NAESB or NAESB WGQ Standards" and "GISB or NAESB or NAESB WGQ Definitions", shall mean the standardized business practices, procedures, criteria and definitions of terms which have been adopted and published by the Wholesale Gas Quadrant of the North American Energy Standards Board and which have been adopted by reference by the FERC in compliance with 18 CFR, Section 284.12, as described in Section 22 of the General Terms and Conditions.
- 1.26 "Injection Period" shall consist of the period commencing on June 1 of any year and continuing through October 31 of such year.
- 1.27 "Injection Quantity" is that quantity of Gas Tendered by Shipper or for the account of Shipper less Fuel Reimbursement.
- 1.28 "Interconnecting Party" shall mean the Party or such Party's designee that is responsible for operations of a natural Gas system which interconnects with Transporter's system and is responsible for verifying Nominations and scheduling Gas flow at such point of interconnections. An Interconnecting Party is also a Confirming Party. Each Interconnecting Party is required to conform to the schedules set forth in Section 6 of these General Terms and Conditions of this Tariff, unless specifically exempted by Transporter.
- 1.29 "Intraday Nomination" – An intraday nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day. (NAESB WGQ Standard No. 1.2.4) Intraday Nominations shall be accepted for the following cycles pursuant to the schedule set forth in Section 6 of these General Terms and Conditions:
- (a) Evening Cycle - the day prior to the Gas Day
  - (b) Intraday 1 Cycle - during the Gas Day
  - (c) Intraday 2 Cycle - during the Gas Day
  - (d) Intraday 3 Cycle - during the Gas Day
- 1.29A "Loan", "Loaned", "Lend", or "Lending" shall mean Transporter's advancement of quantities of Gas to a Shipper at a mutually agreed to Park and Loan Point pursuant to the terms of Rate Schedule PAL-1.

- 1.30 "Maximum Available Capacity" ("MAC") shall mean the maximum quantity of Gas (expressed in Dth) that Transporter is required to accept under Rate Schedule FS-1 or the maximum quantity of Gas expressed in Dth) that Transporter may accept under Rate Schedule IS-1 for injection into storage during the Injection Period on Shipper's behalf.
- 1.31 "Maximum Daily Injection Quantity" ("MDIQ") shall mean the maximum quantity of Gas (expressed in Dth) per Day that Transporter shall be required to inject into storage on a firm basis on Shipper's behalf. The MDIQ shall be limited to 1/58 of Shipper's MAC; provided however, during the Month of November the MDIQ shall be limited to some lesser quantity when and to the extent required by storage operational conditions and maintenance. As the field is developed and operating experience gained, it is possible that these parameters will require modification.
- 1.32 "Maximum Daily Quantity" ("MDQ") shall mean the maximum quantity of Gas (expressed in Dth) per Day that Shipper may Tender and Transporter may accept for Delivery to, or to withdraw from storage for Shipper's account on an interruptible basis.
- 1.33 "Maximum Daily Withdrawal Quantity" ("MDWQ") shall mean the maximum Daily quantity of Gas (expressed in Dth) that Transporter shall be required to withdraw from storage on a firm basis on Shipper's behalf. Shipper's MDWQ shall be equal to 1/29 of Shipper's MAC.
- 1.33A "Maximum PAL Quantity" shall mean the total amount permitted to be parked or loaned in Shipper's account as specified in the executed PAL RO.
- 1.34 "Mcf" shall mean 1,000 cubic feet of Gas at a pressure of 14.73 p.s.i.a. and at a temperature of 60 degrees Fahrenheit. Pressure base conversion factors shall be stated with at least six decimal places. However, the reporting basis for Gas transactions is thermal. See definition of Dth in this Section 1.
- 1.35 "Month" shall mean the period of time beginning at 9:00 a.m., Central Clock Time on the 1st Day of a calendar month and ending at 9:00 a.m. Central Clock Time, on the 1st Day of the next succeeding calendar month.
- 1.36 "Nomination" or "Nominate" shall mean a request by a Shipper for a prospective storage transaction under an executed service agreement and submitted to Transporter.
- (a) A data set which contains the mandatory data elements included in the NAESB WGQ Standards related to Nominations and any appropriate business conditional or mutually agreeable data elements, which is consistent with the provisions of the Shipper's service agreement, and which has been delivered to Transporter, or to Transporter via Electronic Communication, or when agreed to by Transporter, by facsimile, is considered to be a Valid Nomination. Shipper Nominations sent by EDM shall conform to the requirements of the Data Dictionary standards set forth in NAESB WGQ Standard No. 1.4.1.

- 1.37 "Nominating Party" shall mean a Shipper or Shipper's Agent authorized to submit Nominations to Transporter pursuant to Shipper's executed service agreement(s).
- 1.38 "p.s.i.a." shall mean pounds per square inch absolute.
- 1.39 "p.s.i.g." shall mean pounds per square inch gauge.
- 1.40 "Package Identifier" or "Package ID" shall mean a Nomination data element which is provided at the service requester's option to differentiate between discrete business transactions (NAESB WGQ Standard No. 1.2.5). When used, Package ID should be: (a) supported for Nominating and scheduling; (b) mutually agreed between the applicable Parties for allocations and imbalance reporting; (c) supported for invoicing (sales and purchase); and (d) mutually agreed for Transport invoicing. (NAESB WGQ Standard No. 1.3.24) Package ID is not required for transportation invoicing. Use of the Package ID is at the discretion of the service requester, and if sent, should be accepted and processed by Transporter. (NAESB WGQ Standard No. 1.3.25)
- 1.40A "Park", "Parked", or "Parking" shall mean acceptance by Transporter of quantities of Gas Tendered by Shipper at a mutually agreed to Park and Loan Point for delivery at a later date pursuant to Rate Schedule PAL-1.
- 1.40B "Park and Loan Point" or "PAL Point" shall mean the transaction point(s) on Transporter's System where parking and lending services are provided to Shipper, as specified in the executed PAL Request Order. PAL Points will be associated with existing points on Transporter's System and may be referred to as Point(s) of Injection or Point(s) of Withdrawal.
- 1.41 "Party" or "Parties" shall mean either Shipper and/or Transporter.
- 1.42 "Point of Injection" shall mean that point where Transporter accepts Gas for injection into Transporter's Storage Field for the account of Shipper.
- 1.43 "Point of Withdrawal" shall mean that point where Transporter Tenders Gas from Transporter's Storage Field for the account of Shipper.
- 1.44 "Products" shall mean liquid and liquefiable hydrocarbons, inerts (including, but not limited to, helium and nitrogen), sulfur, water, and any other component of Gas removed by processing or compression, or by means of drips or separators.
- 1.45 "Quick Response" shall mean the preliminary response record generated by Transporter and made available via EDM to the Nominating Party indicating the successful receipt of a Nomination and the fact that such Nomination is correct and able to be processed or is incorrect and rejected. Transporter's Quick Response shall conform to the requirements of the Data Dictionary standards as set forth in NAESB WGQ Standard No. 1.4.2.

- 1.46 "Rank" shall mean the relative value provided at the Nominating Party's option as a data element in a Nomination. Such value shall indicate the Nominating Party's requested scheduling priority among Nominations for the same period under the same contract. One (1) shall indicate the highest priority and nine hundred ninety-nine (999) the lowest.
- 1.46A "Rate Default" - For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default. (NAESB WGQ Standard No. 5.2.5)
- 1.46B "Rate Floor" – For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release Offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than the Transportation Service Provider's (TSP) minimum reservation rate or zero cents when there is no stated minimum reservation rate. (NAESB WGQ Standard No. 5.2.4)
- 1.47 "Releasing Shipper" is any Shipper who has a Storage Service agreement and has Storage Service provided under Rate Schedule FS-1 who elects to release all or a portion of its firm capacity, subject to the capacity release program as contained in Section 9 of these General Terms and Conditions.
- 1.48 "Render" shall mean postmarked, or electronically delivered via Electronic Communication.
- 1.49 "Replacement Capacity Agreement" is an agreement between Transporter and Replacement Shipper setting forth the rate(s) and the terms and conditions of the service for using capacity rights acquired pursuant to Section 9 of these General Terms and Conditions.
- 1.50 "Replacement Shipper" is any Shipper who acquires capacity rights from a Releasing Shipper through Transporter's capacity release program as contained in Section 9 of these General Terms and Conditions.
- 1.51 "Request for Confirmation" shall mean the information via EDM which conforms to the Data Dictionary standards as set forth in NAESB WGQ Standard No. 1.4.3. A Request for Confirmation may be sent by any operator to an interconnected operator to initiate the communications for a Confirmation Response (See definition of Confirmation in this Section 1).

- 1.52 "Reservoir Integrity Inventory Limit" shall be the maximum amount of Gas in Place that Shipper shall be permitted to have in Transporter's Storage Field at a particular time. The Reservoir Integrity Limit is included on the graph shown in Part VI – Section 3 of the Graphical Illustrations. As further experience is gained based on the actual operations of Transporter's Storage Field, it is possible that this Reservoir Integrity Inventory Limit will require modification. Transporter may, on a nondiscriminatory basis, permit Shippers to exceed the Reservoir Integrity Inventory Limit if, in Transporter's reasonable judgment, Transporter's reservoir integrity and service to other firm shippers will not be adversely affected. On such occasions, Transporter will post a notice on its electronic bulletin board notifying Shippers that the Reservoir Integrity Inventory Limit may be exceeded. The Reservoir Integrity Inventory Limit curve is included in Part VI: Graphical Illustrations.
- 1.53 "Scheduled Quantity" shall mean the quantity of Gas Transporter has determined it can inject or withdraw based on a Shipper's Nomination on a designated Gas Day subject to Transporter's available storage capacity. Such quantities shall be determined pursuant to the provisions of these General Terms and Conditions and are subject to final Confirmation. Transporter's Scheduled Quantity reports provided via EDM shall conform to the requirements of the Data Dictionary Standards as set forth in NAESB Standard 1.4.5.
- 1.54 "Shipper" shall mean that Party on whose behalf Gas is being stored.
- 1.55 "Standard Quantity" as used in Nominations, Confirmations and Scheduling shall mean the Dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and gigacalories per Gas Day in Mexico. (For reference, 1 Dekatherm = 1,000,000 Btus; 1 gigajoule is 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dekatherms and gigajoules is 1.055056 gigajoules per Dekatherm and between Dekatherms and gigacalories is 0.251996 gigacalories per Dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. (NAESB WGQ Standard No. 1.3.14)
- 1.56 "Storage Field" shall mean the storage facilities and reservoirs utilized by Transporter to provide Storage Service.
- 1.57 "Storage Service" shall consist of the acceptance by Transporter of Gas Tendered by Shipper at the Point of Injection, the injection of such Gas for storage for Shipper's account, the inventorying of such Gas in Transporter's Storage Field, and the withdrawal of such Gas for Shipper's account at the Point of Withdrawal.
- 1.58 "Storage Year" shall mean the period commencing June 1 of each year and ending on May 31 of the next succeeding year.
- 1.59 "Tender" or "Tendered" shall mean making natural Gas available in accordance with all of the provisions of this Tariff and Shipper's Storage Service agreement.

- 1.60 "Transporter" shall mean Young Gas Storage Company, Ltd.
- 1.61 "Upstream Party" shall mean the entity (Name or identifying number) Delivering Gas to Transporter at a designated location as identified by a Shipper's Nomination.
- 1.62 "Withdrawal Period" refers to the period commencing on November 1 of each year and ending on May 31 of the next succeeding year.
- 1.63 "Withdrawal Quantity" is that quantity of Gas Delivered from storage by Transporter for Shipper's account.



APPENDIX C

TAB 1: UPDATE TO RELATED QUANTITY RULES AND FORMULA  
MARKED TARIFF SECTION

## 1. DEFINITIONS

- 1.1 "Available Daily Injection Quantity" ("ADIQ") shall mean the percentage of Maximum Daily Injection Quantity ("MDIQ") available for injection by Shipper on any Day and that Transporter may be required to inject into storage on a firm basis. ADIQ is a function of Shipper's percent of Maximum Available Capacity ("MAC") in storage on that Day. The ADIQ is calculated using the Available Daily Injection Quantity Formula in Section 1.1. The Available Daily Injection Quantity Curve and Available Daily Injection Quantity Table in Section 1.1 are provided for illustrative purposes only. However, if a reduced MDIQ is required during the month of November (see MDIQ definition), the ADIQ calculation shall be suspended and the ADIQ shall equal the reduced MDIQ. As further experience is gained based on the actual operations of Young Field, it is possible that this ADIQ formula will require modification.

### YOUNG STORAGE FIELD

#### THE AVAILABLE DAILY INJECTION QUANTITY RULES and FORMULA

$$\%MAC = \text{Current Inventory}/MAC$$

-----  
%MDIQ Calculation

If the %MAC is < 100% and > 0%  
then use the FORMULA to find the %MDIQ (1)

FORMULA (2,3):

$$\%MDIQ = 100.0 - (\%MAC * 1.0111774) + (\%MAC^2 * 0.0051126)$$

-----  
ADIQ Calculation (4)

$$ADIQ = (\%MDIQ/100) * MDIQ$$

Round to the nearest whole Dekatherm (an integer)

-----

- Notes: (1) The formula applies only when inventory is < than MAC and > 0. If inventory is > or = to MAC, then set ADIQ = 0. If inventory is < or = 0, set ADIQ = MDIQ.
- (2) In the context of this formula, the %MAC and %MDIQ values are taken as whole numbers, and not as decimal only numbers (i.e. if the value is 40% use 40.0 not .40, or if it is 36.1234% use 36.1234 not 0.361234).

Section 1.1 (Continued):

- (3) The coefficients are entered with seven decimal places. The table is calculated with seven decimal places, and then rounded for display purposes.
- (4) All calculations are initially performed utilizing seven decimal places. The final ADIQ, however, is rounded to the nearest whole number.

The Available Daily Injection Quantity curve is included in Part VI – Graphical Illustrations.

YOUNG STORAGE FIELD  
 AVAILABLE DAILY INJECTION QUANTITY TABLE

%MAC	%MDIQ	%MAC	%MDIQ	%MAC	%MDIQ
100	50.0	66	55.5	32	72.9
98	50.0	64	56.2	30	74.3
96	50.0	62	57.0	28	75.7
94	50.1	60	57.7	26	77.2
92	50.2	58	58.6	24	78.7
90	50.4	56	59.4	22	80.2
88	50.6	54	60.3	20	81.8
86	50.9	52	61.2	18	83.5
84	51.1	50	62.2	16	85.1
82	51.5	48	63.2	14	86.8
80	51.8	46	64.3	12	88.6
78	52.2	44	65.4	10	90.4
76	52.7	42	66.5	8	92.2
74	53.2	40	67.7	6	94.1
72	53.7	38	69.0	4	96.0
70	54.3	36	70.2	2	98.0
68	54.9	34	71.5	0	100.0

1.1A "Available Daily Withdrawal Quantity" ("ADWQ") shall mean the percentage of Maximum Daily Withdrawal Quantity available to Shipper on any Day and that Transporter may be required to withdraw from storage on a firm basis and is a function of Shipper's percent MAC in storage on that Day as calculated using the Available Daily Withdrawal Quantity Formula, as conditioned in Section 1.1. The Available Daily Withdrawal Quantity Table in Section 1.1 and the Available Daily Withdrawal Curve in Part VI: Graphical Illustrations, Section 2 are provided for illustrative purposes only. As further experience is gained based on the actual operations of Young Field, it is possible that this ADWQ formula will require modification.

Section 1.1A (Continued):

YOUNG STORAGE FIELD

THE AVAILABLE DAILY WITHDRAWAL QUANTITY RULES and FORMULA

$$\%MAC = \text{Current Inventory}/MAC$$

-----  
%MDWQ Calculation (1,2,3)

If the %MAC is > or = to ~~4960.12~~%  
then set the %MDWQ = to 100%

-----  
If the %MAC is < ~~4960.12~~% and > or = to ~~615~~%  
then

$$\%MDWQ = (\del{6.83 - 15.3150}) + (\%MAC * \del{1.17} - \del{2.6838}) - \\ (\%MAC^2 * 0.0\del{384786}) + (\%MAC^3 * 0.00\del{10811})$$

-----  
If the %MAC is < ~~615~~% and > ~~40~~%  
then set %MDWQ = ~~to 11~~ ~~25.5 + (6.4 \* %MAC)~~%

-----  
If the %MAC is < ~~or = to~~ ~~40~~%  
then set the %MDWQ = to 0%

-----  
ADWQ Calculation

$$ADWQ = (\%MDWQ/100) * MDWQ$$

Rounded to the nearest whole Dekatherm (an integer)

-----

- Notes: (1) In the context of this formula, the %MAC and %MDWQ values are taken as whole numbers, and not as decimal only numbers (i.e. if the value is 40% use 40.0 not .40, or if it is 36.1234% use 36.1234 not 0.361234).
- (2) The coefficients are entered with four decimal places. The table is calculated with four decimal places, and then rounded for display purposes.
- (3) All calculations are initially performed utilizing four decimal places. The final ADWQ, however, is rounded to the nearest whole number.

Section 1.1A (Continued):

The Available Daily Withdrawal Quantity curve is included in Part VI – Graphical Illustrations.

YOUNG STORAGE FIELD  
 AVAILABLE DAILY WITHDRAWAL QUANTITY TABLE

%MAC	%MDWQ	%MAC	%MDWQ	%MAC	%MDWQ
100	100.0	304	36.628.3	1024	15.89.0
<del>4960.12</del>	100.0	<del>2833</del>	<del>33.327.2</del>	<del>823</del>	<del>14.38.2</del>
<del>4650.95</del>	<del>84.562.9</del>	<del>2632</del>	<del>30.326.1</del>	<del>622</del>	<del>12.77.4</del>
<del>4450</del>	<del>76.059.9</del>	<del>2431</del>	<del>27.825.1</del>	<del>421</del>	<del>0.016.5</del>
<del>4240</del>	<del>68.336.7</del>	<del>2230</del>	<del>25.524.2</del>	<del>20</del>	<del>0.015.7</del>
<del>4039</del>	<del>61.335.1</del>	<del>209</del>	<del>23.62</del>	<del>019</del>	<del>0.014.8</del>
38	55.133.5	128	21.82.4	18	13.9
367	49.632.1	1627	20.21.5	17	13.0
346	44.730.8	1426	1820.7	16	12.0
325	40.429.5	1225	17.39.8	15	11.0

1.2 "Average Thermal Content of Gas in Storage" ("ATC") shall be calculated by dividing the Dekatherms by the Volume, in Mcf, in Transporter's Storage Field, excluding base Gas, at a point in time. The ATC shall be assumed to be 1,000 Btu per cubic foot for purposes of contract entitlement and rate design. Transporter shall monitor storage injections and withdrawals and calculate the actual ATC of Gas in storage on October 31 of each year. If the actual ATC deviates from the currently effective ATC by more than plus or minus 20 Btu per cubic foot, the actual ATC shall become the new effective ATC and shall be posted on Transporter's electronic bulletin board on or about November 15 of each year, and a corresponding adjustment will be made to Rate Schedule FS-1 Shipper's MDIQ, MDWQ and MAC entitlements and Rate Schedule IS-1 MDQ and MAC. Transporter may make these annual adjustments for smaller changes in Btu per cubic foot values if in Transporter's judgment such change is required to avoid system disruption. The adjustment will be posted on Transporter's electronic bulletin board as a percentage increase or decrease in entitlements and each firm storage Shipper's adjusted entitlements will also be posted. The adjusted entitlements will take effect upon the first of the Month following posting on Transporter's electronic bulletin board. If an adjustment pursuant to this Section causes Shipper to be in an overrun situation, Shipper will have 30 Days before being subject to overrun charges. When an adjustment to storage contract entitlement is made pursuant to this Section, a corresponding adjustment to storage rates will also be made effective the first of the Month, the Month following the date such adjustment is posted on Transporter's electronic bulletin board.

1.3 "Begin Date" shall mean the Day specified by a Shipper on which a Gas transaction is to begin. Most Gas transactions are to be effective for a full Gas Day. However, Shippers may indicate a requested beginning time when submitting Intraday Nominations.

1.4 "Bidding Shipper(s)" is any Shipper who is prequalified pursuant to Section 9 of the General Terms and Conditions to bid for capacity or who is a Party to a prearranged release.

1.5 "Btu" shall mean 1 British thermal unit, which is the amount of heat required to raise the temperature of 1 pound of water 1 degree from 59 to 60 degrees Fahrenheit.

Standardize the reporting basis for Btu as 14.73 psia at 60 degrees F (101.325 kPa at 15 degrees C) and dry. Standardize the reporting basis for gigacalorie as 1.035646 Kg/cm<sup>2</sup> and 15.6 degrees C and dry. Standardize the reporting basis for gas volumes as cubic feet at standard conditions of 14.73 psia at 60 degrees F and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325kPa at 15 degrees C and dry. NAESB WGQ takes no position on the basis upon which transactions are communicated to trading partners and/or regulatory agencies, as applicable, nor does NAESB WGQ state whether transactions may take place between parties on a volumetric basis. (NAESB WGQ Standard No. 2.3.9) For reporting purposes, BTU conversion factors should be reported to not less than 3 decimal places and Pressure Base conversion factors should be reported to not less than 6 decimal places. For calculation purposes, not less than 6 decimal places should be used for both conversion factors. (NAESB WGQ Standard No. 2.3.10)

Thermal conversion factors shall be stated using not less than three decimal places. However, for calculation purposes, not less than 6 decimal places should be used.

1.6 "Bumping" or "Bump" shall mean:

- (a) The reduction of a previously Scheduled and Confirmed Interruptible Transportation Quantity (including Rate Schedule PAL-1 service) to permit Transporter to schedule and confirm a firm Transportation Nomination which has a higher priority and which was submitted as an Intraday Nomination.
- (b) In the event of an Intraday recall of released capacity, "Bumping" or "Bump" shall also mean the reduction of the Replacement Shipper's previously Scheduled and Confirmed Firm Transportation Quantity.

Bumping that affects transactions on multiple Transportation Service Providers should occur at grid-wide synchronization times only. (NAESB WGQ Standard No. 1.3.39)

1.7 "Business Day" is defined as Monday through Friday, excluding Federal Bank Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico. (NAESB WGQ Standard No. 3.2.1)

1.8 "Central Clock Time" or "CCT" shall mean Central Standard Time (CST) except for that period when daylight savings is in effect. During this period, CCT shall mean Central Daylight Time (CDT). Unless otherwise stated, all times in this Tariff are Central Clock Time.

- 1.9 "Confirmation" shall mean the verification of the Confirmed Quantity by the Confirming Parties. A Confirmation Response is a report provided via EDM which conforms to the requirements of the Data Dictionary standards set forth in NAESB WGQ Standard No. 1.4.4. The Explicit Confirmation process requires that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default methodology. (NAESB WGQ Standard No. 1.3.40).
- (a) A "Confirmation Requester" is a Service Provider (including a Point Operator) which is seeking to Confirm a quantity of Gas via the information outlined in NAESB WGQ Standard No. 1.4.3 to another Service Provider (the Confirming Party) with respect to a Nomination at a location. (NAESB WGQ Standard No. 1.2.8)
  - (b) A "Confirming Party" is a Service Provider (including a Point Operator) which provides a Confirmation for a quantity of Gas via the information outlined in NAESB WGQ Standard No. 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a Nomination at a location. (NAESB WGQ Standard No. 1.2.9)
  - (c) The term "Confirming Parties" refers to the Confirmation Requester and the Confirming Party. (NAESB WGQ Standard No. 1.2.10)
  - (d) "Confirmation by Exception" ("CBE") means that the Confirming Parties agree that one Party deems that all requests at a location are Confirmed by the other Party (the CBE Party) without response communication from that Party. The CBE Party can take exception to the request by so informing the other Party within a mutually agreed upon time frame. (NAESB WGQ Standard No. 1.2.11)
- 1.10 "Confirmed Quantity" shall mean the final result of the Confirmation process and is the quantity of Gas stated in MMBtu or Dth which has been determined as authorized to flow on a specified Gas Day at a specified Point of Injection or Withdrawal on behalf of a Shipper or Shippers. Transporter's Scheduled Quantity reports provided via EDM shall conform to the requirements of the Data Dictionary Standards as set forth in NAESB WGQ Standard No. 1.4.5 and shall reflect Confirmed Quantities.
- 1.11 "Daily Nomination" or "Timely Nomination" shall mean a Nomination submitted by a Nominating Party in conformance with the Timely Nomination Schedule set forth in Section 6 of the General Terms and Conditions, one calendar day prior to the Begin Date of a Gas transaction.
- 1.12 "Daily PAL Quantity" shall mean the maximum daily quantity that may be parked or loaned at the PAL Point as specified in the executed PAL RO. The PAL RO may specify a range for the quantity of a park or loan. On any Day, the sum of all Daily PAL Quantities on the PAL ROs for Shipper shall not exceed the Maximum PAL Quantity.

- 1.13 "Day" or "Gas Day" shall mean a period beginning at 9:00 a.m. Central Clock Time and ending at 9:00 a.m. Central Clock Time on the next calendar day.
- 1.14 "Dekatherm" or "Dth" shall mean the quantity of heat energy which is equivalent to 1,000,000 British Thermal Units ("MMBtu"). One "Dekatherm" of Gas shall mean the quantity of Gas which contains one Dekatherm of heat energy, and will be reported on a dry MMBtu (or Dth) basis. Dth is the Standard Quantity unit for Nominations, Confirmations and Scheduled Quantities in the United States. The standard conversion factor between Dth and Canadian Gigajoules (Gj) is 1.055056 Gjs per Dth. As used in this Tariff, related service agreements, statements and invoices, MMBtu and Dth are considered synonymous. (NAESB WGQ Standard No. 1.3.14)
- 1.15 "Deliver" or "Delivered" shall mean the Tender by Transporter to Shipper, or to a third Party for Shipper's account of a quantity of natural Gas containing the same thermal content as received by Transporter (net of Fuel Reimbursement) in accordance with all of the provisions of this Tariff and Shipper's Storage Service agreement.
- 1.16 "Downstream Party" shall mean the entity (name or identifying number) receiving Gas at a designated location as identified by a Shipper's Nomination.
- 1.17 "Electronic Delivery Mechanism" or "EDM" shall mean the electronic communication methodology used to transmit and receive data related to Gas transactions. Transporter shall designate an electronic "site" at which Shippers and Transporter may exchange data electronically. All data provided at such site shall be considered as being delivered to the appropriate Party. Transporter's use and implementation of EDM shall conform to all appropriate NAESB Standards.
- 1.18 "Electronic Transmission" or "Electronic Communication" shall mean the transmission of information via Transporter's electronic bulletin board, Transporter's standardized internet website, and Electronic Data Interchange ("EDI") including information exchanged via EDM. This term excludes facsimile.
- 1.19 "End Date" shall mean the Day specified by a Shipper on which a Gas transaction is to end. Most Gas transactions are to be effective for a full Gas Day. However, Shippers may indicate a requested end time when submitting Intraday Nominations.
- 1.20 "FERC" shall mean the Federal Energy Regulatory Commission and any other governmental body or bodies succeeding to, lawfully exercising, or superseding any powers of the Federal Energy Regulatory Commission.
- 1.21 "Fuel Reimbursement" shall mean the Fuel Gas and Unaccounted-for Gas as described in Section 13 of these General Terms and Conditions.
- 1.22 "Gas" shall mean combustible hydrocarbon Gas.



- 1.23 "Gas in Place" shall mean a quantity of Gas currently held in storage for the account of each Shipper.
- 1.24 "Gas Industry Standards Board" or "GISB" also known as "North American Energy Standards Board" or "NAESB" shall mean that accredited organization established to set standards for certain natural Gas industry business practices and procedures.
- 1.25 "GISB or NAESB or NAESB WGQ Standards" and "GISB or NAESB or NAESB WGQ Definitions", shall mean the standardized business practices, procedures, criteria and definitions of terms which have been adopted and published by the Wholesale Gas Quadrant of the North American Energy Standards Board and which have been adopted by reference by the FERC in compliance with 18 CFR, Section 284.12, as described in Section 22 of the General Terms and Conditions.
- 1.26 "Injection Period" shall consist of the period commencing on June 1 of any year and continuing through October 31 of such year.
- 1.27 "Injection Quantity" is that quantity of Gas Tendered by Shipper or for the account of Shipper less Fuel Reimbursement.
- 1.28 "Interconnecting Party" shall mean the Party or such Party's designee that is responsible for operations of a natural Gas system which interconnects with Transporter's system and is responsible for verifying Nominations and scheduling Gas flow at such point of interconnections. An Interconnecting Party is also a Confirming Party. Each Interconnecting Party is required to conform to the schedules set forth in Section 6 of these General Terms and Conditions of this Tariff, unless specifically exempted by Transporter.
- 1.29 "Intraday Nomination" – An intraday nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day. (NAESB WGQ Standard No. 1.2.4) Intraday Nominations shall be accepted for the following cycles pursuant to the schedule set forth in Section 6 of these General Terms and Conditions:
- (a) Evening Cycle - the day prior to the Gas Day
  - (b) Intraday 1 Cycle - during the Gas Day
  - (c) Intraday 2 Cycle - during the Gas Day
  - (d) Intraday 3 Cycle - during the Gas Day
- 1.29A "Loan", "Loaned", "Lend", or "Lending" shall mean Transporter's advancement of quantities of Gas to a Shipper at a mutually agreed to Park and Loan Point pursuant to the terms of Rate Schedule PAL-1.

- 1.30 "Maximum Available Capacity" ("MAC") shall mean the maximum quantity of Gas (expressed in Dth) that Transporter is required to accept under Rate Schedule FS-1 or the maximum quantity of Gas expressed in Dth) that Transporter may accept under Rate Schedule IS-1 for injection into storage during the Injection Period on Shipper's behalf.
- 1.31 "Maximum Daily Injection Quantity" ("MDIQ") shall mean the maximum quantity of Gas (expressed in Dth) per Day that Transporter shall be required to inject into storage on a firm basis on Shipper's behalf. The MDIQ shall be limited to 1/58 of Shipper's MAC; provided however, during the Month of November the MDIQ shall be limited to some lesser quantity when and to the extent required by storage operational conditions and maintenance. As the field is developed and operating experience gained, it is possible that these parameters will require modification.
- 1.32 "Maximum Daily Quantity" ("MDQ") shall mean the maximum quantity of Gas (expressed in Dth) per Day that Shipper may Tender and Transporter may accept for Delivery to, or to withdraw from storage for Shipper's account on an interruptible basis.
- 1.33 "Maximum Daily Withdrawal Quantity" ("MDWQ") shall mean the maximum Daily quantity of Gas (expressed in Dth) that Transporter shall be required to withdraw from storage on a firm basis on Shipper's behalf. Shipper's MDWQ shall be equal to 1/29 of Shipper's MAC.
- 1.33A "Maximum PAL Quantity" shall mean the total amount permitted to be parked or loaned in Shipper's account as specified in the executed PAL RO.
- 1.34 "Mcf" shall mean 1,000 cubic feet of Gas at a pressure of 14.73 p.s.i.a. and at a temperature of 60 degrees Fahrenheit. Pressure base conversion factors shall be stated with at least six decimal places. However, the reporting basis for Gas transactions is thermal. See definition of Dth in this Section 1.
- 1.35 "Month" shall mean the period of time beginning at 9:00 a.m., Central Clock Time on the 1st Day of a calendar month and ending at 9:00 a.m. Central Clock Time, on the 1st Day of the next succeeding calendar month.
- 1.36 "Nomination" or "Nominate" shall mean a request by a Shipper for a prospective storage transaction under an executed service agreement and submitted to Transporter.
- (a) A data set which contains the mandatory data elements included in the NAESB WGQ Standards related to Nominations and any appropriate business conditional or mutually agreeable data elements, which is consistent with the provisions of the Shipper's service agreement, and which has been delivered to Transporter, or to Transporter via Electronic Communication, or when agreed to by Transporter, by facsimile, is considered to be a Valid Nomination. Shipper Nominations sent by EDM shall conform to the requirements of the Data Dictionary standards set forth in NAESB WGQ Standard No. 1.4.1.

- 1.37 "Nominating Party" shall mean a Shipper or Shipper's Agent authorized to submit Nominations to Transporter pursuant to Shipper's executed service agreement(s).
- 1.38 "p.s.i.a." shall mean pounds per square inch absolute.
- 1.39 "p.s.i.g." shall mean pounds per square inch gauge.
- 1.40 "Package Identifier" or "Package ID" shall mean a Nomination data element which is provided at the service requester's option to differentiate between discrete business transactions (NAESB WGQ Standard No. 1.2.5). When used, Package ID should be: (a) supported for Nominating and scheduling; (b) mutually agreed between the applicable Parties for allocations and imbalance reporting; (c) supported for invoicing (sales and purchase); and (d) mutually agreed for Transport invoicing. (NAESB WGQ Standard No. 1.3.24) Package ID is not required for transportation invoicing. Use of the Package ID is at the discretion of the service requester, and if sent, should be accepted and processed by Transporter. (NAESB WGQ Standard No. 1.3.25)
- 1.40A "Park", "Parked", or "Parking" shall mean acceptance by Transporter of quantities of Gas Tendered by Shipper at a mutually agreed to Park and Loan Point for delivery at a later date pursuant to Rate Schedule PAL-1.
- 1.40B "Park and Loan Point" or "PAL Point" shall mean the transaction point(s) on Transporter's System where parking and lending services are provided to Shipper, as specified in the executed PAL Request Order. PAL Points will be associated with existing points on Transporter's System and may be referred to as Point(s) of Injection or Point(s) of Withdrawal.
- 1.41 "Party" or "Parties" shall mean either Shipper and/or Transporter.
- 1.42 "Point of Injection" shall mean that point where Transporter accepts Gas for injection into Transporter's Storage Field for the account of Shipper.
- 1.43 "Point of Withdrawal" shall mean that point where Transporter Tenders Gas from Transporter's Storage Field for the account of Shipper.
- 1.44 "Products" shall mean liquid and liquefiable hydrocarbons, inerts (including, but not limited to, helium and nitrogen), sulfur, water, and any other component of Gas removed by processing or compression, or by means of drips or separators.
- 1.45 "Quick Response" shall mean the preliminary response record generated by Transporter and made available via EDM to the Nominating Party indicating the successful receipt of a Nomination and the fact that such Nomination is correct and able to be processed or is incorrect and rejected. Transporter's Quick Response shall conform to the requirements of the Data Dictionary standards as set forth in NAESB WGQ Standard No. 1.4.2.

- 1.46 "Rank" shall mean the relative value provided at the Nominating Party's option as a data element in a Nomination. Such value shall indicate the Nominating Party's requested scheduling priority among Nominations for the same period under the same contract. One (1) shall indicate the highest priority and nine hundred ninety-nine (999) the lowest.
- 1.46A "Rate Default" - For index-based capacity release transactions, Rate Default is the term used to describe the non-biddable rate specified in the capacity release offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor should serve as the Rate Default. (NAESB WGQ Standard No. 5.2.5)
- 1.46B "Rate Floor" – For index-based capacity release transactions, Rate Floor is the term used to describe the lowest rate specified in the capacity release Offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than the Transportation Service Provider's (TSP) minimum reservation rate or zero cents when there is no stated minimum reservation rate. (NAESB WGQ Standard No. 5.2.4)
- 1.47 "Releasing Shipper" is any Shipper who has a Storage Service agreement and has Storage Service provided under Rate Schedule FS-1 who elects to release all or a portion of its firm capacity, subject to the capacity release program as contained in Section 9 of these General Terms and Conditions.
- 1.48 "Render" shall mean postmarked, or electronically delivered via Electronic Communication.
- 1.49 "Replacement Capacity Agreement" is an agreement between Transporter and Replacement Shipper setting forth the rate(s) and the terms and conditions of the service for using capacity rights acquired pursuant to Section 9 of these General Terms and Conditions.
- 1.50 "Replacement Shipper" is any Shipper who acquires capacity rights from a Releasing Shipper through Transporter's capacity release program as contained in Section 9 of these General Terms and Conditions.
- 1.51 "Request for Confirmation" shall mean the information via EDM which conforms to the Data Dictionary standards as set forth in NAESB WGQ Standard No. 1.4.3. A Request for Confirmation may be sent by any operator to an interconnected operator to initiate the communications for a Confirmation Response (See definition of Confirmation in this Section 1).

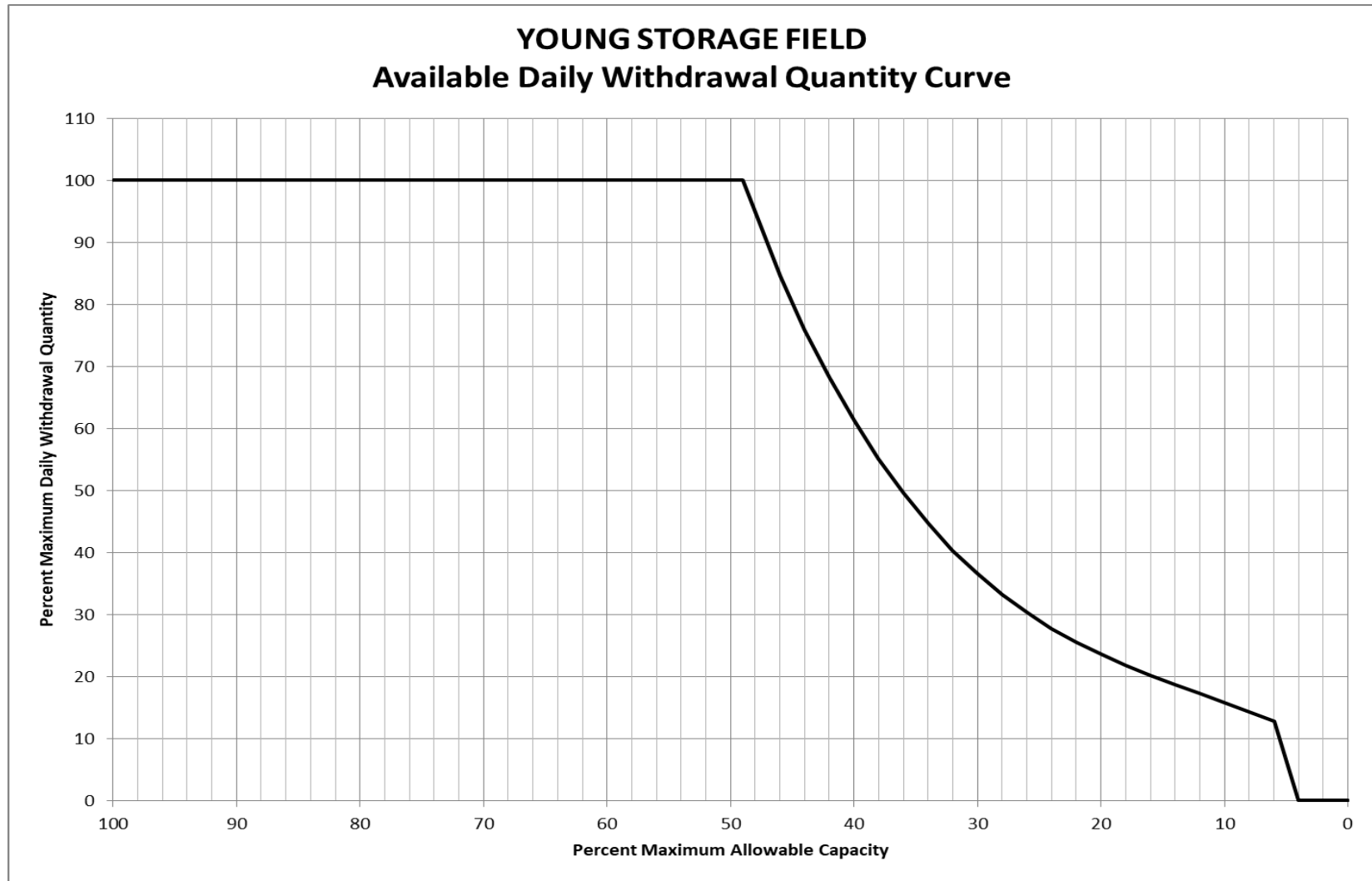
- 1.52 "Reservoir Integrity Inventory Limit" shall be the maximum amount of Gas in Place that Shipper shall be permitted to have in Transporter's Storage Field at a particular time. The Reservoir Integrity Limit is included on the graph shown in Part VI – Section 3 of the Graphical Illustrations. As further experience is gained based on the actual operations of Transporter's Storage Field, it is possible that this Reservoir Integrity Inventory Limit will require modification. Transporter may, on a nondiscriminatory basis, permit Shippers to exceed the Reservoir Integrity Inventory Limit if, in Transporter's reasonable judgment, Transporter's reservoir integrity and service to other firm shippers will not be adversely affected. On such occasions, Transporter will post a notice on its electronic bulletin board notifying Shippers that the Reservoir Integrity Inventory Limit may be exceeded. The Reservoir Integrity Inventory Limit curve is included in Part VI: Graphical Illustrations.
- 1.53 "Scheduled Quantity" shall mean the quantity of Gas Transporter has determined it can inject or withdraw based on a Shipper's Nomination on a designated Gas Day subject to Transporter's available storage capacity. Such quantities shall be determined pursuant to the provisions of these General Terms and Conditions and are subject to final Confirmation. Transporter's Scheduled Quantity reports provided via EDM shall conform to the requirements of the Data Dictionary Standards as set forth in NAESB Standard 1.4.5.
- 1.54 "Shipper" shall mean that Party on whose behalf Gas is being stored.
- 1.55 "Standard Quantity" as used in Nominations, Confirmations and Scheduling shall mean the Dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and gigacalories per Gas Day in Mexico. (For reference, 1 Dekatherm = 1,000,000 Btus; 1 gigajoule is 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between Dekatherms and gigajoules is 1.055056 gigajoules per Dekatherm and between Dekatherms and gigacalories is 0.251996 gigacalories per Dekatherm. The standard Btu is the International Btu, which is also called the Btu (IT); the standard joule is the joule specified in the SI system of units. (NAESB WGQ Standard No. 1.3.14)
- 1.56 "Storage Field" shall mean the storage facilities and reservoirs utilized by Transporter to provide Storage Service.
- 1.57 "Storage Service" shall consist of the acceptance by Transporter of Gas Tendered by Shipper at the Point of Injection, the injection of such Gas for storage for Shipper's account, the inventorying of such Gas in Transporter's Storage Field, and the withdrawal of such Gas for Shipper's account at the Point of Withdrawal.
- 1.58 "Storage Year" shall mean the period commencing June 1 of each year and ending on May 31 of the next succeeding year.
- 1.59 "Tender" or "Tendered" shall mean making natural Gas available in accordance with all of the provisions of this Tariff and Shipper's Storage Service agreement.

- 1.60 "Transporter" shall mean Young Gas Storage Company, Ltd.
- 1.61 "Upstream Party" shall mean the entity (Name or identifying number) Delivering Gas to Transporter at a designated location as identified by a Shipper's Nomination.
- 1.62 "Withdrawal Period" refers to the period commencing on November 1 of each year and ending on May 31 of the next succeeding year.
- 1.63 "Withdrawal Quantity" is that quantity of Gas Delivered from storage by Transporter for Shipper's account.

## APPENDIX C

TAB 2: UPDATE TO AVAILABLE DAILY QUANTITY WITHDRAWAL CURVE  
CLEAN TARIFF SECTION

PART VI – GRAPHICAL ILLUSTRATIONS  
SECTION 2 - YOUNG AVAILABLE DAILY WITHDRAWAL QUANTITY CURVE  
Pursuant to Part IV- Section 1.1A



Issued on:

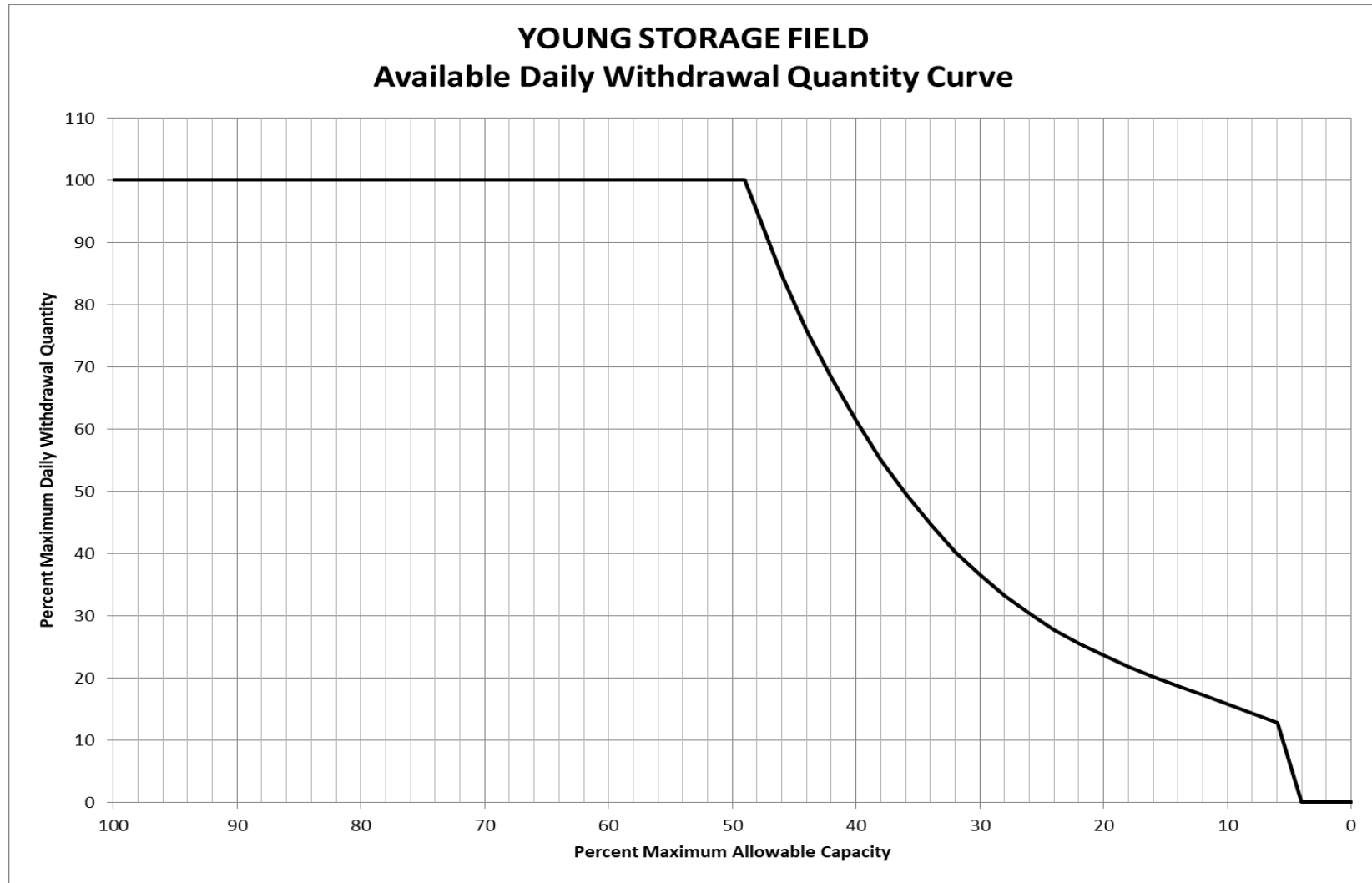
Effective on:



APPENDIX C

TAB 2: UPDATE TO AVAILABLE DAILY WITHDRAWAL QUANTITY CURVE  
MARKED TARIFF SECTION

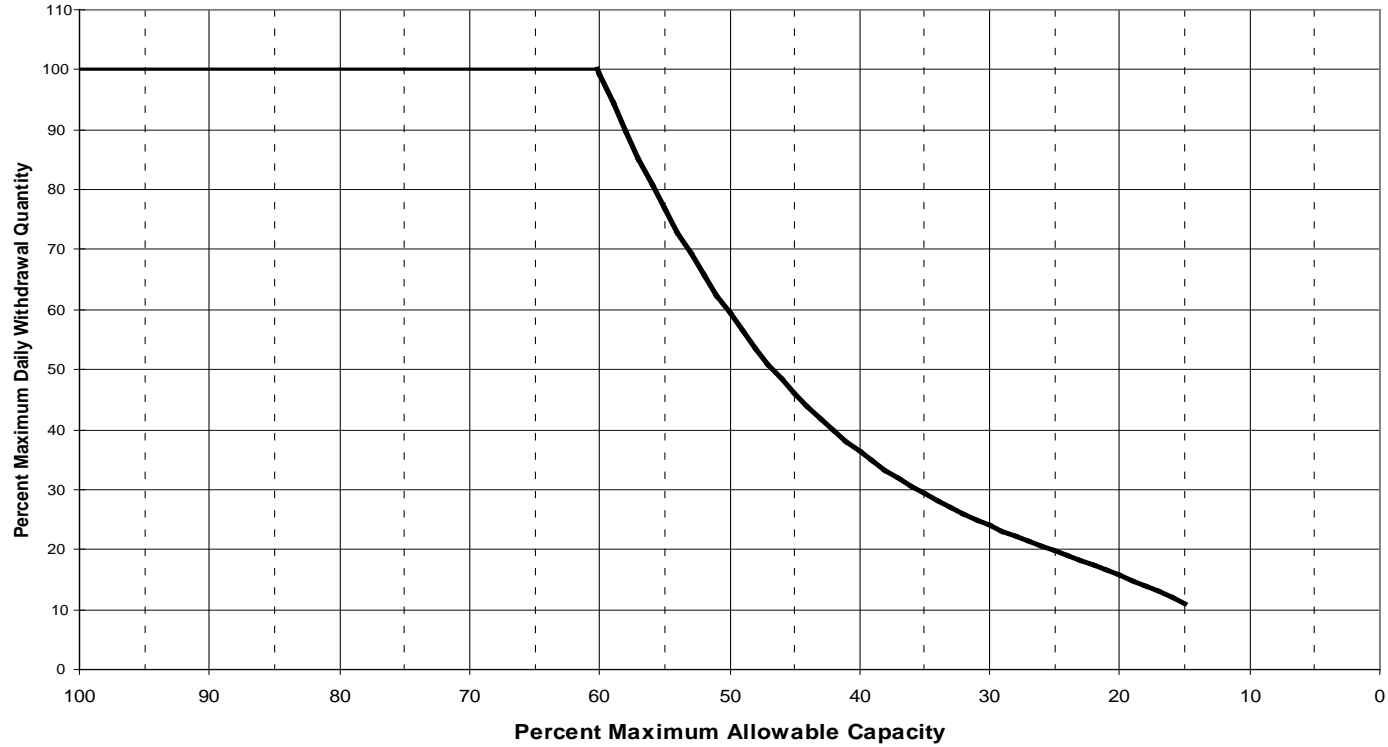
PART VI – GRAPHICAL ILLUSTRATIONS  
SECTION 2 -YOUNG AVAILABLE DAILY WITHDRAWAL QUANTITY CURVE  
Pursuant to Part IV- Section 1.1A



Issued on:

Effective on:

**YOUNG STORAGE FIELD**  
**Available Daily Withdrawal Quantity Curve**



Issued on:

Effective on: