

FERC GAS TARIFF  
FIRST REVISED VOLUME NO. 1  
(STORAGE SERVICES)  
SUPERCEDING ORIGINAL VOLUME NO. 1  
of  
YOUNG GAS STORAGE COMPANY, LTD.  
Filed with  
FEDERAL ENERGY REGULATORY COMMISSION

Communications Concerning This Tariff Should Be Addressed To:

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Colorado Springs, Colorado 80944

2 North Nevada Avenue  
Colorado Springs, Colorado 80903

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## PRELIMINARY STATEMENT

This Tariff First Revised Volume No. 1 applies to underground storage of natural Gas performed by Young Gas Storage Company, Ltd. (Transporter). Storage services under this Tariff will be offered on a basis consistent with standards precluding undue discrimination to all pipelines, local distribution companies, end users, producers, brokers, marketers, and other potential Shippers who request Transporter to provide service hereunder.

Transporter's system map can be found using:

<http://pipeline2.kindermorgan.com/default.aspx?code=YGS>

Use the Informational Postings menu and select Tariff, then select the Map link to view the System Map.

## POINTS OF CONTACT

### Payments:

Payments are subject to the terms and conditions of this Tariff including but not limited to Section 12 of the General Terms and Conditions.

Young Gas Storage Company, Ltd.  
(See the address and account number identified on the invoice.)

### All Notices:

Any notice provided for in a Form of Service Agreement in this Tariff shall be in writing and shall be considered as having been given if hand carried, faxed, or mailed by United States mail, postage prepaid, to the following addresses, contained herein.

#### Transportation Representative:

Young Gas Storage Company, Ltd.  
c/o Colorado Interstate Gas Company  
P. O. Box 1087  
Colorado Springs, Colorado 80944  
Attention: Marketing Department  
Facsimile No. (719) 520-4878  
Telephone No. (719) 520-4465 or (719) 520-4250

### All Nominations:

Nominations are subject to the terms and conditions of this Tariff, including but not limited to Section 6 of the General Terms and Conditions.

Young Gas Storage Company, Ltd.  
c/o Colorado Interstate Gas Company  
P. O. Box 1087  
Colorado Springs, Colorado 80944  
Attention: Nominations and Scheduling Department  
Facsimile No. (719) 520-4698  
Telephone No. (800) 238-3764

### Point of Contact:

Electronic Bulletin Board:  
Customer Service Department: (866) 523-4243

Formal Complaints:

Young Gas Storage Company, Ltd.  
c/o Colorado Interstate Gas Company  
P. O. Box 1087  
Colorado Springs, Colorado 80944  
Attention: Vice President, Regulatory

Informal Complaints:

Vice President, Regulatory  
(719) 520-3778

## PART II: STATEMENT OF RATES



| <u>Rate Schedule</u>         | Rate per Dth<br>(Note 1) |                |
|------------------------------|--------------------------|----------------|
|                              | <u>Minimum</u>           | <u>Maximum</u> |
| FS-1: (Note 5)               |                          |                |
| Reservation Rates (Note 3) - |                          |                |
| Storage Capacity Rate        | \$0.0000                 | \$0.0480       |
| Reservation Rate             | \$0.0000                 | \$1.3632       |
| Quantity Injection Rate      | \$0.0190                 | \$0.0190       |
| Quantity Withdrawal Rate     | \$0.0190                 | \$0.0190       |
| Authorized Daily             |                          |                |
| Overrun Rate - Injection     | \$0.0380                 | \$0.1150       |
| Overrun Rate - Withdrawal    | \$0.0190                 | \$0.0190       |
| Authorized Capacity          |                          |                |
| Overrun Rate                 | \$0.0380                 | \$0.1150       |

| <u>Rate Schedule</u>   | Rate per Dth<br>(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                 | \$0.0960       |
| Quantity Injection Rate  | \$0.0190                 | \$0.0190       |
| Quantity Withdrawal Rate   | \$0.0190                 | \$0.0190       |
| Authorized Daily   |                          |                |
| Overrun Rate - Injection   | \$0.0380                 | \$0.1150       |
| Overrun Rate - Withdrawal  | \$0.0190                 | \$0.0190       |
| Authorized Capacity  |                          |                |
| Overrun Rate   | \$0.0380                 | \$0.1150       |
| PAL-1: (Note 5)  |                          |                |
| Initial Rate   | \$0.0000                 | \$0.1150       |
| Park/Loan Balance Rate   | \$0.0000                 | \$0.0575       |
| Completion Rate  | \$0.0000                 | \$0.1150       |
| Authorized Overrun Rate  | \$0.0000                 | \$0.1150       |

Surcharge(s)

Rate per Dth  
(Note 1)

Minimum

Maximum

ACA Surcharge:

Commodity Rate (Note 4)

Posted on FERC's website at <http://www.ferc.gov>

FUEL CHARGES

Rate Per Dth

|   | <u>Current Period</u> | <u>True Up</u> | <u>Total Percentage</u> |
|---|-----------------------|----------------|-------------------------|
| Fuel Reimbursement<br>Percentage (Note 2) | 3.71%                 | 0.19%          | 3.90%                   |

## 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>  | Base Rates per Dth<br>at 1000 Btu |                |
|---|-----------------------------------|----------------|
|   | <u>Minimum</u>                    | <u>Maximum</u> |
| FS-1:   |                                   |                |
| Reservation Rate -  |                                   |                |
| Storage Capacity Rate   | \$0.0000                          | \$0.0528       |
| Reservation Rate  | \$0.0000                          | \$1.5008       |
| Quantity Injection Rate   | \$0.0209                          | \$0.0209       |
| Quantity Withdrawal Rate  | \$0.0209                          | \$0.0209       |
| Authorized Daily  |                                   |                |
| Overrun Rate - Injection  | \$0.0418                          | \$0.1266       |
| Overrun Rate - Withdrawal   | \$0.0209                          | \$0.0209       |
| Authorized Capacity   |                                   |                |
| Overrun Rate  | \$0.0418                          | \$0.1266       |
| IS-1:   |                                   |                |
| Interruptible Storage Rate (Applied<br>monthly to the average daily balance<br>of Gas in storage for Shipper's<br>account during the Month) |                                   |                |
| Interruptible Storage   | \$0.0000                          | \$0.1057       |
| Quantity Injection Rate   | \$0.0209                          | \$0.0209       |
| Quantity Withdrawal Rate  | \$0.0209                          | \$0.0209       |
| Authorized Daily  |                                   |                |
| Overrun Rate - Injection  | \$0.0418                          | \$0.1266       |
| Overrun Rate - Withdrawal   | \$0.0209                          | \$0.0209       |
| Authorized Capacity   |                                   |                |
| Overrun Rate  | \$0.0418                          | \$0.1266       |
| PAL-1:  |                                   |                |
| Initial Rate  | \$0.0000                          | \$0.1266       |
| Park/Loan Balance Rate  | \$0.0000                          | \$0.0633       |
| Completion Rate   | \$0.0000                          | \$0.1266       |
| Authorized Overrun Rate   | \$0.0000                          | \$0.1266       |

## PART III: RATE SCHEDULES

RATE SCHEDULE FS-1  
FIRM STORAGE SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Party (hereinafter referred to as "Shipper") for the storage of natural Gas by Young Gas Storage Company, Ltd. (hereinafter referred to as "Transporter"), when Shipper desires firm Storage Service; and
- (a) Transporter has determined, in its sole judgment, that firm Storage Service capacity is available on Transporter's system;
  - (b) Shipper and Transporter have executed a Storage Service Agreement FS-1 ("Agreement") pursuant to the terms of this Rate Schedule FS-1;
  - (c) Shipper has met the service requirements specified in GT&C Sections 4.1 and 4.5.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule FS-1 shall apply to Storage Service rendered by Transporter to Shipper under an Agreement. Service to a Shipper hereunder shall be on a firm basis up to (1) Shipper's Maximum Daily Injection Quantity (MDIQ), (2) Shipper's Maximum Daily Withdrawal Quantity (MDWQ), and (3) Shipper's Maximum Available Capacity (MAC).
- (a) Shipper's Storage Service entitlements shall be adjusted as provided in Section 1.2 of the General Terms and Conditions of this Tariff.
  - (b) Service up to and including these levels is not subject to interruption or curtailment by Transporter except as provided in this Rate Schedule and the General Terms and Conditions of this Tariff.
- 2.2 Compliance with Reservoir Integrity Inventory Limit.
- (a) Shipper shall not exceed the Reservoir Integrity Inventory Limit as provided in Section 1 of the General Terms and Conditions. If Shipper exceeds the Reservoir Integrity Inventory Limit, Transporter will seek Shipper's immediate cooperation to bring Shipper's Gas in Place into compliance with the Reservoir Integrity Inventory Limit.
  - (b) Shipper's MDWQ shall be reduced pursuant to the ADWQ chart provided in Section 1 of the General Terms and Conditions.
  - (c) Shipper's MDIQ shall be reduced pursuant to the ADIQ chart provided in Section 1 of the General Terms and Conditions.



2.2 APPLICABILITY AND CHARACTER OF SERVICE (Continued):

- (d) Shipper shall have no more than 49.4 percent of MAC in storage between and including June 1 and July 1 of each year, unless Transporter determines, on a non-discriminatory basis, that retention of a higher quantity of Gas will not adversely affect Transporter's storage reservoirs. In such instance, Transporter shall specify the higher level Shipper may maintain.
- (e) The above requirements notwithstanding, 100 percent of all quantities stored hereunder shall be withdrawn upon expiration of the term of the Agreement.

2.3 If, on any Day during the Withdrawal Period, Shipper requests Transporter to withdraw and Deliver to Shipper a quantity of Gas within Shipper's Available Daily Withdrawal Quantity (ADWQ) and Transporter fails to do so, then Shipper's obligation to withdraw its Gas shall be extended by the number of Days that Transporter failed to withdraw and Deliver the quantity requested by Shipper. Any quantities required to be withdrawn which have not been withdrawn as provided hereunder shall become the property of Transporter without charge and shall be free and clear of any adverse claims.

2.4 This service shall be subject to Section 9 of the General Terms and Conditions pertaining to capacity release.

3. STORAGE SERVICE CHARGES

- 3.1 **Applicable Rates.** The applicable minimum and maximum rates for service under Rate Schedule FS-1, or any superseding rate schedule, are set forth on the Statement of Rates. Shipper's liability for the storage capacity charge and the reservation charge shall begin to accrue on the effective date set forth in the Agreement. A Shipper may elect at any time to prepay storage capacity and reservation charges under the Agreement.
- 3.2 **Storage Capacity Charge.** Each Month, Shipper shall be charged an amount obtained by multiplying the Storage Capacity Rate as set forth in Exhibit A of the Agreement by the Shipper's MAC.
- 3.3 **Reservation Charge.** Each Month, Shipper shall be charged an amount obtained by multiplying the Reservation Rate as set forth in Exhibit A of the Agreement by Shipper's MDWQ.

- 3.4      **Commodity Charge.** Each Month, Shipper shall pay a commodity charge consisting of the sum of the following components:
- (a)      **Quantity Injection Charge.** The Quantity Injection Charge shall be the product of the Quantity Injection Rate as set forth in Exhibit A of the Agreement multiplied by the Injection Quantity during such Month for Shipper's account; and
  - (b)      **Quantity Withdrawal Charge.** The Quantity Withdrawal Charge shall be the product of the Quantity Withdrawal Rate as set forth in Exhibit A of the Agreement multiplied by the Withdrawal Quantity during such Month for Shipper's account.
- 3.5      **Adjustment of Rates.** Subject to the terms of the Agreement, Transporter reserves the right to prescribe and/or to adjust at any time any of the rates applicable to any individual Shipper without adjusting any other rates for that or another Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable maximum rate(s) nor shall they be less than the applicable minimum rate(s), set forth from time to time on the Schedule of Rates and Surcharges Sheets of this Tariff. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the Term of Rate specified in Exhibit A of the Agreement, the rate for Storage Service shall revert to the maximum allowable rate under this Rate Schedule.

#### 4.      **AUTHORIZED OVERRUN STORAGE**

- 4.1      **Authorized Overrun Deliveries.** On any Day or during any Storage Year, upon request of Shipper and at Transporter's option, subject to the provisions of the Agreement, Transporter may receive or Deliver quantities in excess of the following ("Overrun Deliveries"):
- (a)      Shipper's ADIQ; or
  - (b)      Shipper's ADWQ.
  - (c)      Shipper's MAC.
- 4.2      **Overrun Charge.** All quantities received for storage or Delivered from storage as overrun Deliveries shall be received and/or Delivered on an interruptible basis and Shipper shall pay for such overrun service as follows:
- (a)      **Daily Overrun Injections.** An amount obtained by multiplying the Injection Quantity received for Shipper's account which is in excess of Shipper's ADIQ by the Authorized Daily Overrun Rate as agreed to by the Parties. The Authorized Daily Overrun Rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

#### 4.2 AUTHORIZED OVERRUN STORAGE (Continued):

- (b) Daily Overrun Withdrawals. An amount obtained by multiplying the Withdrawal Quantity on any Day which is in excess of Shipper's ADWQ by the Authorized Daily Overrun Rate as agreed to by the Parties. The Authorized Daily Overrun Rate shall be agreed to by the Parties and shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.
- (c) Capacity Overrun. An amount obtained by multiplying the Gas in Place on any Day which is in excess of Shipper's MAC by the Authorized Capacity Overrun Rate as agreed to by the Parties. The Authorized Capacity Overrun Rate shall be agreed to by the Parties and shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

#### 5. FUEL REIMBURSEMENT

- 5.1 Shipper shall furnish to Transporter the Fuel Reimbursement as defined in Section 13 of the General Terms and Conditions. The Fuel Reimbursement percentage shall be applied to the quantity Tendered by Shipper and accepted by Transporter for injection into storage.

#### 6. REQUEST FOR FIRM STORAGE

- 6.1 To qualify for service pursuant to this Rate Schedule, a potential Shipper shall make a Request for Service pursuant to the provisions set forth in Section 4 of the General Terms and Conditions of this Tariff.

#### 7. TRANSFER OF GAS IN PLACE

- 7.1 A Shipper ("Transferor") may sell Gas in Place to Transporter, or to another Party ("Transferee"), pursuant to this Rate Schedule provided:
  - (a) Transferor has all necessary authority to sell the Gas;
  - (b) On the date the proposed sale becomes effective, Transferee will have a currently effective firm storage Agreement with Transporter which has sufficient capacity to accommodate the quantity being acquired from Transferor and which contains the same terms and conditions, including rate terms and conditions, as Transferor's Agreement, unless otherwise agreed to by Transporter. However, Transferee may agree to a higher rate or rates than the rate or rates, contained in Transferor's Agreement not to exceed the maximum rate under this rate schedule;
  - (c) All charges for Storage Services related to Gas transferred in place shall be the responsibility of Transferor before the date of transfer and of Transferee upon, and subsequent to, the date of transfer;

7.1 TRANSFER OF GAS IN PLACE (Continued):

- (d) Transferor may not transfer all or a part of its Gas in Place more than once each Month unless otherwise agreed by Transporter.

7.2 At least five Business Days prior to the date the proposed sale is to become effective, Transferor and Transferee shall notify Transporter of the proposed sale. Such notification shall be in writing, signed by Transferor and Transferee, and state:

- (a) The effective date of the proposed sale;
- (b) The quantity of Gas in Place to be sold; and
- (c) Verification that the requirements of Section 8.1 have been met.

8. GENERAL TERMS AND CONDITIONS

- 8.1 The General Terms and Conditions contained in this Tariff, except as modified in the Agreement, are made a part of this Rate Schedule.

RATE SCHEDULE IS-1  
INTERRUPTIBLE STORAGE SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Party (hereinafter referred to as "Shipper") for the storage of natural Gas by Young Gas Storage Company, Ltd. (hereinafter referred to as "Transporter"), when Shipper desires interruptible Storage Service, and:
- (a) Shipper and Transporter have executed a Storage Service Agreement IS-1 ("Agreement") pursuant to the terms of this Rate Schedule IS-1;
  - (b) Shipper has met the service requirements specified in Sections 4.1 and 4.5 of the General Terms and Conditions.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule IS-1 shall apply to Storage Service rendered by Transporter to Shipper on a completely interruptible basis up to a Maximum Daily Quantity (MDQ) and Maximum Available Capacity (MAC) as defined in Section 1 of the General Terms and Conditions of this Tariff and subject to the limitations set forth in the Agreement, this Rate Schedule IS-1, and the General Terms and Conditions of this Tariff.
- 2.2 Storage Service hereunder is interruptible and subject to curtailment or interruption at any time and such interruptions may be in effect for extended periods of time. Storage Service under this Rate Schedule will be performed when in Transporter's sole judgment Transporter has capacity available to provide such Storage Service without detriment or disadvantage to Transporter's firm obligations.

3. STORAGE SERVICE CHARGE

- 3.1 Applicable Rates. The applicable minimum and maximum rates for service under Rate Schedule IS-1, or any superseding rate schedule, are set forth on the Statement of Rates.
- 3.2 Interruptible Storage Rate. For each Month, Shipper shall pay an amount determined by multiplying the average daily balance of Gas in Place for Shipper's account during such Month by the Interruptible Storage Rate as set forth in Exhibit A of the Agreement.
- 3.3 Commodity Charge. For each Month, Shipper shall pay a commodity charge consisting of the sum of the following components:
- (a) Quantity Injection Charge. The Quantity Injection Charge shall be the product of the Quantity Injection Rate, as set forth in Exhibit A of the Agreement, multiplied by the Injection Quantity during such Month for Shipper's account; and

3.3 STORAGE SERVICE CHARGE (Continued):

- (b) Quantity Withdrawal Charge. The Quantity Withdrawal Charge shall be the product of the Quantity Withdrawal Rate, as set forth in Exhibit A of the Agreement, multiplied by the Withdrawal Quantity during such Month by Transporter for Shipper's account.

- 3.4 Adjustment of Rates. Subject to the terms of the Agreement, Transporter reserves the right to prescribe and/or to adjust at any time any of the rates applicable to any individual Shipper without adjusting any other rates for that or another Shipper; provided, however, that such adjusted rate(s) shall not exceed the applicable maximum rate(s) nor shall they be less than the applicable minimum rate(s), set forth from time to time on the Statement of Rates. Downward adjustment to any rate shall be for a specific term. Unless otherwise agreed, at the expiration of the Term of Rate specified in Exhibit A of the Agreement, the rate for Storage Service shall revert to the maximum allowable rate under this Rate Schedule.

4. AUTHORIZED OVERRUN STORAGE

- 4.1 Authorized Overrun Deliveries. On any Day or during any Storage Year, upon request of Shipper and at Transporter's option, subject to the provisions of the Agreement, Transporter may inject or withdraw quantities in excess of Shipper's MDQ or MAC ("Overrun Deliveries").
- 4.2 Overrun Charge. Shipper may on any Day request, and with Transporter's consent, receive service in excess of Shipper's MDQ or MAC. All quantities injected or withdrawn from storage or Delivered from storage as Overrun Deliveries shall be injected or withdrawn on an interruptible basis and Shipper shall pay for such overrun service as follows:
- (a) Daily Overrun Injections - An amount obtained by multiplying the quantity amount injected into storage on any Day which is in excess of Shipper's MDQ by the Authorized Daily Overrun Rate as agreed to by the Parties. The Authorized Daily Overrun Rate shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.
  - (b) Daily Overrun Withdrawals - An amount obtained by multiplying the quantity withdrawn from storage on any Day which is in excess of Shipper's MDQ by the Authorized Daily Overrun Rate as agreed to by the Parties. The Authorized Daily Overrun Rate shall be agreed to by the Parties and shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

4.2 AUTHORIZED OVERRUN STORAGE (Continued):

- (c) Capacity Overrun. An amount obtained by multiplying the Gas in Place on any Day which is in excess of Shipper's MAC by the Authorized Capacity Overrun Rate as agreed to by the Parties. The Authorized Capacity Overrun Rate shall be agreed to by the Parties and shall not be less than the applicable minimum rate or more than the applicable maximum rate as set forth on the Statement of Rates.

5. FUEL REIMBURSEMENT

- 5.1 Shipper shall furnish to Transporter the Fuel Reimbursement defined in Section 13 of the General Terms and Conditions. The Fuel Reimbursement percentage shall be applied to the quantity tendered by Shipper and accepted by Transporter for injection into storage.

6. REQUEST FOR INTERRUPTIBLE STORAGE SERVICE

- 6.1 To qualify for service pursuant to this Rate Schedule, a potential Shipper shall make a Request for service pursuant to the provisions set forth in Section 4 of the General Terms and Conditions.

7. TRANSFER OF GAS IN PLACE

- 7.1 A Shipper ("Transferor") may sell storage Gas in Place to Transporter, or to another Party ("Transferee"), pursuant to this Rate Schedule provided:
  - (a) Transferor has all necessary authority to sell the Gas;
  - (b) On the date the proposed sale becomes effective, Transferee will have a currently effective interruptible storage Agreement with Transporter which has sufficient capacity to accommodate the quantity being acquired from Transferor and which contains the same terms and conditions, including rate terms and conditions, as Transferor's Agreement, unless otherwise agreed to by Transporter. However, Transferee may agree to a higher rate or rates than the rate or rates contained in Transferor's Agreement not to exceed the maximum rate under this rate schedule;
  - (c) Charges for Storage Services related to Gas transferred in place shall be the responsibility of Transferor before the date of transfer and of Transferee upon, and subsequent to, the date of transfer; and
  - (d) Transferor may not transfer all or a part of its Gas in Place more than once each Month unless otherwise agreed by Transporter.
- 7.2 At least five Business Days prior to the date the proposed sale is to become effective, Transferor and Transferee shall notify Transporter in writing of the proposed sale. Such

notification shall be in writing, shall be signed by Transferor and Transferee, and shall state:

7.2 TRANSFER OF GAS IN PLACE (Continued):

- (a) The effective date of the proposed sale;
- (b) The quantity of Gas in Place to be sold; and
- (c) Verification that the requirements of Section 7.1 have been met.

8. GENERAL TERMS AND CONDITIONS

- 8.1 The General Terms and Conditions contained in this Tariff, except as modified in the Agreement, are made a part of this Rate Schedule.



RATE SCHEDULE PAL-1  
INTERRUPTIBLE PARKING AND LENDING SERVICE

1. AVAILABILITY

- 1.1 This Rate Schedule is available to any Party (hereinafter referred to as "Shipper") and provides for the interruptible parking and lending of gas by Young Gas Storage Company, Ltd. (hereinafter referred to as "Transporter") at a Park and Loan ("PAL") Point, subject to available capacity, when Shipper desires Parking and Lending Service, and when:
- (a) Shipper has made a complete request for Parking and Lending Service in accordance with Section 4 of the General Terms and Conditions;
  - (b) Shipper has met the service requirements specified in Section 4 of the General Terms and Conditions, including the creditworthiness conditions specified in Section 4.5 of the General Terms and Conditions; and
  - (c) Shipper and Transporter have executed an Interruptible Parking and Lending service agreement ("Agreement") and related Park and Loan Service Request Order ("PAL RO") pursuant to the terms of this Rate Schedule and the Rate Schedule PAL-1 Form of Service Agreement. When executed by Transporter and Shipper, the underlying PAL RO shall evidence their agreement as to the terms of the particular transaction(s) to park and loan gas pursuant to the Agreement.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all PAL-1 services rendered by Transporter for Shipper.

- 2.1 Interruptible PAL-1 service shall be subject to the provisions of this Rate Schedule, the Agreement and related PAL RO(s), and the applicable provisions of the General Terms and Conditions.
- 2.2 All injection and withdrawal locations shall be eligible for PAL Service ("PAL Points") unless otherwise posted by Transporter on its electronic bulletin board from time to time. Such points will be made available to Shipper on a non-discriminatory basis.
- 2.3 PAL-1 service available under this Rate Schedule is an interruptible service providing for:
- (a) Parking Service - Parking service shall consist of Transporter receiving quantities from Shipper at a designated PAL Point pursuant to the PAL RO and Section 4 of this Rate Schedule for the injection of parked quantities and the holding of Shippers parked quantities and Transporter's subsequent withdrawal of parked quantities of Gas pursuant to the PAL RO and Section 4 of this Rate Schedule.

- (b) Lending Service - Lending service shall consist of Transporter's advancement of Gas quantities to Shipper at a designated PAL Point pursuant to the PAL RO and Section 4 of this Rate Schedule and Shipper's subsequent payback of such advanced (loaned) quantities by Shipper to Transporter pursuant to the PAL RO and Section 4 of this Rate Schedule.

- 2.4 Service rendered under this Rate Schedule shall be provided for a minimum of a one (1) Day term.
- 2.5 In no event shall Transporter be required to provide service under this Rate Schedule that would require Transporter to install, operate, acquire or maintain any additional facilities.
- 2.6 Shipper shall separately arrange for any transportation to or from the PAL Point and Shipper shall pay separately for such transportation service.

### 3. RATES AND CHARGES

- 3.1 Each Month, Shipper shall pay an amount determined by the parking and lending rates/fees set forth in the PAL RO.
- 3.2 Applicable Rates. The applicable maximum and minimum rates for service under Rate Schedule PAL-1, or any superseding rate schedule, shall be subject to the other provisions hereof and shall be set forth in the PAL RO. Shipper shall pay Transporter the sum of the following charges, as described below:
  - (a) An Initial Rate for each Dth of Gas tendered for park or taken for loan during the Month by Shipper;
  - (b) A Balance Rate for each Dth of Gas which is parked or loaned for that Month (such charge shall be calculated on the basis of the end of the Day balances for each Day of the Month such a balance occurs); and
  - (c) A Completion Rate for each Dth of Gas paid back to Transporter on completion of a loan (i.e., loan payback) or withdrawn by Shipper on completion of a park (i.e., park withdrawal) that Month.
  - (d) Fuel Reimbursement. The amount of Gas, stated as a percentage, required for injection to accomplish Storage Service will be determined in accordance with Section 13 of the General Terms and Conditions of Transporter's FERC Gas Tariff.

Notwithstanding the individual rates listed in the PAL RO, the sum of the Initial Rate, the Park/Loan Balance Rate and the Completion Rate shall not exceed the maximum Initial Rate as shown on the Statement of Rates on any Day.

- 3.3 Authorized overrun charges shall be assessed on a daily basis for any nominated and confirmed quantities that exceed the specified PAL RO's Maximum PAL Quantity and/or Daily PAL Quantity. Authorized overrun charges will be assessed at the maximum rate shown on the Statement of Rates, unless otherwise agreed to in writing by Transporter.
- 3.4 In circumstances where Transporter is unable to confirm a valid PAL nomination to pay back a loan or to remove parked quantities, the Park/Loan Balance Rate shall be reduced to \$0.0000 per Dth for that Day for the quantities Transporter is unable to confirm. If the Day on which Transporter is unable to confirm a valid nomination under this Rate Schedule to pay back loaned or to withdraw parked quantities is the final Day of the term of the PAL RO, the term shall be automatically extended for one Day and the Park/Loan Balance Rate for the additional Day shall be \$0.0000 per Dth.
- 3.5 Subject to the provisions of Section 3.4 of this Rate Schedule, should Transporter and Shipper agree to a discounted rate pursuant to the applicable provisions of this Tariff, the quantities withdrawn or paid back on dates other than those stated in the PAL RO shall be assessed the maximum Completion Rate as shown on the Statement of Rates. However, quantities paid back or withdrawn on dates other than those indicated on the PAL RO pursuant to the provisions of Sections 3.4 and 5.2 of this Rate Schedule shall be assessed the rates stated in the PAL RO.
- 3.6 Adjustment of Rates
- (a) Transporter may file with FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Any such changed rates shall be charged beginning on the date the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by FERC and subject to the terms of the PAL RO.
  - (b) Transporter may from time to time and at any time, upon twenty-four (24) hours verbal or written notice, subject to any provisions on discounting in the PAL-1 agreement or PAL RO, charge any individual Shipper for service under this Rate Schedule PAL-1 a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule PAL-1 set forth in this Tariff. Unless otherwise agreed in the PAL RO, Transporter may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff and/or the PAL RO) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected.

#### 4. SCHEDULING PAL SERVICE

- 4.1 Shipper shall nominate PAL service under this Rate Schedule in accordance with the nomination procedures set forth in the General Terms and Conditions of this Tariff.
- 4.2 PAL service may be interrupted at any time and such interruptions may be in effect for extended periods of time. Interruption of PAL service may include decreasing, temporarily suspending, or discontinuing the injection or withdrawal of gas if Transporter in its reasonable discretion determines that such decrease, suspension or discontinuance is necessary to maintain system integrity or when a higher priority service so requires.
- 4.3 At any time during the Gas Day, scheduled service under this Rate Schedule PAL-1 will not interfere with Transporter's firm service commitments (including, but not limited to, those utilized to support Colorado Interstate Gas Company, L.L.C.'s ("CIG") Rate Schedule Transportation – Young Storage Balancing Service – Firm ("TSB-Y")). To provide an example for avoidance of doubt, any firm storage Nomination made on Transporter's system (including, without limitation, to support CIG's TSB-Y service) that occurs during the Gas Day, Transporter's Confirmation and obligation to deliver Confirmed and Scheduled Quantities will not be limited or otherwise adversely affected by any service scheduled under this Rate Schedule PAL-1.
- 4.4 Scheduling of PAL service will be based on the priorities for parking and lending services established in Section 6.5 of the General Terms and Conditions of this Tariff. If allocations become necessary, curtailment will be based on the priorities established in Section 6.5 of the General Terms and Conditions of this Tariff.
- 4.5 Shipper shall not pay back more than the quantity loaned nor withdraw more than the quantity parked stated in PAL RO.

#### 5. INTERRUPTION OR TERMINATION OF PAL SERVICE

- 5.1 Shipper may be required, upon notification from Transporter, to withdraw quantities of gas previously provided to Transporter under the parking service, or pay back quantities of gas previously loaned to Shipper under the lending service. Such notification shall only be made when the required Shipper action is necessary to protect the operational integrity of Transporter's system or to allow Transporter to fulfill higher priority commitments. Primary notification shall be provided by telephone, and additionally by e-mail, facsimile or on Transporter's electronic bulletin board.

- 5.2 Should Transporter notify Shipper to withdraw or payback quantities of Gas pursuant to Section 5.1 of this Rate Schedule, Transporter's notification shall specify the time by which Parking service quantities shall be withdrawn and/or Lending service quantities shall be paid back. The time period in which Shipper must act will be determined based on the necessity to ensure the operational integrity of Transporter's system or to ensure firm service. Absent a mutual agreement between Transporter and Shipper, or extenuating operational circumstances, in no event shall the specified time period be less than three calendar days from the date of Transporter's notification
- 5.3 Pursuant to the operational conditions described in Section 5.1 above, unless otherwise agreed by Shipper and Transporter, (i) any parked quantity not withdrawn as required by Section 5.1 shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims, (Transporter will credit the net value of confiscated quantities pursuant to General Terms & Conditions Section 14.1) and, (ii) any loaned quantity not paid back as required by Section 5.1 of this Rate Schedule shall be sold to Shipper at the highest price, determined as 150% of Transporter's cash out index price, among either:
- (a) the Month in which the authorized loan occurred;
  - (b) the Month in which redelivery of the authorized loan was scheduled but did not occur; or
  - (c) any Month between (a) and (b) above.

The cash out index price shall mean the price calculated as the average of the daily average index price for CIG as published in the Natural Gas Intelligence ("NGI") Daily Gas Price Index for each day of the production month. Should the NGI Daily Gas Price Index become unavailable, Transporter shall base the cash out index price on information posted in a similar publication. The cash out index price shall be calculated and posted on Transporter's electronic bulletin board no later than 5:00 p.m. CCT on the fifth Business Day of the month following the production month.

- 5.4 If Transporter receives a valid PAL nomination complying with a notification pursuant to Section 5.1 of this Rate Schedule but is unable to confirm or schedule such nomination, the obligation of Shipper to comply with that notification, but not the obligation to submit nominations, shall be suspended until such time as Transporter's operational conditions permit such nomination to be confirmed and scheduled. Furthermore, under the circumstances described by this Section 5.4, the penalty provision of Section 5.3 of this Rate Schedule shall not apply until such nomination is able to be confirmed and scheduled. Additionally, Transporter and Shipper may mutually agree to extend the agreed upon term of the PAL RO for the amount of time that the transaction was unable to be scheduled.

- 5.5 Shipper is required to withdraw all parked quantities and pay back all loaned quantities no later than the termination date of the PAL RO. Upon termination of a PAL RO, (i) any parked quantity not withdrawn shall become the property of Transporter at no cost to Transporter, free and clear of any adverse claims, and (ii) any loaned quantity not paid back shall be sold to Shipper the highest price, determined as 150% of Transporter's cash out index price, as described in Section 5.3 of this Rate Schedule, among either:
- (a) the Month in which the authorized loan occurred;
  - (b) the Month in which redelivery of the authorized loan was scheduled but did not occur; or
  - (c) any Month between (a) and (b) above.
- 5.6 In the event parked quantities remain in Transporter's System and/or loaned quantities have not been paid back to Transporter's System after the expiration of any PAL RO executed by Shipper and Transporter, Transporter and Shipper may mutually agree to an extended time frame and/or modified terms (which may include the rate) of such PAL RO, to permit Shipper to payback and/or withdrawal such quantities. If Shipper and Transporter do not agree to an extended time frame and/or modified terms, the rate charged under the PAL RO shall be the maximum rate as set forth on the Statement of Rates.
- 5.7 Shipper or its suppliers shall be responsible for reporting and payment of any royalty, tax, or other burdens on Natural Gas volumes received by Transporter pursuant to this Section 5 of this Rate Schedule and Transporter shall not be obligated to account for or pay such burdens.

## 6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff are made a part of this Rate Schedule.

## PART IV: GENERAL TERMS AND CONDITIONS

## 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 60.12%  
then set the %MDWQ = to 100%

-----  
If the %MAC is < 60.12% and > or = to 15%  
then

$$\%MDWQ = (-15.3150) + (\%MAC * 2.6838) -$$
$$(\%MAC^2 * 0.0786) + (\%MAC^3 * 0.0011)$$

-----  
If the %MAC is < 15% and > 0%  
then set %MDWQ = to 11%

-----  
If the %MAC is < or = to 0%  
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 | 34   | 28.3  | 24   | 19.0  |
| 60.12 | 100.0 | 33   | 27.2  | 23   | 18.2  |
| 50.95 | 62.9  | 32   | 26.1  | 22   | 17.4  |
| 50    | 59.9  | 31   | 25.1  | 21   | 16.5  |
| 40    | 36.7  | 30   | 24.2  | 20   | 15.7  |
| 39    | 35.1  | 29   | 23.2  | 19   | 14.8  |
| 38    | 33.5  | 28   | 22.4  | 18   | 13.9  |
| 37    | 32.1  | 27   | 21.5  | 17   | 13.0  |
| 36    | 30.8  | 26   | 20.7  | 16   | 12.0  |
| 35    | 29.5  | 25   | 19.8  | 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. The reporting basis for Btu is 14.73 p.s.i.a. and 60 degrees F (101.325 kPa and 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. 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. (NAESB Standards 2.3.9 and 2.3.10)
- 1.6 "Bumping" or "Bump" shall mean:
- (a) The reduction of a previously Scheduled and Confirmed Interruptible Transportation Quantity 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' systems should occur at grid-wide synchronization times only (NAESB Standards 1.3.39).
- 1.7 "Business Day" shall mean Monday, Tuesday, Wednesday, Thursday and Friday, excluding Federal Bank Holidays.
- 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 Standard 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 Standard 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 Standard 1.4.3 with another Service Provider (the Confirming Party) with respect to a Nomination at a location. (NAESB Standard 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 Standard 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a Nomination at a location. (NAESB Standard 1.2.9)
  - (c) The term "Confirming Parties" refers to the Confirmation Requester and the Confirming Party. (NAESB Standard 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 Standard 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 Standard 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 Reserved
- 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 Standard 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. Transporter and all Shippers shall accept all NAESB standard data elements. Usage of such data elements shall be characterized as either mandatory, conditional, sender's option, business conditional or mutually agreeable (NAESB WGQ Standard Definition 1.2.2).
- 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" shall mean a Nomination submitted by a Nominating Party after the Timely Nomination deadline set forth in Section 6 of these General Terms and Conditions and which has an effective time no earlier than the beginning of the Gas Day and which extends through the end of the Gas Day. (NAESB Standard 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 - the morning of the Gas Day
  - (c) Intraday 2 Cycle - the afternoon of the Gas Day
- 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.
- 1.34 "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. (NAESB Standard 2.3.10) 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 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 Standard 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. 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. 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 Definition 1.2.5 and NAESB Standards 1.3.24 and 1.3.25)
- 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 Standard 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 Standard 5.2.5)
- 1.46B "Rate Floor" – 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 Transporter's minimum reservation rate or zero cents when there is no stated minimum reservation rate. (NAESB Standard 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 Standard 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 Mexico, and gigacalories per Gas Day in Mexico for transactions that occurred prior to the enactment of Mexico Resolution RES/267/2006 dated September 7, 2006. (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 Standard 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.

## 2. MEASUREMENT

- 2.1 Measurement Facilities. Unless otherwise agreed, Gas received hereunder shall be measured by orifice meters to be installed and operated or caused to be installed and operated by Transporter at each Point of Injection and at or near each Point of Withdrawal. However, if adequate measurement facilities are already in existence at any such Points, such existing facilities shall be used. Measurement responsibilities at Point(s) of Injection and Point(s) of Withdrawal shall be by Transporter.

All orifice meters shall be installed and operated in accordance with the specifications prescribed in AGA Report No. 3, entitled "Orifice Metering of Natural Gas" including any appendices and any existing or subsequent revisions or amendments thereto. The unit of measurement for Gas hereunder shall be 1 Dth, as defined in Section 1 of the General Terms and Conditions. Unless otherwise stated, all quantities are to be specified in terms of such unit. The average atmospheric pressure at each Point of Injection or Point of Withdrawal shall be determined by Transporter.

The cutoff for the closing of measurement is 5 business days after business month. (NAESB WGQ Standard No. 2.3.7) Estimate missing or late measurement data and treat actual as a prior period adjustment, with the measuring party to provide the estimate. (NAESB WGQ Standard No. 2.3.13) The measuring party is responsible for providing the estimate. Retroactive adjustments should be taken back to the production Month. Prior period adjustments are to be reported as restated line items with new total quantities for the Day and Month.

Measurement data corrections should be processed within 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. (NAESB WGQ Standard No. 2.3.14)

Upon issuance of a retroactive adjustment, the affected parties will have a 3 month rebuttal period. This 3 month rebuttal period shall begin with the objecting party issuing a written notification that a measurement dispute exists. These disputes will apply to measurement errors that involve quantities that Transporter has direct custody transfer responsibilities over, as well as volumes measured by other companies that have been audited by Transporter.

- 2.2 Measurement data available upstream of aggregated points should be sent to the allocating party and used to allocate the aggregated volume back to the upstream points. (NAESB WGQ Standard No. 2.3.8)

- 2.3 Transporter's measurement information provided via EDM shall conform to the requirements of the Data Dictionary standards as set forth in NAESB WGQ Standard Nos. 2.4.4, 2.4.5 and 2.4.6.
- 2.4 Measurement Specifications. The quantities of Gas measured hereunder shall be computed in accordance with the specifications prescribed in said AGA Report No. 3. Factors required in the computations to be made in accordance with said AGA Report No. 3 shall be determined from the following information:
- (a) The temperature of the Gas flowing through each meter shall be determined by the use of a recording thermometer and the arithmetical average of the temperatures so recorded during the time Gas was flowing shall be used in computing measurements.
  - (b) The specific gravity of the Gas shall be determined every 6 months by Transporter, or more frequently if found necessary in practice at each meter, in accordance with an approved method commonly accepted in the Gas industry. The regular test shall determine the specific gravity to be used in computations in the measurement of Gas deliveries until the next regular test, or until changed by special test.
  - (c) Deviation from Boyle's Law shall be determined in accordance with the AGA Report No. 8. The arithmetic average of the pressure and temperature recorded during the time Gas was flowing shall be used in the computations. The pressure and temperature data shall be used in conjunction with data obtained from a compositional analysis of the Gas which shall be verified at least once each year, or more frequently if found necessary in practice.
- 2.5 Calibration of Equipment. At least once each 3 months the measuring equipment, including temperature recorders, is to be calibrated, and adjusted if necessary, by Transporter in the presence of a representative of the other party, if such party chooses to be represented.
- If either party at any time desires a special test of any measuring equipment, it will promptly notify the other, and the parties will then cooperate to promptly secure a calibration test and a joint observation of any adjustments.
- 2.6 Testing. Each party shall give to the other notice of the time of all regular tests of measuring equipment and other tests called for herein sufficiently in advance of the holding of tests so that the other party may conveniently have its representative present. If, upon any test, the quantity measured by any measuring equipment is found to be inaccurate by 1.0 percent or more, registrations thereof shall be corrected at the rate of such inaccuracy for any period which is definitely known and agreed upon, but in case the period is not definitely known and agreed upon, then for a period extending back one-half of the time elapsed since the last date of calibration. Following any test, measuring equipment found inaccurate shall be promptly adjusted to record as accurately as possible. If for any reason measuring equipment is out of service and/or out of repair that the amount of Gas received or Delivered cannot be measured or computed from the reading thereof, the Gas received or

Section 2.6 (Continued):

Delivered during the period such measuring equipment is out of service and/or out of repair shall be estimated and agreed upon by the parties upon the basis of the best data available, using the first of the following methods which is feasible:

- (a) By correcting the error, if the percentage of error is ascertainable by calibration, test, or mathematical calculation.
- (b) By using the registration of any connecting pipeline's check measuring equipment, if installed and accurately registering.
- (c) By estimating the quantities received or Delivered based on the quantities Tendered during periods of similar operating conditions when the measuring equipment was registering accurately.

- 2.7 Check Meters. Either party hereto may, at its option and expense, install and operate check meters to check the other party's measuring equipment, but measurements of Gas for the purpose of this Tariff shall be by means of the measuring equipment identified in this Section, provided, third parties shall not install check meters on Transporter's facilities. Check meters, if installed, shall be installed, operated, and maintained in accordance with the specifications prescribed in this Section. Either party's check meters shall be subject at all reasonable times to inspection and examination by the other, but the reading, calibrations and adjustment thereof and changing of charts shall be done only by the party installing same.
- 2.8 Measurement Review. Each party shall, upon request, furnish the other party at the earliest practicable time all charts or records of electronic measurement upon which it has based any statements of Gas received or Delivered. Such charts or records of electronic measurement shall be returned to the providing party within a 30 day period. Each party shall have access to the other party's records and books at all reasonable hours so far as they affect measurement and settlement hereunder.
- 2.9 Electronic Flow Computers. It is recognized that electronic or other types of flow computers have been developed that permit the direct computation of Gas flows without the use of charts. Additionally, the use of on-line Gas chromatograph for Btu and specific gravity determinations can be used in conjunction with electronic flow computers. Where the substitution of these devices is deemed acceptable by Transporter, their use for the measurement required herein will be permitted.
- 2.10 New measurement Techniques. If, at any time during the term hereof, a new method or technique is developed with respect to Gas measurement or the determination of the factors used in such Gas measurement, such new method or technique may be substituted by Transporter. Transporter shall promptly inform the other party of any new technique adopted.

- 2.11 Gross Heating Value Determinations. Transporter shall determine or cause to be determined the monthly Gross Heating Value of Gas measured. The required recording facilities or sampling devices shall be located at the Point(s) of Injection or Point(s) of Withdrawal.

### 3. QUALITY SPECIFICATIONS

3.1 Specifications. Unless otherwise agreed, Shipper warrants that Gas Tendered hereunder at each Point of Injection will comply with the following quality specifications:

- (a) At a pressure of 14.73 p.s.i.a. and a temperature of 60 degrees Fahrenheit, such Gas shall not contain more than:
  - (i) .25 grain of hydrogen sulphide per 100 cubic feet,
  - (ii) 5 grains of total sulphur per 100 cubic feet,
  - (iii) 10 parts per million (0.001 percent) by volume of oxygen and each Party shall use every reasonable effort to keep such Gas entirely free from oxygen,
  - (iv) 3.0 percent by volume of carbon dioxide,
  - (v) 7 pounds of water vapor per million cubic feet.
- (b) Shipper warrants that all Gas Tendered will be commercial in quality and shall be free from any foreign material such as solids, lubricating oils, sand, dirt, dust, gums, crude oil, water or hydrocarbons in the liquid phase, iron particles, and other objectionable substances, including, but not limited to, polychlorinated biphenyls, which may be injurious to pipelines, people, property, or the environment, which may interfere with its storage or make the Gas unmarketable or unacceptable for Delivery from Transporter's system.
- (c) Shipper warrants that all Gas Tendered will have a Gross Heating Value of not more than 1,235 Btu's nor less than 968 Btu's per cubic foot at a pressure of 14.73 p.s.i.a.
- (d) Shipper warrants that the temperature of the Gas Tendered will not exceed 120 degrees Fahrenheit; provided, however, if Transporter is required to dehydrate the Gas at the Point(s) of Injection, then the temperature of such Gas shall not exceed 90 degrees Fahrenheit.
- (e) Shipper warrants that the hydrocarbon dew point of all Gas Tendered will not exceed a temperature of 25 degrees Fahrenheit at the maximum pressure specified in the Agreement, or the pressure existing at the Point of Injection, if higher.

Notwithstanding the above, unless otherwise agreed by Transporter in writing, Transporter shall not be required to receive Gas at any Point of Injection which is of a quality inferior to that required by Transporter at any Point of Injection under the



Section 3.1(e) (Continued):

Agreement. Transporter shall not be liable to Shipper or third party for any damages incurred as a result of Transporter's refusal to receive Gas as a result of this provision.

- 3.2      Quality Tests. Transporter operating the measuring equipment, using approved standard methods in general use in the Gas industry, shall cause adequate tests to be made to determine the quality of the Gas Tendered hereunder. Such tests shall be made at intervals frequently enough to ensure that the Gas conforms to the specifications hereof.
- 3.3      Verification and Retesting. Shipper shall have the right upon written request to witness any test or Gross Heating Value determination, to inspect any equipment used, to obtain all relevant results, and to request a retest or redetermination. In the event a retest or redetermination is requested and the results, for the questioned portion thereof, vary less than 2 percent from the previous test, Shipper may recover from Transporter the actual costs of performing such retest or redetermination.
- 3.4      Nonspecification Gas. In the event that Gas Tendered hereunder fails to meet the specifications in this Section, Transporter shall notify Shipper of such failure. Transporter may refuse to accept such Gas. The Shipper Tendering nonspecification Gas, including, but not limited to, objectionable substances, hereunder shall indemnify the Transporter for any injury, damage, loss, or liability caused by such nonspecification Gas, except to the extent Transporter knowingly and willingly accepts such nonspecification Gas.

#### 4. REQUEST FOR SERVICE

4.1(a) Capacity Requests. A Shipper wishing to obtain service must first satisfy the creditworthiness requirements of this Tariff. A request for service shall be deemed valid and complete upon the following information being accurately and properly entered into Transporter's interactive website. A Shipper may either enter the information directly into Transporter's interactive website or furnish the information to Transporter and request that Transporter enter the information in Transporter's interactive website on behalf of the Shipper, in which case, the entry of such information shall be deemed to be the act of the Shipper. If the Shipper requests that Transporter enter the information into Transporter's interactive website on Shipper's behalf, then Shipper's request for service shall not be deemed valid and complete until such time as the information is actually entered into Transporter's interactive website.

- (i) The full legal name, business address and phone number, and state of incorporation of the Shipper requesting service and all contact information, including the name of the person(s) who should be contacted.
- (ii) A designation of whether Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end-user or marketer.
- (iii) The extent of Shipper's affiliation with Transporter.
- (iv) Shipper's Dun and Bradstreet (DUNS) number.
- (v) Type of service: Applicable Rate Schedule.
- (vi) The initial term of the service, including beginning and ending dates.
- (vii) Maximum Available Capacity ("MAC"): \_\_\_\_ MDth; or  
Maximum PAL Quantity (Park and/or Loan): \_\_\_\_ Dth Daily PAL Quantity  
(Park and/or Loan): \_\_\_\_ Dth

#### 4.1 Requests for Service (Continued)

- (b) Request Fees and Prepaid Charges. All initial requests for firm service shall be accompanied by payment of the lesser of \$10,000 or one month's maximum storage capacity charge and reservation charge as earnest money for the request. Such amount shall be applied to amounts due Transporter for services rendered once service commences and shall not be refundable except to the extent that Transporter fails to provide an agreement for the requested service or where an agreement is not executed by either Party.

If a Shipper elects to prepay charges pursuant to Section 12 of these General Terms and Conditions, the prepaid charges will be applied against amounts due Transporter once service commences. If service does not commence, the prepaid charges will be refunded with interest.

- (c) Such requests, if complete and accompanied by the appropriate fee, shall be considered effective on the date received by Transporter.
- (d) Upon execution of an agreement with Transporter, Shipper shall provide to Transporter (1) the name of the corporate entity or entities ultimately receiving the Gas, if other than a local distribution company, interstate pipeline company, or intrastate pipeline company purchasing Gas for its system supply, and such names shall be included in the agreement; (2) verification that the entity or entities have signed sales contracts to use the Storage Service provided for in the agreement; and (3) such other information as may be required in order for Transporter to comply with any FERC reporting requirements.
- (e) Transporter shall keep confidential information furnished by Shipper in this Section 4.
- (f) If Transporter has provided an agreement for execution to Shipper and Shipper fails to execute and return the agreement within 30 days thereafter, then Shipper's request shall be null and void.

- 4.2 Electronic Execution of Agreements. For all Agreements (including amendments to existing agreements) entered into on or after the effective date of this tariff provision (all of which shall be referred to as Agreements for purposes of this Section 4.2), Transporter and Shipper may execute such Agreements electronically or by signing a traditional paper agreement. If Shipper elects to sign a traditional paper agreement, then Shipper shall not submit nominations while the paper Agreement is pending execution. For Agreements requiring filing with the Commission, Transporter may submit either electronic or traditional paper Agreements.
- (a) The Agreement shall be deemed to be executed by Shipper when the Shipper accepts the Agreement electronically via Transporter's electronic bulletin board. The Agreement shall be deemed to be executed by Transporter when Transporter accepts the Shipper's Agreement using the electronic bulletin board. Upon acceptance by both Shipper and Transporter, the Agreement will be deemed fully executed. An Agreement that is executed in this manner shall be deemed to have been "signed" and to constitute an "original" when printed from electronic files or records.
  - (b) Notwithstanding the above, if the Shipper and Transporter electronically execute an Agreement and the Shipper later requests a traditional paper Agreement, the electronic Agreement shall be deemed the original until the paper Agreement is executed by both parties.
  - (c) If an Agreement contains provisions that must be reviewed by the Commission, and the Agreement is not accepted by the Commission, then Transporter and Shipper shall collaborate to remedy any deficiencies in accordance with the Commission's regulations and orders.

#### 4.3 Right of First Refusal.

- (a) Any Shipper with a firm agreement for Storage Service shall have a continuing right to the capacity underlying the Shipper's firm agreement provided that:
  - (i) Shipper either (i) has an agreement with an effective date before March 27, 2000 with a term of one year or longer, or (ii) has an agreement with an effective date on or after March 27, 2000 for service for twelve consecutive months or more at the applicable maximum rate for that service, except that a contract for more than one year, for service which is not available for 12 consecutive months, would be subject to the right of first refusal.
  - (ii) Shipper and Transporter have not negotiated away Shipper's right of first refusal;
  - (iii) Shipper complies with the requirements set forth herein; and
  - (iv) Shipper does not have a negotiated rate agreement.
- (b) Shipper Notice of Intent to Renew.
  - (i) For all firm agreements eligible for the right of first refusal, Shipper shall provide written notice to Transporter of its intent to (1) allow the firm agreement to expire or (2) extend the term of the firm agreement. A notice to extend the term of the firm agreement shall include the proposed terms of extension.
  - (ii) Such notice is due on or before the "Notice Date" which shall be:
    - (A) six months prior to the expiration date for firm agreements with an initial term of three years or less, and
    - (B) twelve months prior to the expiration date for firm agreements with an initial term greater than three years.
  - (iii) A Shipper failing to provide notice shall relinquish all rights to the capacity underlying its firm agreement upon termination. Shipper may still submit a bid for such capacity in accordance with Section 4.3(c) hereof.
  - (iv) If the expiring firm agreement contains an "evergreen" provision, the Shipper's right to continued service, as to all its terms, shall be governed by the terms of the "evergreen" provision.

Section 4.3(b)(Continued)

- (v) If the notice to extend includes a request for a rate discount, the request shall be considered a notice of intent to terminate and Shipper shall have no first right to the capacity underlying its firm agreement. Shipper's request to extend service at discounted rates shall be considered with other bids for the capacity received under the "Solicitation of Bids."
  - (vi) If Shipper provides notice of its desire to extend the firm agreement for a term of five years and at the maximum tariff rates, Shipper shall be entitled to retain the capacity underlying its firm agreement without Transporter seeking competitive bids. In all other cases, Transporter shall proceed to a "Solicitation of Bids" as described in this Section.
- (c) Solicitation of Bids. If Shipper has given notice of intent to extend the term of its firm agreement pursuant to the provisions of Section 4.3(b), and not at maximum rates for a term of five years or more, then Transporter shall solicit competing bids for the subject capacity. Beginning not later than thirty days after the "Notice Date," and continuing for thirty days (the "Bid Period") thereafter, Transporter shall post on its electronic bulletin board notice of the capacity which will be available as a result of the expiring firm agreement and any minimum acceptable terms for bidding on such capacity. Any Party may submit a bid for the subject capacity during the "Bid Period".
- (d) Notification of Existing Shipper and Right to Match. If Shipper has given notice of intent to extend the term as described in Section 4.3(b), but not at maximum tariff rates for a term of five years or more, then within ten days after the close of the "Bid Period," Transporter shall notify the existing Shipper of any offers deemed superior to Shipper's offered terms of extension. Transporter's evaluation shall be based upon the net present value of the proposed storage capacity charge and the reservation charge and the proposed term of agreement, discounted at Transporter's then-effective rate of return on equity. The term of any competing offer shall be capped at five years for comparison purposes. Within ten days after such notification by Transporter, Shipper must notify Transporter of its intent to match the highest competing offer. If Shipper does not provide notice accepting the terms of a superior offer within the ten-day period, Transporter may enter into a firm agreement with the bidder submitting the highest superior offer. If a superior offer is not received, Shipper shall be entitled to the term extension proposed by Shipper provided Shipper agrees to pay Transporter's maximum tariff rates.

Section 4.3 (Continued)

- (e) Continuation If No Firm Agreement Is Executed. If the existing Shipper declines to match a superior competing offer, and a firm agreement is not executed for the subject capacity on or before expiration of the existing Shipper's firm agreement, the existing Shipper shall have the right to continue service at Transporter's maximum Tariff rates, for an agreed term between the Parties. If the existing Shipper declines to continue service as of the date of contract expiration, or if the Parties are unable to reach agreement on the term of extension, then Shipper's rights to the subject capacity shall terminate as if the existing Shipper had given notice of intent to terminate its firm agreement.
- (f) Right of First Refusal Clause in Firm Agreement. Transporter and Shipper may agree to include a right of first refusal rollover or evergreen clause in their firm agreement. The contractual right of first refusal, rollover or evergreen clause would allow the Shipper to exercise a right of first refusal in situations where the regulatory right would not apply. In such case, Shipper may rely on its contractual rights in lieu of the regulatory right of first refusal.

4.4 Amendment. The agreement shall be amended only by an instrument executed by both Parties electronically or in writing.

4.5 Creditworthiness. Transporter shall not be required to commence service or to continue to perform service under Rate Schedules FS-1, IS-1 or PAL-1 for any Shipper who fails to demonstrate creditworthiness as reasonably determined by Transporter. Transporter's determination of creditworthiness shall be based upon a review of Shipper's financial statements, bank references, trade references, and such other information relating to Shipper's financial status, obligation payment history, and other relevant factors as may be necessary to satisfy Transporter that Shipper is creditworthy. Upon Shipper's request, Transporter shall provide a written explanation of any credit limitation applied to Shipper. Transporter may require Shipper to deposit with Transporter and maintain, on prepaid account, or to establish and maintain an escrow account or to furnish a letter of credit in an amount equal to Transporter's estimate of 2 Months of charges for performing such service at the level of Shipper's Maximum Daily Withdrawal Quantity or to furnish within 15 days, good and sufficient security, as determined solely by Transporter, of a continuing nature and in an amount equal to Transporter's estimate of 2 months of charges for performing said service at the level of Shipper's Maximum Daily Withdrawal Quantity and/or Maximum Available Capacity, or may require such other measures as Transporter may specify.

Section 4.5 (Continued)

Transporter will also permit another entity to guarantee in writing Shipper's requirement, provided that the guarantor has sufficient credit available, as determined by Transporter in accordance with this provision upon such terms and conditions as are determined acceptable by Transporter. Transporter may, without waiving any rights or remedies it may have, suspend further service until such acceptable security is received by Transporter. Upon Shipper's establishment of an acceptable credit record or upon expiration of the agreement, Transporter shall refund Shipper's deposit with interest accrued at rates set pursuant to 18 CFR Section 154.501(d). Transporter will apply these standards of creditworthiness on a consistent, nondiscriminatory basis.

4.6 Discounted Rates.

- (a) Transporter and Shipper may agree that a specified discounted rate will apply for Rate Schedule FS-1, Rate Schedule IS-1 and Rate Schedule PAL-1 provided under the following conditions: 1) only to certain specified firm entitlements or specified quantities under an agreement; 2) only if specified quantity levels are actually achieved under this agreement, including parked or loaned quantities withdrawn or paid back on the specific dates mutually agreed to by Transporter and Shipper or pursuant to Section 5.2 of Rate Schedule PAL-1 (with higher rates, charges, and fees applicable to all quantities above those levels, or to quantities under the agreement if the specified levels are not achieved); 3) only during specified time periods; and/or 4) in a specified relationship to quantities actually maintained in storage (i.e., that the rates will be adjusted in a specified relationship to quantities actually stored); provided, however, that any such discounted rates shall be between the minimum and maximum rates applicable to service under this agreement.
- (b) In the event rates are discounted, the components of the currently applicable Maximum Rate shall be discounted in the following order (1) Gas Research Institute Surcharge, if applicable, and (2) the base rate reservation charge.

4.7 Governmental Regulation. Any agreement executed pursuant to the Terms and Conditions of this Tariff is subject to present and future valid orders of duly constituted authorities having jurisdiction over the subject matter thereof. Upon cessation of such jurisdiction or control, all rights and obligations set forth in the agreement shall continue in effect.

4.8 Pregranted Abandonment. Transporter has pregranted abandonment authorization for service provided pursuant to this Tariff. Such abandonment shall be authorized upon the expiration of the contractual term unless the service is firm with a term of one year or more and the firm Shipper, pursuant to Sections 4.3(a) and (b) of the General Terms and Conditions of this Tariff: (a) exercises any contractual right to continue such service; or (b) gives notice that it wants to continue its Storage Service arrangement and will match the longest term and highest rate for its firm service, up to the maximum rate under this Tariff for offers by any other Shipper desiring firm capacity, and executes a contract matching the terms of any such offer.



- 4.9 Governmental Authorization. Each Party's obligations under an agreement incorporating these General Terms and Conditions are conditioned upon each Party obtaining from governmental authorities having jurisdiction such authorization as may be necessary, in form and substance satisfactory to the Party applying therefor. Neither Transporter nor Shipper shall be required to accept any authorization which, in the opinion of the Party applying for same, contravenes, nullifies, or is contrary to any provisions hereof or of such agreement.
- 4.10 Governing Law. The laws of the State of Colorado shall govern the validity, construction, interpretation and effect of agreements and of the applicable Tariff provisions. Agreements are subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.
- 4.11 Transporter shall not be obligated to extend or expand a lateral (as defined in 18 C.F.R. 154.109 (b)) except when, in Transporter's reasonable discretion, such expansion or extension is appropriate. Transporter's policy will be to require full or partial reimbursement by the affected Shipper(s) when Transporter extends or expands a lateral except where the Shipper's commitments and charges provide an adequate economic basis for the connection or otherwise create commercial opportunities or other benefits for Transporter's operations such that Transporter reasonably determines that it is appropriate for the costs to be borne by Transporter.
- 4.12 Assignable Parties. Any agreement executed pursuant to the Terms and Conditions of this Tariff may be assigned by either of the Parties to:
- (a) any person, firm, or corporation acquiring all, or substantially all, of the natural Gas business of said Party;
  - (b) a trustee or trustees, individual or corporate, as security for bonds or other obligations or securities;
- but it may not be otherwise assigned without the consent of the other Party to that agreement. Whenever any corporation is referred to herein, such reference shall be deemed to include the successors and assignees of such corporation.
- 4.13 Assignment. Subject to the provisions of this Section, any such Agreement shall be binding upon and inure to the benefit of the successors and assignees of each of the Parties hereto.
- 4.14 Clarification of Use. Unless expressly allowed by Transporter in writing, storage for other than the purposes expressly stated in any executed service agreement shall not be provided.

## 5. SERVICE CONDITIONS

- 5.1 Limitation of Service. Transporter shall not be required to perform service under the Agreement on behalf of any Shipper that fails to substantially comply with any and all of the terms and conditions of the Agreement including the applicable Rate Schedules and these General Terms and Conditions.
- 5.2 Pressure
- (a) Pressure at the Point(s) of Injection. Shipper shall cause the Gas to be Tendered at the Point(s) of Injection at a pressure sufficient to enter Transporter's system which shall be a minimum of 435 p.s.i.g. and up to 1,000 p.s.i.g.
  - (b) Pressure at the Point(s) of Delivery. Transporter shall cause the Gas to be Delivered at the Point(s) of Withdrawal hereunder at such pressures sufficient to effect Delivery into the receiving pipeline facilities against the pressures prevailing from time to time not to exceed 1,000 p.s.i.g.
- 5.3 Interruptions of Service
- (a) Alterations and Repairs. Transporter shall have the right to interrupt the injection or withdrawal of Gas for Shipper when necessary to test, alter, modify, enlarge, repair, or maintain any facility or property comprising a part of, or appurtenant to, its system, or otherwise related to the operation thereof. Transporter shall endeavor to cause a minimum of inconvenience to Shipper. Except in cases of emergency, Transporter shall give advance notice to Shipper of its intention to so interrupt the injection and/or withdrawal of Gas, stating the anticipated timing and magnitude of each such interruption. Except as set forth above, Transporter shall have no other responsibilities to Shipper for any alterations or repairs and no liability for any losses occasioned by such alterations or repairs.
- 5.4 Attribution of Costs. If, by an order, opinion, approval of a settlement of any of Transporter's rate cases, or otherwise, the FERC directly or indirectly requires changes in the costs attributable to storage by Transporter hereunder or the rate form in which such costs are recovered, then, as of the effective date of such change in attribution or rate form, the maximum storage rates hereunder shall be changed to reflect all costs attributed to the storage hereunder or to reflect any new rate form.
- 5.5 Changes in Storage Rates. The Parties recognize that the minimum and maximum storage rates, as well as the terms and conditions, for Storage Service hereunder may require change from time to time. Accordingly, Transporter's minimum and maximum storage rates, and the terms and conditions of such service, may from time to time be changed by appropriate lawful processes, including the filing of changed provisions with the FERC. Transporter shall be entitled to collect, and Shipper shall be required to pay any increased maximum storage rate when such Shipper had previously agreed to pay the maximum rate

Section 5.5 (Continued):

commencing with the effective date of such change. Nothing herein shall prejudice the rights of Shipper to contest at any time changes to the charges for the services rendered hereunder by Transporter.

- 5.6 Transporter shall not be required under any Agreement subject to this Tariff to provide Storage Service if the quantities Tendered are so small as to cause operational difficulties, such as measurement or if the quantities Tendered are so small that the total cost incurred by Transporter in storing the quantities render them uneconomical to handle. Transporter shall promptly notify Shipper if such operating conditions exist or if the total costs of storing the quantities have rendered them uneconomical to store (i.e., less than 100 Dth per Day).

## 6. NOMINATIONS AND SCHEDULING PROCEDURES

6.1 Nomination Procedures and Deadlines. Except as provided in Section 6.6, Nominating Parties will submit Nominations to Transporter in accordance with the procedures and conditions set forth in this Section. The sending Party should adhere to Nominations, Confirmation and scheduling deadlines. It is the party receiving the request who has the right to waive the deadline. (NAESB WGQ Standard No. 1.3.21) Shipper may request Transporter to automatically generate a Nomination(s) based on a nomination(s) submitted on an interconnecting pipeline. A Shipper shall request such automatically generated Nomination by entering a nomination on an interconnected pipeline to or from Transporter's Point(s) of Injection and/or Withdrawal. Any Nomination generated by Transporter on behalf of a Shipper shall conform with all provisions of this Section 6. Transporter will support the NAESB WGQ Standard 1.3.2 nomination cycles, as modified for the extension of the nomination periods for an additional fifteen minutes. However, Transporter reserves the right to waive the deadlines specified herein, provided that no Shipper will be disadvantaged by such waiver. (NAESB WGQ Standard No. 1.3.21)

(a) Nomination Communications.

- (i) Transporter shall accept Nominations twenty-four (24) hours a day via Electronic Communication. Transporter's electronic bulletin board ("EBB") will contain after-hours and emergency contacts in the event communication is required beyond normal business hours.
- (ii) Shipper should provide to Transporter the appropriate after-hours and emergency contacts for Shipper.
- (iii) In the event that Shipper's contact data is not current, Transporter shall not be liable to Shipper for any damages or losses that may occur as a result of Transporter's inability to communicate with Shipper.
- (iv) With the exception of otherwise stated NAESB WGQ Nominations deadlines, when Transporter receives a Nomination document from a Shipper by the conclusion of a given quarter hour period, Transporter will send to the Shipper's designated site a corresponding Quick Response document by the conclusion of the subsequent quarter hour period.

The quarter hour periods will be defined to begin on the hour and at 15, 30 and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. (NAESB WGQ Standard No. 1.3.37)

Section 6.1 (Continued)

- (v) Transporter's nightly processing and routine maintenance occurring outside of normal business hours are apt to interrupt the normal schedule for Nominations/Quick Response turnaround stated in NAESB WGQ Standard No. 1.3.37. Such delays should be kept to a minimum. The normal schedule should be resumed at the earliest opportunity and no later than the start of normal working hours the following day, seven days per week. (NAESB WGQ Standard No. 1.3.38)

(b) Nomination Data Elements.

- (i) All Nominations should be considered original Nominations and should be replaced to be changed. When a Nomination for a date range is received, each Day within that range is considered an original Nomination. When a subsequent Nomination is received for one or more Days within that range, the previous Nomination is superseded by the subsequent Nomination only to the extent of the Days specified. The Days of the previous Nomination outside the range of the subsequent Nomination are unaffected. Nominations have a prospective effect only. (NAESB WGQ Standard No. 1.3.7)
- (ii) Reserved.
- (iii) Reserved.
- (iv) Nominations must specify a Begin and End Date. Such dates must be no earlier than the effective date or no later than the termination date of the service agreement. Each Day, all Nominations for the next Day which have been received by Transporter at or prior to the Nomination Deadline shall be processed pursuant to this Section 6.
- (v) All Nominations, including Intraday Nominations, should be based on a daily quantity; thus, an Intraday Nominator need not submit an hourly Nomination. Intraday Nominations should include an effective date and time. The interconnected parties should agree on the hourly flows of the Intraday Nomination, if not otherwise addressed in Transporter's contract or Tariff. (NAESB WGQ Standard No. 1.3.9)

Section 6.1 (Continued)

- (c) Reserved.
- (i) Reserved.
- (ii) Reserved.
- (d) The Timely Nomination Cycle  
On the day prior to Gas flow:
  - 1:15 p.m. Nominations leave control of the Service Requester (SR);
  - 1:30 p.m. Nominations are received by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
  - 1:30 p.m. Transporter sends the Quick Response to the SR;
  - 4:30 p.m. Transporter receives completed confirmations from Confirming Parties;
  - 5:00 p.m. SR and point operator receive scheduled quantities from Transporter.Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard No. 1.3.2(i))
- (e) Intraday Nomination Requirements.
  - (i) For services that provide for Intraday Nominations and scheduling, there is no limitation as to the number of Intraday Nominations (line items as per NAESB WGQ Standard No. 1.2.1) which a Shipper may submit at any one standard Nomination cycle or in total across all standard Nomination cycles. (NAESB WGQ Standard No. 1.3.32)
  - (ii) Intraday Nominations are to be submitted in full-Day quantities.
  - (iii) Firm Intraday Nominations shall be scheduled ahead of previously scheduled interruptible Nominations in the Evening, Intraday 1 and Intraday 2 Nomination Cycles. Application of this provision will result in such interruptible Nominations being Bumped.

Section 6.1(e) (Continued)

- (iv) When a previously Confirmed and Scheduled Quantity is altered, notification of such alteration should be provided to all of the Parties below that are affected: 1) Confirmation Requester in a Confirmation Response (or unsolicited Confirmation Response as applicable) document by the Confirming Party; 2) Confirming Party in a Request for Confirmation document by the Confirmation Requester; 3) Service Requester(s) in a Scheduled Quantity document by the applicable Confirming Party or Confirmation Requester on whose system the Service Requester(s) Nomination(s) were made. (NAESB WGQ Standard No. 1.3.44)
  - (A) Applicable notification(s) of such alterations should be provided to the affected Parties reasonably proximate in time to the time during which the event causing the alteration was acted upon by the Confirmation Requester or Confirming Party, respectively. With respect to the implementation of this process via the 1.4.x standards, Confirming Parties should send the applicable document(s) to the applicable Party(ies) no later than the next time they are slated to communicate Confirmations or Scheduled Quantities (as applicable). (NAESB WGQ Standard No. 1.3.44)
  - (B) Transportation Service Provider should provide affected Parties with notification of Intraday Bumps, Operational Flow Orders and other Critical Notices through the affected Party's choice of Electronic Notice Delivery Mechanism(s). (NAESB WGQ Standard No. 5.3.34) "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM. (NAESB WGQ Standard No. 5.2.2)
- (v) Intraday Bump notices should indicate whether daily penalties will apply for the Gas Day for which quantities are reduced. (NAESB WGQ Standard No. 1.3.51)
- (vi) Scheduling of Intraday Nominations shall be based on the elapsed pro rata Scheduled Quantities. Elapsed-prorated-Scheduled Quantity means that portion of the Scheduled Quantity that would have theoretically flowed up to the effective time of the Intraday Nomination being confirmed, based upon a cumulative uniform hourly quantity for each Nomination period affected. (NAESB WGQ Standard No. 1.2.12)

Section 6.1(e)(Continued)

- (vii) Intraday nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to delivery points of scheduled gas (NAESB WGQ Standard No. 1.3.11). Intraday nominations may be used to nominate new supply or market. (NAESB WGQ Standard No. 1.3.33) Intraday Nominations may also be used to change Point(s) of Injection and Withdrawal. However, requests for decrease in flow shall only be accepted to the extent they do not represent a decrease below previous Confirmed Quantities which would have flowed on the requested Gas Day prior to the Nominated decrease, assuming even hourly flow rates.
  - (viii) Intraday Nominations shall be considered complete upon Transporter's receipt of a valid Nomination and the corresponding up and downstream Confirmations.
  - (ix) Intraday Nominations do not rollover (i.e. Intraday Nominations span one Gas Day only). Intraday Nominations do not replace the remainder of a standing Nomination. There is no need to re-Nominate if an Intraday Nomination modifies an existing Nomination. (NAESB WGQ Standard No. 1.3.13) However, Confirmed Intraday Nominations under Rate Schedule FS-1 may supersede previously Confirmed Nominations under Rate Schedule IS-1 upon reasonable notice to the Rate Schedule IS-1 Shipper.
  - (x) Intraday Nominations which are not able to be Confirmed are considered to be void.
- (f) The Evening Nomination Cycle
- On the day prior to Gas flow:
- 6:15 p.m. Nominations leave control of the SR;
  - 6:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
  - 6:30 p.m. Transporter sends the Quick Response to the SR;
  - 8:30 p.m. Transporter receives completed confirmations from Confirming Parties;
  - 9:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).
- Scheduled quantities resulting from Evening Nominations should be effective at the start of the next Gas Day. (NAESB WGQ Standard No. 1.3.2(ii))



Section 6.1(f) (Continued):

The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:15 a.m. Nominations leave control of the SR;
- 10:30 a.m. Nominations are received by the Transporter (including from TTTSPs);
- 10:30 a.m. Transporter sends the Quick Response to the SR;
- 12:30 p.m. Transporter receives completed confirmations from Confirming Parties;
- 1:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day. (NAESB WGQ Standard No. 1.3.2(iii))

The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:45 p.m. Nominations leave control of the SR;
- 3:00 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 3:00 p.m. Transporter sends the Quick Response to the SR;
- 5:00 p.m. Transporter receives completed confirmations from Confirming Parties;
- 5:30 p.m. Transporter provides scheduled quantities to the affected SR and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day. (NAESB WGQ Standard No. 1.3.2(iv))

The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:15 p.m. Nominations leave control of the SR;
- 7:30 p.m. Nominations are received by the Transporter (including from TTTSPs);
- 7:30 p.m. Transporter sends the Quick Response to the SR;
- 9:30 p.m. Transporter receives completed confirmations from Confirming Parties;
- 10:00 p.m. Transporter provides scheduled quantities to the affected SR and point operator.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle. (NAESB WGQ Standard No. 1.3.2(v))

Section 6.1 (Continued)

- (g) For purposes of NAESB WGQ Standard No. 1.3.2(ii), (iii), (iv) and (v), the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post. (NAESB WGQ Standard No. 1.3.2(vi))
- (h) Shown in Section 4 of Part VI: Illustrations is a representation of NAESB Standard 1.3.2 in tabular form.
- (i) Overrun quantities should be requested on a separate transaction (NAESB WGQ Standard No. 1.3.19), and in the event that those quantities are included in other nominations, the excess portion of such nomination will be scheduled pursuant to this GT&C Section 6.
- (j) At the end of each Gas Day, the Transportation Service Provider (TSP) should provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, the TSP should send an end of Gas Day Scheduled Quantity (NAESB WGQ Standard No. 1.4.5) and Scheduled Quantity for Operator (NAESB WGQ Standard No. 1.4.6). A receiver of either of these documents can waive the TSP's requirement to send such documents. (NAESB WGQ Standard No. 1.3.3)
- (k) Responsibility for Nominated Quantities. When submitting Nominations, the Nominating Party/Shipper is responsible for assuring that sufficient Gas supplies are available at the Nominated Point(s) of Injection. Pursuant to the procedures specified above, Transporter will verify Nomination information with the Interconnecting Party and will determine the Confirmed Quantity. Transporter is not responsible for assuring that the Confirmed Quantities are actually Tendered to Transporter at the Point(s) of Injection.

6.2 Confirmation and Scheduling Criteria.

- (a) For request to confirm and Confirmation response processes, all parties will seek to confirm by means of communicating at the applicable detail/summary level all transactions with respect to a location. (NAESB WGQ Standard No. 1.3.35)
- (b) In the Confirmation process, where a party requesting Confirmation (a Confirmation Requester) is not itself a Transportation Service Provider, the location code to be used when sending a Request for Confirmation should be the location code associated with the location where Gas will be scheduled by the Transportation Service Provider; and, where a Confirmation Requester is also a Transportation Service Provider; then, as between these Confirming Parties (the Confirmation Requester and the Confirming Parties), and absent their mutual agreement to the contrary, the location code to be used when sending a Request for Confirmation should be the location code used by the Transportation Service Provider sending the Request for Confirmation. (NAESB WGQ Standard No. 1.3.36)

Section 6.2 (Continued)

- (c) The receiver of a Nomination initiates the Confirmation process. The party that would receive a Request for Confirmation or an unsolicited Confirmation Response may waive the obligation of the sender to send. (NAESB WGQ Standard No. 1.3.20)
- (d) When a Confirmation Requester receives a Confirmation Response document from a Confirming Party by the conclusion of a given quarter hour period, the Confirmation Requester will send to the Confirming Party's designated site a corresponding Confirmation Quick Response document by the conclusion of the subsequent quarter hour period.

The quarter hour periods will be defined to begin on the hour and at 15, 30, and 45 minutes past the hour. A given quarter hour will contain all transactions whose receipt time is less than the beginning of the subsequent quarter hour. (NAESB WGQ Standard No. 1.3.45)

- (e) Reserved.
- (f) When Confirming Point of Injection and Point of Withdrawal, Transporter shall use the lesser of the Confirmation quantity and the Scheduled Quantity. Rankings provided in a Shipper's Nominations shall be used to prioritize reductions to requested quantities when such prioritization is not in conflict with other provisions of this Tariff.

Ranking should be included in the list of data elements. Transportation Service Providers should use service requester provided rankings when making reductions during the scheduling process when this does not conflict with tariff-based rules. (NAESB WGQ Standard No. 1.3.23)

- (g) With respect to the Nomination/Confirmation process at the Point of Injection or Withdrawal (NAESB WGQ Standard No. 1.3.22(i) –(iii)):
  - (i) With respect to the processing of requests for the Timely Nomination cycle, in the absence of agreement to the contrary, the lesser of the Confirmed Quantities should be the Confirmed Quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the lesser of the Confirmation Quantity or the Scheduled Quantity for the Timely Nomination Cycle of the previous Gas Day should be the new Confirmed Quantity.

Section 6.2(g) (Continued)

- (ii) With respect to the processing of requests for increases during the Intraday Nomination/Confirmation process, in the absence of agreement to the contrary, the lesser of the Confirmation Quantities should be the new Confirmed Quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the Scheduled Quantity for the previous Intraday Nomination cycle should be the new Confirmed Quantity.
- (iii) With respect to the processing of requests for decreases during the Intraday Nomination/Confirmation process, in the absence of agreement to the contrary, the lesser of the Confirmation Quantities should be the new Confirmed Quantity, but in any event no less than the elapsed-prorated-Scheduled Quantity. If there is no response to a Request for Confirmation or an unsolicited Confirmation Response, the greater of the Confirmation Quantity or the elapsed-prorated-Scheduled Quantity should be the new Confirmed Quantity.
- (h) With respect to NAESB WGQ Standard No. 1.3.22 (i), (ii), and (iii), if there is no response to a request for Confirmation or an unsolicited Confirmation response, Transporter should provide the Shipper with the following information to explain why the Nomination failed, as applicable:
  - (i) Transporter did not conduct the Confirmation;
  - (ii) the Shipper is told by Transporter that the upstream Confirming Party did not conduct the Confirmation;
  - (iii) the Shipper is told by Transporter that the upstream Service Requester did not have the Gas or submit the Nomination;
  - (iv) the Shipper is told by Transporter that the downstream Confirming Party did not conduct the Confirmation;
  - (v) the Shipper is told by Transporter that the downstream Service Requester did not have the market or submit the Nomination.

This information should be imparted to the Shipper on the Scheduled Quantity document. (NAESB WGQ Standard No. 1.3.22(iv))

- (vi) Nominations are considered to be scheduled and Confirmed when Confirmed Quantities are made available to the Nominating Party and to Interconnected Parties via Electronic Communication, or when agreed to by Transporter, by facsimile.

- 6.3 Estimates. For planning purposes, Transporter may, from time to time, request estimates of Shipper's annual quantity, average daily quantity, or peak day quantity. In the event that such a request is made, Shipper shall reply in writing within 45 days of the request. Shipper shall use reasonable efforts to provide accurate information; however, Shipper is not bound by these estimates.
- 6.4 Planning Information. Transporter may request other planning information as needed from time to time and Shipper shall comply with all reasonable requests. Shipper shall use reasonable efforts to provide accurate information; however, Shipper is not bound by this planning information.
- 6.5 Scheduling of Injections and Withdrawals and Allocation of Capacity.
- (a) Scheduling of Intraday Nominations. For purposes of determining the portion of any Intraday Nomination which is to be scheduled when available capacity is not sufficient to schedule all quantities requested, all Intraday Nominations shall first be cumulated with all prior Confirmed Daily and Intraday Nominations for that Gas Day and compared to Shipper's ADIQ, or ADWQ (for Rate Schedule IS-1 MDQ or for Rate Schedule PAL-1 Maximum PAL Quantity), as applicable. For the Intraday Nomination being processed, if the cumulated Nomination quantity is in excess of ADIQ, ADWQ, MDQ or Maximum PAL Quantity, that portion of the quantity in excess of Shipper's ADIQ, ADWQ, MDQ or Maximum PAL Quantity and any subsequently processed Intraday Nominations under that service agreement shall be considered as Nominated overrun Gas. Intraday Nominations for Rate Schedule IS-1 will be considered after all Intraday Nominations for Rate Schedule FS-1 have been satisfied. Nominations for Rate Schedule PAL-1 will be considered after Rate Schedule IS-1.
  - (b) Scheduling of Injections and Withdrawals. On any Day when Daily or Intraday Nominations exceed capacity, Transporter shall schedule the quantities Nominated by Shippers for injection into or withdrawal from storage in the order described hereinafter. However, all Scheduled Quantities are subject to Confirmation prior to being designated as Confirmed Quantities.
    - (i) The first quantities scheduled shall be those firm quantities required to meet Transporter's firm storage Shippers' Nominated quantities which are within such Shippers' ADWQs or ADIQs, as applicable. If capacity is not available to serve all such firm Nominations, the available capacity shall be allocated pro rata based upon Shipper's ADIQ or ADWQ, as appropriate.
    - (ii) The next quantities scheduled shall be those quantities required to meet Transporter's interruptible storage Shippers' Nominated quantities which are within such Shippers' MDQs.

Section 6.5(b)(ii)(Continued)

- (A) Injections shall be scheduled as follows: Quantities to which higher rates are applicable shall be scheduled before quantities to which lower rates are applicable. Nominations of quantities to which a higher rate is applicable shall be fully satisfied before any Nominated quantities to which a lower rate is applicable are scheduled. Where the rate is the same and capacity is not available, service shall be pro rata based on quantities Nominated.
  - (B) Withdrawals shall be scheduled on a pro rata 1/ basis, provided however, that no Shipper shall receive capacity in excess of that Shipper's Nomination. If any Shipper's pro rata share exceeds the quantity Nominated on any Day by that Shipper, the difference between the pro rata share and the Nominated quantity shall be shared pro rata 1/ among Shippers Nominating quantities in excess of their pro rata shares. A Shipper who does not Nominate quantities equal to its pro rata share on any Day may Nominate quantities equal to its pro rata share on any subsequent Day of the Month, and Transporter shall schedule such quantities.
- (iii) The next quantities scheduled for injection or withdrawal shall be authorized firm and interruptible storage overrun quantities. Within this section, Quantities to which higher rates are applicable shall be scheduled before quantities to which lower rates are applicable. Nominations of quantities to which a higher rate is applicable shall be fully satisfied before any Nominated quantities to which a lower rate is applicable are scheduled. Where the rate is the same and capacity is not available, service shall be pro rata based on quantities Nominated.
- 1/ For purposes of scheduling of withdrawals from storage only, a Shipper's pro rata share shall equal that Shipper's total quantity of Gas In Place (GIP) on the close of business of the prior Day, divided by the total GIP under Rate Schedule IS-1 on the close of business of the prior Day. This provision is applicable for Transfer of Gas in Place pursuant to Section 7 of Rate Schedule IS-1.

Section 6.5 (Continued)

- (iv) The next quantities scheduled shall be imbalance and makeup/payback quantities under Rate Schedules FS-1 and IS-1 and quantities nominated and confirmed under Rate Schedule PAL-1.
  - (A) Notwithstanding Section 6.5(b)(iv)(B) below, nominations to withdraw quantities of Parked gas and/or to payback quantities of Loaned gas shall be scheduled first before nominations to tender quantities of gas for a Park and/or to advance quantities of gas for a Loan under Rate Schedules PAL-1.
  - (B) For quantities scheduled within this Section 6.5(iv), quantities will be scheduled based on the priority of the agreement under which the quantity is being nominated. As noted above, Quantities nominated under firm agreements shall be scheduled first in accordance with Section 6.5, as appropriate. Quantities nominated under interruptible agreements shall be scheduled with quantities associated with higher rates scheduled before those associated with lower rates. Interruptible storage and Park and Loan nominations carrying the same rate shall be scheduled pro rata based on the quantities nominated.
- (c) Special Relief.
  - (i) Storage Gas supply adequacy is solely the responsibility of the Shipper. Gas will not be diverted from one Shipper's account to another Shipper's account to resolve shortage situations in the normal course of business. However, Shipper with a Gas in Place shortage may rely upon the provisions of Section 7 of Rate Schedule FS-1 and/or Section 7 of Rate Schedule IS-1 (Transfer of Gas In Place) to alleviate or eliminate the supply shortage situation.
  - (ii) However, essential human needs should be protected from physical interruption of supply to forestall injury to life. If any Shipper of Transporter experiences or anticipates a supply emergency which could cause such injury, such Shipper shall utilize to the fullest extent possible all of Shipper's existing Gas supply arrangements and available self-help measures to alleviate such emergency prior to requesting assistance from Transporter and other Shippers pursuant to this section.

### Section 6.5 (Continued)

- (iii) Any such assistance to resolve such emergencies will be based, to the maximum extent possible, on voluntary, market-based arrangements involving a sale of Gas by a willing seller to the Shipper experiencing the emergency shortage, at a rate negotiated by the Parties to the sale. Such transactions could involve the pre-arrangement of portfolios of divertible supply, or short-term arrangements through the use of Transporter's electronic bulletin board, or any other arrangement acceptable to the Parties to the sale.
- (iv) Transporter's role will be to facilitate these voluntary arrangements by posting notices on its electronic bulletin board (a) from the Shipper experiencing or expecting a supply emergency, in which such Shipper solicits offers to sell it the needed Gas supplies in storage and (b) from suppliers willing to sell Gas to the Shipper that faces the emergency situation. Further, Transporter will facilitate to the maximum extent practicable the Delivery of such emergency supplies from storage, so long as this can be accomplished without affecting other Shippers' rights to capacity.

### 6.6 Non-Grid Nomination Requests

- (a) In addition to the standard Nomination procedures described in Sections 6.1, 6.2 and 6.5 above, Transporter shall also accept Nominations for injections or withdrawals at any time of the Day (Non-grid Nomination). PAL-1 Service is not eligible for Non-grid Nominations. Transporter will schedule Non-grid Nominations contingent on the following conditions:
  - (i) Service will be on a reasonable efforts basis subject to the operational capability of Transporter's system to serve the Nominated quantities without adversely affecting other Shippers on its system, and
  - (ii) Agreement from the downstream operator to support the Non-grid Nomination and accept a delivery outside of the regular Nomination cycle.
- (b) Shippers must submit a Non-grid Nomination for a new activity or to revise an existing Nomination using the Nomination procedures of Section 6.1 without regard to the Nomination deadlines stated there.
- (c) Shippers may submit a Non-grid Nomination at or prior to the top of any hour to be effective at the top of any subsequent hour. Such Non-grid Nominations shall be subject to the following requirements and limitations:



Section 6.6(c) (Continued)

- (i) Non-grid Nominations will be processed after Nominations received pursuant to the provisions of Sections 6.1(d) and (f) for the same effective time.
- (ii) Non-grid Nominations will be processed on a first-come, first served basis. Non-grid nominations that are received at the same time will be processed using the scheduling rules specified in Section 6.5.
- (iii) Non-grid Nominations are considered to be intra-day Nominations and are only effective for the remainder of the Gas Day.
- (iv) Non-grid Nominations will be scheduled only if the interconnecting party agrees to Confirmation by Exception (see NAESB WGQ Standard 1.2.11) and agrees to accept activity at the specified effective time rather than at the NAESB WGQ grid-wide synchronization times.

Non-grid Nominations received at or before the top of any hour, if scheduled by Transporter, will become effective the later of:

- (A) the top of the next operationally available subsequent hour but no later than the top of the fourth subsequent hour, or
- (B) the top of the hour requested by the Shipper.

- (d) Non-grid Nominations must comply with the current limits of:
  - (i) Transporter's Maximum Daily Injection Quantity,
  - (ii) Transporter's Maximum Daily Withdrawal Quantity,
  - (iii) Shipper's Available Daily Injection Quantity,
  - (iv) Shipper's Available Daily Withdrawal Quantity, and
  - (v). Shipper's Maximum Available Capacity.
- (e) Scheduling of Non-grid Nominations after the beginning of gas flow shall be based on elapsed-prorated-scheduled quantities pursuant to Section 6.1(e)(vi), when appropriate.

## 7. RESPONSIBILITY FOR GAS AND PRODUCTS

- 7.1 Responsibility for Gas. Shipper shall be in exclusive control and possession of the Gas until such has been received by Transporter at the Point(s) of Injection and after such Gas has been received by Shipper, or for Shipper's account, at the Point(s) of Withdrawal. Transporter shall be in exclusive control and possession of such Gas while it is in Transporter's possession. The Party which is or is deemed to be in exclusive control and possession of such Gas shall be responsible for all injury, damage, loss, or liability caused thereby.
- 7.2 Responsibility for Products. Transporter may process or cause to be processed any Gas received for the removal of Products prior to the Delivery of same. Shipper shall have no further rights with respect to Products obtained by Transporter from the Gas while the Gas is in Transporter's possession. Title to all such Products shall vest in Transporter, and Shipper shall indemnify Transporter against all damages, costs, and expenses of any nature whatsoever arising from every claim against said Products or the right to payment for same.

8. RESERVED

## 9. CAPACITY RELEASE PROGRAM

- 9.1 Purpose. This Section sets forth the specific terms and conditions applicable to Transporter's capacity release program. Unless otherwise stated in this Section 9, all times are Central Clock Time ("CCT") pursuant to NAESB WGQ Standard No. 0.3.17.
- 9.2 Applicability. This Section 9 is applicable to any Releasing Shipper(s), or any Replacement Shipper(s), who elects to release all or a portion of its firm capacity under Rate Schedule FS-1. Releasing Shipper(s) as defined in Section 1 of these General Terms and Conditions shall have the right to release, on a permanent or temporary basis, any portion of its firm capacity rights held under an agreement with Transporter, but only to the extent that the capacity so released is acquired by another Shipper pursuant to this Section 9. Replacement Capacity Agreements based on a volumetric reservation rate are not subject to further release.
- 9.3 Availability of Released Capacity. Released capacity shall be made available on a nondiscriminatory basis and shall be assigned on the basis of an open season or prearrangement in accordance with the procedures of this Section 9 and, where appropriate, the applicable NAESB WGQ Standards.
- 9.4 Qualification for Participation in the Capacity Release Program. Any Shipper, whether seeking to acquire capacity under bid or a prearranged release must be prequalified by Transporter prior to submitting a bid for released capacity. To be prequalified, a Shipper must satisfy Transporter's creditworthiness requirements. Notwithstanding such qualification to participate in the capacity release program, Transporter does not guarantee the payment of any outstanding amounts by a Replacement Shipper.
- 9.5 (a) Releases Assigned On the Basis of An Open Season. A Shipper electing to release capacity on the basis of an open season must post notice of release on Transporter's electronic bulletin board pursuant to Section 9.7 hereof. Such notice shall be posted upon receipt unless Releasing Shipper requests otherwise.
- (b) Reserved
- (c) Posting Requirements and Minimum Lengths of Release Open Season pursuant to NAESB WGQ Standard No. 5.3.2 (Timeline), Unless otherwise noted, all times are Central Clock Time ("CCT").

Section 9.5(c) (Continued)

For biddable releases (one (1) year or less):

- (i) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (ii) Open season ends at 10:00 a.m. on the same or a subsequent Business Day. Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (iii) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (iv) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- (v) The contract is issued within one hour of the award posting (with a new contract number, when applicable). Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

For biddable releases (more than one (1) year):

- (vi) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
- (vii) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
- (viii) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
- (ix) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
- (x) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
- (xi) The contract is issued within one hour of the award posting (with a new contract number, when applicable). Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

Section 9.5(c) (Continued)

For non-biddable releases:

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- Timely Cycle 12:00 Noon
- Evening Cycle 5:00 p.m.
- Intraday 1 Cycle 9:00 a.m.
- Intraday 2 Cycle 1:30 p.m.
- Intraday 3 Cycle 6:00 p.m.

The contract is issued within one hour of the award posting (with a new contract number, when applicable).

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

- NOTES:
- (1) Posting of Notices of Release either under an open season or a prearranged release are subject to review by Transporter for accuracy, completeness, and validity before being posted.
  - (2) If a Releasing Shipper agrees to accept a contingent bid pursuant to Section 9.7(n), the beginning of the open season shall start earlier by a minimum of two Business Days.

9.6 Prearranged Releases. A Shipper electing to release capacity on the basis of a prearranged release must post notice on Transporter's electronic bulletin board pursuant to Section 9.9 herein.

- (a) No open season is required for a prearranged release which meets all of the terms of the release and is: (1) a release for more than one Year at the maximum Reservation Rates applicable to Rate Schedule FS-1, (2) a release for any period of thirty-one Days or less, (3) a release to an asset manager as defined by FERC regulations at C.F.R. 284.8, or (4) a release to a marketer participating in a state-regulated retail access program as defined by FERC regulations at C.F.R. 284.8. All other prearranged releases shall be subject to an open season requirement contained in Section 9.5 hereof.
- (b) A Releasing Shipper may not rerelease capacity that is a rollover or extension of a release of thirty-one Days or less to the same Replacement Shipper until twenty-eight (28) Days after the first release period has ended. The 28-Day hiatus does not apply to any re-release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding in this Section 9.6.

Section 9.6 (Continued)

- (c) A Shipper electing to release capacity on a prearranged basis not subject to an open season must post the notice of release on Transporter's electronic bulletin board pursuant to the timeline for non-biddable releases in Sections 9.5(c)(xii) - (xv) above.

9.7 Notice by Shipper Electing to Release Capacity On An Open Season Basis. Any Shipper holding capacity rights subject to this Section 9 who desires to release such firm capacity on an Open Season Basis shall deliver notice via Transporter's electronic bulletin board which shall contain the following:

- (a) Releasing Shipper's legal name, contract number, and the name of the individual responsible for authorizing the release of capacity;
- (b) the maximum and minimum quantity of firm daily capacity which the Releasing Shipper desires to release, stated in Dth per Day (notice should include MDWQ, MDIQ, and MAC, as defined in this Tariff);
- (c) whether capacity will be released on a recallable or a recallable and reputtable (returned to the Replacement Shipper) basis. Recall and reput terms must be objectively stated, nondiscriminatory, and applicable to all bidders. The Transportation Service Provider should support the ability for the Releasing Shipper to specify, as a condition of a release, whether the Releasing Shipper's recall notification must be provided exclusively on a Business Day (NAESB WGQ Standard No. 5.3.51).
- (d) the requested effective date and the term of the release (minimum term of release is one Day);
- (e) whether the Releasing Shipper is willing to consider release for a shorter time period than that specified by Releasing Shipper in (d) above, and, if so, the minimum acceptable period of release;
- (f) whether the Releasing Shipper desires bids for the released capacity to be stated in dollar amount per Dth or as a percentage of Transporter's maximum reservation rates as in effect from time to time, or as an index-based formula (under one of the methods listed below);
  - (i) a percentage of the formula
  - (ii) a dollars and cents differential from the formula, or
  - (iii) a dollars and cents differential from the Rate Floor;

Section 9.7 (Continued)

- (g) whether the Releasing Shipper desires to release capacity on a volumetric reservation rates basis or an index-based formula. If utilizing an index-based formula, the Releasing Shipper should specify the minimum acceptable rate, and if applicable, any minimum volumetric load factor commitment. (Capacity releases made on a volumetric rate basis cannot be rereleased by the Replacement Shipper);
- (h) maximum Tariff reservation rates, or an index-based formula, applicable to Rate Schedule FS-1 for which capacity being released as shown on Transporter's Statement of Rates will be posted in the notice of release by Transporter;
- (i) if Releasing Shipper is willing to consider releasing capacity at less than maximum reservation rates stated in (h) above, and if so, the minimum reservation rates Releasing Shipper is willing to accept;
- (j) whether the Releasing Shipper wants Transporter to market the capacity in accordance with Section 9.18 hereof;
- (k) for releases posted to comply with the NAESB Timeline as shown in Section 9.5(c) hereof, the Releasing Shipper shall select one of the following bid evaluation methods and provide sufficient information and instruction and which are described more fully in Section 9.12(d):
  - (i) Present Value
  - (ii) Highest Rate
  - (iii) Net Revenue
- (l) in lieu of the methods described in Section 9.7(k) above, the Releasing Shipper may provide its own nondiscriminatory bid evaluation criteria; except that Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation method.
- (m) the time and date the notice is to be posted on Transporter's electronic bulletin board. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper. Open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff or by Releasing Shipper, if Shipper requests an open season longer or earlier posting than required in Section 9.5 herein. After the open season has commenced, a Releasing Shipper cannot specify the extension of an open season bid period without posting a new release.
- (n) whether the Releasing Shipper is willing to accept contingent bids.



Section 9.7 (Continued)

- (o) Releasing Shipper shall elect one of the following:
  - (i) establish minimum terms of the release and display them on the electronic bulletin board;
  - (ii) establish minimum terms of the release and keep such terms confidential (i.e., not post them on the electronic bulletin board) but Bidding Shipper will be informed on the electronic bulletin board that minimums have been established;
  - (iii) establish no minimum terms; Releasing Shipper will accept highest bid received for the release.
- (p) any other applicable conditions of the release.

9.8 Posting the Results of Prearranged Releases. With respect to a prearranged release which is not subject to an open season, Transporter shall post notice of completed transactions pursuant to Section 9.15 hereof of such release within two Business Days after the transaction commences.

9.9 Notice by Shipper Electing to Release Capacity on Prearranged Release Basis and Confirmation of Bid by Prearranged Shipper. The Releasing Shipper shall deliver a notice of a prearranged release via Transporter's electronic bulletin board. Likewise, the prearranged Shipper must confirm its bid electronically on the electronic bulletin board. The electronic bulletin board notice shall set forth the following information:

- (a) all the items contained in Section 9.7 hereof required to define a prearranged release;
- (b) prearranged Shipper's legal name and the name and telephone number of the individual responsible for authorizing the bid for the prearranged release;
- (c) the term of the proposed acquisition of capacity by prearranged Shipper (minimum term of any release is one Day);
- (d) the reservation rates, expressed as a daily rate or as a percentage of the maximum reservation rates, or as an index-based formula, as appropriate, the prearranged Shipper has agreed to pay for the released capacity and any minimum volumetric load factor, if applicable. If capacity is released on a volumetric rate basis, it cannot be rereleased by the Replacement Shipper;
- (e) the capacity (MDWQ, MDIQ, and MAC) which prearranged Shipper wishes to acquire stated in Dth;

Section 9.9 (Continued)

- (f) whether or not the prearranged Shipper is an affiliate of Releasing Shipper or an affiliate of Transporter;
- (g) whether or not the prearranged Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18.C.F.R. 284.8;
- (h) the time and date the notice is to be posted on Transporter's electronic bulletin board. Release notice will be posted upon receipt unless otherwise requested by Releasing Shipper. Open season dates will be posted by Transporter based on the requirements of Section 9.5 of this Tariff, if applicable, or by Releasing Shipper, if Releasing Shipper requests a longer open season than the minimum required in Section 9.5. Releasing Shipper cannot allow extension of time provided for the prearranged Shipper to match a higher bid (matching period as described in the Timelines in Section 9.5 hereof) without posting a new release;
- (i) any other applicable conditions of the prearranged release.

9.10 Term of Released Capacity. The term of any release of firm capacity shall not exceed the term of the Storage Service agreement or Replacement Capacity Agreement under which the release occurs, nor shall it be less than one Day.

- 9.11 Bids for Released Capacity Subject to Open Season. A bid may be submitted to Transporter by a Bidding Shipper at any time during the open season via Transporter's electronic bulletin board. The Bidding Shipper (or prearranged Shipper) must have met the creditworthiness provisions of Transporter's Tariff pursuant to Section 9.4 hereof.
- (a) Each bid for released capacity must include the following:
- (i) Bidding Shipper's legal name and the name and telephone number of the individual responsible for authorizing the bid;
  - (ii) the term of the proposed acquisition;
  - (iii) the maximum reservation rates expressed as a daily rate or percentage of the maximum reservation rates, as appropriate, or as an index-based rate, or maximum volumetric rate (either dollars or percent, as appropriate) Bidding Shipper is willing to pay for the released capacity;
  - (iv) the capacity desired, including MDWQ, MDIQ, and MAC, as defined herein;
  - (v) whether or not the Bidding Shipper is an affiliate of the Releasing Shipper or an affiliate of Transporter;
  - (vi) for prearranged releases, whether or not the Bidding Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8;
  - (vii) any other information requested in notice of release posted on Transporter's electronic bulletin board;
  - (viii) whether or not Bidding Shipper will meet all other terms of release (if there are any); and
  - (ix) the time and date the bid was submitted to Transporter for posting on Transporter's electronic bulletin board.
- (b) All valid and complete bid(s) received by Transporter during the open season as detailed in Section 9.5 hereof shall be posted on Transporter's electronic bulletin board. The identity of the Bidding Shipper(s) will not be posted, but all other terms of the bid(s) will be posted on Transporter's electronic bulletin board.

Section 9.11 (Continued)

- (c) Except as stated in this Section 9.11(c), a Bidding Shipper may not bid a reservation rate less than the minimum Tariff Reservation Rates nor more than the maximum Tariff Reservation Rates or index-based release formula, nor may the capacity or the term of the release of such bid exceed the maximum quantity or term specified by Releasing Shipper. No maximum rate limitation applies to a release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release.
- (d) A Bidding Shipper may withdraw its bid any time prior to the expiration of the open season but may not resubmit a bid for the same release at an equal or lower rate. Bids shall be binding until notice of withdraw is received by Transporter on its Customer Activities Web site.
- (e) A Bidding Shipper may only have one bid pending for a particular capacity release transaction at any one time.
- (f) All bids pending at the expiration of the open season shall be binding upon Bidding Shipper(s). Further, the Bidding Shipper(s) agrees that its bid will constitute a binding agreement if the Bidding Shipper is awarded the released capacity pursuant to this Section 9.

9.12 Awarding of Released Capacity. Released capacity shall be awarded in accordance with this Section 9.12.

- (a) If a Bidding Shipper's bid satisfies all terms and conditions specified in the Releasing Shipper's notice, including the posted Reservation Rates, then the capacity shall be awarded to such Bidding Shipper, and the Releasing Shipper shall not be entitled to reject such bid. If such bid was submitted in an open season relating to a prearranged release, capacity shall be awarded pursuant to Section 9.12(h) hereof.
- (b) Releasing Shipper(s) may withdraw their offer of release any time prior to the start of the open season or during the open season in the event of an unexpected change in the Releasing Shipper's need for the capacity being released up to the time a valid bid is received. The Releasing Shipper may not withdraw its offer of release, however, if bids have been received that meet the minimum terms of the release; the Releasing Shipper may withdraw its offer to release capacity by notifying Transporter on its Customer Activities Web site.

Section 9.12 (Continued)

- (c) If more than one bid is received that is equal to or exceeds all the minimum terms and conditions specified in Releasing Shipper's notice, then Replacement Shipper(s) shall be the Bidding Shipper(s) who offer(s) the highest bid, based on the bid evaluation methods as posted by Releasing Shipper in its notice of release. Transporter shall evaluate and rank all bids submitted during the open season. If bids from two or more Bidding Shippers result in bids of equal value, then the capacity shall be awarded pursuant to Section 9.12(g) hereof. If Bidding Shipper has made a bid based on a contingency and such contingency has not been removed by the date and time specified by Releasing Shipper or pursuant to the Timelines in Section 9.5 hereof, such bid shall be deemed withdrawn.

- (d) Bid Evaluation Methods. All bids received will be evaluated pursuant to the following methods:

- (i) Present Value Calculation. Releasing Shipper may elect to have all bids evaluated and ranked pursuant to a Present Value Calculation as follows:

$$R \times \frac{1 - (1 + i)^{-n}}{i} \times V = \text{present value}$$

where:  $i$  = interest rate per Month using one-twelfth (1/12) the current FERC annual interest rate defined in Section 154.501(d) of FERC's regulations

$n$  = term of the release

$R$  = the reservation rates bid

$V$  = Quantity stated in Dth

- (ii) Highest Rate. Releasing Shipper may elect to have bids evaluated on the basis of the highest reservation rates bid;
- (iii) Net Revenue. Releasing Shipper may elect to have bids evaluated on the basis of the total reservation rates-based revenues received over the term of the release;
- (iv) Other Method. Releasing Shipper may at the time of posting of the notice of release specify how bids are to be evaluated to determine which offer is the best. The criteria must be objectively stated, applicable to all potential bidders, and nondiscriminatory. It can contain provisions that allow for weighting of factors such as quantity, term, and rate; however, Transporter will not accept first bidder meeting minimum acceptable terms of the release as a valid bid evaluation methodology. If bid evaluation criteria is provided by the Releasing Shipper and varies from Section 9.7(k) hereof, the evaluation period specified in Section 9.5(c) shall be extended by on Business Day.

Section 9.12 (Continued)

- (e) If bid evaluation criteria are provided by Releasing Shipper, Transporter shall, for each bid received, calculate the total value of all the bids received at the end of the open season based on the nondiscriminatory criteria provided by Releasing Shipper. The results of this calculation shall determine each bid's actual total value. The bids will then be ranked by Transporter in order from the highest to the lowest total value.
- (f) For bids evaluated using any of the first three methods (Sections 9.12(d)(i) through (iii), above), Transporter shall notify Releasing Shipper and successful bidder no later than 5:00 p.m. CCT on the Day before Nominations are due (as specified in Section 9.5, hereof) and the capacity shall be awarded to the successful Bidding Shipper(s) (i.e., the Replacement Shipper(s)).
- (g) If bids from two or more Bidding Shippers result in bids of the highest equal value, the first bid received of highest equal value will be awarded the capacity.

In the case where valid bids for less than the full release quantity have been received, Transporter shall, where appropriate, award all valid bids until all offered capacity has been awarded.

- (h) With respect to a prearranged release, if no better offer (as determined above) is received during an open season or the prearranged offer is for the applicable maximum reservation rate(s) under the applicable rate schedule for a term of more than one year and meets all the other terms of the release, then the prearranged Shipper shall become the Replacement Shipper for the released capacity. If a better offer is received during the open season, the prearranged Shipper shall have the time specified in Section 9.5 hereof to match that offer. If the prearranged Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer, as determined above, shall become the Replacement Shipper.
- (i) For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies an index-based formula in its capacity release offer, the Bid Rate (R) used in the bid evaluation options of this Section 9.12 will be based on: 1) the dollars differential or percentage of the Rate Default or 2) the dollars differential of the Rate Floor, as applicable.
- (j) A Releasing Shipper shall retain all of the capacity under the executed Storage Service agreement or Replacement Capacity Agreement that is not acquired by a Replacement Shipper as the result of an open season or a prearranged release.
- (k) If no bids are received which meet or exceed all of the minimum conditions specified by Releasing Shipper, no capacity shall be awarded.

9.13      Recalls and Reputs of Capacity. If capacity is released subject to recall pursuant to Section 9.7(c), in addition to such other terms not inconsistent with this Section as are agreed to by the Releasing Shipper and the Replacement Shipper, recall of such capacity shall be subject to the following terms and conditions:

- (a)    All Transportation Service Providers ("TSPs") should support the following recall notification periods for all released capacity subject to recall rights: (NAESB WGQ Standard No. 5.3.44)
  - (i)    Timely Recall Notification:
    - (A)    A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;
    - (B)    The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due;
  - (ii)   Early Evening Recall Notification:
    - (A)    A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;
    - (B)    The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due;
  - (iii)   Evening Recall Notification:
    - (A)    A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;
    - (B)    The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due;

Section 9.13(a) (Continued)

(iv) Intraday 1 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due ;

(v) Intraday 2 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 1:00 p.m. on the day that Intraday 2 Nominations are due.

(v) Intraday 3 Recall Notification:

- (A) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
- (B) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due.

- (b) For recall notification provided to the Transportation Service Provider ("TSP") prior to the recall notification deadline specified in NAESB WGQ Standard No. 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the TSP should provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP should provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard No. 5.3.45)

- (c) Releasing Shipper's notice of recall and reput must be submitted using the Transporter's on-line capacity release system.



Section 9.13 (Continued)

- (d) The recall notice shall also state the length of the recall period and state the conditions of any reput rights of the Releasing Shipper and reput obligations of the Replacement Shipper as may have been negotiated at the time of the release (see Section 9.7(c), hereof). Unless otherwise agreed to by Releasing Shipper and Replacement Shipper, and Transporter is so advised, the Replacement Shipper will regain the capacity at the end of the recall period.
- (e) In the event of an intraday capacity recall, the Transportation Service Provider ("TSP") should determine the allocation of capacity between the Releasing Shipper and the Replacement Shipper(s) based upon the Elapsed Prorata Capacity ("EPC"). Variations to the use of EPC may be necessary to reflect the nature of the TSP's tariff, services, and/or operational characteristics. (NAESB WGQ Standard No. 5.3.56)
- (f) Unless otherwise agreed between Releasing Shipper, Replacement Shipper and Transporter, the Releasing Shipper must notify Transporter and Replacement Shipper of the intent to reput the capacity back to the Replacement Shipper. The deadline for notifying the Transportation Service Provider of a reput is 8:00 a.m. to allow for timely nominations to flow on the next gas day (NAESB WGQ Standard No. 5.3.54). When capacity is recalled, it may not be reput for the same gas day (NAESB WGQ Standard No. 5.3.53).
- (g) Transporter shall not assess penalties during non-critical periods on transactions related to quantities recalled during an Intraday scheduling cycle.

9.14 Execution of Agreements or Amendments.

- (a) The successful bidder (or successful prearranged Shipper) for capacity shall become the Replacement Shipper and its bid for capacity, or the posting of prearranged release pursuant to Sections 9.9 and 9.11 shall be binding. The bid submitted by the Replacement Shipper, as supplemented by the posting of capacity release on Transporter's electronic bulletin board, shall constitute the Replacement Capacity agreement and the corresponding amendment to Releasing Shipper's Agreement. For all releases, Replacement Shipper(s) will gain rights to nominate firm capacity for injection and withdrawal quantities consistent with quantities, and for the term as specified in the release notice, and subject to all other terms of the underlying agreement. The Releasing Shipper(s) will lose its firm entitlement rights to Nominate consistent with the same terms.
- (b) Where capacity has been released for the entire remaining term of the Releasing Shipper's Storage Service agreement, at rates equal to or greater than the rates in the Releasing Shipper's Storage Service agreement, the Releasing Shipper's Storage Service agreement shall be terminated.

- 9.15 Notice of Completed Transactions. Within two Business Days after capacity has been released pursuant to Section 9.12, Transporter shall post a Notice of Completed Transaction on its electronic bulletin board for a minimum period of five Days. The notice shall include the following information regarding each transaction:
- (a) the name(s) of Releasing Shipper and Replacement Shipper (or prearranged Shipper);
  - (b) term of release;
  - (c) Reservation Rate as bid;
  - (d) capacity (MDWQ, MDIQ, and MAC) in Dth, as appropriate;
  - (e) whether the capacity is recallable and reputtable, and if so, the recall and reput terms;
  - (f) whether or not the Replacement Shipper is an affiliate of Releasing Shipper, or an affiliate of Transporter. Except for prearranged release(s) as described in Section 9.6 of the General Terms and Conditions, service may begin for the release on the initial date of the term of the release if Nominations are made timely to Transporter and are in accordance with this Tariff; and
  - (g) whether or not the prearranged Shipper is an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8.
- 9.16 Effective Date of Release and Acquisition. The effective date of the release by a Releasing Shipper and acquisition by a Replacement Shipper shall be on the date so designated in the Replacement Capacity Agreement (posted term effective date) or Storage Service agreement referenced above.
- 9.17 Rates.
- (a) The reservation rates for any released firm capacity shall be the reservation rates bid by Replacement Shipper. Such rate shall not be less than Transporter's minimum or more than Transporter's maximum reservation rates in effect from time to time, except as noted in Section 9.11(c) of the GT&C.
  - (b) Replacement Shipper shall pay the applicable maximum Quantity Injection Rate and Quantity Withdrawal Rate in addition to all other applicable charges and surcharge(s) for the service rendered unless otherwise agreed by Transporter.

Section 9.17 (Continued)

- (c) For a release based on a volumetric reservation rate, maximum and minimum reservation rates will be equal to the authorized overrun rates for Rate Schedule FS-1 as shown on the Statement of Rates.
- (d) The reservation charge(s) and reservation surcharge(s) for any index-based capacity release shall be determined according to NAESB WGQ Standard No. 5.3.67.

- 9.18 Marketing Fee. A Releasing Shipper may request that Transporter actively market the capacity to be released. In such event, the Releasing Shipper and Transporter shall negotiate the terms of the marketing service to be provided by Transporter and the marketing fee to be charged therefor.
- 9.19 Billing. Transporter shall bill Replacement Shipper the rate(s) specified in the Replacement Capacity Agreement and any other applicable charges, and surcharges, and Replacement Shipper shall pay the billed amounts directly to Transporter. The Releasing Shipper shall be billed the reservation charge associated with the entire amount of released capacity pursuant to its contract rate. The Releasing Shipper shall also be billed a marketing fee, if applicable, pursuant to the provisions of Section 9.18 above. A Replacement Shipper who rereleases acquired capacity shall pay to Transporter a marketing fee, if applicable. Transporter will credit reservation charges to the Releasing Shipper at the same time as the Replacement Shipper is billed. Transporter will notify Releasing Shipper if Replacement Shipper fails to pay amounts due pursuant to the terms of Replacement Shipper's agreement. If a Replacement Shipper does not make payment to Transporter of any portion of the reservation charge(s) (including reservation surcharge(s)) due Transporter for service under the applicable Replacement Capacity Agreement when such amount is due, Releasing Shipper may terminate the release and the capacity released reverts to Releasing Shipper.
- 9.20 Nominations. All Nominations submitted by a Replacement Shipper must be in compliance with the provisions of the applicable Agreement under which service is being provided.
- 9.21 Compliance by Replacement Shipper. By acquiring released capacity, a Replacement Shipper agrees that it will comply with the terms and conditions of Transporter's certificate of public convenience and necessity authorizing this Capacity Release Program and all applicable FERC orders and regulations. Such Replacement Shipper also agrees to be responsible to Transporter for compliance with all terms and conditions of Transporter's Tariff, as well as the terms and conditions of the Replacement Capacity Agreement.

- 9.22      **Obligations of Releasing Shipper.** Releasing Shipper shall continue to be liable and responsible for all Storage Capacity and reservation charge(s) (including reservation surcharge(s)) associated with the released capacity up to the maximum Storage Capacity and reservation charge(s) specified in such Releasing Shipper's Storage Service agreement or Replacement Capacity Agreement. Rereleases by a Replacement Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this Section.
- 9.23      **Refunds.** In the event that the FERC orders refunds of any rate(s) charged by Transporter, Transporter shall flow-through refunds to any Replacement Shipper to the extent such Shipper has paid a rate in excess of Transporter's applicable maximum rate(s). For releases that become effective on or after July 30, 2008, the rate paid by a Replacement Shipper in any capacity release transaction with a term of one Year or less which is not subject to the maximum rate limitation will be deemed to be a final rate and is not subject to refund.
- 9.24      **Advertisements.** Any person may advertise for the purchase of capacity on Transporter's system on its EBB by submitting the desired advertisement (up to one page) to Transporter. Transporter shall post such advertisement on the Informational Postings portion of its EBB no later than the Business Day following receipt thereof if so requested, so long as the advertisement is not unlawful or inconsistent with Transporter's Tariff. The posted period requested may be for a period of time not to exceed one month. There will be no posting fee for such advertisements seeking to purchase capacity on Transporter's system. A response in and of itself to an advertisement seeking to purchase capacity never constitutes a capacity release. To release capacity, the Shipper holding the capacity rights must utilize the release procedures set forth in Section 9 of these General Terms and Conditions.

## 10. IMBALANCE MANAGEMENT

10.1 Determinations of Deliveries. At each Point of Injection or Withdrawal, allocated quantities shall be based upon a specified allocation procedure. Transactions Nominated by Shipper and scheduled and confirmed by Transporter pursuant to Section 6.5 shall be the basis for application of such allocation procedure.

- (a) At each Point of Injection and Withdrawal, Transporter shall reach agreement with the Interconnecting Party as to the Predetermined Allocation Agreement (PDA) to be used for the next Gas Day.
  - (i) PDAs shall be established using the allocation methodologies and criteria set forth in the NAESB Standards.
  - (ii) PDAs for each Gas Day shall be agreed to prior to Gas flow.
  - (iii) Transporter shall post via Electronic Transmission the PDA methodology to be used at each Point of Injection and Point of Withdrawal.
  - (iv) In the event that less than Confirmed Nominations are to be allocated, Transporter shall use the Ranks provided in the affected Nominations to determine Shipper priorities to the extent that use of such Rank is not in conflict with other provisions of this Tariff.
  - (v) Transporter may enter into Operational Balancing Agreements ("OBA") at a Point of Injection or Withdrawal with the Interconnecting Party. An OBA is a contract between Transporter and an interconnecting operator which specifies the procedures to manage operating variances at an interconnect. (NAESB WGQ Standard No. 2.2.1) The form of agreement used by Transporter follows the format of the Model OBA developed by NAESB. Locations covered by an effective OBA do not require an additional PDA.

There is no need to submit pre-determined allocations if a transportation service provider has an OBA in effect for a point. (NAESB WGQ Standard No. 2.3.3)
  - (vi) Liability for Interruption. If service under this Tariff is interrupted consistent with this Section, Transporter shall not be liable for damages resulting from the implementation of the procedures described herein.

- (b) The types of allocation methodologies is a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations should be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation. (NAESB WGQ Standard No. 2.3.18)

Absent agreement to a PDA methodology, quantities at each Point of Injection or Withdrawal shall be allocated pro rata based on Scheduled Quantities (Confirmed Quantities).

- (c) The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of Gas Day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation.

This standard applies to the daily provision of operational allocated quantities whether they are provided pursuant to NAESB WGQ Standard No. 2.4.3 or NAESB WGQ Standard No. 2.4.4.

Upon request to its Transportation Service Provider (TSP), a Service Requester (SR) should be provided operational allocated quantities pursuant to NAESB WGQ Standard Nos. 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by such TSP for the SR.

A TSP can agree to send the operational allocated quantities on a daily basis to a SR rather than accept the Request for Information (NAESB WGQ Standard No. 2.4.7) for operational allocated quantities.

A TSP is not required to support requests for operational allocated quantities other than on an “all locations for a SR basis.” Where a TSP has determined to support this standard in a manner other than:

- (A) providing specific operational allocated quantities in response to a request for same, or
- (B) providing operational allocated quantities on an “all locations for an SR basis,”

then the SR can rely on the absence of a line item(s) provided by a TSP as indicative that the particular line item(s)’ scheduled quantities are operational allocated quantities. (NAESB WGQ Standard No. 2.3.21)

- (i) The responsibility for calculation and reporting of allocated quantities should rest with the party responsible for accepting NAESB WGQ allocation types. The party receiving Nominations should provide allocation statements (NAESB WGQ Standard No. 2.3.22).

- (ii) In most cases, allocations shall be final as posted. However, during any Month, an adjustment to a previous Day's PDA shall be permitted by Transporter only if all affected parties (including Transporter) consent in writing to the adjustment. Such adjustments shall be permitted through the fifth Day of the following Month.
- (d) Transporter's PDA and Shipper Imbalance communication provided via EDM shall conform to the requirements of the Data Dictionary standards as referenced below:
  - (i) Predetermined Allocation as set forth in NAESB Standard 2.4.1.
  - (ii) Allocation as set forth in NAESB Standard 2.4.3.
  - (iii) Shipper Imbalance as set forth in NAESB Standard 2.4.4.
- (e) Allocations are considered final upon issuance of related invoices. However, should an error in the basis of an allocation be determined after final allocations have been made, the revised allocation quantity shall be attributed to the Shipper's account for the original production Month. No imbalance penalty should be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. (NAESB WGQ Standard No. 2.3.31)

The time limitation for disputes of allocations should be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. (NAESB WGQ Standard No. 2.3.26) No current month penalty provisions will be adversely affected by implementation of a retroactive.

## 11. SYSTEM OPERATIONAL PARAMETERS

- 11.1 Force Majeure. In the event of either Party's being rendered, wholly or in part by force majeure, unable to carry out its obligations under the Agreement, it is agreed that when such Party gives notice and full particulars of such force majeure, in writing or by facsimile, to the other Party which shall be done as soon as practicable after the occurrence of the causes relied on, then the obligations of the Parties hereto, other than its obligation to make payments of amounts due hereunder, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch. However, if quantities of Shipper's Gas are destroyed by an event of force majeure while in Transporter's possession, the obligations of the Parties under the Agreement shall terminate with respect to the quantities lost.

The term "force majeure" as used in this Tariff shall include, but shall not be limited to, acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy or terrorists, wars, blockades, insurrections, riots, epidemics, landslides, lightning, volcanoes, hurricanes, tornadoes, earthquakes, fires, storms, floods, washouts, arrest and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, freezing of pipeline, partial or entire failure of wells, failure to obtain materials and supplies due to governmental regulations, and causes of like or similar kind, whether herein enumerated or not, and not within the control of the Party claiming suspension, and which by the exercise of due diligence such Party is unable to overcome; provided that the exercise of due diligence shall not require settlement of labor disputes against the better judgment of the Party having the dispute.

The term "force majeure" as employed herein shall also include, but shall not be limited to, inability to obtain or acquire at reasonable cost, grants, servitudes, rights-of-way, permits, licenses, or any other authorizations from third parties or agencies (private or governmental) or inability to obtain or acquire at reasonable cost necessary materials or supplies to construct, maintain, and operate any facilities required for the performance of any obligations under the Agreement, when any such inability directly or indirectly contributes to or results in either Party's inability to perform its obligations. In events of force majeure, Transporter's responsibility will be limited to taking reasonable and prudent actions to eliminate or remedy such circumstances, and Transporter shall have no liability for any losses occasioned by events of force majeure.



## 12. BILLING AND PAYMENT

12.1 Statement by Transporter. On or before the ninth (9th) Business Day of each Month, Transporter shall Render or furnish via email or other methods described in Section 12.2 to Shipper and Replacement Shipper, as appropriate, a statement setting forth information relevant to the preceding Month's transactions under the agreement.

### 12.2 Invoice, Payment and Late Charges

- (a) Invoice. On or before the ninth (9th) Business Day of each Month, Transporter shall invoice Shipper and Replacement Shipper, as appropriate, for services provided by Transporter during the preceding Month.
  - (i) Invoices shall be deemed Rendered when Transporter posts notification on its electronic bulletin board that invoices are final. Shipper may also access their invoice on Transporter's interactive website or may request to have invoices Rendered via U.S. Mail. If the Shipper elects to have invoices Rendered via U.S. Mail, then Shipper's invoice shall be deemed Rendered when Transporter places such invoice in the U.S. Mail service with sufficient postage for delivery to the person and address designated pursuant to the applicable service agreement.
  - (ii) A Shipper may request a complimentary e-mail notification of posting of the invoice on the electronic bulletin board, provided that it is the Shipper's responsibility to maintain current e-mail information with Transporter to ensure delivery.
  - (iii) A Shipper may elect to change its invoice delivery mechanism by notifying Transporter before the end of the Month to be effective for the next billing cycle.
- (b) Payment. Shipper and Replacement Shipper, as appropriate, shall pay the invoiced amount within ten (10) calendar days of the invoice date. Unless otherwise specified in an applicable Tariff, General Terms and Conditions, or contract, the effective payment due date of an invoice when such due date does not fall upon a Business Day (as defined in NAESB WGQ Standard No. 3.2.1) should be the first Business Day following the due date. (NAESB WGQ Standard No. 3.3.25)

Party making payment should submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date. (NAESB WGQ Standard No. 3.3.17)

12.2 Invoice, Payment and Late Charges (continued)

(b) (continued)

Payment received from Shipper and Replacement Shipper, as appropriate, shall be accompanied by a payment remittance setting forth the total payment and amount of payment to apply to late charges pursuant to Section 12.2(c) and each outstanding invoice by invoice number. Subject to Section 12.2(c), Transporter shall apply payment per the payment remittance. If the invoice is in dispute, Shipper and Replacement Shipper, as appropriate, shall pay the portion not in dispute and provide documentation identifying the basis for the dispute.

- (c) Late Charges. Should Shipper and/or Replacement Shipper fail to remit all invoiced amounts when due, Shipper and/or Replacement Shipper shall pay Transporter a late charge based on the unpaid balance. Such late charge shall accrue daily from the due date at a rate of interest equal to, and shall be compounded in accordance with, the provisions of 18 CFR Section 154.501(d). In the event a late charge accrues to an amount less than \$10, Transporter will not invoice the late charge amount and such charge shall not be reflected on Shipper's account. Subject to requirements of regulatory bodies having jurisdiction and without prejudice to any other rights and remedies available to Transporter under the law and the agreement(s), Transporter shall have the right but not the obligation to discontinue Storage Service hereunder if any charges remain unpaid for 30 days after the due date thereof. Storage Service may be resumed upon payment by Shipper of all unpaid charges.

- 12.3 Corrections. Prior period adjustment time limits should be 6 Months from the date of the initial transportation invoice and 7 Months from date of initial sales invoice with a 3-Month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods. (NAESB WGQ Standard No. 3.3.15)

This limitation does not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact, nor shall this limitation diminish the Parties' other statutory or contractual rights. If there is a deliberate omission or misrepresentation of fact, there will be no time limit on correction of the invoice. If there has been a mutual mistake of fact, no correction shall be made for an invoice error unless the Party gives notice thereof within twelve (12) Months after the error was committed. Mutual agreement between parties, legal decisions, and regulatory guidance may be necessary to determine if the event qualifies for an extension of the above time periods.

- 12.4 Prepayment of Reservation Charges and Storage Capacity Charges. Upon a firm Shipper's election, such Shipper may, at any time, prepay reservation charges and storage capacity charges under the agreement. If the Shipper elects to prepay such charges and the agreement is subsequently terminated in accordance with terms set forth in the agreement, Transporter shall refund to Shipper that portion of any prepayment which applies to the period subsequent to the termination.
- 12.5 Municipality Limited Liability. If a Shipper is a municipally-owned utility (local government owned entity engaged in the provision of utility service to its constituents), then these additional provisions will apply. Transporter may agree that it will not collect a municipally-owned utility's unpaid invoices from the other financial resources of the governing municipality insofar as the law governing the municipality's utility operations prevents such actions. Transporter may also agree to condition the effectiveness of multi-year obligations on appropriations, but to obtain such a condition from Transporter, Shipper must agree to request sufficient monies in the governing municipality's appropriations process to meet its expected obligations under any service agreement with Transporter. Upon request, Transporter agrees to include a provision in Shipper's service agreement detailing the requirements of this section.

### 13. FUEL REIMBURSEMENT

- 13.1 The Fuel Reimbursement percentage shall be stated on the Statement of Rates in Transporter's Tariff and shall apply to all Shippers as pursuant to the Rate Schedules in this Tariff.
- 13.2 Fuel Reimbursement shall mean a quantity of fuel Gas and lost and unaccounted for quantities, if applicable, stated in terms of a percentage of the quantities Tendered for injection, required to accomplish the Storage Service. The percentage associated with injection quantities shall be updated at least annually, to be effective January 1 of a given year. At its election, Transporter may submit Fuel Reimbursement percentage adjustment filings more frequently than annually. The Fuel Reimbursement percentage shall be calculated using the most recent twelve months of available fuel Gas consumption, true-up fuel Gas quantities, lost and unaccounted for quantities and injection data ending two calendar months before the filing date (the "data collection period").
- 13.3 True Up Adjustment Mechanism  
The calculation of the Fuel Reimbursement percentage shall include an annual true up feature. The true up feature will be implemented as follows:
- (a) For the Fuel Reimbursement percentage, consistent with the provisions of Section 13.2, fuel Gas shall be (1) the sum of actual gas used during the 12 month data collection period and (2) the amount, if any, of under or over recovered Gas (positive or negative) which is accumulated for the twelve months of data reported in each fuel filing. The sum of these two components shall be divided by the actual injection quantity Tendered by Shippers during the same 12 month data collection period.
    - (i) The over or under recovered fuel Gas shall be determined each month and shall consist of the difference between (1) the actual Gas used according to Transporter's books and records and (2) the quantity of Gas received from Shippers pursuant to this provision. Prior period adjustments, either credits or debits, will be included.
    - (ii) The monthly over or under recovered fuel Gas shall be recorded in a net deferred asset or net deferred liability account. The actual balance (positive or negative) for each twelve month period shall be recovered from or credited to Shippers prospectively in each subsequent annual fuel filing unless cashed out pursuant to Section 13.4. The deferred account will be subdivided so that each twelve month period's accumulation of under or over recovered fuel quantities and the amortization thereof will be kept separate from future accumulations. Any over or under recovery will be carried forward to the next period. Prior period adjustments, either credits or debits will be included. Any amortization of fuel Gas quantities will be accounted for and reported in each fuel filing.

- 13.4 The net Fuel Reimbursement percentage may not be less than zero. Should the net percentage result in a percentage less than zero, the net Fuel Reimbursement percentage shall be set to zero and Transporter shall cash out (within 60 days following acceptance of the annual filing) any remaining over collected quantities pro rata based on each Shipper's injection quantities during the data collection period compared to the total injection quantities during the data collection period. The total cash out amount to be allocated to Shippers shall be calculated by multiplying any remaining over collected quantities times a weighted average price for the data collection period. The weighted average price shall be calculated by summing the product of the total injection quantity for each day of the data collection period times the applicable daily index price for CIG as published in the Natural Gas Intelligence ("NGI") Daily Gas Price Index and then dividing that sum by the total injection quantity for the data collection period.
- 13.5 Fuel Reimbursement percentages shall be posted by and be effective at the beginning of the Month.
- 13.6 Fuel Reimbursement calculations shall be accomplished pursuant to NAESB Standards.
- (a) Fuel Reimbursement calculations shall be rounded to the nearest Dth for each Nomination transaction.
  - (b) When the fuel reimbursement method is fuel in-kind, the standard fuel calculation mechanism, as this is related to the nomination process, should be  $(1 - (\text{Fuel Reimbursement Percentage}))$  multiplied by the quantity of Gas Tendered for Injection equals Injection Quantity.
  - (c) For in-kind fuel reimbursement methods, Service Providers should not reject a nomination for reasons of rounding differences due to fuel calculation of less than 5 Dth. (NAESB WGQ Standard No. 1.3.29)
  - (d) The transportation priority for fuel should be the same as the level of service as the transaction to which it applies. (NAESB WGQ Standard No. 1.3.31)

## 14. PENALTIES

- 14.1 Retained Gas Crediting. In the event gas is retained under Section 2.3 of Rate Schedule FS-1 or Section 2.5 of the Form of Service Agreement applicable to Rate Schedule IS-1 or Sections 6.3 and 6.5 of Rate Schedule PAL-1, the value of such gas will be credited (net of costs associated with the disposal of such Gas) to all non-offending firm and interruptible shippers by invoice credit. Such credit shall be in proportion to the volumes injected for each Shipper during the storage year in which the gas was retained, and shall be made not later than 90 days after the end of such storage year by Transporter and submitted to Shipper pursuant to Section 12.2 of the General Terms and Conditions of this Tariff. The value of the credit will be determined by multiplying the quantity of the gas retained (Dth) by the average of the daily average index price for CIG as published on the Natural Gas Intelligence (“NGI”) Daily Price Index for each day of the production month. Should the NGI Daily Gas Price Index become unavailable, Transporter shall calculate the credit based on information posted in a similar publication.

## 15. REVENUE SHARING

- 15.1 The actual revenues, net of all variable costs, received by Transporter in any calendar year, for service under Rate Schedule IS-1 shall be credited to all firm Shippers by invoice credit. Such credit shall be in proportion to the Storage Service reservation charge revenues received from each such Shipper during the subject calendar year, and shall be made not later than the January statement by Transporter submitted to Shipper pursuant to Section 12.2 of the General Terms and Conditions of this Tariff.

## 16. RESERVATION AND CAPACITY CHARGE CREDIT

- 16.1 Reservation Charge Adjustment. If Transporter, on any Day within the Withdrawal Period, fails to withdraw from storage and Tender the quantities requested to be withdrawn by Shipper from storage up to Shipper's ADWQ, the Reservation Charge for the Month in which such Day occurs will be reduced. Such reduction shall be in an amount equal to the product obtained by multiplying the quantity of Gas that Transporter failed to withdraw and Tender on any such Day (up to Shipper's ADWQ) by the Reservation Rate as set forth in Exhibit A of the Agreement (converted to a daily amount by being divided by the number of days in the month) rounded to the nearest hundredth of a cent. Such amount shall be credited against Shipper's Reservation Charge for the next Month.

Transporter shall not be required to adjust the Reservation Charge if failure to accept Gas from Shipper for injection or failure to withdraw and Tender Gas for Shipper's account is due to Shipper's failure to perform in accordance with this Rate Schedule, the Agreement, or this Tariff.

- 16.2 Storage Capacity Charge Adjustment. If Transporter, during the Injection Period, fails to accept from Shipper quantities of Gas Tendered by Shipper for injection into storage, up to Shipper's MAC, Transporter shall provide a credit to Shipper. Such credit shall be in an amount equal to the lesser of (1) the product of the quantity of Gas Transporter failed to accept multiplied by the Storage Capacity Rate as set forth in Exhibit A of the Agreement or (2) the difference between Shipper's MAC and the amount actually in storage for Shipper's account on the last Day of the Injection Period multiplied by the Storage Capacity Rate as set forth in Exhibit A of the Agreement.

Transporter shall not be required to provide a Storage Capacity Charge Adjustment if failure to inject Shipper's MAC is due to Shipper's failure to perform in accordance with this Rate Schedule, the Agreement, or this Tariff.



## 17. ANNUAL CHARGE ADJUSTMENT SURCHARGE

### 17.1 Annual Charge Adjustment Provision

- (a) Purpose. For the purpose of funding of the FERC's costs incurred in any fiscal year, this Section 17.1 establishes an Annual Charge Adjustment ("ACA") as calculated by the FERC which shall be applicable to Transporter's storage Rate Schedules FS-1 and IS-1, and Rate Schedule PAL-1. All amounts assessed pursuant to this section shall be recorded in FERC Account No. 928. Transporter will not seek to recover these annual charges in a NGA Section 4 rate case.
- (b) Basis of the Annual Charge Adjustment. The Rate Schedules referred to in Section 17.1(a) shall be subject to the ACA Surcharge on injection. Such ACA Surcharge shall be the unit charge shown on the FERC's website, as revised and posted annually. Such surcharge is incorporated by reference into Transporter's currently effective FERC Gas Tariff.
- (c) The effective date of surcharges pursuant to this section shall be October 1.

## 18. WAIVERS

- 18.1 The failure of either Party hereto at any time to require performance by the other Party of any provision of the Agreement shall in no way affect the right of such Party thereafter to enforce the same, nor shall the waiver by either Party of any breach of any provision hereof by the other Party be taken or held to be a waiver by such Party of any succeeding breach of such provision, or as a waiver of the provision itself.

## 19. DESCRIPTIVE HEADINGS

- 19.1 The headings contained in any Agreement executed pursuant to the Terms and Conditions of this Tariff, in the applicable Rate Schedule, and in the General Terms and Conditions are for reference purposes only and shall not affect the meaning or interpretation of the Agreement.

## 20. ELECTRONIC BULLETIN BOARD

### 20.1 General

- (a) Definition. "Electronic Bulletin Board" or "EBB" shall mean the electronic system(s) established by Transporter to effectuate the exchange of both public and proprietary information between Transporter and Shippers and/or Electronic Bulletin Board users. The distinction between Transporter's public and proprietary information systems, with regards to specific references to the "EBB" or "Electronic Bulletin Board" in this Tariff, are governed by the contextual usage of the terms. The EBB system will include Transporter's proprietary interactive website, which is utilized for the exchange of a customer's contract-specific information. In addition, the EBB system will present publicly available information as required by the regulatory mandate of various Commission orders, especially the Order No. 636 series of orders. The details of the EBB system meeting these regulatory requirements are described in the remainder of this Section 20.
- (b) Transporter supports via Electronic Communication, the exchange of certain business information utilizing the EDI data sets included in the NAESB Standards.

### 20.2 Electronic Bulletin Board System Characteristics and Information.

- (a) Regulatory Requirements. Transporter will maintain an Electronic Bulletin Board, in compliance with the Commission's Order No. 636, et al., which will provide bulletin board users with information on storage capacity available from Transporter or through the capacity release provisions of Section 9 hereof. Transporter also complies with the regulatory requirements of the FERC as they relate to the provision of specific business information via EDI, in the manner described above.
- (b) Accessibility. The EBB will be generally accessible to anyone having executed the appropriate access agreements and forms and an internet connection. EDI information will be available to any party having executed an EDI Trading Partner Agreement with Transporter.

The EBB will be accessible seven days a week. Transporter proposes no user fee to any user of the EBB.

- (c) User-Friendliness and Interactive Features. The EBB will be menu-driven, with file search, download and on-line help capabilities. Information posted on the EBB will

Section 20.2(c) (Continued):

be chronologically sequenced with the most recent information presented first. Transporter will periodically purge the EBB to remove completed transactions.

Transporter's EBB will provide for interactive communication between Transporter and the Shippers and potential Shippers on Transporter's system. This interactive communication will include the ability to electronically submit offers to release capacity, to receive bids in response to such offers, to validate and evaluate the bids, and to execute contracts formalizing such releases and acquisitions of capacity.

- (d) Retention and Availability of EBB Information. Routine, on-line retention of data will depend upon the nature of the data and the relevance of its availability to the business decisions of the Shipper. Transporter will conduct a daily backup of the EBB information. This information will be archived for three years on electronic media. Shippers or other parties desiring specific historical data may request, either electronically or in writing, a search of the archived information. Transporter will provide, at party's discretion, hardcopy or electronic media versions of the requested data and will charge a fee to recover the costs of the time and materials associated with the data search and recovery.

- 20.3 Posting of Available Capacity. Transporter will post on the EBB, and will make available via EDI utilizing the NAESB Standard data sets, separately stated information relating to the firm and interruptible storage capacity available in its storage system, detailed as to whether capacity is available from Transporter or through the Capacity Release provisions of this Tariff.

This information will be reviewed and updated daily, weekly, or monthly, as appropriate.

- 20.4 Posting of Notice of Intent to Acquire Capacity. In the event a party is interested in acquiring ("Interested Party") capacity on Transporter's system, Transporter shall post a Notice of Intent to Acquire Capacity ("Notice") on its electronic bulletin board within one (1) Business Day of receipt of such Notice. The Notice shall remain posted for no longer than 30 Days. To be qualified to post a Notice, the Interested Party must be prequalified pursuant to Section 9.4 of this Tariff for the level of capacity it seeks to acquire. The Interested Party may furnish all data for posting which it deems appropriate, but at a minimum, such data shall include the following:

- (a) Interested Party's legal name, address, and person to contact for additional information;
- (b) the term of the proposed acquisition;
- (c) the maximum Reservation Rate(s) (including reservation surcharge(s)) the Interested Party is willing to pay for the capacity;

- 20.5      Expiring Firm Contracts. Posting of terms and conditions for contracts nearing expiration, and the bidding for the capacity of the non-renewed contracts will be accomplished on the EBB pursuant to Section 4.3 these General Terms and Conditions.
- 20.6      Miscellaneous Postings and Order No. 717 Compliance Requirements. Operational bulletins and advisories will be posted notifying Shippers and other parties of constrained capacity on Transporter's system and facility outages, planned or otherwise. In addition, Transporter will utilize the EBB to post general interest informational bulletins related to topics other than Transporter's system operation, such as Shipper's declaration of an Essential Human Needs Emergency and request for voluntary diversions as detailed in Section 6.5(c) of these General Terms and Conditions.

Compliance reporting for affiliate transactions and standards of conduct information, required by the Commission's Order No. 717, will be provided on Transporter's EBB. Notwithstanding Section 20.2(d) of the GT&C, Transporter shall retain its affiliate waiver log for five years from the date of posting.

## 21. AFFILIATE-RELATED INFORMATION

- 21.1 Shared facilities between Transporter's transmission function employees and the marketing function employees of Transporter's affiliate(s), if any, are posted on Transporter's electronic bulletin board.

22. Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.2, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

**Standards not Incorporated by Reference and their Location in Tariff:**

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver as adopted by the NAESB Board of Directors on April 4, 2013, Transporter may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that Transporter includes appropriate citations in the submission.

Transporter has elected to reproduce only the following Business Practice and Electronic Communications standards, NAESB WGQ Version 3.2, that are protected by NAESB's copyright. With respect to each reproduced standard (including any minor corrections), Transporter incorporates the following: © 1996 - 2020 North American Energy Standards Board, Inc., all rights reserved.

| <u>NAESB Standard</u> | <u>Tariff Record</u>  |
|-----------------------|---|
| 1.2.4                 | Part IV: General Terms and Conditions ("GT&C") Section 1.29 |
| 1.2.5                 | GT&C Section 1.40   |
| 1.2.8                 | GT&C Section 1.9(a)   |
| 1.2.9                 | GT&C Section 1.9(b)   |
| 1.2.10                | GT&C Section 1.9(c)   |
| 1.2.11                | GT&C Section 1.9(d)   |
| 1.2.12                | GT&C Section 6.1(e)(vi)                                     |
| 1.3.2(i) – (vi)       | GT&C Section 6  |
| 1.3.3                 | GT&C Section 6.1(j)   |
| 1.3.7                 | GT&C Section 6.1(b)(i).                                     |
| 1.3.9                 | GT&C Section 6.1(b)(v)                                      |
| 1.3.11                | GT&C Section 6.1(e)(vii)                                    |
| 1.3.13                | GT&C Section 6.1(e)(ix)                                     |
| 1.3.14                | GT&C Section 1.55   |
| 1.3.19                | GT&C Section 6.1(i)   |
| 1.3.20                | GT&C Section 6.2(c)   |
| 1.3.21                | GT&C Section 6.1  |
| 1.3.22(i)-(iii)       | GT&C Sections 6.2(g)  |
| 1.3.22(iv)            | GT&C Section 6.2(h)   |
| 1.3.23                | GT&C Section 6.2(f)   |
| 1.3.24                | GT&C Section 1.40   |



**Standards not Incorporated by Reference and their Location in Tariff:**

(Continued)

|        |   |
|--------|---|
| 1.3.25 | GT&C Section 1.40                                 |
| 1.3.29 | GT&C Section 13.6(c)                              |
| 1.3.31 | GT&C Section 13.6(d)                              |
| 1.3.32 | GT&C Section 6.1(e)(i)                            |
| 1.3.33 | GT&C Section 6.1(e)(vii)                          |
| 1.3.35 | GT&C Section 6.2(a)                               |
| 1.3.36 | GT&C Section 6.2(b)                               |
| 1.3.37 | GT&C Section 6.1(a)(iv)                           |
| 1.3.38 | GT&C Section 6.1(a)(v)                            |
| 1.3.39 | GT&C Section 1.6                                  |
| 1.3.40 | GT&C Section 1.9                                  |
| 1.3.44 | GT&C Section 6.1(e)(iv)                           |
| 1.3.45 | GT&C Section 6.2(d)                               |
| 1.3.51 | GT&C Section 6.1(e)(v)                            |
| 2.2.1  | GT&C Section 10.1(a)(v)                           |
| 2.3.3  | GT&C Section 10.1(a)(v)                           |
| 2.3.7  | GT&C Section 2.1                                  |
| 2.3.8  | GT&C Section 2.2                                  |
| 2.3.9  | GT&C Section 1.5                                  |
| 2.3.10 | GT&C Section 1.5                                  |
| 2.3.13 | GT&C Section 2.1                                  |
| 2.3.14 | GT&C Section 2.1                                  |
| 2.3.18 | GT&C Section 10.1(b)                              |
| 2.3.21 | GT&C Section 10.1(c)                              |
| 2.3.22 | GT&C Section 10.1(c)(i)                           |
| 2.3.26 | GT&C Section 10.1(e)                              |
| 2.3.31 | GT&C Section 10.1(e)                              |
| 3.2.1  | GT&C Section 1.7                                  |
| 3.3.15 | GT&C Section 12.3                                 |
| 3.3.17 | GT&C Section 12.2(b)                              |
| 3.3.25 | GT&C Section 12.2(b)                              |
| 5.2.2  | GT&C Section 6.1(e)(iv)(B)                        |
| 5.2.4  | GT&C Section 1.46B                                |
| 5.2.5  | GT&C Section 1.46A                                |
| 5.3.2  | GT&C Section 9.5(c)                               |
| 5.3.22 | Part II: Statement of Rates Section 3, Footnote 3 |
| 5.3.34 | GT&C Section 6.1(e)(iv)(B)                        |
| 5.3.44 | GT&C Section 9.13                                 |
| 5.3.45 | GT&C Section 9.13(b)                              |
| 5.3.51 | GT&C Section 9.7(c)                               |
| 5.3.53 | GT&C Section 9.13(f)                              |
| 5.3.54 | GT&C Section 9.13(f)                              |
| 5.3.56 | GT&C Section 9.13(e)                              |

**Standards Incorporated by Reference:**

**Additional Standards:**

**General:**

Definitions:

0.2.5

Standards:

0.3.1, 0.3.2, 0.3.16, 0.3.17

**Creditworthiness:**

Standards:

0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

**Gas/Electric Operational Communications:**

Definitions:

0.2.1, 0.2.2, 0.2.3, 0.2.4

Standards:

0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

**Operating Capacity and Unsubscribed:**

Standards:

0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets:

0.4.2, 0.4.3

**Location Data Download:**

Standards:

0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:

0.4.4

**Storage Information:**

Dataset:

0.4.1

### **Nominations Related Standards:**

#### Definitions:

1.2.1, 1.2.2, 1.2.3, 1.2.6, 1.2.13, 1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

#### Standards:

1.3.1, 1.3.4, 1.3.5, 1.3.6, 1.3.8, 1.3.15, 1.3.16, 1.3.26, 1.3.27, 1.3.28, 1.3.30, 1.3.34, 1.3.41, 1.3.42, 1.3.43, 1.3.46, 1.3.48, 1.3.53, 1.3.55, 1.3.56, 1.3.58, 1.3.62, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69, 1.3.70, 1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.79, 1.3.80, 1.3.81, 1.3.82

#### Data Sets:

1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

### **Flowing Gas Related Standards:**

#### Definitions:

2.2.2, 2.2.3, 2.2.4, 2.2.5

#### Standards:

2.3.1, 2.3.2, 2.3.4, 2.3.5, 2.3.6, 2.3.11, 2.3.12, 2.3.15, 2.3.16, 2.3.17, 2.3.19, 2.3.20, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.29, 2.3.30, 2.3.32, 2.3.40, 2.3.41, 2.3.42, 2.3.43, 2.3.44, 2.3.45, 2.3.46, 2.3.47, 2.3.48, 2.3.50, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.3.65, 2.3.66

#### Datasets:

2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.17, 2.4.18

### **Invoicing Related Standards:**

#### Standards:

3.3.3, 3.3.4, 3.3.5, 3.3.7, 3.3.8, 3.3.9, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14, 3.3.16, 3.3.18, 3.3.19, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.26, 3.3.27

#### Datasets:

3.4.1, 3.4.2, 3.4.3, 3.4.4

### **Quadrant Electronic Delivery Mechanism Related Standards:**

#### **Definitions:**

4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

#### **Standards:**

4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.89, 4.3.90, 4.3.91, 4.3.92, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.109, 4.3.110

### **Capacity Release Related Standards:**

#### **Definitions:**

5.2.1, 5.2.3

#### **Standards:**

5.3.1, 5.3.3, 5.3.4, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.23, 5.3.24, 5.3.25, 5.3.26, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.52, 5.3.55, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.62a, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

#### **Datasets:**

5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

### **Internet Electronic Transport Related Standards:**

#### **Definitions:**

10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38, 10.2.39

#### **Standards:**

10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27, 10.3.28, 10.3.29

**Standards for which Waiver or Extension of Time to Comply have been granted:**

| <b><u>NAESB Standard</u></b> | <b><u>Waiver, Variance or Extension of Time</u></b> | <b><u>Relevant Tariff Section and/or Description</u></b>             | <b><u>Initial Order Granting Request</u></b>   | <b><u>Most Recent Order Granting Continuation</u></b> |
|------------------------------|---|--|--|---|
| 0.4.1                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 1.3.2                        | Variance  | GT&C Section 6.1 Extension of nomination cycle deadlines.            | RP06-36-000, November 4, 2005 (unpublished letter order)<br>154 FERC ¶ 61,250 (2016) | 168 FERC ¶ 61,061 (2019)                              |
| 1.3.17                       | Extension   | Extension of time for implementation of standard relating to pooling | 78 FERC ¶ 61,130 (1997)  | 168 FERC ¶ 61,061 (2019)                              |
| 1.3.18                       | Extension   | Extension of time for implementation of standard related to pooling  | 78 FERC ¶ 61,130 (1997)  | 168 FERC ¶ 61,061 (2019)                              |
| 2.4.1                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 2.4.2                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 2.4.3                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 2.4.4                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 2.4.5                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 2.4.6                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 3.3.6                        | Extension   | Extension of time for implementation of standard related to pooling  | 78 FERC ¶ 61,130 (1997)  | 168 FERC ¶ 61,061 (2019)                              |
| 3.4.1                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 3.4.2                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 3.4.3                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 3.4.4                        | Extension   | Extension for EDI Implementation                                     |  |   |
| 4.3.60                       | Waiver  | Requirement for multi-factor authentication                          |  |   |

## 23. WARRANTY

- 23.1 Shipper warrants that it has title to all Gas Tendered to Transporter hereunder and at the time of Tender be free from all liens and adverse claims, and Shipper shall indemnify Transporter against all damages, costs, and expenses of any nature whatsoever arising from every claim against said Gas.

## 24. TAXES

- 24.1 All taxes, including but not limited to, production, ad valorem, gathering, Delivery, sales, severance, or excise taxes or assessments upon the Gas Tendered hereunder by Shipper to Transporter, which are now or hereafter in existence or authorized for collection by any state or other governmental agency or duly constituted authority, either directly or indirectly, shall be paid or caused to be paid by Shipper.
- 24.2 If at any time during the period that this Tariff remains effective, current Federal and state tax policy should change by legislation or otherwise, such change(s), as appropriate, shall be reflected in an upward or downward adjustment to Transporter's rates through an adjustment to Transporter's cost of service upon which such rates are derived. Any such increase or decrease shall be implemented on the first day of the calendar month which is no later than 45 days after the enactment or pronouncement of the change in policy and shall be effective on the effective date of such change in policy.

## 25. INDEMNIFICATION/LIABILITY

- 25.1      Liability. Each Party assumes full responsibility and liability arising from the installation, ownership, and operation of its pipelines and facilities and will hold the other Party harmless from any claim, loss, expense or liability (except as otherwise specifically provided in this Agreement) that such Party incurs on account of such installation, ownership, and operation.



## 26. COMPLAINT PROCEDURES

- 26.1 Formal Complaints. A complaint that a Shipper files at FERC in connection with Transporter's services must comply with the requirements in Rule Nos. 206, 213 and 218 of FERC's Rules of Practice and Procedure (18 CFR 385.206, 213 and 218).

The Shipper must serve a copy of the complaint to the address contained in the Points of Contact Section in this Tariff.

- 26.2 Informal Complaints. If a Shipper or a potential Shipper has a complaint that the Shipper wants handled on an informal basis (without filing the complaint at FERC), the complaint should be served to one of the addresses contained in the Points of Contact Section in this Tariff. Transporter will contact the Shipper as soon as possible to resolve the complaint. Submission of an informal complaint does not preclude the

Shipper from later filing a complaint at FERC if Transporter does not resolve the complaint to the Shipper's satisfaction. Transporter shall attempt to provide a satisfactory response at the time that a Shipper or a potential Shipper calls. Should a follow-up call by Transporter be necessary or agreed upon by Shipper or a potential Shipper and Transporter at the time of the initial call, Transporter shall so respond within seven days.

## 27. OPERATIONAL PURCHASES AND SALES

- 27.1 Transporter may buy and/or sell gas to the extent necessary: (i) to manage system storage; (ii) to balance fuel quantities; (iii) to implement the gas retention requirements of Rate Schedules FS-1, IS-1 and PAL-1; and (iv) to perform other operational functions of Transporter in connection with storage and other similar services.
- 27.2 Transporter will post its operational sales quantities for bidding on its electronic bulletin board in accordance with the applicable bidding provisions contained in Section 9 of the General Terms and Conditions of this Tariff.
- 27.3 Transporter will file a report on or before September 30 of each year reflecting the operational purchases/sales for the 12-month period ending the preceding June 30. The report will indicate the source of the operational gas purchased/sold, the date of such purchases/sales, volumes, the purchase/sale price, the costs and revenues from such purchases/sales and the disposition of the associated costs and revenues for operational purchases and sales.

28. MISCELLANEOUS SURCHARGES

Reserved

## PART V - FORMS OF SERVICE AGREEMENTS

### Preliminary Statement

Pursuant to Transporter's "Tariff Re-Organization" filing in Docket No. RP10-921; and subsequent filing pursuant to the electronic tariff requirements of Docket No. RM01-5, the pro forma service agreements contained in this Tariff are modified to reflect revised GT&C section references. As such, the currently Executed TSAs shall remain in effect and shall not be rendered non-conforming due to these modified references.

Former Article Reference  
Article 5

Current GT&C Section Reference  
Section 6

FORM OF STORAGE SERVICE AGREEMENT  
APPLICABLE TO RATE SCHEDULE FS-1

Agreement No. \_\_\_\_\_

FIRM STORAGE SERVICE AGREEMENT  
RATE SCHEDULE FS-1

between

YOUNG GAS STORAGE COMPANY, LTD.

and

\_\_\_\_\_  
(Shipper)

DATED: \_\_\_\_\_

(Placement of text on page, number of pages, numbering of sections, paragraphs, and footnotes, format, capitalization, heading and font may vary from Pro Forma to Service Agreement)

Agreement No. \_\_\_\_\_

Firm Storage Service Agreement  
Rate Schedule FS-1  
Dated: \_\_\_\_\_

1. Transporter: YOUNG GAS STORAGE COMPANY, LTD.
2. Shipper: \_\_\_\_\_
3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff, First Revised Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff"). This Agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC such changes in its rates and terms of service as it deems necessary, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Storage Service: Subject to the provisions of this Agreement and Transporter's Rate Schedule FS-1, Transporter agrees to inject during the Injection Period, store, and withdraw during the withdrawal Period Gas from storage on a firm basis for the account of Shipper.
6. Rates and Surcharges: As set forth in Exhibit A. Transporter and Shipper may also agree to a discount using one of the discount types described in Section 4.16 of the General Terms and Conditions of the Tariff.
7. Maximum Available Capacity ("MAC"): \_\_\_\_\_ Dth.  
Maximum Daily Injection Quantity ("MDIQ"): \_\_\_\_\_ Dth per Day.  
Maximum Daily Withdrawal Quantity ("MDWQ"): \_\_\_\_\_ Dth per Day.

(Insert again if Quantities change during term of service)

All storage entitlements as stated herein ("MAC", "MDIQ" and "MDWQ") are based on an Average Thermal Content of Gas in Storage of 1,000 Btu per cubic foot. The Available Daily Injection Quantity ("ADIQ"), Available Daily Withdrawal Quantity ("ADWQ"), and storage entitlements shall be subject to the General Terms and Conditions of the Tariff, and stated on Transporter's electronic bulletin board.

8. Term of Agreement: \_\_\_\_\_  
[Insert term of service including any (i) construction contingencies, (ii) extension rights such as an evergreen or rollover provision, (iii) contractual rights of first refusal and/or (iv) related termination provisions, as applicable.]

9. Notices, Statements, and Bills:

To Shipper: \_\_\_\_\_

Attn: \_\_\_\_\_

Invoices:

All Notices: \_\_\_\_\_

Attn: \_\_\_\_\_

To Transporter:

See "Points of Contact" in the Tariff.

10. Effect on Prior Agreement(s): \_\_\_\_\_.

11. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:  
YOUNG GAS STORAGE  
COMPANY, LTD.

SHIPPER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accepted and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Accepted and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

EXHIBIT A  
to  
FIRM STORAGE SERVICE  
RATE SCHEDULE FS-1  
between  
YOUNG GAS STORAGE COMPANY, LTD.  
and  
\_\_\_\_\_  
(Shipper)

DATED: \_\_\_\_\_

Shipper's Maximum Available Capacity ("MAC") (See ¶\_\_)  
Shipper's Maximum Daily Injection Quantity ("MDIQ") (See ¶\_\_)  
Shipper's Maximum Daily Withdrawal Quantity ("MDWQ") (See ¶\_\_)

The following data elements shall be described on this Exhibit A, as applicable:

Reservation Rate (1)  
Storage Capacity Rate (1)  
Quantity Injection Rate (1)  
Quantity Withdrawal Rate (1)  
Effective Dates (See ¶\_\_)  
Fuel Reimbursement (2)

Notes [Insert as applicable]:

- (1) Unless otherwise agreed by the Parties in writing, the rates for service hereunder shall be Transporter's maximum rates for service under Rate Schedule FS-1 or other superseding Rate Schedule, as such rates may be changed from time to time.

-and/or-

[Insert for discount rate(s), as necessary (e.g., (1a), (1b), etc.)]  
As provided in Section 4.6 of the General Terms & Conditions of the Tariff, the parties agree to the following discount rate(s)\_\_\_\_\_ (insert if applicable) which shall be payable regardless of quantities injected and/or withdrawn. The rate(s) charged under this Agreement shall not be less than the minimum, nor greater than the maximum rate provided in Transporter's Tariff.

- (2) Fuel Reimbursement shall be as stated on Transporter's Statement of Rates found in the Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.



- (4) Surcharges, If Applicable:  
All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated in the Statement of Rates in the Tariff, as they may be changed from time to time.

ACA:

The ACA Surcharge shall be assessed pursuant to Section 17 of the General Terms and Conditions as set forth in the Tariff.

FORM OF STORAGE SERVICE AGREEMENT  
APPLICABLE TO

Agreement No. \_\_\_\_\_

INTERRUPTIBLE STORAGE SERVICE AGREEMENT  
RATE SCHEDULE IS-1  
between

YOUNG GAS STORAGE COMPANY, LTD.

and

\_\_\_\_\_  
(Shipper)

DATED: \_\_\_\_\_

(Placement of text on page, number of pages, numbering of sections, paragraphs and footnotes, format, capitalization, heading and font may vary from Pro Forma to Service Agreement)

Agreement No. \_\_\_\_\_

Interruptible Storage Service Agreement  
Rate Schedule IS-1  
Dated: \_\_\_\_\_

1. Transporter: YOUNG GAS STORAGE COMPANY, LTD.
2. Shipper: \_\_\_\_\_
3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff, First Revised Volume No. 1, as the same may be amended or superseded from time to time ("the Tariff"). This agreement in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, the FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC such changes in its rates and terms of service as it deems necessary, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Storage Service: Upon Shipper's request Transporter may, on any Day and on an interruptible basis, accept quantities of Gas Tendered by Shipper at the Point of Injection and withdraw quantities of Gas from storage for Shipper's account at Point of Withdrawal pursuant to the Tariff.
6. Rates and Surcharges: As set forth in Exhibit A. Transporter and Shipper may also agree to a discount using one of the discount types described in Section 4.16 of the General Terms and Conditions of the Tariff.
7. Term of Agreement: \_\_\_\_\_  
[Insert term of service including any (i) extension rights such as an evergreen or rollover provision, and/or (ii) related termination provisions, as applicable.]
8. Notices, Statements, and Bills:  
    To Shipper: \_\_\_\_\_  
    \_\_\_\_\_  
    \_\_\_\_\_  
    Attn: \_\_\_\_\_  
    Invoices: \_\_\_\_\_  
    All Notices: \_\_\_\_\_  
    \_\_\_\_\_  
    \_\_\_\_\_  
    Attn: \_\_\_\_\_  
    To Transporter: \_\_\_\_\_

See "Points of Contact" in the Tariff.

9. Effect on Prior Agreement(s): \_\_\_\_\_.
10. Governing Law: Transporter and Shipper expressly agree that the laws of the State of Colorado shall govern the validity, construction, interpretation and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulations , or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:  
YOUNG GAS STORAGE  
COMPANY, LTD.

SHIPPER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accepted and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Accepted and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_

EXHIBIT A  
to  
INTERRUPTIBLE STORAGE SERVICE  
RATE SCHEDULE IS-1  
between  
YOUNG GAS STORAGE COMPANY, LTD.  
and  
\_\_\_\_\_  
(Shipper)

DATED: \_\_\_\_\_

Shipper's Maximum Available Capacity ("MAC") (See ¶\_\_)  
Shipper's Maximum Daily Injection Quantity ("MDIQ") (See ¶\_\_)  
Shipper's Maximum Daily Withdrawal Quantity ("MDWQ") (See ¶\_\_)

The following data elements shall be described on this Exhibit A, as applicable:

Interruptible Storage Rate (1)  
Quantity Injection Rate (1)  
Quantity Withdrawal Rate (1)  
Effective Dates (See ¶\_\_)  
Fuel Reimbursement (2)

Notes [Insert as applicable]:

- (1) Unless otherwise agreed by the Parties in writing, the rates for service hereunder shall be Transporter's maximum rates for service under Rate Schedule IS-1 or other superseding Rate Schedule, as such rates may be changed from time to time.

-and/or

[Insert for discount rate(s), as necessary (e.g., (1a), (1b), etc.)]  
As provided in Section 4.6 of the General Terms & Conditions of Transporter's Tariff, the parties agree to the following discount rate(s)\_\_\_\_\_. The rate(s) charged under this Agreement shall not be less than the minimum, nor greater than the maximum rate provided in Transporter's Tariff.

- (2) Fuel Reimbursement shall be as stated on Transporter's Schedule of Surcharges and Fees in The Tariff, as they may be changed from time to time, unless otherwise agreed between the Parties.
- (3) Surcharges, If Applicable:

All applicable surcharges, unless otherwise specified, shall be the maximum surcharge rate as stated in the Statement of Rates in the Tariff, as they may be changed from time to time.

ACA:

The ACA Surcharge shall be assessed pursuant to Section 17 of the General Terms and Conditions as set forth in the Tariff.

FORM OF INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT  
APPLICABLE TO RATE SCHEDULE PAL-1

Agreement No. \_\_\_\_\_

INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT  
RATE SCHEDULE PAL-1

Between

YOUNG GAS STORAGE COMPANY, LTD.

and

\_\_\_\_\_  
(Shipper)

DATED: \_\_\_\_\_

(Placement of text on page, number of pages, numbering of paragraphs, sections and footnotes, format, capitalization, headings and font may vary from Pro Forma to Service Agreement)

Agreement No. \_\_\_\_\_

INTERRUPTIBLE PARKING AND LENDING SERVICE AGREEMENT

Rate Schedule PAL-1

Dated: \_\_\_\_\_

The Parties identified below, in consideration of their mutual promises, agree as follows:

1. Transporter: YOUNG GAS STORAGE COMPANY, LTD.
2. Shipper: \_\_\_\_\_
3. Applicable Tariff and Incorporation by Reference: Transporter's FERC Gas Tariff, First Revised Volume No. 1, as the same may be amended or superseded from time to time ("Tariff"). This Agreement and the associated Park and Loan Service Request Order(s) ("PAL RO") in all respects shall be subject to and shall incorporate as if set forth herein the provisions of the Tariff as filed with, and made effective by, FERC as same may change from time to time. Capitalized terms used and not otherwise defined in this Agreement have the meanings given to them in the Tariff.
4. Changes in Rates and Terms. Transporter shall have the right to propose to the FERC such changes in its rates and terms of service as it deems necessary, and this Agreement shall be deemed to include any changes which are made effective pursuant to FERC Order or regulation or provisions of law, without prejudice to Shipper's right to protest the same.
5. Parking and Lending Service: Upon Shipper's request Transporter may, on any Day and on an interruptible basis,
  - (a) hold (Park) the quantity Nominated to be Parked for Shipper's account at the designated PAL Point(s) on the designated date(s) specified in Shipper's PAL RO upon approval from Transporter and withdraw of such quantity on the designated date(s) as set forth in the PAL RO;
  - (b) advance (Loan) quantities of natural Gas Nominated by Shipper at the PAL Point(s) on the designated date(s) specified in Shipper's PAL RO and approved by Transporter. Shipper shall pay back such advanced quantities on the designated date(s) as set forth in the PAL RO.
6. Rates and Surcharges: As set forth in the PAL RO.



7. Term of Interruptible Parking and Lending Service:

[Insert term of service including any (i) construction contingencies, (ii) extension rights such as an evergreen or rollover, (iii) contractual rights of first refusal and/or (iv) related termination provisions, as applicable.]

8. Effect on Prior Agreement(s): \_\_\_\_\_.

9. Contact Information:

To Shipper: \_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

To Transporter:

See "Points of Contact" in the Tariff.

10. Governing Law: Transporter and Shipper expressly agree that the laws of Colorado shall govern the validity, construction, interpretation, and effect of this Agreement and of the applicable Tariff provisions. This Agreement is subject to all applicable rules, regulation, or orders issued by any court or regulatory agency with proper jurisdiction.

IN WITNESS WHEREOF, the Parties have executed this Agreement. This Agreement may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:  
YOUNG GAS STORAGE  
COMPANY, LTD.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accepted and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

SHIPPER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accepted and agreed to this  
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

Request Order No: \_\_\_\_\_

PARK AND LOAN SERVICE REQUEST ORDER ("PAL RO")

related to

RATE SCHEDULE PAL-1

between

YOUNG GAS STORAGE COMPANY, LTD.

and

\_\_\_\_\_  
(Shipper)

DATED: \_\_\_\_\_

1. PAL Agreement No: \_\_\_\_\_ Type of Service: Park \_\_\_\_\_ Loan \_\_\_\_\_
2. Maximum PAL Quantity: \_\_\_\_\_ (Dth)
3. PAL Point(s): \_\_\_\_\_
4. Schedule:

Date(s) Service to be Provided  
(May Reflect a Range of Dates)

Daily PAL Quantity (Dth)  
(May Reflect a Range of Quantities)

|             |                | Park or Loan Payback |                | Loan or Park Withdrawal |                |
|-------------|----------------|----------------------|----------------|-------------------------|----------------|
| <u>From</u> | <u>Through</u> | <u>Minimum</u>       | <u>Maximum</u> | <u>Minimum</u>          | <u>Maximum</u> |
| _____       | _____          | _____                | _____          | _____                   | _____          |
| _____       | _____          | _____                | _____          | _____                   | _____          |
| _____       | _____          | _____                | _____          | _____                   | _____          |
| _____       | _____          | _____                | _____          | _____                   | _____          |

5. Park and Loan Rates: Unless otherwise agreed by the Parties in this PAL RO, the Park and Loan Rates for service shall be Transporter's then effective maximum rates for service under Rate Schedule PAL-1 or other superseding Rate Schedule, as such rates may be changed from time to time. Should a discount rate apply pursuant to GT&C Section 4.6, such rate shall apply for only Parked or Loaned quantities withdrawn or paid back on the specified dates set forth above. Rates may vary based on quantity, time period, etc., as set forth in this PAL RO.

| <u>From</u> | <u>Through</u> | <u>Rate Description</u> | <u>Rate:</u> |
|-------------|----------------|-------------------------|--------------|
| _____       | _____          | _____                   | _____        |
| _____       | _____          | _____                   | _____        |

6. Notices, Statements, and Bills:

To Shipper: \_\_\_\_\_

Invoices: \_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

All Notices: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Attn: \_\_\_\_\_

To Transporter: See "Points of Contact" in the Tariff

7. Other Conditions (if applicable): \_\_\_\_\_

IN WITNESS WHEREOF, the Parties have executed this PAL RO. This PAL RO may be executed by electronic means and an electronic signature shall be treated in all respects as having the same effect as a handwritten signature.

TRANSPORTER:  
YOUNG GAS STORAGE  
COMPANY, LTD.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Accepted and agreed to this

\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

SHIPPER:

\_\_\_\_\_

\_\_\_\_\_

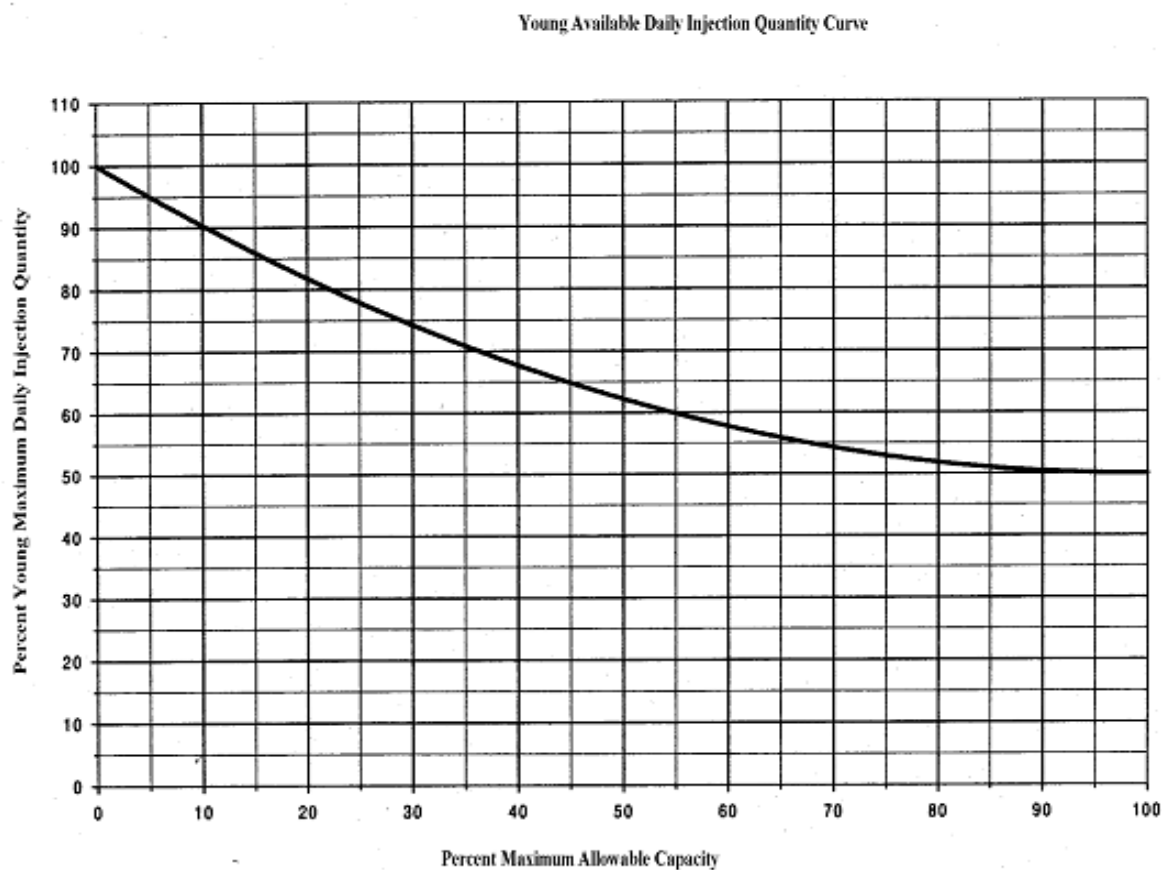
\_\_\_\_\_

Accepted and agreed to this

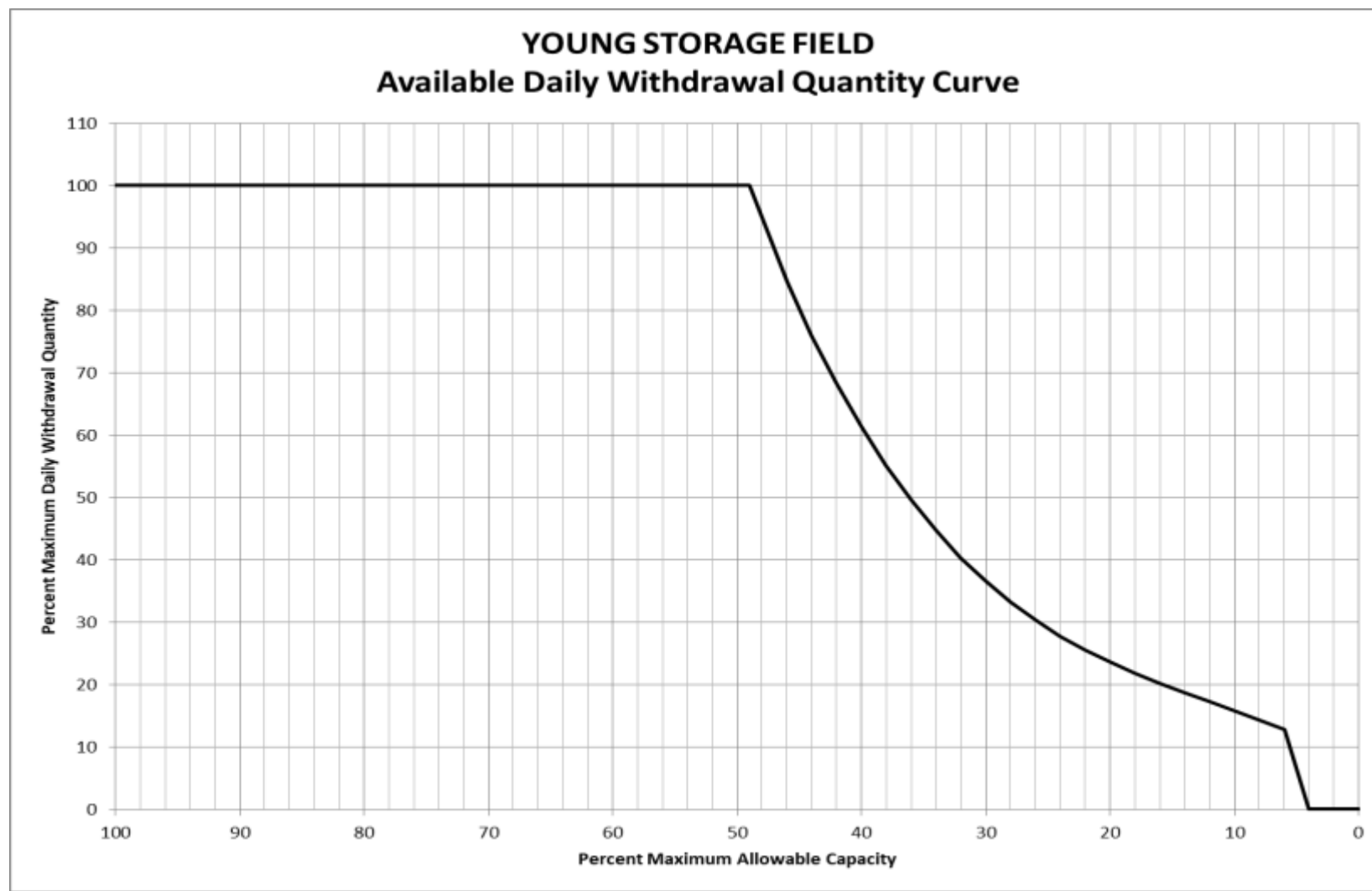
\_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

## PART VI - GRAPHICAL ILLUSTRATIONS

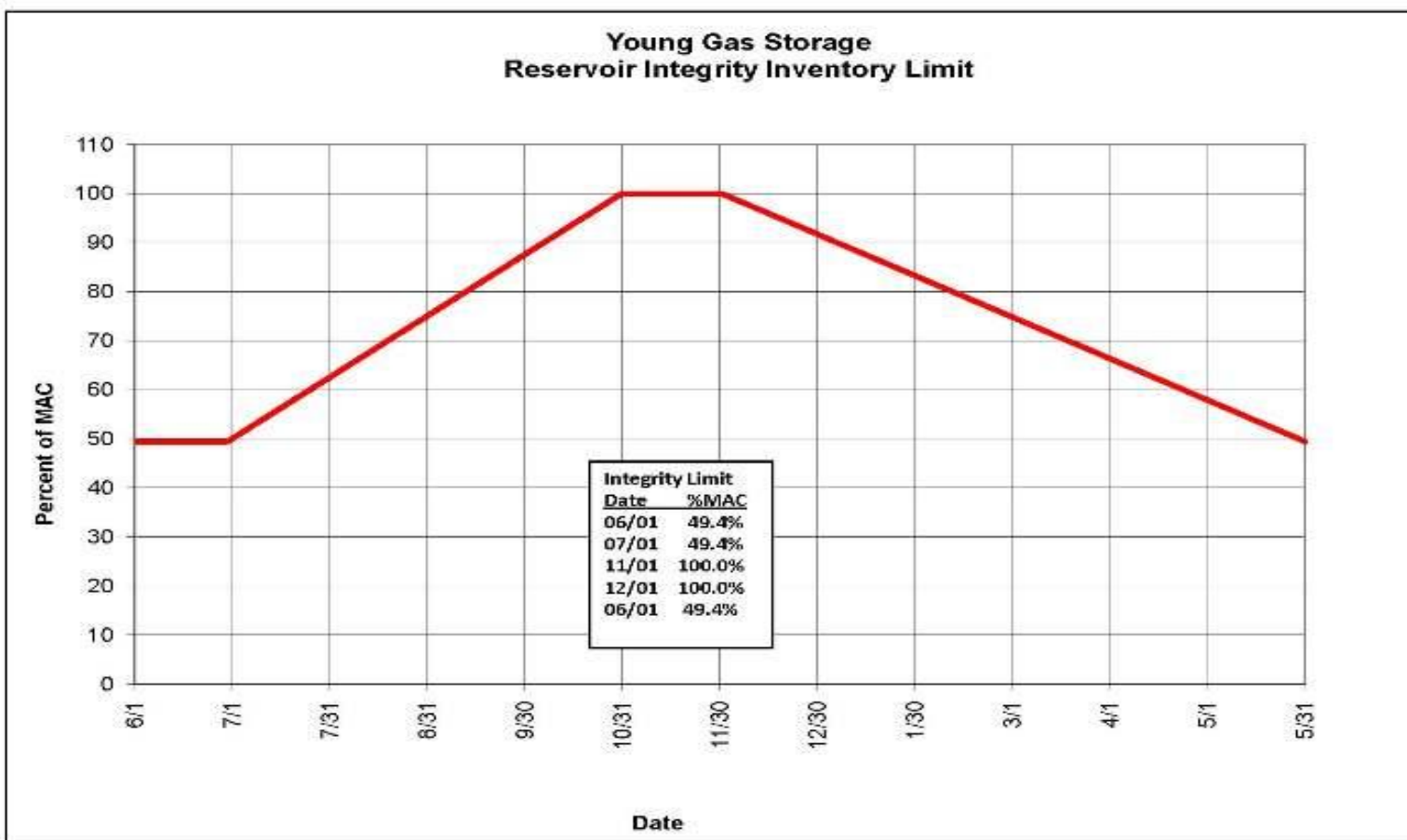
PART VI – GRAPHICAL ILLUSTRATIONS  
SECTION 1 - YOUNG AVAILABLE DAILY INJECTION QUANTITY CURVE  
Pursuant to Part IV – Section 1.1



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



PART VI – GRAPHICAL ILLUSTRATIONS  
SECTION 3 - YOUNG RESERVOIR INTEGRITY INVENTORY LIMIT CURVE  
Pursuant to Part IV – Section 1.52



Section 1. Nomination Scheduling Timeline. All Times are Central Clock Time

| Time<br>CCT | Day Ahead of Flow<br>Effective Flow Time Start of Next Gas Day  | Day of Flow   |
|-------------|---|---|
| Midnight    |   |   |
| 1:00 AM     |   |   |
| 2:00 AM     |   |   |
| 3:00 AM     |   |   |
| 4:00 AM     |   |   |
| 5:00 AM     |   |   |
| 6:00 AM     |   |   |
| 7:00 AM     |   |   |
| 8:00 AM     |   |   |
| 9:00 AM     |   | Timely and Evening Effective Flow Time  |
| 10:15 AM    |   | ID 1 Nominations Leave Control of SR  |
| 10:30 AM    |   | ID 1 Nominations Received by Transporter;<br>ID 1 Nomination Quick Response Issued by Transporter to SR |
| 11:00 AM    |   |   |
| Noon        |   |   |
| 12:30 PM    |   | ID 1 Completed Confirmations Due to Transporter from Confirming Party                                   |
| 1:00 PM     |   | ID 1 Scheduled Quantity Issued for SR and Point Operator by Transporter                                 |
| 1:15 PM     | Timely Nominations Leave Control of<br>Service Requester (SR)   |   |
| 1:30 PM     | Timely Nominations Received by<br>Transporter;<br>Timely Nomination Quick Response Issued<br>by Transporter to SR   |   |
| 2:00 PM     |   | ID 1 Effective Flow Time  |
| 2:30 PM     |   |   |
| 2:45 PM     |   | ID 2 Nominations Leave Control of SR  |
| 3:00 PM     |   | ID 2 Nominations Received by Transporter;<br>ID 2 Nomination Quick Response Issued by Transporter to SR |
| 4:00 PM     |   |   |
| 4:30 PM     | Timely Completed Confirmations Due to<br>Transporter from Confirming Party  |   |
| 5:00 PM     | Timely Scheduled Quantity Received by SR<br>and Point Operator from Transporter                                     | ID 2 Completed Confirmations Due to Transporter from Confirming Party                                   |
| 5:30 PM     |   | ID 2 Scheduled Quantity Issued for SR and Point Operator by Transporter                                 |
| 6:00 PM     |   | ID 2 Effective Flow Time  |
| 6:15 PM     | Evening Nominations Leave Control of SR   |   |
| 6:30 PM     | Evening Nominations Received by<br>Transporter;<br>Evening Nomination Quick Response<br>Issued by Transporter to SR |   |
| 7:00 PM     |   |   |
| 7:15 PM     |   | ID 3 Nominations Leave Control of SR  |
| 7:30 PM     |   | ID 3 Nominations Received by Transporter;<br>ID 3 Nomination Quick Response Issued by Transporter to SR |
| 8:00 PM     |   |   |
| 8:30 PM     | Evening Completed Confirmations Due to<br>Transporter from Confirming Party   |   |
| 9:00 PM     | Evening Scheduled Quantity Issued for SR<br>and Point Operator by Transporter                                       |   |
| 9:30 PM     |   | ID 3 Completed Confirmations Due to Transporter from Confirming Party                                   |
| 10:00 PM    |   | ID 3 Scheduled Quantity Issued for SR and Point Operator by Transporter;<br>ID 3 Effective Flow Time    |
| 11:00 PM    |   |   |
| 11:59 PM    |   |   |



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**Young Gas Storage Company, Ltd.  
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**Part VI: Graphical Illus Section 2 - Available Daily Withdrawal Version3.0.0 July 1,  
2019**

**Part VI: Graphical Illus Section 3 - Young Reservoir Integrity Inventory Limit  
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**Part VI: Graphical Illus Section 4 - Nomination Scheduling Timeline Version0.0.0  
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