

FERC GAS TARIFF
SECOND REVISED VOLUME NO. 1
of
MOUNTAINWEST PIPELINE, LLC
filed with the
FEDERAL ENERGY REGULATORY COMMISSION

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PRELIMINARY STATEMENT

PRELIMINARY STATEMENT

MountainWest Pipeline, LLC (MountainWest or Transporter) is a natural-gas transmission company that provides transportation and storage services in Utah, Colorado and Wyoming.

This Federal Energy Regulatory Commission (FERC) Gas Tariff, Second Revised Volume No. 1 (Tariff) includes General Terms and Conditions, Rate Schedules and Forms of Agreements for the transportation services provided by MountainWest, according to 18 CFR Part 284, Subparts B and G, under Rate Schedules T-1, NNT, and T-2; open-access storage services at MountainWest's peaking and Clay Basin storage fields under Rate Schedules PKS, FSS and ISS and park and loan service under Rate Schedules PAL1 and PAL2.

SYSTEM MAPS

Uniform Resource Locator (URL) for the Internet address to Transporter's system map pursuant to 18 CFR § 154.106:

<https://www.mwpipe.com/PdfViewer/MWP/SystemMapMWP>

Transporter's **CHDP** Zone Map can be viewed on its Internet Web Site, under Informational Postings > Gas Quality.

STATEMENT OF RATES FOR TRANSPORTATION OF NATURAL GAS

STATEMENT OF RATES

Rate Schedule/ Type of Charge (a)	Base Tariff Rate (\$) (b)
<u>TRANSPORTATION</u>	
FIRM TRANSPORTATION - T-1	
Systemwide Monthly Reservation Charge	
Maximum 4/.....	5.28804
Minimum	0.00000
SSXP Monthly Reservation Charge 2/	
Maximum 4/.....	7.82712
Minimum	0.00000
Usage Charge	
Maximum1/	0.00267
Minimum1/	0.00267
T-1Authorized Overrun Charge	
Maximum1/	0.17652
Minimum1/	0.00267
T-1Unauthorized Overrun Charge	
Critical.....	10.00000
Non-Critical.....	0.35304
SSXP Authorized Overrun Charge 2/	
Maximum1/	0.26000
Minimum1/	0.00267
SSXP Unauthorized Overrun Charge 2/	
Critical.....	10.00000
Non-Critical.....	0.52000
FP Addendum Maximum Peak Flow Rate Monthly Reservation Charge	
Maximum 4/.....	2.64402
Minimum	0.00000
PARKING AND LOANING SERVICE - PAL2	
Initiation Charge	
Maximum	0.20846
Minimum	0.03276
Daily Inventory Charge	
Maximum	0.17570
Minimum	0.00000
NO-NOTICE TRANSPORTATION - NNT	
Monthly Reservation Charge	
Maximum 4/.....	0.86753
Minimum	0.00000
INTERRUPTIBLE TRANSPORTATION- T-2	
Systemwide Usage Charge	
Maximum1/	0.17652
Minimum1/	0.00267
Systemwide Unauthorized Overrun Charge	
Critical.....	10.00000
Non-Critical.....	0.35304
SSXP Usage Charge 2/	
Maximum1/	0.26000
Minimum1/	0.00267
SSXP Unauthorized Overrun Charge 2/	
Critical.....	10.00000
Non-Critical.....	0.52000
FUEL REIMBURSEMENT – 0.79% in-kind for Rate Schedules T-1 and T-2.	
OPTIONAL VOLUMETRIC RELEASES /	
FIRM TRANSPORTATION - T-1	
Systemwide Volumetric Charge	
Maximum 4/.....	0.17385
Minimum	0.00000
SSXP Volumetric Charge 2/	
Maximum 4/.....	0.25733
Minimum	0.00000
Pipeline Usage Charges Applicable to Volumetric Releases 3/	
Maximum1/	0.00267
Minimum1/	0.00267

STATEMENT OF RATES

Rate Schedule/ Type of Charge (a)	Base Tariff Rate (\$) (b)
PEAKING STORAGE	
Firm Peaking Storage Service - PKS	
Monthly Reservation Charge	
Maximum 4/.....	2.87375
Minimum	0.00000
Usage Charge	
Injection.....	0.03872
Withdrawal	0.03872
CLAY BASIN STORAGE	
Firm Storage Service - FSS	
Monthly Reservation Charge	
Deliverability	
Maximum 4/.....	2.85338
Minimum	0.00000
Capacity	
Maximum.....	0.02378
Minimum	0.00000
Usage Charge	
Injection1/.....	0.01049
Withdrawal	0.01781
Authorized Overrun Charge.....	
Maximum1/.....	0.30315
Minimum1/	0.01781
Interruptible Storage Service - ISS	
Usage Charge	
Inventory 5/	
Maximum.....	0.05927
Minimum	0.00000
Injection1/.....	0.01049
Withdrawal	0.01781
OPTIONAL VOLUMETRIC RELEASES /	
Peaking Storage Service - PKS	
Maximum 4/.....	3.40890
Minimum	0.00000
Firm Storage Service - FSS	
Maximum 4/.....	0.57068
Minimum	0.00000
Storage Usage Charges Applicable to Volumetric Releases 6/	
Peaking Storage Service - PKS:	
Injection.....	0.03872
Withdrawal	0.03872
Clay Basin Storage Service - FSS:	
Injection1/.....	0.01049
Withdrawal	0.01781
PARK AND LOAN SERVICE - PAL1	
Daily Charge	
Maximum.....	0.30315
Minimum	0.00000
Delivery Charge1/.....	0.02830
<u>FUEL REIMBURSEMENT</u> - 2.0% (0.2% utility and 1.8% compressor fuel) for Rate Schedule PAL1	

OTHER CHARGES

Marketing Fee: - As negotiated between Transporter and Shipper when Transporter actively markets Shipper's Released Capacity.

Imbalance Charge: According to § 12 of the General Terms and Conditions.

Imbalance Trading Fee: - 2¢/Dth with a \$500 minimum if Transporter actively markets and facilitates the trade.

Monthly Off-System Capacity Charge: Costs imposed by Transporter's off-system capacity provider. See § 29 of Part 1 of the General Terms and Conditions.

FOOTNOTES

- 1/ In addition to the stated rate, a Commission-approved Annual Charge Adjustment (ACA) unit charge, as published on the Commission's web site (www.ferc.gov), is incorporated by reference and will be charged according to § 16 of the General Terms and Conditions of Part 1 of this tariff.
- 2/ The SSXP charges are applicable to Rate Schedule T-1 and T-2 service made possible by capacity created through Transporter's Southern System Expansion approved in Docket No. CP05-5-000.
- 3/ Pipeline usage charges are applicable to transportation services that are released at a volumetric rate and will be billed according to § 17.2 of the General Terms and Conditions of Part 1 of this Tariff.
- 4/ Short-term capacity releases for a term of one year or less are not subject to the maximum rate limit.
- 5/ Applied to the average monthly working gas balance.
- 6/ Storage usage charges are applicable to storage services that are released at a volumetric rate and will be billed to the replacement Shipper according to § 17.2 of the General Terms and Conditions of Part 1 of this Tariff.

STATEMENT OF NEGOTIATED RATES
 (Rates per Dth/m)

Shipper/Rate Schedule Identification	Term of Contract	Quantity	Reservation Charge(s)	Usage Charge(s) 1/	Primary Rec. Point(s) 4/	Primary Del. Point(s) 4/
PacifiCorp #4980 (T-1)	2/1/2014 – 3/31/2044 6/	90,000	\$4.17712	3/	MAP 370, 409, 429	MAP 332
Wapiti Rocky Mountain, L.L.C. #7070 (T-1) 2/	11/1/2023 – 10/31/2028 6/	5,600	\$5.28804	3/	MAP 836	MAP 410
Questar Gas Co. #7507 (PKS) 2/	4/1/2024 – 8/31/2028 6/	5/	3/	5/	MAP 187	MAP 187
Ovintiv Marketing Inc #7577 (T-1) 2/	7/12/2024 – 7/11/2039 7/	37,766	\$5.28804	3/	MAP 458	MAP 821

Footnotes

- 1/ Shipper shall also pay the applicable ACA usage surcharge.
- 2/ This contract does not deviate in any material aspect from the Form of Service Agreement.
- 3/ The maximum rate in Transporter's Statement of Rates.
- 4/ Shippers frequently, even daily, seek to amend receipt and/or delivery measurement and allocation points (MAP) under these contracts. However, these amendments are usually limited to one or two points and all MAP changes that are granted, are kept on file indefinitely.
- 5/ The maximum working gas inventory under this contract is 1,928,368 Dth during an annual injection/withdrawal period. For each period, additional volumes injected over 1,928,368 Dth will receive a discounted rate of \$0.01049 and additional volumes withdrawn over 1,928,368 Dth will receive a discounted rate of \$0.01781.
- 6/ Upon expiration, this agreement will continue year to year thereafter until terminated by either party upon 90 days written notice.
- 7/ Upon expiration, this agreement will continue month to month thereafter until terminated by either party upon 30 days written notice.

Non-Conforming Transportation Service Agreements
Pursuant to § 154.112(b)

<u>Name of Shipper/Contract No.</u>	<u>Rate Schedule</u>	<u>Agreement Date</u>
Northwest Pipeline GP #926	FSS	5-15-91
PacifiCorp #4980	T-1	11-27-13

PART 1 – TRANSPORTATION SERVICE

PART 1 – RATE SCHEDULES

RATE SCHEDULE T-1
FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

Transporter will provide transportation service under this Rate Schedule T-1 to any Shipper according to Part 284, Subparts B and G of the Commission's Regulations provided:

- (a) Transporter has pipeline system capacity available to render the requested firm service.
- (b) Shipper and Transporter have executed a transportation service agreement for service under Rate Schedule T-1.

2. APPLICABILITY AND CHARACTER OF SERVICE

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

- (a) Shall be firm service performed pursuant to 18 C.F.R. Part 284, Subparts B and G;
- (b) Shall apply to all gas transported by Transporter for Shipper under this rate schedule up to the reserved daily capacity (RDC) stated in the Transportation Service Agreement;
- (c) Shall be subject to curtailment only as provided in this Rate Schedule and in §§ 9 and 20 of the General Terms and Conditions;
- (d) Shall be provided according to availability determined by § 9 of the General Terms and Conditions; and
- (e) May be released on a permanent or temporary basis according to the terms of § 6 of the General Terms and Conditions.

2.2. Varying RDC. Transporter and Shipper may mutually agree, on a not unduly discriminatory basis, to varying RDC quantities during the term of the transportation service agreement. For each Transportation Service Agreement executed in accordance with this § 2.2, each of the varying RDC quantities will be set forth in the transportation service agreement. Shipper shall have a Right of First Refusal in accordance with the provisions of the General Terms and Conditions of Transporter's Tariff to retain the RDC in effect on the termination **date of Shipper's** Transportation Service Agreement.

2.3. Authorized Overrun Service. Upon the request of Shipper, if capacity is available and if system integrity is not jeopardized, Transporter will transport and deliver quantities of gas exceeding Shipper's RDC specified in the Shipper's Service Agreement, subject to the terms of §§ 9 and 11 of the General Terms and Conditions of Part 1. The service (i) shall be available only to the extent it does not impair Transporter's ability to provide service under any other rate schedule (including service up to Shipper's

RDC under this Rate Schedule), (ii) is interruptible, and (iii) is subject to the Authorized Overrun Charge.

3. RATE PROVISIONS

3.1 Specified Charges. The charges for transportation service under this Rate Schedule, except as provided for in § 3.4 (Negotiated Rates) of this Rate Schedule, shall be those listed in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

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

(i) The Reservation Charge will be stated in the Transportation Service Agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(ii) Shipper shall be obligated to pay the monthly Reservation Charge beginning with Shipper's execution of a Transportation Service Agreement.

(iii) If, at any time, Transporter is unable to receive from or deliver to Shipper the quantity of natural gas nominated under the Shipper's Transportation Service Agreement (up to shipper's RDC), the Reservation Charge otherwise payable for the affected month shall be adjusted by the product of the quantity of natural gas Transporter failed to receive or deliver and the monthly Reservation Charge specified in the Transportation Service Agreement divided by the number of days in that month. The adjustment shall be reflected in Transporter's billing to Shipper.

(iv) Except as provided for elsewhere in this tariff, if Shipper releases its capacity Shipper will remain liable for the Reservation Charge.

(b) Usage Charge. Shipper shall pay the appropriate usage charge for all gas nominated by Shipper and scheduled by Transporter for delivery. The usage charge shall be stated in the Transportation Service Agreement.

(c) Authorized Overrun Charge. The Authorized Overrun Charge shall apply to all quantities of gas transported for Shipper under § 2.3 of this Rate Schedule and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(d) Unauthorized Overrun Charge. Shipper shall pay the unauthorized overrun charge listed on Transporter's Statement of Rates for all Unauthorized Overrun quantities of gas.

(e) Fuel Reimbursement. Shipper shall reimburse Transporter in kind for Fuel Use and Lost-and-unaccounted-for gas according to § 12.15 of the General Terms and Conditions and the Statement of Rates.

- (f) Additional Facility Charge. Any charge for additional facilities required to provide transportation service to Shipper will be determined according to §§ 15 and 17 of the General Terms and Conditions of Part 1.
 - (g) Annual Charge Adjustment. The Commission-authorized ACA unit charge **published on the Commission's web site (www.ferc.gov)** shall apply to all quantities of gas transported for Shipper under this Rate Schedule, including those transported pursuant to § 2.3 of this Rate Schedule.
 - (h) Cashout. Shipper imbalances will be cashed out according to § 12.6 of the General Terms and Conditions.
 - (i) Marketing Fee. Shipper and Transporter may agree upon a fee to be paid by Shipper to Transporter when Transporter actively markets any capacity that is released to a replacement Shipper.
 - (j) Imbalance Trading Fee. Shipper shall pay Transporter a fee as listed on the Statement of Rates for any imbalance trades that are actively marketed and facilitated by Transporter.
 - (k) Interruptible Credits. Shippers shall be reimbursed with interruptible revenue credits, if any, according to § 17.3 of the General Terms and Conditions.
 - (l) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this Rate Schedule.
- 3.2. Rate Changes. Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Transportation Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the Transportation Service Agreement.
- 3.3 Flexible Rates. Nothing in this Tariff limits Transporter's right to implement different rates and charges in individual transportation service agreements under this rate schedule within the ranges shown on the Statement of Rates. Transporter is not required to tender a service agreement or provide transportation service when service has been requested at a discounted rate.
- Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charges, the individual Shippers affected, the quantity of gas transported and any other information that may be required.
- 3.4 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions, negotiate a rate for service under this Rate Schedule.
-

Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. This provision, in and of itself, does not allow Transporter and Shipper to negotiate terms and conditions of service.

4. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this rate schedule.

Transporter will issue a statement to Shipper setting forth the fees paid by Transporter to implement the transportation service. The amount to be reimbursed shall be paid by Shipper with the next payment for service following receipt of Transporter's statement

5. RECEIPT AND DELIVERY

The Primary Receipt and Delivery Points for gas tendered by Shipper to Transporter shall be the Points designated in the Transportation Service Agreement. All other Receipt and Delivery Points on Transporter's system will be available as Alternate Points to Shippers under this Rate Schedule on an interruptible basis according to § 9 of the General Terms and Conditions.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions included in Part 1 of this Tariff apply to service provided under this Rate Schedule and are incorporated by reference.

RATE SCHEDULE NNT
NO-NOTICE TRANSPORTATION SERVICE

1. AVAILABILITY

Transporter will provide transportation service under this Rate Schedule NNT to any Shipper according to Part 284, Subparts B and G of the Commission's Regulations provided:

- (a) Shipper and Transporter have executed Transportation and Storage Service Agreements (TSA and SSA, respectively) under Rate Schedules T-1, NNT, and FSS and/or PKS.
- (b) The quantity of NNT service is (1) within Shipper's RDC stated in its Rate Schedule T-1 TSA and (2) within the aggregate of **Shipper's** available withdrawal capacity stated in its Rate Schedule FSS SSA(s) and/or **Shippers' maximum daily** withdrawal quantity stated in its Rate Schedule PKS SSA(s).

2. APPLICABILITY AND CHARACTER OF SERVICE

The transportation service provided under this Rate Schedule:

- (a) Shall be firm service performed pursuant to 18 CFR Part 284.7, Subparts B and G;
- (b) Shall apply to the quantities of gas provided by and transported for Shipper under this Rate Schedule up to the level of service specified in the NNT TSA;
- (c) **Provides for reservation of firm transportation capacity in excess of Shipper's** nomination up to the level of service specified in the NNT TSA, not to exceed the RDC of the associated firm TSA(s), where such reservation of capacity shall be determined as a ratio of the capacity assigned to the primary delivery points of the associated firm TSA(s);
- (d) Supplements firm transportation services with no-notice service, to allow Transporter to **adjust Shipper's Gas Day supply in** order to accommodate Gas Day **demand, which may vary from Shipper's nomination within the level of service stated in Shipper's NNT TSA**, and where total deliveries for a Gas Day do not **exceed Shipper's T-1 level of service**;
- (e) Allows Transporter to utilize **Shipper's available Storage injection or withdrawal service, together with Shipper's available firm transportation service, to balance supply in order to meet actual demand, and to adjust Shipper's nominations to reflect the change in supply and demand**;
- (f) Allows Shipper to aggregate multiple firm TSAs so long as the total NNT service utilized on any Gas Day does not exceed (1) the level of service specified in the NNT TSA and (2) the sum of the level of firm transportation service specified in the applicable firm TSA(s);

- (g) Shall result in a daily no-notice calculation equal to the difference between the **sum of Shipper's nominations to those** Primary Delivery Points specified in the NNT TSA under the specified T-1 agreement(s), and the quantities actually delivered and/or allocated to Shipper at such delivery point(s);
- (h) Enables Transporter to automatically adjust the Delivery and Receipt Point nomination(s) by that difference as described in ¶12(g) and as provided hereunder: (1) when the quantity of gas delivered at Primary Delivery Points specified in **Shipper's NNT and T-1 TSAs** is less than the quantity of gas nominated for delivery at such Points, Transporter will automatically inject the difference into **storage on Shipper's behalf up to Shipper's level of NNT service, subject to Shipper's available injection allocation;** (2) when the quantity of gas delivered at Primary Delivery Points specified in **Shipper's NNT and T-1 TSAs** is greater than the quantity of gas nominated for delivery at such Points, Transporter will **automatically withdraw the difference from storage on Shipper's behalf up to the Shipper's level of NNT service, subject to Shipper's available withdrawal capacity;**
- (i) Shall be subject to curtailment only as provided in § 20 of the General Terms and Conditions¹⁷ or due to the lack of Shipper's gas supply;
- (j) Shall be provided according to availability determined by § 9 of the General Terms and Conditions; and
- (k) Shall be subject to operational availability when the Primary Delivery Point(s) **designated in Shipper's T-1 TSA(s)** are flexed to Alternate Delivery Point(s).

3. CONDITIONS OF SERVICE

- (a) Transporter will not purchase or otherwise provide gas to supply a Shipper's NNT TSA. Shipper will receive only the amount of NNT service that its designated NNT source(s) can provide.
- (b) Shipper shall be solely responsible for providing adequate available Storage capacity associated with the working gas balance of its Storage SSA(s). Transporter shall not be obligated to deliver any level of NNT service in excess of the supplies available to Shipper pursuant to its Storage SSA(s). Injection or withdrawal from **Shipper's Storage** SSA(s) will be subject to the injection and withdrawal allocation as described in the General Terms and Conditions of Parts 2 and 3 of this Tariff.
- (c) Shipper will make provisions for load forecasting and will timely notify Transporter of changes to Shipper's daily demand.
- (d) Shipper authorizes Transporter to act on its behalf to **utilize Shipper's available Storage injection or withdrawal capacity, together with Shipper's available firm transportation service, to balance supply in order to meet actual demand and to adjust Shipper's nominations to reflect the change in supply and demand.**

- (e) Transporter may issue Operational Flow Orders requiring Shipper to provide gas supplies or to take any other actions necessary for Transporter to meet Shipper's NNT requirements. Shipper must comply with OFOs immediately.
- (f) If capacity is available and if operational integrity is not jeopardized, Transporter will receive from or deliver to Shipper a quantity of gas in excess of the level of service specified in the Shipper's TSA(s) and SSA(s), subject to the terms of §§ 9 and 11 of the General Terms and Conditions. The service (1) shall be available only to the extent it does not impair Transporter's ability to provide service under any other Rate Schedule (including service up to Shipper's level of service under this Rate Schedule), (2) is interruptible, and (3) is subject to the authorized overrun charge.
- (g) Shipper may assign or release its NNT service to any party that has executed TSA(s) under Rate Schedule T-1, and SSA(s) under Rate Schedules FSS and/or PKS, if the level of NNT service is (1) within the replacement Shipper's T-1 level of service, and (2) within **replacement Shipper's** available withdrawal capacity stated in its Rate Schedule FSS SSA(s) **and/or within replacement Shipper's maximum** daily withdrawal volume stated in its Rate Schedule PKS SSA(s), and (3) the replacement Shipper meets all conditions of no-notice service.
- (h) Any Shipper that releases T-1 RDC may receive NNT service only up to the lesser of (1) the T-1 level of service retained by the releasing Shipper, (2) the releasing Shipper's level of remaining NNT service, or (3) releasing Shipper's available withdrawal capacity stated in its Rate Schedule FSS SSA(s) **and/or Shipper's** maximum daily withdrawal volume stated in its Rate Schedule PKS SSA(s).

4. RATE PROVISIONS

4.1 Specified Charge. The charge for NNT service under this Rate Schedule shall be in addition to rates applicable to transportation service under Rate Schedule T-1 and, except as provided for in § 4.4 (Negotiated Rates) of this Rate Schedule, shall be listed on the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Reservation Charge. A monthly reservation charge shall be assessed for each Dth of Shipper's NNT service subject to the following conditions:
 - (i) The Reservation Charge will be stated in the NNT TSA and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
 - (ii) Shipper shall be obligated to pay the Reservation Charge beginning on the **first day of a term set forth in the Shipper's NNT TSA**.
- (b) Additional Facility Charge. Any charge for additional facilities necessary to provide NNT service to Shipper will be determined according to §§ 15 and 17 of the General Terms and Conditions.

4.2 Rate Changes. Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the TSA(s). Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the NNT TSA.

4.3 Flexible Rates. Nothing in this tariff limits Transporter's right to implement different rates and charges in individual TSA(s) under this Rate Schedule within the ranges shown on the Statement of Rates. Transporter is not required to tender a TSA or provide transportation service when service has been requested at a discounted rate.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charges, the individual Shippers affected, the quantity of gas transported and any other information that may be required.

4.4 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions, negotiate a rate for service under this Rate Schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. This provision, in and of itself, does not allow Transporter and Shipper to negotiate terms and conditions of service.

5. RECEIPT AND DELIVERY

The primary receipt and delivery points for gas tendered by Shipper and utilized by Transporter to provide NNT service shall be the points designated in the NNT TSA.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions included in Part 1 of this tariff apply to service provided under this Rate Schedule and are incorporated by reference.

^{1/} References in this Rate Schedule to "General Terms and Conditions" are to the provisions of this tariff in Part 1 General Terms and Conditions, unless otherwise specified.

RATE SCHEDULE T-2
INTERRUPTIBLE TRANSPORTATION SERVICE 1

1. AVAILABILITY

Transporter will provide transportation service under this Rate Schedule T-2 to any Shipper according to Part 284, Subparts B and G of the Commission's Regulations provided:

- (a) Transporter has the capability to provide the service.
- (b) Shipper and Transporter have executed a Transportation Service Agreement for service under Rate Schedule T-2.

2. APPLICABILITY AND CHARACTER OF SERVICE

The transportation service provided under this Rate Schedule:

- (a) Shall be interruptible service performed pursuant to 18 CFR Part 284, Subparts B and G;
- (b) Shall apply to all gas transported by Transporter for Shipper under this Rate Schedule up to the daily quantity as specified in the Transportation Service Agreement;
- (c) Shall be subject to interruption as provided in this Rate Schedule and in §§ 9 and 20 of the General Terms and Conditions; and
- (d) Shall be provided according to the priorities established in § 9 of the General Terms and Conditions.

3. RATE PROVISIONS

3.1. Specified Charges. The charges for transportation service under this Rate Schedule, except as provided in § 3.4 (Negotiated Rates) of this Rate Schedule, shall be those listed in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Usage Charge. Shipper shall pay the appropriate usage charge for all gas nominated by Shipper and scheduled by Transporter for delivery. The usage charge will be stated in the Transportation Service Agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
- (b) Fuel Reimbursement. Shipper shall reimburse Transporter for Fuel Use and Lost-and-unaccounted-for gas in kind according to § 12.15 of the General Terms and Conditions and the Statement of Rates.
- (c) Additional Facility Charge. Any charge for additional facilities necessary to provide transportation service to Shipper will be determined according to §§ 15 and 17 of the General Terms and Conditions of Part 1.

- (d) Annual Charge Adjustment. The Commission-authorized ACA unit charge **published on the Commission's web site (www.ferc.gov)** shall apply to all quantities of gas transported for Shipper under this rate schedule.
 - (e) Cashout. Shipper imbalances will be cashed out according to § 12.6 of the General Terms and Conditions.
 - (f) Imbalance Trading Fee. Shipper shall pay Transporter a fee as listed on the Statement of Rates for any imbalance trades that are actively marketed and facilitated by Transporter.
 - (g) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this Rate Schedule.
- 3.2. Rate Changes. Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Transportation Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the Transportation Service Agreement.
- 3.3. Flexible Rates. Nothing in this Tariff limits Transporter's right to implement different rates and charges in individual Transportation Service Agreements under this Rate Schedule within the ranges shown on the Statement of Rates. Transporter is not required to tender a service agreement or provide transportation service when service has been requested at a discounted rate.

Transporter will, prior to the beginning of the month and through use of Informational Postings, post rates at which it is willing to transport gas between specific Receipt and Delivery Points during the succeeding month. Transporter shall state the effective date of the rate change. A Shipper under this Rate Schedule paying a discounted rate at the time of notification may elect to pay a higher rate, or the maximum rate in order to maintain its priority of service. Acceptance of any new rate shall be confirmed and contracted for through MyQuorum.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charges, the individual Shippers affected, the quantity of gas transported and any other information that may be required.

- 3.4. Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions, negotiate a rate for service under this Rate Schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a Negotiated Rate does not, in any manner,

restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. This provision, in and of itself, does not allow Transporter and Shipper to negotiate terms and conditions of service.

4. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this Rate Schedule. Transporter will issue a statement to Shipper, setting forth the fees paid by Transporter to implement the transportation service. The amount to be reimbursed shall be paid by Shipper with the next payment for service following receipt of Transporter's statement.

5. RECEIPT AND DELIVERY

All Receipt and Delivery Points on Transporter's transmission system are available for use by interruptible Shippers upon nomination.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions included in Part 1 of this Tariff apply to service provided under this Rate Schedule and are incorporated by reference.

1/ References in this rate schedule to "General Terms and Conditions" are to the provisions of this tariff in Part 1 General Terms and Conditions.

RATE SCHEDULE PAL2
PARKING AND LOANING SERVICE

1. AVAILABILITY

Transporter will provide Parking and Loaning Service under this Rate Schedule PAL2 to any firm or interruptible transportation Shipper on Transporter's system provided:

- (a) Transporter has the capability to provide the service.
- (b) Shipper and Transporter have executed a Parking and Loaning Service Agreement for service under Rate Schedule PAL2.
- (c) Shipper has complied with all creditworthiness requirements set forth in § 8 of the General Terms and Conditions of Part 1 of this Tariff and has qualified to receive service under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

The Parking and Loaning Service provided under this Rate Schedule:

- (a) Shall apply to gas that is transported under a firm or interruptible Transportation Service Agreement and scheduled to Parking or Loaning under this Rate Schedule.
- (b) Shall be interruptible with the lowest priority of any service offered by Transporter.
- (c) Shall be provided only after all other transportation and storage service, including imbalance gas and Transporter's system requirements, are scheduled.
- (d) Shall, for parking service, consist of Transporter (i) accepting delivery of scheduled receipts into Shipper's parking account; (ii) holding the scheduled quantity of parked gas in its system under a parking account and (iii) making parked gas quantities available for a scheduled delivery off of Transporter's system, subject to the provisions of § 3(e) and (f) of this Rate Schedule.
- (e) Shall, for loaning service, consist of Transporter (i) making loaned gas quantities available for a scheduled delivery off of Transporter's system and (ii) accepting delivery of scheduled receipts as a return of previously loaned gas, subject to the conditions of §§ 3(e) and (f) of this Rate Schedule.

3. CONDITIONS OF SERVICE

The Parking and Loaning Service provided under this Rate Schedule shall be subject to the following conditions:

- (a) Service under this Rate Schedule shall be offered for a minimum of one day and a maximum of the number of days specified in the Parking and Loaning Service Agreement, subject to the conditions of §§ 3(e) and (f) of this Rate Schedule.

- (b) All Receipt and Delivery Points on Transporter's **system are available** for Parking and Loaning Service, subject to available transportation and storage capacity.
- (c) Transporter shall establish and maintain a parking and loaning account for each Shipper that has executed a Service Agreement for service under this Rate Schedule. Parked gas quantities shall be credited to Shipper's parking account and loaned gas quantities shall be debited to Shipper's loan account.
- (d) If, due to any cause whatsoever, Transporter cannot satisfy all nominations for service under this Rate Schedule, Transporter shall schedule nominated quantities by rate paid, from highest to lowest. Where two or more Shippers are paying the same rate, Transporter shall schedule nominated quantities *pro rata* up to the level requested. This procedure will continue until (1) all the requests are filled or (2) all available capacity is utilized.
- (e)
 - (i) If needed to protect the operational integrity of Transporter's **system**, Shipper may be required, within 72 hours (three nomination days) of notice by Transporter, to nominate delivery of all, or any portion of, quantities of gas parked on Transporter's system or to nominate receipt of all, or any portion of, loaned gas quantities at any non-constrained Delivery or Receipt Point, respectively. This § 3(e)(i) may be enforced to the extent it impairs Transporter's ability to provide service to another customer or threatens or impairs Transporter's system integrity.
 - (ii) Any parked gas quantity not scheduled to be removed within three nomination days of Transporter's notice shall be retained by Transporter and cashed out at the Tier 2 index gas price as provided in § 12.6 of the General Terms and Conditions of Part 1 of this tariff.
 - (iii) Shipper shall reimburse Transporter at the Tier 2 index gas price as provided in § 12.6 of the General Terms and Conditions of Part 1 of this Tariff for any loaned gas quantities not scheduled to be returned within the three-day nomination period.
 - (iv) Transporter will refund any excess revenues pursuant to § 12.7 of the General Terms and Conditions of Part 1 of this Tariff.
- (f)
 - (i) Shipper may be required, upon notification from Transporter for reasons other than operational (see (iii) below), to cease or reduce deliveries to or receipts from its parking account within the Gas Day, as rapidly as is consistent with Transporter's operating capabilities. If delivery capacity is available on Transporter's system and Shipper fails to arrange to take deliveries of parked gas quantities as required by Transporter within 30 days of Transporter's notice, that portion of Shipper's parking account, of which Shipper did not take delivery shall be retained by Transporter and cashed out at the Tier 1 index gas price set forth in § 12.6 of the General Terms and Conditions of Part 1 of this Tariff.
 - (ii) Shipper may be required, upon notification from Transporter for reasons other than operational (see (iii) below), to schedule, within the Gas Day and as

rapidly as is consistent with Transporter's operating capabilities, the return of all gas quantities loaned under this Rate Schedule. If receipt capacity is available on Transporter's system and Shipper fails to arrange to return loaned quantities of gas as required by Transporter within 30 days of Transporter's notice, Shipper shall reimburse Transporter at the Tier 1 index gas price set forth in § 12.6 of the General Terms and Conditions of Part 1 of this Tariff. However, if Transporter has loaned gas to a Shipper and the Shipper becomes uncreditworthy, Transporter may, at its option, require the return of the gas within five days or require the Shipper to be subject to the cashout provisions of § 12.6 of the General Terms and Conditions of this Tariff.

- (iii) When referring to § 3(f)(i) and (ii) above, reasons other than operational include: (1) termination of a Rate Schedule PAL2 service agreement, (2) Shipper no longer satisfies the creditworthiness requirements of § 8 of the General Terms and Conditions of Part 1 of this Tariff, and (3) the capacity utilized to provide service under Rate Schedule PAL2 is required to provide firm service or service to another Shipper at a higher rate.
- (iv) Transporter will refund any excess revenues pursuant to § 12.7 of the General Terms and Conditions of Part 1 of this Tariff.
- (g) Gas quantities may be nominated for delivery between a Shipper's parking or loaning account and its transportation imbalance for purposes of reducing or eliminating Shipper's imbalance. Nominations from the Shipper's parking or loaning account may not increase Shipper's transportation imbalance.
- (h) A Shipper may transfer quantities of gas among its PAL2 accounts that have been either parked on the system or loaned to the Shipper by Transporter. A Shipper making a transfer must provide Transporter with immediate written, facsimile or notice via MyQuorum of the transfer. The notice must include the account to which a Shipper's gas was transferred, the date of the transfer and the amount transferred. Transfers will not be valid until Transporter has verified receipt of notification of the transfer.

4. RATE PROVISIONS

4.1. Specified Charges. The charges for parking and loaning service under this Rate Schedule, except as provided for in § 4.4 of this Rate Schedule, shall be listed in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Parking and Loaning Initiation Charge. Shipper shall pay the appropriate initiation charge on each decatherm delivered to a park or loan account. The parking and loaning initiation charge shall constitute Shipper's charge for the first day of service.
- (b) Parking and Loaning Daily Inventory Charge. For each day following the first day of a park or loan, Shipper shall pay the appropriate daily inventory charge for the daily balance of all gas actually loaned to a Shipper or parked on Transporter's

system. The daily parking and loaning inventory charge, which shall be posted on MyQuorum and stated in the Parking and Loaning Service Agreement, shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.

(c) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this Rate Schedule. However, FGRP and ACA charges are not applicable to the parking and loaning service.

(d) Monthly Billing. The monthly charge for service under this Rate Schedule shall be the sum of: (1) the product of the quantities delivered to a Shipper's park or loan account and the parking and loaning initiation rate, and (2) the product of the daily park or loan account balances and the parking and loaning daily inventory rate set forth in Shipper's parking and loaning service agreement.

4.2. Rate Changes. Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Parking and Loaning Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the Parking and Loaning Service Agreement.

4.3. Flexible Rates. Nothing in this Tariff limits Transporter's right to implement different rates and charges in individual park and loan agreements under this Rate Schedule within the ranges shown on the Statement of Rates. Transporter is not required to tender a service agreement or provide parking and loaning service when service has been requested at a discounted rate.

4.4. Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 of the General Terms and Conditions, negotiate a rate for service under this Rate Schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a Negotiated Rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. This provision, in and of itself, does not allow Transporter and Shipper to negotiate terms and conditions of service.

5. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this Rate Schedule. Transporter will issue a statement to Shipper, setting forth the fees paid by Transporter to implement the Parking and Loaning Service. The amount to be reimbursed shall be paid by Shipper with the next payment for service following receipt of Transporter's statement.

6. RECEIPT AND DELIVERY

All Receipt and Delivery Points on Transporter's transmission system are available for use for parking and loaning. When a Shipper initiates and completes a park or loan transaction at different Receipt and Delivery Point locations, the associated transportation will be billed as two separate transportation transactions.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions included in Part 1 of this Tariff apply to service provided under this Rate Schedule and are incorporated by reference.

RATE SCHEDULE FP
FIRM PEAKING SERVICE

1. AVAILABILITY

Transporter will provide transportation service enhancement under this Rate Schedule FP to any Shipper according to Part 284, Subparts B and G of the Commission's Regulations provided:

- (a) Shipper and Transporter have executed a service agreement for service under Rate Schedule T-1;
- (b) Shipper has enhanced its T-1 Service Agreement by executing an FP Addendum permitting Shipper to receive deliveries of gas at its Primary Delivery Point(s) designated in the FP Addendum at a non-uniform flow rate; and
- (c) Transporter has determined, on a non-discriminatory basis, that its system is capable of providing the specific FP service requested by Shipper, on the terms stated in the applicable FP Addendum, consistent with Transporter's ability to meet its existing firm service obligations.

2. APPLICABILITY AND CHARACTER OF SERVICE

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

- (a) Shall be subject to all the terms and conditions of Rate Schedule T-1, except as provided in § 2.1 (b), (c), (d), and (e) below;
- (b) Notwithstanding the provisions of § 11.9 (Operating Provisions) of Part 1 of the General Terms and Conditions, shall allow deliveries to the Primary Delivery Point(s) designated in **Shipper's** FP Addendum to exceed the uniform flow rate of **Shipper's** daily T-1 scheduled quantity during the Peaking Period, provided that the total quantity delivered may not exceed **Shipper's** T-1 scheduled quantity on any Gas Day subject to §§ 9 (Priority of Service) and 11.1 (Nominations) of Part 1 of the General Terms and Conditions. The designated T-1 Service Agreement must have sufficient RDC at the Primary Delivery Point(s) for the required FP flow rates;
- (c) Shall apply to any designated T-1 Service Agreement executed by Shipper so long as the total FP service on any Gas Day does not (i) exceed the Maximum Peak Flow Rate, Peaking Period, or Average Peaking Period Flow Rate specified in the FP Addendum nor (ii) cause the total quantity delivered on any Gas Day to exceed **Shipper's** scheduled quantity of the designated T-1 Service Agreement subject to §§ 9 (Priority of Service) and 11.1 (Nominations) of the General Terms and Conditions;
- (d) Shall be subject to Transporter's operational availability when the designated T-1 Service Agreement Receipt or Delivery Point(s) are flexed to Alternate Point(s)

and shall be subject to Sections 9 (Priority of Service) and 11.1 (Nominations) of Part 1 of the General Terms and Conditions; and

- (e) May require Shipper to schedule and make available the Required Scheduled Quantity(ies) at the Required Receipt Point(s) as set forth in **Shipper's** FP Addendum.

3. RATE PROVISIONS

3.1 Specified Charge. The charge for FP service under this Rate Schedule shall be in addition to rates applicable to transportation service under Rate Schedule T-1 and, except as provided for in § 3.4 (Negotiated Rates) of this Rate Schedule, shall be listed on the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Reservation Charge. A monthly Reservation Charge shall be assessed for the Maximum Peak Flow Rate of Shipper's FP Addendum subject to the following conditions:

- (i) The Reservation Charge will be stated in the FP Addendum and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates unless the parties have agreed to a Negotiated Rate.

- (ii) Shipper shall be obligated to begin paying the monthly reservation charges beginning on the first day of the term of service set forth in Shipper's FP Addendum.

- (b) Additional Facility Charge. Any charge for additional facilities necessary to provide FP service to Shipper will be determined according to §§ 15 (Facilities) and 17 (Billing and Payment) of Part 1 of the General Terms and Conditions.

3.2 Rate Changes. Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Transportation Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the FP Addendum.

3.3 Flexible Rates. Nothing in this Tariff limits Transporter's right to implement different rates and charges in individual Transportation Service Agreements under this Rate Schedule within the ranges shown on the Statement of Rates. Transporter is not required to tender a service agreement or provide transportation service when service has been requested at a discounted rate.

Transporter shall file with the Commission any and all reports as required by the Commission's Regulations setting forth the applicable charges, the individual Shippers affected, the quantity of gas transported and any other information that may be required.

- 3.4 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions, negotiate a rate for service under this rate schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a Negotiated Rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the Negotiated Rate Agreement. This provision, in and of itself, does not allow Transporter and Shipper to negotiate terms and conditions of service.

4. DELIVERY POINTS

The Primary Delivery Points for FP service provided by Transporter shall be Primary Delivery Points under the associated T-1 service agreement, and shall be designated in the FP Addendum.

5. GENERAL TERMS AND CONDITIONS

Service under this Rate Schedule shall be subject to all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, Second Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter. Except as expressly stated above, all terms, conditions, and provisions of the T-1 Service Agreement associated with the FP Addendum shall remain in full force and effect.

PART 1 - GENERAL TERMS AND CONDITIONS

The following General Terms and Conditions apply to transportation and storage services provided under this tariff.

1. DEFINITIONS

1. DEFINITIONS

Alternate Receipt or Delivery Point means any point, where gas is received into or delivered out of Transporter's system that is not listed as a Primary Receipt or Delivery Point in Shipper's Rate Schedule T-1 Transportation Service Agreement.

Annual Storage Cycle means the period of time beginning with the first day of the injection period and ending with the last day of the withdrawal period.

Authorized Overrun means that quantity of gas authorized by Transporter in excess of the reserved capacity specified in the applicable Transportation or Storage Service Agreement.

Average Peaking Period Flow Rate means the contracted total flow of gas in excess of the **uniform flow rate of the Shipper's corresponding T-1** scheduled quantity during the Peaking Period, in DTH per day, divided by the duration of the Peaking Period that Transporter is obligated to deliver on a firm basis under an addendum for service under Rate Schedule FP.

Bidding Period or Bid Period means that period of time that released or uncommitted firm capacity is posted on Transporter's informational postings and MyQuorum during which Shippers may bid for capacity.

Bid Process means a publicly held, competitive sale for transportation or storage service of capacity that is available or will become available on Transporter's **system**.

Bid Process Notice means a solicitation for offers to contract for transportation or storage service which has been posted on Informational Postings on Transporter's **website, pursuant** to Part 1 § 5.4 of this tariff.

Bidding Shipper means any Shipper that is qualified to bid for capacity via Transporter's MyQuorum system.

BTU means British Thermal Unit. That is the amount of heat required to raise the temperature of one pound of water one degree, from 59 degrees to 60 degrees Fahrenheit. MMBTU means 1,000,000 BTUs.

Business Day is defined as Monday through Friday, excluding Federal banking holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico.

Capacity Release means the release by a firm Shipper of its capacity.

Cricondentherm Hydrocarbon Dew Point Temperature (CHDP) means the maximum hydrocarbon dew point temperature calculated for a specific gas composition over a range of pressures from 100 pounds psia up to the maximum allowable operating pressure (MAOP) of the pipe.

CHDP Limit means the temperature set forth in §13.2(a) at which Transporter will accept all deliveries of Natural Gas provided that such gas satisfies all other applicable provisions of Transporter's FERC Gas Tariff.

CHDP Operating Limit means the CHDP temperature that is at or above the CHDP Limit that Transporter is willing to accept on a temporary basis as operationally feasible given transitory operating conditions. In no case will the CHDP Operating Limit be set lower than the CHDP Limit.

CHDP Zone means a discrete segment of pipeline on Transporter's interstate transmission system with a unique CHDP Operating Limit. The CHDP zones are set forth in the CHDP Zone Map. The Receipt Points within each zone will be posted on Transporter's internet web site.

Contract Transportation Path (CTP) means the contiguous set of Receipt Point Groups that comprise a Shipper's contracted T-1 Receipt and Delivery Points.

Cubic Foot means the quantity of gas that would occupy one Cubic Foot at a temperature of 60 degrees Fahrenheit and at a pressure of 14.73 psia.

Curtailement means reduction or temporary suspension of service.

Daily Quantity (DQ) means the quantity of gas stated in the Transportation Service Agreement under Rate Schedule T-2.

Decatherm (DTH) means a unit of heating value equivalent to 1,000,000 BTUs.

Delivery Point means a point where Transporter delivers gas to or for the account of Shipper.

Delivery Point Group (DPG) means a group of Delivery Points located within specifically identified discrete operational areas on Transporter's transmission system.

Equivalent Volumes means the sum of the volumes of Natural Gas measured in MCF received by Transporter from Shipper at Receipt Points during any given period of time, (a) reduced by (i) Shipper's *pro rata* share of unaccounted-for gas resulting from Transporter's operations during the same period of time and (ii) fuel gas, (b) adjusted for any variations in BTU content on a dry basis.

FERC or Commission means the Federal Energy Regulatory Commission or any successor federal agency or other governmental body succeeding to, lawfully exercising or superseding any powers that are exercisable by the Federal Energy Regulatory Commission.

Force Majeure means any event that is unexpected and outside of Transporter's control and includes without limitation by this recital: acts of God, including fires, explosions, earthquakes or volcanic eruptions, storms, floods, washouts and extreme cold or freezing weather; necessity for compliance with any court order, law, regulation or ordinance promulgated by any governmental authority having jurisdiction, either federal, state or local, civil or military; acts of a public enemy; wars and civil disturbances; strikes, lockouts or other industrial disturbances; shutdowns for purposes of necessary repairs, relocations, or construction of facilities, breakage or accident to machinery or lines of pipe; the necessity for testing (as required by governmental authority or as deemed necessary for safe operation by the testing party); inability of either party to obtain necessary materials, supplies, permits, or labor to perform or comply with any obligation or condition of this

tariff; inability to obtain rights of way; and any other causes that are not reasonably in the control of the party claiming suspension.

Gas Day means the standard time for the Gas Day shall be 9 a.m. to 9 a.m. Central Clock Time (CCT).

Gross Heating Value means, when applied to a Cubic Foot of gas, the number of BTUs produced by combustion at a constant pressure of the amount of gas that would occupy a volume of one Cubic Foot (at a temperature of 60°F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32°F and under standard gravitational force of 980.665 cm/sec²) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air and when the water formed by combustion is condensed to the liquid state.

Imbalance means the difference between a Shipper's scheduled delivery and the quantity of gas received by Transporter from the Shipper during the applicable nomination period adjusted for Fuel use and Lost and Unaccounted-for gas.

Inert Substances means non-combustible substances contained in the gas, including, but not limited to, helium, carbon dioxide and nitrogen.

Interruption means reducing, suspending or discontinuing either the receipt or delivery of gas.

Intra-day Nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day.

MCF means 1,000 Cubic Feet of Natural Gas at 14.73 psia at 60° F. MMCF means 1,000,000 Cubic Feet of Natural Gas.

Maximum Peak Flow Rate means the maximum flow rate of gas in excess of the uniform **flow rate of the Shipper's corresponding** T-1 scheduled quantity during the Peaking Period, in DTH per day, that Transporter is obligated to deliver on a firm basis during the Peaking Period.

Month means the period of time beginning at 08:00 a.m. on the first day of any calendar month and ending at the same hour on the first day of the succeeding calendar month.

MountainWest or Transporter means MountainWest Pipeline, LLC.

MyQuorum means Transporter's contracting/capacity release and nominations/confirmations systems.

Natural Gas (gas) means combustible hydrocarbon gas.

Operational Flow Order (OFO) means an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of Transporter's system or to maintain operations required to provide efficient and reliable firm service.

Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.

Operational Balancing Agreement (OBA) means a contract between two parties, which specifies the procedures to manage operating variances at an interconnect.

Peaking Period means the timespan during which Transporter is obligated, in accordance with Rate Schedule FP and the applicable FP Addendum, to deliver the Maximum Peak Flow Rate and Average Peaking Period Flow Rate on a firm basis.

Pooling means (1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or (2) the disaggregation of Natural Gas from a single physical or logical point to multiple physical and/or logical points.

Posting of Released Capacity means the following:

- (a) Pre-arranged Capacity Release not requiring a bid: that time when both (1) the Releasing Shipper has correctly completed the capacity release offer and (2) the pre-arranged Replacement Shipper has correctly completed the bid (confirmation) for that offer on MyQuorum.
- (b) Capacity release requiring a bid: that time when the Releasing Shipper has correctly completed the capacity-release offer on MyQuorum.

Primary Receipt or Delivery Point means a Receipt or Delivery Point on Transporter's system where the Shipper has contracted for firm capacity.

Products means liquid and liquefiable hydrocarbons, inerts (including, but not limited to, helium and nitrogen), sulfur, water and any other component of Natural Gas removed by processing or compression, or by means of drips or separators.

PSIA expresses pressure in pounds per square inch absolute.

PSIG expresses pressure in pounds per square inch gauge.

Recallable Capacity means firm capacity that is released subject to the Releasing Shipper's right to recall capacity during the term of the release.

Receipt Point means a point at which Natural Gas is received from Shipper.

Receipt Point Group (RPG) means a group of Receipt Points within specifically identified geographical areas on Transporter's transportation system.

Request means a formal bid for new transportation or storage service under an applicable Rate Schedule, which meets the conditions stipulated under §§ 2 and 8 of part 1 of this Tariff.

Required Receipt Flow Rate means the flow rate of Natural Gas, in Dth per day, that the Shipper must have available to source at the Required Receipt Point(s) for service under Rate Schedule FP.

Required Receipt Point(s) means the Receipt Point(s) at which Shipper is required to source Natural Gas for service under Rate Schedule FP.

Required Scheduled Quantity means the Daily Quantity, in DTH per day, that Shipper must schedule at the Required Receipt Point(s) for service under Rate Schedule FP.

Reserved Daily Capacity (RDC) means the quantity of Natural Gas in DTH per day that Transporter is obligated to receive, transport and deliver to Shipper on a firm basis.

Releasing Shipper means any Shipper holding firm capacity rights under a Transportation or Storage Service Agreement under Rate Schedules T-1, PKS and FSS that releases firm capacity.

Replacement Shipper means any Shipper that acquires firm released capacity from a Releasing Shipper.

Shipper means any party who (a) is receiving service according to an effective rate schedule under this Tariff, (b) has executed a service agreement under any rate schedule, or (c) has completed a request for service under Rate Schedules T-1, NNT, FP, T-2, PAL2, PKS, FSS, ISS or PAL1.

Storage or Storage Service means the injection, storage and withdrawal of Natural Gas at a storage reservoir.

System means the pipeline, storage, appurtenant facilities and any compression and related facilities owned by Transporter.

Time means that references to time in all parts of this tariff are Central Clock Time, unless otherwise noted.

Unauthorized Overrun means that quantity of Natural Gas by which Shipper exceeds, without Transporter's consent, Shipper's RDC. Upon the occurrence of Unauthorized Overrun, Transporter will notify Shipper whether the overrun is a critical or non-critical event, i.e., whether or not it causes operational problems. Shipper shall pay the indicated rate in the Statement of Rates for all Unauthorized Overrun service. Any associated revenue, above administrative costs, will be credited to all non-offending Shippers.

Year means a period of 365 consecutive days beginning noon January 1, or 366 consecutive days if such period includes February 29, unless otherwise specified.

2. PIPELINE INTERNET PAGE AND MYQUORUM

- 2.1 Informational Postings and MyQuorum. Transporter will provide an internet web site for Informational Postings, and interactive systems for contracting/capacity release and nominations/confirmations (the interactive systems are collectively referred to as MyQuorum) on a nondiscriminatory basis to any party that has compatible computer equipment and communication software. The Informational Postings will include the information listed in NAESB Standard 4.3.23.

- 2.2 Access. Entry to Transporter's Informational Postings is available to all parties. Informational Postings can be read using a standard browser. This information will not require a logon and password and can be accessed via the central address repository site identified in § 2.9.

Access to MyQuorum will only be granted through use of a logon and password, which will be assigned and controlled by Transporter. Before a Shipper will be allowed to transact business on MyQuorum, Shipper must execute and return the MyQuorum Access Agreement and meet Transporter's creditworthiness requirements set forth in this Tariff.

- 2.3 System Availability. Users may access Transporter's Informational Postings and MyQuorum seven days a week, 24 hours a day. The only exception to these times is when the site is down unexpectedly or for necessary maintenance. Shipper may request firm service on MyQuorum according to § 5 of these General Terms and Conditions. Shipper nominations and operator confirmations tendered according to § 11 of these General Terms and Conditions and when MyQuorum is down, may be tendered via facsimile transmission.

- 2.4 Informational Postings. In addition to the information and processes for the Capacity Release program described in § 6 of these General Terms and Conditions, Transporter will provide the following information on its Informational Postings and MyQuorum:
- (a) General operational information such as Operational Flow Orders, flow information, current nominations, monthly imbalances, daily allocation of electronically-measured Receipt and Delivery Points, scheduled quantities (including scheduled intra-day nominations and other scheduling changes) and a listing of RPGs on Transporter's system. At the end of each Gas Day, Transporter shall provide the final scheduled quantities for the just completed Gas Day. With respect to the implementation of this process via the EDI/EDM, Transporter shall 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 Transporter's **requirement to send such documents**. [NAESB WGQ 1.3.3]
 - (b) Available capacity at Receipt and Delivery Points on the main line and at Transporter's storage fields.
 - (c) Whether the capacity is available from Transporter or through the Capacity Release program.
 - (d) Effective rates for firm and interruptible service.
 - (e) Service request and acquisition forms allowing Shippers and potential Shippers to request or change firm or interruptible service electronically through MyQuorum.
 - (f) Standards of conduct relating to service.
 - (g) Discounts granted for service to affiliates.
 - (h) General information, critical notices and news items relating to rates, available capacity, expansions, etc. Critical notices shall be defined to pertain to information on Transporter conditions that affect scheduling or adversely affect scheduled gas flow. [NAESB WGQ 5.2.1]

- 2.5 Access Agreement Request. A Request for User Access may be downloaded from Transporter's web page at www.mwpipe.com/Home/MWP under Customer Access > User Access Requests, and submitted via email to mwpipe@williams.com or to:

MountainWest Pipeline, LLC
Attn: Commercial Services
650 South Main Street, Suite 300
Salt Lake City, Utah 84101

The request shall include the Shipper name, DUNS number, address, telephone number and name and title of person requesting access. Transporter will process the Request for Shipper Access and provide the requesting party with a MyQuorum Access Agreement. Before a Shipper will be allowed to transact business on Transporter's System, Shipper must execute and return the MyQuorum Access Agreement, receive a logon and password and meet Transporter's creditworthiness requirements set forth in this Tariff.

2.6 Revocation of Access. Transporter will revoke a user's logon and password if Transporter finds that one of the following events has occurred:

- (a) Termination of Shipper's Transportation Service Agreement with Transporter due to failure of Shipper to comply with Transporter's Tariff.
- (b) Fraudulent or unauthorized use of the logon and password.
- (c) Violation of a material term of the access agreement.
- (d) An action resulting in a breach of security such as loss, theft or unauthorized disclosures or use of data contained on MyQuorum.
- (e) Failure to pay any Commission-approved access charges.
- (f) Conduct that threatens the viable operations of MyQuorum or wrongly interferes with the business transactions of another party.

Transporter shall provide immediate notice via facsimile transmission and/or letter of its intent to revoke a party's logon and password to MyQuorum and the reasons for taking such action.

- 2.7 Electronic Data Interchange. Transporter will also maintain an Internet server and Internet address for conducting business transactions via the Electronic Delivery Mechanism standards adopted by Order No. 587, et al. and incorporated into this tariff by reference in § 26 of these General Terms and Conditions. For electronic data interchange transactions, Transporter will enter into a trading partner agreement with interested parties. Transporter will adopt the NAESB Model Trading Partner Agreement reflecting Internet standards. Transporter's Electronic Data Interchange contact is listed on Transporter's web site and the Commercial Services contact is listed in § 2.5.

- 2.8 World Wide Web Page. Transporter has established an HTML page(s) accessible via the Internet's World Wide Web. The Informational Postings will include the information listed in NAESB Standard 4.3.23.

2.9 Web Page Address. Transporter's web page may be accessed at www.mwpipe.com.

- 2.10 Communication Protocols. As required by 18 C.F.R. § 284.12(b)(3), Transporter will comply with the following requirements for public information documents that are posted on its web site:
- (a) Documents will be accessible to the public over the public Internet using commercially available web browsers, without imposition of a password or other access requirement.
 - (b) Users will be able to (1) search an entire document online for selected words, (2) copy selected portions of the documents and (3) directly download the document without the need to view.
 - (c) Transporter shall provide the same content for all information, regardless of the electronic format in which it is provided.
 - (d) Transporter shall maintain, for a period of three years, all information displayed and transactions conducted electronically, required by § 284.12 and maintain the ability to recover and regenerate all such electronic information and documents. Parties who request specific archived historical data may contact the Contract Services Department. Requestors will be charged a fee calculated by multiplying the actual number of hours required to research, collect and prepare the data by the hourly rate posted on Transporter's website for providing these services. Transporter will provide the research information to the requestor in either hardcopy or electronic format.

3. MYQUORUM CONTRACTING PROCEDURES

3.1 Procedures and Form of Agreement.

- (a) Procedures. Generally, all requests or bids for service, contracting for service, changes to a Shipper's service agreement, releasing capacity and bidding on Released Capacity must be made through MyQuorum. Pre-arranged releases according to § 6.9 must be contracted for on MyQuorum.
- (b) Form of the Agreement. Unless requested by Shipper, no written contract or documents will be issued by Transporter. The terms and conditions of this Tariff together with the terms of Shipper's service documented on the completed service agreement on MyQuorum will constitute the terms of the Transportation or Storage Service Agreement between Transporter and the Shipper.

- 3.2 Logon and Password. The use of a party's logon and password on any MyQuorum transaction screen will be deemed to be the party's consent to be bound by the transaction.

3.3 Transacting Transportation and Storage Services.

After complying with the requirements of §§ 2 and 8 of these General Terms and Conditions, a party may transact for services according to the applicable sections of these General Terms and Conditions.

- 3.4 Changes to Shipper's Transportation and Storage Service. If Shipper desires to change a term of its service, it must complete a Service Amendment Form on MyQuorum. Transporter will evaluate the Shipper's request. If Transporter agrees to the requested amendment, Transporter will place a completed Service Amendment Form on MyQuorum within one Business Day after service has been awarded. The completed form will be notice to the Shipper that the change in service has been made.

4. REQUEST FOR INTERRUPTIBLE SERVICE

4.1 Request for Service. If a Shipper desires service under Rate Schedules T-2, PAL2 or ISS, it must request the service via MyQuorum and provide the following information:

- (a) The name, business address and phone number of the Shipper requesting service and the party with whom all contact should be made.
- (b) A designation of whether Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end user, producer, marketer or pipeline sales operating unit.
- (c) Whether Shipper is a marketing or energy affiliate of Transporter.
- (d) The name of the local distribution company or intrastate pipeline company on whose behalf the gas will be transported if 18 CFR Part 284, Subpart B service is requested.
- (e) If § 311 service is requested, a declaration explaining how the requested service qualifies as § 311 service.
- (f) The initial term of the service, including beginning and ending dates.
- (g) The type and level of service requested.

Transportation service – Rate Schedule T-2

Interruptible service _____ Dth/day
 Estimated average daily quantity _____ Dth/day

Parking and Loaning service – Rate Schedule PAL2

Parking service _____ Dth/day
 Loaning service _____ Dth/day

Storage service – Clay Basin – Rate Schedule ISS

Annual working gas quantity in Dth/year _____

(h) The rate that Shipper proposes to pay for the requested service:

	Maximum Rate	Other
T-2 Usage charge:	_____	_____
Parking and Loaning:	_____	_____
Clay Basin ISS:		
Inventory:	_____	_____
Injection:	_____	_____
Withdrawal:	_____	_____

- 4.2 Information Update. Any change in the facts or information provided by Shipper in its request for service, whether before or after service begins, must be promptly communicated to Transporter.

5. ACQUIRING FIRM SERVICES

5.1 Requests for Firm Service.

- (a) Prequalify by executing the MyQuorum Access Agreement found in Part 5 Forms of Agreement of this Tariff and satisfying the creditworthiness provisions of Part 1, § 8 of these General Terms and Conditions; and
- (b) For Requests for service made available on a first-come first-served basis, comply with the requirements of § 5.3;
- (c) For Requests for service made available via a Bid Process, comply with the requirements of § 5.4;
- (d) For prearranged Requests for service, comply with the requirements of § 5.5;
- (e) For Requests to amend firm service agreements, comply with the requirement of § 5.6.
- (f) For Requests for service under Rate Schedule NNT or Rate Schedule FP, comply with the requirements of § 5.7; or
- (g) For Requests for service in an open season, comply with the requirements of § 5.8.

5.2 Limitations on Firm Service.

Transporter shall not be required to accept a Request for firm service:

- (a) that does not satisfy the requirements of this section;
- (b) for which adequate firm capacity is not available;
- (c) that would impair Transporter's ability to render existing firm services or otherwise impair operation of the system;
- (d) that contains terms or conditions unacceptable to Transporter; or
- (e) that offers a rate less than the maximum Tariff rate, except that Transporter may agree to provide service at a discounted rate pursuant to § 25 or a Negotiated Rate pursuant to § 27 of these General Terms and Conditions.

5.3 Requests for New Service on a First-Come/First-Served Basis.

- (a) Shippers, via MyQuorum, may request service on a first-come/first-served basis for capacity that is available or will become available and is not subject to a right of first refusal, a pending Bid Process under § 5.4, or a reservation under § 31 of these General Terms and Conditions.
- (b) Requests must meet or exceed the minimum requirements and accept any other conditions stated in any applicable unsubscribed capacity posting or notices posted to Transporter's **website under informational postings**.
- (c) Requests that do not meet or exceed the minimum requirements of the applicable unsubscribed capacity posting and/or notices, and any Request to amend a service agreement pursuant to § 5.6, may be treated as a Request for prearranged service pursuant to § 5.5.
- (d) Requests must be for a minimum term of service of one day and may be submitted to begin the next available nomination cycle as follows:
 - (i) Timely Cycle: Submitted by 11:00 a.m. on a Business day.
 - (ii) Evening Cycle: Submitted by 4:00 p.m. on a Business day.
 - (iii) Intra-day 1 Cycle: Submitted by 8:00 a.m. on a Business day.
 - (iv) Intra-day 2 Cycle: Submitted by 12:30 p.m. on a Business day.
 - (v) Intra-day 3 Cycle: Submitted by 5:00 p.m. on a Business day.
 - (vi) All times are Central Clock Times (CCT).
- (e) **A Request under this section shall constitute the Shipper's binding offer to contract for service. If a Shipper's Request is awarded, a binding firm service agreement between Transporter and the Shipper, conforming to the awarded Request, will be placed on MyQuorum. Since the Shipper is bound by its Request, no further acceptance is required for the contract.**
- (f) Once the firm service agreement between Transporter and the Shipper has been placed on MyQuorum, the Shipper may submit a nomination at the next available nomination cycle commencing with the effective date of service under the contract.

5.4 Requests for Service Through a Bid Process.

- (a) Transporter may, from time to time, hold a Bid Process for service on capacity that is available or will become available.
- (b) Bid Process Notice: A Bid Process will be preceded by a Bid Process Notice posted on the Informational Postings section of Transporter's **website at least one** full Business day before commencement of the Bid Process. A Bid Process Notice is a solicitation for offers to contract for service but the Capacity Bid Process is not itself a binding offer. The Bid Process Notice will specify, as applicable:
 - (i) The capacity subject to the Bid Process;
 - (ii) The beginning and end date(s) of the Bid Period;
 - (iii) Bid evaluation criteria for determining the highest economic value, which shall be Net Present Value in accordance with § 5.4(f)(i) unless the Bid Process Notice specifies different criteria;
 - (iv) Any special conditions.
- (c) Bid Process Procedures: Unless otherwise stated in the Bid Process Notice, the following procedures will apply.
 - (i) For capacity available for a term of one year or more, the minimum Bid Period will be three Business days.
 - (ii) For capacity available for a term of less than one year, the minimum Bid Period will be one Business day.
 - (iii) Times are in Central Clock Time (CCT), unless otherwise stated.
 - (iv) The Bid Process will begin at 9:00 a.m. on the first Business day of the Bid Period and will close at 1:00 p.m. on the last Business day of the Bid Period specified in the Bid Process Notice. Bids must be submitted and received by Transporter prior to 1:00 p.m. on the last Business day of the Bid Period in order to be considered.
 - (v) Transporter will post bids on MyQuorum as they are received or updated. Transporter is not required to post the identity of the Bidding Shipper.
 - (vi) Bidding will be an iterative process in that a Bidding Shipper may submit or update its bid during the Bid Period; provided however, that neither the Bidding Shipper nor an affiliate of the Bidding Shipper may submit a bid with a lower economic value than its previous bid. A Bidding Shipper may not have more than one bid in contention at the same time.
 - (vii) After the Bid Period closes, Transporter shall evaluate the bids in accordance with § 5.4(f).

- (viii) If Transporter determines in accordance with § 5.4(f) that two or more bids received during the Bid Period would provide the highest and equal economic value, and such bids collectively request more capacity than is available per the Unsubscribed Capacity report, Transporter will post notification of a second 30-minute Bid Period (i.e., "Compete Round") to commence at 1:30 p.m., subject to the following:
- (1) the Compete Round Bid Period will be limited to the Bidding Shippers that submitted the bids determined to provide the equal and highest economic value;
 - (2) during the Compete Round Bid Period, the Bidding Shippers may update their bids as frequently as desired to compete with the highest competing bid(s); and
 - (3) Transporter shall evaluate all bids received during the Compete Round Bid Period in accordance with § 5.4(f), and will award service in accordance with § 5.4(g).
- (d) Bids: Requests for service in the Bid Process are submitted as bids via MyQuorum, which must include:
- (i) Bidding Shipper's name and the name, telephone number and email address of the individual placing the bid;
 - (ii) The beginning effective Gas Day and ending effective Gas Day of the proposed service;
 - (iii) The maximum reservation charge the Bidding Shipper is willing to pay for the service;
 - (iv) The desired RDC stated in DTH/d or, for storage service, the daily and annual storage capacities by storage field stated in DTH;
 - (v) Whether the Bidding Shipper will accept a *pro rata* allocation of capacity and the minimum amount of capacity the Bidding Shipper is willing to accept;
 - (vi) A designation of whether the Bidding Shipper is a local distribution company, intrastate pipeline company, interstate pipeline company, producer, end user or marketer;
 - (vii) Whether the Bidding Shipper is an affiliate of Transporter;
 - (viii) If 18 CFR Part 284, Subpart B (§ 311) service is requested, the name of the local distribution company or intrastate pipeline company on whose behalf the gas will be transported, and a declaration explaining how the service Request qualifies as § 311 service; and
 - (ix) Contingencies, if any.
- (e) Bidding Conditions:
-

- (i) Transporter may reject any bid that fails to comply with the requirements of this section or meet the rates, terms and conditions specified in Transporter's Bid Process Notice.
 - (ii) A bid shall constitute the Bidding Shipper's binding offer to contract for service, which cannot be withdrawn.
 - (iii) A Bidding Shipper's use of its logon and password on any MyQuorum transaction screen is such party's consent to be bound by the transaction.
 - (iv) A Bidding Shipper may not bid a reservation charge less than the minimum reservation charge nor more than the maximum reservation charge specified by the Tariff, unless it is requesting a Negotiated Rate under § 27 of these General Terms and Conditions, nor may the bid exceed the volume of capacity or the term specified in the Bid Process Notice or the Unsubscribed Capacity Report.
- (f) Evaluation of Bids:
- (i) Transporter shall determine which bid(s) provide the highest economic value based on Net Present Value, unless a different criterion for determining economic value is set forth in the Bid Process Notice.
 - (ii) Negotiated Rate bids will be evaluated in accordance with the criteria specified in the Bid Process Notice and consistent with § 27 of these General Terms and Conditions. Bids above the maximum reservation charge will be evaluated using the maximum reservation charge.
 - (iii) In evaluating bids, Transporter may aggregate, in whole or in part, the economic value of two or more bids to achieve the overall highest economic value, including the use of *pro rata* allocations for Bidding Shippers that agreed to accept a prorated award of service.
 - (iv) In evaluating a Shipper's Request to amend its service agreement pursuant to § 5.6, the amendment Request will be assigned an economic value of zero, unless the Request provides additional value, such as by agreeing to:
 - (i) **increase Shipper's reservation rate, if such rate is less** than the applicable maximum reservation rate or
 - (ii) extend the term of Shipper's firm service agreement.
- (g) Award of Service:
- (i) Service shall be awarded to the Bidding Shipper(s) whose terms and conditions are acceptable to Transporter and whose bid(s) offer the highest economic value, including by aggregation as provided in § 5.4(f)(iii).
 - (ii) In the event two or more bids offer the same economic value, but there is insufficient capacity to serve all such Bidding Shippers, the following provisions apply:
-

- (1) If the bid rates are not equal, the bid with the highest rate will be awarded service before bids offering to pay a lesser rate; provided that, if a bid offers a rate higher than the maximum Tariff rate, it shall be evaluated as a Negotiated Rate equal to the maximum Tariff rate.
 - (2) If the bid rates are equal but one bid offered the maximum tariff rate and another offered a negotiated rate equal to the maximum tariff rate, the bid offering the maximum Tariff rate will be awarded service before bid(s) offering the Negotiated Rate.
 - (3) If the bid rates are equal, and each bid selected either the maximum Tariff rate or a Negotiated Rate equal to the maximum Tariff rate, service will be allocated *pro rata* between the competing bids that agreed to accept *pro rata* allocation; provided however, that if not all such Bidding Shippers agreed to accept a *pro rata* allocation, capacity will be awarded solely to the Bidding Shippers that have agreed to accept a *pro rata* allocation.
- (iii) Except for service that is subject to a Right of First Refusal (ROFR) according to § 7 of these General Terms and Conditions, capacity will be awarded no later than 11:00 a.m. on the second Business day following the last day of the Bid Period in accordance with § 5.4(f). Capacity that is subject to a ROFR will be awarded in accordance with the provisions of § 7 of these General Terms and Conditions.
 - (iv) If a Bidding Shipper is awarded service, a binding firm service agreement between Transporter and the Shipper, conforming to the awarded bid, will be placed on MyQuorum. Since the Bidding Shipper is bound by its bid, no further acceptance is required for the contract.
 - (v) Once the firm service agreement between Transporter and the Bidding Shipper has been placed on MyQuorum, the Shipper may submit a nomination at the next available nomination cycle commencing with the effective date of service under the contract.
 - (vi) Damages: If a Bidding Shipper is awarded service but refuses to accept service or otherwise breaches the service agreement before service begins:
 - (1) If Transporter has not yet posted the notice of awarded capacity pursuant to § 5.11, service will be offered to the Bidding Shipper(s) providing the next highest economic value, and if accepted, the Bidding Shipper that breached shall be liable to Transporter for the difference in economic value between its bid and the accepted bid having the next highest economic value.
 - (2) If Transporter has posted the notice of awarded capacity pursuant to § 5.11, or the Bidding Shipper(s) providing the next highest economic value declines to accept service, Transporter shall repost the capacity for Bid Process in accordance with § 5.4, and the Bidding Shipper(s) that breached shall be liable to Transporter for the difference in

economic value between its bid and the awarded bid(s) in that second Bid Process.

- (h) When awarded capacity is posted pursuant to § 5.11, if the Bid Process Notice specified a method of determining economic value other than Net Present Value, the posting shall set forth the winning bid and the calculation used to determine the award.

5.5 Service Through Prearrangement.

- (a) Transporter and Shipper may agree to enter into a prearranged service agreement for Capacity that is available or will become available and is not subject to a Right of First Refusal (ROFR). A Shipper requesting service through prearrangement, in addition to complying with the requirements of § 5.1(a), must complete a request for service, via MyQuorum.
- (b) Upon agreement for prearranged service, Transporter will post a Bid Process Notice pursuant to § 5.4(b) to make the service available for bidding, provided that the prearranged agreement shall be binding between Transporter and Shipper if no bids are received in the Bid Process that provide a higher economic value.
- (c) If a bid received in the Bid Process provides a higher economic value than the Request for prearranged service, Transporter will provide the Prearranged Shipper a one-time right, within one (1) Business Day, to match the bid. If the Prearranged Shipper elects to match the higher bid, Transporter will award service to the Prearranged Shipper. If the Prearranged Shipper does not match the higher bid, Transporter will award the capacity in accordance with § 5.4(g).
- (d) If the Request for prearranged service is awarded, a binding firm service agreement between Transporter and the Shipper, conforming to the terms of the **Shipper's Request, will be placed on MyQuorum**, and the Shipper may submit a nomination at the next available nomination cycle commencing with the effective date of service under the contract. Since the Shipper is bound by its Request, no further acceptance is required for the contract.

5.6 Requests for Amendments to Firm Service Agreements.

- (a) A Shipper, via MyQuorum, may submit a Request to amend its service agreement.
- (b) Amendment Requests may be made on a first-come/first-served basis pursuant to § 5.3, via Bid Process pursuant to § 5.4, or through prearrangement pursuant to § 5.5, and may be for temporary or permanent amendments.
- (c) Temporary amendment Requests:
 - (i) Temporary amendments are for a period of one month or less, for the current month except as provided for in § 5.6(c)(iv), and allow a Shipper to move its primary firm capacity to other MAP points for the period specified in the temporary amendment. When the temporary amendment expires, the firm capacity returns to the previous MAP point.
 - (ii) Temporary amendment Requests may be submitted on any day of the month and for the current month only, except as provided below in § 5.6(c)(iv).
 - (iii) Temporary amendment Requests for the next Gas Day must be submitted no later than 11:00 a.m. the day timely nominations are due.
 - (iv) Temporary amendment Requests for the following month which have an effective date of the first day of that month can be submitted after 12:00 p.m. on the 4th Business day prior to the end of the current month, unless otherwise stated in an applicable notice or posting.
 - (v) Transporter will evaluate temporary amendment Requests in a timely manner except as limited by §§ 28 and 31 of these General Terms and Conditions.
- (d) Permanent amendment Requests:
 - (i) The effective date of a permanent amendment under this section may be no sooner than the first day of the month following the date of the Request and must be through the remaining term of the service agreement.
 - (ii) Permanent amendment Requests received outside a Bid Period may be treated as a request for prearranged service pursuant to § 5.5.
 - (iii) Permanent amendment Requests received during any Bid Period may be evaluated pursuant to § 5.4(f).

5.7 Requests for Service Under Rate Schedule NNT and FP.

- (a) A Shipper desiring NNT or FP service must make a written Request to Transporter's **Marketing and Contracting Services group**. The Request should be emailed to customerservice@mwpipe.com.
- (b) A Request for NNT service must provide the following information:
- (i) The name, business address and phone number of the Shipper requesting service and the party with whom all contact should be made.
 - (ii) The initial term of the service, including beginning and ending dates, and renewal term.
 - (iii) The level of service requested in DTH/day.
 - (iv) The rate that Shipper proposes to pay for the service.

Maximum Rate	Other
_____	_____
 - (v) The contract numbers and dates of the Rate Schedule T-1 service agreements under which the NNT supply will be transported.
 - (vi) The contract numbers and dates of the Rate Schedule FSS and/or PKS SSA(s) to be associated with the requested NNT service.
- (c) A Request for FP service must include the following information:
- (i) The name, business address and phone number of the Shipper requesting service and the party with whom all contact should be made.
 - (ii) The initial term of the service, including beginning and ending dates, and renewal term.
 - (iii) The seasonal period of the service, if any, including beginning and ending dates.
 - (iv) Transporter identification number of the Rate Schedule T-1 transportation service agreement with which the proposed FP service addendum will be associated.
 - (v) Peaking Period.
 - (vi) The requested primary delivery points where the FP service will be provided.
 - (vii) Maximum Peak Flow Rate.
 - (viii) Average Peaking Period Flow Rate.
-

- (ix) Proposed Required Receipt Point(s) and, for each point, proposed Required Scheduled Quantity and Required Receipt Flow Rate, and
- (x) The rate that Shipper proposes to pay for the service.

Maximum Rate

Discounted or Negotiated Rate

5.8 Requests for Service in an Open Season.

- (a) Transporter may, from time to time, hold an open season to solicit Shipper commitments or determine Shipper interest in the construction of new capacity.
- (b) Requests for service in the open season shall comply with the open season notice.
- (c) Transporter shall evaluate Requests for service submitted in the open season in accordance with the procedures set forth in § 5.4(f), unless otherwise stated in the open season notice.
- (d) An open season shall not be required for minor or auxiliary facilities, additions of receipt/delivery/metering or related facilities, or facilities that do not significantly alter the operational characteristics of Transporter's **system**.

5.9 Service Commencement Timeframes.

- (a) Unless otherwise stated in the applicable notice or posting, Shippers may request service, including permanent Amendment Requests, to commence at a future date within the following timeframes:
 - (i) For service with a term less than 1 year, the requested service shall commence no later than 90 days from the date service is awarded;
 - (ii) For service with a term of 1 year or longer, the requested service shall commence within 1 year from the date service is awarded.

5.10 Interim Capacity.

If Transporter enters into a service agreement with a future start date in accordance with § 5.9, Transporter may make service on the capacity available for the interim period prior to the commencement date of the future firm service agreement. Firm service agreements for the interim capacity will not have a Right of First Refusal.

5.11 Notice of Awarded Capacity.

Within one Business Day after service has been awarded, Transporter shall post each awarded firm service agreement on its Website under Informational Postings.

5.12 Accommodation for System Disruptions.

If Transporter is unable to process a service Request or complete a Bid Process in accordance with this section due to a disruption to MyQuorum or any other information system, Transporter may, with notice to affected parties, complete the processing of the Request or completion of the Bid Process by alternate means such as email or facsimile.

Reserved for Future Use

6. CAPACITY RELEASE AND ASSIGNMENT

- 6.1 General. This section defines the specific terms and conditions of the Capacity Release-program on Transporter's system and applies to any Shipper that has contracted for NNT, firm transportation or firm storage service and elects to release all or a portion of its NNT service or firm transportation or firm storage capacity.

- 6.2 Conditions of Release. A Shipper shall have the right to release any portion of its firm capacity or level of NNT service, but only to the extent that the Released Capacity or NNT service level is acquired by another Shipper through provisions of this section.

- 6.3 Criteria for Evaluating Releases. A Releasing Shipper may specify how bids for released capacity are to be evaluated to determine the best offer. A Shipper must notify Transporter of the criteria by which volumetric and index-based bids are to be evaluated. These criteria must be objectively stated, applicable to all potential Bidders and nondiscriminatory. Unless the offer to release is withdrawn according to § 6.23, the Releasing Shipper shall not be entitled to reject a Bid that meets its specified criteria.

- 6.4 Qualification for Participation in the Capacity Release Program. Any party wishing to become a Bidding Shipper must prequalify by satisfying the creditworthiness standards and MyQuorum access requirements of this Tariff prior to submitting a bid for capacity. Notwithstanding Shipper's qualification to participate in Transporter's Capacity Release program, Transporter does not guarantee to the Releasing Shipper that the Replacement Shipper will pay for the contracted-for service.

- 6.5 Released Capacity. A release of capacity may be between any combination of Receipt Points up to the total released RDC or NNT service level and any Delivery Points that correspond to those Receipt Points.

- 6.6 Notice By Shipper Electing to Release Capacity. A Releasing Shipper must post a notice via MyQuorum that it elects to release firm capacity or NNT service. The notice must state:
- (a) The Releasing Shipper's name, contract number and the name and phone number of the individual responsible for authorizing the release of capacity.
 - (b) For transportation releases, the maximum and minimum RDC to be released stated in DTH/d.
 - (c) For no-notice service, the level of NNT service to be released in DTH/d.
 - (d) For storage releases, the daily and annual storage capacities to be released by field stated in MCF and DTH according to the BTU conversion factor shown in Shipper's Storage Service Agreement.
 - (e) For transportation releases, the Primary Receipt Points and Delivery Points.
 - (f) Whether capacity will be released on a firm or recallable basis. If on a recallable basis, the terms under which the capacity may be recalled.
 - (g) Whether Shipper will accept contingent bids, the contingencies acceptable to Shipper, the deadline by which all contingencies must be met and whether Transporter should award capacity to the next highest Bidder if contingencies are not met.
 - (h) The beginning and ending dates of the release.
 - (i) Whether the release is temporary or permanent.
 - (j) The minimum acceptable release period.
 - (k) Whether the capacity may be released at a one-part volumetric rate.
 - (l) If capacity is released at a one-part volumetric rate, (i) the minimum volumetric rate, (ii) the terms and conditions applicable to the release, (iii) whether two-part bids will be accepted and (iv) criteria by which bids are to be evaluated.
 - (m) The minimum rate at which the Shipper will release the capacity. If the Releasing Shipper does not specify a minimum rate, a Bidding Shipper may bid any rate up to the maximum rate on Transporter's Statement of Rates. Short-term capacity releases for a term of one year or less are not subject to the maximum rate limit.
 - (n) The criteria by which Transporter should evaluate the bids. A Releasing Shipper may select highest rate (the measure of dollars per unit), net revenue (the measure of the sum of all payments), the present-value formula in § 6.12 or state its own criteria.

- (o) For index-based capacity release transactions, the Releasing Shipper must specify which one of the following methods is acceptable for bidding on a given index-based capacity release offer:
 - (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.

- (p) The method by which capacity will be awarded if tied bids are received. If no method for awarding capacity to tied Bidders is specified, the capacity will be awarded pro rata based on each Shipper's requested RDC or MRD.

- (q) Any other conditions applicable to the acceptance of the Releasing Shipper.

- (r) The legal name of the Replacement Shipper if the release is a pre-arranged release.

- (s) Whether the pre-arranged Replacement Shipper is an asset manager as defined in 18 CFR § 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 CFR § 284.8(h)(4).

- (t) If the pre-arranged Replacement Shipper is an asset manager, the asset manager's obligation to deliver gas to, or purchase gas from, the Releasing Shipper.

- 6.7 Term of Capacity Release. The term of transportation Capacity Release may not exceed the term of the Releasing Shipper's Transportation Service Agreement, nor may it be less than one Gas Day. The term of a Storage release may not exceed the term of the Releasing Shipper's Service Agreement.

- 6.8 Availability of Released Capacity. Released Capacity shall be made available on a nondiscriminatory basis and shall be assigned based on the results of a Bid Period or a pre-arrangement complying with the procedures described below.

6.9 Bidding Periods for Released Capacity.

Bidding Periods for Released Capacity - Transporter is located in the Mountain Time Zone, which is one hour earlier than all Central Clock times listed below:

- (a) The following released-capacity transactions are exempt from the bidding procedures:
- (i) A pre-arranged release for a term greater than one year that (a) is for the maximum Tariff rate, (b) is for the full term for which the capacity is released and (c) meets all terms and conditions of the release.
 - (ii) A pre-arranged release for a term of 31 days or less, except rollovers.
 - (iii) A pre-arranged release that (a) is to a qualified asset manager as defined in 18 CFR § 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 CFR § 284.8(h)(4), (b) is for the full term for which the capacity is released and (c) meets all terms and conditions of the release.
- (b) Posting for non-biddable releases:
- (i) 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.
 - (ii) The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
 - (iii) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract [NAESB WGQ 5.3.2].
- (c) The following released-capacity transactions must be posted on MyQuorum by the Releasing Shipper and the capacity must be awarded through the bidding procedures.

The timeline set forth below is applicable to all parties involved in the capacity release process provided that (1) all information provided by the parties to the transaction is valid and the acquiring Shipper has been determined to be creditworthy before the capacity-release bid is tendered, (2) for index-based capacity release transactions, the Releasing Shipper has provided Transporter with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and (3) there are no special terms or conditions of the release. Further,

Transporter may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g. designation of an index not supported by Transporter) [NAESB WGQ 5.3.1].

- (i) For biddable releases (1 year or less):
 - 1 Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
 - 2 Open Season ends at 10:00 a.m. on the same or a subsequent Business Day.
 - 3 Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
 - 4 If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
 - 5 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.
 - 6 The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
 - 7 Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

- (ii) For biddable releases (more than 1 year):
 - 1 Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day
 - 2 Open Season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
 - 3 Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best Bid is made, and ties are broken.
 - 4 If no match is required, the evaluation period ends and the Award is posted by 11:00 a.m.
 - 5 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.
 - 6 The contract is issued within one hour of the Award posting (with a new contract number, when applicable).
 - 7 Nomination is possible beginning at the next available nomination cycle for the effective date of the contract [NAESB WGQ 5.3.2].

- (iii) For uploaded offers on EDI, the following procedures will be followed: Transporter shall accept and process capacity release Offers from Releasing Shippers (or their authorized third-party service providers), provided the valid Offer is received by Transporter prior to the respective deadline specified in NAESB Standard No. 5.3.2. Such Offer will be posted as an offer and will be available for bidding by the posted deadline and start of bidding time specified (for the received business day) in NAESB Standard No. 5.3.2 or the Releasing Shipper's specified business day (if later than the received business day) [NAESB WGQ 5.3.32]. Transporter shall accept and process uploads of capacity release Bids from potential acquiring Shippers (or their authorized third-party service provider), provided the valid Bid is submitted no later than the respective deadline as specified in NAESB WGQ Standard No. 5.3.2. Such

timely Bid will be evaluated by Transporter for the purpose of identifying the winning Bidder(s) associated with the Offer [NAESB WGO 5.3.31].

- (d) When capacity is released and awarded on an intra-day cycle, it is the responsibility of the Releasing Shipper and the Replacement Shipper to ensure that nominations for a given day do not exceed the contract Reserved Daily Capacity (RDC). Scheduled quantities in excess of the RDC specified in the applicable Transportation or Storage Service Agreement will be treated as Authorized Overrun. Any quantities in excess of the scheduled RDC will be treated as Unauthorized Overrun.
- (e) Transporter shall reject and Shipper will be required to withdraw, upon notice by Transporter, capacity-release offers reflecting conditions that do not conform to Transporter's Tariff. A new Bid Period will be scheduled once the withdrawn capacity-release offer has been revised and reposted.
- (f) A Releasing Shipper may post on MyQuorum a pre-arranged deal at the maximum rate to determine if another Shipper would be willing to offer better terms and conditions.
- (g) A Releasing Shipper will not be able to specify an extension of the original Bid Period or the pre-arranged deal match period without posting a new release [NAESB WGO 5.3.25].

- 6.10 Awarding of Contingent Bids. Released Capacity will not be awarded to a Bidder submitting a contingent bid until the Bidding Shipper has notified Transporter through MyQuorum that all contingencies have been met. If all contingencies have not been met by the deadline established by the Releasing Shipper, the released capacity shall revert back to the Releasing Shipper unless Transporter has been directed by the Releasing Shipper to award the capacity to the next highest bidder.

- 6.11 Bids for Released Capacity. A Shipper may submit a bid for Released Capacity at any time during the Bid Period.
- (a) Each bid for Released Capacity must include the following:
 - (i) Released Capacity transaction number;
 - (ii) Bidding Shipper's name and the name and telephone number of the individual placing the bid.
 - (iii) The beginning and ending dates of the proposed capacity acquisition.
 - (iv) The maximum reservation charge or volumetric rate Bidding Shipper is willing to pay for the capacity.
 - (v) The desired RDC stated in DTH/d and any applicable level of NNT service; or for storage releases, the daily and annual storage capacities at each field stated in MCF and DTH.
 - (vi) Whether the Bidding Shipper will accept *pro rata* allocation of capacity and the minimum amount of capacity the Bidding Shipper is willing to accept.
 - (vii) Whether the Bidding Shipper is the pre-arranged Shipper.
 - (viii) Whether the pre-arranged Replacement Shipper is an asset manager as defined in 18 CFR § 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 CFR § 284.8(h)(4).
 - (ix) If the pre-arranged Replacement Shipper is an asset manager, the asset manager's obligation to deliver gas to or purchase gas from the Releasing Shipper.
 - (b) A pre-arranged Shipper must post its bid for the capacity on MyQuorum. If the pre-arranged Shipper fails to post its bid, the capacity will not be awarded to the pre-arranged Shipper.
 - (c) The identity of any Bidding Shipper shall be kept confidential. However, the amount of each bid received by Transporter during the Bid period will be posted on MyQuorum.
 - (d) A Bidding Shipper may not bid a reservation charge or volumetric rate less than the minimum nor more than the maximum reservation or volumetric rate specified on the Statement of Rates, nor may the quantity of gas or the term of the bid exceed the maximum quantity of gas or term specified by the Releasing Shipper. Short-term capacity releases for a term of one year or less are not subject to the maximum rate limit.
 - (e) A Bidding Shipper submitting a contingent bid must notify Transporter and the Releasing Shipper, via MyQuorum, when all contingencies have been met.
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- (f) A Bidding Shipper may withdraw its bid prior to the end of the Bidding Period. However, once a bid is withdrawn, the Bidding Shipper may only submit a new bid for that released capacity at a higher rate.
- (g) A bid may not be withdrawn after the close of the Bid Period.

6.12 Awarding of Released Capacity. When the capacity-release service provider (Transporter) makes awards of capacity for which there have been multiple bids meeting minimum conditions, the capacity-release facilitator (Transporter) will award the bids, best bid first, until all offered capacity is awarded [NAESB WGQ 5.3.4].

- (a) Temporarily Released Capacity shall be awarded to the Bidding Shipper that makes the best offer based on the criteria specified by the Releasing Shipper, or the present value formula defined below.
- (b) Permanently Released Capacity shall be awarded to the Replacement Shipper that offers a rate and term yielding a present value equal to or greater than the present value of the Releasing Shipper's Transportation Service Agreement. The present value shall be calculated using the formula stated below. Acceptance shall be conditioned upon the eReplacement Shipper satisfying Transporter's creditworthiness standards and eligibility requirements.

(c) Present value formula:

$$\left(\begin{array}{l} \text{Monthly Reservation Charge} \\ \text{Per Unit} \end{array} \right) \times \frac{[1-(1+i)^{-n}]}{i} = \text{Present Value per Unit}$$

Where: i = interest rate per month, i.e., overall rate of return divided by 12 months.

n = term of the agreement, in months.

- (d) If two or more bids are of equal value, the capacity shall be awarded according to the criteria specified by the Releasing Shipper. If no method for awarding bids of equal value is specified, the capacity shall be awarded to those Bidders *pro rata* based on the ratio the quantity bid by those Bidders bears to the total quantity bid by all Bidders multiplied by the quantity of capacity released.
 - (e) If no bid is submitted meeting all of the rates, terms and conditions in the Releasing Shipper's release notice, then no award of capacity shall be made.
 - (f) For a pre-arranged release, if no better offer is received during a Bid Period or the pre-arranged offer is for the applicable maximum reservation charge and the arrangement is for the full term of the release, then the pre-arranged Bidding Shipper shall become the Replacement Shipper. If the pre-arranged release is for less than the applicable maximum reservation charge and a better offer is received during the bid period, the pre-arranged Bidding Shipper shall have one hour from the time notification is received from Transporter to match the better offer. If the pre-arranged Bidding Shipper fails to match the better offer, then the Bidding Shipper who presented the better offer shall become the Replacement Shipper.
 - (g) To document the award of the release of capacity to the successful Bidding Shipper, Transporter will place a service agreement between Transporter and the Replacement Shipper on MyQuorum conforming to the terms of the Shipper's bid.
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- (h) A Releasing Shipper shall retain all of the capacity under its Transportation Service Agreement that is not acquired by a Replacement Shipper.
- (i) The original capacity holder will remain responsible to Transporter for payment of the reservation charge throughout the original contract term irrespective of any capacity release.

6.13 Permanent Release of Capacity.

- (a) Where all or a portion of a Shipper's capacity has been permanently released for the entire remaining term of the Releasing Shipper's service agreement without recall or interruption rights, the Releasing Shipper may request Transporter to amend or terminate its service agreement to reflect the permanent release of the capacity.
- (b) Transporter shall not be obligated to amend the Releasing Shipper's service agreement to reflect the permanently Released Capacity unless the capacity is released at the maximum rate and for the full term of the agreement and the Replacement Shipper meets Transporter's creditworthiness requirements stated in § 8. Otherwise, Transporter may condition an amendment to the agreement on payment of exit fees. Transporter will not amend or enter into a service agreement for a permanent release of capacity at a volumetric rate.
- (c) Unless Transporter agrees to amend the Releasing Shipper's service agreement, the Releasing Shipper shall remain liable for payment of the reservation fee under the agreement.
- (d) If capacity is permanently released, the Replacement Shipper will acquire the Right of First Refusal held by the Releasing Shipper as described in § 7 to this Tariff for the capacity acquired by the Replacement Shipper.

- 6.14 Notice of Awarded Capacity. Within one Business Day after capacity has been awarded, Transporter shall post the following information regarding each transaction on Informational Postings for a period of 90 days:
- (a) The name of the Replacement Shipper and the release transaction number.
 - (b) Whether or not the Replacement Shipper is an affiliate of Transporter.
 - (c) If a pre-arranged release, whether the Replacement Shipper is an asset manager as defined in 18 CFR § 284.8(h)(3) or a marketer participating in a state-regulated retail access program as defined in 18 CFR § 284.8(h)(4).
 - (d) If the pre-arranged Replacement Shipper is an asset manager, the asset manager's obligation to deliver gas to, or purchase gas from, the Releasing Shipper.
 - (e) Term.
 - (f) Reservation charge or volumetric rate.
 - (g) Primary receipt and delivery points.
 - (h) For transportation releases, RDC in Dth/day.
 - (i) The level of NNT service.
 - (j) For storage releases, the daily and annual storage capacities by field stated in Dth.
 - (k) Whether the release is firm or recallable.

- 6.15 Released Capacity Rates. The reservation charge or volumetric rate for any released firm capacity shall be as bid by the Replacement Shipper, but in no event shall the reservation charge or volumetric rate be less than Transporter's minimum or more than Transporter's applicable maximum reservation charge or volumetric rate listed on the Statement of Rates. Short-term capacity releases for a term of one year or less are not subject to the maximum rate limit. All applicable charges will be stated in the service agreement on MyQuorum. The Replacement Shipper shall pay any usage charge as well as all other applicable charges, surcharges or fees.

6.16 Effective Date of Release and Acquisition. The beginning date of the release by a Releasing Shipper and the acquisition date of a Replacement Shipper will be on the beginning date designated on the notice of released capacity.

6.17 Notice of Offers to Release or Purchase Released Capacity. A Shipper desiring to release or acquire released capacity may submit a notice to Transporter's Contract Services Department via e-mail, at customerservice@mwnpipe.com, and include in the **subject line**, "Notice of Offers to Release or Purchase **Capacity by [Shipper Name]**." Transporter will then post the notice as a non-critical notice on the Informational Postings section of its web site for the period of time requested by the Shipper, but not to exceed 90 days. The Shipper shall provide all criteria that it deems appropriate, but will include the following:

- (a) Shipper's name and person to contact for additional information.
- (b) Whether the Shipper is offering to release capacity or requesting to purchase released capacity.
- (c) The desired beginning and ending dates.
- (d) Primary Receipt and Delivery Points.
- (e) The desired RDC in DTH/day if transportation capacity is requested.
- (f) The desired level of NNT service in DTH/day if NNT service is requested.
- (g) The desired capacity in DTH if storage capacity is requested.

- 6.18 Active Marketing Fee. When a Releasing Shipper requests that Transporter actively market the released capacity, Transporter will provide the marketing service at a fee to be negotiated between Shipper and Transporter.

- 6.19 Nominations and Scheduling. A Replacement Shipper must nominate and schedule services directly with Transporter according to the applicable procedures stated in Transporter's Tariff.

6.20 Recall and Reput. Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. Transporter will support the following recall notification periods for all released capacity subject to recall rights. Transporter is located in the Mountain Time Zone, which is one hour earlier than all Central Clock times listed below [NAESB WGQ 5.3.44]:

(a) Timely Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 8:00 a.m. on the day that timely nominations are due;
- (ii) Transporter will 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;

(b) Early Evening Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 3:00 p.m. on the day that evening nominations are due;
- (ii) Transporter will 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;

(c) Evening Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 5:00 p.m. on the day that evening nominations are due;
- (ii) Transporter will 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;

(d) Intraday 1 Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
- (ii) Transporter will 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; and

(e) Intraday 2 Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to Transporter and the first Replacement Shipper no later than 12:00 p.m. on the day that intraday 2 nominations are due;
- (ii) Transporter will 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.

(f) Intraday 3 Recall Notification:

- (i) A Releasing Shipper recalling capacity should provide notice of such recall to the Transporter and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
- (ii) The Transporter 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.

When capacity is recalled, it may not be reput for the same Gas Day. [NAESB WGQ 5.3.53] The deadline for notifying Transporter of a reput is 8:00 a.m. to allow for timely nominations to flow on the next Gas Day. [NAESB WGQ 5.3.54] Recall notifications to Transporter must be expressed in terms of total released capacity entitlements. Transporter is not obligated to deliver in excess of the total daily contract quantity of the release. [NAESB WGQ 5.3.57] For recall notification provided to Transporter prior to the recall notification deadline specified above (NAESB Standard 5.3.44), and received between 7:00 a.m. and 5:00 p.m., Transporter will provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification. For recall notification provided to Transporter after 5:00 p.m. and prior to 7:00 a.m., Transporter will provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. [NAESB WGQ 5.3.45]

- 6.21 Compliance by Replacement Shipper. By acquiring Released Capacity, a Replacement Shipper agrees that it will fully comply with all terms and conditions of this Tariff. the terms and conditions of the original release, except price, term and quantity, will be binding on all Replacement Shippers.

- 6.22 Obligations of Releasing Shipper. The Releasing Shipper shall continue to be liable and responsible for all reservation charges associated with the Released Capacity up to the maximum reservation charge specified in the Releasing Shipper's service agreement. Subsequent releases by a Replacement Shipper shall not relieve the original or any subsequent Releasing Shipper of its obligations under this Tariff.

6.23 Option to Withdraw Released Capacity.

- (a) The Releasing Party has the right to withdraw its offer during the Bid Period, where unanticipated circumstances justify and no minimum bid has been made. [NAESB WGQ 5.3.16]
- (b) Shipper may be required to withdraw the offer according to § 6.9(d) of these General Terms and Conditions.
- (c) The Releasing Shipper must provide notice of its withdrawal of Released Capacity through MyQuorum prior to the close of the Bid Period. The offer to release capacity may not be withdrawn after the close of the Bid Period.

7. EXERCISE OF RIGHT OF FIRST REFUSAL

- 7.1 Ownership of Right of First Refusal. At least six months prior to the expiration of a firm service agreement with an existing term of one year or greater at the maximum Tariff rate, or multi-year seasonal maximum-rate contracts for services offered less than 12 months per year, Shipper must notify Transporter of its desire to continue all or part of its existing service. If such notice is given, the Shipper shall retain a Right of First Refusal. Existing discounted and negotiated-rate firm service agreements effective before March 27, 2000, with an existing term of one year or longer, may also have a Right of First Refusal by following the same procedure. Transporter shall provide any information needed by the Shipper to exercise its Right of First Refusal.

7.2 Posting. Transporter shall post a Bid Process Notice under the Informational Postings section of its website, with the terms and conditions of the available capacity under the expiring contract as follows:

- (a) For transportation, firm daily quantities stated in DTH/day. For storage, the daily and annual working gas quantity by field.
- (b) Receipt and Delivery Points at which capacity is available and the firm quantities at such points.
- (c) Effective date.
- (d) Term.
- (e) Applicable rates for the service.
- (f) That the capacity is subject to Right of First Refusal.

- 7.3 Bidding. Capacity will be made available on a nondiscriminatory basis and may be acquired through the Bidding Process described in § 5.4 of these General Terms and Conditions.
- (a) A Shipper desiring to acquire the available capacity shall place a bid with Transporter, via MyQuorum, during the bid period. The bid shall be binding once received by Transporter and may not be withdrawn by the Bidding Shipper.
 - (b) The Bidding Shipper's bid must include all information included in § 5.4 of these General Terms and Conditions.

- 7.4 Exercise of Right. Transporter shall not be obligated to accept any bid for the capacity at less than the maximum applicable Tariff rate or for a term greater than the term posted in the Bid Process Notice of available unsubscribed capacity. Upon acceptance of a bid, Transporter shall inform the existing Shipper of the terms of the bid to permit Shipper to exercise its Right of First Refusal. A Shipper exercising its Right of First Refusal must match the highest bid according to § 5.4. The existing Shipper shall have five days to inform Transporter that it agrees to match the bid.

If the existing Shipper notifies Transporter that it elects to match the terms of price and duration of the accepted bid, Transporter shall contract with the existing Shipper. If the existing Shipper does not elect to match the terms of the Replacement Shipper's bid, Transporter will contract with the Replacement Shipper according to the terms and conditions of this Tariff.

- 7.5 Retention of Capacity. If no bids are received and the existing Shipper is willing to pay the maximum rate, the existing Shipper will be entitled to continue to receive service for whatever term it chooses. At the end of the term, the existing Shipper may again exercise its Right of First Refusal to retain the capacity.

- 7.6 Primary Points. An existing firm Shipper that chooses to exercise its Right of First Refusal under an expiring contract will retain its right to use the Primary Receipt and Delivery Points under that contract.

- 7.7 Bidding Procedures. Any Shipper that acquires available capacity according to this section will not be required to repeat the bidding procedures outlined in § 5.4 of this Tariff.

- 7.8 Termination of Contracts. A Contract with a renewal/rollover term may be terminated by either Transporter or Shipper by providing written notice according to the following procedures:
- (a) A contract in its primary term may be terminated at the end of the primary term and prior to the commencement of the renewal/rollover term by providing notice of termination the earlier of (a) the date of the notice period provided for in Shipper's contract; or (b) 90 days prior to the expiration of the primary term of the contract.
 - (b) A contract in a renewal/rollover term may be terminated at the end of the renewal term, by providing notice of termination the earlier of (1) 90 days prior to the commencement of the succeeding renewal term if the current renewal term is one year or greater, (2) 30 days prior to the commencement of the renewal term if the current renewal term is less than one year or (3) the date of notice set forth in the applicable contract.

- 7.9 Reserved Capacity Rights. Capacity that is sold on an interim limited-term basis in accordance with § 31, **Capacity Reserved for Future Expansions**, shall not be eligible for a Right of First Refusal (ROFR) unless Transporter and Shipper agree to a conditional contractual ROFR that would take effect upon a determination that a specific future project is cancelled.

8. CREDITWORTHINESS

- 8.1 Credit Appraisal. In evaluating requests for service and for other purposes under this Tariff, Transporter will perform a credit appraisal of Shipper.
- (a) Acceptance of a Shipper's request for service and the continuation of service to a Shipper are contingent upon the Shipper complying with creditworthiness requirements of this § 8 on an on-going basis. To determine creditworthiness, a credit appraisal shall be performed in accordance with the following criteria:
- (i) Transporter shall apply consistent evaluation practices to all similarly situated Shippers in determining any Shipper's financial ability to perform its obligations to Transporter over the term of the requested or existing Service Agreement.
- (ii) A Shipper will be deemed creditworthy if:
- (1) its long-term unsecured debt securities are rated at least BBB- by Standard & Poor's Corporation (S&P) and at least Baa3 by Moody's Investor Service (Moody's) (provided, however, that if the Shipper's rating is at BBB- or Baa3 and the short-term or long-term outlook is Negative, Transporter may require further analysis as discussed below); and
- (2) the sum of reservation fees, usage fees and any other associated fees and charges for the contract term, on a net present value basis, is less than 15% of Shipper's tangible net worth. If a Shipper has multiple service agreements with Transporter, then the total potential fees and charges of all such service agreements shall be considered in determining creditworthiness.
- (iii) As used in the prior paragraph, the term "tangible net worth" means the excess of assets over liabilities from an accounting standpoint, which is also known as "capital." For example, in the case of a corporation, tangible net worth is represented by the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts, if any. Transporter defines tangible net worth for a corporation as the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Transporter's assessment of creditworthiness. Tangible net worth is compared with the net present value of a Shipper's obligations to Transporter under its contracts in applying the 15% test in the prior paragraph.
- (iv) If a Shipper does not meet the criteria described above, then such Shipper may request that Transporter evaluate its creditworthiness based upon the level of its current and requested service on Transporter relative to the Shipper's current and future ability to meet its obligations. Such credit appraisal shall be based upon Transporter's evaluation of the following information and credit criteria:
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- (1) S&P and Moody's opinions, watch alerts, and rating actions and reports, ratings, opinions and other actions by Dun and Bradstreet and other credit reporting agencies will be considered in determining creditworthiness.
- (2) Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements, cash flow statements and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
- (3) Results of bank and trade reference checks and credit reports must demonstrate that Shipper is paying its obligations in a timely manner.
- (4) Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy of the Shipper. An exception may be made for a Shipper which is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future actually to make payment.
- (5) Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent.
- (6) Whether Shipper has or has had any delinquent balances outstanding for services provided previously by Transporter and whether Shipper is paying and has paid its account balances according to the terms established in its service agreements (excluding amounts as to which there is a good faith dispute).
- (7) The nature of the Shipper's business and the effect on that business of general economic conditions and economic conditions specific to it, including shipper's ability to recover the costs of Transporter's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
- (8) Any other information, including any information provided by Shipper, that is relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the contract.
- (9) Information which Transporter may request to be provided by Shipper to Transporter in connection with such a credit evaluation includes the following:

- a. Audited Financial Statements;
- b. Annual Reports;
- c. Most recent statements filed with the Securities and Exchange Commission (or an equivalent authority) or other similar publicly available information;
- d. For public entities, the most recent publicly available interim financial statements, with an attestation by its Chief Financial Officer, Controller, or equivalent (CFO) that such statements constitute a true, correct, and fair representation of the Shipper's financial condition prepared in accordance with Generally Accepted Accounting Principles (GAAP) or equivalent;
- e. For non-public entities, including those that are state-regulated utilities, the most recent available interim financial statements, with an attestation by its CFO that such statements constitute a true, correct, and fair representation of the Shipper's financial condition prepared in accordance with GAAP or equivalent;
- f. For non-public entities, including those that are state-regulated utilities, any existing sworn filings, including the most recent available interim financial statements and annual financial reports filed with the respective regulatory authority, showing the Shipper's current financial condition;
- g. For any state-regulated utility local distribution company, documentation from its state regulatory commission (or equivalent authority) of an authorized cost recovery mechanism;
- h. List of affiliates, parent companies, and subsidiaries;
- i. Publicly available credit reports from credit and bond rating agencies;
- j. Private credit ratings, if obtained by the Shipper;
- k. Bank references;
- l. Trade references;
- m. Statement of legal composition;
- n. Statement of the length of time the business has been in operation; and
- o. Such other information as may be mutually agreed to by the parties.

- (v) If Transporter concludes that a shipper is noncreditworthy, Transporter shall notify Shipper within ten (10) Days after that determination is made. If requested by Shipper, Transporter shall provide a written explanation of the reasons for this determination. A Shipper may challenge this determination by providing a written rebuttal to Transporter's explanation within ten (10) Days after the explanation is provided by Transporter. Transporter shall respond to such a rebuttal in writing within ten (10) Days. Any re-evaluation of credit by Transporter in response to such a rebuttal by the Shipper shall be based on the credit criteria set out in this Section.
- (vi)
 - (1) If Transporter requests additional information to be used for credit evaluation after the initiation of service, Transporter, contemporaneous with the request, shall provide its reasons for requesting the additional information to Shipper and designate to whom the response should be sent. (Transporter and Shipper may mutually agree to waive this requirement.) Upon receipt of either an initial or follow-up request from Transporter for information to be used for creditworthiness evaluation, Shipper's authorized representative shall acknowledge receipt of Transporter's request. (Transporter and Shipper may mutually agree to waive the requirements of this standard.) Shipper's authorized representative shall respond to Transporter's request for credit information, as allowed by this Tariff, on or before the due date specified in the request.
 - (2) Shipper shall provide all the credit information requested by Transporter or provide the reasons why any of the requested information was not provided. Upon receipt from Shipper of all credit information provided pursuant hereunder, Transporter shall notify Shipper's authorized representative that it has received such information. (Transporter and Shipper may mutually agree to waive this requirement.)
 - (3) Shipper shall designate up to two representatives who are authorized to receive notices regarding Shipper's creditworthiness, including requests for additional information pursuant to the applicable standards, and shall provide to Transporter the internet e-mail addresses of such representatives prior to the initiation of service. Written requests and responses are to be provided via internet e-mail, unless otherwise agreed to by the parties. The obligation of Transporter to provide creditworthiness notifications is waived until the above requirement on designation of representatives has been met.
 - (4) Transporter shall designate, on its Interactive Website or in written notices to Shipper, the internet e-mail addresses of up to two representatives who are authorized to receive information regarding shipper's creditworthiness. Shipper's obligation to provide confirmation of receipt of notices requesting such information is met by sending such confirmation to such representatives. In complying with the creditworthiness related notifications pursuant hereto Shipper and

Transporter may mutually agree to other forms of communication in lieu of internet email notifications.

- (b) (i) If a Shipper fails to satisfy the credit criteria, such Shipper may still obtain or continue service hereunder on existing facilities if it elects one of the following options:
- (1) Payment in advance of all fees and charges for three (3) Months' advance service;
 - (2) A standby irrevocable letter of credit covering all fees and charges for three (3) Months' advance service drawn upon a bank acceptable to Transporter;
 - (3) Security interest covering all fees and charges for three (3) Months' advance service in collateral provided by the Shipper found to be satisfactory to Transporter; or
 - (4) Guarantee of all fees and charges for three (3) Months' advance service by a person or another entity which does satisfy the credit appraisal.
- (ii) Nothing herein shall be read to preclude Transporter from requiring, and enforcing for the term of the initial contracts, more than three (3) Months of fees and charges for advance service as security in agreements supporting an application for a certificate to construct new or expanded facilities. For purposes of this paragraph, the term "initial contract" shall include any replacement contract entered into upon a permanent release of Capacity under an initial contract.
- (c) Where a Shipper selects the prepayment option under § 8.1(b) of these General Terms and Conditions, the prepayment amounts shall be deposited in an interest-bearing escrow account if such an escrow account has been established by the Shipper which meets the criteria set out in this paragraph. The costs of establishing and maintaining the escrow account shall be borne by the Shipper. The escrow bank must be rated at least AA or better and shall not be affiliated with the Shipper. The escrow arrangement shall provide for the prepayment amounts to be applied against the Shipper's obligation under its service agreements with Transporter and shall grant Transporter a security interest in such amounts as an assurance of future performance. The escrow agreement shall specify the permitted investments of escrowed funds so as to protect principal, and shall include only such investment options as corporations typically use for short-term deposit of their funds. Such escrow account shall at all times maintain the amount of prepayment required under § 8.1(b) of these General Terms and Conditions. If Transporter is required to draw down the funds in escrow, it will notify the Shipper and the Shipper must replenish such funds within three (3) Business Days after such notice.
- (d) Transporter's credit appraisal procedures involve the establishment of dollar credit limits on a standardized, nondiscriminatory basis. To the extent that a
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Shipper's accounts with Transporter do not exceed such limit, and Shipper has met all creditworthiness requirements as determined in periodic credit reviews by Transporter, which reviews may be conducted on at least an annual basis, no new credit appraisals shall be required when an existing Agreement is amended or a request for a new Agreement is made, provided that Shipper's payment history has been satisfactory and there is no bona fide basis for questioning Shipper's creditworthiness, subject to the provisions of § 8.2 of these General Terms and Conditions.

- (e) Notwithstanding the provisions of § 8.1(b), above, in the event Transporter constructs new facilities to provide service, in whole or in part, to a Shipper, Transporter may require from the Shipper security in an amount up the Shipper's *pro rata* share of the cost of such facilities. Security hereunder may be in any of the forms available under § 8.1(b) of these General Terms and Conditions, at Shipper's choice. Transporter is only permitted to recover the cost of facilities once, either through rates or through this provision. As Transporter recovers the cost of these facilities through its rates, the security required shall be reduced accordingly. Where facilities are constructed to serve multiple Shippers, an individual Shipper's obligation hereunder shall be for no more than its proportionate share of the cost of the facilities. This provision is in addition to and shall not supersede or replace any other rights that Transporter may have regarding the construction and reimbursement of facilities.
- (f) Transporter shall not take any action under this § 8.1 which conflicts with any order of the U.S. Bankruptcy Court.

8.2 Deterioration of Credit.

- (a) (i) If at any time Transporter reasonably determines, based on adequate information available to it, that a Shipper is no longer creditworthy under this § 8 of these General Terms and Conditions, or if Shipper fails to maintain assurance of future performance under this § 8 of these General Terms and Conditions, Transporter may notify such Shipper in writing (which writing shall set forth the basis for Transporter's decision) that it has five (5) Business Days to provide Transporter with security consistent with this § 8 of these General Terms and Conditions. Such security shall be adequate to cover all charges for one Month's advance service.
 - (ii) In addition, within thirty (30) Days after such notification, the Shipper must fully comply with the means for adequate assurance of future performance, covering three (3) full Months of advance service from the end of such 30-Day notice period, as provided under this § 8 of these General Terms and Conditions. If the Shipper has not satisfied the requirements in either of the prior two (2) sentences by the end of the specified notice period, Transporter may immediately suspend service to Shipper. Transporter may terminate service once it has complied with the procedures set forth further in this Section below, including the requisite prior notice.
 - (iii) If Transporter does not have sufficient information to determine whether a Shipper is creditworthy, it may request additional information in writing from the Shipper consistent with this § 8 of these General Terms and Conditions, and Shipper must provide such information within five (5) Business Days. If Shipper fails to provide the requested information or if Transporter determines that the Shipper is not creditworthy based on such information, § 8.2(a)(ii) of these General Terms and Conditions shall apply for suspension of service and § 8.2(d) shall apply for termination of service.
- (b) Any suspension of service hereunder may continue until Transporter is reasonably satisfied that Shipper is creditworthy under this § 8 of these General Terms and Conditions, until Shipper has provided adequate assurance of future performance under this § 8, or until Transporter terminates service under § 8.2(d) below.
 - (c) At any time after a Shipper is determined to be non-creditworthy by Transporter, Shipper may initiate a creditworthiness re-evaluation by Transporter. Such re-evaluation shall be performed consistent with this § 8 of these General Terms and Conditions. As part of Shipper's re-evaluation request, Shipper must either update or confirm in writing the prior information provided to Transporter related to Shipper's creditworthiness. Such update should include any events that Shipper believes could lead to a material change in Shipper's creditworthiness. After Transporter's receipt of Shipper's request for re-evaluation, including all required information specified above, within five (5) Business Days, Transporter shall provide a written response to Shipper's request. Such written response should include either a determination of creditworthiness status, clearly stating the reasons for Transporter's decision, or an explanation supporting a future date by which a re-evaluation determination will be made. In no event should such re-

- evaluation determination exceed twenty (20) Business Days from the date of the receipt of Shipper's request unless specified in this Tariff or if the parties mutually agree to some later date. If Transporter determines that Shipper is now creditworthy, any security required under § 8 of these General Terms and Conditions shall be terminated and any prepayment amounts (including any applicable interest) shall be released to Shipper from escrow within five (5) Business Days after such determination.
- (d) In addition to or in lieu of suspension, Transporter may terminate service if the Shipper fails to provide adequate assurance of future performance consistent with this § 8 of these General Terms and Conditions. Any such termination requires thirty (30) Days' prior notice to Shipper and to the Commission. Such notice may be given simultaneously with the notice provided for under § 8.1(b), above. To avoid termination, the Shipper must satisfy the requirements of § 8.1(b) of these General Terms and Conditions within this notice period.
 - (e) Transporter may not assess reservation charges to a Shipper for suspended service and a Shipper may not release or recall firm Capacity under service which has been suspended.
 - (f) In addition to any prior notice provided for above, Transporter shall simultaneously notify the Commission in writing of any suspension or termination of service under this § 8.2.
 - (g) Transporter may not take any action under this § 8.2 which conflicts with any order of the U.S. Bankruptcy Court.

- 8.3 Consent to Assign. In order to obtain an Agreement under Rate Schedules T-1, NNT, FSS or PKS, a Shipper must sign a consent and agreement, in a form acceptable to Transporter, to pay all charges under the Agreement to the agent designated by Transporter's lenders in the event the Shipper is notified that an event of default has occurred under Transporter's loan agreement.

9. PRIORITY AND INTERRUPTION OF TRANSPORTATION SERVICE

- 9.1 Priority of Service. Shippers shall be entitled to receive service subject to the availability of pipeline capacity on Transporter's system in the order of priority below. NNT service will have the same priority as the Shipper's corresponding T-1 service agreement.
- (a) All non-segmented firm transportation service from a Primary Receipt Point to a Primary Delivery Point.
 - (b) All non-segmented firm transportation service nominated (1) from an Alternate Receipt Point within a CTP, by Shippers holding primary capacity within the same CTP, to a Primary Delivery Point; (2) from a Primary Receipt Point to an Alternate Delivery Point within a DPG, by Shippers holding primary capacity within the same DPG; and (3) from an Alternate Receipt Point within a CTP, by Shippers holding primary capacity within the same CTP, to an Alternate Delivery Point within a DPG, by Shippers holding primary capacity within the same DPG. If available capacity at an Alternate Receipt Point or Alternate Delivery Point in the DPG is insufficient to accommodate nominations of these Shippers, the available capacity will be awarded *pro rata* based on each Shipper's nomination up to that Shipper's RDC within the CTP or DPG.
 - (c) All segmented firm transportation service segmented pursuant to § 28 of this Part nominated from a segmented Receipt Point to a segmented Delivery Point.
 - (d) All segmented firm transportation service, segmented pursuant to § 28 of this Part, nominated from an alternate receipt point within a CTP by Shippers holding capacity within the same CTP to a segmented delivery point within the CTP. If available capacity at an alternate receipt point is insufficient to accommodate nominations of these shippers, the available capacity will be awarded *pro rata* based on each shipper's nomination up to that shipper's RDC within the CTP.
 - (e) All non-segmented firm transportation service nominated (1) from a Primary Receipt Point to an Alternate Delivery Point inside the CTP, by Shippers holding primary capacity within the same CTP; (2) from an Alternate Receipt Point inside the CTP to an Alternate Delivery Point inside the CTP, by Shippers holding primary capacity within the same CTP; (3) from an Alternate Receipt Point outside the CTP to an Alternate Delivery Point within a DPG, by Shippers holding primary capacity within the same DPG; (4) from a Primary Receipt Point to an Alternate Delivery Point outside the CTP; and (5) from an Alternate Receipt Point outside the CTP to a Primary Delivery Point. If available capacity from a Receipt Point to a Delivery Point is insufficient to accommodate nominations of these Shippers, the available capacity will be awarded *pro rata* based on each Shipper's nomination up to the Shipper's RDC at the Primary Receipt or Delivery Point.
 - (f) All non-segmented firm transportation service nominated from an Alternate Receipt Point outside the CTP to an Alternate Delivery Point outside the CTP *pro rata* based on each Shipper's nomination up to that Shipper's RDC.
 - (g) All interruptible transportation service by rate paid from highest to lowest. Where two or more Shippers are paying the same rate, available capacity will be awarded *pro rata* on the basis of each Shipper's daily nomination.
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- (h) Authorized Overtime deliveries under Rate Schedule T-1.
- (i) PAL2 service by rate paid, from highest to lowest. Where two or more Shippers are paying the same rate, available capacity will be allocated *pro rata* to those Shippers up to the level requested. This procedure will continue until (1) all requests are filled or (2) all available capacity is utilized.

9.2 Interruption and Curtailment Procedures.

- (a) If, due to any cause whatsoever, Transporter does not have sufficient capacity in all or part of its transmission system on any day to serve all of its customers, curtailment or interruptions will be instituted in reverse order of priority of classes specified in this section. However, once the Gas Day commences, all firm Shippers on the affected parts of the transmission system will be curtailed *pro rata*, regardless of whether gas has been scheduled at a Primary or Alternate Receipt or Delivery Point.
- (b) Transporter shall provide Shipper as much advance notice of any curtailment or interruption as is practicable under the circumstances. Transporter will support notification, to be designated by Shipper, through the following channels: (1) available on MyQuorum Shipper web reports and/or (2) up to two internet e-mail addresses provided by Shipper or (3) additional electronic notification specified by Shipper. Such notice shall state the reduced quantities of gas that Transporter estimates it will be able to transport for Shipper and the estimated duration of the curtailment or interruption.
- (c) If curtailment or interruption is required, Transporter and Shipper shall cooperate to the extent possible in making adjustments to receipts or deliveries to minimize injury to any property or facilities.
- (d) Nothing in this provision shall limit Transporter's right to curtail or interrupt service on any other reasonable basis (including *pro rata* curtailment or interruption within a class of service) in order to ensure system integrity or to reflect the operational characteristics of Transporter's system.

10. USE OF RECEIPT AND DELIVERY POINTS

10.1 Designation of Primary Receipt and Delivery Points. Shipper's Primary Receipt Points must be assigned by the Shipper to a corresponding Delivery Point, subject to available capacity. The total RDC or level of NNT service (RDC or level) assigned to Shipper's Receipt Points must equal the RDC or level assigned to the corresponding Delivery Point. The sum of the Receipt Point RDC or level and Delivery Point RDC or level must equal the RDC shown in Shipper's Rate Schedule T-1 and NNT service agreements.

The sum of the firm Shipper's Primary Receipt Point capacities or level of NNT service may not exceed the Shipper's total RDC. Except as explained in § 10.2 below, the sum of a firm Shipper's Primary Delivery Point capacities may not exceed Shipper's total RDC.

10.2 Use of Delivery Points into Storage.

- (a) A Shipper with non-segmented capacity that has also contracted for firm storage service may utilize a storage facility for injections of gas into storage and shall receive the priority level shown in § 9.1 of this Part for determining scheduling of transportation capacity.
- (b) A Shipper with segmented capacity that also has contracted for firm storage service may utilize a storage facility within its segmented CTP as a segmented Delivery Point for injecting gas into storage in accordance with the priorities for segmented capacity as set forth in § 9.1 of this Part.
- (c) A Shipper's use of capacity at a storage Delivery Point may be no greater than that Shipper's allocated share of firm storage injection capacity on that day. The quantity of gas associated with a Shipper's injections into storage will not be included in the sum of its Primary Delivery Point capacities discussed in § 10.1 of this Part.

- 10.3 Adding and Deleting Points or Changing Capacity at Primary Receipt and Delivery Points. A firm Shipper may add and delete Primary Receipt and Delivery Points and increase or decrease its RDC at Primary Receipt and Delivery Points subject to available capacity by amending its Transportation Service Agreement. A firm Shipper that requests primary firm capacity at a new Receipt or Delivery Point must either (1) release equivalent capacity at one or more existing Receipt or Delivery Points or (2) request and pay for additional primary capacity.

Amendment requests shall be submitted no later than 11:00 a.m. the day timely nominations are due. Transporter will evaluate amendment requests in a timely manner except as limited by § 5.6.

Awarded requests to change Primary Receipt or Delivery Points or Shipper's RDC will be posted on Transporter's website under Informational Postings within one business day after service has been awarded.

Transporter will not allow amendments to contracts if the result of the requested amendment impairs Transporter's ability to provide firm service. Any capacity at Receipt and Delivery Points that becomes available through the expiration of a firm transportation agreement may be acquired as outlined in §§ 5 and 7.

Permanent amendment requests to change Primary Receipt or Delivery Points for capacity that becomes available through the expiration of a firm service agreement shall be treated as outlined in § 5.6(d).

- 10.4 Flexible Use of Alternate Receipt and Delivery Points. A firm T-1 or NNT Shipper, or any Replacement Shipper, may flex to or use any Receipt or Delivery Point on an alternate basis at which capacity is available. However, a Replacement Shipper may not derogate the rights of the Releasing Shipper by adding or deleting Primary Receipt and Delivery Points or changing Shipper's RDC at Primary Receipt and Delivery Points unless authorized in writing by the Releasing Shipper.

10.5 Priority at Alternate Receipt and Delivery Points. A Shipper's priority at Alternate Points shall be determined according to § 9.

- 10.6 Nominations to and Rights of Firm and Replacement Shippers at Alternate Points. A firm T-1 or NNT Shipper or Replacement Shipper must follow **Transporter's** nomination procedures to flex to Alternate Receipt and Delivery Points. A firm or Replacement Shipper's right to flex to Alternate Receipt and Delivery Points shall be subordinate to the primary rights of other firm Shippers at those points, but as provided by § 9 to this Tariff, will have priority over interruptible transportation and Authorized Overrun service.

- 10.7 Right of Shippers to Re-nominate if Bumped. If a firm T-1 or NNT Shipper or Replacement Shipper's nomination at a Receipt or Delivery Point requires bumping of an interruptible Shipper currently using that Receipt or Delivery Point, Transporter will notify the interrupted Shipper and allow that Shipper to nominate the requested transportation volumes at another Receipt or Delivery Point subject to the intra-day nomination procedures set forth in § 11 of these General Terms and Conditions.

- 10.8 Availability of Receipt and Delivery Point Information. Replacement Shippers may obtain information through MyQuorum or Transporter's web site regarding Transporter's ability to provide transportation service between the Receipt and Delivery Points desired by the Replacement Shipper.

10.9 Inactive Meters/Facilities

- (a) If a Measurement Allocation Point (MAP) is not listed on a firm Transportation Service Agreement and gas has not flowed through the MAP for one year or longer, Transporter may elect to deactivate, rather than to abandon the MAP. If a MAP is deactivated, essential MAP facilities will remain in place. At least 30 days before deactivating any MAP, Transporter will post a non-critical notice on its web site listing the MAP and date it will be deactivated. When a MAP has been deactivated, it will continue to appear on Transporter's Unsubscribed Capacity Report and Operationally Available Capacity Report. The deactivated MAPs on the reports will be identified with reference to this section.
- (b) A MAP may be reactivated and made available for nomination if a Shipper submits a request to reactivate a MAP at least ten business days before it intends to nominate at the MAP. If additional facilities are requested, costs will be recovered pursuant to § 15, FACILITIES, of the General Terms and Conditions of Part 1 of Transporter's **Tariff**. If additional facilities are requested, additional time may be required to reactivate the MAP.

11. OPERATING PROVISIONS FOR TRANSPORTATION AND STORAGE
SERVICES

11.1 Nomination and Scheduling of Gas Receipts and Deliveries. Transporter is located in the Mountain Time zone, which is one hour earlier than all Central Clock times listed below.

All nominations shall be considered original nominations and must 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 1.3.7].

All nominations shall include Shipper-defined begin dates and end dates. All nominations, excluding intra-day nominations, shall have roll-over options. Specifically, Shippers shall have the ability to nominate for several days, months, or years, provided the nomination begin and end dates are within the term of Shipper's contract [NAESB WGQ 1.3.5].

All parties shall support a seven-days-a-week, twenty-four-hours-a-day MyQuorum service. It is recognized that the success of seven days a week, twenty-four-hours-a-day MyQuorum service is dependent on the availability of affected parties' scheduling personnel on a similar basis. Party contacts need not be at their ordinary work sites, but shall be available by telephone or other electronic means [NAESB WGQ 1.3.4]. Shippers may tender nominations via facsimile transmission during system down time.

Third Party Account Administrators (3PAD) wishing to provide title transfer tracking (TTT) services on Transporter's system shall notify Transporter in writing. If the terms are acceptable to both parties, Transporter and the 3PAD will enter into an agreement that will describe the points where TTT transactions will be processed by the 3PAD and the coordination of activities between the 3PAD and Transporter.

A Shipper's nomination of gas to be transported or stored commencing at 9:00 a.m. each day shall conform to NAESB Standard WGQ 1.3.2(i)-(v) (below). Transporter will support the following standard nomination cycles (all times are CCT pursuant to NAESB WGQ Standard No. 0.3.17):

- (i) The Timely Nomination Cycle
On the day prior to gas flow:
- 1:00 p.m. Nominations leave control of the Service Requester (SR);
 - 1:15 p.m. Nominations are received by the TSP (including from Title Transfer Tracking Service Providers (TTTSPs));
 - 1:30 p.m. TSP sends the Quick Response to the SR;
 - 4:30 p.m. TSP receives completed confirmations from Confirming Parties;
 - 5:00 p.m. SR and Point Operator receive scheduled quantities from the TSP.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(ii) The Evening Nomination Cycle

On the day prior to gas flow:

- 6:00 p.m. Nominations leave control of the SR;
- 6:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 6:30 p.m. TSP sends the Quick Response to the SR;
- 8:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 9:00 p.m. TSP 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.

(iii) The Intraday 1 Nomination Cycle

On the current Gas Day:

- 10:00 a.m. Nominations leave control of the SR;
- 10:15 a.m. Nominations are received by the TSP (including from TTTSPs);
- 10:30 a.m. TSP sends the Quick Response to the SR;
- 12:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 1:00 p.m. TSP 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.

(iv) The Intraday 2 Nomination Cycle

On the current Gas Day:

- 2:30 p.m. Nominations leave control of the SR;
- 2:45 p.m. Nominations are received by the TSP (including from TTTSPs);
- 3:00 p.m. TSP sends the Quick Response to the SR;
- 5:00 p.m. TSP receives completed confirmations from Confirming Parties;
- 5:30 p.m. TSP 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.

(v) The Intraday 3 Nomination Cycle

On the current Gas Day:

- 7:00 p.m. Nominations leave control of the SR;
- 7:15 p.m. Nominations are received by the TSP (including from TTTSPs);
- 7:30 p.m. TSP sends the Quick Response to the SR;
- 9:30 p.m. TSP receives completed confirmations from Confirming Parties;
- 10:00 p.m. TSP 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.

- (vi) 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.

11.2 Intra-day Nomination Requirements.

- (a) As required by 18 CFR § 284.12(b)(1)(i)(A), Transporter shall (1) give scheduling priority to any intra-day nomination submitted by a firm Shipper over nominated and scheduled quantities for interruptible Shippers, (2) provide the interruptible Shipper with advance notice of any reduction in its scheduled quantities resulting from an intra-day nomination by a firm Shipper and (3) notify the interruptible Shipper whether penalties will apply on the day its scheduled quantities are reduced. The above does not apply in Intra-day Cycle II where bumping does not occur.
- (b) Transporter will provide notification of bumping through the following channels, to be designated by Shipper: (1) available on MyQuorum's Shipper web reports and/or (2) up to two internet e-mail addresses provided by Shipper or (3) additional electronic notification specified by Shipper.
- (c) Transporter will waive any penalties for bumped interruptible Shippers according to § 12.11 of these General Terms and Conditions.
- (d) In accordance with 18 CFR § 284.12(b)(1)(i)(B), an intra-day nomination submitted on the day prior to gas flow will take effect at the start of the Gas Day at 9:00 a.m.

11.3 Unconfirmed Nominations. Unconfirmed nomination procedures shall conform to NAESB WGO Standard 1.3.22(i)-(iv) as follows:

- (a) With respect to the timely nomination/ confirmation process at a Receipt or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation 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.
- (b) With respect to the processing of requests for increases during the intra-day 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 nomination cycle for the subject Gas Day should be the new confirmed quantity.
- (c) With respect to the processing of requests for decreases during the intra-day 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.
- (d) With respect to § 11.3 (a)-(c) above, if there is no response to a Request For Confirmation or an unsolicited Confirmation Response, Transporter shall provide the Shipper with the following information to explain why the nomination failed, as applicable:
 - (1) Transporter did not conduct the confirmation;
 - (2) Shipper is told by Transporter that the upstream confirming party did not conduct the confirmation;
 - (3) Shipper is told by Transporter that the upstream Shipper did not have the gas or submit the nomination;
 - (4) Shipper is told by Transporter that the downstream confirming party did not conduct the confirmation;
 - (5) Shipper is told by Transporter that the downstream Shipper did not have the market or submit the nomination.

This information shall be imparted to the Shipper on the Scheduled Quantity document.

- 11.4 Ranking of Service. Ranking shall be included in the list of data elements. Transporter shall use service-requestor-provided rankings when making reductions during the scheduling process when this does not conflict with Tariff-based rules. [NAESB WGO 1.3.23]

11.5 Pooling. If requested by a shipper or supplier on Transporter's system, Transporter shall offer at least one pool. [NAESB WGQ 1.3.17] Deliveries from Receipt Points may be delivered directly into at least one pool and Delivery Points shall be able to receive quantities from at least one pool, excluding non-contiguous facilities. [NAESB WGQ 1.3.18] (As provided by the Commission's March 17, 1997, Order on Compliance Filing in Docket No. RP97-129-000 (78 FERC ¶ 61,305 (1997)), Transporter's Receipt Point Groups, as defined in § 1.12 of these General Terms and Conditions, satisfy the requirements of NAESB Standards 1.3.17 and 1.3.18, which are stated above.

- 11.6 Nominations Within a CTP. A Shipper holding firm primary capacity at any Receipt Point within a CTP may nominate all, or any portion of that primary capacity to any Alternate Receipt Point within the CTP, subordinate only to the nomination of another Shipper holding firm primary capacity at the requested Receipt Point.

11.7 Nomination Standards and Requirements.

- (a) Nominations received after nomination deadline shall be scheduled after the nominations received before the nomination deadline [NAESB WGQ 1.3.6].
- (b) All nominations, including intra-day nominations, shall be based on a daily quantity; thus, an intra-day nominator need not submit an hourly nomination. Intra-day nominations must include an effective date and time. The interconnected parties must agree on the hourly flows of the intra-day nomination, if not otherwise addressed in Transporter's contract or Tariff [NAESB WGQ 1.3.9].
- (c) Intra-day nominations must include a daily quantity, effective date and time. Intra-day nominations may be used to nominate new supply or market [NAESB WGQ 1.3.33] and request increases or decreases in total flow, changes to Receipt Points or changes to Delivery Points of scheduled gas [NAESB WGQ 1.3.11]. Intra-day nominations will be subject to available capacity.
- (d) Scheduling of intra-day nominations shall be subject to the reliability and responsiveness of the Receipt and Delivery Points that are applicable to the nomination. All sources of gas must be verifiable by Transporter.
- (e) Intra-day nominations shall not be scheduled by Transporter until confirmation is received from upstream and downstream parties.
- (f) Intra-day nominations do not rollover (i.e., intra-day nominations span one Gas Day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if the intra-day nomination modified an existing nomination [NAESB WGQ 1.3.13].
- (g) Overrun quantities must be requested on a separate transaction [NAESB WGQ 1.3.19].

- 11.8 Operating Information and Estimates. Upon request of Transporter, Shipper shall from time to time submit its best estimates of the daily, monthly and annual quantities of Rate Schedules T-1, T-2 and NNT service it expects to be transported together with such other operating data as Transporter may require in order to schedule its operations.

11.9 Operating Requirements.

- (a) A Shipper shall use reasonable efforts to deliver and receive gas at uniform hourly and daily flow rates, except as otherwise provided under an FP Addendum.
- (b) Shipper shall deliver gas to Transporter's Receipt Points at pressures up to the applicable MAOP of Transporter's pipeline. Transporter shall not be required to compress natural gas into its pipeline. If requested by Transporter, Shipper shall provide equipment that meets Transporter's specifications and standards at each Receipt Point to prevent overpressuring Transporter's pipeline.
- (c) Unless otherwise mutually agreed in an executed firm Transportation Service Agreement under Rate Schedule T-1, Transporter shall deliver gas at each Delivery Point at the prevailing pressure in Transporter's pipeline less any reduction from measurement, flow control, regulation or other appurtenant facilities.

11.10 Limitations Upon Transporter's Transportation Obligations.

- (a) On any day, Transporter shall not be obligated to deliver to Shipper a quantity of gas different from the equivalent volume received from Shipper during the same day.
- (b) Unless Shipper has been granted Authorized Overrun transportation service under any Rate Schedule, quantities of gas nominated by Shipper and scheduled by Transporter shall not be in excess of the RDC specified in the Transportation Service Agreements. Authorized Overrun transportation service will not be granted unless capacity is available and if system integrity is not jeopardized, subject to §§ 9 and 12.13 of the General Terms and Conditions of this Part
- (c) For Parking and Loaning service provided under Rate Schedule PAL2, Transporter shall not be obligated on any day to receive from or deliver to Shipper any quantity of gas in excess of that quantity confirmed by Transporter for receipt into or delivery from Shipper's PAL2 account.

11.11 Records of Scheduled Quantities. Transporter will keep accurate records of the quantities of gas scheduled for transportation and storage. Within 30 days of a written request, Transporter's records will be made available for review by Shipper at Transporter's offices. Shipper shall supply to Transporter information in its possession or control to determine any imbalances. If Shipper's gas is commingled with other gas at the Receipt or Delivery Points, the scheduling arrangements and Transporter's records shall include the method used for allocation of the total quantity at these points.

11.12 Arrangements Prior to Receipt and After Delivery. Transporter shall have no responsibility prior to its acceptance of Natural Gas at the Receipt Points and after delivery at the Delivery Points. Shipper shall have responsibility for all arrangements necessary for delivery of Natural Gas to Transporter at the Receipt Points for transportation and for all arrangements necessary for receipt of Natural Gas for Shipper at the Delivery Points, which arrangements otherwise meet the provisions of these General Terms and Conditions

11.13 System Operation. Transporter may take such action as reasonably necessary to prevent damage to or material deterioration of its transmission system and to maintain the operational integrity of the system.

11.14 Minimum Delivery Pressure Commitments.

Transporter may, on a not unduly discriminatory basis, agree to minimum delivery pressure commitments at particular Delivery Points Subject to the following conditions:

- (a) Transporter shall not agree to a minimum delivery pressure that will render it unable to meet its existing firm obligations.
- (b) Transporter may, but shall not be required to, deliver Gas at a pressure greater than the minimum pressure specified for a Delivery Point in **the Shipper's** Transportation Service Agreement.
- (c) Transporter may specify conditions on a minimum pressure commitment to assure that such commitment does not have an adverse effect on Transporter's system or services. Minimum pressure commitments may be for a stated period. Any minimum pressure conditions required to ensure the quality of Transporter's service **will be stated in the Shipper's** firm Transportation Service Agreement.
- (d) Transporter's consent to provide a minimum delivery pressure shall be contingent **upon the downstream operator's** willingness to receive gas at the specified pressure. Transporter may operate its facilities at less than the minimum delivery pressure obligation for a Shipper when the Shipper does not require the agreed-upon minimum delivery pressure.
- (e) If additional facilities are required to provide the requested minimum delivery pressures, Transporter may require the requesting Shipper to pay the cost of such facilities pursuant to §§ 15 and 17 of the General Terms and Conditions of Part 1 of this Tariff.
- (f) All minimum delivery pressure commitments will be set forth in the Transportation Service Agreement and posted in the Informational Postings section on Transporter's **internet web site.**
- (g) If Transporter denies a request for a minimum delivery pressure, then, upon request, Transporter will provide a written explanation to the Shipper for the denial.
- (h) A commitment of minimum delivery pressures will not alter the priority of service set forth in § 9 of the General Terms and Conditions of Part 1 of this Tariff.

12. BALANCING OF TRANSPORTATION QUANTITIES

- 12.1 General Provision. A Shipper must monitor its receipts and deliveries of gas and, if necessary, make adjustments to maintain a balance between receipts and deliveries.

Transporter will monitor receipts and deliveries through telemetered, electronic measurement equipment at major receipt and delivery points on its transmission system. Transporter will compare systemwide aggregated receipt-to-delivery nominations and monitor its system pressures and compressor station operating parameters in conjunction with its allocated capacity at Clay Basin to determine if its system is out of balance and adjustments are required to receipts or deliveries. If the volume of gas received exceeds the amount scheduled and the excess cannot prudently be injected into Clay Basin or absorbed within system line pack, as determined by observing operating parameters, particularly system pressures, Transporter will restrict receipts into the system. Conversely, if the volumes received are less than the volumes scheduled, and the difference cannot be compensated for by Transporter withdrawing gas from Clay Basin or through the use of system line pack, Transporter will adjust deliveries to maintain system integrity. Transporter will timely advise Shipper of any imbalances. Upon notification that adjustments are necessary, a Shipper must adjust its receipts and deliveries to correct or avoid any imbalance. Any adjustment to receipts and deliveries by Shipper, whether or not pursuant to notification from Transporter, will be nominated, scheduled and approved by Transporter's gas representatives according to Transporter's scheduling procedures.

- 12.2 Daily Balancing. A Shipper that does not have NNT service must maintain a daily thermal balance between receipts and deliveries within the \pm 5% daily imbalance tolerance.

Transporter will notify a Shipper upon determination that the Shipper's receipts and deliveries exceed the \pm 5% daily imbalance tolerance. After notification by Transporter that an adjustment is necessary to keep its system in balance, a Shipper will be afforded reasonable opportunity to remedy its imbalance consistent with existing operational conditions. If the imbalance is not corrected within the time specified, Transporter will take whatever action it deems necessary to remedy the imbalance situation. Transporter will make daily imbalance information available through MyQuorum each day for the prior gas day.

If required to maintain operational stability and system integrity, Transporter will adjust all receipts and deliveries on its system, even if Shippers are within the \pm 5% imbalance tolerance limits.

Adjustments at each transmission transfer meter will be made according to the affected Shippers' operational balancing agreement (OBA) or pre-determined allocation arrangement (PDA) with operators upstream of Transporter's transmission system. Absent written notice to Transporter of an OBA or PDA reflecting agreement of all affected Shippers' deliveries of gas to Transporter at a given transfer meter, adjustments will be made *pro rata* according to each Shipper's scheduled daily nomination. Transporter must be notified immediately of any changes to an existing OBA or PDA. Shipper shall provide Transporter a copy of any document effecting changes to an OBA or PDA immediately upon execution.

12.3 Monthly Balancing.

- (a) A Shipper must maintain a monthly balance between net receipts (receipt less fuel use and lost and unaccounted-for gas) and deliveries within the \pm 5% imbalance tolerance.
- (b) For the determination of monthly imbalances, Shippers' receipt or delivery volumes at each MAP point shall be allocated according to the interconnecting operational balancing agreement (OBA) or pre-determined allocation (PDA). Absent an OBA or PDA, volumes will be allocated *pro rata* based on each Shipper's scheduled nomination.
- (c) When adjustments become operationally necessary, adjustments at each MAP point will be determined according to the OBA or PDA in place at the time the volumes were received or delivered. Absent an OBA or PDA, adjustments will be *pro rata* according to each Shipper's daily scheduled nomination.
- (d) Transporter will make monthly imbalance information available to all Shippers through MyQuorum on or before the 9th business day of each month following the month during which gas was transported. An imbalance statement will be tendered to Shipper with Shipper's monthly bill issued according to § 17.1 of these General Terms and Conditions.
- (e) At the end of each calendar month where Shippers' net transportation receipts (receipt DTH less fuel use and lost-and-unaccounted-for) do not equal deliveries on a DTH basis, the following procedures will apply:
 - (i) Shipper's imbalances under each T-1, T-2 and NNT agreement will be netted together for monthly imbalance calculations. Each month on or before the 9th business day, Transporter will provide imbalance statements and information on its website indicating the resulting monthly imbalance incurred in the prior month and that portion which exceeds \pm 5% of the monthly receipt volumes or imbalance tolerance.
 - (ii) Following posting of the monthly imbalance for the prior month, Shippers will then have through the last day of the current month to remedy any imbalance exceeding the \pm 5% imbalance tolerance. To remedy an imbalance, Shippers will have the ability to trade imbalances pursuant to § 12.4 or pay back the imbalance in the current month pursuant to § 12.5.
 - (iii) At the end of the month in which the imbalance for the prior month was posted and after all imbalance trades and pay back have been entered, Shipper will be cashed out, in accordance with § 12.6, for that portion that still exceeds the imbalance tolerance.

- 12.4 Imbalance Trading. All imbalance trading must be conducted through MyQuorum. If Shipper desires to trade imbalances on MyQuorum, Shipper must consent to Transporter releasing to others on MyQuorum Shipper's monthly imbalance information.
- (a) Once Shippers have agreed to trade their imbalances, each Shipper must notify Transporter by completing an imbalance trading notice on MyQuorum. This notice to Transporter will be deemed to be the Shipper's direction to Transporter to make the imbalance trade on the Shipper's account. If the Shippers' notices coincide, Transporter will adjust Shippers' accounts to reflect the imbalance trade.
 - (b) Shippers are responsible for making whatever arrangements they deem necessary to finalize and document the imbalance trade among themselves.
 - (c) Transporter shall not be liable for any losses incurred by a Shipper if a Shipper is unable to complete an imbalance trade once Shipper has notified Transporter of the imbalance trade.
 - (d) Shipper will be able to trade imbalances with other Shippers that have an imbalance that will reduce each Shipper's imbalance.

- 12.5 Imbalance Payback Option. Subject to available transportation and/or storage capacity, operational constraints and approval by Transporter, a Shipper during the remainder of the month after notification of its monthly imbalance, may eliminate its prior month's imbalance through either a physical payback or take of gas in lieu of or in connection with imbalance trading. Nominations to reduce the previous Monthly Imbalance must be specifically designated for that purpose. Transporter will consider each Shipper's request to exercise its option under this section and will, on a nondiscriminatory basis, and subject to prudent operational practices, honor the request.

12.6 Cashout. All remaining imbalances that exceed the imbalance tolerance at the end of the month will be subject to the following cashout provisions. However, if Shipper cannot cure an imbalance due to force majeure, Transporter will extend the time period for the Shipper to pay back an imbalance for a period equal to the length of the Force Majeure event.

- (a) Cashout volumes are those volumes that exceed the $\pm 5\%$ imbalance tolerance at the end of the month following the month the imbalance occurred less any imbalance trades and specific payback volumes. The cashout process will reduce the Shipper's imbalance to be within the imbalance tolerance upon payment or credit of the cashout amount.
- (b) Shippers' imbalance that exceeds the imbalance tolerance shall be cashed out at a price calculated by multiplying the portion that exceeds the imbalance tolerance by the applicable rates as determined below.
- (c) Determination of cashout price. Transporter will use the "Inside FERC's Gas Market Report" first-of-the-month posting for Northwest Pipeline Corp., Rocky Mountains, published for the first of the month following final determination of the cashout volume to set an index price. If "Inside FERC's Gas Market Report" ceases publication or to the extent prices are not reported for Northwest Pipeline Corp., Rocky Mountains, Transporter will select a similar index or publication and notify Shippers of the selection via MyQuorum. The cashout price will be the index price plus a premium for volumes due Transporter or less a discount for volumes due Shipper. The premium or discount will be according to the tiered schedule below:

<u>Tier</u>	<u>Imbalance Level</u>	<u>Due Transporter</u>	<u>Due Shipper</u>
1	Greater than 5% up to 7%	Index + \$0.50	Index - \$0.50
2	Greater than 7%	Index + \$1.00	Index - \$1.00

- (d) Transporter shall credit the account of Shipper for any cashout amounts due Shipper for imbalances due Shipper.
- (e) Shipper shall pay Transporter for any cashout amounts due Transporter for imbalances due Transporter.
- (f) Upon payment or crediting of the appropriate cashout amounts, Shipper's imbalance will be reduced by the amount that exceeds the imbalance tolerance.

- 12.7 Credit of Penalty and Cashout Revenues. Any penalty or cashout revenues that exceed gas purchase and incremental administrative costs will be credited to all non-offending transportation Shippers in proportion to the revenue contribution from each non-offending Shipper for the month in which the imbalance occurred, using the following process:
- (a) Excess amounts collected during the period January through June will be credited in March of the following year.
 - (b) Excess amounts collected during the period July through December will be credited in September of the following year.

Reserved for future use.

- 12.9 Balancing at Service Agreement Termination. Following the termination of its agreement, Shipper shall correct any remaining cumulative imbalance in receipts and deliveries within 30 days after notification by Transporter that an excess or deficiency exists. If at the end of the 30-day period there remains an imbalance that has not been eliminated by Shipper, Transporter shall purchase or sell Shipper's imbalance inclusive of the $\pm 5\%$ imbalance tolerance under § 12.6, above.

12.10 Unauthorized Receipt or Delivery of Gas. If a Shipper delivers gas to Transporter or takes gas from Transporter and (i) has made no nomination under an existing service agreement or (ii) has no valid service agreement, then Transporter may impose the Unauthorized Overrun charge set forth on the Statement of Rates. In addition, upon determination that such unauthorized action has been taken by a Shipper, Transporter may take action to terminate such unauthorized use of its system.

12.11 Imbalances with the Other Parties. Transporter shall not be responsible for eliminating any imbalances between Shipper and any other party, including without limitation any volume imbalances that accrue between distribution companies and specific end users or between producers and distribution companies or end users. Furthermore, Transporter shall not be obligated to adjust or deviate from its standard operating and accounting procedures in order to alleviate any such imbalances or deficiencies.

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

- (a) All transactions involving the physical payback of gas or trading of imbalances on Transporter's system must comply with the terms and conditions of Transporter's Tariff.
- (b) The trading or curing of imbalances may only involve procedures that are provided for in Transporter's Tariff.
- (c) Shippers will not be permitted to trade imbalances in any manner that will increase a Shipper's imbalance on Transporter's system.
- (d) Trading of imbalances may only be between imbalances on Transporter's system.
- (e) When a Shipper desires to physically repay or take deliveries of gas, either the Shipper or the TPP must have the necessary Transportation, Storage, Receipt and Delivery point capacity to allow for the delivery of the gas.
- (f) Neither the Shipper nor the TPP may transport or trade gas to which they do not hold title.

12.13 Maintenance of System Integrity. Nothing in this section limits Transporter's right to take action as may be required, including the issuance of OFOs, to adjust receipts and deliveries of gas in order to alleviate conditions that threaten the integrity of its system, including maintenance of service to higher priority customers. The declaration to the affected parties of OFOs, critical periods, and/or critical notices shall describe the conditions and the specific responses required from the affected parties. [NAESB WGQ 1.3.26]

12.14 Notice Procedures of OFO Conditions. Transporter will monitor pipeline activity on a continual basis to foresee and forewarn Shippers, where possible, of conditions requiring an OFO, including (i) physical inability to transport gas due to operational constraints, (ii) force majeure as described in the definitions of these General Terms and Conditions, (iii) unexpected operating conditions such as peak demand, Shipper imbalances, weather impacts, impacts caused by interconnecting pipelines, etc. Upon issuance of an OFO, notification will be posted on Transporter's Informational Postings and Transporter will support further notification, to be designated by Shipper, through the following channels: (1) up to two internet e-mail addresses provided by Shipper or (2) additional electronic notification designated by Shipper. The notice shall specify (i) the time and date of issuance of the notice, (ii) the actions that affected Shippers are required to take, (iii) the nature of the problem sought to be addressed, (iv) the time by which affected Shippers must comply with the OFO, (v) the anticipated duration of the OFO (unless otherwise indicated in the notice, the OFO will remain in effect until Transporter contacts the affected Shippers), and (vi) the ongoing status and progress of resolution of the OFO and any other conditions. Shippers must notify Transporter of the name and telephone number of a person who will be available on a 24-hour basis to receive notice of the issuance of an OFO. After an occurrence of an OFO, Transporter will provide information as soon as it is available to its customers on the Informational Postings section of its web site regarding the factors causing the OFO to be issued and released.

12.15 Fuel Gas Reimbursement and Tracking. For all gas tendered by Shipper for transportation under Rate Schedules T-1 and T-2, shipper shall reimburse Transporter in kind as listed on the Statement of Rates, for gas consumed in transmission-system operations and for lost-and-unaccounted-for gas. The Fuel-Gas Reimbursement Percentage (FGRP) shall be applied to quantities tendered by Shipper. Shipper's total receipt-point nominations must include the amount of gas equal to the FGRP. Transporter shall file a revised FGRP each year on December 1, to be effective the following January 1. The FGRP will include four components: (1) system gas consumption, (2) lost or gained and unaccounted-for quantities, (3) an amortization for the balance of past over or under recoveries and (4) the unamortized or over-amortized quantities from the preceding January 1 through December 31 amortization period. No FGRP-adjustment filing will be made that establishes an FGRP of less than zero percent. The adjustment filings will include (1) a revised statement of rates reflecting the new FGRP and (2) work papers that support the following procedure:

- (a) The FGRP will be projected using the twelve-month data ended September 30, and computed by dividing the sum of (i) through (iv) by (v) of this section. The FGRP calculation shall exclude gas consumed or reimbursed under Transporter's Rate Schedule X-35 of Original Volume No. 3 of Transporter's FERC Gas Tariff. The FGRP calculation shall include gas reimbursement associated with injections and withdrawals of gas, used for the operational control and balancing of Transporter's transmission system, stored in Transporter's Clay Basin storage facility.
 - (i) Projected system gas consumption for the twelve months commencing January 1 of each year. Projected transmission system gas consumption will be based on the actual fuel consumed at each compressor station, extraction plant or other fuel-consuming facility for the preceding twelve months ended September 30, as adjusted for anticipated changes in system operations.
 - (ii) Projected lost or gained and unaccounted-for quantities for the twelve months commencing January 1 of each year. Projected transmission system losses or gains and unaccounted-for quantities will be calculated by subtracting physical transmission deliveries, including actual system gas consumed from physical transmission receipts, for the preceding twelve months ended September 30, as adjusted for anticipated changes in system operations.
 - (iii) Variance between the previously effective FGRP and actual gas consumed in transmission operations, including lost or gained and unaccounted-for quantities for the preceding twelve months ended September 30. The variance will be calculated by subtracting the actual gas consumed and lost or gained and unaccounted-for quantities incurred during the preceding twelve month period ended September 30 from the quantity of gas retained under the FGRP that was in effect during each month of such period. Monthly variances will be accumulated in the appropriate account. The variance component of the FGRP will be used to amortize the September 30 balance from January 1 through December 31 of each year. Unamortized or

over-amortized amounts will be included in subsequent FGRP calculations as provided in § 12.15(a)(iv).

- (iv) Unamortized or over-amortized variance quantities, as described in § 12.15(a)(iii), from the preceding January 1 through December 31 amortization period.
 - (v) Projected annual scheduled transportation receipt quantities for the next twelve months commencing on January 1 of each year. Projected annual scheduled transportation receipts will be based on the annual scheduled transmission receipt quantities for the preceding twelve months ended September 30, as adjusted for anticipated changes in system operations.
- (b) Transporter may elect to file an independent application for authority to calculate and charge a separate FGRP for new facilities or existing facilities that are operated in isolation from the remainder of Transporter's pipeline system.

13. QUALITY OF GAS

13.1 Specifications. The gas received by Transporter from shipper and delivered by Transporter to Shipper shall conform to the following specifications:

- (a) Heat Content. The gas delivered at each of the points of receipt and delivery shall contain a gross heating value of not less than 950 BTU per cubic foot nor more than 1150 BTU per cubic foot.
- (b) Hydrogen Sulfide. The gas shall not contain more than 1/4 grain of hydrogen sulfide per 100 cubic feet.
- (c) Inert Substances. The gas shall not contain inert substances in excess of three percent by volume.
- (d) Liquids. Gas tendered for transportation at a receipt point shall not contain any free liquids of any nature and shall conform to the CHDP specification set forth in §§ 13.2 and 13.3.
- (e) Merchantability. The gas shall be commercially free from dust, gums, gum-forming constituents, dirt, impurities or other solid or liquid matter that might interfere with its merchantability or cause injury to or interference with proper operation of the pipelines, regulators, meters, or other equipment of Transporter. The gas shall also be free of all matter that is deemed hazardous or toxic and is subject to regulation by the Environmental Protection Agency or any State agency having similar jurisdiction or authority.
- (f) Oxygen. The gas shall not have an oxygen content in excess of 10 parts per million by volume, and the parties shall make every reasonable effort to keep the gas free of oxygen.
- (g) Temperature. The gas shall be delivered at a temperature not in excess of 120 degrees Fahrenheit or less than 35 degrees Fahrenheit at any receipt or delivery point.
- (h) Total Sulfur. The gas shall not contain more than 5 grains of total sulfur per Mcf, of which not more than 2 grains shall be mercaptan sulfur.
- (i) Water Vapor. The gas shall not contain in excess of 5 pounds of water per million cubic feet.

13.2 Cricondentherm Hydrocarbon Dew Point (CHDP).

- (a) CHDP Limit - Transporter will accept all deliveries of natural gas within CHDP Zones 1 through 9 and Zone 11 at a CHDP equal to or less than 35° Fahrenheit, and equal to or less than 15° Fahrenheit within CHDP Zone 10, provided that such gas satisfies all other applicable provisions of Transporter's FERC Gas Tariff.
- (b) Transporter will file with the Commission any proposed revisions to change the CHDP Limit of any CHDP Zone. Upon Commission approval of such revisions, Transporter will revise the CHDP Limits for the specified zone on the CHDP Zone Map report under Informational Postings > Gas Quality.
- (c) CHDP Operating Limit - Transporter may, from time to time, as operationally feasible, establish a CHDP Operating Limit that is higher than the CHDP Limit for natural gas received into its system on specified CHDP Zones. Transporter's ability to establish higher CHDP Operating Limits for particular zones will depend on pipeline operating characteristics such as pressures and temperatures, blending capability of prevailing and expected gas supplies and proximity to downstream city gates and interconnecting pipelines as well as the existence of processing and liquids handling facilities within a CHDP Zone. In such cases when Transporter **increases a zone's CHDP Operating Limit**, Transporter will update the CHDP Operating Limit for the specified zone on the CHDP Zone Map report under Informational Postings > Gas Quality, on its internet web site.
- (d) Transporter shall not be obligated to accept gas into its system that exceeds the applicable CHDP limit. The existence of a CHDP limit shall not be deemed to negate, reduce or limit Transporter's authority to issue Operational Flow Orders. To the extent operationally practicable, Transporter may waive a CHDP limit for gas received from certain points on its system provided such waiver is made on a non-discriminatory basis.
- (e) When operationally feasible, Transporter will exempt low-volume sources from the CHDP Operating Limit on a non-discriminatory basis and accept gas into its system that exceeds the posted CHDP Operating Limits stated on the CHDP Zone Map report under Informational Postings > Gas Quality. Sources with volumes of less than 100 Dth/d will generally be exempt from the CHDP Limits. However, whenever multiple low-volume sources converge to cause Transporter problems in meeting downstream CHDP requirements, Transporter may elect to temporarily suspend the exemption for low-volume sources on localized portions of its system until the downstream CHDP problems are resolved. In such cases, Transporter will post a system-wide notice whenever it elects to temporarily suspend the exemption for low-volume sources.

13.3 CHDP Operating Limit Posting Procedure.

- (a) Transporter may establish a CHDP Operating Limit at or above the CHDP Limit for each CHDP zone. The CHDP Operating Limit will apply to all Receipt Points within the CHDP zone. Transporter will update its CHDP Operating Limit for the specified zone(s) as stated on the CHDP Zone Map report under Informational Postings > Gas Quality, each time it establishes a higher CHDP Operating Limit. Transporter will provide as much prior notice of changes to its CHDP Operating Limits as possible and attempt to provide at least two days' notice prior to the timely cycle nomination deadline when its CHDP Limit is reduced. However, Transporter may reduce the CHDP Operating Limit to the CHDP Limit at any time without notice, when operationally necessary. In such event, Transporter will post a system-wide critical notice updating the CHDP Operating Limit of the specified zone on the CHDP Zone Map report under Informational Postings > Gas Quality, on its Internet web site.
- (b) For Receipt Points with online chromatographs, Transporter's Gas Quality report under Informational Postings shall provide the prior Gas Day average and maximum calculated CHDP at each Receipt Point. For Receipt Points without online chromatographs, the Gas Quality report shall provide the average CHDP at each Receipt Point for the prior month period. Compliance with CHDP limits will be determined based on calculated current flowing CHDP temperatures.

- 13.4 CHDP Calculation. Transporter shall perform the CHDP calculations using an industry recognized equation of state and Natural Gas chromatograph compositional analysis through C9. In the event of a dispute over calculated CHDP temperature at a given Receipt Point, Transporter's calculated value shall control unless the disputing party can clearly identify the cause of the error.

- 13.5 Acceptance of Gas. If any gas tendered for receipt by Transporter fails at any time to conform to any of the quality specifications set forth in §§ 13.1 through 13.3, Transporter may refuse to accept receipt of the non-conforming gas until the gas meets the quality specifications. Transporter's refusal to accept non-specification gas does not relieve Shipper of any of its obligations under this Tariff. Transporter will attempt to notify a Shipper when Shipper's gas does not conform to Transporter's specifications.

13.6 Indemnity. Shipper shall indemnify Transporter and hold it harmless from all suits, actions, regulatory proceedings, damages, costs, losses and expenses (including reasonable attorney fees) arising out of the failure of the gas tendered by Shipper to conform to the quality specifications set forth in §§ 13.1 through 13.3, including any injury or damage done to Transporter's facilities. Transporter may elect to accept any off-specification gas in the quantities and at the time periods as Transporter determines will not adversely affect or hamper Transporter's ability to provide service under this Tariff.

13.7 Waiver. Acceptance of gas that does not conform to these specifications is at the election of Transporter, and acceptance of the gas does not constitute any waiver of Transporter's right to refuse to accept similarly nonconforming gas.

13.8 Scheduling. Transporter will not be required to accept gas at any point of receipt that is of a quality inferior to that required by Shipper or a third party at any point of delivery on Transporter's system.

14. MEASUREMENT

- 14.1 References. The following reports and standards stated in this § 14 will be used by Transporter when applying measurement practices. Transporter may adopt updates to these reports and standards, as amended from time to time.

American Gas Association, AGA Report No. 3, Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, Part 2, Specification and Installation Requirements (AGA Report No. 3, Part 2).

American Gas Association, ANSI B109.3, Rotary-Type Gas Displacement Meters (AGA ANSI B109.3).

American Gas Association, Compressibility Factors of Natural Gas and Other Related Hydrocarbon Gases, Transmission Measurement Committee Report No. 8 (AGA Report No. 8).

American Gas Association, Measurement of Gas by Multipath Ultrasonic Meters, Transmission Measurement Committee Report No. 9 (AGA Report No. 9).

American Gas Association, Measurement of Gas by Turbine Meters, Transmission Measurement Committee Report No. 7 (AGA Report No. 7).

American Petroleum Institute, Manual of Petroleum Measurement Standards Chapter 14, Natural Gas Fluids Measurement, Section 1, Collecting and Handling of Natural Gas Samples for Custody Transfer (API Chapter 14.1).

American Petroleum Institute, Manual of Petroleum Measurement Standards Chapter 14, Natural Gas Fluids Measurement, Section 3, Orifice Metering of Natural Gas and Other Related Hydrocarbon Fluids, API Standard 2530 (API Chapter 14.3).

American Petroleum Institute, Manual of Petroleum Measurement Standards Chapter 21, Flow Measurement Using Electronic Metering Systems, Section 1, Electronic Gas Measurement (API Chapter 21.1).

Gas Processors Association Standard 2145-03, Table of Physical Constants for Hydrocarbons and Other Compounds of Interest to the Natural Gas Industry (GPA Standard 2145-03).

Gas Processors Association Standard 2172-96, Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis (GPA Standard 2172-96).

Gas Processors Association Standard 2261-00, Analysis for Natural Gas and Similar Gaseous Mixtures by Gas Chromatography (GPA Standard 2261-00).

14.2 Use of Measurement. Unless otherwise agreed to by Transporter, Transporter will install, maintain and operate all measurement stations, which shall be equipped with electronic flow computers or conventional chart recorders and other measurement equipment. The interconnecting operator may install check measurement equipment at its own cost and expense if the equipment is installed in accordance with Transporter's specifications and in a manner that will not interfere with the operations of Transporter. Gas volumes determined according to this section will be used for billing, balancing, and calculation of fuel use and lost and unaccounted-for gas, etc.

- 14.3 Unit of Measurement and Metering Base. The standard reporting basis for BTU is 14.73 psia at 60 degrees F (101.325 kPa, at 15 degrees C, and dry). The standard reporting basis for Gigacalorie is 1.035646 Kg/cm² at 15.6 degrees C and dry.

The standard reporting basis for gas volumes is Cubic Foot at standard conditions of 14.73 psia, and 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa and 15 degrees C, and dry [NAESB WGQ 2.3.9].

- 14.4 Atmospheric Pressure. For the purpose of measurement, calculation and meter calibration, the average absolute atmospheric (barometric) pressure will be based on the actual altitude at each point of measurement irrespective of variations in natural atmospheric pressure from time to time. When electronic computer measurement is used, the atmospheric pressure will be the barometric pressure calculated for the elevation at the point of measurement.

- 14.5 Flowing Temperature. The temperature of the gas will be determined at the points of measurement by means of a properly installed recording thermometer or continuous electronic transducer input to a computer (of standard manufacture selected by Transporter). When used with orifice meters, the gas temperature device shall be installed and operated, and the gas temperature quantities computed, in accordance with AGA Report No. 3, Part 2, API Chapter No. 21.1, and API Chapter 14.3. When used with turbine meters, the gas temperature device shall be installed and operated, and the gas temperature quantities computed, in accordance with AGA Report No. 7 and API Chapter 21.1. When used with rotary meters, the gas temperature device shall be installed and operated, and the gas temperature quantities computed, in accordance with AGA ANSI B109.3 and API Chapter 21.1. When used with ultrasonic meters, the gas temperature device shall be installed and operated, and the gas temperature quantities computed, in accordance with AGA Report No. 9 and API Chapter No. 21.1.

14.6 Gross Heating Value and Specific Gravity.

- (a) The determination of gross heating value and specific gravity will be made from the composition by calculation using physical gas constants for gas compounds as outlined in GPA Standard 2145-03 and GPA Standard 2172-96, with any subsequent amendments or revisions that Transporter may adopt.
- (b) Installation, maintenance, and operation of on-line chromatographs or laboratory chromatographs, including sample delivery systems, and composite sample systems, will conform with API Chapter 14.1, and GPA Standard 2261-00 with any subsequent amendments or revisions.
- (c) If an on-line gas chromatograph is used, the gross heating value, specific gravity and components for all gas will be determined during the applicable sampling period at that site. Gross heating values, specific gravities and components determined from each analysis will be used in calculating gas on a continuous basis.
- (d) If a continuous gas sampling device is used, gross heating value, specific gravity and components for all gas will be determined not less than once every month at that site. Gross heating values and specific gravities determined from spot samples will be used in calculating gas delivered for the day on which the test is made and all following days until the next test is made.

- 14.7 Supercompressibility. The measurement of gas will be corrected for deviation from Boyle's Law at the pressures and temperatures under which gas is measured by use of the calculation appearing in AGA Report No. 8 at each of the points where the gas is received and delivered as supplemented or amended. Inert content of the metered gas stream used in the AGA Report No. 8, Gross I, Method I, calculations will be determined by a chromatographic analysis using spot sampling when deliveries begin and thereafter by (i) an on-line chromatographic analysis, (ii) chromatographic analysis not less than semiannually or (iii) analysis obtained from a composite sample.

- 14.8 Measurement. Transporter may install orifice, turbine, positive displacement, ultrasonic meters or other measurement devices. They will be installed and operated in accordance with then-approved AGA and API recommendations, where available.
- (a) Orifice Meters. All orifice meters will be installed and gas volumes computed according to the standards prescribed in AGA Report No. 3, Part 2 and API Chapter 14.3.
 - (b) Turbine Meters/Positive Displacement Meters. All turbine meters will be installed and gas volumes computed according to the standards prescribed in AGA Report No. 7 and AGA ANSI B109.3.
 - (c) Ultrasonic Meters. All ultrasonic meters will be installed and gas volumes computed according to the standards prescribed in AGA Report No. 9.
 - (d) Square Root Error. If unacceptable square root error or gauge line error is caused by an interconnecting company's equipment or by a shipper on the interconnecting company pipeline, Transporter will refuse to accept gas from the interconnecting pipeline at that location until the problem is corrected. Unacceptable square root error is defined to be equal to or greater than 0.5%. If there is a disagreement over the degree of error between Transporter and the operator of the source, a mutually agreeable independent third-party will be requested to determine the source and degree of error. The party deemed responsible for the pulsation source will incur all costs for the consultation and the installation of remedial devices or filtering equipment, as necessary.
 - (e) New Standards. Transporter may adopt the most recent edition of: API Chapter 14.3; AGA Report No. 3, Part 2; AGA Report No. 7; and AGA Report No. 9.

- 14.9 New Measurement Techniques. If a new method or technique is developed for gas measurement, the new method or technique may be substituted by Transporter. Transporter will promptly inform all Shippers of any new techniques adopted.

14.10 Rights Concerning Measurement Equipment.

- (a) Transporter and the operator of any interconnecting facility, in the presence of each other or their contractually designated representative, may have access to the other's measurement equipment at all reasonable times for installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating or adjusting done in connection with the other's measurement equipment. Only the party owning the equipment may perform these operations, unless otherwise agreed. The failure of either party to witness such operations will not affect the validity of the operations.
- (b) The records from measurement equipment will remain the property of the party owning the equipment, but within ten days of a request, each will permit the other party to inspect its records and data, together with related calculations.
- (c) The measurement equipment of the operator of the interconnecting facility will be for check purposes only and, except as expressly provided in these General Terms and Conditions, will not be used in the custody measurement of gas.

14.11 Calibration and Test of Measurement Equipment. Transporter will verify the accuracy of all measurement equipment at reasonable intervals. Transporter will provide notice of regular inspections and calibrations of measurement equipment and any routine orifice plate changes to the operators of interconnecting facilities, and the operators or other contractually designated representative of Shippers may attend the inspections or plate changes. Transporter shall not be required to verify the accuracy of its equipment more frequently than once in a 90-day period. In the event an operator of an interconnecting facility or their contractually designated representative notifies Transporter that it desires a special test of any of Transporter's measurement equipment, the parties shall cooperate to secure prompt verification of the accuracy of such equipment. Any operator of an interconnecting facility or their contractually designated representative requesting such a special test of Transporter's measurement equipment shall bear Transporter's out-of-pocket costs of the test if the equipment is found to be accurate within two percent (2%).

14.12 Correction of Measurement Errors. If any measurement equipment is found to be inaccurate, the equipment will be adjusted immediately to measure accurately. If the measurement equipment in the aggregate is found to be inaccurate by two percent (2%) or more at a recording corresponding to the average hourly rate of gas flow for the period since the last preceding test, any payments based upon inaccurate measurement will be corrected at the rate of such inaccuracy for any period that is known definitely or agreed upon. In the case where the period is not known or agreed upon, such correction will be for a period extending over one half of the time elapsed since the date of the last test.

- 14.13 Failure of Measurement Equipment. If any measurement equipment is out of service or is found registering inaccurately and the error is not determinable by test, or by previous recordings, receipts or deliveries through such equipment will be estimated and agreed to by the parties upon the first of the following methods that is feasible:
- (a) By correcting the error if the percentage of error is ascertainable by calibration, special test, or mathematical calculation, or, in the absence of (a);
 - (b) By using the registration of any check meter or meters, if installed and accurately registering, or, in the absence of (a) and (b);
 - (c) By estimating the quantity of gas received or delivered based on receipts or deliveries during preceding periods under similar conditions when the measurement equipment was registering accurately.

14.14 Preservation of Records. Transporter will retain data as may be required by appropriate authority.

14.15 Measurement Data Corrections. Measurement data corrections will be processed within six months of the production month with a three-month rebuttal period. This standard will 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 WGO 2.3.14].

14.16 Cutoff. The cutoff for the closing of measurement is five Business Days after the business month. [NAESB WGQ 2.3.7]

15. FACILITIES

15. FACILITIES

Transporter is not required to construct or acquire any additional facilities to provide requested transportation service. If Transporter installs facilities at the request of a Shipper, that Shipper shall make full payment to Transporter for the additional facilities, except as may otherwise be provided in the Shipper's service agreement.

Shipper's payment to Transporter shall include the full cost of the facility, the tax burden created by the payment as well as the tax-on-tax effect generated by the payment. Reimbursement for federal income taxes on Shipper's payment will be computed by first determining the tax-on-tax effect, and then deducting the present value of the future tax benefit provided by the future depreciation of plant involved in the payment.

The tax-on-tax effect will be determined by the product of (a) the dollar amount qualifying as a contribution in aid of construction under the Tax Reform Act of 1986 and (b) the "tax rate" divided by 1 minus the tax rate: i.e.

$$\frac{\text{Tax Rate}}{1 - \text{Tax Rate}}$$

The present value of the tax benefit provided by the future depreciation of plant shall be calculated by Transporter according to the present value formula shown in § 5 to these General Terms and Conditions. Shipper shall have no ownership interest in the additional facilities installed by Transporter.

16. ANNUAL CHARGE ADJUSTMENT

- 16.1 Purpose. Transporter is assessed an annual charge by the FERC to reimburse the United States Treasury for costs incurred by the FERC, other than costs incurred in the administration of Part I of the Federal Power Act, not covered by filing fees. To enable Transporter to recover this annual charge, this section establishes an Annual Charge Adjustment to be applicable to Transporter's rate schedules as set forth on the Statement of Rates.

16.2 Basis of Annual Charge Adjustment. The rates specified on the Statement of Rates shall incorporate by reference an adjustment for the ACA unit charge as published on **the Commission's web site (www.ferc.gov)**. The adjustment shall be a base increment specified annually by the FERC at the time the FERC calculates the annual charge bills and shall be adjusted to Transporter's pressure base and heat content, if required.

- 16.3 Accounting Procedure. Transporter will account for annual charges paid by charging the amount to Account No. 928, Regulatory Commission Expenses, of the Commission's Uniform System of Accounts. It is Transporter's intent not to recover any annual charges recorded in FERC Account No. 928 in an NGA § 4 rate case.

16.4 Payment. Transporter shall remit to the FERC, within 45 days of the issuance of the bill by the Commission, payment of the annual charge assessed Transporter unless Transporter has filed a petition under 18 C.F.R. § 382.105. Payment must be made to the United States Treasury.

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17. BILLING AND PAYMENT

- 17.1 Monthly Bill. On or before the 9th business day of each month, Transporter shall furnish to Shipper a monthly statement of the total payment due for all quantities of gas stored and/or transported during the preceding month (including any other applicable charges). Unless otherwise agreed, transportation invoices shall state the net billing rate, rather than the maximum discount Tariff rate and the discount amount. [NAESB WGQ 3.3.4] Transporter shall provide a schedule showing volume of gas (in DTH) received and delivered, including FGRP quantities and any imbalance. Imbalance statements shall be generated at the same time or prior to the generation of the transportation invoice. [NAESB WGQ 2.3.28] Shipper's imbalance statement will be included in this billing. Invoices shall be based on actuals (if available) or best available data. Quantities at points where OBAs exist shall be invoiced based on scheduled quantities. [NAESB WGQ 3.3.9]

17.2 Billing for Released Capacity.

- (a) If capacity is released, the Releasing Shipper will be billed the reservation charges associated with the entire amount of the Releasing Shipper's RDC, NNT service level or storage capacity. A conditional credit for the payment of the reservation charges corresponding to the released capacity will be applied to the Releasing Shipper's bill. The Releasing Shipper will also be billed any negotiated marketing fee.
- (b) Transporter will bill the Replacement Shipper based on the rates specified in the service agreement and any other applicable charges, including pipeline and storage usage charges. The Replacement Shipper must pay the billed amount directly to Transporter.
- (c) If a Replacement Shipper fails to pay Transporter, Transporter will notify the Releasing Shipper that the conditional credit has been reversed and of the amount due, including interest calculated in accordance with 18 C.F.R. § 154.501(d). This amount must be paid by the Releasing Shipper. If the Replacement Shipper subsequently pays Transporter, Transporter will credit the amount received to the Releasing Shipper.

17.3 Crediting of Interruptible Revenues.

- (a) Transporter will retain 100 percent of the first \$800,000 of revenues received from Rate Schedule T-2 transportation service during each twelve-month period beginning February 1 of each year (initially February 1, 1996) and ending January 31 of each subsequent year. During the same time period, Transporter will credit Rate Schedule T-1 Shippers with 50 percent of all Rate Schedule T-2 transportation service revenues that exceed \$800,000 but are no more than \$1,200,000, and 75 percent of Rate Schedule T-2 revenues exceeding \$1,200,000. All credits to Rate Schedule T-1 Shippers shall be net of variable costs.

The credit shall be calculated *pro rata* based on each Shipper's RDC payments (exclusive of surcharges) during each applicable twelve-month period and shall be reflected on each Shipper's monthly bill within three months following the end of each twelve-month period. Any payments made under this provision shall include interest at the rate specified in 18 CFR § 154.501(d) accruing from the end of the twelve-month accounting period until payment is made.

Transporter shall not credit to Rate Schedule T-1 Shippers any revenues resulting from interruptible transportation service made possible through a system expansion, or from the occurrence of other costs that are not included in firm charges set forth on the Statement of Rates.

- (b) Transporter will credit interruptible storage revenues according to § 17 of the General Terms and Conditions of Part 3 to this Tariff

- 17.4 Access to Billing Data. Both parties shall have the right to examine at reasonable times books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made under or pursuant to any of the provisions of such statement.

17.5 Payment. Shipper shall pay Transporter within ten days of the date of the bill rendered under this section. Shipper must submit supporting documentation; Transporter shall apply payment per supporting documentation provided by Shipper; and if payment differs from invoiced amount, remittance details must 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 WGO 3.3.17] Shipper must identify invoice number(s) on all payments. [NAESB WGO 3.3.18]

17.6 Late Payments.

- (a) If Shipper fails to make timely payment of any part of the amount of any bill, the unpaid amount shall be deemed late, and Transporter shall charge interest from the date payment is due until the actual date of receipt of payment. The interest shall be compounded quarterly until paid.
- (b) Interest shall be calculated at the current rate prescribed by 18 C.F.R. § 154.501(d).
- (c) Transporter shall bill Shipper for any interest due in its next billing to Shipper, and Shipper will pay the amount due according to this section. Transporter will not bill for interest that totals less than \$5.00 for a Shipper's aggregate delinquent bill. Transporter may waive the interest on late payment made within five days of the due date. If an uncontested bill remains unpaid for 30 days or more after payment is due, Transporter, in addition to any other remedy it may have, may, after giving Shipper 15 days' written notice, suspend further receipt and delivery of gas for Shipper until full payment for all service rendered to date is made.

17.7 Contested Bills. Any billing or statement may be contested within 180 days from its receipt by Shipper. If invoice is in dispute, the Shipper shall pay portion not in dispute and provide documentation identifying the basis for the dispute. [NAESB WGO 3.3.19] Transporter shall have 90 days to provide its rebuttal. This time limit shall not apply in cases of deliberate omission, misrepresentation or mutual mistake of fact.

If Shipper (i) contests all or any part of a bill in good faith, (ii) pays to Transporter the amounts it concedes to be correct, (iii) provides documentation identifying the basis of the dispute and (iv) within 30 days of a demand made by Transporter, furnishes a surety bond guaranteeing payment in the amount of the disputed portion of the bill, then Transporter may not suspend further delivery of gas unless default has occurred under the conditions of the bond. No payment by Shipper of the amount of a disputed bill shall prejudice the right of Shipper to claim an adjustment of the disputed bill. Shipper shall pay interest on disputed portions of a bill for which Shipper has withheld payment, and which ultimately are found due, according to the provisions of this Tariff.

17.8 Billing Errors. If an error is discovered in the amount of any bill, the error shall be adjusted within 30 days of the determination that an adjustment is required, provided that the claim for adjustment shall have been made within 180 days from the date of the bill. If it is determined that Shipper has been overcharged, and Shipper has paid the statement containing the overcharge, then, within 30 days after the final determination, Transporter shall refund the amount overcharged with interest. If it is determined that Shipper has been undercharged, Shipper shall pay the amount undercharged with interest calculated as prescribed by 18 C.F.R. § 154.501(d) within 30 days of notice by Transporter of the amount. In the event that any portion of a statement is in dispute, payment of the disputed portion shall not be deemed a waiver of the right to contest such disputed portion in any forum having jurisdiction.

- 17.9 Prior-Period Adjustments. The prior-period adjustment time limit shall be six months from the date of the initial transportation invoice and seven months from the date of the initial sales invoice with a three-month rebuttal period, excluding government-required rate changes. This time limit shall not apply in cases of deliberate omission, 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 3.3.15].

17.10 Recovery of Expenses. Transporter shall be entitled to recover any reasonable expenses, costs or attorney's fees incurred to recover amounts owed for services rendered by Transporter to Shipper.

18. TITLE AND CLAIMS AGAINST GAS

18. TITLE AND CLAIMS AGAINST GAS

Shipper must hold good title to the gas at the time gas is delivered to Transporter for transportation and storage. The gas Shipper delivers must be free and clear of all liens, encumbrances and claims. Shipper agrees to indemnify Transporter and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from any adverse claims of any person to the gas or to royalties, taxes, license fees, or charges that are applicable to the gas or delivery of the gas. Shipper agrees to indemnify Transporter and hold it harmless from all taxes or assessments that may be levied and assessed upon the delivery and that are by law payable by the party making delivery.

19. LIABILITY

19. LIABILITY

Transporter shall not be liable for any loss or damage caused by Transporter's service or failure to serve, except that, subject to Shipper's obligation pursuant to applicable law to mitigate damages, Transporter may be held liable to Shipper (A) for Shipper's direct damages caused by Transporter's negligence or (B) for Shipper's direct, indirect, incidental, or consequential loss or damages caused by Transporter's gross negligence or willful misconduct. Transporter shall not be liable for any loss, damage or injury due to Force Majeure, Shipper negligence, or actions taken by Transporter to minimize damage to its facilities or to protect the operational integrity of its pipeline system.

20. FORCE MAJEURE

20. FORCE MAJEURE

If either party is rendered wholly or partially unable to carry out its obligations due to Force Majeure, the affected party must give notice to the other party as soon as is reasonably possible after the occurrence and provide the full particulars of the Force Majeure either in writing, by facsimile or via electronic means. So far as they are affected by the Force Majeure, the obligations of the parties, other than to make payments of amounts due (including any applicable reservation charge), shall be suspended during the continuance of any inability so caused, but no longer. If either party fails to rectify the Force Majeure within 90 days, either party may, at its reasonable discretion, terminate the Transportation Service Agreement. If Shipper is unable to carry out its obligation due to Force Majeure, Transporter may seek to make any of Shipper's capacity available to other Shippers or to offer any available service to others. Shipper may again apply for service under this FERC Gas Tariff at such time as Shipper's Force Majeure condition is corrected.

21. ASSIGNMENT

21. ASSIGNMENT

Any successor to the properties of Transporter or Shipper that are used or intended to be used for rendering natural-gas service governed under this FERC Gas Tariff shall be entitled to the rights and shall be subject to the obligations of its predecessors under a Transportation Service Agreement. No party shall be restricted from pledging or mortgaging its rights under a Transportation Service Agreement as security for its indebtedness.

22. NON-WAIVER OF FUTURE DEFAULTS

22. NON-WAIVER OF FUTURE DEFAULTS

No waiver by either party of any one or more defaults by the other in the performance of any provision of a service agreement between Shipper and Transporter shall operate or be construed as a waiver of any future default.

23. STANDARDS OF CONDUCT

- 23.1 Standards of Conduct. Transporter is an interstate natural-gas pipeline company that transports Natural Gas for others pursuant to Subparts B and G of 18 CFR Part 284. Pursuant to Title 18 CFR Section 284.286(e) of the Commission's Regulations, Transporter states that it will comply with the Standards of Conduct contained in 18 CFR Part 358 of the Commission's Regulations. Information required to be made available pursuant to 18 CFR § 358 shall be posted under Informational Postings on Transporter's Internet website. Transporter will update such information within seven Business Days of any change.

23.2 Complaint Procedure. If a party has a concern relating to any request for service or any ongoing service, the party may request a Shipper Inquiry Form, an example of which appears in Part 5 of this Tariff. The party shall complete the Inquiry Form and return it to mwpipe@williams.com, or to:

MountainWest Pipeline, LLC
Attn: Commercial Services
650 South Main Street, Suite 300
Salt Lake City, UT 84101

Transporter shall respond initially within 48 hours of receipt of Shipper's inquiry. Each inquiry will be noted on the service request log. Each inquiry shall be investigated, and Transporter shall inform the party in writing within 30 days of receipt of the party's inquiry of any action taken. Transporter shall maintain a separate file for all Shipper inquiries and Transporter's responses.

RESERVED FOR FUTURE USE

RESERVED FOR FUTURE USE

24. FAILURE TO COMPLY WITH TERMS

24. FAILURE TO COMPLY WITH TERMS

Transporter will not perform service under any Rate Schedule contained in this Tariff if a Shipper fails to comply with the terms of its service agreement and the General Terms and Conditions.

25. DISCOUNTING POLICY

25.1 Discounts.

Transporter may, from time to time, adjust any or all of the rates charged to any individual Shipper for service under Part 284 of the Commission's regulations for which maximum and minimum rates are stated in this Tariff. The annual charge adjustment is not discountable.

Transporter will post the following information, regarding each awarded discount, on Informational Postings for a period of 60 days:

- (a) The name of the Shipper.
- (b) Whether or not the Shipper is a marketing or energy affiliate of Transporter.
- (c) The rate offered and the maximum rate.
- (d) The term of any discount.
- (e) The quantity of gas scheduled.
- (f) The Primary Delivery Points.
- (g) Any special conditions that apply to a discount.

25.2 Types of Discounts. Transporter may agree, in writing, to allow a variety of discounts between its maximum and minimum rates under any Rate Schedule in its Tariff without undue discrimination. Such discounts may be in addition to a base discount and will not be considered a material deviation from Transporter's Forms of Service Agreements when Transporter and Shipper agree that a discount applies. Categories of eligible discounts are as follows:

- (a) Specified quantities under Shipper's service agreement.
- (b) Quantities above or below a certain level or all quantities if quantities exceed a certain level.
- (c) A specified relationship to quantities actually transported or stored.
- (d) During specified periods of the year or over specifically defined periods of time.
- (e) Specific Receipt Points, Delivery Points, zones, pooling areas, transportation routes, markets or other defined geographic areas, or for specific direction of gas flow.
- (f) Alternate Receipt Points under Shipper's contract when Shipper currently has a discount under the contract's Primary Receipt Point.
- (g) Production reserves, gas supplies or markets committed by a Shipper.
- (h) To achieve an agreed-upon, overall effective rate, with a provision for adjusting the rate components of discounted agreements, if needed, to preserve the agreed-upon overall effective rate, so long as all rate components remain within the applicable minimum and maximum rates specified in the Tariff. This provision may apply when a FERC-mandated change in Transporter's Statement of Rates affects the current rate paid by Shipper under a Transportation Service Agreement. The parties may negotiate a rate that as nearly as possible preserves Shipper's contractual rate, commencing with the approved Statement of Rates. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates that had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.
- (i) Quantities conditioned upon implementation and completion of a construction project or acquisition of facilities.

26. NORTH AMERICAN ENERGY STANDARDS BOARD (NAESB) STANDARDS

26. NORTH AMERICAN ENERGY STANDARDS BOARD (NAESB) STANDARDS

Compliance with 18 CFR, Section 284.12

Transporter has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 4.0 (Standards), and the standard revised by Minor Correction MC24002 marked with an asterisk [*], 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 this Tariff:

The Standards reproduced in Transporter's FERC Gas Tariff are subject to a limited copyright waiver from NAESB, authorizing Transporter to use some or all of the language contained in such Standards in the following materials: proposed and approved Tariff sections; compliance filings; communications with customers and stakeholders in conducting day-to-day business; communications with regulatory agencies; and electronic and other media making Tariffs, Tariff sections and other documents available to the public as required by law, provided Transporter includes the appropriate citation in the material. With respect to the Standards listed below, Transporter incorporates the following © 1996-2024 NAESB Standards, all rights reserved:

<u>NAESB Standard</u>	<u>Tariff record</u>
1.2.4	§ 1, Definitions
1.2.6	§ 1, Definitions
1.3.1	§ 1, Definitions
1.3.2(i-vi)	§ 11.1, Nomination and Scheduling of Gas Receipts and Deliveries
1.3.3	§ 2.4, Informational Postings
1.3.4	§ 11.1, Nomination and Scheduling of Gas Receipts and Deliveries
1.3.5	§ 11.1, Nomination and Scheduling of Gas Receipts and Deliveries
1.3.6	§ 11.7, Nomination Standards and Requirements
1.3.7	§ 11.1, Nomination and Scheduling of Gas Receipts and Deliveries
1.3.9	§ 11.7, Nomination Standards and Requirements
1.3.11	§ 11.7, Nomination Standards and Requirements
1.3.13	§ 11.7, Nomination Standards and Requirements
1.3.17	§ 11.5, Pooling
1.3.18	§ 11.5, Pooling
1.3.19	§ 11.7, Nomination Standards and Requirements
1.3.22	§ 11.3, Unconfirmed Nominations
1.3.23	§ 11.4, Ranking of Service
1.3.26	§ 12.13, Maintenance of System Integrity
1.3.33	§ 11.7, Nomination Standards and Requirements

2.2.1	§ 1, Definitions
2.3.7	§ 14.16, Cutoff
2.3.9 (first two para.)	§ 14.3, Unit of Measurement and Metering Base
2.3.14	§ 14.15, Measurement Data Corrections
2.3.28	§ 17.1, Monthly Bill
3.2.1	§ 1, Definitions
3.3.4	§ 17.1, Monthly Bill
3.3.9	§ 17.1, Monthly Bill
3.3.15	§ 17.9, Prior Period Adjustment
3.3.17	§ 17.5, Payment
3.3.18	§ 17.5, Payment
3.3.19	§ 17.7, Contested Bills
5.2.1	§ 2.4, Informational Postings
5.3.1	§ 6.9, Bidding Periods for Released Capacity
5.3.2	§ 6.9, Bidding Periods for Released Capacity
5.3.4	§ 6.12, Awarding of Released Capacity
5.3.16	§ 6.23, Option to Withdraw Released Capacity
5.3.25	§ 6.9, Bidding Periods for Released Capacity
5.3.31	§ 6.9, Bidding Periods for Released Capacity
5.3.32	§ 6.9, Bidding Periods for Released Capacity
5.3.44	§ 6.20, Recall and Reput
5.3.45	§ 6.20, Recall and Reput
5.3.53	§ 6.20, Recall and Reput
5.3.54	§ 6.20, Recall and Reput
5.3.57	§ 6.20, Recall and Reput

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

Data Sets:

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

Datasets:

0.4.4

Storage Information

Data Sets:

0.4.1

Nominations Related Standards:

Definitions:

1.2.1, 1.2.2, 1.2.3, 1.2.5, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13,
1.2.14, 1.2.15, 1.2.16, 1.2.17, 1.2.18, 1.2.19

Standards:

1.3.8, 1.3.14, 1.3.15, 1.3.16, 1.3.20, 1.3.21, 1.3.24, 1.3.25, 1.3.27, 1.3.28,
1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.34, 1.3.35, 1.3.36, 1.3.37, 1.3.38, 1.3.39,
1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44, 1.3.45, 1.3.46, 1.3.48, 1.3.51, 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, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.8, 2.3.9, 2.3.10, 2.3.11, 2.3.12,
2.3.13, 2.3.15, 2.3.16, 2.3.17, 2.3.18, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23,
2.3.25, 2.3.26, 2.3.27, 2.3.29, 2.3.30, 2.3.31, 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

Data Sets:

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, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.14,
3.3.16, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26, 3.3.27

Data Sets:

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

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,
4.3.66, 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, 4.3.85, 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, 4.3.104,
4.3.105, 4.3.106, 4.3.107, 4.3.108, 4.3.110

Capacity Release Standards:

Definitions:

5.2.2, 5.2.3, 5.2.4, 5.2.5

Standards:

5.3.3, 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, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.26, 5.3.28,
5.3.29, 5.3.33, 5.3.34, 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, 5.3.51, 5.3.52, 5.3.55, 5.3.56,
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

Data Sets:

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

Cybersecurity Related Standards:

Definitions:

12.2.1, 12.2.2, 12.2.3, 12.2.4, 12.2.5, 12.2.6, 12.2.7, 12.2.8, 12.2.9,
12.2.10, 12.2.11, 12.2.12, 12.2.13, 12.2.14, 12.2.15, 12.2.16, 12.2.17,
12.2.18, 12.2.19, 12.2.20, 12.2.21, 12.2.22, 12.2.23, 12.2.24, 12.2.25,
12.2.26, 12.2.27, 12.2.28, 12.2.29, 12.2.30, 12.2.31, 12.2.32, 12.2.33,
12.2.34, 12.2.35, 12.2.36, 12.2.37, 12.2.38, 12.2.39, 12.2.40, 12.2.41

Standards:

12.3.1, 12.3.2, 12.3.3, 12.3.4, 12.3.5, 12.3.6, 12.3.7, 12.3.8, 12.3.9,
12.3.10, 12.3.11, 12.3.12, 12.3.13, 12.3.14, 12.3.15, 12.3.16, 12.3.17,
12.3.18, 12.3.19, 12.3.20, 12.3.21, 12.3.22, 12.3.23, 12.3.24, 12.3.25,
12.3.26, 12.3.27, 12.3.28, 12.3.29, 12.3.30, 12.3.31

Standards for which Waiver or Extension of Time to Comply have been Granted in
Docket No. RM96-1-000, Notice of Extension of Time dated October 23, 2003 and
renewed in Docket No. RP22-211-000 by Order dated May 27, 2022:

NAESB Data Sets:

Additional Standards:

0.4.1

Flowing Gas Related Standards:

2.4.1, 2.4.2, 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:

3.4.1*, 3.4.2, 3.4.3, 3.4.4

Capacity Release Related Standards:

5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.27

27. NEGOTIATED RATES

27.1 Applicability. Notwithstanding anything to the contrary contained in this Tariff, Transporter may charge a Negotiated Rate for service under any Rate Schedule contained in this Tariff to any Shipper that has access to service at the rates set forth in the applicable Rate Schedule as shown on the effective Statement of Rates (recourse rates), and agrees to pay the Negotiated Rate.

27.2 Negotiated Rate. A Negotiated Rate shall mean a rate for service, where one or more of the individual rate components exceed the maximum charge, or are less than the minimum charge, for such components. This shall include a rate derived by a formula where one or more of the individual rate components may exceed the maximum charge, or may be less than the minimum charge.

27.3 Conditions. Implementation of a Regotiated Rate shall be subject to the following conditions:

- (a) Transporter may, at its option, require that Shippers making negotiated-rate bids or negotiated-rate requests for any available capacity first have an existing executed Part 284 service agreement prior to implementing Negotiated Rates. Transporter and any Shipper with a Part 284 service agreement, except a Shipper using capacity acquired under a capacity-release arrangement, may mutually agree to convert that service agreement to a service agreement subject to Negotiated Rates. If only a portion of the capacity under any service agreement will be priced at Negotiated Rates, the original service agreement must first be bifurcated, and recourse rates will continue to apply to the service agreement not subject to the Negotiated Rates.
- (b) Shipper had access to service pursuant to this FERC Gas Tariff at the rates set forth on the Statement of Rates at the time of the execution of the Transportation Service Agreement implementing Negotiated Rates.
- (c) Transporter has filed a Statement of Negotiated Rate Agreements advising the Commission of such agreement. The Statement of Negotiated Rate Agreements will state the exact legal name of the Shipper, the Negotiated Rate, other applicable charges, the Receipt and Delivery Points, the volume of gas to be transported and the applicable Rate Schedule for service provided at a Negotiated Rate. The Statement of Negotiated Rate Agreements will include a statement affirming that the negotiated-rate agreement does not deviate in any material aspect from the applicable form of service agreement or Transporter will file the agreement pursuant to § 154.112(b) of the Commission's Regulations.

27.4 Rate Case Treatment.

- (a) Subject to the limitations set forth in subsections (b) and (c) below, Transporter shall be allowed to seek a discount adjustment to the level of its recourse rates in general rate cases initiated by Transporter under § 4 of the Natural Gas Act or by others under § 5 of the Natural Gas Act. Transporter shall be allowed to seek inclusion of Negotiated Rates in discount adjustments whenever the Negotiated Rate is below the posted maximum rate under the applicable Rate Schedule for all or part of the 12-month base period and/or the nine-month rate case adjustment period. However, if the Negotiated Rates were not in effect during the base period, the Negotiated Rates may still be included in a discount adjustment when they are projected to be in effect at a level below the otherwise applicable maximum recourse rate as of the end of the nine-month rate adjustment period.
- (b) The following measures shall serve to limit inappropriate cost shifting from negotiated-rate services to recourse-rate services:
 - (i) A discount adjustment to recourse rates shall only be allowed to the extent that Transporter can meet the standards required of an affiliate discount adjustment, including requiring that Transporter shall have the burden of proving that any discount granted is required to meet competition.
 - (ii) Transporter shall be required to demonstrate that any discount adjustment does not have an adverse impact on recourse-rate Shippers.

Transporter may comply with item (ii) above by:

1. Demonstrating that, in the absence of Transporter's entering into the negotiated-rate agreement, Transporter would not have been able to contract for the related capacity at any higher rate, and that recourse rates would otherwise be as high or higher than recourse rates that result after applying the discount adjustment; or
 2. Making another comparable showing that the Negotiated Rate contributes more to fixed costs on the system than could have been achieved without the Negotiated Rate.
- (c) Transporter shall also have the right to seek discount adjustments in future rate cases at the greater of (a) the negotiated-rate revenues received, or (b) the discounted recourse-rate revenues that otherwise would have been received under a pre-existing Part 284 service agreement.

27.5 Bidding for Firm Capacity. Transporter and Shipper may negotiate, and post for competitive bidding, a rate that exceeds the applicable maximum reservation rate. If competing bids under § 5 of the General Terms and Conditions reflect different rate forms, i.e., negotiated rates vs. recourse rates, Transporter shall award the capacity, or portion, using the evaluation criteria of § 5 of these General Terms and Conditions; the negotiated reservation charge reflected in such evaluation criteria may not exceed the maximum applicable recourse rate. Transporter will calculate this value based only on the reservation charge or similar guaranteed revenue stream.

27.6 Agreements Subject to the Right of First Refusal. For purposes of § 7 of these General Terms and Conditions, the highest rate that a Shipper must match in order to continue to receive service is the maximum rate set forth on the Statement of Rates that is applicable to such service. For purposes of evaluating bids under § 7, the value of the bid will be based only on the reservation charge or similar guaranteed revenue stream.

27.7 Capacity Release. Transporter and Shipper may, in connection with their agreement to a Negotiated Rate under a firm transportation Rate Schedule, agree upon payment obligations and crediting mechanisms in the event that Capacity Release provisions vary from or are in addition to those set forth in § 6 of these General Terms and Conditions. This provision, in and of itself, does not allow Transporter and Shipper to negotiate the terms and conditions of service.

27.8 Capacity Scheduling and Segmentation Awards. For purposes of allocating capacity and awarding segmentation requests under §§ 11 and 28 of these General Terms and Conditions, a Shipper paying a Negotiated Rate that exceeds the maximum rate for that service will be considered to have paid the maximum rate for such service.

27.9 Accounting for Costs and Revenues. Allocation of costs to, and recording of revenues from, service at Negotiated Rates or rate formulas will follow Transporter's normal practices associated with transportation services provided under this Tariff. If Transporter institutes any revenue tracker or other device to flow through to its Shippers the impact of interruptible or other transportation transactions, the treatment of such tracker of revenues from nonconforming negotiated rates or rate formulas shall be specified in the applicable Tariff provision.

27.10 Rate Case Tracking. Transporter will separately record the volume transported, billing determinants, rate components, surcharges and the revenue associated with its negotiated-rate transactions so that this information can be separately identified, and separately totaled as part of Statements G, I, and J in any applicable rate case filing under § 4(e) of the Natural Gas Act, 15 U.S.C. & § 717(c). Additionally, transactions that originate as discounted pre-existing Part 284 service agreements and are subsequently converted to negotiated-rate agreements will be recorded separately from those transactions originating as negotiated-rate agreements. Transporter's recovery of surcharges will comport with existing practices.

28. SEGMENTATION OF CAPACITY

- 28.1 Applicability. Any Shipper receiving firm transportation service under Rate Schedule T-1 may segment its capacity, including segmentation on a backhaul or forwardhaul basis up to its RDC to the same Delivery Point, pursuant to the provisions of this section.
- (a) A Shipper may submit a request to segment its firm capacity on Transporter's system on a long-term basis for greater than one month but in no event longer than six months. Requests must be submitted prior to 1:00 p.m. on or before the eighth business day prior to the end of the month, in connection with the bid process under § 5.5 of the General Terms and Conditions of this Part. Segmented capacity will be awarded based on the reservation rate being paid, with the highest reservation rate being awarded first. Segmented capacity requests will be evaluated according to the criteria in § 28.2 and, if capacity is available, awarded no later than 11:00 a.m. on the fifth business day following the close of the bid period according to the reservation rate paid.
 - (b) A Shipper may also submit a short-term (one month or less) request to segment its firm capacity, consistent with § 5.6 of the General Terms and Conditions of this Part. Within five business days, Transporter will evaluate its ability to award such requests, according to § 28.2.

28.2 Criteria. Within each evaluation period, Transporter will determine if segmentation requests are operationally feasible according to the following criteria:

- (a) There will be no negative impact on Transporter's ability to serve its T-1 Shippers at their primary contract points after taking into account flow patterns and priority of service.
- (b) There will be no negative impact on Transporter's ability to sell unsubscribed firm capacity.
- (c) Segmentation will not jeopardize the integrity of Transporter's pipeline system.

28.3 Entitlements. A Shipper may segment all or a portion of its firm capacity, using any points within the CTP designated as eligible for segmentation in the primary agreement. For each awarded segmentation request, the Shipper's service agreement will be amended to reflect any segmented and/or non-segmented capacity. Any non-segmented capacity will retain its entitlements, while segmented capacity will only have rights within the pre-determined CTP listed on Shipper's contract that correspond with the Receipt and Delivery Points requested in the contract.

28.4 Priority of Service. The priority of service for segmented capacity is described under § 9.1 of this Part.

28.5 Termination and Amendments to Segmented Capacity. Shipper may terminate its segmented contract at any time and revert back to its primary contract with rights to amend and re-segment that primary contract. Amendments to non-segmented T-1 contracts will have a higher priority than amendments to segmented T-1 contracts.

28.6 Release of Segmented Capacity. Shipper may release its segmented capacity, as prescribed under § 6 of the General Terms and Conditions of this Part, provided that the criteria under § 28.2 above are met for the duration of the release or be subject to recall. Replacement Shippers may re-release segmented capacity.

28.7 System Integrity. Transporter reserves the right at any time to use discretion when providing segmentation in order to protect its system from degradation of service. Transporter may manage or limit segmentation when necessary to maintain operational efficiency, flexibility and to maximize capacity for the benefit of all Shippers and reduce any risk of Transporter being prevented from fulfilling its contractual commitments. This may include the use of OFOs or recall of capacity.

29. OFF-SYSTEM SERVICES

29. OFF-SYSTEM SERVICES

- (a) Transporter may enter into Transportation and Storage Agreements with other interstate and intrastate pipeline and storage providers (off-system capacity). Transporter may use the off-system capacity for the operation of its system or to provide service for its Shippers pursuant to Transporter's FERC Gas Tariff and subject to currently approved rates.
- (b) Off-system capacity acquired by Transporter for general system use may only be utilized by Shippers to access Transporter Receipt and Delivery Points that require the use of the off-system capacity. Receipt and Delivery Points that require the use of off-system capacity and the associated cost of the off-system transportation will be identified in the Unsubscribed Capacity Report on MyQuorum.
- (c) When off-system capacity is utilized by Shippers, Transporter may charge Shipper up to the cost of the off-system transportation, including fuel charges and surcharges plus Transporter's **maximum recourse rate**.
- (d) When a Shipper is charged the cost for the off-system capacity in addition to Transporter's Tariff recourse rates, the total rate paid by Shipper may exceed Transporter's **maximum recourse rate**. However, in no event shall off-system charges paid by the Shipper exceed the amount incurred and paid by Transporter for the off-system capacity.
- (e) For off-system capacity acquired by Transporter at the request of a Shipper for either on-system or off-**system receipt or delivery points, Shipper's rate may** include all costs associated with acquisition of the off-system capacity plus Transporter's **maximum recourse rate**.

If Transporter has acquired off-system capacity at the request of a Shipper pursuant to this § 29(e) and the Shipper subsequently requests to amend its Primary Points in a manner such that all or a portion of the off-system capacity will no longer be utilized by the Shipper, Transporter may continue to charge the Shipper the cost of the un-used off-system capacity until Transporter's **off-system capacity contract obligation with the third-party Transportation Service Provider (TSP) terminates**. Alternatively, Shipper may request that Transporter attempt to buy out the off-system capacity contract from the third-party TSP, **contingent upon the Shipper's acceptance of the terms of the buy-out**. If the Shipper accepts the terms of the buy-out, Shipper must reimburse Transporter for all buy-out costs. If Shipper rejects the terms of the buy-out arrangement negotiated by Transporter, or the buy-out negotiations are unsuccessful, then Shipper must continue to pay for the unused off-system capacity for the remaining term of the contract between Transporter and the third-party TSP.

- (f) For purposes of transactions entered into subject to this section, the "Shipper must hold title" requirement is waived for the off-system capacity.

30. APPLICABLE LAW

30. APPLICABLE LAW

Any agreement executed pursuant to the Terms and Conditions of this Tariff shall be interpreted according to the laws of Utah without regard to choice of law rule.

31. CAPACITY RESERVED FOR FUTURE EXPANSIONS

31. CAPACITY RESERVED FOR FUTURE EXPANSIONS

Transporter reserves the right, but shall not be obligated, to reserve capacity for a Specified Future Expansion Project (Project). This capacity may include (1) unsubscribed capacity, (2) capacity under expiring or terminating agreements that do not have a Right of First Refusal (ROFR) or where Shipper does not exercise its ROFR or (3) capacity that is returned to Transporter in response to a direct solicitation to capacity holders for permanent releases of capacity to serve a Project. Reservation of capacity under this section shall not modify or limit the rights of Transporter's **existing** Shippers.

- (a) Capacity may be reserved up to one year prior to Transporter filing for either certificate authority or requesting prior notice authorization pursuant to Transporter's **blanket construction certificate** to construct a Project, and thereafter until all facilities related to the certificate filing, for which the capacity was reserved, are placed in service.
- (b) An open season must be held for any capacity reserved by Transporter. The open season may be held any time prior to Transporter posting notice of the reserved capacity or within one year after Transporter posts notice of reserved capacity.
- (c) Prior to reserving capacity for a Project, Transporter shall first post all available capacity for bidding and award according to the Bid Process set forth in § 5 of Part 1 of the General Terms and Conditions of this Tariff. Any capacity that remains unsubscribed following the Bid Process may be reserved by Transporter for a Project
- (d) Transporter will post notice of any reserved capacity on its Internet Web Site following the close of the Bid Process.
- (e) Transporter will post a non-binding solicitation for turnback capacity no later than the close of a Project open season specifying the minimum term for a response to solicitation.
- (f) Transporter's **reserved capacity** posting will include the following information:
 - (i) Description of the Project for which capacity is reserved,
 - (ii) The total quantity of capacity reserved,
 - (iii) The location of the reserved capacity on the pipeline system,
 - (iv) The anticipated date that an open season for the Project capacity will be held or the reserved capacity will otherwise be posted for bids, and
 - (v) The projected in-service date of the Project facilities (if any).

Transporter will promptly update the posting of reserved capacity in the event of any material changes to the posting.

- (g) Capacity reserved under this section will be made available on an interim basis up to the in-service date of a Project. For such interim agreements, Transporter reserves the right to limit any extension rights provided in the Transportation Service Agreement up to the proposed or actual in-service date of a Project. Transporter will indicate any limitations on extension rights applicable to interim agreements under Transporter's **Informational Postings listing the available capacity**. In the event that a subsequent open season imposes minimum terms and conditions that are materially different from the minimum terms and conditions imposed previously in the Project open season, Transporter shall hold another open season for the reserved capacity that uses the same minimum terms and conditions imposed for the Project open season. If the Project open season is held prior to or during the reservation of capacity open season, Transporter shall use the same minimum terms and conditions as used for the Project open season.

- (h) Any capacity reserved under this section for a Project that does not proceed for any reason shall be reposted as generally available on an equal basis within 30 days of the date capacity becomes available, with the exception of capacity committed to agreements entered into on an interim, limited-term basis during the period the capacity was reserved. Upon expiration of these limited-term agreements, capacity will be posted as available. Each individual Project will follow the procedures above, and the 1-year deadline will apply prior to each subsequent Project.

32. OPERATIONAL PURCHASES AND SALES OF GAS

32 Operational Purchases and Sales of Gas

- (a) Transporter may purchase and/or sell gas at locations on Transporter's system for operational purposes. Transporter may purchase and/or sell gas to the extent necessary to:
 - (i) manage imbalance quantities pursuant to Part 1 §§ 12.3, 12.6, 12.11, and 12.12 of General Terms and Conditions;
 - (ii) maintain system pressure and line pack;
 - (iii) perform other operational functions of Transporter in connection with transportation, storage, and other similar services; and
 - (iv) otherwise protect the operational integrity of its system.

- (b) (i) Transporter shall announce its intention to purchase or sell gas via a Non-critical Notice on the Informational Postings section of Transporter's website. Included in such posting shall be:
 - (1) the quantities of gas to be purchased and/or sold;
 - (2) the effective date and term of the purchase and/or sale;
 - (3) location of sale or purchase; and
 - (4) any additional terms or information as may be required by Transporter;

- (ii) Prospective bidders shall submit a written bid via email to an email address provided in the Non-critical Notice, with such bid(s) containing the following information:
 - (1) bidder's legal name and the name, title, address, and phone number of individual authorized to purchase gas;
 - (2) bidder's price;
 - (3) any conditions on the prospective bidder's offer to sell and/or purchase gas; and
 - (4) the bid proposal must address all criteria listed in Transporter's posting.

- (iii) Transporter shall determine, in its sole discretion, the best offer(s) based on the posted criteria in Section 12.8(b)(i) herein.

- (iv) Transporter reserves its right, in its sole discretion to:
 - (1) withdraw its postings;
 - (2) reject all bids; and
 - (3) reject any bids which are not complete, which contain modifications to the terms of the posting, or which contain terms that are operationally unacceptable.

- (v) Any operational purchases and/or sales will be made on an unbundled basis and a separate transportation service agreement shall be required to deliver gas to or receive gas from the respective location of purchase or location of sale.

- (c) By March 1 of each year, Transporter will file a report with the Commission describing purchase and sales transactions conducted pursuant to this section in the preceding calendar year, if the preceding calendar year had such purchases and/or sales. The report will include the source of the operational gas purchased or 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 all types of operational purchases and sales.

PART 2 – PEAKING STORAGE SERVICE

PART 2 – RATE SCHEDULE

RATE SCHEDULE PKS
PEAKING STORAGE SERVICE

1. AVAILABILITY

Transporter will provide firm Peaking Storage Service on a nondiscriminatory basis to any Shipper provided:

- (a) Transporter has sufficient capacity available to perform the service;
- (b) Transporter is not required to construct or acquire any additional facilities to provide Peaking Storage Service;
- (c) Shipper and Transporter have executed a Peaking Storage Service Agreement; and
- (d) Shipper has arranged for any transportation required for utilization of the Peaking Storage Service.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Peaking Storage Service provided by Transporter.

Peaking Storage Service provided by Transporter shall consist of:

- (a) The injection of Shipper's Working Gas into Transporter's Peaking Storage Reservoirs;
- (b) The Storage of Shipper's Working Gas in amounts up to Shipper's Annual Working Gas specified in each of Shipper's Peaking Storage Service Agreements; and
- (c) The withdrawal of Shipper's Working Gas from Transporter's Peaking Storage Reservoirs.

Storage Service under this Rate Schedule may be released on a permanent or temporary basis according to the terms of § 6 of the General Terms and Conditions of Part 1 to this Tariff.

3. RATES AND CHARGES

The rates and charges for Peaking Storage Service under this Rate Schedule, except as provided in § 3(f) (Negotiated Rates) of this Rate Schedule, shall include the applicable storage rate components specified on the Statement of Rates, as described below:

- (a) Reservation Charge. A monthly reservation charge on each DTH of Shipper's maximum daily withdrawal quantity.

- (i) The reservation charge will be stated in the PKS Service Agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
 - (ii) A Shipper shall be obligated to pay the reservation charge beginning with Shipper's execution of each Peaking Storage Agreement.
 - (iii) Except as provided for in § 6.13 of the General Terms and Conditions of Part 1 of this Tariff, if Shipper releases its capacity, the Shipper will remain liable for the reservation charge.
- (b) Usage Charges.
- (i) Injection Charge. An injection charge equal to the applicable injection rate multiplied by the quantity of gas injected into Transporter's Peaking Storage Reservoirs each month for Shipper.
 - (ii) Withdrawal Charge. A withdrawal charge equal to the applicable withdrawal rate multiplied by the quantity of gas withdrawn from Transporter's Peaking Storage Reservoirs each month for Shipper.
- (c) Fuel Reimbursement. Shipper shall reimburse Transporter in kind for fuel use according to § 14 of the General Terms and Conditions of this part 2.
- (d) Marketing Fee. Shipper and Transporter may agree upon a fee to be paid by Shipper to Transporter when Transporter actively markets any storage capacity that is released and reassigned by Shipper.
- (e) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this Rate Schedule.
- (f) Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions of Part 1 of this Tariff, negotiate a rate for service under this Rate Schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a Negotiated Rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. This provision, in and of itself, does not allow Transporter to negotiate terms and conditions of service.

4. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this Rate Schedule. No reimbursement will be required for regulatory fees generally applicable to all Shippers or for any fee that does not specifically relate to Shipper's service provided under this Rate Schedule.

Transporter will issue a statement to Shipper, stating the fees paid by Transporter to implement the Peaking Storage Service. The amount to be reimbursed shall be paid by Shipper with the next payment for service following receipt of Transporter's statement.

5. RATE CHANGES

Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Peaking Storage Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the Peaking Storage Service Agreement.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Part 2 and the General Terms and Conditions of Part 1 of this Tariff apply to Storage Service provided under this Rate Schedule and are incorporated by reference. If there is a conflict between the General Terms and Conditions of Parts 1 and 2, then the more specific terms of Part 2 shall apply.

PART 2 - GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1. DEFINITIONS

In addition to those definitions listed below that specifically relate to Peaking Storage Service provided under Rate Schedule PKS, other definitions that may apply to this service are stated in Part 1 of this Tariff.

Annual Working Gas means the volume and associated thermal quantity of natural gas stated in Shipper's Peaking Storage Service Agreement that Transporter is obligated to store for Shipper.

Cushion gas means the volume of recoverable and non-recoverable gas in the storage formation of the Peaking Storage Reservoirs to maintain a reservoir pressure adequate to ensure that Shipper's recoverable Working Gas can be withdrawn from the reservoir during each annual storage cycle.

Gross Working Gas means the total amount of Working Gas injected into the Peaking Storage Reservoirs over the course of an annual storage cycle.

Injection Period means a period of time beginning on or about September 1 of each calendar year and ending on or about December 15 of that same year.

Maximum Daily Withdrawal Quantity means the maximum daily quantity of gas that Transporter is obligated to withdraw from the Peaking Storage Reservoirs for Shipper as stated in each Shipper's Peaking Storage Service Agreement.

Peaking Storage Reservoirs (PKS Reservoirs) means Transporter's aquifer storage reservoirs at Chalk Creek and Coalville, Utah and Leroy, Wyoming.

Peaking Storage Service or Storage Service as used in this Part 2 means the injection, storage and withdrawal of Natural Gas at Transporter's designated Peaking Storage Reservoirs to meet the peak daily demand requirements of contracting Shippers.

Recoverable Working Gas means the difference between the Gross Working Gas and the Working Gas Loss during any one annual storage cycle.

Storage Formation means (i) for Leroy, the Thaynes formation, (ii) for Coalville, the Longwall member of the Frontier formation and (iii) for Chalk Creek, the Kelvin formation.

Withdrawal Period means a period of time beginning December 16 of any calendar year and extending through June 30 of the next succeeding year.

Working Gas means gas injected into the Peaking Storage Reservoirs by Transporter for Shipper.

Working Gas Loss means the annual observed and estimated reduction in Working Gas volumes resulting from operation of the Peaking Storage Reservoirs.

2. PIPELINE INTERNET PAGE AND MYQUORUM

2. PIPELINE INTERNET PAGE AND MyQuorum

Access to information pertaining to Peaking Storage Service provided at Transporter's Peaking Storage Reservoirs will be made available to Shippers via MyQuorum and in accordance with the procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

3. ACQUIRING STORAGE SERVICE

3. ACQUIRING STORAGE SERVICE

Access to information pertaining to Peaking Storage Service provided at Transporter's Peaking Storage Reservoirs will be made available to Shippers via MyQuorum and in accordance with the procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

4. FORM OF PEAKING STORAGE SERVICE AGREEMENT

4. FORM OF PEAKING STORAGE SERVICE AGREEMENT

The Form of Peaking Storage Service Agreement is set forth in Part 5 of this Tariff.

5. CAPACITY RELEASE AND REASSIGNMENT

5. CAPACITY RELEASE AND REASSIGNMENT

All Capacity Releases and reassignments of Peaking Storage Service under Rate Schedule PKS will be made according to the general procedures stated in the General Terms and Conditions of Part 1 of this Tariff. However, releases of capacity during the storage cycle will be subject to the inherent operational characteristics of the Peaking Storage Reservoirs, the operational constraints on Transporter's system at the time of the release and all applicable FERC-certificated requirements.

Transporter may issue Operational Flow Orders (OFO) prohibiting or requiring withdrawal and injection of gas, if necessary, to protect the integrity of the reservoirs, to test the facilities, to ensure needed deliverability, to cure storage account balances or to deal with any operational difficulties. Operational difficulties include, for example, well freeze-up, malfunction of a compressor, loss of pressure, coning of the Peaking Storage Reservoirs, dehydration failure at the storage facility or injection or withdrawal of gas by Shipper in excess of scheduled nomination. A Shipper shall be afforded reasonable opportunity consistent with existing operational conditions to respond to Transporter's OFO.

OFOs issued to a single class of Shippers, will be tendered through MyQuorum. OFOs issued to individual Shippers will be posted on Transporter's Informational Postings and Transporter will support further notification, to be designated by Shipper, through the following channels: (1) up to two internet e-mail addresses provided by Shipper or (2) additional electronic notification designated by Shipper.

6. EXERCISE OF RIGHT OF FIRST REFUSAL

6. EXERCISE OF RIGHT OF FIRST REFUSAL

Upon expiration of the term of the Peaking Storage Service Agreement, an existing Shipper shall have the Right of First Refusal as defined in the General Terms and Conditions of Part 1 of this Tariff.

7. CREDITWORTHINESS

7. CREDITWORTHINESS

Transporter shall not be required to perform Peaking Storage Service for any Shipper who fails to satisfy the creditworthiness criteria stated in the General Terms and Conditions of Part 1 of this Tariff.

8. PRIORITY AND CURTAILMENT OF PEAKING STORAGE SERVICE

- 8.1 Priority. A Shipper receiving service at Transporter's Peaking Storage Reservoirs shall be entitled to service, subject to the availability of capacity, in the following order of priority:
- (a) Peaking Storage Service provided to Questar Gas Company (Questar Gas), Transporter's former sale-for-resale customer.
 - (b) Shippers that have executed service agreements with Transporter under Rate Schedule PKS after the effective date of this Tariff.
 - (c) All PAL2 service by rate paid, from highest to lowest. Where two or more Shippers are paying the same rate, available capacity will be allocated *pro rata* to those Shippers up to the level requested. This procedure will continue until (1) all requests are filled or (2) all available capacity is utilized.

8.2 Curtailment.

- (a) If, due to any cause, Transporter does not have sufficient Injection or Withdrawal Capacity at the Peaking Storage Reservoirs on any day to serve all of its Shippers, curtailment of Storage Service shall be *pro rata* based on the allocation formula set forth in § 9.2 of this Part 2.
- (b) Transporter shall provide Shippers as much advance notice of any curtailment as is practicable under the circumstances. Such notice shall state the reduced quantities of gas that Transporter estimates it will be able to inject or withdraw for Shippers and the estimated duration of the curtailment.
- (c) If curtailment is required, Transporter will make adjustments to injections or withdrawals in a manner that attempts to minimize injury to its property or facilities.
- (d) Nothing in this provision shall limit Transporter's right to effect curtailment on any other reasonable basis in order to ensure system integrity or to reflect the operational characteristics of Transporter's Peaking Storage Reservoirs.

9. NOMINATION, ALLOCATION AND COMMENCEMENT OF SERVICE

- 9.1 Nomination. When nominating quantities of gas for Injection into or Withdrawal from the Peaking Storage Reservoirs, Shipper shall follow the nomination procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

9.2 Allocation.

- (a) Shipper's allocation of gas that can be injected daily into the Peaking Storage Reservoirs shall be calculated as follows:

$$\text{INJECTION ALLOCATION} = (A/B)*C$$

- A = Shipper's total annual Working Gas
B = Sum of the total annual Working Gas of all PKS Shippers
C = Total Available Injection Capacity on any day
* = Multiplication operator

If any Shipper under Rate Schedule PKS elects, on any day, not to utilize all or any portion of its injection allocation, the amount not used shall be allocated to all remaining Shippers under Rate Schedule PKS that desire additional injection allocation by using the above formula as modified to exclude the data related to those Shippers who have received all of the injection capacity that was requested by them.

Any remaining Injection Capacity will be available for use in providing parking and loaning service under Rate Schedule PAL2 with the highest rate paid being given the highest priority. When two or more Shippers are paying the same rate, available capacity will be allocated *pro rata* up to the level requested, to those PAL2 Shippers that are paying the same rate. This procedure will continue until (1) all the requests are filled or (2) all available Injection Capacity is utilized.

- (b) Shipper's allocation of gas that can be withdrawn daily from the Peaking Storage Reservoirs shall be calculated as follows:

$$\text{WITHDRAWAL ALLOCATION} = (X/Y)*Z$$

- X = Shipper's estimated total recoverable Working Gas remaining in Storage
Y = Sum of the total estimated recoverable Working Gas remaining of all Shippers
Z = Available Withdrawal Capacity on any day
* = Multiplication operator

If any Shipper under Rate Schedule PKS elects, on any day, not to utilize all or any portion of its withdrawal allocation, the amount not used shall be allocated to all remaining Shippers under Rate Schedule PKS that desire additional withdrawal allocation by using the above formula as modified to exclude the data related to those Shippers who have received all of the withdrawal capacity that was requested by them.

If any firm Withdrawal Capacity remains unclaimed after completion of the above allocation procedure, it shall be available to provide Parking and Loaning Service under Rate Schedule PAL2 with the highest rate paid being given the highest priority. When two or more Shippers are paying the same rate, available capacity will be allocated *pro rata* up to the level requested, to those PAL2

Shippers that are paying the same rate. This procedure will continue until (1) all the requests are filled or (2) all available Withdrawal Capacity is utilized.

- 9.3 Commencement of Service. Starting no later than 9:00 a.m. on the day immediately following the calendar day on which nominations are received, Transporter will commence injecting or withdrawing quantities of gas less any appropriate reduction for fuel reimbursement according to § 14 of this Part 2.

If two or more Shippers make simultaneous requests for changes in nominations that exceed Transporter's uncommitted available capacity, Transporter will allocate the uncommitted available capacity according to § 9.2 above.

- 9.4 Operations, Injections and Withdrawals. Sixty (60) days prior to the Injection Period or on a day and at a time mutually agreeable to both Transporter and Shipper, Transporter will provide to Shipper Transporter's best estimates of operating parameters and conditions in its Peaking Storage Reservoirs. Thirty (30) days prior to the Injection Period or on a day and at a time mutually agreeable to both Transporter and Shipper, Shipper will provide to Transporter Shipper's best estimates of daily, monthly and annual quantities of gas to be injected into or withdrawn from storage during the upcoming annual storage cycle.

9.5 Injection and Withdrawal of Gas.

- (a) Transporter shall not be required to operate the Peaking Storage Reservoirs outside of the operating parameters stipulated in various applicable certificate authorizations.
- (b) Injections or withdrawals of gas, outside the Injection and Withdrawal Period, shall be at times and in the amounts operationally achievable.
- (c) Transporter shall not be obligated to take any action related to injection or withdrawal of Working Gas which, in Transporter's judgment, creates a risk of increasing the volume of Working Gas Loss . In addition, Transporter shall not be obligated to take any action which, in Transporter's judgment, creates a risk of damage to the Storage Formation or other facilities used to inject gas into or withdraw gas from any of the Peaking Storage Reservoirs.
- (d) By the conclusion of the Withdrawal Period, each Shipper shall complete the withdrawal of a portion of its recoverable Working Gas such that Shipper's inventory does not exceed 83% of its annual Working Gas quantity. The withdrawals shall begin no later than March 1 of each year, shall be completed by no later than June 1 of each year and, to the extent practicable shall be made at uniform rates. Any Working Gas remaining after any annual storage cycle may become nonrecoverable.
- (e) As soon as practicable following the conclusion of each Injection Period, but in no event more than 30 days afterwards, Transporter shall estimate the recoverable Working Gas for each Shipper in the Peaking Storage Reservoirs. Transporter shall update its estimate of the Recoverable Working Gas that each Shipper has remaining whenever such update is deemed necessary by Transporter.
- (f) Transporter's most recent estimate of Recoverable Working Gas shall be utilized in the formula set forth in § 9.2(b) of this Part 2 for the purpose of allocating Withdrawal Capacity among Rate Schedule PKS Shippers. Transporter's estimates of Recoverable Working Gas shall be used solely for the purpose of allocating and limiting withdrawals of Working Gas on a day-to-day basis. The estimates shall not create any obligation on the part of Transporter other than that related to the computation of daily withdrawal allocations and shall not relieve Shipper of its obligations under § 9.6(c) of this Part 2.
- (g) Whenever a Shipper's cumulative withdrawals of gas from the Peaking Storage Reservoirs during a given annual storage cycle equal or exceed Transporter's most recent estimate of that Shipper's Recoverable Working Gas remaining in the reservoirs, Transporter will not accept nominations from that Shipper for additional withdrawals from the reservoirs.
- (h) Transporter will not compensate Shipper for any benefit obtained by any other Shipper receiving Peaking Storage Service during any annual storage cycle and shall not incur any liability whatsoever.

- (i) Transporter shall not be required to operate the Peaking Storage Reservoirs outside of the operating parameters stipulated in various applicable certificate authorizations.

- 9.6 Working Gas Loss. During any annual storage cycle, a portion of each Shipper's Working Gas may become permanently non-recoverable:
- (a) Except as provided for in § 17 of this Part 2, Transporter shall not be responsible for compensating a Shipper for any Working Gas Loss.
 - (b) As soon as practicable following the completion of each Withdrawal Period, Transporter will determine, according to its normal operating practices and procedures, the volume of Working Gas in the Peaking Storage Reservoirs that was lost during the previous annual storage cycle. The Working Gas Loss at the reservoirs shall be allocated to the PAL2 service account and to the account of each Shipper that utilized the reservoirs during the previous annual storage cycle, based on the ratio of each accounts' Gross Working Gas during its previous annual storage cycle, to the sum of the Gross Working Gas of all accounts that utilized the reservoirs during the previous annual storage cycle.
 - (c) Working Gas Loss consists of two components. Seepage gas that is no longer in the reservoirs and Gas that remains in the reservoirs providing pressure support but may not be recoverable using existing equipment and operating practices. Transporter will determine, according to its normal operating practices and procedures, the seepage volume and the volume of gas that remains in the reservoirs. Working Gas Loss remaining in the reservoir will be reclassified as either recoverable or non-recoverable Cushion Gas based on engineering analysis.
 - (d) Upon making the determination described in § 9 above, Transporter shall inform all Shippers of the results of the determination. If any Shipper's actual Working Gas withdrawals from the Peaking Storage Reservoirs are found to exceed the difference between the Shipper's Gross Working Gas and the Shipper's allocated share of Working Gas Loss during the previous annual storage cycle, the Shipper shall be solely responsible for reconciling such imbalance with all other Shippers that utilized the reservoirs during the previous annual storage cycle.
 - (e) Transporter shall not be required to operate the Peaking Storage Reservoirs outside of the operating parameters stipulated in various applicable certificate authorizations.

10. QUALITY

10. QUALITY

Gas delivered for injection must conform to specifications stated in the General Terms and Conditions of Part 1 of this Tariff.

11. MEASUREMENT AND MEASUREMENT EQUIPMENT

11. MEASUREMENT AND MEASUREMENT EQUIPMENT

All volumes injected into and withdrawn from Storage and delivered to Shipper at Transporter's Peaking Storage Reservoirs will be determined according to the General Terms and Conditions of Part 1 of this Tariff.

12. FACILITIES

12. FACILITIES

Any requests for additional facilities associated with Peaking Storage Service will be considered according to the General Terms and Conditions of Part 1 of this Tariff.

13. CUSHION GAS

- 13.1 Periodic Adjustments to Cushion Gas. Transporter shall, as it determines necessary, make periodic adjustments to its Peaking Storage Reservoir Cushion Gas inventories to support Peaking Storage Service.

- 13.2 Injection Priority. Whenever it is necessary for Transporter to inject Cushion Gas into its Peaking Storage Reservoirs, injections of Cushion Gas shall have priority over injections of a Shipper's Working Gas.

14. FUEL REIMBURSEMENT

14.1 Categories of Fuel Usage. Two categories of fuel usage exist at Transporter's Peaking Storage Reservoirs:

1) utility fuel that (a) is consumed to generate heat and electricity, (b) includes any lost-or-unaccounted-for volumes and (c) does not vary with the level of injections or withdrawals; and

2) compressor and dehydration fuel that is consumed in direct proportion to the level of injections and withdrawals.

14.2 Utility Fuel. Shipper must reimburse Transporter in kind for its proportionate share of utility fuel usage each month at the Peaking Storage Reservoirs as follows:

Shipper's utility fuel responsibility = $(X/Y) * U$

X = Shipper's Gross Working Gas

Y = The sum of the PAL2 service account and of all Shippers' Gross Working Gas at the Peaking Storage Reservoirs

U = Utility fuel for each month at the Peaking Storage Reservoirs

* = Multiplication operator

- 14.3 Compressor and Dehydration Fuel. Shipper shall reimburse Transporter in kind for its proportionate share of compressor and dehydration fuel each month as follows:

Shipper's compressor and dehydration fuel responsibility = $(A/B) * C$

A = Shipper's injection and withdrawal quantities for each month at the Peaking Storage Reservoirs

B = The sum of PAL2 service, and of all Shippers' injection and withdrawal quantities for each month at Peaking Storage Reservoirs

C = Compressor and dehydration fuel for each month at Peaking Storage Reservoirs

* = Multiplication operator

14.4 PAL2 Fuel Exclusion. All utility fuel associated with its PAL2 accounts will be included as an operating expense and will not be part of the fuel-gas reimbursement.

15. BILLING AND PAYMENT

15. BILLING AND PAYMENT

All billing and payment procedures associated with Peaking Storage Service provided by Transporter under Rate Schedule PKS shall be according to the General Terms and Conditions of Part 1 of this Tariff.

16. TITLE AND CLAIMS AGAINST GAS

16. TITLE AND CLAIMS AGAINST GAS

The title requirements and Shipper's obligation for the gas delivered for Storage are stated in the General Terms and Conditions of Part 1 of this Tariff.

17. LIABILITY

17. LIABILITY

Transporter's liability is limited as defined by § 19 of the General Terms and Conditions of Part 1 of this Tariff, provided further that Transporter shall not be liable for any loss, damage, or injury due to the intrinsic geophysical characteristics of Peaking Storage Reservoirs.

18. FORCE MAJEURE

18. FORCE MAJEURE

A Force Majeure event is defined and the obligations of Transporter and Shipper in connection with such an event are stated in the General Terms and Conditions of Part 1 of this Tariff.

19. ASSIGNMENT

19. ASSIGNMENT

Assignment of a Peaking Storage Service Agreement must conform to the General Terms and Conditions of Part 1 of this Tariff.

20. FAILURE TO COMPLY WITH TERMS

20. FAILURE TO COMPLY WITH TERMS

Transporter will not perform service under any Rate Schedule contained in this Tariff if a Shipper fails to comply with the terms of its Service Agreement and the General Terms and Conditions.

21. DISCOUNTING POLICY

21. DISCOUNTING POLICY

Transporter may allow a variety of discounts between its maximum and minimum rates according to § 25.2 of Part 1 of the General Terms and Conditions of this Tariff, as applicable.

PART 3 – CLAY BASIN STORAGE SERVICE

PART 3 – RATE SCHEDULES

RATE SCHEDULE FSS
FIRM STORAGE SERVICE
CLAY BASIN

1. AVAILABILITY

Service under this Rate Schedule is available on a nondiscriminatory basis to any shipper for the purchase of Firm Storage Service from Transporter when:

- (a) Transporter has determined that it has sufficient available and uncommitted Storage capacity to perform service requested by Shipper;
- (b) Shipper and Transporter have executed a Firm Storage Service Agreement; and
- (c) Shipper has arranged separately for any transportation service required for utilization of the Storage service provided under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all firm storage service rendered by Transporter to Shipper pursuant to an executed firm storage service agreement.

Firm Storage service rendered by Transporter under this Rate Schedule shall consist of:

- (a) The injection of Shipper's gas;
- (b) The storage of Shipper's Working Gas in amounts up to Shipper's Annual working Gas specified in the Storage Service Agreement; and
- (c) The withdrawal of gas.

Storage Service under this Rate Schedule may be released on a permanent or temporary basis according to the terms of § 6 of the General Terms and Conditions of Part 1 of this Tariff.

3. OVERRUN STORAGE SERVICE

Shipper may request Transporter to withdraw for delivery, quantities of gas in excess of that quantity of gas allowed by the daily withdrawal allocations set out in § 10 of the General Terms and Conditions of this part.

4. RATES AND CHARGES

The rates and charges paid by Shipper for Firm Storage Service under this Rate Schedule, except as provided in § 4(j) (Negotiated Rates) of this rate schedule, shall include the applicable Storage rate components set out on the Statement of Rates as described below:

- (a) Reservation Charges. (1) A monthly deliverability charge on each Dth of Shipper's Minimum Required Deliverability (MRD) quantity as stated in Shipper's Storage Service Agreement and (2) a monthly inventory capacity charge on each DTH of Shipper's Annual Working Gas quantity as stated in Shipper's Storage Service Agreement shall be assessed subject to the following conditions:
- (i) The reservation charges will be stated in the Storage Service Agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
 - (ii) Shipper shall be obligated to pay the reservation charges beginning with Shipper's execution of a Storage Service Agreement.
 - (iii) Except as provided for in § 6.13 of the General Terms and Conditions of Part 1 of this Tariff, if Shipper releases its capacity, Shipper will remain liable for the reservation charges.
- (b) Usage Charges.
- (i) An injection charge equal to the applicable injection rate multiplied by the quantity of gas injected into Transporter's facilities each month for Shipper.
 - (ii) A withdrawal charge equal to the applicable withdrawal rate multiplied by the quantity of gas withdrawn from Transporter's facilities each month for Shipper.
- (c) Authorized Storage Overrun Charge. An Authorized Overrun charge shall be equal to the applicable Storage Overrun rate multiplied by the Authorized Overrun storage volume, as defined in § 1.10 of the General Terms and Conditions of this part.
- (d) Fuel Reimbursement. Shipper shall reimburse Transporter in kind for fuel use according to § 16 of the General Terms and Conditions of this part.
- (e) Additional Facilities Charge. Shipper shall reimburse Transporter for any additional facilities according to the General Terms and Conditions of Part 1 of this Tariff.
- (f) Annual Charge Adjustment (ACA) Charge. The Commission-authorized ACA unit charge **published on the Commission's web site (www.ferc.gov)** shall apply to all quantities of gas injected into Storage for Shipper under this rate schedule for which Transporter is not providing associated transportation service.
- (g) Marketing Fee. Shipper and Transporter may agree upon a fee to be paid by Shipper to Transporter when Transporter actively markets any capacity that is released and reassigned by Shipper.
- (h) Interruptible Revenue Credits. Shippers will be credited with interruptible revenues, if any, according to § 17 of this part.
-

- (i) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this rate schedule.
- (j) Negotiated Rates. Notwithstanding anything to the contrary contained in this tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions of Part 1 of this Tariff, negotiate a rate for service under this rate schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. Transporter may limit a negotiated-rate Shipper's rights to transfer gas in storage under § 6 of the General Terms and Conditions of Part 3 to Transporter's Tariff. This provision, in and of itself, does not allow Transporter to negotiate terms and conditions of service.

5. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this Rate Schedule. No reimbursement will be required for regulatory fees generally applicable to all Shippers, or for any fee that does not specifically relate to Shipper's service provided under this rate schedule.

Transporter will issue a statement to Shipper, stating the fees paid by Transporter to implement the Storage service. The amount to be reimbursed shall be paid by Shipper with the next payment for service following receipt of Transporter's statement.

6. RATE CHANGES

Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this rate schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this rate schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Clay Basin Firm Storage Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the Clay Basin Firm Storage Service Agreement.

7. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Part 3 and the General Terms and Conditions of Part 1 of this Tariff apply to storage service provided under this Rate Schedule and are incorporated by reference. If there is a conflict between the General Terms and Conditions of Parts 1 and 3, then the more specific terms of Part 3 will apply.

RATE SCHEDULE ISS
INTERRUPTIBLE STORAGE SERVICE
CLAY BASIN

1. AVAILABILITY

Service under this rate schedule is available on a nondiscriminatory basis to any shipper for the purchase of Interruptible Storage Service from Transporter when:

- (a) Transporter has determined that it has sufficient available storage capacity to perform service requested by Shipper;
- (b) Shipper and Transporter have executed an Interruptible Storage Service Agreement; and
- (c) Shipper has arranged separately for any Transportation service required for utilization of the Storage Service provided under this Rate Schedule.

2. APPLICABILITY AND CHARACTER OF SERVICE

This Rate Schedule shall apply to all Interruptible Storage Service rendered by Transporter to Shipper pursuant to an executed Interruptible Storage Service Agreement.

The Storage service rendered by Transporter under this Rate Schedule shall be interruptible as provided in §§ 9 and 21 of the General Terms and Conditions of this part and shall consist of:

- (a) The injection of Shipper's Working Gas as provided in § 10 of the General Terms and Conditions of this part.
- (b) The storage of Shipper's Working Gas in amounts up to Shipper's Annual Working Gas specified in the Storage Service Agreement.
- (c) The withdrawal of Shipper's Working Gas as provided in § 10 of the General Terms and Conditions of this part.

3. RATES AND CHARGES

The rates and charges paid by Shipper for Interruptible Storage Service under this Rate Schedule, except as provided in § 3(f) (Negotiated Rates) of this Rate Schedule, shall include the applicable Storage rate components set out on the Statement of Rates as described below:

- (a) Usage Charges.
 - (i) An inventory charge equal to the applicable inventory rate multiplied by Shipper's average monthly Working Gas balance as defined in § 1.2 of the General Terms and Conditions of this part.

- (ii) An injection charge equal to the applicable injection rate multiplied by the quantity of gas injected into Transporter's facilities each month for Shipper.
- (iii) A withdrawal charge equal to the applicable withdrawal rate multiplied by the quantity of gas withdrawn from Transporter's facilities each month for Shipper.
- (b) Fuel Reimbursement. Shipper shall reimburse Transporter in kind for fuel use in accordance with § 16 of the General Terms and Conditions of this part.
- (c) Additional Facilities Charge. Shipper shall reimburse Transporter for any additional facilities according to the General Terms and Conditions of Part 1 of this tariff.
- (d) Annual Charge Adjustment (ACA) Charge. The Commission-authorized ACA unit charge **published on the Commission's web site (www.ferc.gov)** shall apply to all quantities of gas injected into storage for shipper under this rate schedule for which Transporter is not providing associated transportation service.
- (e) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this rate schedule.
- (f) Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 (Negotiated Rates) of the General Terms and Conditions of Part 1 of this Tariff, negotiate a rate for service under this Rate Schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. Transporter may limit a negotiated-rate Shipper's rights to transfer gas in Storage under § 6 of the General Terms and Conditions of Part 3 to Transporter's Tariff. This provision, in and of itself, does not allow Transporter to negotiate terms and conditions of service.

4. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this Rate Schedule. No reimbursement will be required for regulatory fees generally applicable to all Shippers, or to any fee that does not specifically relate to Shipper's service under this rate schedule.

Transporter will issue a statement to Shipper, stating the fees paid by Transporter to implement the storage service. The amount to be reimbursed shall be paid by Shipper with the next payment for service following receipt of Transporter's statement.

5. RATE CHANGES

Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this rate schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the Clay Basin Interruptible Storage Service Agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of shipper and Transporter to provide for changes in rates through the terms of the Clay Basin Interruptible Storage Service Agreement.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions of this Part 3 and the General Terms and Conditions of Part 1 of this Tariff apply to storage service provided under this rate schedule and are incorporated by reference. If there is a conflict between the General Terms and Conditions of Parts 1 and 3, then the more specific terms of Part 3 shall apply.

PART 3 - GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1. DEFINITIONS

In addition to those definitions listed below that specifically relate to Clay Basin storage service provided under Rate Schedules FSS and ISS, other definitions that may apply to this service are stated in Part 1 of this tariff.

Annual Working Gas means the volume and associated thermal quantity of Natural Gas, determined by a BTU conversion factor of 1.065, stated in Shipper's Storage Service Agreement that Transporter is obligated to store for shipper.

Average Monthly Working Gas Balance means the sum of Shipper's daily quantities of Working Gas held in Storage by Transporter divided by the number of days in that particular month.

Clay Basin Delivery Point means the interconnect of any transmission facility and Transporter's Clay Basin facilities where Shipper's gas is available for withdrawal from Storage.

Clay Basin Receipt Point means the interconnect of any transmission facility and Transporter's Clay Basin facilities where Shipper's gas is available for injection into Storage.

Cushion Gas means the volume of gas required for inventory in the Dakota Formation to maintain a reservoir pressure adequate to ensure delivery from the Storage Reservoir of all firm shippers' minimum required deliverabilities during a given withdrawal period.

Dakota Formation means that certain geological formation in the Clay Basin Storage field, Daggett County, Utah, encountered at a depth of approximately 5,622 feet below the surface and continuing to a depth of approximately 5,812 feet below the surface in the Clay Basin Unit No. 2 Well, located in Section 21, Township 3 North, Range 24 East, S.L.B. & M., Daggett County, Utah, which unit agreement and participating area (revised) were approved by the Acting Secretary of the Interior on December 27, 1939, and designated I Sec. No. 323.

Injection Capacity means the capability of Transporter's facilities in the Clay Basin Storage field to inject Natural Gas into the Dakota Formation for Shipper.

Injection Period means a period of time beginning May 1 of any calendar year and ending October 31 of that same year.

Minimum Required Deliverability (MRD) means the minimum withdrawal rate or quantity of gas that Shipper may withdraw on a firm basis each day up to and including the last day of the withdrawal period, subject to Shipper having Working Gas remaining in storage. It shall be determined by dividing Shipper's Annual Working Gas by the product of 150 days and the decimal equivalent of an 80 percent load factor, e.g.:

$$\text{MRD} = \frac{\text{Annual Working Gas}}{150 \text{ days} \times 0.80}$$

Overrun Storage means the quantity of gas that a Firm Storage Shipper requests and Transporter agrees to withdraw out of Storage, on any day, that is in excess of Shipper's allocated quantity.

Reserved Capacity means the Annual Working Gas volume, associated MRD and injection/withdrawal capabilities reserved for Transporter's load balancing and operational control of its transmission system.

Storage or Storage Service means the injection, storage or withdrawal of Natural Gas at Clay Basin.

Withdrawal Capacity means the capability of Transporter's facilities in the Clay Basin storage field to withdraw Natural Gas from the Dakota Formation for Shipper.

Withdrawal Period means a period of time beginning November 1 of any calendar year and extending through March 31 of the next succeeding year.

Working Gas means that quantity of gas injected into and withdrawn from Storage by Transporter for Shipper.

2. PIPELINE INTERNET PAGE AND MYQUORUM

2. PIPELINE INTERNET PAGE AND MYQUORUM

The terms and conditions for access to and use of MyQuorum are stated in the General Terms and Conditions of Part 1 of this Tariff.

3. CONTRACTING PROCEDURES

3. CONTRACTING PROCEDURES

Procedures for contracting for Storage Service are stated in the General Terms and Conditions of Part 1 of this Tariff.

4. ACQUIRING STORAGE SERVICE

4. ACQUIRING STORAGE SERVICE

Any Shipper desiring Clay Basin Storage Service may acquire the service, if available, by following the appropriate procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

5. CAPACITY RELEASE AND ASSIGNMENT

- 5.1 General. All Capacity Releases and assignments of Storage Service under this part shall be made according to the general procedures stated in the General Terms and Conditions of Part 1 of this Tariff. However, releases of capacity during the storage cycle shall be subject to the inherent operational characteristics of the reservoirs, the operational constraints on Transporter's system at the time of the release and all applicable FERC-certificated requirements.

- 5.2 Releasable Components. Shippers may separately release each component of their Storage Service; i.e., Injection Capacity, Annual Working Gas volume and MRD. Shippers may charge a rate for each component between the minimum and maximum FSS rates set forth on the Statement of Rates.

- 5.3 Injection Capacity. Injection Capacity is allocated daily according to the injection allocation formula set forth in § 10.2 of these General Terms and Conditions. Accordingly, released Injection Capacity must be designated as the Injection Capacity associated with a given amount of the Releasing Shipper's contracted Annual Working Gas volume. However, release of Injection Capacity will not result in a release of a Shipper's Annual Working Gas volume.

6. TRANSFER OF GAS IN STORAGE

- 6.1 Transfer Between FSS and ISS Accounts. A Shipper may transfer between the Shipper's FSS and ISS accounts, or to another Shipper's account, quantities of Natural Gas that have been injected for Storage. A Shipper making a transfer must provide Transporter with immediate electronic, written or facsimile notice of the transfer. The notice must include the account from which the gas will be transferred, the account that the gas will be transferred to, the date of the transfer and the quantity of gas to be transferred. Transfers will be valid only after proper notification to Transporter.

- 6.2 Transfer Between Storage and PAL1 Accounts. A Shipper may also transfer gas between a Clay Basin Storage account and a PAL1 account so long as the transfer was scheduled at the time the Shipper entered into a PAL1 Service Agreement. All transfers must be made according to the schedule set forth in the PAL1 Service Agreement.

- 6.3 Transfer Conditions. No transfer of gas may be made unless the party receiving the transfer is a Storage customer of Transporter and that customer has contracted for capacity in an amount sufficient to receive transferred quantities of gas.

7. EXERCISE OF RIGHT OF FIRST REFUSAL

7. EXERCISE OF RIGHT OF FIRST REFUSAL

Upon expiration of the term of the Clay Basin Storage Service Agreement, an existing Shipper shall have the Right of First Refusal as defined in the General Terms and Conditions of Part 1 of this Tariff.

8. CREDITWORTHINESS

8. CREDITWORTHINESS

Transporter shall not be required to perform Storage Service for any Shipper who fails to satisfy the creditworthiness criteria stated in the General Terms and Conditions of Part 1 of this Tariff.

9. PRIORITY, CURTAILMENT AND INTERRUPTION OF SERVICE

9.1 Priority.

Cushion Gas injected by Transporter and Storage Service required by Transporter for its transmission system load balancing and operational control shall have priority over the classes of service set forth below. Subsequent to this priority, Shippers receiving service in Clay Basin shall be entitled to injection, storage and withdrawal of gas, subject to availability of storage capacity and as otherwise provided, in the following order:

- (a) FSS service.
- (b) PAL1 service.
- (c) ISS service.
- (d) Authorized overrun service.
- (e) PAL2 service.

Provided, however, that the priority of service for Shippers utilizing the PAL1 compressor shall be determined by Part 4 of this Tariff.

If, in Transporter's judgment, operating conditions such as reservoir inventory and projected FSS Shipper activities indicate that Working Gas capacity utilized by ISS Shippers will be required to meet the requirements of FSS Shippers, ISS Shippers must withdraw, as directed by Transporter, all or a portion of their Working Gas inventory within 30 days of notice. If ISS or PAL2 Shippers are required to withdraw a portion of their Working Gas inventory, the order of withdrawals will be based on the inventory rate paid, with the ISS Shipper paying the lowest rate being required to withdraw its Working Gas first. In the event two or more Shippers are paying the same rate, required withdrawals will be pro rata based on Working gGs inventory.

ISS Shippers that have been given notice to withdraw their Working Gas may transfer the working gas to an FSS Shipper's working-gas account as an alternative to withdrawal.

If an ISS Shipper has withdrawn all its Working Gas as directed by Transporter, and a negative inventory balance results from the month-end fuel and gas loss reimbursement allocation, and that resulting imbalance cannot be transferred to an FSS account held by Shipper, the negative inventory balance will be cashed out. The negative inventory balance will be cashed out at the Tier 1 cashout price pursuant to the cashout provisions of §§ 12.6 (c) and (e) of the General Terms and Conditions of Part 1 of this Tariff and Shipper's ISS inventory account will be adjusted by the quantity cashed out.

Except for reasons of Force Majeure or curtailment, any gas not withdrawn from Storage at the end of the 30 days subsequent to notification may, at Transporter's option, and without undue discrimination, be retained by and become the property of Transporter, without charge, and shall be free and clear of any adverse claim.

9.2 Interruption and Curtailment.

- (a) Transporter may use any portion of its Reserved Capacity without interruption to maintain the safe and reliable operation of its transmission system.
- (b) If, due to any cause whatsoever, Transporter does not have sufficient injection capacity on any day to serve all of its shippers, interruption of Storage Service shall be made according to § 10.2(a) of this part.
- (c) If, due to any cause whatsoever, Transporter does not have sufficient withdrawal capacity on any day to serve all of its shippers, interruption of Storage Service shall be according to the allocation methodology in § 10.2(b) of this part.
- (d) Transporter shall provide Shipper as much advance notice of any interruption as is practicable under the circumstances. The notice shall state the reduced quantities of gas that Transporter estimates it will be able to inject or withdraw for Shipper and the estimated duration of the interruption.
- (e) If curtailment of firm service is required, Transporter will make adjustments to injections or withdrawals in a manner that attempts to minimize injury to its property or facilities.

9.3 Semi-annual Pressure Testing

Transporter will conduct semiannual low and high inventory storage pressure surveys to obtain a representative reservoir pressure at both low and high inventories during a period of up to two weeks in the months of April and October. Transporter will notify Shippers at least 30 days prior to any test period that such testing will occur. Notification will also be posted on the Informational Postings section of Transporter's website and on Transporter's Maintenance Calendar.

During the test period, Clay Basin will be shut-in and injection or withdrawal nominations will not be accepted. Transporter will issue an OFO for conditioning flows.

10. NOMINATION, ALLOCATION AND COMMENCEMENT OF SERVICE

- 10.1 Nomination. When nominating quantities of gas for injection into or withdrawal from Clay Basin, Shipper shall follow the nomination procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

To the extent that it is operationally feasible and so long as other Shippers' scheduled nominations are met, Transporter will adjust nominations for the gas day for NNT service, subject to the terms of § 9 of the General Terms and Conditions of Part 1.

10.2 Allocation.

- (a) Allocation of the quantity of gas that can be injected daily into Storage on a firm basis during the May 1 through October 31 Injection Period shall be calculated as follows:

$$\text{INJECTION ALLOCATION} = (X/Y)*Z$$

X = Firm Shipper's Annual Working Gas

Y = Sum of the Annual Working Gas of all firm Shippers

Z = Available injection capacity on any day 1/

* = Multiplication operator

NOTE: Working gas includes Transporter's reserved capacity.

If any Rate Schedule FSS Shipper elects, on any day, not to utilize all or any portion of its injection allocation, the amount not used shall be allocated to all remaining Rate Schedule FSS Shippers that desire additional injection allocation by using the above formula as modified to exclude the data related to those Shippers who have received all of the Injection Capacity that was requested by them.

Any Storage Injection Capacity remaining after allocation to FSS Storage Shippers under this part will be available for use in providing service under Rate Schedule PAL1.

If any Injection Capacity remains after service to FSS and PAL1 Shippers, it will be allocated to ISS Shippers, up to the level requested, based on the inventory rate stated in the ISS Storage Service Agreement with the highest rate being given the highest priority. When two or more Shippers are paying the same rate, available capacity will be allocated *pro rata* up to the level requested, to those ISS Shippers that are paying the same rate. This procedure will continue until (1) all the requests are filled, or (2) all available Injection Capacity is utilized.

Any Injection Capacity remaining after allocation to ISS Shippers will be available for use in providing Parking and Loaning Service under Rate Schedule PAL2 with the highest rate paid being given the highest priority. When two or more PAL2 Shippers are paying the same rate, available capacity will be allocated *pro rata* up to the level requested, to those PAL2 Shippers that are paying the same rate. This procedure will continue until (1) all the requests are filled or (2) all available Injection Capacity is utilized.

^{1/} Available Injection Capacity will vary depending upon operating conditions; principally, compressor suction and discharge pressures and the designated main line receipt point (currently either Storage Main Line No. 70 or Main Line No. 58).

- (b) Allocation of gas that can be withdrawn daily from Storage on a firm or interruptible basis during the November 1 through March 31 Withdrawal Period shall be calculated as follows:

$$\begin{aligned} \text{FIRM WITHDRAWAL ALLOCATION} &= [(A/B)*(C-D)] + E \\ \text{INTERRUPTIBLE WITHDRAWAL AMOUNT} &= [(K-C-M)+L] \end{aligned}$$

- A = FSS Shipper's Working Gas remaining in Storage
B = Total Working Gas remaining in storage for all FSS Shippers
C = Maximum possible reservoir deliverability attributable to the sum of Cushion and FSS shipper's Working Gas inventory
D = Sum of FSS Shipper's Minimum Required Deliverabilities
E = FSS Shipper's Minimum Required Deliverability
K = Maximum possible reservoir deliverability at current storage inventory
L = Deliverability unclaimed by FSS and PAL1 Shippers from the firm withdrawal allocation
M = Deliverability attributable to PAL1 Shippers' parked quantities
* = Multiplication operator

NOTE: Working Gas includes Transporter's Reserved Capacity.

If any Rate Schedule FSS Shipper elects, on any day, not to utilize all or any portion of its withdrawal allocation, the amount not used shall be allocated to all remaining Rate Schedule FSS Shippers that desire additional withdrawal allocation by using the above formula as modified to exclude the data related to those Shippers who have received all of the withdrawal capacity that was requested by them.

If any FSS Withdrawal Capacity remains after Rate Schedule FSS allocations, it shall be available first to the PAL1 Shippers according to their contract withdrawal quantity and Part 4 of the Tariff.

If any Withdrawal Capacity remains after service to FSS and PAL1 Shippers, it shall be allocated *pro rata* among the ISS Shippers, up to the level requested, based on each Shipper's current Storage inventory. This procedure will be continued until (1) all requests are filled or (2) all available Withdrawal Capacity is utilized.

In the event there is unclaimed ISS Withdrawal Capacity, it shall be made available to other Shippers: first as Authorized verrun service and second as Rate Schedule PAL2 service, and allocated, to the extent necessary, *pro rata* to those Shippers based on their service priority contained in § 9 of the General Terms and Conditions of this part.

- (c) Transporter reserves the right to inject or withdraw gas up to the amounts allocated by § 10.2(a) and (b) at any time that Transporter requires Storage service to maintain load balancing and operational control of its system.

Transporter will notify Shipper of the quantity of gas it can inject into or withdraw from Storage as early as possible, but no later than 12:00 noon of the day gas is

to be injected into or withdrawn from Storage. If the operation of its system dictates, Transporter will notify Shipper as soon as possible of any changes in the quantity of gas that it can inject or withdraw from Storage for the account of Shipper.

- 10.3 Commencement of Service. Starting no later than 9:00 a.m. on the day immediately following the calendar day of receipt of nominations, Transporter will commence injecting or withdrawing quantities of gas, less any appropriate reduction for Fuel Gas Reimbursement.

- 10.4 Operating Information and Estimates. Upon request of Transporter, Shipper shall submit its best estimates of daily, monthly and annual quantities of gas to be injected into or withdrawn from Storage together with such operating data as Transporter may require in order to schedule Storage service.

10.5 Injection and Withdrawal of Gas.

- (a) Transporter may, but shall not be obligated to accept gas for injection into any Storage Reservoir nor be required to withdraw gas from any Storage Reservoir outside the respective Injection and Withdrawal Periods.
- (b) A Shipper receiving Storage Service under Rate Schedule FSS shall schedule the withdrawal of, or transfer to another Storage or Park and Loan account, all of its recoverable Working Gas by the end of the term of its Storage Service Agreement. At least six months prior to the pending expiration of an FSS service agreement, Transporter will give notice that the Shipper must withdraw or transfer to another Storage or Park and Loan account, its recoverable Working Gas prior to expiration of the Service Agreement.

Regardless of whether a service agreement expires or if Shipper chooses to exercise its right to terminate its service agreement, the following procedure will be used for any gas remaining under the expired or terminated service agreement: If an FSS Shipper has not removed all gas stored under its expired or terminated service agreement, Transporter will, within three Business Days, sell the quantities of gas involved and distribute the proceeds to the Shipper less any administrative costs incurred by Transporter.

- (c) A Shipper receiving Storage Service under Rate Schedule ISS shall schedule the withdrawal of all of its recoverable Working Gas by the end of the term of its storage service agreement. If an ISS Shipper has not withdrawn all of its Working Gas prior to the termination of its service agreement, the Shipper, at the date of service agreement termination, may transfer its Working Gas to an FSS Shipper's Working Gas account or, if sufficient unutilized annual Working Gas capacity is available, the Shipper may be given additional time in which to withdraw its Working Gas, provided that during such time Shipper will pay the maximum ISS inventory rate for all gas remaining in Storage notwithstanding any previously negotiated discounts. Withdrawals will only be allowed after all firm, interruptible and overrun requests are met. Transporter will not compensate Shipper for any benefit obtained by any other Shipper receiving storage service and shall not incur any other liability whatsoever. If the annual Working Gas capacity utilized by ISS Shippers under terminated service agreements is required by FSS Shippers, Transporter shall issue notice to ISS Shippers as provided by § 9.1(b) of this Tariff.

10.6 Hourly Variation. Injections and withdrawals shall be made at uniform hourly rates to the extent practicable.

- 10.7 Limitation on Obligation. Irrespective of the DTH value for Annual Working Gas specified in Shipper's Storage Service Agreement, Transporter shall not be obligated to inject an amount of Working Gas for Shipper that would cause the volume of Shipper's Working Gas in Storage to exceed the Annual Working Gas volume, expressed in MCF, specified in Shipper's Storage Service Agreement.

10.8 Operational Flow Orders. Transporter may issue Operational Flow Orders (OFO) prohibiting or requiring withdrawal and injection of gas, if necessary, to protect the integrity of the reservoirs, to test the facilities, to ensure needed deliverability, to cure storage account balances or to deal with any operational difficulties resulting from out-of-period injections and withdrawals. Operational difficulties include, for example, well freeze-up, malfunction of a compressor, loss of pressure, dehydration failure at the storage facility or injection or withdrawal of gas by Shipper in excess of scheduled nomination, etc. A Shipper shall be afforded reasonable opportunity consistent with existing operational conditions to respond to Transporter's OFO.

OFOs issued to a single class of Shippers, will be tendered through MyQuorum. OFOs issued to individual Shippers will be posted on Transporter's Informational Postings and Transporter will support further notification, to be designated by Shipper, through the following channels: (1) up to two internet e-mail addresses provided by Shipper or (2) additional electronic notification designated by Shipper.

- 10.9 If an FSS or ISS Shipper has withdrawn all its Working Gas and a negative inventory balance results, and that resulting imbalance cannot be transferred to another FSS or ISS account held by Shipper, the negative inventory balance will be cashed out. Shipper will have from the date statements are posted on MyQuorum until the last day of the month to resolve any negative inventory balance. At the end of the month, any remaining negative inventory balance will be cashed out at the Tier 1 cashout price, pursuant to the cashout provisions of §§ 12.6 (c) and (e) of the General Terms and Conditions of Part 1 of this tariff, and Shipper's FSS or ISS inventory account will be adjusted by the quantity cashed out.

11. PRESSURE AT RECEIPT AND DELIVERY POINTS

11. PRESSURE AT RECEIPT AND DELIVERY POINTS

Shipper will deliver its gas at a pressure sufficient to enter Transporter's Clay Basin Storage facility. The pressure of the gas delivered by Shipper shall not exceed the Maximum Allowable Operating Pressure (MAOP) that Transporter specifies for the Receipt Point.

Transporter shall not be required to deliver gas to a Shipper at a pressure in excess of 750 psia.

12. QUALITY

12. QUALITY

Gas delivered for injection must conform to specifications stated in the General Terms and Conditions of Part 1 of this Tariff.

13. MEASUREMENT AND MEASUREMENT EQUIPMENT

13. MEASUREMENT AND MEASUREMENT EQUIPMENT

All volumes of gas delivered by Shipper to Transporter for injection and Storage, as well as all volumes of gas withdrawn from Storage and delivered to Shipper by Transporter, shall be determined according to the general procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

14. FACILITIES

14. FACILITIES

Any requests for additional facilities associated with Clay Basin Storage Service will be considered according to the General Terms and Conditions of Part 1 of this Tariff.

15. CUSHION GAS

15. CUSHION GAS

Transporter shall, as it determines necessary, make periodic adjustments to its Storage Cushion Gas inventory to support the levels of Storage Service for itself and other customers.

16. FUEL AND GAS LOSS REIMBURSEMENT

16.1 Categories of Fuel Reimbursement. Two categories of fuel and gas losses exist at the Clay Basin storage facility: Utility Fuel and Operating Fuel and Shrinkage, which are defined as follows:

- (a) Utility Fuel including:
 - (1) heat and electricity, generation gas and
 - (2) lost or unaccounted-for gas.

- (b) Operating Fuel and Shrinkage, including:
 - (1) compressor fuel,
 - (2) dehydration fuel,
 - (3) conditioning fuel,
 - (4) conditioning shrinkage and
 - (5) conditioning quantity as described in § 16.4(b).

Note: For purposes of this § 16, "conditioning" refers to removal of hydrocarbon fractions by facilities installed and operated by Transporter at or near its Clay Basin Storage facility.

16.2 Utility Fuel Reimbursement. Shipper shall reimburse Transporter in kind for its proportionate share of Utility Fuel each month as follows:

Shipper's Utility Fuel Reimbursement responsibility = $(X/Y) * U$
Where:

X = FSS Shipper's Annual Working Gas or ISS Shipper's actual average monthly Working Gas balance, whichever is applicable.

Y = The sum of all FSS shippers' Annual Working Gas, the sum of all ISS Shippers' actual average monthly Working Gas balances, and the actual average monthly Working Gas balance for PAL2 service.

U = Utility Fuel for each month less Utility Fuel used to park or return gas for PAL1 Shippers at Clay Basin

* = Multiplication operator

Note: Working Gas includes Transporter's reserved capacity.

16.3 Operating Fuel and Shrinkage Reimbursement.

- (a) Shipper shall reimburse Transporter either in cash or in kind for its proportionate share of Operating Fuel and Shrinkage each month as follows:

$$\text{Shipper's Operating Fuel and Shrinkage Reimbursement responsibility} = ((A/B) * C) + (A * D)$$

Where:

- A = FSS and ISS Shipper's actual injection and withdrawal quantities of gas for each month
B = The sum of FSS, ISS and PAL2 Shippers' actual injection and withdrawal quantities of gas for each month
C = Operating Fuel and Shrinkage for each month less Operating Fuel and Shrinkage used to park or return gas for PAL1 Shippers at Clay Basin.
D = Conditioning Reimbursement Factor from § 16.4(b)
* = Multiplication operator

Note: All quantities of gas include Transporter's reserved capacity.

- (b) Annual Reimbursement Quantity.
- (i) Calculation: Each year, Transporter will calculate an Annual Reimbursement Adjustment according to the methodology set forth provided in § 16.4(c). The Annual Reimbursement will be allocated proportionately as follows:

$$\text{Transporter's or Shipper's Annual Reimbursement Adjustment responsibility} = \text{ARA} * (\text{AA}/\text{AB})$$

Where:

- ARA = Annual Reimbursement Adjustment from § 16.4(c).
AA = The "A" amounts from § 16.3(a) for the 12 months ended April 30th of each year.
AB = The "B" amounts from § 16.3(a) for the 12 months ended April 30th of each year.
* = Multiplication operator

- (ii) Posting. On the 9th business day of each July Transporter will post in the Customer Activities-Invoicing section of its internet web site each Clay Basin Shipper's ARA.
- (iii) Transfer. When the ARA is positive, Transporter shall transfer the posted ARA into each Clay Basin Shipper's storage account prior to the last business day of the current July. When the ARA is negative, each Clay Basin Shipper shall transfer its posted ARA into Transporter's Clay Basin Storage account prior to the last Business Day of the current July. If a Shipper's service terminates prior to the last Business Day of July, the following rules will apply. If Shipper is projected to owe an amount to Transporter at the time of contract termination, Transporter will so advise Shipper and Shipper will make a payment to Transporter following the final

determination. Transporter may retain, in kind, the amount projected to be owed by such Shipper or require security for amounts needed to compensate Transporter for projected amounts owed by such Shipper. If at the time of such Shipper's contract termination, Transporter is projected to owe an amount to Shipper, Transporter will so advise Shipper and make a payment to Shipper following the final determination. Transporter and Shipper may negotiate a settlement payment by one party to the other in lieu of a transfer in kind.

16.4 Liquids Revenue and Conditioning.

- (a) For each 12-month period ending April 30th (4 months ending April 30th 2008) Transporter will retain all revenue generated by the sale of Clay Basin liquids products, net of marketing, handling, fractionation and other costs incurred in the sale of liquids, up to the following amounts for the 12 months ending April 30 of the listed years:

2008: \$1,054,836	2015: \$5,021,090	2022: \$4,097,858
2009: \$5,890,079	2016: \$4,885,476	2023: \$3,977,767
2010: \$5,851,744	2017: \$4,739,502	2024: \$3,902,240
2011: \$5,670,732	2018: \$4,603,393	2025: \$3,813,915
2012: \$5,517,614	2019: \$4,470,252	2026: \$3,726,266
2013: \$5,348,591	2020: \$4,360,530	2027: \$2,993,385
2014: \$5,183,941	2021: \$4,228,747	2028: \$2,541,218

- (b) Conditioning Reimbursement Factor.

- (i) In each year, commencing, 2008, if, as of March 31, Transporter projects that its prospective annual net Clay Basin liquids revenues (PLR) for the 12 months commencing May 1 of such year will be less than the amounts shown in § 16.4(a), Transporter will calculate a Conditioning Reimbursement Factor that will be reimbursed by Clay Basin customers as a Conditioning Reimbursement Quantity under this § 16 (Fuel Reimbursement). If applicable, on March 31st of each year Transporter shall display in the Informational Postings section of its internet web site the Conditioning Reimbursement Factor for the succeeding 12-month period commencing May 1st and ending April 30th. If, during the period that Transporter is collecting the Conditioning Reimbursement Quantity, projections indicate that Transporter is over- or under-collecting, then Transporter will notify Clay Basin Shippers, and will revise the Conditioning Reimbursement Factor to minimize any over- or under-collection of the Conditioning Reimbursement Quantity. The Conditioning Reimbursement Factor will be calculated as follows:

$$\text{Conditioning Reimbursement Factor} = \frac{(\text{AMT} - \text{PLR})}{\text{NMV}} / \text{AB}$$

Where: AMT = Annual 12-month amount listed in § 16.4(a).

PLR = Annual projection of net Clay Basin liquids revenues for the 12 months ending April 30th based on a projection of liquids volumes using historical volumes as adjusted for expected changes in plant operations and the WTI Calendar Swap, forward price as published by NYMEX for the next twelve months ending April 30th, less Transporter's estimated liquids marketing and handling fees, fractionation or other costs incurred in the sale of liquids. In the event this pricing information is discontinued, a reasonably equivalent price forecast source will be obtained.

NMX = Henry Hub Swap less the Northwest Rockies Basis Swap Fut as published by NYMEX for the next twelve months ending April 30th. In the event this pricing information is discontinued, a reasonably equivalent price forecast source will be obtained.

AB = The "B" amounts from § 16.3(a) for the prior 12 months ending April 30th of each year.

(ii) Transporter will not post a Conditioning Reimbursement Factor for the first period January 1, 2008, through April 30, 2008. Any difference between the amount in § 16.4(a) and net Clay Basin liquids revenues for the four months ending April 30, 2008, will be adjusted according to § 16.4(c).

(c) Annual Reimbursement Adjustment (ARA). Commencing in July 2008, Transporter will calculate an ARA for the previous 12 months ending April 30th of each year. The ARA will "true up" the difference between (i) the amounts stated in § 16.4(a) and (ii) amounts recovered by Transporter through the sale of liquids and Conditioning Reimbursement Quantities reimbursed under § 16.3(a). The ARA will be calculated as follows:

$$\text{ARA} = \frac{(\text{ALR} + \text{CRV}) - \text{AMT}}{\text{JQI}}$$

Where:

ALR = Actual net Clay Basin liquids revenues for the prior 12 months ended April 30th.

CRV = Value of the Conditioning Reimbursement Quantities reimbursed by Clay Basin customers during the prior 12 months ended April 30th as provided in § 16.4(b). The value is calculated by multiplying the total Conditioning Reimbursement Quantities received each month by the First of Month Index posting for Northwest Pipeline, Wyoming Pool for that month as published in "Inside FERC Gas Market Report." If "Inside FERC Gas Market Report" ceases publication or to the extent prices are not reported for Northwest, Wyoming Pool, Transporter will select a similar index or publication and notify Shippers of the selection via MyQuorum.

JQI = First of Month Index posting for Northwest Pipeline, Wyoming Pool for July of each year as published in "Inside FERC Gas Market Report". If "Inside FERC Gas Market Report" ceases publication or to the extent prices are not reported for Northwest, Wyoming Pool, Transporter will select a similar index or publication and notify Shippers of the selection via MyQuorum.

AMT = Amount listed in § 16.4(a) for the prior 12 months ending April 30th.

(d) Each Month Transporter shall display in the Informational Postings section of its internet web site the prior month's actual Clay Basin net liquids revenue and the value of the Conditioning Reimbursement Quantity.

16.5 Sale of In-kind Natural Gas. Transporter may make sales of those quantities of "in-kind" Natural Gas received from Shippers pursuant §§ 16.3 and 16.4 above and to retain the revenues from such sales. Transporter shall have the right to make sales of such gas pursuant to the terms of the Blanket Certificate of Public Convenience and Necessity granted to Transporter pursuant to 18 CFR § 284.284.

Sales of such gas will be made in place or at the outlet from Clay Basin. Transportation from the point of sale must be separately arranged by buyer. Five days prior to selling such gas, Transporter will post an announcement of its intention to sell quantities of gas received in-kind pursuant to Sections 16.3 and 16.4, the terms and conditions under which the gas will be sold and solicit offers from potential buyers. By July 1 of each year, Transporter will file a report that identifies, for the 12 months ending April 30th, all sales of gas pursuant to this section, including the quantities, dates of sales, prices and revenues.

16.6 PAL2 Fuel Exclusion. All categories of fuel associated with its PAL2 service will be included as an operating expense and will not be part of the fuel-gas reimbursement.

17. INTERRUPTIBLE REVENUE SHARING

17.1 Thresholds for Revenue Sharing. For each 12-month period beginning February 1, 1996, Transporter will determine:

- (a) The sum of (i) total deliverability and capacity reservation revenues from Rate Schedule FSS of First Revised Volume No. 1 of Transporter's FERC Gas Tariff and (ii) the inventory revenues from Rate Schedule ISS. If the sum of these amounts exceeds the annual cost level most recently established as attributable to Clay Basin FSS service in an NGA § 4, § 5 or § 7 proceeding (\$28,109,347 initially), customers receiving FSS storage service at Clay Basin during the 12-month period will be eligible for ISS revenue credits.
- (b) The amount of total daily charge revenues from Rate Schedule PAL1. If this amount exceeds the annual cost level most recently established for PAL1 service (\$1,341,523 in Docket No. RP02-357-000) or as established in an NGA § 4, § 5 or § 7 proceeding in the future, customers receiving FSS storage service at Clay Basin during the 12-month period will be eligible for PAL1 revenue credits.

17.2 Credit Payments. Transporter will make lump-sum payments to eligible FSS Storage customers or equivalent credits to their accounts totaling 75% of the revenues from ISS and PAL1 Clay Basin service that exceed the threshold specified in § 17.1. These will be distributed within three months following the end of the 12-month accounting period described in § 17.1. Any revenue payments made under this provision shall include interest at the rate specified in 18 C.F.R. § 154.501(d), accruing from the end of the 12-month accounting period until the payment is made.

- 17.3 Allocation. Any shared revenues under this provision will be allocated to the Firm Storage customers in proportion to the demand charges (exclusive of surcharges) paid by such customers during the applicable period. Any revenue-sharing payments specified under this provision that are distributed to Transporter's Transmission Division will in turn be credited to the Transmission Division's Firm Transportation customers on the basis of RDC payments (exclusive of surcharges) made during the applicable 12-month period.

- 17.4 Reporting. Within two months of the end of each 12-month accounting period, Transporter shall distribute to its Storage customers a full report detailing annual Storage revenues that Transporter collected during the preceding 12-month accounting period. The report will show quantities of gas and revenues by customer, by Rate Schedule, and by rate component (e.g., capacity demand and deliverability).

18. BILLING AND PAYMENT

18. BILLING AND PAYMENT

All billing and payment procedures associated with Clay Basin storage service provided by Transporter under Rate Schedules FSS and ISS shall be according to the General Terms and Conditions of Part 1 of this Tariff.

19. TITLE AND CLAIM AGAINST GAS

19. TITLE AND CLAIM AGAINST GAS

The title requirements and Shipper's obligation for the gas delivered for Storage are stated in the General Terms and Conditions of Part 1 of this Tariff.

20. LIABILITY

20. LIABILITY

Transporter's liability is limited as defined by § 19 of the General Terms and Conditions of Part 1 of this Tariff.

21. FORCE MAJEURE

21. FORCE MAJEURE

A Force Majeure event is defined and the obligations of Transporter and Shipper in connection with such an event are stated in the General Terms and Conditions of Part 1 of this Tariff.

22. ASSIGNMENT

22. ASSIGNMENT

Assignment of a Clay Basin Storage Service Agreement must conform to the General Terms and Conditions of Part 1 of this Tariff.

23. FAILURE TO COMPLY WITH TERMS

23. FAILURE TO COMPLY WITH TERMS

Transporter will not perform any service under any rate schedule contained in this Tariff if a Shipper fails to comply with the terms of its service agreement and this Tariff.

24. DISCOUNTING POLICY

24. DISCOUNTING POLICY

Transporter may allow a variety of discounts between its maximum and minimum rates according to § 25.2 of Part 1 of the General Terms and Conditions of this Tariff, as applicable.

PART 4 – PARK AND LOAN SERVICE

PART 4 – RATE SCHEDULE

RATE SCHEDULE PAL1
PARK AND LOAN SERVICE

1. AVAILABILITY

Transporter may contract for Park and Loan service either by a Bid Process determined via notice, pursuant to § 5 of Part One of this Tariff, or on a first-come, first-served basis under Rate Schedule PAL1, provided:

- (a) Transporter determines that it can provide the service for the scheduled dates and in the quantities requested by Shipper without adversely impacting the rights of FSS Shippers.
- (b) Shipper and Transporter have executed a Park and Loan (PAL1) Service Agreement under Rate Schedule PAL1.
- (c) Shipper has complied with all creditworthiness requirements set forth in § 5 of the General Terms and Conditions of Part 4 of this Tariff and has qualified to receive service under this Rate Schedule.
- (d) Shipper has separately arranged for transportation to and from Clay Basin.

2. APPLICABILITY AND CHARACTER OF SERVICE

The Park and Loan service provided under this rate schedule:

- (a) Shall have Park and Loan rights for specified gas quantities on dates scheduled in the PAL1 agreement for all deliveries and returns.
- (b) Shall, for parking service, according to the PAL1 agreement, consist of Transporter (i) establishing an agreed upon schedule for deliveries of specified gas quantities to Transporter, (ii) accepting delivery at Clay Basin of scheduled receipts into Shipper's parking account on scheduled dates; (iii) holding the quantity of parked gas delivered to Transporter, and (iv) making parked gas quantities available for return to Shipper at Clay Basin on scheduled dates.
- (c) Shall, for loaning service, according to the PAL1 agreement consist of Transporter (i) making loaned gas quantities available for delivery to Shipper at Clay Basin and (ii) accepting return of loaned gas from Shipper at Clay Basin.

3. CONDITIONS OF SERVICE

The Park and Loan service provided under this Rate Schedule shall be subject to the following conditions:

- (a) Service under this Rate Schedule shall be offered for a minimum of one day, but less than a year.
- (b) Transporter shall establish and maintain a PAL1 account for each Shipper that has executed a PAL1 agreement for service under this Rate Schedule. Parked

gas quantities shall be credited to Shipper's parking account and loaned gas quantities shall be debited to Shipper's loan account.

- (c) Shipper is responsible for arranging transportation to and from Clay Basin for parking and loaning gas. Failure of Shipper to arrange and schedule such transportation will not excuse Shipper's performance of any obligations under the PAL1 agreement or this tariff. Establishing scheduled dates in the PAL1 agreement for delivering or returning gas does not constitute scheduling of transportation to or from Clay Basin nor grant any transportation rights to Shipper.
- (d) If, on any day, Shipper fails to repay gas that has been loaned to it or take gas that it has parked, as scheduled in its PAL1 agreement, such quantities shall be cashed out under § 4.5 of this rate schedule unless Shipper enters into a new PAL1 agreement.

4. RATE PROVISIONS

4.1 Specified Charges. The charges for Park and Loan service under this Rate Schedule, except as provided for in §§ 4.4 and 4.5 of this Rate Schedule, shall be listed in the currently effective Statement of Rates, as adjusted from time to time. The charges shall include the following:

- (a) Daily Charges. For each day of a PAL1 agreement, Shipper shall pay the daily charge. The daily charge shall be stated in the PAL1 agreement and shall be no more than the maximum nor less than the minimum rate specified in the Statement of Rates.
- (b) Delivery Charge. Shipper shall pay the delivery charge for all gas scheduled for Park or Loan service. The delivery charge is specified in the Statement of Rates.
- (c) Prepayment. Shipper will prepay, in accordance with § 13 of the General Terms and Conditions of Part 4 of this tariff, the daily charge, the delivery charge and fuel in cash, if elected, for the level of service specified in the PAL1 agreement.
- (d) Refunds. If, on any day, Transporter fails to schedule and/or deliver all of Shipper's PAL1 contract quantities as specified in the PAL1 agreement due to circumstances described in §§ 6.2 and 7.4 of the General Terms and Conditions of Part 4 of this Tariff, Transporter shall refund, within five Business Days of the Curtailment or Force Majeure event, the amount prepaid by Shipper for service under this Rate Schedule by an amount equal to the applicable charges multiplied by the quantities not scheduled, rescheduled or delivered.

Shipper's prepayment will not be refunded to the extent that Shipper is responsible for its failure to make or take delivery of scheduled PAL1 quantities.

- (e) Other Charges. Transporter shall charge Shipper for any other FERC-approved charges that may apply to service under this rate schedule. The Commission-authorized ACA charge unit charge published **on the Commission's web site** (www.ferc.gov) shall apply to all quantities of gas injected into Storage for

Shipper under this Rate Schedule for which Transporter is not providing associated transportation service.

- (f) Fuel Reimbursement. Shippers shall reimburse Transporter, in kind or in cash, for fuel use and lost-and-unaccounted-for gas according to the Statement of Rates and § 12 of the General Terms and Conditions of Part 4 of this Tariff.
- 4.2 Rate Changes. Transporter may file with the FERC to change the rates listed on the Statement of Rates applicable to service under this Rate Schedule. Transporter shall begin charging the changed rates for the service provided to Shipper under this Rate Schedule on the day the new rates become effective, subject to any refunds, surcharges or other conditions that are permitted or required by the FERC and subject to the terms of the PAL1 agreement. Nothing in this section limits Shipper's rights to contest the changes, nor limits the rights of Shipper and Transporter to provide for changes in rates through the terms of the PAL1 agreement.
- 4.3 Flexible Rates. Nothing in this Tariff limits Transporter's right to implement different rates and charges in individual PAL1 agreements under this Rate Schedule within the ranges shown on the Statement of Rates. Transporter is not required to tender a service agreement or provide Park and Loan service when service has been requested at a discounted rate or when Transporter determines that service cannot be provided.
- 4.4 Negotiated Rates. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may, as provided in § 27 of the General Terms and Conditions of Part 1 of this tariff, negotiate a rate for service under this Rate Schedule. Transporter's rates, as shown on its Statement of Rates, are available as recourse rates for any Shipper that does not desire to negotiate a rate with Transporter. An agreement by the Shipper to accept a negotiated rate does not, in any manner, restrict the Shipper's right to elect recourse rates for other services not covered by the negotiated-rate agreement. This provision, in and of itself, does not allow Transporter and Shipper to negotiate terms and conditions of service.
- 4.5 Cashout.
- (a) If Shipper fails to repay gas, as scheduled, that has been loaned to it pursuant to a PAL1 agreement, Transporter will, within three Business Days, purchase quantities of gas to make up the short fall and invoice Shipper for (1) the actual cost of the gas, (2) the maximum daily charge until the gas is purchased, for no more than three Business Days and (3) any administrative costs incurred by Transporter.
- (b) If Shipper fails to take back gas, as scheduled, that it has parked pursuant to its PAL1 agreement, Transporter will, within three Business Days, sell the quantities of gas involved and distribute the proceeds to the Shipper less (1) the maximum daily charge until the gas is sold, for no more than three Business Days and (2) any administrative costs incurred by Transporter. If Items (1) and (2) above exceed the revenue that Transporter receives from the sale of the gas, then Transporter will invoice Shipper for the balance.
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5. REGULATORY FEES

Shipper shall reimburse Transporter for all fees required by the FERC or any other regulatory agency to implement the service provided under this Rate Schedule. No reimbursement will be required for regulatory fees generally applicable to all Shippers, e.g., an NGA § 4(e) rate filing, § 7(c) certificate application, or to any fee that does not specifically relate to Shipper's Park and Loan service under Rate Schedule PAL1.

Transporter will issue a statement to Shipper, setting forth the fees paid by Transporter to implement the Park and Loan service. The amount to be reimbursed shall be paid by Shipper in accordance with § 13 of the General Terms and Conditions of Part 4 of this Tariff.

6. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions included in Part 4 of this Tariff apply to service provided under this Rate Schedule and are incorporated by reference.

PART 4 - GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1. DEFINITIONS

Unless otherwise specified herein, definitions of defined terms are stated in Parts 1 and 3 of this Tariff.

PAL1 Compressor means the compressor installed at Clay Basin pursuant to Docket No. EL01-47, and any replacement or modification thereof.

Park means a transaction pursuant to this Part involving delivery of Natural Gas by Shipper to Transporter and subsequent return of equivalent quantities to Shipper by Transporter.

Loan means a transaction pursuant to this Part involving a delivery of Natural Gas by Transporter to Shipper and subsequent return of equivalent quantities to Transporter by Shipper.

Term means the days of service set forth in the PAL1 agreement, beginning with the first day gas is scheduled for delivery to or by Transporter to and including the last day of gas is scheduled for return to or by Transporter.

2. PIPELINE INTERNET PAGE AND MYQUORUM

2. PIPELINE INTERNET PAGE AND MYQUORUM

The terms and conditions for access to and use of MyQuorum are stated in the General Terms and Conditions of Part 1 of this Tariff.

3. MYQUORUM CONTRACTING PROCEDURES

3. MYQUORUM CONTRACTING PROCEDURES

The requirements and terms of § 3 of the General Terms and Conditions of Part 1 of this Tariff shall apply to PAL1 service.

4. ACQUIRING PAL1 SERVICE

- 4.1 Service Request. After complying with the requirements of § 2 of the General Terms and Conditions of Part 1 of this Tariff, and § 5 of the General Terms and Conditions of this Part, a Shipper may request PAL1 service.

- 4.2 MyQuorum Request. A Shipper desiring PAL1 service must submit a request via MyQuorum and provide the following information:
- (a) The name, business address and phone number of the Shipper requesting service and the party with whom all contact should be made.
 - (b) The term of the service, including beginning and ending dates.
 - (c) The level of PAL1 service requested in DTH.
 - (d) The daily charge that Shipper proposes to pay for the service.
 - (e) Fuel reimbursement in-kind or in-cash election.

- 4.3 Service Acceptance. After receiving a request for PAL1 service, Transporter will evaluate a Shipper's service request. If Transporter determines that there is (i) available capacity for parking the requested quantities on the requested dates or (ii) available Natural Gas and capacity for lending the requested quantities on the requested dates, Transporter will issue a completed PAL1 agreement on MyQuorum containing the terms of the service that Transporter will provide. Placement of the completed service agreement on MyQuorum will be Transporter's assent to the contract and notice to the Shipper of the contract.

- 4.4 Service Rejection. Transporter may reject any request if a discounted rate is requested.

5. CREDITWORTHINESS

5. CREDITWORTHINESS

Transporter will not be required to perform PAL1 service for any Shipper who fails to satisfy the creditworthiness criteria stated in § 8 of the General Terms and Conditions of Part 1 of this Tariff. Credit evaluations of Shippers seeking loans shall consider the value of the Natural Gas to be loaned. Transporter may set reasonable credit limits, which, if exceeded, will entitle Transporter to require additional security or early return of the loaned gas.

6. PRIORITY AND CURTAILMENT OF SERVICE

6.1 Priority. Shippers receiving service utilizing the PAL1 Compressor shall be entitled to service using the PAL1 Compressor in the following order:

- (a) PAL1 service.
- (b) FSS service.
- (c) ISS service.
- (d) Authorized Overrun service.

Provided, however, Transporter will not schedule PAL1 service if it will adversely impact the rights of FSS Shippers.

6.2 Curtailment.

- (a) Transporter may curtail a Shipper's PAL1 service in order to protect Transporter's use of any portion of its reserved capacity, as prescribed in § 9.1 of the General Terms and Conditions of Part 3 of this Tariff, in order to maintain the safe and reliable operation of its transmission system.
- (b) Transporter may curtail a Shipper's PAL1 service to protect the rights of FSS customers, to protect system operational integrity or events of Force Majeure. Curtailments of PAL1 Parks or Loans shall be implemented *pro rata*. If Transporter curtails Shippers' service, Shipper shall have the option to either: (1) cancel the transaction if the Park or Loan has not yet begun, (2) Cashout previously Parked or Loaned quantities at the Gas Daily price for Northwest, Wyoming Pool, on the day the curtailment or Force Majeure event occurs or (3) reschedule the quantities on the first day that capacity is available to receive or deliver the curtailed gas. If a Park or Loan transaction is shortened by a Curtailment, Transporter will refund the applicable daily charges as provided in § 4.1(d) of Rate Schedule PAL1 of this Part.
- (c) Transporter shall provide Shipper as much advance notice of any Curtailment as is practicable under the circumstances. The notice shall state the reduced quantities of gas that Transporter estimates it will be able to inject or withdraw for Shipper and the estimated duration of the service limitation.

7. NOMINATION, SCHEDULING AND COMMENCEMENT OF SERVICE

- 7.1 Nomination. PAL1 Shippers shall nominate for and deliver or receive gas quantities on the scheduled dates set forth in the PAL1 agreement. When nominating quantities of gas for park, park return, loan and loan return at Clay Basin, Shipper shall follow the nomination procedures stated in the General Terms and Conditions of Part 1 of this Tariff. Shipper shall bear the risk of its failure to nominate, schedule, deliver or receive gas as required by the PAL1 agreement.

7.2 Scheduling.

- (a) The PAL1 agreement between Shipper and Transporter shall specify the total quantities to be delivered by Shipper to Transporter or Transporter to Shipper on each day of a Park or Loan, the schedule of any transfers of gas between PAL1 and Clay Basin storage accounts, as well as the maximum quantities to be held by Transporter or Shipper. However, Shipper shall be responsible for nominating and scheduling transportation quantities for deliveries to Transporter and receipts from Transporter at Clay Basin, in order to comply with the PAL1 agreement. Transporter may, but is not obligated to, accept Park and Loan quantities at Clay Basin at levels that are different than the schedule set forth in Shipper's PAL1 agreement.
- (b) If the PAL1 Compressor has any Injection Capacity remaining after all PAL1 obligations are met, it will be available to FSS Shippers allocated based on the formula in § 10.2(a) of Part 3 of this Tariff. If the PAL1 Compressor has any remaining Injection Capacity after serving PAL1 Shippers and FSS Shippers, it will be available to ISS Shippers, based on the formula in § 10.2(a) of Part 3 of this Tariff.
- (c) Transporter reserves the right to inject or withdraw gas up to the amounts allocated by § 10.2 of Part 3 of this Tariff at any time that Transporter requires Storage Service to maintain load balancing and operational control of its system.

^{1/} Available Injection Capacity will vary depending upon operating conditions; principally, compressor suction and discharge pressures and the designated main line Receipt Point (currently either Storage Main Line No. 70 or Main Line No. 58).

- 7.3 Hourly Variation. The requirements and terms of § 10.6 of the General Terms and Conditions of Part 3 of this Tariff shall apply to PAL1 service.

- 7.4 Operational Flow Orders. Transporter may issue an OFO requiring PAL1 Shippers to take all or a portion of their parked quantities and return all or a portion of their loaned quantities within the period of time specified in the notice in order to preserve the rights of FSS Shippers or to protect the integrity of the Clay Basin reservoir or Transporter's transmission system, to cure a PAL1 Shipper's account balance or to deal with any operational difficulties on Transporter's system. A Shipper shall be afforded reasonable opportunity consistent with existing operational conditions to respond to Transporter's OFO, provided that neither timing of issuance nor non-issuance will excuse a Shipper's failure to comply with commitments to deliver or receive gas on scheduled dates as required in the PAL1 agreement and this Tariff.

Transporter shall notify Shipper by telephone, or fax and via Critical Notices on Informational Postings upon issuance of an OFO. The notice shall specify (i) the time and date of issuance of the notice, (ii) the actions that an affected Shipper is required to take, (iii) the nature of the problem sought to be addressed, (iv) the time by which an affected Shipper must comply with the OFO, and (v) the anticipated duration of the OFO (unless otherwise indicated in the notice, the OFO will remain in effect until Transporter contacts the affected Shippers). Shippers must notify Transporter of the name and telephone number of a person who will be available on a 24-hour basis to receive notice of the issuance of an OFO. After an occurrence of an OFO, Transporter will provide information as soon as it is available to its Shippers on the Informational Postings section of its web site regarding the factors causing the OFO to be issued and released.

8. PRESSURE AT RECEIPT AND DELIVERY POINTS

8. PRESSURE AT RECEIPT AND DELIVERY POINTS

Shipper will deliver its gas at a pressure sufficient to enter Transporter's Clay Basin Storage facility. The pressure of the gas delivered by Shipper shall not exceed the Maximum Allowable Operating Pressure (MAOP) that Transporter specifies for Clay Basin.

9. QUALITY

9. QUALITY

Gas delivered for injection must conform to specifications stated in the General Terms and Conditions of Part 1 of this Tariff.

10. MEASUREMENT AND MEASUREMENT EQUIPMENT

10. MEASUREMENT AND MEASUREMENT EQUIPMENT

All volumes of gas delivered by Shipper to Transporter for parking or return of loaned quantities, as well as all volumes of gas delivered to Shipper by Transporter, shall be measured according to the general procedures stated in the General Terms and Conditions of Part 1 of this Tariff.

11. FACILITIES

11. FACILITIES

Any requests for additional facilities associated with PAL1 service will be considered according to the General Terms and Conditions of Part 1 of this Tariff.

12. FUEL REIMBURSEMENT

12.1 General. Shipper shall reimburse Transporter for gas consumed in operations and Lost-and-Unaccounted-for gas. Shipper will have the option to reimburse Transporter in-kind or in-cash. Transporter reserves the right to re-evaluate and revise the method used to recover fuel use and Lost-and-Unaccounted-for gas.

12.2 In-kind Reimbursement. The Fuel Reimbursement Percentage, as listed on the Statement of Rates, shall be applied to the quantities parked or loaned by Shipper. Shipper's nominations must include the amount of gas equal to the Fuel Reimbursement Percentage.

- 12.3 In-cash Reimbursement. The Fuel Reimbursement Percentage shall be applied to the quantities parked or loaned by Shipper multiplied by the *Gas Daily* price for Northwest, Wyoming Pool, on the day the contract is initiated. The amount shall be added to the Shipper's invoice.

13. BILLING AND PAYMENT

- 13.1 Procedures. Except as stated below, the billing and payment procedures shall be according to §§ 17.4 through 17.9 of the General Terms and Conditions of Part 1 of this Tariff.

- 13.2 Prepayment. Within five Business Days after execution of the PAL1 agreement, Transporter shall invoice Shipper, who shall pay the following: (a) the daily charge, (b) the delivery charge, (c) fuel in cash if so elected and (d) any other applicable charges. The billing amount for daily charges shall be based on the applicable daily charge rate times the Contract Quantity times the number of days beginning with the first scheduled day of gas delivery for the Park or Loan to and including the last scheduled day for return of parked or loaned gas. The billing amount for delivery charges, and cash payments for fuel, shall be based on the total contract Park or Loan quantities.

14. TITLE AND CLAIM AGAINST GAS

14. TITLE AND CLAIM AGAINST GAS

The title requirements and Shipper's obligation for the gas delivered for PAL1 service are stated in § 18 of the General Terms and Conditions of Part 1 of this Tariff.

15. LIABILITY

15. LIABILITY

Transporter's liability is limited as defined by § 19 of the General Terms and Conditions of Part 1 of this Tariff.

16. FORCE MAJEURE

16. FORCE MAJEURE

A Force Majeure event is defined and the obligations of Transporter and Shipper in connection with such an event are stated in § 20 of the General Terms and Conditions of Part 1 of this Tariff.

17. ASSIGNMENT

17. ASSIGNMENT

No PAL1 agreement may be assigned without prior written consent of Transporter. No assignment will be permitted if the assignment would violate the Commission's regulations or other applicable law or if the assignment would place Transporter at a greater financial risk.

18. FAILURE TO COMPLY WITH TERMS

18. FAILURE TO COMPLY WITH TERMS

Transporter will not perform any service under Rate Schedule PAL1 if a Shipper fails to comply with the terms of its service agreement and this Tariff.

19. DISCOUNTING POLICY

19. DISCOUNTING POLICY

Transporter may, from time to time, adjust any or all of the rates charged to any individual Shipper for service under Part 284 of the Commission's regulations for which maximum and minimum rates are stated in this Tariff. The annual charge adjustment is not discountable.

20. TRANSFER OF GAS

20.1 Transfer Between Storage and PAL1 Accounts. A Shipper may make transfers of gas between Clay Basin Storage accounts and a PAL1 account so long as the gas is in place in Clay Basin at the time of the transfers, the transfer was scheduled at the time the Shipper entered into the PAL1 service agreement and the schedule for the transfer is set forth in the PAL1 agreement according to § 7.2 of this Part. Further, no transfer of gas may be made unless Shippers have contracted for sufficient Storage or PAL1 capacity to receive transferred quantities of gas.

20.2 Transfer Conditions. All gas transferred to or from a PAL1 account must be returned to the PAL1 or Storage account prior to the expiration of the PAL1 agreement. Any transfer to or from a Storage account, as well as the return of the gas to or from the Storage account must be made according to the schedule set forth in the Shipper's PAL1 Service Agreement.

20.3 Fuel Charges. No delivery and compression fuel charges will be assessed for transfers between PAL1 and Clay Basin storage accounts permitted under § 20.1 and 20.2.

PART 5 – FORMS OF AGREEMENT

FORMS OF AGREEMENT - TRANSPORTATION SERVICE

Contract No. _____

FORM OF FIRM TRANSPORTATION SERVICE AGREEMENT
Rate Schedule T-1

1. SHIPPER'S NAME AND ADDRESS:

2. SHIPPER'S STATUS:

- Local Distribution Company (LDC)
- Intrastate Pipeline Company
- Interstate Pipeline Company
- End User
- Producer
- Marketer
- Pipeline Sales Operating Unit

3. TRANSPORTATION AUTHORITY:

- 18 CFR § 284 Subpart G
- 18 CFR § 284 Subpart B (NGPA § 311)
- Transportation on Behalf of: (only applicable to § 311)
 - LDC or Intrastate Pipeline Company
 - Interstate Pipeline Company or Shipper

4. RATE SCHEDULE T-1 RDC:

_____ DTH/day Term _____ through _____
_____ DTH/day Term _____ through _____

5. PRIMARY RECEIPT POINTS:

<u>MAP No.</u>	<u>Description</u>	<u>Capacity</u>	<u>Term</u>
_____	_____	_____	_____
_____	_____	_____	_____

6. PRIMARY DELIVERY POINTS:

<u>MAP No.</u>	<u>Description</u>	<u>Capacity</u>	<u>Term</u>	<u>Minimum Delivery Pressure (psia)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

7. SEGMENTED CAPACITY:

<u>Capacity</u>	<u>Rec. Pt. MAP No. - Desc.</u>	<u>Del. Pt. MAP No. - Desc.</u>
_____	_____	_____

8. RATES:

Reservation Charge:

Primary Points

<u>Rec. Location</u>	<u>Del. Location</u>	<u>Type of Charge</u>	<u>Rate</u> <u>\$/DTH/Mo.</u>
_____	_____	_____	_____

Alternate Points

<u>Rec. Location</u>	<u>Del. Location</u>	<u>Type of Charge</u>	<u>Rate</u> <u>\$/DTH/Mo.</u>
_____	_____	_____	_____

Usage Charges:

___ The rate on Transporter's Statement of Rates.

___ See Additional Terms

Volumetric Rate:

<u>Rec. Location</u>	<u>Del. Location</u>	<u>Type of Charge</u>	<u>Rate</u> <u>\$/DTH/Mo.</u>
_____	_____	_____	_____

9. ADDITIONAL FACILITIES CHARGES:

___ None

___ Lump sum payment of _____

___ Monthly fee of _____

___ See additional terms

10. TERM OF AGREEMENT:

_____ through _____

11. RENEWAL TERM:

___ None

___ Month to month

___ Year to year

___ Other:

This Agreement may be terminated by either party by giving written notice:

___ days before the expiration of its primary term.

___ days before the expiration of any renewal term.

12. ADDITIONAL TERMS:

13. This Agreement includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, Second Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter.

Contract No. _____

FORM OF NO-NOTICE SERVICE AGREEMENT
Rate Schedule NNT

1. SHIPPER'S NAME AND ADDRESS:

2. NO-NOTICE SERVICE LEVEL:

_____ DTH/day

3. ASSOCIATED SERVICE AGREEMENTS
(in order of priority)

T-1 Transportation Service Agreement(s)

FSS and/or PKS Storage Service Agreement(s)

4. APPLICABLE RECEIPT POINTS:

All Primary Receipt Points listed on Shipper's associated firm Transportation and Storage Service Agreements.

5. APPLICABLE DELIVERY POINTS:

All Primary Delivery Points listed on Shipper's associated firm TSA(s).

6. RATES:

Reservation Charge:

- ___ The maximum rate on Transporter's Statement of Rates.
- ___ A discounted rate of _____/ DTH/mo.
- ___ See additional terms

7. TERM OF AGREEMENT:

_____ through _____

8. RENEWAL TERM:

- ___ None
- ___ Month to month
- ___ Other:

This Agreement may be terminated by either party by giving written notice:

___ days before the expiration of its primary term.

___ days before the expiration of any renewal term.

9. ADDITIONAL TERMS:

10. This Agreement includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter.

Contract No. _____

FORM OF INTERRUPTIBLE TRANSPORTATION SERVICE AGREEMENT
Rate Schedule T-2

1. SHIPPER'S NAME AND ADDRESS:

2. SHIPPER'S STATUS:

- Local Distribution Company (LDC)
- Intrastate Pipeline Company
- Interstate Pipeline Company
- End User
- Producer
- Marketer
- Pipeline Sales Operating Unit

3. TRANSPORTATION AUTHORITY:

- 18 CFR § 284 Subpart G
- 18 CFR § 284 Subpart B (NGPA § 311)
- Transportation on Behalf of: (only applicable to § 311)
 - LDC or Intrastate Pipeline Company
 - Interstate Pipeline Company or Shipper

4. QUANTITY TO BE TRANSPORTED:

_____ DTH/day

5. USAGE CHARGE:

- The systemwide rate on Transporter's Statement of Rates.
- The SSXP rate on Transporter's Statement of Rates.
- See additional terms.

<u>Term</u>	<u>Receipt Pt.</u> <u>MAP No.</u>	<u>Delivery Pt.</u> <u>MAP No.</u>	<u>Type of</u> <u>Charge</u>	<u>Usage Rate</u> <u>\$/Dth</u>
_____	_____	_____	_____	_____

6. ADDITIONAL FACILITIES CHARGES:

- None
- Lump-sum payment of _____
- Monthly fee of _____
- See additional terms

7. TERM OF AGREEMENT:

_____ through _____

8. RENEWAL TERM:
___ None
___ Month to month
___ Year to year
___ Other:
This Agreement may be terminated by either party by giving written notice:
___ days before the expiration of its primary term.
___ days before the expiration of any renewal term.
9. Additional Terms and Conditions:
10. This Agreement includes all the terms and conditions of Part 1 of Transporter's **FERC Gas Tariff**, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter.

FP Addendum No. _____

MOUNTAINWEST PIPELINE, LLC
FORM OF FIRM PEAKING SERVICE AGREEMENT
Rate Schedule FP
Addendum to T-1 Contract No. _____

1. SHIPPER'S NAME AND ADDRESS:

2. RATE SCHEDULE FP FLOW RATES:

Maximum Peak Flow Rate: _____ Dth/d
Average Peaking Period Flow Rate: _____ Dth/d

3. PEAKING PERIOD:

_____ am/pm to _____ am/pm
_____ am/pm to _____ am/pm

4. APPLICABLE DELIVERY POINTS:

Location	-	Location Name	Max. Peak Flow Rate	Avg. Peaking Period Flow Rate
_____	-	_____	_____ Dth/day	_____ Dth/day
_____	-	_____	_____ Dth/day	_____ Dth/day

5. REQUIRED RECEIPT POINTS:

Location	-	Location Name	Required Scheduled Quantity	Required Receipt Flow Rate
_____	-	_____	_____ Dth/day	_____ Dth/day
_____	-	_____	_____ Dth/day	_____ Dth/day

6. RATES:

Reservation Charge:

- ___ The maximum rate on Transporter's Statement of Rates.
- ___ A discounted rate of \$ _____ /Dth/mo.
- ___ See additional terms

7. ADDITIONAL FACILITIES CHARGES:

- None
- Lump sum payment of \$ _____
- Monthly fee of \$ _____
- See Additional Terms

8. TERM OF AGREEMENT:

_____ through _____

- Service provided during _____ through _____ of each year.
- See Additional Terms

9. RENEWAL TERM:

- None
- Year-to-Year
- Other:
This addendum may be terminated by either party by giving written notice:
365 days before the expiration of its primary term.
365 days before the expiration of any renewal term.

10. ADDITIONAL TERMS:

- 11. This addendum includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, Second Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter.

Contract No. _____
Amendment No. _____

FIRM TRANSPORTATION SERVICE AMENDMENT FORM
Rate Schedule T-1

Amended Terms

1. SHIPPER'S NAME AND ADDRESS:

2. RATE SCHEDULE T-1 QUANTITY:

Reserved Daily Capacity

_____ DTH/day Term _____ through _____
_____ DTH/day Term _____ through _____

3. TERM OF AGREEMENT:

_____ to _____

4. RENEWAL TERM:

___ None
___ Month to month
___ Year to year
___ Other:

This Agreement may be terminated by either party by giving written notice:
___ days before the expiration of its primary term.
___ days before the expiration of any renewal term.

5. PRIMARY RECEIPT POINTS:

___ Add
___ Permanent Release

MAP Nos.	Capacity	Term
_____	_____	_____
_____	_____	_____

6. PRIMARY DELIVERY POINTS:

___ Add
___ Permanent Release

MAP No.	Description	Capacity	Term	Minimum Delivery Pressure (psia)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

7. RATES:

Reservation Charge:

Primary Points

<u>Rec. Location</u>	<u>Del. Location</u>	<u>Type of Charge</u>	<u>Rate</u> <u>\$/DTH/Mo.</u>
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Alternate Points

<u>Rec. Location</u>	<u>Del. Location</u>	<u>Type of Charge</u>	<u>Rate</u> <u>\$/DTH/Mo.</u>
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Usage Charges:

- ___ The rate on Transporter's Statement of Rates.
- ___ See additional terms.
- ___ Authorized Overrun _____/ DTH.

Volumetric Rate:

<u>Rec. Location</u>	<u>Del. Location</u>	<u>Type of Charge</u>	<u>Rate</u> <u>\$/DTH/Mo.</u>
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8. EFFECTIVE DATE OF CHANGES:

9. ADDITIONAL TERMS:

10. This Agreement includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, Second Revised Volume No. 1 and the terms, conditions and signatures of Shipper's Access Agreement with Transporter.

Contract No. _____
Amendment No. _____

INTERRUPTIBLE TRANSPORTATION AMENDMENT FORM
Rate Schedule T-2

Amended Terms

1. SHIPPER'S NAME AND ADDRESS:

2. QUANTITY TO BE TRANSPORTED:

_____ DTH/day

3. TERM OF AGREEMENT:

_____ through _____

4. Renewal Term:

___ None
___ Month to month
___ Year to year
___ Other:

This Agreement may be terminated by either party by giving written notice:
___ days before the expiration of its primary term.
___ days before the expiration of any renewal term.

5. USAGE CHARGE:

_____ See additional terms.

Receipt Pt. MAP No.	Delivery Pt. MAP No.	Type of Charge	Usage Rate \$/Dth
_____	_____	_____	_____

6. EFFECTIVE DATE OF CHANGES:

7. ADDITIONAL TERMS:

8. This Agreement includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, Second Revised Volume No. 1 and the terms, conditions and signatures of Shipper's Access Agreement with Transporter.

FORMS OF AGREEMENT - STORAGE SERVICE

Contract No. _____

FORM OF STORAGE SERVICE AGREEMENT
Rate Schedule PKS
AGREEMENT TERMS

1. SHIPPER'S NAME AND ADDRESS:

2. SHIPPER'S STATUS:

- Local Distribution Company
- Intrastate Pipeline Company
- Interstate Pipeline Company
- End User
- Producer
- Marketer
- Pipeline Sales Operating Unit

3. VOLUMES/QUANTITIES TO BE INJECTED AND WITHDRAWN:

- Annual working gas volume (MCF)
- Maximum daily withdrawal quantity (DTH)
- Annual working gas quantity at a BTU conversion factor of (DTH).
- Maximum daily withdrawal quantity at a BTU conversion factor of (DTH).

Actual quantities of gas will vary, except for billing purposes, if the BTU content of Shippers' gas differs from the average of _____.

4. RATES:

Reservation Charge:

- The maximum rate on Transporter's Statement of Rates
- A discounted rate of _____/DTH/mo.
- See Additional Terms

5. VOLUMETRIC RATE:

_____/DTH valid only if capacity is released at a volumetric rate.

Usage Charges:

- _____/DTH injection - the rate on Transporter's Statement of Rates
- _____/DTH withdrawal - the rate on Transporter's Statement of Rates
- _____/DTH see Additional Terms

6. TERM OF AGREEMENT:

_____ through _____

RENEWAL TERM:

- None

- ___ Month to month
- ___ Year to year
- ___ Other:

This Agreement may be terminated by either party by giving written notice:

___ days before the expiration of its primary term.

___ days before the expiration of any renewal term.

7. ADDITIONAL TERMS:

8. This Agreement includes all the terms and conditions of Parts 1 and 2 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's Access Agreement with Transporter.

Contract No. _____

FORM OF STORAGE SERVICE AGREEMENT
Rate Schedule FSS

1. SHIPPER'S NAME AND ADDRESS:

2. SHIPPER'S STATUS:

- Local Distribution Company
- Intrastate Pipeline Company
- Interstate Pipeline Company
- End User
- Producer
- Marketer
- Pipeline Sales Operating Unit

3. STORAGE SERVICE:

Firm (Rate Schedule FSS)

4. VOLUMES/QUANTITIES TO BE INJECTED AND WITHDRAWN:

Firm service in Mcf/Dth

- annual working gas volume (MCF)
- annual working gas quantity (DTH) at a BTU conversion factor of _____ (DTH).
- minimum required deliverability (MRD)

Actual quantities of gas will vary, except for billing purposes, if the BTU content of Shipper's gas differs from the average of _____.

5. RATES:

FIRM SERVICE - RATE SCHEDULE FSS

RESERVATION CHARGE:

Deliverability:

- the maximum rate on Transporter's Statement of Rates
- a discounted rate of _____/DTH
- see additional terms

Inventory Capacity:

- the maximum rate on Transporter's Statement of Rates
- a discounted rate of _____/DTH
- A negotiated rate of \$_____/DTH
- see additional terms

Usage Charges:

- Injection: _____/DTH
- Withdrawal: _____/DTH
- Authorized Overrun: _____/DTH
- see additional terms

6. VOLUMETRIC RATE:

_____/DTH Valid only if capacity under Rate Schedule FSS is released at a volumetric rate.

7. ADDITIONAL FACILITIES CHARGES:

- None
- Lump-sum payment of _____
- Monthly fee of _____
- See additional terms

8. TERM OF AGREEMENT:

Initial term
_____ through _____

RENEWAL TERM:

- None
- Month to month
- Year to year
- Other:

This Agreement may be terminated by either party by giving written notice:
____ days before the expiration of its primary term.
____ days before the expiration of any renewal term.

9. ADDITIONAL TERMS:

10. This agreement includes all the terms and conditions of Parts 1 and 3 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's Access Agreement with Transporter.

Contract No. _____

FORM OF STORAGE SERVICE AGREEMENT
Rate Schedule ISS

1. SHIPPER'S NAME AND ADDRESS:

2. SHIPPER'S STATUS:

- Local Distribution Company (LDC)
- Intrastate Pipeline Company
- Interstate Pipeline Company
- End User
- Producer
- Marketer
- Pipeline Sales Operating Unit

3. VOLUMES/QUANTITIES TO BE INJECTED AND WITHDRAWN:

Interruptible service in Mcf/Dth

- _____ annual working gas volume (MCF)
- _____ annual working gas quantity (DTH) at a BTU conversion factor of _____.
- _____ minimum required deliverability (MRD)

Actual quantities of gas will vary, except for billing purposes, if the BTU content of Shipper's gas differs from the average of _____.

Interruptible service in DTH

_____ annual working gas volume

4. RATES:

INTERRUPTIBLE SERVICE - RATE SCHEDULE ISS

USAGE CHARGES:

Inventory:

- the maximum rate on Transporter's Statement of Rates
- a discounted rate of _____/DTH
- Injection: _____/DTH - the maximum rate on Transporter's Statement of Rates
- Withdrawal: _____/DTH - the maximum rate on Transporter's Statement of Rates
- see additional terms

5. VOLUMETRIC RATE:

_____/DTH Valid only if capacity under Rate Schedule FSS is released as a volumetric rate.

6. ADDITIONAL FACILITIES CHARGES:

- None
- Lump-sum payment of _____
- Monthly fee of _____
- See additional terms

7. TERM OF AGREEMENT:

_____ through _____

RENEWAL TERM:

- None
- Month to month
- Year to year
- Other:

This Agreement may be terminated by either party by giving written notice:

___ days before the expiration of its primary term.

___ days before the expiration of any renewal term.

8. ADDITIONAL TERMS:

9. This agreement includes all the terms and conditions of Parts 1 and 3 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's Access Agreement with Transporter.

FORMS OF AGREEMENT – PARK AND LOAN SERVICE

Contract No. _____

FORM OF PARK AND LOAN SERVICE AGREEMENT
RATE SCHEDULE PAL1

1. SHIPPER'S NAME AND ADDRESS:

2. PARK QUANTITY: _____ DTH Schedule Dates
Park Park Return

Quantity Scheduled to park at Clay Basin: _____

Quantity Scheduled for return to Shipper: _____

3. LOAN QUANTITY: _____ DTH Loan Loan Return

Quantity Scheduled for loan from Clay Basin: _____

Quantity Scheduled for return to Clay Basin: _____

4. TERM OF AGREEMENT:

_____ through _____

5. RATES:

Reservation Charge:

- ___ Maximum rate on Transporter's Statement of rates.
- ___ A discounted rate of _____/DTH.
- ___ See additional terms

Delivery Charge:

- ___ The rate on Transporter's Statement of rates.
- ___ See additional terms

Fuel Reimbursement:

- ___ In-kind
- ___ In-cash

6. ADDITIONAL TERMS:

7. This Agreement includes all the terms and conditions of Parts 1, 3 and 4 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter.

Contract No. _____

FORM OF PARK AND LOAN SERVICE AGREEMENT
RATE SCHEDULE PAL2

1. SHIPPER'S NAME AND ADDRESS:

2. TYPE OF SERVICE:

Shipper's maximum level of parked gas quantities as qualified under § 8 of the General Terms and Conditions of Part 1 of this Tariff: _____ DTH/day

Shipper's maximum level of loaned gas quantities as qualified under § 8 of the General Terms and Conditions of Part 1 of this Tariff: _____ DTH/day

3. TERM OF AGREEMENT:

_____ through _____

4. RATES:

Initiation Charge:

___ Maximum rate on Transporter's Statement of Rates
___ A discounted rate of _____ /DTH.
___ See additional terms

Daily Charge:

___ Maximum rate on Transporter's Statement of Rates
___ A discounted rate of _____ /DTH.
___ See additional terms

5. APPLICABLE RECEIPT AND DELIVERY POINTS:

6. SCHEDULE OF QUANTITIES:

Parked (DTH)	Delivery Date	Receipt Date
_____	_____	_____
Loaned (DTH)	Loan Date	Return Date
_____	_____	_____

7. ADDITIONAL TERMS:

8. This Agreement includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of shipper's Access Agreement with Transporter.

Contract No. _____
Amendment No. _____

PARK AND LOAN SERVICE AGREEMENT AMENDMENT FORM
RATE SCHEDULE PAL2
Amended Terms

1. SHIPPER'S NAME AND ADDRESS:

2. TERM OF THIS REQUEST ORDER: _____

3. SERVICE LEVEL APPLICABLE TO THIS REQUEST ORDER:

Parking: _____ DTH/day

Loaning: _____ DTH/day

4. RATE APPLICABLE TO THIS REQUEST:

_____ The maximum rate on Transporter's Statement of Rates

_____ A discounted rate of \$ _____ /DTH/day.

_____ See additional terms

5. ADDITIONAL TERMS:

6. This Agreement includes all the terms and conditions of Part 1 of Transporter's FERC Gas Tariff, First Revised Volume No. 1 and the terms, conditions and signatures of Shipper's access agreement with Transporter.

MYQUORUM ACCESS AGREEMENT

MYQUORUM ACCESS AGREEMENT

THIS MYQUORUM ACCESS AGREEMENT (Agreement) is entered into the ___ day of _____, 20___, by and between MountainWest Pipeline, LLC (Transporter), a Utah corporation with offices at 650 South State Street, Suite 300, Salt Lake City, Utah 84101, and _____ (Shipper) a _____ with offices at _____. Transporter and Shipper may be referred to collectively as the Parties and singularly as a Party.

THE PARTIES AGREE AS FOLLOWS:

1. Transporter has developed proprietary computer software programs and their contents known as MyQuorum (MyQuorum) that facilitate interactive electronic contracting, capacity release, capacity allocation, nominations, confirmations, imbalance trading, billing, notifications, and reporting on Transporter's natural gas transmission pipeline system (Transmission System).
2. Shipper requests remote access to certain portions of MyQuorum and its contents in order to transact business on Transporter's Transmission System. By accessing MyQuorum, Shipper, including its employees and agents, agrees to be bound by all of the terms and conditions of this Agreement, including Transporter's Gas Tariff currently on file with the Federal Regulatory Energy Commission (Tariff), which is deemed incorporated into this Agreement by this reference. All access to and use of MyQuorum and its contents shall be governed by this Agreement, including Transporter's Tariff.
3. Subject to compliance with the terms and conditions of this Agreement, Transporter grants to Shipper, and Shipper accepts from Transporter, a limited, non-exclusive, nontransferable license, during the term of this Agreement, restricted to named users to access designated portions of MyQuorum and its contents solely for Shipper's own internal transportation and storage business transactions on Transporter's Transmission System. Transporter reserves the right to determine what portion of MyQuorum shall be made available to Shipper. Shipper's use of MyQuorum may be monitored and recorded. Unusual activity that may indicate a compromised computer or account may result in immediate account termination and further detailed investigation.
4. Shipper shall not sublicense, sell, transfer, publish, disclose, display, or otherwise make available any part of MyQuorum or its contents to any third party. Shipper shall not reverse engineer, decompile, disassemble, or otherwise attempt to discover the source code or make derivative works arising out of, related to, or in connection with MyQuorum.
5. Shipper shall not delete, remove, modify, or obscure any copyright, trademark, trade name, or other proprietary notices displayed on MyQuorum, and shall not allow any third party to take any such action.
6. Transporter or its third party licensors solely and exclusively own all right, title, and interest in and to MyQuorum and its contents, including all patents, copyrights, trade secrets, trademarks, and other intellectual property therein.
7. Shipper expressly acknowledges that by accessing MyQuorum it shall be made aware of proprietary and confidential property of Transporter, its affiliates, or its licensors, including without limitation customers, services, products, processes, operations, the location of pipeline facilities, present and contemplated activities, as well as logon, password, or other controlled access information (collectively Confidential Information). Shipper shall protect the Confidential Information with at least the same degree of care it uses to protect its own confidential information, but not less than a reasonable degree of care. Shipper shall use the Confidential Information only for the purposes stated in this Agreement. Shipper shall not disclose the Confidential Information to any third party, except on a confidential basis to its employees or

agents whose access is required to carry out the purposes of this Agreement, who have been advised of the confidential nature of the information, and who are each bound by an obligation of confidentiality, enforceable by Shipper, to protect the Confidential Information. The confidentiality obligations of this paragraph shall not apply to any information that is:

- a. generally available to the public through no act of Shipper;
- b. independently developed by Shipper without use of or reference to the Confidential Information;
- c. lawfully received from a third party without breach of this Agreement; or
- d. disclosed pursuant to law, judicial order, or government regulation, unless otherwise prohibited by law, so long as Shipper promptly notifies Transporter prior to disclosure to provide Transporter with time to take actions necessary to protect its interests.

This paragraph shall survive termination of this Agreement.

8. Shipper shall ensure that its employees and agents shall only use the logon, password, and other controlled access to which they have been assigned in connection with MyQuorum and its contents. Upon termination of any employee or agent, or their need for access to MyQuorum Shipper shall immediately notify Transporter in writing and discontinue use of that logon and password.
 9. Shipper shall immediately inform Transporter by telephone at the telephone numbers identified on its Website (www.mwpipe.com) if Shipper learns of any apparent breach of security, such as loss, theft, or unauthorized disclosure, use, or possession of the Confidential Information, including without limitation Shipper's logon, password, or other controlled access information. Shipper shall be fully responsible for any unauthorized disclosure of MyQuorum Confidential Information by its employees and agents. Shipper shall fully cooperate with Transporter in pursuing all remedies available to Transporter against unauthorized use.
 10. Shipper may adjust the number of licensed users, delete licensed users, or designate other licensed users pursuant to a written Request for User Access to MyQuorum, in the form attached as Exhibit A, incorporated into this Agreement by reference, issued by Shipper and submitted to Transporter.
 11. Once Shipper has executed and returned this Agreement, Transporter shall provide Shipper with logon, password, or other controlled access information. However, before Shipper shall be allowed to transact business on MyQuorum, Shipper must comply with Transporter's creditworthiness requirements set out in Transporter's Tariff. Shipper shall be fully responsible and liable for all transactions conducted on MyQuorum using Shipper's logon, password, or other controlled access information.
 12. If Shipper desires to participate in imbalance trading procedures on MyQuorum, Shipper specifically consents to Transporter posting on MyQuorum the information regarding Shipper's imbalances outlined in Transporter's Tariff.
 13. Subject to the restrictions on use and disclosure set forth in this Agreement, Shipper may print and make a reasonable number of copies of the contents on MyQuorum solely for Shipper's internal use in transacting business on MyQuorum. Shipper shall reproduce and include copyright, other proprietary right, or confidential notices on and in all copies. Upon termination of this Agreement, Shipper shall destroy all documents that it possesses containing any Confidential Information of Transporter in whatever medium those documents exist and shall not retain any copies of such documents.
 14. Shipper shall be responsible for supplying all hardware and other equipment in order to access MyQuorum.
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15. ACCESS TO AND USE OF MYQUORUM AND ITS CONTENTS ARE PROVIDED "AS IS" WITHOUT REPRESENTATION, WARRANTY, OR INDEMNITY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, NON-INTERFERENCE, OR SYSTEM INTEGRATION. SUBJECT TO THE PROVISIONS OF SECTION 16, SHIPPER ASSUMES ALL RISK AS TO THE ACCURACY, COMPLETENESS, SECURITY, AVAILABILITY, QUALITY, AND PERFORMANCE OF MYQUORUM AND ITS CONTENTS, INCLUDING ALL LIABILITY ARISING FROM ACCESS TO MYQUORUM THROUGH SHIPPER. THIS PARAGRAPH WILL SURVIVE TERMINATION OF THIS AGREEMENT.

16. NEITHER TRANSPORTER NOR ANY OF ITS PARENT COMPANY(S), AFFILIATES, OR SUBSIDIARIES, OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS, SHALL BE LIABLE TO SHIPPER OR ANY OTHER PERSON OR ENTITY FOR ANY LOSS OR DAMAGES OF ANY KIND ARISING OUT OF, RELATED TO, OR IN CONNECTION WITH SHIPPER'S USE, INABILITY TO USE, OR RELIANCE ON MYQUORUM OR ITS CONTENTS, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR IF SUCH DAMAGES ARE FORESEEABLE AND REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT OR TORT, EXCEPT THAT, SUBJECT TO SHIPPER'S OBLIGATION PURSUANT TO APPLICABLE LAW TO AVOID OR MITIGATE DAMAGES, TRANSPORTER MAY BE HELD LIABLE TO SHIPPER (A) FOR SHIPPER'S DIRECT DAMAGES FROM THE USE OF OR INABILITY TO USE MYQUORUM TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE NEGLIGENCE OF TRANSPORTER IN ITS OPERATION OF MYQUORUM OR (B) FOR SHIPPER'S DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES FROM THE USE OF OR INABILITY TO USE MYQUORUM TO THE EXTENT SUCH DAMAGES ARE CAUSED BY TRANSPORTER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT IN ITS OPERATION OF MYQUORUM. TRANSPORTER WILL NOT BE LIABLE TO SHIPPER FOR INPUTS OR ACTIONS OF THIRD PARTIES. THIS PARAGRAPH SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

17. (a) This Agreement shall commence on the date first written above and remain in full force and effect until terminated:
 - (i) by either Party for its convenience upon one day's written notice to the other Party;
 - (ii) immediately by Transporter for Shipper's breach of this Agreement; or
 - (iii) by Transporter according to the procedures set forth in Section 2.6, Revocation of Access, of the General Terms and Conditions of Part 1 of Transporter's Tariff.
(b) Upon termination of this Agreement, Shipper shall immediately discontinue access to and all use of MyQuorum and its contents. Shipper shall also destroy any documents, in whatever medium those documents exist, that contain any Confidential Information of Transporter, including without limitation logon, password, or other controlled access information, and shall not retain any copies of such documents

18. All notices concerning this Agreement, other than the day-to-day communications between the Parties, shall be in writing and shall be sent to the relevant address set forth below. The Parties may designate other addressees or addresses by notice to the other Party. A notice shall be deemed effective (a) when given by hand delivery; (b) three days after deposit into the U.S. mail, postage prepaid; or (c) one business day after deposit with commercial overnight delivery service, charges prepaid.

MountainWest Pipeline, LLC
Attn: Commercial Services
650 South Main Street, Suite 300
Salt Lake City, UT 84101

Attn: _____

19. This Agreement shall be governed by and construed in accordance with the laws of Utah,

excluding any choice of law provisions that would otherwise require application of laws of any other jurisdiction. In the event it becomes necessary for either Party to enforce its rights under this Agreement, then with or without litigation, the prevailing Party shall be entitled to recover all reasonable expenses, including attorney fees and costs, arising out of the enforcement of its rights.

20. The failure of a Party to require the performance of a term or obligation under this Agreement, or the waiver by a Party of any breach, shall not prevent subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach under this Agreement. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the Party against whom charged.
21. Shipper shall not, in whole or in part, assign its rights or delegate its obligations under this Agreement without the prior written consent of Transporter, and any attempt to do so without consent shall be void. This Agreement shall be binding upon and inure to the benefit of the Parties' permitted successors and assigns.
22. If any provision or part of a provision of this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision, but this Agreement shall be construed as if it did not contain such provision. Each provision shall be deemed enforceable to the fullest extent available under applicable law.
23. This Agreement, together with expressly incorporated documents, contains the entire agreement between the Parties concerning the subject matter, and it replaces and supersedes any and all prior or contemporaneous, oral or written, agreements, understandings, communications, and representations between the Parties. Any terms or conditions contained in any confirmation, statement, or other ordering document that differ or vary the terms of this Agreement are null and void and shall have no effect between the Parties. This Agreement may not be amended except in writing signed by both Parties.
24. Each person signing this Agreement warrants that the person has full legal capacity, power, and authority to execute this Agreement for and on behalf of the respective Party and to bind such Party.

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Agreement effective as of the date first written above.

(Shipper)

MOUNTAINWEST PIPELINE, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT A

REQUEST FOR USER ACCESS TO MYQUORUM

This Request for User Access to MyQuorum (User Agreement) is part of and subject to the MyQuorum Access Agreement (Agreement) between MountainWest Pipeline, LLC (Transporter) and the entity identified in the signature block below (Shipper).

Pursuant to this User Agreement, Shipper requests Transporter to provide or terminate access for the employee(s) or agent(s) designated by Shipper below and for the portions specified below on Transporter's proprietary computer software programs and their contents known as MyQuorum in order to transact transportation and storage business on behalf of Shipper on Transporter's natural gas transmission pipeline system.

1. User Name: _____
FIRST and LAST NAME (Please print) Telephone E-mail

Check all that apply:

Request Type

- Add user
- Delete user
- Change user profile

Transaction Services Profile

- Contracting
- Capacity Release
- Nominations
 - Balancing
 - Imbalance Trade Administration
 - Confirmations
- Reporting/On-line Invoicing
- Critical Notices
- Non-Critical Notices

2. User Name: _____
FIRST and LAST NAME (Please print) Telephone E-mail

Check all that apply:

Request Type

- Add user
- Delete user
- Change user profile

Transaction Services Profile

- Contracting
- Capacity Release
- Nominations
 - Balancing
 - Imbalance Trade Administration
 - Confirmations
- Reporting/On-line Invoicing
- Critical Notices
- Non-Critical Notices

INTENDING TO BE LEGALLY BOUND, Shipper has caused this User Agreement to be executed by its authorized representative effective as of the date written below

Shipper: _____

Signature: _____
Name: _____
Title: _____
Date: _____

Instructions:

Shipper may designate additional users and changes by completing additional forms.
If you have any questions, please contact Transporter at (801) 584-6034.
Submit the completed and signed User Agreement via email to mwpipe@williams.com.
This User Agreement is subject to acceptance by MountainWest.

SHIPPER INQUIRY FORM

Shipper Inquiry Form

Name of inquirer

Identification of contract under question

Designation of time period involved

Nature of inquiry or complaint

Signature_____

Title_____

Date and time received byTransporter:

Transporter's Representative:

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