

23. Docket No. RP11-2107 Settlement Provisions

23.1. Qualifying Services Revenue Crediting

- (a) Upon the effectiveness of the Docket No. RP11-2107 Stipulation and Agreement (“Settlement”) in accordance with Article VII, revenues received by Transporter for services performed under Rate Schedules PAL-1, APAL-1, IS-1, SS-1 and HUB-1 (“Qualifying Services”) shall be subject to the following crediting provisions for calendar year 2011 and each subsequent full calendar year through the term of the Settlement. There shall be no revenue crediting for any partial year in which the Settlement terminates.

Transporter shall retain all Qualifying Services revenues attributable to (i) that portion of the applicable charges representing variable costs -and (ii) any applicable surcharges.

Transporter shall retain all other revenues received from Qualifying Services up to and including \$1,200,000 during ~~each~~ any full calendar year ~~from beginning January 1, 2011 through 2015~~ and all revenues from the Qualifying Services during any partial year in which the Settlement terminates. Transporter shall retain all other revenues received from Qualifying Services up to and including \$1,700,000 during the 2016 calendar year.

If Transporter receives any such revenues in excess of \$1,200,000 during a calendar year ~~from 2011 through 2015~~ or ~~receives any such revenues in excess of \$1,700,000 for the 2016 calendar year~~ any subsequent full calendar year ~~through the term of the Settlement~~, then ~~Transporter shall allocate~~ 95% of any such excess revenues of the applicable amount for that calendar year shall be allocated among Transporter’s ~~to all~~ Rate Schedule NNT-1 and NNT-2 Shippers, who have contracts in effect as of the date of crediting. The excess revenues will be allocated proportionally based on the total revenues received from each such firm NNT shipper in proportion to the total revenues received from all such firm NNT shippers as a group.

In April, following such calendar year, Transporter shall pay the amount allocated as either a wire transfer or check. If the Settlement becomes effective in accordance with Article VII of the Settlement after April of a year in which revenues are allocated under this provision, Transporter shall pay the allocated amounts within sixty days after the Settlement becomes effective. Transporter shall retain the remaining 5% of such revenues from Qualifying Services exceeding \$1,200,000 for each calendar year from 2011 through 2015 or exceeding \$1,700,000 for the 2016 ~~a full~~ calendar year.

23.2 Mainline Services Revenue Crediting and Surcharge Provisions

- (a) During the term of the Settlement, and beginning January 1, 2012, revenues received by Transporter for services performed under Rate Schedules TF-1, TF-4, TI-1, NNT-1, NNT-2, CS-1, SS-1, HUB-1, PAL-1, APAL-1, FS-1, IS-1, and from the VL-GQC and HP-GQC surcharges (“Mainline Services Revenues”) shall be subject to the following crediting or surcharge provisions. No revenue crediting or surcharge is applicable ~~forte~~ calendar years 2011 or 2016.

Mainline Services Revenues shall not include (1) amounts otherwise credited to shippers including but not limited to revenues credited in Transporter’s fuel filings, revenues credited to the cost of service and penalty revenues (2) revenues from surcharges; (3) revenues in excess of \$1,200,000 for full calendar years under Section 23.1(a); (4) revenues associated with any current incremental services (such as from the Totem or High Plains services) except for HP-GQC-1; (5) any revenue associated with the release of Transporter’s capacity held on a third party pipeline except for any revenues from the release of Transporter’s capacity on Wyoming Interstate Company, L.L.C.’s pipeline system associated with Contract Nos. 41041013, 41018000, 41127000 and 41129000; (6) any third party charges assessed pursuant to Section 4.3 of the General Terms and Conditions of this Tariff, or (7) any revenues received from any expansion project placed in service during the term of this Settlement regardless of whether the rates for such expansion are rolled-in or incremental. For example, the revenues associated with Transporter’s North Raton Lateral Expansion approved in Docket No. CP09-464-000 and the Spruce Hill Air Blending Project approved in Docket No. CP10-486-000 shall not be included in Mainline Services Revenues.

- (b) The “Revenue Crediting Threshold” shall be \$260 Million for the calendar year 2012. For each following calendar year during the term of this Settlement the applicable Revenue Crediting Threshold shall be \$265.2 million.

Transporter shall retain all Mainline Services Revenues up to and including the Revenue Crediting Threshold during any calendar year beginning January 1, 2012. If Transporter receives any Mainline Services Revenues in excess of the applicable Revenue Crediting Threshold during any full calendar year, then Transporter shall provide to any maximum rate shipper with at least one contract with a maximum firm rate in effect during the relevant calendar year (“Maximum Rate Shipper”) its proportionate share of 80% of the revenues in excess of the applicable Revenue Crediting Threshold. The Mainline Services

23.2 (b) (continued)

Revenues above the applicable Revenue Crediting Threshold shall be allocated to each Maximum Rate Shipper in proportion to the shipper's total Mainline Services Revenues from the reservation rate components under maximum firm rate contracts received by Transporter for the relevant calendar year to the total amount of Mainline Services Revenues received from the reservation rate components under maximum firm rate contracts received by Transporter from all Maximum Rate Shippers during the relevant year. In the following calendar year, Transporter shall pay the amounts allocated to any such shipper either by wire transfer or check in four equal monthly payments beginning on the due date for payment under invoices for service provided in March of that year. Any department or agency of the United States federal government may receive such allocated amounts in the form of an invoice credit to offset amounts otherwise owed to Transporter. To the extent any undisputed amounts owed Transporter are past due, Transporter may offset or recoup up to that amount against any amounts Transporter owes to that Maximum Rate Shipper. Transporter shall retain the remaining 20% of such revenues exceeding the applicable Revenue Crediting Threshold amount.

- (c) The "Revenue Surcharge Threshold" shall be \$250 million for the calendar year 2012. For each following calendar year the applicable Revenue Surcharge Threshold shall be \$255 million.

If Transporter receives Mainline Services Revenues that are less than the applicable Revenue Surcharge Threshold during any calendar year, then Transporter shall direct bill the proportionate share of 80% of such deficit to any Maximum Rate Shipper of the appropriate calendar year in proportion to the Maximum Rate Shipper's total Mainline Services Revenues from the reservation rate components under maximum firm rate contracts received by Transporter for the relevant calendar year to the total amount of Mainline Services Revenues received by Transporter from the reservation rate components under maximum firm rate contracts from all Maximum Rate Shippers during the relevant calendar year. However, Transporter shall limit surcharge or direct bill amounts by the following process: Transporter shall subtract the Mainline Services Revenues from the Revenue Surcharge Threshold and divide that difference by the annual reservation quantities for all maximum firm rate contracts for all Maximum Rate Shippers. If the quotient from that division exceeds \$1.75 per Dth on a monthly basis, then Transporter shall decrease the Revenue Surcharge Threshold until the quotient equals \$1.75 per Dth on a monthly basis, provided that the Maximum Rate Shippers shall in no event be required to pay in excess of 80% of the deficit between the unadjusted Revenue Surcharge Threshold (the applicable \$250 million or \$255 million) and the Mainline Services Revenues for any calendar

- 23.2 (c) (continued)
- year. The direct bill amount shall be reflected in four equal monthly charges beginning with the invoice for service provided during March of the following the calendar year. Transporter may offset any surcharge amounts against undisputed amounts owed by Transporter.
- 23.3 There shall be no revenue crediting for revenues received from mainline services above the Revenue Crediting Threshold or surcharges for revenues below the Revenue Surcharge Threshold during a partial calendar year during the term of the Settlement. There shall be no interest calculated or included in the amounts for surcharges or revenue credits.
- 23.4 The filing of a general system-wide rate change under Article VI of the Settlement shall not extinguish any revenue credits or surcharges owed under Section 23.2 (i.e., the obligation to pay the credit or surcharge survives beyond the term of this Settlement). Similarly, the expiration of a maximum firm rate contract shall not extinguish either Transporter's or a Maximum Rate Shipper's obligation to otherwise pay the amounts of a credit or surcharge under this Section 23. Nothing in this Tariff, as it may exist from time to time, shall limit the right to a consenting party to this Section 23.2 to pay or collect a surcharge or credit owed under Section 23.2
- 23.5 For capacity release transactions, the Releasing Shipper shall be subject to the crediting and surcharging mechanism in this Section 23, unless the Releasing and Replacement Shippers agree otherwise in the capacity release transaction. The receipt of a revenue credit shall not be considered in the determination of the rate for which capacity may be released.
- 23.6 Transporter shall file an annual report with workpapers with the Commission detailing any revenue crediting or surcharging activity no later than 90 days after the last payments have been made for any applicable revenue crediting or the last invoices have been issued to shippers reflecting applicable surcharges. The workpapers accompanying the annual report will show: (i) the revenues attributable to each of the rate schedules listed in section 23.2(a); and (ii) the derivation of the surcharge or credit amounts allocated to each Maximum Rate Shipper. Upon request, Transporter will provide additional information supporting its calculation of the Mainline Services Revenues reflected in the annual report. In addition, in March following any year for which this Section 23 applies, Transporter shall post on its electronic bulletin board preliminary information on the determination and allocation of any surcharge or credit owed including the calculation of the total amounts to be surcharged or refunded, billing determinants subject to sharing for the evaluation period if a surcharge is owed, revenues subject to sharing for the evaluation period if revenues are to be shared, and the calculations of the amounts of a surcharge or credit allocated to each shipper.

23.7

Any amendment to the Shipper's agreement(s) entered into in accordance with Article V of the Settlement shall become null and void and have no further force and effect fifteen days after any of the following conditions have occurred: (i) the Commission issues an order on rehearing rejecting the Settlement (ii) if the Settlement becomes null and void under Settlement paragraph 7.2, or (iii) if the Settlement is withdrawn by Transporter. Additionally, fifteen days after a Shipper listed on Appendix C of the Settlement becomes a contesting party under Article VII of the Settlement, only agreement amendments for such Shipper made in accordance with Article V of the Settlement shall have no further force and effect. To the extent any amendments entered into in accordance with Article V of the Settlement have no further force and effect, the underlying agreements shall be automatically reinstated with all of their original terms. Such amended agreements shall contain a provision describing the nullification and reinstatement of original terms under these conditions.