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## 5. TRANSPORTATION SERVICE

### 5.01 CONDITIONS OF SERVICE

#### APPLICABILITY

This service applies to transportation of customer-acquired gas through the Company's distribution system from an approved interconnect point between the Company's distribution system and an upstream pipeline to a redelivery meter serving customer's premises. Each transportation service customer must identify in the contract the interconnect/delivery points(s) where it will deliver its natural gas supply into Questar Gas' system (approved point). Questar Gas reserves the right, as provided herein, to require each transportation customer to deliver its natural gas supplies to that approved point when, in Questar Gas' sole discretion, its operational needs support such a change from any alternate point that might currently be being used by the customer.

#### INITIAL SERVICE AGREEMENT

Each transportation customer will be required to enter into a service agreement with the Company. Transportation customers must contract for service on an annual basis.

A written request for transportation service from an existing firm or interruptible sales service customer must be received by the Company by February 15 in any given year, except in 2014, when the date has been extended to March 30. A fully executed contract and any other requirements must be received by the Company by February 28 of any given year, except in 2014, when the date has been extended to April 30. Customer must meet with Questar Gas telemetry gas technician by April 15 of any given year, except in 2014, when the date has been extended to April 30. Any customer facilities required to facilitate telemetry, which may include power, phone lines or other, required by Questar Gas must be installed by customer and operational by May 15 of any given year. Questline access agreements must be received by Questar Gas by May 31 of any given year. If a customer fails to meet any of these deadlines, then customer will not be permitted to receive TS service during that year. If approved, such a request will be effective on the first day of that customer's billing cycle which occurs on or after July 1<sup>st</sup>.

#### TERM

Service shall be for a minimum of one year.

#### FEES, COSTS AND CHARGES

In the event that the Company incurs fees, charges or costs as a result of the transportation of a customer's gas to the Company's distribution system by an upstream pipeline the Company will

provide a statement of such charges or costs. The customer will reimburse the Company for all fees, charges or costs associated with such transportation.

### **ADMINISTRATIVE CHARGE**

Customers taking service on rate schedules FT-1, MT, and TS will be billed an annual administrative charge of \$4,500 for each end-use site in equal monthly amounts. If a customer has more than one end-use site on contiguous property covered by a single gas purchase contract, a \$4,500 annual administrative charge will be billed to one end-use site. Other end-use sites for that customer will be billed a \$2,250 annual administrative charge. A customer will be required to pay the administrative charge for each month during a temporary discontinuance of service.

### **TRANSPORTATION IMBALANCE CHARGE**

Customers taking service on rate schedules FT-1, MT and TS will be assessed a charge for daily imbalances that are outside of a 5% imbalance tolerance. "Daily imbalance" is defined as the difference between the customer's nominated volumes, less fuel, and the actual usage on any given day. When the Daily Imbalance exceeds 5% of the actual usage, the charge will be assessed based on the daily Dth imbalance rounded to the nearest tenth. This charge will include storage, no-notice transportation and other related costs incurred to manage imbalances. The charge is set forth on the transportation rate schedules and will be recalculated in each pass through filing and updated at least annually.

### **PEAK HOUR DEMAND CHARGE**

Customers taking service on rate schedules FT-1, MT and TS will be assessed an annual demand charge for services necessary to manage peak hour usage during the winter heating season. The annual charge will be assessed on a monthly basis.

### **FUEL REIMBURSEMENT**

A fuel reimbursement of 1.5% will apply to all transportation volumes. The reimbursement will be collected by redelivering 1.5% less volume than is received into the Company's distribution system for transportation.

### **FACILITY MODIFICATIONS**

Any costs to modify existing Company facilities or to install new Company facilities required in order to provide service shall be paid to the Company by the customer in advance of construction, unless other arrangements have been made. All such facilities are the property of the Company. The Company may at its option withhold service until all necessary facilities are in place to ensure safe service and to ensure that proper billing and accounting can be performed. The Company will require telemetering equipment as a prerequisite to providing transportation service.

Customers may increase the daily contract limit if additional equipment is added or if operational changes necessitate firm service backup. All service is subject to the availability of new or additional service requirements shown in § 9.02.

Issued by C. <u>L. Bell, VP &amp; General Manager</u> <del>C. Wagstaff,</del> <u>President</u>	Advice No.	Section Revision No.	Effective Date
	<u>17-035-01</u>	<u>76</u>	<u>June</u> <del>February</del> 1, 201 <u>76</u>

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**5.02 FIRM TRANSPORTATION SERVICE**

The Company provides firm transportation service for industrial customers qualifying under the classification provisions of § 5.05 through § 5.08. Industrial customers initiating or increasing firm transportation service must also meet the requirements of § 9.02.

**FIRM DEMAND CHARGE**

Customers taking service on the TS and FT-1 rate schedule will be billed in equal monthly amounts an annual firm demand charge for each Dth of contracted firm transportation. Contracted firm transportation volumes are not subject to the interruption provisions outlined in § 5.04. A customer will be required to pay the firm demand charge for each month during a temporary discontinuance of service.

Issued by <u>C. L. Bell, VP &amp; General Manager</u> <del>R. W. Jibson,</del> <del>President</del>	Advice No. 14-02	Section Revision No. 4	Effective Date March 1, 2014
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### 5.03 MUNICIPAL TRANSPORTATION SERVICE (MT)

The Company provides MT firm service only for municipalities as defined in Utah Code Ann. § 10-1-104(5) or successor statute and under the classification provisions of § 5.06. Customers initiating or increasing MT firm service must also meet the requirements of § 9.02.

#### NOMINATIONS

The Company will provide MT customers with a daily estimate of usage for the MT service on the electronic bulletin board 24 hours in advance of the Company's nomination deadline. The estimated usage will be based on the same factors used by the Company to estimate the requirements of its sales customers and will include the required fuel reimbursement shown in § 5.01.

MT customers will be responsible for all nominations on upstream pipelines, as well as nominations to the Company, to ensure that sufficient gas supplies to meet the supplier's customers aggregate daily estimates of usage are delivered to the Company receipt point designated by the Company. In designating receipt points, MT service will have priority over Interruptible service. Firm sales service will have priority over MT, FT-1, and firm TS service. MT, FT-1 and firm TS service will have equal priority of delivery points.

The Company will have the right to issue operational flow orders (OFOs) directing the increase or decrease in nominated volumes.

#### IMBALANCES

The following imbalance procedures will be used to ensure that suppliers are providing the proper amount of gas for their MT customers and are not adversely impacting other suppliers or other customers on the Company's system.

##### **Facilities Charge for Daily Balancing**

MT customers shall pay a facilities charge for balancing services. The rate for this service is shown in § 5.06 and will be applied to all volumes billed by the Company to the MT customers.

##### **Nomination Imbalance Penalty**

Subject to the exceptions noted below, any delivery of gas by an MT customer to the Company above or below the estimated daily usage, as explained in the "Nominations" paragraph for MT service, will be assessed the penalty as provided for in the "Daily Imbalances" paragraph of § 5.09.

The MT customer may make imbalance nominations as provided for in the "Monthly Imbalances" paragraphs in § 5.09. The Nomination Imbalance Penalty will not apply to imbalance nominations or if the customer is complying with an OFO.

**Treatment of Monthly Imbalances**

Monthly imbalances will be treated as provided for in the “Monthly Imbalances” paragraphs of § 5.09.

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<del>R. W. Jibson,</del> <del>President</del>	09-03	3	April 1, 2009

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**5.04 INTERRUPTIBLE TRANSPORTATION SERVICE****COMPANY INTERRUPTION**

Should interruptions be required, customers will be interrupted as described in § 3.02.

**GAS PURCHASE ARRANGEMENT DURING PERIODS OF INTERRUPTION**

Customers may offer to sell their gas supplies to the Company, and the Company may agree to purchase such gas supplies, for its use during periods of interruption in serving firm sales customers. If a customer opts to sell its gas supply to the Company, and the Company agrees to buy it, such sale shall be made upon the following conditions.

- (1) The customer's gas purchase contract may not preclude continued deliveries by its supplier during periods of interruption of the Company's transportation service.
- (2) Customer agrees that its gas purchase contracts will not allow, during a period of interruption, for the sale, exchange, transportation or beneficial use of Company-requested gas supplies for the benefit of anyone other than: (a) the Company, or (b) parties holding a pre-existing higher contractual priority to the gas supplies.

In no event will customer sell or exchange its gas supplies or otherwise interfere with the Company's ability to purchase customer's gas supplies during a period of interruption.

- (3) Upon notification of interruption of service by the Company, the customer agrees to immediately begin nominating the Company requested amount of gas and will continue such nomination during the period of interruption unless instructed otherwise by the Company.
- (4) The Company will require volumes equal to the average of the three most recently confirmed gas day nominations (less imbalance payback to customers) up to the amount of gas under contract to be available for purchase during an interruption, but will not require volumes in excess of the customer's representative daily use. Volumes not delivered upon request will be subject to the penalty described in (7) below.
- (5) All gas purchased by the Company under this provision shall be at the point where deliveries are made to the upstream pipeline system upon which the Company has contracted for transportation service or delivered directly to the facilities of the Company. The Company will make arrangements for transportation of these purchases during periods of interruption to its own distribution system. The Company's planned gas purchases under the provisions of this section shall be used to meet the requirements of firm sales customers, and all gas purchased is considered necessary to meet the needs of firm customers.

- (6) The customer agrees to sell and the Company shall have the option to purchase customer's gas at the higher of the monthly market index price or the gas daily market index price, as defined in the Glossary.
- (7) For volumes that the Company requests to be nominated but which are not available to the Company because of the customer's unexcused failure to nominate (see § 7.02 or because customer has sold, exchanged, transported or otherwise used said gas for the benefit of anyone other than the Company in violation of subsection (2) above), the Company shall impose a penalty equal to the highest purchased gas cost during the period of interruption plus \$15/Dth for the volume of gas requested but not delivered.

Issued by <u>C. L. Bell, VP &amp; General Manager</u> <del>R. W. Jibson,</del> <del>President</del>	Advice No. 14-02	Section Revision No. 3	Effective Date March 1, 2014
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## 5.05 FIRM TRANSPORTATION SERVICE RATE SCHEDULE FT-1

### FT-1 VOLUMETRIC RATES

	Rates Per Dth Redelivered Each Month			
	Dth = decatherm = 10 therms = 1,000,000 Btu			
	First 10,000 Dth	Next 112,500 Dth	Next 477,500 Dth	All Over 600,000 Dth
Base DNG	\$0.23673	\$0.22185	\$0.15574	\$0.03178
Energy Assistance	0.00030	0.00030	0.00030	0.00030
Infrastructure Rate Adjustment	0.03973	0.03723	0.02614	0.00533
<b>Distribution Non-Gas Rate</b>	<b>\$0.27676</b>	<b>\$0.25938</b>	<b>\$0.18218</b>	<b>\$0.03741</b>
Minimum Yearly Distribution Non-Gas Charge (base)				\$79,000
Daily Transportation Imbalance Charge per Dth (outside +/- 5% tolerance)				\$0.08125

### FT-1 FIXED CHARGES

Monthly Basic Service Fee (BSF): (Does not apply as a credit toward the minimum yearly distribution non-gas charge) For a definition of meter categories see § 8.03.		BSF Category 1	\$6.75
		BSF Category 2	\$18.25
		BSF Category 3	\$63.50
		BSF Category 4	\$420.25
Administrative Charge (See § 5.01).	Annual		\$4,500.00
	Monthly Equivalent		\$375.00
Firm Demand Charge per Dth (see §5.02)	Base Annual		\$12.90
	Infrastructure Adder		\$2.16563
	<u>Peak Hour Charge</u>		<u>\$0.56</u>
	Total Annual		\$15. <u>6307</u>
	Monthly Equivalent		\$1. <u>3026</u>

### FT-1 CLASSIFICATION PROVISIONS

- (1) Industrial service on a minimum one-year agreement available to end use industrial customers who acquire their own gas supply and who will maintain a load factor of at least 50% where load factor is defined as: Actual or estimated average daily usage is at least 50% of peak winter day. (Actual or Estimated Annual Usage ÷ 365 days) ÷ Peak Winter Day ≥ 50%
- (2) Volumes must be transported to the Company's system under firm transportation capacity on upstream pipelines to interconnect points approved by the Company or on alternative transportation to approved interconnect points if customer's upstream firm transportation is disrupted.
- (3) Service is subject to a minimum yearly charge, an administrative charge, and a monthly basic service fee.
- (4) If the customer's gas is not delivered to the Company's system, the Company is not obligated to deliver gas to the customer. When the customer's gas is being delivered to the Company, the balancing provisions in § 5.09 will apply.

- (5) Firm transportation service is only available to those customers who receive all of their natural gas service through the Company's facilities
- (6) All sales are subject to the applicable local charges and state sales tax stated in § 8.02.
- (7) Fuel reimbursement of 1.5% applies to all volumes transported; see § 5.01.
- (8) Annual usage must be at least 350,000 Dth plus an additional 225,000 Dth for every mile away from the nearest interstate pipeline. Distance from the interstate pipeline will be measured as the most feasible route that would be determined by a reasonable and prudent natural gas utility operator. A customer with another bona fide, lawful bypass option may be included in the FT-1 rate class upon approval by the Commission.
- (9) FT-1 customers are permitted to purchase interruptible transportation in excess of the firm demand amount to which they subscribe by paying the TS volumetric rates.
- (10) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 5.06 MT RATE SCHEDULE

### MT RATE

	Rates Per Dth Used Each Month
	Dth = decatherm = 10 therms = 1,000,000 Btu
MT Volumetric	\$0.65141/Dth
Energy Assistance	0.00273/Dth
Infrastructure Rate Adjustment	0.06174/Dth
<b>Distribution Non-Gas Rate</b>	<b>\$0.71588/Dth</b>
 Daily Transportation Imbalance Charge (outside +/- 5% tolerance)	 \$0.08125/Dth

### MT FIXED CHARGES

Monthly Basic Service Fee (BSF):	BSF Category 1	\$6.75
For a definition of BSF categories see § 8.03.	BSF Category 2	\$18.25
	BSF Category 3	\$63.50
	BSF Category 4	\$420.25
Administrative Charge (see § 5.01).	Annual	\$4,500.00
	Monthly Equivalent	\$375.00
	<u>Annual Peak Hour</u>	
	<u>Demand Charge</u>	<u>\$0.56</u>

### MT CLASSIFICATION PROVISIONS

- (1) Service is used for a municipal gas system owned and operated by a municipality as defined by Utah Code Ann. § 10-1-104(5). The customer must enter into a minimum one-year contract specifying the maximum daily contract demand. If requested, the Company will provide MT customers with its forecast of the maximum daily demand for any contract period. The Company is not obligated to provide service in excess of the maximum daily contract demand.
- (2) Annual load factor is 15% or greater, where load factor is defined to be: Actual or estimated average daily usage is at least 15% of peak winter day.  
(Actual or Estimated Annual Use ÷ 365 days) ÷ Peak Winter Day ≥ 15%
- (3) If the customer's gas is not delivered to the Company's system, the Company is not obligated to deliver gas to the customer. When the customer's gas is being delivered to the Company, the balancing provisions described in § 5.03 and § 5.09 will apply.
- (4) All sales are subject to any applicable local charges and sales tax stated in § 8.02.
- (5) Fuel reimbursement of 1.5% applies to all volumes transported. (See § 5.01).

- (6) MT service is not required if it will subject the Company to regulatory jurisdiction by anyone other than the Commission.
- (7) An MT customer will be required to notify the Company before it proposes to extend service beyond the state of Utah or into a service area designated by the Federal Energy Regulatory Commission (FERC) pursuant to 7(f) of the Natural Gas Act. Such service extension will be cause for termination of MT service by the Company, unless it is demonstrated, prior to service extension, that an order has been issued by the FERC, or any other federal, state or local entity potentially exercising regulatory jurisdiction, showing respectively that the Company will not be subject to the regulatory jurisdiction of the FERC or other federal, state or local entity, and, with respect to an order issued by the FERC, that the Company will not lose any Hinshaw status that it may have. The Company may also terminate MT service commenced upon the issuance of any such order described above if the order is stayed or if an administrative or judicial appeal of such order results in a finding that providing the MT service subjects it to the jurisdiction of the FERC, or other federal, state or local entity, or results in a loss of any Hinshaw status it may have.
- (8) Service is only available for cities where the Company does not have a franchise or an existing distribution system.
- (9) For municipal customers with usage on more than one rate schedule, the usage for different rate schedules must be separately metered and subject to the appropriate administrative charge as provided for in the Administrative Charge paragraph of § 5.01.
- (10) The Energy Assistance rate is subject to a maximum of \$50.00 per month and other conditions as specified in § 8.03.

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## 5.07 TS RATE SCHEDULE

### TS VOLUMETRIC RATES

	Rates Per Dth Redelivered Each Month			
	Dth = decatherm = 10 therms = 1,000,000 Btu			
	First 200 Dth	Next 1,800 Dth	Next 98,000 Dth	All Over 100,000 Dth
Base DNG	\$0.73301	\$0.47917	\$0.19596	\$0.07253
Energy Assistance	0.00073	0.00073	0.00073	0.00073
Infrastructure Rate Adjustment	0.04550	0.02974	0.01216	0.00450
<b>Distribution Non-Gas Rate</b>	<b>\$0.77924</b>	<b>\$0.50964</b>	<b>\$0.20885</b>	<b>\$0.07776</b>

Penalty for failure to interrupt or limit usage when requested by the Company See § 3.02

Daily Transportation Imbalance Charge per Dth (outside +/- 5% tolerance) \$0.08125

### TS FIXED CHARGES

Monthly Basic Service Fee (BSF):		BSF Category 1	\$6.75
		BSF Category 2	\$18.25
For a definition of BSF categories see § 8.03.		BSF Category 3	\$63.50
		BSF Category 4	\$420.25
Administrative Charge (see § 5.01).	Annual		\$4,500.00
	Monthly Equivalent		\$375.00
Firm Demand Charge per Dth (see §5.02).	Base Annual		\$25.81
	Infrastructure Adder		\$1.60184
	<u>Peak Hour Charge</u>		<u>\$0.56</u>
	Total Annual		\$27. <del>974</del>
	Monthly Equivalent		\$2. <del>3328</del>

### TS CLASSIFICATION PROVISIONS

- (1) Service is available to end-use customers acquiring their own gas supply.
- (2) Customer must accept redelivery of all volumes received by the Company for its account. Imbalances will be subject to the provisions of § 5.09.
- (3) Service is subject to a monthly basic service fee and an administrative charge.
- (4) The interruptible portion of transportation service is provided on a reasonable-efforts basis, subject to interruption at any time after notice and as otherwise provided under Section 3.
- (5) The Customer may offer to sell, and the Company may agree to purchase, the Customer's interrupted volumes in accordance with the provisions of § 5.04.
- (6) All states are subject to the additional local charges and state sales tax stated in § 8.02.

- (7) Fuel reimbursement of 1.5% applies to all volumes transported; see § 5.01.
- (8) The Energy Assistance rate is subject to a maximum of \$50 per month and other conditions as specified in §8.03.
- (9) Customer meter must be a rotary or turbine meter or AL800 or larger diaphragm meter. If meter needs to be replaced it will be replaced at customers expense.

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**5.08 NOMINATIONS****NOMINATION SCHEDULE**

A transportation customer must make nominations each day in accordance with the applicable North American Energy Standards Board (NAESB) Schedule for the quantity of natural gas (Dth) it desires to have transported on the succeeding gas day. All nominations must be placed in a manner specified by the Company.

The Company shall commence, upon receipt of volumes, to deliver equivalent quantities of natural gas less fuel reimbursement pursuant to § 5.01. A transportation customer shall provide the Company with permission to obtain from the customer's upstream pipeline transporter volumes delivered to the Company on the customer's behalf.

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## 5.09 IMBALANCES

A transportation customer must monitor the amount of gas delivered to the Company's system from any upstream pipeline less fuel reimbursement and its usage of gas at its premises. If necessary, a customer must make adjustments to maintain a balance between gas received to the Company's system less fuel reimbursement and its usage.

The Company may monitor customer usage through telemetered, electronic measurement equipment at the end use delivery site or otherwise. Imbalances between volumes received at an interconnect point by the Company from the upstream pipeline less fuel reimbursement and actual usage will be treated as provided in this section.

### DAILY IMBALANCES

The Company will allow  $\pm 5\%$  of a customer's volumes delivered from upstream pipelines as a daily imbalance tolerance window. In the event a customer's imbalance contributes to an aggregate imbalance that would 1) require the Company to take action to maintain system integrity, or 2) reasonably be expected to force the Company to materially alter its prior day's planned level of a) gas purchases, b) Company production, or c) storage injections or withdrawals, then the Company may, for the period that such conditions are reasonably expected to continue, require customers or nominating parties to adjust deliveries or usage, and/or to suspend all or a portion of the daily imbalance tolerance window. A customer or nominating party may adjust deliveries by directing a change in nominations, alter usage, or utilize park-and-loan or other services offered by the appropriate upstream pipeline.

The Company will provide notice of such restriction, to each affected nominating party not less than two hours prior to the first nomination deadline for the affected period or as soon as reasonably practicable, to the extent system integrity or upstream allocations allow. If other than written notice is initially provided, then subsequent written notice will provide the time of contact and the person contacted. Restrictions may be applied on a system-wide basis, a nominating-party-by-nominating-party basis, a customer-by-customer basis, or a geographic area basis, as circumstances reasonably require.

Notices of balancing restrictions will be provided to each affected nominating party and will include reasonable specificity regarding:

- (1) The duration and nature of the balancing restrictions imposed;
- (2) The events or circumstances that require the restrictions;
- (3) The type of imbalances that may be subjected to penalties; and
- (4) Actions that the customer or nominating party can take to avoid penalties.

If, after notice provided as above, a customer or nominating party fails to comply with balancing restrictions reasonably imposed by the Company, a balancing penalty of the greater of \$1.00/Dth or the absolute value of the difference between the monthly market index price and the gas daily market index price as defined in the glossary for the upstream pipeline from which the



deliveries were made or were to be made, plus \$0.25/Dth, except under conditions of force majeure, will be charged for those imbalances that adversely affect the system.

Customers or nominating parties may exchange or aggregate imbalances in order to avoid or mitigate penalties. Penalties that are not totally avoided by exchange or aggregation shall be borne by the customer or prorated among the customers as directed by the nominating party. If no direction is received, the Company will assign the imbalance to each of the nominating party's accounts on a pro-rata basis for all such accounts that are contributing to the imbalance that adversely affect the system on the tenth business day following the last day of the notice.

The Company reserves the right to take any action reasonably necessary to restrict deliveries or usage in order to maintain a balanced distribution system, when required for system integrity. A balancing penalty of up to \$25/Dth may be imposed in cases where a nominating party or customer has repeatedly ignored, after written notice, the Company's reasonable balancing restrictions. There is no daily imbalance tolerance during periods of interruption.

## MONTHLY IMBALANCES

The Company shall allow a  $\pm 5\%$  monthly imbalance tolerance window. The monthly imbalance tolerance window will be calculated by multiplying the sum of the volumes received at an interconnect point by the Company on a customer's behalf by  $\pm 5\%$ .

To remedy imbalances outside the  $\pm 5\%$  monthly imbalancing tolerance window, the Company will permit customers to trade imbalances with other customers.

For customers choosing to participate in an open trading system and signing a trading agreement, the Company will make their imbalance information available to other participating customers. The information will be available on the Company's web site. Customers shall have the ability after gas day one of the following month to trade imbalances with other customers to reduce or eliminate imbalances. All contractual arrangements, exchange of consideration, documentation, and imbalance pricing will be the responsibility of the trading partners.

Once customers have agreed to trade their imbalances, each trading partner must notify the Company as required in the trading agreement. This notice to the Company will be deemed to be the Customer's direction to Company to make the imbalance trade on the Customer's account. If the trading partner's notices coincide, the Company will adjust customer's accounts to reflect the imbalance trade. When notices do not coincide, imbalances will not be considered traded. The Company will not be liable for any losses suffered by a customer if the trading partners are unable to finalize their trade after the Company has been notified of the trade and adjusted the Customer's accounts. The Company shall not be liable for any losses incurred by a customer if an imbalance trade is not noticed by both trading partners.

After the closing of the previous month, an additional 15-day period will be allowed for customers to bring any remaining imbalance within the  $\pm 5\%$  tolerance window through nomination or imbalance trading. If the Company does not have final reported imbalance data on the Company's web site available to customers on the first day of the following month, an additional day will be allowed for each day the information is delayed. Nothing in this section is meant to prevent customers from taking make up actions sooner; however, the customer shall give prior notice to the

Company of the actions being taken to remedy the imbalance to allow the Company to schedule its operations. The Company reserves the right to limit a customer's nominations or usage when necessary to protect the integrity of the system. Any remaining imbalance may be cashed out in the following manner:

- (1) Positive imbalances may be purchased by the Company for the lesser of the transportation market index price, as explained below, or the commodity cost component of the Company GS rate schedule listed in the Article 2, each less \$1.00/Dth. The transportation market index price and the GS commodity cost component may, at the Company's discretion, be the price associated with the month in which the imbalance occurred or the month following the month in which the imbalance occurred.
- (2) Negative imbalances may be sold to the customer for \$1.00/Dth plus the greater of the transportation market index price or the GS commodity cost component listed in Article 2. The transportation market index price and the GS commodity cost component may, at the Company's discretion, be the price associated with the month in which the imbalance occurred or either of the two months following the month in which the imbalance occurred.

#### TRANSPORTATION MARKET INDEX PRICE

The transportation market index price is used in the imbalance cash out provisions outlined above. It is a monthly price relevant to the location of each customer's deliveries into the Company's distribution system and based on first-of-the-month index prices published by Platts Energy Trader. The pricing is as follows: (1) deliveries made north of the Company's Indianola gate station—Questar Pipeline index price; (2) deliveries at or downstream of Indianola—Southern California Gas Company index price; and (3) deliveries in Grand and San Juan counties—Northwest Pipeline (Rocky Mountains) index price.

In the event that the first-of-the-month index prices listed above are unavailable from Platts Energy Trader, the Company will determine a transportation market index price using a similar index, publication, or comparable methodology.

#### IMBALANCES REMAINING AT CONTRACT TERMINATION

If a customer terminates transportation service, any supply imbalances will be treated as if they were month-end imbalances. Imbalances will be treated as outlined above. The  $\pm 5\%$  monthly tolerance window shall not apply and customers must eliminate all imbalances. The Company is not responsible to facilitate an "imbalance trading" opportunity for customers due to contract termination; however, such customers may participate in the "imbalance trading" process after service termination for a 15-day period.

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