
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.

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.