

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 the 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.

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.

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.

- 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.

- 9.1 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.

9.5 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.

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

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.