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# Rate Schedules

## **RATE SCHEDULE FTS FIRM TRANSPORTATION SERVICE**

### **1. AVAILABILITY**

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (a) submits to Trailblazer Pipeline Company LLC (hereinafter called Trailblazer) a valid request as defined in Section 3 hereof which Trailblazer has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; and (b) executes a Firm Transportation Service Agreement (FTS Agreement) with Trailblazer applicable to service under this Rate Schedule FTS. The form of FTS Agreement is contained in this Tariff. There is no limitation on the number of FTS Agreements any one Shipper may have.

### **2. APPLICABILITY AND CHARACTER OF SERVICE**

- 2.1 The transportation service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTS shall apply to all gas transported by Trailblazer for Shipper pursuant to an FTS Agreement.
- 2.2 Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in this Tariff. Trailblazer shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of Trailblazer's System or the quality of service and on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by Trailblazer shall be made available to all Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.
- 2.3 Service hereunder shall consist of the acceptance by Trailblazer of natural gas tendered by Shipper for transportation at Receipt Points specified in or applicable to the FTS Agreement, the transportation of that natural gas through Trailblazer's pipeline System, and the delivery of that natural gas by Trailblazer to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTS Agreement. Trailblazer shall not be required to accept any gas tendered in excess of the Maximum Daily Quantity (MDQ) specified in the FTS Agreement for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, processing, or transportation to processing facilities unless the FTS Agreement so specifies.
- 2.4 Shipper shall only tender gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of

the Commission's Regulations, Shipper shall provide to Trailblazer certification including sufficient information in order for Trailblazer to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering gas for transportation.

- 2.5 Allocation of capacity, curtailment and priorities of service for the purposes of scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.
- 2.6 Shipper may release capacity dedicated to service hereunder pursuant to Trailblazer's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

### 3. VALID REQUESTS

- 3.1 A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:
  - (a) A request shall not be valid and Trailblazer shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of Trailblazer's System necessary to provide such service; (2) as to which Trailblazer does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Trailblazer may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided Trailblazer with the information required in Section 3.2 hereof; (5) if Trailblazer determines, based on the credit analysis referenced in Section 3.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FTS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that Trailblazer may agree to provide service hereunder at a discount consistent with this Rate Schedule FTS. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.

- (b) Capacity awards shall be made as provided in Section 3.1 of the General Terms and Conditions of this Tariff. Trailblazer shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule FTS. In the event a request is substantially but not entirely complete, Trailblazer shall inform Shipper in writing of the specific items needed to complete the FTS Agreement, consistent with this Section 3 and with Section 3.1 of the General Terms and Conditions of this Tariff.
  - (c) Trailblazer shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Trailblazer, a request for service shall be invalid if Shipper fails to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement has been tendered by Trailblazer for execution.
- 3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via Trailblazer's Interactive Website or in writing to Trailblazer's Gas Transportation Department, at 370 Van Gordon St. Lakewood, CO 80228, or Facsimile Number (303) 763-3515. The information required for a valid request shall be as follows:
  - (a) **GAS QUANTITIES**

The request shall specify in Dth the aggregate MDQ and the MDQ for each primary point, exclusive of applicable Fuel Gas and Unaccounted For Gas; provided, however, that Trailblazer shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.
  - (b) **RECEIPT POINT(S)**

The request shall specify the primary point(s) at which Shipper desires Trailblazer to receive gas.
  - (c) **DELIVERY POINT(S)**

The request shall specify the primary point(s) at which Shipper desires Trailblazer to deliver gas.
  - (d) **LIMITATION OF POINTS**
    - (1) A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of MDQs at all primary

Receipt Points and at all primary Delivery Points equals the aggregate MDQ.

- (2) The availability to Shipper of secondary Receipt and Delivery Points, and the related priorities and volumes, are governed by the General Terms and Conditions.

(e) TERM OF SERVICE

The request shall specify the date service is requested to terminate.

(f) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Trailblazer in accordance with the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH FTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTS Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Trailblazer; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

- (a) The term of service hereunder shall be set forth in the FTS Agreement between Shipper and Trailblazer.
- (b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTS Agreement. Upon termination of any FTS Agreement, and subject to any such rollover or right of first

refusal, service by Trailblazer to Shipper thereunder shall be terminated and automatically abandoned.

- (c) Trailblazer may terminate any FTS Agreement if Trailblazer is required by the FERC or some other agency or court to provide firm service for others utilizing the System capacity or capability required for service under such FTS Agreement or if Trailblazer ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FTS Agreement. Trailblazer's ability to terminate any FTS Agreement under this provision is intended to ensure that the contract term does not extend beyond the regulatory authority to provide the service and that the contract is consistent with the regulatory authority to provide the service.

## 5. RATE

- 5.1 (a) Shipper shall pay Trailblazer each month under this Rate Schedule FTS a two-part rate consisting of: (a) a Reservation Charge, based on Shipper's MDQ, which consists of the Base Monthly Reservation Cost; and (b) a Commodity Charge for each Dth of gas delivered to Shipper or for Shipper's account.
    - (b) (1) Separate Maximum Reservation Rates (Recourse Rates) are stated in this Tariff for the Existing System and for Expansion 2002, the latter defining incremental Recourse Rates based on Expansion 2002. Expansion 2002 Recourse Rates shall apply to Expansion 2002 Agreements.
    - (2) The Expansion 2002 Recourse Rates are subject to adjustment under the provisions of Section 18.2(a)(2) of the General Terms and Conditions of this Tariff.
  - (c) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 35 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.
- 5.2 Shipper shall reimburse Trailblazer for Fuel Gas and Unaccounted For Gas required in transporting gas hereunder as provided by Sections 1.9, 1.15 and 1.34 of the General Terms and Conditions for contracts to which the Existing System Recourse Rates are applicable. Expansion 2002 Shippers and Shippers under contracts to which Expansion 2002 Recourse Rates are applicable under Section 5.1(b) hereof shall reimburse Trailblazer for Fuel Gas required in transporting gas hereunder as provided in the

tracking mechanism set out in Section 38 of the General Terms and Conditions of this Tariff. Such Shippers shall pay Unaccounted For Gas on the same basis as any other Shipper.

- 5.3 (a) Shipper shall reimburse Trailblazer within five (5) days after costs have been incurred by Trailblazer for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).
- (b) If Trailblazer constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:
- (1) Shipper shall reimburse Trailblazer for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or
- (2) Trailblazer shall assess a monthly charge reflecting such facility costs.
- 5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered to Shipper by Trailblazer under this Rate Schedule FTS.
- 5.5 (a) Trailblazer shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTS. Trailblazer agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Trailblazer's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.
- (b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Trailblazer to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the FTS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Trailblazer to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Trailblazer. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Trailblazer to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.



- 5.6 Trailblazer may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FTS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTS set forth in this Tariff. Trailblazer will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FTS Agreement or in a separate discount agreement, Trailblazer may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the FTS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Trailblazer shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.
- 5.7 All revenues collected by Trailblazer as a result of providing service under Rate Schedule FTS shall be retained by Trailblazer unless Trailblazer has otherwise explicitly agreed on a different disposition of such amounts.
- 5.8 REVENUE CREDITING MECHANISM
- (a) Under its Amended Stipulation and Agreement in Docket No. RP97-408 (Amended Stipulation and Agreement), Trailblazer agreed to implement a revenue crediting mechanism ("RCM") under which Trailblazer shall passback revenues attributable to firm transportation agreements of less than one year in length (short-term revenues) as set forth below. Overrun revenues under firm transportation agreements of less than one (1) year represent interruptible revenues, a representative level of which was included in the development of Trailblazer's rates, and are excluded from the definition of short-term revenues.
- (b) Trailblazer shall retain the first \$1.4 million of short-term revenues collected in each twelve-month period defined in (c) occurring during the term of the Amended Stipulation and Agreement. For short-term revenues collected in excess of \$1.4 million but less than \$2.4 million annually, Trailblazer shall passback 50 percent of such revenues to firm Shippers with transportation agreements having a term of one (1) year or more (long-term firm Shippers). For short-term revenues collected in excess of \$2.4 million, Trailblazer shall passback 65 percent of those revenues to long-term firm Shippers.

- (c) The RCM shall commence with the effective date of the Amended Stipulation and Agreement and shall terminate concurrently with the end of the day on December 31, 2002. Within 90 days after the conclusion of the first twelve-month period and each succeeding twelve-month period during the term of the Amended Stipulation and Agreement, Trailblazer shall allocate short-term revenues based on each long-term firm Shipper's pro-rata share of contract demand entitlements during the applicable twelve-month period. Any short-term revenues allocated to long-term firm Shippers who are classified as being a Contesting Party to Trailblazer's Amended Stipulation and Agreement will be retained by Trailblazer. All other applicable short-term revenues will be subject to passback to the remaining long-term firm Shippers based on the allocation method described herein. In the event the Amended Stipulation and Agreement shall expire prior to the end of a twelve-month period, the tiers and crediting formula set forth above shall be pro-rated to account for the partial year.
- (d) In applying the RCM, Trailblazer shall not take into account any revenue under Expansion 2002 Agreements, or any Agreement to which Expansion 2002 Recourse Rates are applicable. Trailblazer shall not allocate any revenues for pass back to Expansion 2002 Shippers, or to any Agreement to which Expansion 2002 Recourse Rates are applicable.

6. NOMINATIONS, SCHEDULING CHARGES AND IMBALANCES

- (a) Shipper shall provide Trailblazer with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Trailblazer at Receipt Point(s), and to cause gas to be taken from Trailblazer at Delivery Point(s), in accordance with the information supplied to Trailblazer.
- (b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Trailblazer may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

- (a) The primary Receipt Points for gas tendered to Trailblazer for transportation hereunder and the primary Delivery Points for gas delivered by Trailblazer to Shipper (or to a third party on behalf of Shipper) hereunder shall be specified in the FTS Agreement. For each individual primary Receipt and Delivery Point, and for the aggregate of all such points, Trailblazer's maximum obligation to accept and deliver gas on a firm basis shall be specified in Dth

in the FTS Agreement. The sum of the MDQs for primary Receipt Points and the sum of the MDQs for primary Delivery Points shall not exceed the aggregate MDQ. Shipper may utilize any and all points as secondary Receipt or Delivery Points as specified in the General Terms and Conditions of this Tariff.

- (b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.
- (c) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where gas is tendered to Trailblazer hereunder; and (2) at or downstream of the Delivery Point(s) where Trailblazer delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with Trailblazer.

#### 8. OVERRUN SERVICE

Upon request of Shipper, Trailblazer may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the FTS Agreement when, in Trailblazer's reasonable judgment, the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Trailblazer to meet its other obligations. In granting requests for overrun service, Trailblazer shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Trailblazer the applicable rate for Authorized Overrun Service set forth in this Tariff. For any overrun hereunder which is not authorized (not nominated and confirmed), Shipper shall pay

Trailblazer, in addition to the Authorized Overrun Charge, an Unauthorized Overrun Charge per Dth equal to the Unauthorized Overrun Rate multiplied by the amount of gas in Dth tendered to Trailblazer or deliveries to Shipper under an FTS Agreement which exceeds the MDQ under such FTS Agreement. The maximum Unauthorized Overrun Rate is \$10/Dth, which may be discounted to any level between zero and such maximum rate. Any charges for an unauthorized excess of the Authorized Overrun Charge shall be waived by Trailblazer if the unauthorized overrun does not cause operational problems. If Trailblazer does not waive an Unauthorized Overrun Charge, it will provide a written explanation of the operational problem(s) caused by the overrun upon request from a Shipper subject to the Unauthorized Overrun Charge.

#### 9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered hereunder as though stated herein.



## **RATE SCHEDULE ITS**

### **INTERRUPTIBLE TRANSPORTATION SERVICE**

#### **1. AVAILABILITY**

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (a) submits to Trailblazer Pipeline Company LLC (hereinafter called Trailblazer) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation Service Agreement (ITS Agreement) with Trailblazer applicable to service under this Rate Schedule ITS. The form of ITS Agreement is contained in this Tariff. There is no limitation on the number of ITS Agreements any one Shipper may have.

#### **2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE**

- 2.1 This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all gas received by Trailblazer for Shipper pursuant to an ITS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, Trailblazer is not providing a supply service under this Rate Schedule ITS.
- 2.2 Service hereunder shall consist of the acceptance by Trailblazer of natural gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that natural gas through Trailblazer's System, and the delivery of that natural gas by Trailblazer to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. Trailblazer shall not be required: (a) to accept on any day gas tendered, or to deliver on any day gas requested, in excess of the Maximum Daily Quantity (MDQ) specified in the ITS Agreement; (b) to accept or deliver on any day gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff.
- 2.3 The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by Trailblazer under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Trailblazer appropriate certification, including sufficient information in for Trailblazer to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering gas under an ITS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.
- 2.4 Service hereunder is provided on an interruptible basis. Curtailment and priorities of service for the purposes of scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

### 3. VALID REQUESTS

- 3.1 A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:
- (a) A request shall not be valid and Trailblazer shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Trailblazer may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided Trailblazer with the information required in Section 3.2 hereof; (3) if Trailblazer determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule ITS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that Trailblazer may agree to provide service hereunder at a discount consistent with this Rate Schedule ITS. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.
  - (b) Trailblazer shall promptly notify Shipper if it cannot satisfy an otherwise valid request because such request is incomplete or does not comply with this Rate Schedule ITS. Any request shall be null and void unless it is substantially complete and complies with this Rate Schedule. In the event a request is substantially but not entirely complete, Trailblazer shall inform Shipper in writing of the specific items needed to complete the ITS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received within fifteen (15) days, Shipper's request shall be null and void.
  - (c) Trailblazer shall tender an ITS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Trailblazer, a request for service shall be invalid if Shipper fails to execute an ITS Agreement hereunder within ten (10) days after an ITS Agreement has been tendered by Trailblazer for execution.
- 3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via Trailblazer's Interactive Website or in writing

to Trailblazer's Gas Transportation Department, at 370 Van Gordon St., Lakewood, CO 80228, or Facsimile Number (303) 763-3515.

(a) GAS QUANTITIES

The request shall specify in Dth the aggregate MDQ, exclusive of applicable Fuel Gas and Unaccounted For Gas; provided, however, that Trailblazer shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points on Trailblazer's System under any ITS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available volume and priorities at any point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify the date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Trailblazer in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ITS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ITS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with Trailblazer; and

- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

#### 4. TERM

- (a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and Trailblazer. Trailblazer may terminate the ITS Agreement if Shipper fails to cause gas to be delivered during any twelve (12) consecutive calendar months when capacity is available, unless Shipper's failure to deliver gas was attributable to circumstances of Force Majeure.
- (b) The General Terms and Conditions of this Tariff shall govern the applicability of rollovers vis a vis an ITS Agreement. Upon termination of any ITS Agreement, and subject to such rollovers, service by Trailblazer to Shipper thereunder shall be terminated and automatically abandoned.
- (c) Trailblazer may terminate any ITS Agreement if Trailblazer is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such ITS Agreement or if Trailblazer ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the ITS Agreement.

#### 5. RATE

- 5.1
  - (a) Shipper shall pay Trailblazer each month under this Rate Schedule ITS a one-part Commodity Charge for each Dth of gas delivered to Shipper or for Shipper's account, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charge shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of gas actually received by Trailblazer for transportation during the billing month.
  - (b) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 35 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall specify the Negotiated Rate or Negotiated Rate Formula on which the Shipper is willing to agree.
- 5.2 Shipper shall reimburse Trailblazer for any Fuel Gas and Unaccounted For Gas in transporting gas hereunder as provided by Section 1.10 of the General Terms and Conditions.



- 5.3 (a) Shipper shall reimburse Trailblazer within five (5) days after costs have been incurred by Trailblazer for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).
- (b) If Trailblazer constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:
- (1) Shipper shall reimburse Trailblazer for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or
- (2) Trailblazer shall assess a monthly charge reflecting such facility costs.
- 5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered to Shipper by Trailblazer under this Rate Schedule ITS.
- 5.5 (a) Trailblazer shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule ITS. Trailblazer agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Trailblazer's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.
- (b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Trailblazer to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the ITS Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Trailblazer to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Trailblazer. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Trailblazer to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

- 5.6 Trailblazer may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the ITS Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule ITS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate charged may not be less than the applicable minimum rate for service under Rate Schedule ITS set forth in this Tariff. Trailblazer will confirm any verbal notice of the applicable rate in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the ITS Agreement or in a separate discount agreement, Trailblazer may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the ITS Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Trailblazer shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.
- 5.7 All revenues collected by Trailblazer as a result of providing service under Rate Schedule ITS shall be retained by Trailblazer unless Trailblazer has otherwise explicitly agreed on a different disposition of such amounts.
6. NOMINATIONS, SCHEDULING CHARGES, IMBALANCES AND OVERRUN CHARGES
- (a) Shipper shall provide Trailblazer with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Trailblazer at Receipt Point(s), and to cause gas to be taken from Trailblazer at Delivery Point(s), in accordance with the information supplied to Trailblazer.
- (b) It shall be Shipper's responsibility to keep receipts and deliveries in balance. Trailblazer may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.
7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS
- (a) An ITS Agreement shall include all available Receipt and Delivery Points on Trailblazer's System, as more fully set out in the General Terms and Conditions of this Tariff. Trailblazer's aggregate maximum obligation to accept and deliver gas on an interruptible basis shall be specified in Dth in the ITS Agreement. The volumes available at each Receipt and Delivery Point, and the related priorities, shall be governed by the General Terms and Conditions of this Tariff.

- (b) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.
- (c) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where gas is tendered to Trailblazer hereunder; and (2) at or downstream of the Delivery Point(s) where Trailblazer delivers gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with Trailblazer.

#### 8. OVERRUN SERVICE

Upon request of Shipper, Trailblazer may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the ITS Agreement when, in Trailblazer's reasonable judgment, the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Trailblazer to meet its other obligations. In granting requests for Authorized Overrun Service, Trailblazer shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Trailblazer the applicable rate for Authorized Overrun Service set forth in this Tariff. For any overrun hereunder which is not authorized (not nominated and confirmed), Shipper shall pay Trailblazer, in addition to the Authorized Overrun Charge, an Unauthorized Overrun Charge per Dth equal to the Unauthorized Overrun Rate multiplied by the amount of gas in Dth tendered to Trailblazer or deliveries to Shipper under an ITS Agreement which exceeds the MDQ under such ITS Agreement. The maximum Unauthorized Overrun Rate is \$10/Dth, which may be discounted to any level between zero and such maximum rate. Any charges for an unauthorized overrun in excess of the Authorized Overrun Charge shall be waived by Trailblazer if the unauthorized overrun does not cause operational problems. If Trailblazer does not waive an Unauthorized Overrun Charge, it will provide a written explanation of the operational problem(s) caused by the overrun upon request from a Shipper subject to the Unauthorized Overrun Charge.

#### 9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered hereunder as though stated herein.

## **RATE SCHEDULE FTB**

### **FIRM TRANSPORTATION BALANCING SERVICE**

#### **1. AVAILABILITY**

This Rate Schedule FTB is available to any entity (hereinafter called Shipper) that: (a) submits to Trailblazer Pipeline Company LLC (hereinafter called Trailblazer) a valid request as defined in Section 4 hereof which Trailblazer has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; (b) executes a Firm Transportation Balancing Service Agreement (FTB Agreement) with Trailblazer applicable to service under this Rate Schedule FTB; and (c) for which Trailblazer and a third party provider or third party point operator ("TPO") have entered into a Third Party Operating Agreement ("TPOA"). The form of FTB Agreement is contained in this Tariff. There is no limitation on the number of FTB Agreements any one Shipper may have.

#### **2. APPLICABILITY AND CHARACTER OF SERVICE**

- 2.1 The transportation service provided under this Rate Schedule FTB shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTB shall apply to all gas transported by Trailblazer for Shipper pursuant to an FTB Agreement.
- 2.2 Service hereunder shall be provided on a firm basis, subject to nomination and scheduling as set forth herein. However, service may be interrupted for any of the reasons set out in this Tariff. Trailblazer shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of Trailblazer's System or the quality of service and on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by Trailblazer shall be made available to all Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.
- 2.3 Service hereunder shall consist of the acceptance by Trailblazer of natural gas tendered by Shipper at a Demand Point, a Balancing Point or secondary points, as defined in Section 3 hereof, and specified in the applicable FTB Agreement, the transportation of that natural gas through Trailblazer's pipeline system, and the delivery of that natural gas by Trailblazer to a Demand Point, Balancing Point or secondary point.

Shipper shall designate a single path for balancing services hereunder by naming the Balancing Point as a primary Receipt Point or a primary Delivery Point. Subject to the scheduling and confirmation by a TPO which meets the criteria set out in Subsection 2.4(e), a minimum of two (2) daily out-of-cycle ("OOC") (non-NAESB) nomination changes may be submitted by Shipper. OOC nominations can only be scheduled at a

Demand Point and a Balancing Point. Additional OOC nominations, beyond the two minimum, are permitted subject to operational conditions on Trailblazer's system and acceptance by the TPO. Shipper nomination changes shall be effective on a prospective basis beginning at the top of the hour following not less than two (2) hour notice to Trailblazer's Gas Control center. OOC nominations will not be accepted prior to the nomination deadline for the Evening Cycle for the applicable Gas Day. Shipper nominations shall result in changes in the uniform hourly rate of flow, as set forth in Section 5.1 of the General Terms and Conditions of this Tariff. In any nomination cycle, Trailblazer shall not be required to accept any gas tendered in excess of the Maximum Daily Quantity (MDQ) or the Maximum Hourly Quantity (MHQ), but may accept in excess of these firm quantities where Trailblazer determines it has capacity to offer on an interruptible basis excess daily or hourly quantities nominated by Shipper.

#### 2.4 Receipt and Delivery Points:

- (a) The FTB Agreement must designate the Demand Point and the Balancing Point subject to OOC balancing services. The Demand Point and Balancing Point and the MHQ herein shall require the confirmation of the TPO, consistent with the terms of the TPOA between Trailblazer and the TPO provider. Any number of FTB Agreements may be associated with the TPO, but only a single FTB Agreement may be associated with a Demand Point, unless otherwise agreed to between Trailblazer and Shipper.
- (b) Scheduling under the General Terms and Conditions shall reflect the requested increase or decrease to flowing quantities, up to the MHQ set forth in the FTB Agreement, and its firm priority of service between the Balancing Point and the Demand Point. Shipper shall designate the Balancing Point as either a Primary Receipt or Primary Delivery Point for purposes of scheduling priorities. Scheduling of quantities in excess of the MHQ shall be scheduled on an interruptible basis.
- (c) Shipper will be responsible for arranging with the TPO for transportation balancing service, via storage, transportation or any combination thereof on any upstream or downstream pipeline(s) such that changes in flow at the Balancing Point may be effectuated by Trailblazer with requested out-of-cycle changes in flow at the Delivery Points. A point shall be available for balancing service only to the extent that Trailblazer enters into a TPOA with the TPO provider. The TPOA defines how such operator will accommodate Shipper's volumes to be balanced, how the operator is to make the corresponding operational physical changes, the limitations on the level of balancing changes that may be accommodated and the consequences if such levels are exceeded or operational changes are not made. Under the TPOA, Trailblazer shall have the ability to call upon the TPO to effectuate the balancing service hereunder and within the MHQ

and MDQ limits set forth in the FTB Agreement. Unless otherwise agreed to, Trailblazer shall not be responsible for balancing.

- (d) If, in any hour, a Shipper nominates and is confirmed for a balancing quantity which exceeds its MHQ, an incremental Enhanced Hourly Delivery Service Rate shall apply to such excess quantities. Additionally, if on any day, a Shipper's total allocated balancing volume exceeds its MDQ, Shipper shall be subject to Authorized Overrun Charges pursuant to this Rate Schedule. Alternatively, if a Shipper's volume is not nominated and confirmed but exceeds its MHQ and/or MDQ, the Shipper may be subject to Unauthorized Overrun Charges provided in this Rate Schedule. Notwithstanding Trailblazer accepting Shipper's scheduled balancing services, failure of the TPO to make corresponding hourly changes in flow at the Balancing Point to match changes in flow at the Demand Point may result in the suspension, interruption, or termination of services to Shipper hereunder.
- (e) Under Rate Schedule FTB, the Balancing Point applicable in providing balancing service must meet the following criteria, unless otherwise agreed to, as determined by Trailblazer in its reasonable judgment and experience as operator: (1) a bi-directional interconnect with a pipeline or storage facility connected to Trailblazer's facilities; (2) located in physical proximity to the Demand Point on Trailblazer's system so as to not create an operational burden on Trailblazer's system; and (3) have real time telemeter electronic flow measurement (EFM), flow control equipment, with Trailblazer having the operational capability to monitor and control deliveries through the EFM; and (4) the operator of a third party point and Trailblazer must enter into a TPOA, defining the operational parameters of the balancing service to be provided thereunder.
- (f) Secondary Receipt and Delivery Points are available, including pooling points, but scheduling of secondary services shall not occur in OOC nominations and shall proportionally reduce the MHQ and quantities available for scheduling at the Balancing Point and Demand Point.

- 2.5 Shipper may release its capacity under this Rate Schedule only at the same Balancing Point and Demand Point, i.e., applicable primary receipt and primary delivery points, under its contract. In addition, Shipper cannot segment capacity under this Rate Schedule. Provided however, in order to utilize capacity release and segmentation, Shipper may release its capacity hereunder to itself and obtain a replacement contract pursuant to Rate Schedule FTS, which shall be subject to the terms and conditions of Rate Schedule FTS. The capacity released shall retain the same capacity designation as either Existing System or Expansion System as the Shipper's underlying capacity under Rate Schedule FTB.

- 2.6 Volumes received and delivered hereunder shall be at a uniform rate of hourly flow; provided, however, a Shipper may make prospective changes to its uniform hourly rate of flow by submitting a revised nomination as provided in this Rate Schedule up to the MHQ defined in the FTB Agreement, subject to the confirmation of corresponding changes at the Balancing Point with the TPO.
- 2.7 Shipper shall only tender gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to Trailblazer certification including sufficient information in order for Trailblazer to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering gas for transportation.
- 2.8 Allocation of capacity, curtailment and priorities of service for the purposes of scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

### 3. SERVICE DEFINITIONS

- 3.1 DEMAND POINT - Shall mean the physical point where the Shipper has varying hourly demand over the course of a Day and at which Trailblazer will accept out-of-cycle changes to the Shipper(s) uniform rate of flow under this Rate Schedule FTB. Trailblazer shall install or cause to be installed EFM and flow control equipment at the Demand Point pursuant to Section 6 (New Facilities Charge) of the General Terms and Conditions of this FERC Gas Tariff.
- 3.2 BALANCING POINT - Shall mean the interconnect of Trailblazer and TPO's facilities eligible as either a Primary Receipt or Primary Delivery Point to match concurrent hourly changes in flow at the Demand Point. Trailblazer shall install or cause to be installed EFM and flow control equipment at the Balancing Point pursuant to Section 6 (New Facilities Charge) of the General Terms and Conditions of this FERC Gas Tariff.
- 3.3 MAXIMUM DAILY QUANTITY ("MDQ") - Shall mean the maximum quantity of natural gas that Trailblazer agrees to receive or deliver on any day at the Demand Point or Balancing Point, as specified in the executed FTB Agreement, net of the fuel, loss and unaccounted for ("FL&U") reimbursement quantity.
- 3.4 MAXIMUM HOURLY QUANTITY ("MHQ") - Shall mean the maximum hourly rate of flow (1/24<sup>th</sup> of MDQ) and quantity of natural gas to be transported for balancing at the Demand Point or the Balancing Point requested by Shipper in any nomination cycles.



- 3.5 ENHANCED HOURLY DELIVERY SERVICE CHARGE ("EHSC") - Shall equal the additional volumetric rate applicable to the volume scheduled by Shipper and confirmed by Trailblazer in excess of the MHQ in any hour of the Day. The EHSC shall be in addition to applicable commodity, FL&U or surcharges due on balancing volumes allocated to Shipper under Rate Schedule FTB for the Day. The EHSC shall be reduced for the uniform hourly rate of any daily authorized overrun quantities assessed.

4. VALID REQUESTS

- 4.1 A request for service under this Rate Schedule FTB shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 4.2, subject to any necessary verification of such information and to the following:
- (a) A request shall not be valid and Trailblazer shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of Trailblazer's System necessary to provide such service; (2) as to which Trailblazer does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTB and in its reasonable judgment as operator; (3) if there is no TPOA between Trailblazer and a TPO; (4) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that Trailblazer may agree in its reasonable discretion to construct, modify, expand, or acquire facilities to enable it to perform such services; (5) unless and until Shipper has provided Trailblazer with the information required in Section 4.2 hereof; (6) if Trailblazer determines, based on the credit analysis referenced in Section 4.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (7) if the service requested would not comply with this Rate Schedule FTB; or (8) if the service requested is at less than the applicable maximum rate; provided, however, that Trailblazer may agree to provide service hereunder at a discount consistent with this Rate Schedule FTB. Nothing herein is intended to govern the curtailment of service once a request for service has been granted pursuant to this Section and while an FTB Agreement is in effect. Such curtailment is governed by the General Terms and Conditions of this Tariff.
  - (b) Capacity awards shall be made as provided in Section 3.1 of the General Terms and Conditions of this Tariff. Trailblazer shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTB. Any



request shall be null and void unless it is substantially complete and complies with this Rate Schedule FTB. In the event a request is substantially but not entirely complete, Trailblazer shall inform Shipper in writing of the specific items needed to complete the FTB Agreement, consistent with this Section 4 and with Section 3.1 of the General Terms and Conditions of this Tariff.

- (c) Trailblazer shall tender an FTB Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by Trailblazer, a request for service shall be invalid if Shipper fails to execute an FTB Agreement hereunder within ten (10) days after an FTB Agreement has been tendered by Trailblazer for execution.

- 4.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via Trailblazer's Interactive Website or in writing to:

Trailblazer Pipeline Company LLC  
370 Van Gordon St.  
Lakewood, CO 80228  
Attention: Marketing  
e-mail: TEP@tallgrassenergyllp.com

The information required for a valid request shall be as follows:

- (a) GAS QUANTITIES

The request shall specify in Dth the aggregate MDQ and the MDQ for each primary point, exclusive of applicable Fuel Gas and Unaccounted For Gas; provided, however, that Trailblazer shall not be obligated to accept requests for an aggregate MDQ of less than one hundred (100) Dth per day.

- (b) RECEIPT POINT(S) (Demand Point or Balancing Point)

The request shall specify the primary point(s) at which Shipper desires Trailblazer to receive gas and including the associated MDQ.

- (c) DELIVERY POINT(S) (Demand Point or Balancing Point)

The request shall specify the primary point(s) at which Shipper desires Trailblazer to deliver gas and including the associated MDQ.

- (d) LIMITATION OF POINTS

A Shipper may request only those Receipt and Delivery Points which meet the criteria of Section 2 herein, and subject to Trailblazer's approval.

(e) TERM OF SERVICE

The request shall specify the date service is requested to terminate.

(f) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by Trailblazer in accordance with the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTB, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTB Agreement is submitted, and when any subsequent changes occur:

- (1) Affiliation of the Shipper with Trailblazer; and
- (2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

- 4.3 Trailblazer, at its sole discretion, reserves the right to reject requests for service as described in this Rate Schedule FTB. Trailblazer is not providing a supply service hereunder and shall not be liable for any costs, expenses, losses, or damages, including consequential damages, incurred by a Shipper or operator if a failure to achieve balancing under this Rate Schedule is due to the failure of the TPO to perform its obligations under the TPOA or to Shipper's having insufficient transport, storage inventory or available injection capability on the associated Third Party assets.

5. TERM

- (a) The term of service hereunder shall be set forth in the FTB Agreement between Shipper and Trailblazer and shall not be less than one (1) year, unless otherwise agreed to in writing by Trailblazer.
- (b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTB Agreement. Upon termination of any FTB Agreement, and subject to any such rollover or right of first refusal, service by Trailblazer to Shipper thereunder shall be terminated and automatically abandoned.
- (c) Trailblazer may terminate any FTB Agreement if Trailblazer is required by the FERC or some other agency or court to provide firm service for others utilizing the System capacity or capability required for service under such FTB Agreement or if Trailblazer ceases (after receipt of any requisite regulatory authorization) to offer service of the type covered by the FTB Agreement. Trailblazer's ability to terminate any FTB Agreement under this provision is intended to ensure that the contract term does not extend beyond the regulatory authority to provide the service and that the contract is consistent with the regulatory authority to provide the service.

6. RATE

- 6.1 (a) Shipper shall pay Trailblazer each month under this Rate Schedule FTB a two-part rate consisting of: (1) a Reservation Charge, based on Shipper's MDQ and the applicable Reservation Rate for capacity supporting firm service hereunder, which consists of the Base Monthly Reservation Cost; (2) a Commodity Charge for each Dth of gas delivered to Shipper for Shipper's account; and (3) as applicable, Enhanced Hourly Delivery Service charges, Overrun Service charges, plus such other Tariff FL&U and surcharges as set forth on the Currently Effective Rates sheets.
- (b) Separate Maximum Reservation Rates (Recourse Rates) are stated in this Tariff for the Existing System and for Expansion 2002, the latter defining incremental Recourse Rates based on Expansion 2002. Expansion 2002 Recourse Rates shall apply to firm service rendered under this Rate Schedule FTB from Expansion 2002 capacity.
- (c) Where a Shipper has agreed to pay a Negotiated Rate or a rate under a Negotiated Rate Formula, the rates assessed hereunder shall be governed by Section 35 of the General Terms and Conditions of this Tariff. A request for service at a Negotiated Rate or a rate under a Negotiated Rate Formula shall

specify the Negotiated Rate or Negotiated Rate Formula to which the Shipper is willing to agree.

- 6.2 As set forth on the Currently Effective Rates page, Shipper shall reimburse Trailblazer for Fuel Gas and Unaccounted For Gas required in transporting gas hereunder as provided by Sections 1.15 and 1.34 of the General Terms and Conditions of this Tariff, as applicable to the capacity utilized for firm service under this Rate Schedule FTB. Expansion 2002 Shippers and Shippers under contracts to which Expansion 2002 Recourse Rates are applicable under Section 6.1(b) hereof shall reimburse Trailblazer for Fuel Gas required in transporting gas hereunder as provided in the tracking mechanism set out in Section 38 of the General Terms and Conditions of this Tariff. All capacity and Shippers under this Rate Schedule FTB shall pay Unaccounted For Gas on the same basis as any other Shipper.
- 6.3 (a) Shipper shall reimburse Trailblazer within five (5) days after costs have been incurred by Trailblazer for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).
- (b) If Trailblazer constructs, acquires or modifies any facilities to perform service hereunder, then as specified in an agreement between the parties either:
- (1) Shipper shall reimburse Trailblazer for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or
- (2) Trailblazer shall assess a monthly charge reflecting such facility costs.
- 6.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes delivered to Shipper by Trailblazer under this Rate Schedule FTB.
- 6.5 (a) Trailblazer shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FTB, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTB. Trailblazer agrees that Shipper may protest or contest the aforementioned filings, or may seek authorization from duly constituted regulatory authorities for such adjustment of Trailblazer's existing FERC Gas Tariff as may be found necessary to assure that its provisions are just and reasonable.
- (b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits Trailblazer to

collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall, subject to any contrary provision of the FTB Agreement or a separate discount agreement, be increased to the highest such rate. Should additional documentation be required in order for Trailblazer to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by Trailblazer. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires Trailblazer to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate.

- 6.6 Trailblazer may from time to time and at any time, upon twenty-four (24) hours' verbal or written notice, subject to any provisions on discounting in the FTB Agreement or in a separate discount agreement, charge any individual Shipper for service under this Rate Schedule FTB a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTB set forth in this Tariff. Trailblazer will confirm any verbal notice of the applicable charge in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Unless otherwise agreed in the FTB Agreement or in a separate discount agreement, Trailblazer may at any time further change such rate (subject to any restrictions as to maximum or minimum rates set out in this Tariff, the FTB Agreement and/or any discount agreement) upon twenty-four (24) hours' verbal notice to Shipper, which notice shall be confirmed in writing. Such notification shall specifically state the effective date of such rate change and the quantity of gas so affected. Trailblazer shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.
- 6.7 All revenues collected by Trailblazer as a result of providing service under Rate Schedule FTB shall be retained by Trailblazer unless Trailblazer has otherwise explicitly agreed on a different disposition of such amounts.

## 7. NOMINATIONS AND SCHEDULING CHARGES

Shipper shall provide Trailblazer with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause gas to be delivered to Trailblazer at Receipt Point(s), and to cause gas to be taken from Trailblazer at Delivery Point(s), in accordance with the information supplied to Trailblazer. The FTB Agreement may reflect the time(s) of the day for accepting OOC nominations.

## 8. ENHANCED HOURLY DELIVERY

Shipper nominations up to the MHQ shall be scheduled on a firm basis, subject to confirmation of the TPO. Shipper nominations in any cycle which require delivery rates of flow exceeding the MHQ for the remaining hours of the Day may be accepted by Trailblazer for scheduling, subject to the availability of interruptible capacity, and subject to the assessment of Enhanced Hourly Delivery charges.

9. OVERRUN SERVICE

Upon request, Trailblazer may (but is not obligated to) receive, transport, and deliver on any day quantities of natural gas in excess of Shipper's MDQ under the FTB Agreement when, in Trailblazer's reasonable judgment, the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of Trailblazer to meet its other obligations. In granting requests for overrun service, Trailblazer shall act in a manner consistent with the overrun service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay Trailblazer the applicable rate for Authorized Overrun Service set forth in this Tariff. The daily quantity billed as Authorized Overrun Service shall reduce any applicable EHSC by an amount equal to the daily quantity divided by twenty-four (24). For any overrun hereunder which is not authorized (not nominated and confirmed), Shipper shall pay Trailblazer, in addition to the Authorized Overrun Charge, an Unauthorized Overrun Charge per Dth equal to the Unauthorized Overrun Rate multiplied by the amount of gas in Dth tendered to Trailblazer or deliveries to Shipper under an FTB Agreement which exceeds the MDQ under such FTB Agreement. The maximum Unauthorized Overrun Rate is \$10/Dth, which may be discounted to any level between zero and such maximum rate. Any charges for an unauthorized excess of the Authorized Overrun Charge shall be waived by Trailblazer if the unauthorized overrun does not cause operational problems. If Trailblazer does not waive an Unauthorized Overrun Charge, it will provide a written explanation of the operational problem(s) caused by the overrun upon request from a Shipper subject to the Unauthorized Overrun Charge.

10. INTRA-DAY NOMINATIONS

In addition to the intra-day nominations under Section 7 of the General Terms and Conditions of this Tariff, Shipper may make a minimum of two OOC intra-day nominations per day, to be effective on a prospective basis at the top of any hour of the Gas Day not less than 2 hours following the time the OOC intra-day nomination is submitted to Trailblazer's Gas Control center, by both telephone and email. Trailblazer shall not be obligated to accept any OOC intra-day nominations which increase or decrease the rate of flow at the Demand Point for the remaining hours of the Gas Day which exceeds the MHQ. Shipper's OOC intra-day nomination shall be subject to confirmation of corresponding changes in flow at the Balancing Point and shall be subject to Trailblazer's system operating conditions allowing such OOC intra-day nomination without interruption to scheduled and flowing quantities for other Shippers holding a higher priority of service, as set forth in Section 3 of the General Terms and Conditions of this Tariff. Trailblazer shall not be obligated to effectuate balancing services hereunder through an OBA with any point operator. Trailblazer shall not be liable for actions of any upstream pipeline or the TPO that result in an interruption in the physical

receipt or delivery of gas at the Balancing Point that may result in the inability of Trailblazer to provide balancing services hereunder. It shall be Shipper's responsibility to keep receipts and deliveries in balance. Any imbalance between actual receipts and actual deliveries shall be eliminated by cashout on a monthly basis in accordance with the General Terms and Conditions of this Tariff.

11. GENERAL TERMS AND CONDITIONS

Except as otherwise provided herein, the provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTB and shall apply to service rendered hereunder as though stated herein.

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