

RATE SCHEDULE FT-1
Firm Transportation

1. AVAILABILITY

This Rate Schedule is available as provided herein and in accordance with Section 12 of the General Terms and Conditions to any party (hereinafter called "Shipper") for the transportation of natural gas by Transporter through Transporter's mainline transmission system under the following conditions:

- (a) Shipper desires firm service, Shipper has submitted a valid request for such service, and Transporter has available capacity to render such firm service for Shipper. If at the time service is requested under this Rate Schedule, Transporter does not have capacity to receive firm transportation gas at the receipt point(s) requested for redelivery at the delivery point(s) requested, Transporter shall promptly notify Shipper, which may submit a new request;
- (b) Transporter can commence the service contemplated without need for construction of any additional pipeline facilities, other than any such new taps, valves, measurement equipment, or other facilities, such as laterals, required at the Receipt or Delivery Point(s) to effect delivery and measurement of the gas; and
- (c) Shipper and Transporter have executed a Service Agreement for service under this Rate Schedule.
- (d) Firm transportation hereunder shall be curtailed in accordance with Section 12.4 of the General Terms and Conditions.

2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 This Rate Schedule shall apply to gas transported by Transporter for Shipper pursuant to the executed Service Agreement for service under this Rate Schedule for FT-1 service.
- 2.2 (a) All rate provisions contained in this Rate Schedule apply to FT-1 customers.
- (b) Capacity Release Service is service initiated pursuant to Section 20 of the General Terms and Conditions and an executed Service Agreement for Rate Schedule FT-1 service.

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Firm Transportation (Continued)

2. APPLICABILITY AND CHARACTER OF SERVICE (Continued)

2.3 Transportation service under this Rate Schedule shall consist of:

- (a) The receipt by Transporter for the account of Shipper of Shipper's gas at the Receipt Point(s) specified in the executed Service Agreement;
- (b) The transportation of such gas on Transporter's pipeline system for the account of Shipper; and
- (c) The delivery of gas in thermally equivalent quantities after transportation (less, any lost and unaccounted for gas in accordance with Section 13 of the General Terms and Conditions) by Transporter to Shipper or for the account of Shipper at the Delivery Point(s) specified in the executed Service Agreement.

Transportation service rendered under this Rate Schedule is firm, and is not subject to curtailment or interruption except as provided in Sections 3, 9, 10, 12, and 13 of the General Terms and Conditions.

3. MONTHLY RATE(S)

Each month, Shipper will pay Transporter for service rendered under this Rate Schedule the sum of the amounts specified in this Section 3, as applicable.

3.1 The sum of (a), (b) and (c) below:

- (a) **Reservation Charge:** The sum of the daily product of Shipper's Transportation Contract Demand as specified in the executed Service Agreement and the Base Tariff Reservation Charge which is stated on Sheet No. 4 of this Tariff. Unless specifically adjusted pursuant to Section 3.3 herein, the Maximum Base Tariff Rate set forth on Sheet No. 4 will apply.

For capacity release service, the Reservation Charge is the sum of the daily product of the accepted reservation charge bid price which was bid by a Replacement Shipper or a Prearranged Replacement Shipper under the bidding procedures for capacity releases set forth in Section 20 of the General Terms and Conditions and the contract demand acquired by the Replacement Shipper or the Prearranged Replacement Shipper.

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3. MONTHLY RATE(S) (Continued)

(b) **Commodity Charge:** An amount obtained by multiplying (i) the quantity of Dth delivered by Transporter to Shipper after transportation during the month, after reduction for lost and unaccounted for gas in accordance with the terms of the executed Service Agreement and Section 13 of the General Terms and Conditions, by (ii) the FT-1 Base Tariff Commodity rate as set forth on Sheet No. 4 of this Tariff. Unless specifically adjusted pursuant to Section 3.3 herein, the Maximum Base Tariff Rate set forth in Sheet No. 4 shall apply.

(c) **ACA Charge:** An amount obtained by multiplying (i) the quantity of Dth delivered by Transporter to Shipper after transportation during the month, after reduction for lost and unaccounted for gas in accordance with the terms of the executed Service Agreement and Section 13 of the General Terms and Conditions, by (ii) the applicable ACA components as set forth on Sheet No. 4 of this Tariff. This charge shall be subject to adjustment in accordance with Section 15 of the General Terms and Conditions.

(d) Shipper shall commence payment of the Reservation Charges on the later of the effective date of the Service Agreement, the receipt of all necessary regulatory approvals, or the date the facilities necessary for firm service under this Rate Schedule are placed in service, unless otherwise agreed to by the parties.

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3. MONTHLY RATE(S) (Continued)

3.2 Additional Facility Reservation Surcharge: If additional facilities other than those specified in Section 1(b) of this Rate Schedule are required to permit continued service to a Shipper under this Rate Schedule FT-1, in addition to all other applicable rates stated in this Section 3, such Shipper (a) within 15 days of billing, will reimburse Transporter for its full costs of constructing such facilities or, (b) if mutually agreed, will pay a Facility Reservation Surcharge. The Facility Reservation Surcharge will be derived based on Transportation Contract Demand and the cost of service attributable to any such incremental facilities prorated over a period of time equal to or lesser than the term of the firm transportation contract. The monthly Facilities Reservation Surcharge will be the sum of the daily product of Shipper's Transportation Contract Demand as specified in the executed Service Agreement and the applicable Facility Charge specified in the Footnotes to Sheet No. 4 of this Tariff.

3.3 Discounted Recourse Rates: Transporter reserves the right to discount at any time the Recourse Rates for any individual Shipper under any service agreement without discounting any other Recourse Rates for that or another Shipper; provided, however, that such discounted Recourse Rates will not be less than the Minimum Currently Effective Rates set forth on Sheet No. 4 of this Tariff, or any superseding tariff. Such discounted Recourse Rates may apply to specific volumes of gas (such as volumes above or below a certain level or all volumes if volumes exceed a certain level), volumes of gas transported during specific time periods, and volumes of gas transported from specific receipt points and/or to specific delivery points, within specific corridors, or within other defined geographical areas. A discounted reservation rate may be computed by dividing the reservation revenues payable pursuant to a volumetric formula by Shipper's Contract Demand. If Transporter discounts any Recourse Rates to any Shipper, Transporter will file with the Commission any required reports reflecting such discounts.

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3. MONTHLY RATE(S) (Continued)

3.4 Charges for Capacity Release Service: The rates for capacity release service are set forth in Sheet No. 4. See Section 20 of the General Terms and Conditions for information about rates for capacity release service, including information about acceptable bids.

3.5 Negotiated Rates: Notwithstanding the general provisions of this Section 3, if Transporter and Shipper mutually agree to Negotiated Rates for service hereunder, such Negotiated Rates will apply in lieu of the otherwise applicable rates identified in this Section 3.

4. MINIMUM MONTHLY BILL

Unless Transporter and Shipper mutually agree otherwise, the Minimum Monthly Bill will consist of the Reservation Charge specified in Section 3.1 of this Rate Schedule, as applicable.

5. TRANSPORTATION CONTRACT DEMAND

The Transportation Contract Demand shall be the largest number of Dth Transporter is obligated to transport to Shipper under this Rate Schedule on any one day, and shall be specified in the executed Service Agreement for service under this Rate Schedule.

The Transportation Contract Demand refers to the quantity of gas to be delivered by Transporter to Shipper after transportation, at the Delivery Point(s) (after lost and unaccounted for gas pursuant to Section 13 of the General Terms and Conditions) . As long as the Contract Demand is not exceeded, Transporter shall be obligated to receive up to Shipper's Maximum Daily Quantity at each Receipt Point and to deliver up to Transporter's Maximum Daily Delivery Obligation (MDDO) at each delivery point, on a firm basis.

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6. SCHEDULED OVERRUN TRANSPORTATION

Upon request of Shipper, on any day Shipper may tender and Transporter, at its option, may accept for transportation hereunder quantities of gas in excess of Shipper's Transportation Contract Demand specified in the executed Service Agreement. However, Transporter will not accept quantities of overrun gas for transportation if it would cause curtailment of any firm service to any other Shipper under any Rate Schedule or up to the Maximum Daily Quantity for any other Shipper under any interruptible transportation Rate Schedule.

In the event that capacity is available to provide overrun service, overrun service under this Rate Schedule FT-1 shall be treated as interruptible, and interruption of overrun service shall be consistent with Section 12 of the General Terms and Conditions.

If Transporter elects to transport any quantities of gas in excess of Shipper's Transportation Contract Demand, Shipper shall pay for the excess gas transportation on any such day the amounts specified below:

6.1 An amount obtained as the sum of (a) and (b)

(a) An amount obtained by multiplying (i) the quantity of Dth in excess of Transportation Contract Demand by (ii) the Maximum Currently Effective Scheduled Overrun Transportation rate per Dth as set forth on Sheet No. 4 of this Tariff, unless otherwise agreed to by Shipper and Transporter.

(b) An amount obtained by multiplying (i) the quantity of Dth in excess of Transportation Contract Demand by (ii) the sum of the applicable ACA component as set forth on Sheet No. 4 of this Tariff. This charge shall be subject to adjustment in accordance with Section 15 of the General Terms and Conditions.

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Firm Transportation (Continued)

7. BTU BALANCING
Refer to Section 13 of the General Terms and Conditions.
8. SHIPPER'S ARRANGEMENTS PRIOR TO RECEIPT AND AFTER DELIVERY
Refer to Section 13 of the General Terms and Conditions.
9. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff, except as modified in the executed Service Agreement, are applicable to this Rate Schedule and are hereby made a part hereof.

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10. RECEIPT AND DELIVERY POINT FLEXIBILITY

10.1 Permanent Changes to Primary Receipt and Delivery Points.
Subject to the availability provisions of this Rate Schedule, any Shipper may permanently change primary receipt or delivery points by amending Exhibits A, B and/or T of the Service Agreement.

10.2 Use of Alternate Receipt and Delivery Points on a Temporary Basis.

(a) All FT-1 Shippers may use any physical receipt or delivery point without amending Exhibits A, B and/or T of the Service Agreement. Such points will be available for the receipt or delivery of gas with a scheduling priority superior to interruptible, balancing and overrun transportation service requested through the affected points, but inferior to firm service requested by Shippers using such points as primary receipt or delivery points.

(b) Transporter shall schedule service at alternate receipt and delivery points on a daily basis pursuant to Section 13 of the General Terms and Conditions.

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10. RECEIPT AND DELIVERY POINT FLEXIBILITY (Continued)

(c) The scheduling of service at alternate receipt or delivery points under a Service Agreement will not result in the loss of firm contract rights to a Shipper's primary receipt or delivery points as specified in the Shipper's Service Agreement.

10.3 Procedures for Requesting Permanent Receipt and Delivery Point Changes. Any Shipper who wishes to amend only the primary receipt or delivery points, or the associated Maximum Daily Delivery Obligation or Maximum Daily Quantity named in Exhibits A, B and/or T of its Service Agreement, shall submit an executed and dated amendment together with a replacement Exhibit A or T for receipt point changes or a replacement Exhibit B or T for delivery point changes by 1:00 p.m. Central Clock Time (11:00 a.m. Pacific Clock Time) four (4) business days prior to the first of the month for which the change is desired, or for changes to occur during a month, after the first of the month, two (2) business days prior to the commencement of service, unless otherwise agreed to by the parties. If Transporter determines that a receipt or delivery point change request can be honored, the amendment to the Service Agreement will be executed by Transporter. The change will become effective on the later of the requested effective date or the date executed by Transporter, provided that such date shall not exceed fifteen days from the date of receipt of the amendment by Transporter. Notice of the resulting changes in available receipt or delivery point capacity will be posted to Transporter's Designated Site at least one (1) business day prior to implementation of such change.

Firm receipt and delivery point and associated mainline capacity will be posted to Transporter's Designated Site on the Internet pursuant to Section 22 of the General Terms and Conditions and will be available for permanent receipt and/or delivery point changes only pursuant to the procedures outlined in Section 22 of the General Terms and Conditions.

10.4 Transporter's Maximum Service Obligation. The total volumes nominated for service on any day for all receipt or delivery points must not exceed Contract Demand under a Shipper's firm Service Agreement, except as otherwise provided in Section 6 of this Rate Schedule.