

**PRECEDENT AGREEMENT**  
**Between**  
**Rockies Express Pipeline LLC**  
**And**

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This Precedent Agreement dated this \_\_\_\_\_ day of \_\_\_\_\_, 2005 states an agreement between Rockies Express Pipeline LLC ("Transporter"), a Delaware limited liability company, and \_\_\_\_\_ ("Shipper"). Each of Transporter and Shipper are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

**RECITALS:**

**WHEREAS**, Transporter is developing plans to construct and/or acquire and operate certain facilities referred to as the Rockies Express Pipeline Project (the "Project") that will create long-haul, firm transportation takeaway capacity out of the natural gas supply areas located in the Rocky Mountain producing areas of Wyoming and Colorado. The planned interstate pipeline facilities are to be developed in three Segments, and will traverse to the east, through eight states, providing capability to transport Rocky Mountain natural gas supplies to major pipeline interconnects along the Project up to the Clarington, Ohio area. The total Project will include the installation of 42-inch diameter or larger pipe, as determined by Transporter, with transportation capacity of up to 2,000,000 Dth/day. The Project is planned to be developed in Segments, as follows:

Certificate 1 Segment will generally consist of the construction of high-pressure interstate natural gas pipeline facilities that will originate at points located at the Cheyenne Hub, in Weld County, Colorado ("Cheyenne Hub"). Certificate 1 Segment facilities are planned to proceed eastward to an interconnection with Panhandle Eastern Pipe Line Company in Audrain County, Missouri ("PEPL-Audrain"). Certificate 1 Segment is an independent pipeline project which is intended to transport natural gas from the constrained Cheyenne Hub to various markets in the Mid Continent including but not limited to Kansas City, St Louis and Chicago by interconnecting with multiple interstate pipelines that directly connect with such markets, increasing netbacks to the Rocky Mountain producers while increasing the availability and reliability of supply to the Mid Continent markets. Interim transportation service may be provided to points upstream of PEPL-Audrain, depending upon the timing and completion of construction of Certificate 1 Segment facilities.

Certificate 2 Segment will originate at PEPL-Audrain and terminate at the Lebanon Hub in Warren County, Ohio ("Lebanon Hub"). Certificate 2 Segment is an independent pipeline project which is intended to transport additional quantities of Rocky

Mountain natural gas to the Lebanon Hub to revitalize and increase the liquidity of that hub by providing additional supply sources to that market center from the Rocky Mountains as well as potential supply sources in the Mid Continent and Canada. Interim transportation service may be provided to points upstream of the Lebanon Hub, depending upon the timing and completion of construction of Certificate 2 Segment facilities.

Certificate 3 Segment will originate at the Lebanon Hub and terminate at the Clarington Hub, in Monroe County, Ohio (“Clarington Hub”). Certificate 3 Segment is an independent pipeline project which is intended to create a new hub that interconnects with pipelines serving the Eastern Coast of the United States and to provide increased supply availability and diversity to East Coast markets; and

**WHEREAS**, Entrega Gas Pipeline LLC, an affiliate of EnCana Corporation (“Entrega”), has received Federal Energy Regulatory Commission (“FERC”) authorization for the construction and operation of an interstate pipeline, currently under construction, that originates at points located at the Meeker Hub, in Rio Blanco County, Colorado (“Meeker”), proceeding northward to the vicinity of Wamsutter, in Sweetwater County, Wyoming (“Wamsutter”) and then continuing southeastward to the Cheyenne Hub (the “Entrega Existing Project”). In an effort to be responsive to the shipper community, Entrega has proposed an Open Season to extend its interstate facilities from a proposed receipt point located at the Opal Hub in Lincoln County, Wyoming (“Opal”) to a new receipt/delivery point located on the Entrega Pipeline at Wamsutter. Entrega, as extended, will be able to provide seamless transportation from points located at the Opal Hub, in Lincoln County, Wyoming to the Cheyenne Hub. The Entrega Existing Project together with the Entrega Expansion Project are referred to as the “Entrega Projects”; and

**WHEREAS**, EnCana Marketing (USA) Inc. (“EMUS”), a shipper on Entrega, has designated Entrega as facilitator in the turn back, subject to specific conditions, of sufficient EMUS capacity on Entrega so as to accommodate only those shippers that subscribe for capacity on the Entrega Projects and the proposed Rockies Express Pipeline Project. If the turn back of EMUS capacity on Entrega is not sufficient to accommodate all Open Season shippers submitting binding bids for Entrega and Rockies Express capacity, then Entrega will also consider expanding the currently certificated capacity of Entrega to meet shipper demand; and

**WHEREAS**, It is the intent of Transporter and Entrega to make transportation service available to shippers from the Rocky Mountain producing areas that would provide delivery to eastern markets on the Entrega Projects and the Project equivalent to a single pipeline system, including unitary nominations, scheduling and balancing requirements and procedures (“Seamless Service”); and

**WHEREAS**, The facilities and capacities described may change based on the final project design, shipper commitments or regulatory requirements; and

**WHEREAS**, The commitment provided by Shipper via this Precedent Agreement

and potentially other similar agreements will be used as support for the construction and operation of the Project; and

**WHEREAS**, Transporter is willing to continue its efforts to develop the Project and to proceed with obtaining all of the necessary governmental authorizations to construct and acquire the required facilities, provided that Transporter receives sufficient commitments from prospective shippers; and

**WHEREAS**, this Precedent Agreement has been executed as evidence of the agreement between Transporter and Shipper that, upon satisfaction of the conditions precedent set forth below, the parties will enter into Firm Transportation Service Agreements (each a “FTSA”) providing for firm interstate natural gas transportation service to be provided by Transporter for Shipper on the Project.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreement contained herein, and intending to be legally bound, Transporter and Shipper agree as follows:

**1. Effective Date and Term**

This Precedent Agreement shall become effective as of the date first stated above and, except as provided in Section 8 (c), shall remain in effect until the earlier of: Shipper’s or Transporter’s exercise of its termination rights pursuant to this Precedent Agreement, as provided in Section 9 below; the failure of Transporter to secure FERC Authorization for Certificate 1 Segment; the failure of Transporter to secure FERC Authorization for Certificate 2 Segment; the failure of Transporter to secure FERC Authorization for Certificate 3 Segment; or the effective date of the FTSA executed in connection with Certificate 3 Segment. In each case, failure to secure FERC Authorization shall occur when the proceeding for the applicable FERC Application has concluded without Transporter’s having accepted the FERC Authorization.

**2. Services**

Transporter agrees to work in good faith using commercially reasonable efforts to file for, and diligently pursue: FERC Authorization for the construction and operation of all three Certificate Segments of the Project as described in this Precedent Agreement; completion of the acquisition of Entrega by Transporter so as to effect the combination of the Entrega Projects and the Project; completion of Certificate 1 Segment no later than January 1, 2008; completion of Certificate 2 Segment no later than January 1, 2009; completion of Certificate 3 Segment not later than June 30, 2009 and, with respect to each such Certificate Segment and the Entrega Projects, to provide Shipper, as conditioned herein, with firm transportation service as set forth on the attached Appendix A. The construction and operation of these interstate facilities are subject to the jurisdiction of the FERC, and subject to FERC and other federal, state and local permits and approvals.

### 3. Anchor Shippers

If Shipper's bid satisfies the criteria described in this Section 3, Shipper's and Transporter's execution of this Precedent Agreement will establish Shipper as an Anchor Shipper. Anchor Shippers are shippers that have made long-term capacity commitments through all three Segments of the Project, as well as on the Entrega Projects prior to the conclusion of the Open Season, by the execution of Precedent Agreements which contain binding commitments, (together with such commitments to the Project that are made by such shipper's affiliates) equal to or exceeding 200,000 Dth/day on the Entrega Projects and all three Certificate Segments of the Project. Transporter agrees to seek authority to provide priority in the allocation of capacity to Anchor Shippers, and to make Anchor Shippers' allocations of capacity not subject to pro ration in the Open Season. For purposes of determining Shipper's status as an Anchor Shipper, Transporter will consider the Shipper and its affiliates as a single entity and will aggregate the Shipper's commitments under it and its affiliates' Precedent Agreements.

If Shipper qualifies as an Anchor Shipper, Shipper's rate for the initial capacity of the Project, as described in this Precedent Agreement, shall be no higher than the lowest rate applicable to any other shipper under a Firm Transportation Service Agreement for all three Certificate Segments of the Project, excluding rates applicable to Foundation Shippers, short-term transactions (i.e., 12, or fewer, consecutive months) or seasonal transactions. For purposes of this provision the term "rates" shall include the Reservation Charge, the Commodity Charge and all reservation and commodity surcharges. This provision, as well as any other specific rate related provisions included in this Precedent Agreement will be included in Shipper's FTSA's.

Shipper's status as an Anchor Shipper, and the attendant rights, will continue to apply to Precedent Agreements or related FTSA's which Shipper retains, even if the capacity of the Shipper and its direct affiliates drops below the 200,000 Dth/day threshold: (1) after any subsequent, permitted assignment of one or more of its Precedent Agreement(s) or related FTSA's, with such assignment governed by this Precedent Agreement or Transporter's Tariff, as applicable, and (2) after any subsequent permitted permanent capacity release of one or more of its related FTSA's, with such permanent capacity release governed by Transporter's Tariff. It is expressly understood and agreed that the Anchor Shipper status is not transferable to a successor Shipper except in the limited circumstance where all of Shipper's Precedent Agreements or FTSA's and that of its direct affiliates, as applicable, are assigned or released, as applicable, at the same time to a single successor shipper.

Anchor Shippers shall hold annual evergreen renewal rights, for one year term extensions of the FTSA's at the same rate and quantity, or portion of such quantity, as in effect at the end of the primary term or subsequent evergreen extended term, exercisable upon a minimum of six months written notice. Anchor Shippers shall also hold a one-time contractual right of first refusal ("ROFR"), effective at the end of the primary term of the FTSA's, to be applicable to any portion of the quantity (but not necessarily at the same rate), exercisable in accordance with the notice provisions to be included in the

Tariff. Such rights shall not be applicable to FTSA's for Certificate 1 Segment or Certificate 2 Segment, if such FTSA(s) are superseded by the FTSA for the subsequent Certificate Segment.

#### **4. Rates**

Shipper acknowledges that it has made an election, as set forth on Appendix A, to either (i) pay the Maximum Recourse Reservation Rates for firm service under each FTSA; (ii) to pay Fixed Negotiated Reservation Rates for firm service under each FTSA; or (iii) to pay Adjustable Negotiated Reservation Rates for firm service under each FTSA. If Shipper has elected Adjustable Negotiated Reservation Rates, Shipper agrees that the Negotiated Reservation Rates to be paid under the FTSA's will be determined under the Steel Price Adjustment set forth on Appendix A. Such adjustable rates, once finally determined, will be applicable for the entire term of Shipper's FTSA's, as specified on Appendix A.

If Shipper shall have opted to pay a negotiated rate, as described on Appendix A, such negotiated rate shall be applicable to service under each FTSA during the entire term of such FTSA, as the same may be extended, regardless of any otherwise applicable maximum rate and shall be applicable at all primary and secondary points on the Project that are located in a zone covered by Shipper's primary transportation path(s); provided that the applicability of the negotiated rate assumes that receipts and deliveries under the FTSA's will be made at the prevailing operating pressures of the Project facilities and that the negotiated rate does not cover any non-conforming quality or pressure requirement at any receipt or delivery point.

Regardless of which form of reservation rate Shipper shall have opted to pay, the Commodity Rate, Lost and Unaccounted for Gas ("L&U"), ACA and any other additional authorized charges or surcharges will be applied pursuant to the FERC approved Gas Tariff applicable to the Project (the "Tariff"). Fuel shall be provided by Shipper in accordance with the zoned fuel matrix set forth in the Tariff, with an illustrative matrix set forth on Appendix A attached to this Precedent Agreement. The Commodity Rate, determined on the basis of a straight fixed variable rate design, is estimated to be \$0.004 per Dth for each zone (\$0.012 per Dth across the length of the system), subject to final determination by the FERC. Transporter will propose as part of the Tariff, subject to FERC approval, that Fuel and L&U shall be assessed in-kind and that Fuel and L&U will be adjusted through a tracking provision.

Transporter agrees to exercise its commercially reasonable efforts to design the Project facilities downstream of the Cheyenne Hub to the Clarington Hub such that fuel consumption of those facilities, on an annualized basis, will not exceed 3% calculated at a 100% load factor based on a 1,500,000 Dth/day maximum capacity and will not exceed 3% calculated at a 100% load factor based on a 1,800,000 Dth/day maximum capacity, taking into account a requirement that the Certificate Segment completion dates described in Section 2 above be met. Taking into consideration the quantity of gas Transporter is moving pursuant to the transportation contracts on the Project, as well as

operational conditions across the system, Transporter shall use commercially reasonable efforts to operate the Project facilities downstream of the Cheyenne Hub to the Clarington Hub within the project design referenced above.

In the event Transporter undertakes an expansion of the Project beyond 1,800,000 Dth/day utilizing 42-inch diameter pipe or undertakes an expansion of the Project beyond 2,100,000 Dth/day utilizing larger than 42-inch diameter pipe, Transporter agrees to file with FERC for authorization to collect Fuel applicable to such expansion on an incremental basis.

## **5. Volume, Receipt and Delivery Points**

The contract Maximum Daily Quantity (“MDQ”) and primary term are as elected by Shipper on the attached Appendix A (subject to the minimum term requirements set forth in Appendix A). Shippers may elect MDQ’s that increase over time. The primary receipt point shall be the Cheyenne Hub (subject to being moved to points in the zone containing Meeker or Opal upon the combination of the Entrega Projects and the Project) and the primary delivery points shall be: (a) for Certificate 1 Segment: mutually agreeable Mid Continent/Midwest point(s); (b) for Certificate 2 Segment: mutually agreeable point(s) in the zone containing the Lebanon Hub; and (c) for Certificate 3 Segment: mutually agreeable point(s) in the zone containing the Clarington Hub. Shipper's election of Primary Receipt and Delivery Points are set forth on Appendix A. Secondary Receipt and Delivery Points will be made available pursuant to the Tariff.

Transporter hereby agrees that it will construct a minimum of twenty five points of interconnection from among the points set forth on Appendix A or such other points as may be determined to have shipper demand during the Open Season. The selection and capacities of such points will be based on shipper demand as demonstrated by the results of the Open Season. Shipper may indicate on Appendix A up to twenty five points of interconnection (including Shipper’s primary receipt and delivery points) to communicate Shipper’s preferences.

## **6. Conditions Precedent**

Performance by Transporter of the duties and obligations assumed by it in this Precedent Agreement are expressly subject to the following conditions precedent:

- (a) All appropriate and final governmental approvals and other applicable authorization must be obtained and maintained on terms acceptable to Transporter, including approval of construction, rates and terms and conditions of service; and
- (b) All rights-of-way and other surface rights required to site and maintain the pipeline facilities along the route described herein must be obtained on terms and conditions acceptable to Transporter; provided, however, that

conditions (a) and (b) shall be deemed satisfied for each Certificate Segment of the Project upon Transporter's acceptance of the FERC Authorization for such Certificate Segment ; and

- (c) Sufficient firm capacity subscription must exist at acceptable rates, in Transporter's sole discretion, to proceed with the Project; provided, however, that this condition shall expire on February 28, 2006 if Transporter has not terminated this Precedent Agreement on or before such date; and
- (d) Shipper shall have complied with all its material obligations hereunder and under any FTSA then in effect.

## **7. Discrete Segments**

To expedite transportation out of the Rocky Mountain supply areas to points east, the Parties acknowledge that Transporter shall file for separate certificate authorization from FERC for each independent Segment of the Project and for any authorizations as may be necessary for the combination of the Entrega Projects and the Project, although Transporter shall be contractually bound to file for authorization for all three Certificate Segments of the Project. Upon in-service of each Segment of the Project subsequent to Certificate 1 Segment, the FTSA for the previous Segment shall be superseded in its entirety by the FTSA for such subsequent Segment. Shipper understands that approval by FERC of Certificate 1 Segment does not constitute approval of Certificate 2 Segment and that approval by FERC of Certificate 2 Segment does not constitute approval of Certificate 3 Segment. Therefore, an award of capacity hereunder may result in service for the agreed term only on the facilities ultimately approved for service, and Shipper hereby acknowledges its willingness to be bound by the FERC's determination of the public convenience and necessity with respect to each Segment of the Project on a stand alone basis.

Initially, Certificate 1 Segment will include service from the Cheyenne Hub to PEPL-Audrain with possible Interim Service, as described in Section 13. It is, however Transporter's intent that the combination of the Entrega Projects and the Project be completed contemporaneously with the in-service of Certificate 1 Segment so that initial receipts will be from Meeker and Opal. Service on Certificate 1 Segment will be subject to its own maximum recourse rates and, upon the combination of the Entrega Projects and the Project, will be divided into two rate zones: (1) a supply zone encompassing the facilities which are to be located west of and including the Cheyenne Hub; and (2) a supply/market zone encompassing the facilities to be located downstream of the Cheyenne Hub traversing eastward to and including PEPL-Audrain. If Certificate 2 Segment is authorized by the FERC it will provide service from Opal and Meeker to the Lebanon Hub with possible Interim Service, as described in Section 13. Service on Certificate 2 Segment will be subject to its own maximum recourse rates divided into three rate zones: (1) a supply zone encompassing the facilities which are to be located west of and including the Cheyenne Hub; (2) a supply/market zone encompassing the

facilities to be located downstream of the Cheyenne Hub traversing eastward to and including PEPL-Audrain; and (3) a market zone encompassing the facilities to be located downstream of PEPL-Audrain, traversing further eastward to delivery points located near the Lebanon Hub. If Certificate 3 Segment is authorized by the FERC it will provide service from Opal and Meeker to the Clarington Hub. Service on Certificate 3 Segment will be subject to its own maximum recourse rates divided into three rate zones: (1) a supply zone encompassing the facilities which are to be located west of and including the Cheyenne Hub; (2) a supply/market zone encompassing the facilities to be located downstream of the Cheyenne Hub traversing eastward to and including PEPL-Audrain; and (3) a market zone encompassing the facilities to be located downstream of PEPL-Audrain, traversing further eastward to delivery points located near the Clarington Hub. Notwithstanding the foregoing, Transporter shall have the option to combine Certificate 2 Segment and Certificate 3 Segment for purposes of securing FERC Authorization for construction of the Project downstream of PEPL-Audrain. If Transporter elects to combine the filing for authorization for Certificate Segments 2 and 3, Transporter shall request phased construction of the Project downstream of PEPL-Audrain: Construction Phase 1 shall be the same as Certificate 2 Segment and Construction Phase 2 shall be the same as Certificate 3 Segment. The timing of construction of the Project as described in this Precedent Agreement shall not be affected by the combination of Certificate 2 Segment and Certificate 3 Segment, and in such event, all references herein to Certificate 2 Segment shall be construed to mean Certificate 2 Segment, Construction Phase 1 and all references to Certificate 3 Segment shall be construed to mean Certificate 2 Segment, Construction Phase 2.

It is the intent of Transporter and Shipper that the Project and the Entrega Projects be ultimately combined to provide Shipper with Seamless Service. Transporter and Shipper acknowledge that, effective as of the date hereof, Shipper has entered into a precedent agreement with Entrega (the "Entrega Precedent Agreement") that provides for the execution by Shipper of a firm transportation service agreement on the Entrega Projects (the "Entrega FTSA"). Accordingly, Transporter and Shipper agree that, subject to FERC approval of the combination of the Rockies Project and the Entrega Projects upon in-service of the Certificate 1 Segment the Entrega FTSA be entirely superseded by the FTSA for Certificate 1 Segment which shall be subject to the rates set forth on Appendix A designated in the Combined Project Rates Table. If the Certificate 1 Segment FTSA supersedes the Entrega FTSA as described herein: the receipt points for the Certificate 2 Segment FTSA and the Certificate 3 Segment FTSA shall be moved to Meeker and/or Opal consistent with the provision of Seamless Service; Shipper and Transporter will proceed under this Precedent Agreement and the Entrega Precedent Agreement shall expire.

## **8. Shipper's Obligations**

- (a) Shipper agrees that it will execute a minimum of three Firm Transportation Service Agreements consistent with the form of Service Agreement as contained in Appendix B hereto, as finally approved by FERC ~~and~~ [which](#), if Shipper shall have elected the Negotiated Reservation

Rate Option, ~~corresponding Negotiated Rate Agreements in the form contained in Appendix B hereto,~~shall reflect the fixed nature of the reservation rate as described in Section 4, within five (5) business days after tender by Transporter. The FTSA's, at least one each for Certificate 1 Segment, Certificate 2 Segment and Certificate 3 Segment, will reflect the receipt points, delivery points, term(s), rate(s) and MDQ(s) described herein.

- (b) Upon request by Transporter, Shipper agrees to support any notification, tariff filing, application or certificate filing made to the FERC or any other governmental body to obtain any necessary authorizations to construct, operate or acquire facilities or to provide services as set out herein. Prior to the filing of the certificate application for Certificate 1 Segment, Shipper will be provided a pro forma tariff and afforded the opportunity to provide comments to Transporter on the development of the Tariff and Transporter will work with the Shipper in good faith to resolve any concerns prior to the filing of such Tariff. In the event Shipper and Transporter are unable to resolve all of the Shipper's concerns prior to the filing of such tariff, Shipper will within five (5) days of a written request by Transporter, provide Transporter a written summary of Shipper's unresolved concerns regarding the pro forma tariff. Shipper agrees to limit any protests of the initial tariff filing to (i) those unresolved items addressed in Shipper's written summary to Transporter, and (ii) any items related to deviations between the pro forma tariff provided by Transporter to Shipper and the as filed version of the Tariff, which in each case are inconsistent or otherwise conflict with the terms of this Precedent Agreement or any FTSA. Shipper also agrees that in any response to any tariff filing it will not raise issues related to the determination of Transporter's maximum recourse rates for the Project. Nothing herein shall be construed to limit or waive Shipper's rights to intervene or protest any subsequent tariff filing made by Transporter or its successor subsequent to the filing for FERC Authorization for Certificate 3 Segment; and
  
- (c) Shipper shall provide sufficient evidence of credit worthiness, as reasonably determined by Transporter in accordance with the standards set forth in Appendix C, along with the return of this signed Precedent Agreement. Shipper shall have and maintain such credit or provide assurances ("credit support"), as are required by Transporter in its reasonable discretion, to satisfy Shipper's financial obligations under the FTSA's which may result from this Precedent Agreement. Such credit support may consist of (i) prepayment of value or letter of credit in the amount of up to 36 months of Shipper's reservation charges, resulting from the MDQ and rates stated herein; (ii) a parental guarantee in form and substance acceptable to Transporter from an entity which meets the credit standards of Appendix C or the Tariff and is otherwise acceptable

to Transporter; or (iii) such other credit assurances as Transporter may require. Such assurances shall be provided by Shipper as requested by Transporter in accordance with the timetable set forth below.

Credit Support Timetable and Amounts

Date	Aggregate Credit Requirement
No later than ten (10) days after execution of the Project Precedent Agreement until the date immediately below:	\$250,000
Within fifteen (15) days after notice to Shipper from Transporter that Transporter has either satisfied or waived the condition precedent set forth in Section 6 (c) above:	An amount equal to total Certificate 1 Segment reservation charges payable in respect of the MDQ for eighteen (18) months of Service.
Within thirty (30) days after receipt of notice to Shipper from Transporter that Transporter has received and accepted FERC Authorization for Certificate 1 Segment:	An amount equal to total Certificate 1 Segment reservation charges payable in respect of the MDQ for thirty-six (36) months of Service.

Additionally, within thirty (30) days after receipt of notice to Shipper from Transporter that Transporter has received and accepted FERC Authorization for each of Certificate 2 Segment and Certificate 3 Segment, the Aggregate Credit Requirement shall be adjusted to an amount equal to total Certificate 2 Segment or Certificate 3 Segment rates, as applicable, in respect of the MDQ for thirty-six (36) months of service for such Certificate Segment. Shipper shall maintain its creditworthiness in connection herewith, either directly or through provisions of ~~Credit Support~~[credit support](#), throughout the term of this Precedent Agreement and any resulting FTSA. This Section 8 (c) and Appendix C, Credit Requirements, attached hereto and made a part hereof shall survive the termination of this Precedent Agreement and shall continue in effect for the term(s) of any resulting FTSA.

The creditworthiness requirements of this Section 8 and in Appendix C shall apply to any assignment (in whole or in part) of this Precedent Agreement or the FTSA or to any permanent release of an FTSA.

- (d) Shipper agrees to notify Transporter in writing within twenty four (24) hours of the receipt by Shipper of the corporate or Board of Directors Approval described in section 9 (a) i below.

**9. Termination Rights**

- (a) Shipper shall have the right to terminate this Precedent Agreement with no liability to Transporter by giving Transporter at least five (5) days advance written notice (which notice must be given, if at all, within five (5) days after the occurrence or non-occurrence of the relied upon event) in the event:

- i. ~~i.~~ Shipper has not received all corporate or Board of Directors approvals required by Shipper in connection with the execution of this Precedent Agreement by no later than January 31, 2006;
- ii. Transporter has failed to file for FERC Authorization for Certificate 1 Segment by no later than September 30, 2006; has failed to file for FERC Authorization for Certificate 2 Segment by no later than April 30, 2007; or has failed to file for FERC Authorization for Certificate 3 Segment by no later than July 31, 2007;
- iii. Transporter has not received FERC Authorization for Certificate 1 Segment by no later than December 31, 2007; has not received FERC Authorization for Certificate 2 Segment by no later than April 30, 2008; or has not received FERC Authorization for Certificate 3 Segment by no later than July 31, 2009;
- iv. Transporter has not placed Certificate 1 Segment in-service by no later than February 28, 2009; has not placed Certificate 2 Segment in-service by no later than June 30, 2009; or has not placed Certificate 3 Segment in-service by no later than September 30, 2010;
- v. Transporter and the ~~Rockies Project~~ Entrega Projects have not been combined through a corporate acquisition and regulatory integration such that the Entrega Projects and the Rockies Project do not offer Seamless Service at the rates agreed to herein by no later than December 31, 2007.

- (b) Transporter shall have the right to terminate this Precedent Agreement with no liability to Shipper by giving Shipper five (5) days advance written notice (which notice must be given, if at all, within ten (10) days after the occurrence or non-occurrence of the relied upon event); provided that notice under this Section 9(b) may be given at any time while Shipper shall be in default of its obligations under Section 8(c), in the event:

- i. FERC shall attach conditions to the FERC Authorization for Certificate 1 Segment, Certificate 2 Segment or Certificate 3 Segment or impose conditions requiring subsequent compliance filings which, in Transporter's reasonable judgment, are unacceptable;
  - ii. Transporter has not received the necessary FERC Authorization for Certificate 1 Segment by no later than July 31, 2007;
  - iii. Transporter notifies Shipper on or before February 28, 2006 that aggregate firm commitments to the Project do not support the economic viability of the Project as determined in the exercise of Transporter's commercially reasonable discretion;
  - iv. Transporter has not received all corporate and Board of Director approvals required by Transporter in connection with the execution of this Precedent Agreement by no later than February 28, 2006.
  - v. Shipper fails to comply with any of its material obligations hereunder or under any FTSA then in effect
- (c) In the event Transporter terminates this Precedent Agreement for any reason other than that stated at Section 9 (b) v above, concurrent with such termination, Transporter shall return to Shipper any credit support provided by Shipper under Section 8 above.

## **10. Authorities**

This Precedent Agreement and the performance hereof are subject to all present and future applicable valid laws, orders, decisions, rules and regulations of duly constituted governmental authorities having jurisdiction over the provision of natural gas transportation service in the interstate commerce of the United States of America ("governmental authority"). Should either of the parties, by force of any such law, order, decision, rule or regulation, at any time during the term of this Precedent Agreement be ordered or required to do any act inconsistent with the provisions hereof, then for the period during which the requirements of such law, order, decision, rule or regulation are applicable, this Precedent Agreement shall be deemed modified to conform with the requirement of such law, order, decision, rule or regulation; provided, however, nothing herein shall alter, modify or otherwise affect the respective rights of the parties to terminate this Precedent Agreement under the terms and conditions hereof.

## **11. Assignment**

This Precedent Agreement, in whole or in part, may be assigned by Transporter to a wholly- or partially-owned affiliate, special purpose joint venture, partnership, or other

affiliated entity, including a parent company or partnership; provided that such assignee shall have credit or credit support equivalent to the higher of that of Transporter or its guarantor ~~under Section 17.~~ Shipper may assign this Precedent Agreement and any of the rights or obligations and any associated Firm Transportation Service Agreements to any wholly-owned affiliate which satisfies the credit worthiness standards set forth in Appendix C, or set forth in the Tariff and Sections 8 and 9 herein and which is a successor to the business for which the Firm Transportation Service Agreement was initially secured. Once the Project is in-service, Shipper may release its capacity pursuant to the General Terms and Conditions of the Tariff. In the case of any other proposed assignment of the Precedent Agreement, prior approval of Transporter is required, which approval shall not be unreasonably withheld. Notwithstanding the foregoing, any Party to this Precedent Agreement may assign this Precedent Agreement and its rights hereunder as security for indebtedness or other obligations, and each Party hereby agrees to timely execute and deliver such documents and certificates as are reasonably requested by the assigning Party or its lenders in connection with any such collateral assignment and are reasonably acceptable to the non-assigning Party.

## **12. Representations and Warranties**

Each Party represents and warrants to each other as follows:

- (a) Such Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is in good standing in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of such Party.
- (b) The execution, delivery and performance of this Precedent Agreement by such Party does not and will not require the consent of any trustee or holder of any indebtedness, or be subject to or inconsistent with other obligations of such Party under any other agreement.
- (c) This Precedent Agreement has been duly executed and delivered by such Party. This Precedent Agreement constitutes the legal, valid, binding and enforceable obligation of such Party, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting creditor's rights generally and by general equitable principles.
- (d) No governmental authorization, approval, order, license, permit, franchise or consent, and no registration, declaration or filing with any governmental authority is required on the part of such Party in connection with the execution and delivery of this Precedent Agreement, although it is subject to the necessary governmental approvals specified herein for its effectuation.
- (e) Except as otherwise disclosed by Shipper's parent in its Form 10-K most

recently filed with the Securities and Exchange Commission, there is no pending or, to the best of such Party's knowledge, threatened action or proceeding affecting such Party before any court, government authority or arbitrator that could reasonably be expected to materially and adversely affect the financial condition or operations of such Party or the ability of such Party to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this Precedent Agreement or would otherwise hinder or prevent performance hereunder.

### **13. Interim Service**

Shipper agrees that, in the event Transporter places Certificate 1 Segment in-service before the Project reaches PEPL-Audrain, but with interconnections to Natural Gas Pipeline Company of America (Natural) in Jefferson County, Nebraska, Northern Natural Gas Company (NNG) in Jefferson County, Nebraska ~~or~~ and ANR Pipeline Company (ANR) in Brown County, Missouri, Shipper shall pay the Certificate 1 Segment Interim Rates set forth on Appendix A until PEPL-Audrain is available, during the term of the FTSA executed in connection with Certificate 1 Segment. Shipper further agrees that, in the event Transporter places Certificate 2 Segment in-service before the Project reaches the Lebanon Hub, but with interconnections to Natural in Piatt County, Illinois, Trunkline Gas Company (Trunkline) in Douglas County, Illinois, Midwestern Gas Transmission Company (Midwestern) in Edgar County, Illinois ~~or~~ and PEPL in Putnam County, Indiana, Shipper shall pay the Certificate 2 Segment Interim Rates set forth on Appendix A until the Lebanon Hub points are available, during the term of the FTSA executed in connection with Certificate 2 Segment. In the event that Transporter is unable, in aggregate, to provide firm service to Shipper equal to Shipper's MDQ for Interim Service, Transporter shall reduce Shipper's reservation charges for the quantity of Shipper's MDQ that Transporter is unable to provide to Shipper. Furthermore, in the event that the capacity of the delivery points made available under Interim Service is less than the total MDQ of the applicable Certificate Segment, then Shipper's MDQ shall be reduced, during the period for which Interim Service is offered, by the proportion that the available capacity of the delivery points made available bears to the total MDQ of the Project. For Certificate 1 Segment Interim Service and Certificate 2 Segment Interim Service, respectively, if such service extends beyond twelve months, then as an incentive for Transporter to place the PEPL-Audrain point or the Lebanon Hub points in-service as expeditiously as possible, Shipper's Interim Rates shall be prospectively reduced by fifty percent (50%) until full service is available.

### **14. Choice of Law**

**AS TO ALL MATTERS OF CONSTRUCTION AND INTERPRETATION, THIS PRECEDENT AGREEMENT SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CHOICE OF LAW RULES OF THAT STATE.**

**15. Limitation of Liability**

**NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY UNDER THIS PRECEDENT AGREEMENT OR UNDER ANY OF THE FTSAS TO BE EXECUTED PURSUANT TO THIS PRECEDENT AGREEMENT FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY NATURE, OR FOR ANY LOST PROFITS, HOWEVER ARISING, EVEN IF SUCH PARTY HAS BEEN MADE AWARE OF THE POSSIBILITY OF SUCH DAMAGES OR LOST PROFITS.**

**16. Dispute Resolution**

Any disputes, controversies or claims that arise between the Parties (the “Disputing Parties”) relating to this Precedent Agreement (a “Dispute”) shall be resolved by means of the following procedure:

- (i) Notice of Dispute. Any Disputing Party shall give notice to the other Disputing Parties in writing that a Dispute has arisen (“Dispute Notice”).
- (ii) Informal Dispute Resolution. If the Disputing Parties have failed to resolve the Dispute within fifteen (15) business days after the Dispute Notice was given, the Disputing Parties shall seek to resolve the Dispute by negotiation between the executive officers of each Disputing Party. Such executive officers shall endeavor to meet and attempt to amicably resolve the Dispute. If the Disputing Parties are unable to resolve the Dispute through negotiation within thirty (30) business days after the Dispute Notice was given, then the Dispute shall be finally resolved through arbitration in accordance with provisions of clause (iii) below.
- (iii) Arbitration. Any Dispute that is not settled pursuant to clause (ii) above shall be finally settled by arbitration as follows:
  - (1) Any such Dispute shall be submitted to binding arbitration by the American Arbitration Association for arbitration in Houston, Texas in accordance with the Commercial Arbitration Rules then in effect, except as more particularly provided herein. The Parties agree that an officer or other representative with authority to resolve the Dispute for each party shall attend the arbitration. There shall be three (3) arbitrators, with each of ~~Sponsor~~Transporter and Shipper, or their successor in interest if applicable, selecting one. The third arbitrator, who shall be the chairman of the panel, shall be selected by the two Party-appointed arbitrators. The claimant shall name its arbitrator in the demand for arbitration. The third arbitrator shall be named within thirty (30) days after the appointment of the second arbitrator. The American Arbitration Association shall be empowered to appoint

any arbitrator not named in accordance with the procedure set forth herein. Each arbitrator will be qualified by at least ten (10) years experience in the natural gas industry.

- (2) Each of the Parties hereto consents to the procedure herein set forth. The Parties agree to make discovery and disclosure of all matters relevant to the dispute to the extent and in the manner provided by the Federal Rules of Civil Procedure. The arbitrators shall rule on all requests for discovery and disclosure and discovery shall be completed within sixty (60) days of the date on which the third arbitrator is appointed (“Arbitration Commencement Date”). The arbitrators shall issue a final ruling within ninety (90) days of the Arbitration Commencement Date. The ruling of the arbitrators shall be in writing, signed, and shall contain a statement of findings and conclusions of law in addition to the award decision. The decision of the arbitrators shall be final and binding upon the parties, in so far as the law allows, without the right of appeal to the courts. The award rendered by the arbitrators shall be final in so far as the law allows, and judgment thereon may be entered by any court having jurisdiction thereof. The costs and expense of the arbitration (including reasonable attorney's fee) will be paid by the losing party, unless the arbitrators determine that it would be manifestly unfair to honor this agreement of the parties and determine a different allocation of costs.
- (3) The arbitrators shall not have the authority or power to alter, amend or modify any of the terms or conditions of this Precedent Agreement. The arbitrators’ powers shall be limited to enforcement of this Precedent Agreement as to the issues raised by the Parties, and shall not include the power to award consequential, indirect, special, punitive, or exemplary damages.
- (4) Performance of this Precedent Agreement shall continue during arbitration proceedings or any other dispute resolution mechanism adopted by the Parties. No payment due or payable by ~~Sponsor~~Transporter or Shipper shall be withheld on account of a pending reference to arbitration or other dispute resolution mechanism; provided that in the event Shipper disputes the amount or content of any invoice, Shipper shall be not responsible for payment of such invoice or portion of such invoice that is pending reference to arbitration or other dispute resolution mechanism until such dispute is resolved. Any disputed amount which is ultimately determined to have been payable shall not accrue interest for failure to pay, provided that it is a bona fide dispute.

- (5) The Parties hereto hereby irrevocably waive, to the fullest extent permitted by applicable law, any legal proceeding arising out of or relating to this Precedent Agreement or the transactions contemplated hereby, except those seeking to enforce the award or the decision of the arbitrators issued pursuant to this Section 16. Further, the Parties hereto hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all rights to trial by jury in any legal proceeding permitted under this Section 16.

Transporter and Shipper agree that the Dispute Resolution procedure described in this Section 16 shall not apply to any controversy wherein the FERC has exclusive jurisdiction.

**17. Further Assurance**

Transporter and Shipper shall enter into such additional agreements as may be necessary in furtherance of this Precedent Agreement.

**18. Counterparts**

This Agreement may be executed in one or more counterparts, each of which, when executed and delivered including by facsimile, shall be an original, but all of which together shall constitute but one and the same instrument.

**Accepted and Agreed to as of the date hereof:**

**Rockies Express Pipeline LLC**

**Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

\_\_\_\_\_ **(SHIPPER)**

**Signature:** \_\_\_\_\_

**Printed Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**The above company representative is a duly authorized agent of the company and has the authority to bind the company.**

**APPENDIX A**  
**To The**  
**PRECEDENT AGREEMENT**  
**Between**  
**Rockies Express Pipeline LLC**  
**And**

\_\_\_\_\_  
 (“Shipper”)

There are three rate options to choose from for each certificate segment. They are:

**Option 1 – The Maximum Recourse Reservation Rate**

**Option 2 – A Negotiated Reservation Rate**

**Option 3 –An Adjustable Negotiated Reservation Rate**

The Adjustable Negotiated Rate Option recognizes that the steel costs of the Project could change substantially between the time of execution of this Precedent Agreement and the time when the Project is placed in-service. The following rate adjustment mechanism (“Steel Price Adjustment”) shall apply to Shippers electing the Adjustable Negotiated Reservation Rate Option. Any adjustment that results from this formula shall be communicated to Shipper by Transporter when all steel related Project costs have been determined.

Shipper’s Adjustable Negotiated Reservation Rate will be adjusted to reflect actual total steel related project costs by using the Steel Price Adjustment and is subject to the rate floors and rate caps set forth in the tables below. The negotiated rates for Certificate Segments 1, 2, and 3, including ~~interim service~~ Interim Service rates, may be increased or decreased from the Starting Rate as described in the formula below:

Steel Price Adjustment =

**(actual realized steel cost per ton - \$1,275 per ton) \* (actual tons of steel) / \$1,000,000 \* \$0.0002 /Dth**

The Steel Price Adjustment will be added to or subtracted from the Starting Rate(s), however the final adjusted rate will be neither higher than the Ceiling Rate nor lower than the Floor Rate as described in the tables related to Option 3.

Options 2 and 3 are fixed negotiated reservation rates which means that they will not be changed during the term of the FTSA to which they apply during the entire term of such FTSA, as the same may be extended, regardless of any otherwise applicable maximum rate. This “fixed” feature applies only to the negotiated reservation rate. As stated in Section 4 of the body of this Precedent Agreement, the Commodity Rate, Fuel and Lost and Unaccounted for Gas (“FL&U”), ACA and any other additional authorized charges or surcharges will be applied pursuant to the Tariff, and may be changed from time to time.

# Certificate 1 Segment Rate Election Page

Please check one box to correspond with the desired rate choice. Receipt and delivery points should be elected from the list included on Appendix A. Negotiated Rates, once finally determined, shall remain fixed during the entire term of the Firm Transportation Service Agreement. Requested Maximum Daily Quantity ("MDQ"), cannot be less than 1,000 Dth/d, net of FL&U, from each Receipt Point to each Delivery Point. All rates shown above reflect a "zone matrix" and are accumulated to reflect the total price to reach the indicated downstream zone, assuming all receipts are located in Zone 1. Zone 1 is that area that is inclusive of the Cheyenne Hub going in a generally westward direction. Zone 2 is that area downstream of the Cheyenne Hub going in a generally eastward direction to and including the PEPL point in Audrain County, Missouri. Additional upstream transportation costs from other supply sources may require rate adjustments. Certificate 1 Segment rates are applicable from the in-service date of Certificate 1 Segment for the term of the Certificate 1 Segment FTSA as described in Section 7. In the event ~~interim service~~ [Interim Service](#) is provided on Certificate 1 Segment, the negotiated rates in the tables below will be reduced by \$.1000 per dth for the period from the commencement of ~~interim service~~ [Interim Service](#) until the in - service of Certificate 1 Segment to the PEPL point in Audrain County, Missouri. [If such Interim Service extends beyond twelve months, Shipper's Interim Rates will be reduced further as provided in Section 13 of the Precedent Agreement.](#) In the event the FERC Authorization for Certificate 2 Segment is not approved or accepted then, effective upon the conclusion of the FERC proceeding for Certificate 2 Segment the negotiated rates in the tables below will be reduced by \$.1000 per dth for the remainder of the term of the Certificate 1 Segment FTSA. A minimum term of 10 years from the in-service of Certificate 1 Segment will be deemed a conforming bid during the Open Season. Conforming bids will be for long haul capacities only.

### Option 1

Estimated Maximum Recourse Reservation Rates - In service of Certificate 1 Segment			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Cumulative	\$0.385	\$0.944	n/a				

### Option 2

Fixed Rate Option			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.250	\$0.774	n/a				
Non - Anchor	\$0.270	\$0.794	n/a				

### Option 3

Adjustable Rate Option - Starting Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.250	\$0.774	n/a				
Non - Anchor	\$0.270	\$0.794	n/a				
Adjustable Rate Option - Floor Rate							
Zone 1	Zone 2	Zone 3					
Anchor	\$0.200	\$0.724	n/a				
Non - Anchor	\$0.220	\$0.744	n/a				
Adjustable Rate Option - Ceiling Rate Rate							
Zone 1	Zone 2	Zone 3					
Anchor	\$0.300	\$0.824	n/a				
Non - Anchor	\$0.320	\$0.844	n/a				

Please check one:

Shipper agrees to be pro-rated based on Open Season Results?

Yes  No

If yes, Shippers minimum acceptable quantity:

# Certificate 2 Segment Rate Election Page

Please check one box to correspond with the desired rate choice. Receipt and delivery points should be elected from the list included on Appendix A. Negotiated Rates, once finally determined, shall remain fixed during the entire term of the Firm Transportation Service Agreement. Requested Maximum Daily Quantity (“MDQ”), cannot be less than 1,000 Dth/d, net of FL&U, from each Receipt Point to each Delivery Point. All rates shown above reflect a “zone matrix” and are accumulated to reflect the total price to reach the indicated downstream zone, assuming all receipts are located in Zone 1. Zone 1 is that area that is inclusive of the Cheyenne Hub going in a generally westward direction. Zone 2 is that area downstream of the Cheyenne Hub going in a generally eastward direction to and including the PEPL point in Audrain County, Missouri. Zone 3 is that area traversing eastward from the PEPL point to delivery points near Lebanon, Ohio. Additional upstream transportation costs from other supply sources may require rate adjustments. Certificate 2 Segment rates are applicable from the in-service date of Certificate 2 Segment for the term of the Certificate 2 Segment FTSA as described in Section 7. In the event ~~interim service~~ Interim Service is provided on Certificate 2 Segment, the negotiated rates in the tables below will be reduced by \$.0500 per dth for the period from the commencement of ~~interim service~~ Interim Service until the in – service of Certificate 2 Segment to the Lebanon Hub points in Warren County, Ohio. If such Interim Service extends beyond twelve months, Shipper’s Interim Rates will be reduced further as provided in Section 13 of the Precedent Agreement. A minimum term of 10 years from the in-service of Certificate 2 Segment will be deemed a conforming bid during the Open Season. Conforming bids will be for long haul capacities only.

### Option 1

Estimated Maximum Recourse Reservation Rates - In service of Certificate 2 Segment			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Cumulative	\$0.359	\$0.881	\$1.196				

### Option 2

Fixed Rate Option			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.250	\$0.719	\$0.984				
Non - Anchor	\$0.270	\$0.739	\$1.004				

### Option 3

Adjustable Rate Option - Starting Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.250	\$0.719	\$0.984				
Non - Anchor	\$0.270	\$0.739	\$1.004				
Adjustable Rate Option - Floor Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.200	\$0.669	\$0.934				
Non - Anchor	\$0.220	\$0.689	\$0.954				
Adjustable Rate Option - Ceiling Rate Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.300	\$0.769	\$1.034				
Non - Anchor	\$0.320	\$0.789	\$1.054				

Shipper agrees to be pro-rated based on Open Season Results?

Please check one:  
Yes  No

If yes, Shippers minimum acceptable quantity:

# Certificate 3 Segment Rate Election Page

Please check one box to correspond with the desired rate choice. Receipt and delivery points should be elected from the list included on Appendix A. Negotiated Rates, once finally determined, shall remain fixed during the entire term of the Firm Transportation Service Agreement. Requested Maximum Daily Quantity ("MDQ"), cannot be less than 1,000 Dth/d, net of FL&U, from each Receipt Point to each Delivery Point. All rates shown above reflect a "zone matrix" and are accumulated to reflect the total price to reach the indicated downstream zone, assuming all receipts are located in Zone 1. Zone 1 is that area that is inclusive of the Cheyenne Hub going in a generally westward direction. Zone 2 is that area downstream of the Cheyenne Hub going in a generally eastward direction to and including the PEPL point in Audrain County, Missouri. Zone 3 is that area traversing eastward from the PEPL point to delivery points near Clarington, Ohio. Additional upstream transportation costs from other supply sources may require rate adjustments. Certificate 3 Segment rates are applicable from the in-service date of Certificate 3 Segment for the term of the Certificate 3 Segment FTSA as described in Section 7. (Note 1 below). A minimum term of 10 years from the in-service of Certificate 3 Segment will be deemed a conforming bid during the Open Season. Conforming bids will be for long haul capacities only.

### Option 1

Estimated Maximum Recourse Reservation Rates - In service of Certificate 1 Segment			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Cumulative	\$0.385	\$0.944	\$1.427				

### Option 2

Fixed Rate Option			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.250	\$0.704	\$1.074				
Non - Anchor	\$0.270	\$0.724	\$1.094				

### Option 3

Adjustable Rate Option - Starting Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.250	\$0.704	\$1.074				
Non - Anchor	\$0.270	\$0.724	\$1.094				
Adjustable Rate Option - Floor Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.200	\$0.654	\$1.024				
Non - Anchor	\$0.220	\$0.674	\$1.044				
Adjustable Rate Option - Ceiling Rate Rate			Check Option (1 only)	Primary Receipt Point #	Primary Delivery Point #	MDQ (Dth/d)	Term in Years
Zone 1	Zone 2	Zone 3					
Anchor	\$0.300	\$0.754	\$1.124				
Non - Anchor	\$0.320	\$0.774	\$1.144				

**Please check one:**

Shipper agrees to be pro-rated based on Open Season Results?

Yes  No

If yes, Shippers minimum acceptable quantity:

## Fuel, Loss and Unaccounted For (“FL&U”) Percentages applicable to each Certificate

Transporter will propose as part of its Gas Tariff, subject to FERC approval, that FL&U shall be assessed in-kind and that FL&U will be adjusted through a tracking provision. The following tables reflect the estimated FL&U charges for each certificate:

Certificate 1 Segment -Estimated Initial FL&U Percentages (Note 1)			
	Zone 1	Zone 2	Zone 3
<b>Cumulative</b>	0.91%	1.47%	n/a

Certificate 2 Segment -Estimated Initial FL&U Percentages (Note 1)			
	Zone 1	Zone 2	Zone 3
<b>Cumulative</b>	0.87%	1.47%	2.00%

Certificate 3 Segment -Estimated Initial FL&U Percentages (Note 1)			
	Zone 1	Zone 2	Zone 3
<b>Cumulative</b>	0.87%	1.47%	2.22%

Note 1 – The estimated FL&U above is applicable to all rate options; assumes a 90% load factor on a 1,500,000 Dth/d per day case

The following illustrative zone matrix will be included and applicable under Rockies Express FERC Gas Tariff, subject to final approval by FERC, and subject to annual fuel tracking, pursuant to Rockies’ tariff (assuming construction of all three Certificate Segments to Clarington, OH):

FL&U Percentages:

<b><u>Delivery</u></b>	<b><u>Receipt</u></b>		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
Zone 1	0.87%	1.47%	2.22%
Zone 2	1.47%	0.60%	1.35%
Zone 3	2.22%	1.35%	0.75%

Note: The L&U component of the above stated rates is 0.25%, and shall apply for backhauls within a single zone. Backhauls through multiple zones shall be subject to the above stated ~~maximum rates~~ [L&U component and actual fuel consumed in performing the transaction, if any, as determined by Transporter and as posted on Transporter’s electronic website](#), unless otherwise negotiated pursuant to Section 33 (Negotiated Rates) of the General Terms and Conditions of Transporter’s FERC Gas Tariff.

**RECEIPT AND DELIVERY POINTS (List of 40 – continuing to next page)**

<b>Point #</b>	<b>Point</b>	<b>R/D</b>	<b>Interconnecting Entity</b>	<b>Description</b>	<b>Certificate Segment</b>	<b>Direct</b>	<b>Elect by marking X</b>
<b>Primary Points</b>							
1	Primary	R	Wyoming Interstate Company	Laramie County, WY	1	(1)	<input type="checkbox"/>
2	Primary	R	Entrega Gas Pipeline	Cheyenne Hub, CO	1	(2)	<input type="checkbox"/>
3	Primary	R	Colorado Interstate Gas	Cheyenne Hub, CO	1	(1)	<input type="checkbox"/>
4	Primary	R	Wyoming Interstate Company	Cheyenne Hub, CO	1	(1)	<input type="checkbox"/>
5	Primary	R	Kinder Morgan Interstate Gas	Cheyenne Hub, CO	1	(1)	<input type="checkbox"/>
6	Primary	R	Cheyenne Plains Gas Pipeline	Cheyenne Hub, CO	1	(1)	<input type="checkbox"/>
7	Primary	R	Public Service of Colorado	Cheyenne Hub, CO	1	(1)	<input type="checkbox"/>
8	Primary	R	Trailblazer Pipeline	Cheyenne Hub, CO	1	(1)	<input type="checkbox"/>
9	Primary	D	Kinder Morgan Interstate Gas	Kimball County, NE	1	(2)	<input type="checkbox"/>
10	Primary	D	Natural Gas Pipeline Company of America	Jefferson County, NE	1	(2)	<input type="checkbox"/>
11	Primary	D	Northern Natural Gas	Jefferson County, NE	1	(2)	<input type="checkbox"/>
12	Primary	D	ANR Pipeline Company	Brown County, KS	1	(2)	<input type="checkbox"/>
13	Primary	D	Panhandle Eastern Pipe Line Company, LP	Audrain County, MO	1	(2)	<input type="checkbox"/>
14	Primary	D	Natural Gas Pipeline Company of America	Moultrie County, IL	2	(2)	<input type="checkbox"/>
15	Primary	D	Panhandle Eastern Pipe Line Company, LP	Douglas County, IL	2	(2)	<input type="checkbox"/>
16	Primary	D	Trunkline Gas Company	Douglas County, IL	2	(2)	<input type="checkbox"/>
17	Primary	D	Midwestern Gas Transmission Company	Edgar County, IL	2	(2)	<input type="checkbox"/>
18	Primary	D	Texas Gas Transmission	Parke County, IN	2	(2)	<input type="checkbox"/>
19	Primary	D	Panhandle Eastern Pipe Line Company, LP	Putnam, County, IN	2	(2)	<input type="checkbox"/>
20	Primary	D	ANR Pipeline Company	Shelby County, IN	2	(2)	<input type="checkbox"/>
21	Primary	D	Columbia Gas Transmission	Lebanon Hub, OH	2	(2)	<input type="checkbox"/>
22	Primary	D	Dominion Transmission, Inc.	Lebanon Hub, OH	2	(2)	<input type="checkbox"/>
23	Primary	D	Texas Eastern Transmission Company	Lebanon Hub, OH	2	(2)	<input type="checkbox"/>
24	Primary	D	Texas Gas Transmission	Lebanon Hub, OH	2	(2)	<input type="checkbox"/>

25	Primary	D	Columbia Gas Transmission Corp.	Fairfield County, OH	3	(2)	
26	Primary	D	Tennessee Gas Pipeline	Murkingum County, OH	3	(2)	
27	Primary	D	Dominion Transmission, Inc.	Clarington Hub, OH	3	(2)	
28	Primary	D	Dominion East Ohio Gas	Clarington Hub, OH	3	(2)	
29	Primary	D	Texas Eastern Transmission Company	Clarington Hub, OH	3	(2)	

**Secondary Points – may be designated by Shippers as Primary, and upon evaluation by Transporter, may be accepted as Primary; Transporter will provide notice of such designation of any points listed below**

30	Secondary	D	Kansas Gas Service Co.	NE KS	1		
31	Secondary	D	Kansas Gas Service Co.	MO (Kansas City)	1		
32	Secondary	D	Missouri Gas Energy	MO (Kansas City)	1		
33	Secondary	D	Central Illinois Public Service Co.	West,IL	2		
34	Secondary	D	Central Illinois Public Service Co.	Near Decatur, IL	2		
35	Secondary	D	Illinois Power Co.	Near Decatur, IL	2		
36	Secondary	D	Citizens Gas & Coke Utility	Indianapolis, IN	2		
37	Secondary	D	Ohio Valley Gas Corp.	West OH	2		
38	Secondary	D	Vectren.	Dayton, OH	2		
39	Secondary	D	Cincinnati Gas & Electric	Cincinnati, OH	2		
40	Secondary	D	Columbia Gas of Ohio, Inc	Columbus, OH	3		

- (1) Compression may be required to cause delivery into Rockies Express. An incremental fee may be required to provide the compression service, as determined necessary by Transporter.
- (2) Direct access with no additional compression required.

**Other Receipt or Delivery Points**

If Shipper desires a receipt point or delivery point other than those identified in Appendix A, attached hereto, Shipper shall specify such desired points in the space provided below and the related MDQ quantity. If the Shipper's bid is contingent upon Transporter accommodating Shipper with respect to such receipt point(s) or delivery point(s), Shipper must so indicate by checking the space provided below. Additional Receipt or Delivery Point(s) will be pursued provided that the incremental costs of such additional points are acceptable to Transporter in its sole discretion. Transporter will inform Shipper whether it can accommodate, in whole or in part, such requested Receipt or Delivery Point(s).

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\_\_\_ Check here to indicate if this bid is contingent upon the points identified under "Other Receipt or Delivery Points" above being accommodated by Transporter.

***Agreed to by:***

**Shipper Signature:** \_\_\_\_\_

**Name (Please print):** \_\_\_\_\_

**Company:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**APPENDIX B**

**FORM OF TRANSPORTATION SERVICE AGREEMENT  
APPLICABLE TO FIRM TRANSPORTATION SERVICE UNDER  
RATE SCHEDULE FTS**

In consideration of the representations, covenants and conditions contained below, Rockies Express Pipeline LLC (“Transporter”) and Shipper agree, as of \_\_\_\_\_ [DATE], that Transporter will provide transportation service for Shipper on a firm basis in accordance with the provisions contained in this Transportation Service Agreement. This Agreement includes all Other terms and conditions of Transporter’s FERC Gas Tariff, Volume No. 1, and the terms, conditions and signatures of Shipper’s electronic agreement with Transporter.

1. This Agreement is:  
\_\_\_\_\_ Original  
\_\_\_\_\_ Amendment No. \_\_\_\_\_ effective \_\_\_\_\_ [DATE]

2. SHIPPER’S NAME AND ADDRESS:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

3. TERM OF SERVICE: \_\_\_\_\_ [DATE] to \_\_\_\_\_ [DATE]

4. SHIPPER’S STATUS:  
\_\_\_\_\_ Local Distribution Company  
\_\_\_\_\_ Intrastate Pipeline Company  
\_\_\_\_\_ Interstate Pipeline Company  
\_\_\_\_\_ Other: \_\_\_\_\_

5. TRANSPORTATION ON BEHALF OF:  
\_\_\_\_\_ LDC  
\_\_\_\_\_ Intrastate Pipeline Company  
\_\_\_\_\_ Interstate Pipeline Company  
\_\_\_\_\_ Other: \_\_\_\_\_

6. RATE SCHEDULE FTS MAXIMUM DAILY QUANTITY (“MDQ”):  
Period MDQ  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(continued)

7. PRIMARY RECEIPT POINTS & MAXIMUM DAILY RECEIPT QUANTITY ("MDRQ"):

<u>Period</u>	<u>PIN</u>	<u>MDDQ</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

8. PRIMARY DELIVERY POINTS & MAXIMUM DAILY DELIVERY QUANTITY ("MDDQ"):

<u>Period</u>	<u>Meter No.</u>	<u>PIN</u>	<u>Capacity</u>	<u>MDRQ</u>	<u>Delivery Pressure</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

9. RATES <sup>1/</sup>:

FTS Reservation Charge:

The Reservation Rate charged will be the maximum applicable rate stated on the applicable rate sheet unless otherwise agreed to in writing.

Commodity Charge:

The Commodity Rate charged will be the maximum applicable rate stated on the applicable rate sheet.

Fuel Reimbursement Percentage:

The Fuel Reimbursement Percentage will be that stated on the applicable rate sheet, subject to adjustment pursuant to Section 38 of the General Terms and Conditions of this Tariff.

10. ADDITIONAL FACILITIES CHARGES:

- \_\_\_\_\_ None
- \_\_\_\_\_ Lump sum payment of: \$ \_\_\_\_\_
- \_\_\_\_\_ Monthly fee of: \$ \_\_\_\_\_
- \_\_\_\_\_ See additional terms

<sup>1/</sup> Rates may be negotiated pursuant to Section 33 of the General Terms and Conditions of this Tariff.

(continued)

11. NOTICE OF ROFR EXERCISE (pursuant to Section 17.3 of the General Terms and Conditions of this Tariff):

\_\_\_\_\_ Month(s) in advance of (i) the end of the primary term or (ii) any termination date after the primary term has ended.

12. NOTICE OF ROLLOVER PROVISION (pursuant to Section 17.2 of the General Terms and Conditions of this Tariff):

\_\_\_\_\_ day(s) in advance of (i) the end of the primary term or the extended term or (ii) any termination date after the primary term has ended.

13. NOTICES TO TRANSPORTER UNDER THIS AGREEMENT SHALL BE ADDRESSED TO:

Rockies Express Pipeline LLC  
370 Van Gordon Street  
P.O. Box 281304  
Lakewood, CO 80228-8304

14. ADDITIONAL TERMS:

Shipper Approval:

SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

Rockies Express Pipeline LLC:

SIGNATURE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

## APPENDIX C CREDIT REQUIREMENTS

Shipper will be deemed creditworthy if (i) its long-term unsecured debt securities are rated at least BBB- by Standard and Poor's Corporation ("S&P") and at least Baa3 by Moody's Investor Service ("Moody's"), in each case with stable outlook; and (ii) the sum of reservation fees, commodity fees and any other associated fees and charges for ~~the~~ thirty-six months is less than 15% of Shipper's tangible net worth. For the purposes of this Appendix C, the term "tangible net worth" shall mean for a corporation the sum of the capital stock, paid-in capital in excess of par or stated value, and other free and clear equity reserve accounts less goodwill, patents, unamortized loan costs or restructuring costs, and other intangible assets. Only actual tangible assets are included in Transporter's assessment of creditworthiness. In comparing the overall value of a Shipper's contract to tangible net worth for credit evaluation purposes, Transporter will compare the net present value of demand or reservation charge obligations under such contracts to Shipper's current tangible net worth. If a Shipper has multiple service agreements with Transporter, then the total potential fees and charges of all such service agreements shall be considered in determining creditworthiness.

If Shipper does not meet the criteria described above, then Shipper may request that Transporter evaluate its creditworthiness based upon the level of service requested relative to the Shipper's current and future ability to meet its obligations. Such credit appraisal shall be based upon Transporter's evaluation of the following information and credit criteria:

- a. S&P and Moody's opinions, watch alerts, and rating actions and reports, rating, opinions and other actions by Dun and Bradstreet and other credit reporting agencies will be considered in determining creditworthiness.
- b. Consistent financial statement analysis will be applied by Transporter to determine the acceptability of Shipper's current and future financial strength. Shipper's balance sheets, income statements cash flow statements and auditor's notes will be analyzed along with key ratios and trends regarding liquidity, asset management, debt management, debt coverage, capital structure, operational efficiency and profitability.
- c. Shipper must not be operating under any chapter of the bankruptcy laws and must not be subject to liquidation or debt reduction procedures under state laws and there must not be pending any petition for involuntary bankruptcy. An exception may be made for a Shipper who is a debtor-in-possession operating under Chapter XI of the Federal Bankruptcy Act if Transporter is assured that the service billing will be paid promptly as a cost of administration under the federal court's jurisdiction, based on a court order in effect, and if the Shipper is continuing and continues in the future to make payment.

- d. Whether Shipper is subject to any lawsuits or judgments outstanding which could materially impact its ability to remain solvent.
- e. The nature of the Shipper's business and the effect on that business of general economic conditions and economic conditions specific to it, including Shipper's ability to recover the costs of Transporter's services through filings with regulatory agencies or otherwise to pass on such costs to its customers.
- f. Any other information, including any information provided by Shipper, that is relevant to Shipper's current and future financial strength and Shipper's ability to make full payment over the term of the contract.