

**PRECEDENT AGREEMENT FOR  
FIRM NATURAL GAS TRANSPORTATION SERVICE  
FOR SUNSTONE PIPELINE LLC**

**[MALIN VERSION]**

This Precedent Agreement for Firm Natural Gas Transportation Service on the Sunstone Pipeline (“**Sunstone Precedent Agreement**” or “**Sunstone FTPA**”) is entered into as of \_\_\_\_\_, 2008, by and between Sunstone Pipeline LLC, a Delaware limited liability company (“**Sponsor**”), and [\_\_\_\_\_] (“**Shipper**”). Sponsor and Shipper are referred to herein individually as “**Party**” and collectively as the “**Parties**.”

**RECITALS**

**WHEREAS**, Sponsor desires to design, engineer, permit, build and operate a new Federal Energy Regulatory Commission (“**FERC**”) regulated interstate pipeline extending west and north from Opal, Wyoming to interconnections with Gas Transmission Northwest Corporation’s (“**GTN**”) and Williams' Northwest Pipeline GP’s (“**NWP**”) existing systems near Stanfield, Oregon, on a path generally parallel to the existing NWP facilities (the “**Project**”) with a capacity of 1,224 MDth per day (the “**Project Capacity Target**”);

**WHEREAS**, Shipper desires to obtain firm transportation service on the Project;

**WHEREAS**, Shipper’s desire to obtain firm transportation service on the Project is contingent upon Shipper also acquiring capacity on the GTN system from Stanfield, Oregon to Malin, Oregon; and [MALIN SHIPPER ONLY]

**WHEREAS**, the Parties desire to enter into a binding precedent agreement that: (i) sets forth the terms upon which Sponsor will construct and operate the Project and provide Shipper with Service (as defined below); and (ii) sets forth the terms upon which the Parties will execute a firm transportation service agreement with respect to the Project as described herein.

**NOW, THEREFORE**, in consideration of the understandings and mutual covenants herein assumed, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**AGREEMENT**

**1. SERVICE; RATES; DURATION.**

(a) Service. Subject to the conditions set forth herein, any applicable terms and conditions that may be imposed by the FERC, and the terms and conditions of Sponsor’s FERC Gas Tariff, Shipper shall purchase, and Sponsor shall provide, the firm natural gas transportation service described on Exhibit A attached hereto (the “**Service**”). The Service shall be provided

pursuant to a Firm Transportation Service Agreement for the Project (“**Sunstone FTSA**”), as described in Section 2(b) below, entered into in accordance with the terms and conditions set forth below:

(b) Rates. The Transportation Rate (“**Rate**”) Shipper shall pay for Service shall be either:

Option 1: The maximum recourse rate for firm service to Shipper on the Project plus any applicable surcharges; or

Option 2: A negotiated rate for the duration of the term of the Service as set forth in Exhibit E attached hereto, plus applicable surcharges. (This Option 2 is only available for shippers seeking a term of ten (10) years.)

Shipper has selected Option [\_\_\_].

Sponsor intends to file for recourse rates levelized over the terms of contracts based on five (5) year increments. An estimate of the levelized rate for each contract term is set forth in Exhibit B attached hereto (the “**Rate Estimate**”).

(c) Fuel, Lost and Unaccounted for Gas & Electric Power Surcharge. In addition to the Rate Shipper will pay for Service, Shipper will reimburse Sunstone for actual natural gas fuel used in compression, lost and unaccounted for gas and electric power costs incurred in compression through tracking mechanisms. Natural gas fuel used in compression and lost and unaccounted for gas will be provided by Shipper in-kind. Electric power costs incurred in compression will be collected through a surcharge. Collectively, fuel, lost and unaccounted for gas and the electric power surcharge are estimated to equal approximately 0.90% of transported volumes on a gas equivalent basis.

(d) Commencement Date. Subject to satisfaction or waiver of the Conditions Precedent set forth in Section 3, Service under the Sunstone FTSA will commence on the commencement date for the Project which shall be the later of: (i) the Planned Commencement Date (defined below); or (ii) the date on which Sponsor constructs and places into service the Project (as applicable, the “**Commencement Date**”). Service shall continue from the Commencement Date for the Term as set forth in Exhibit A. As of the Commencement Date, Sponsor shall stand ready to provide Service and Shipper shall be liable to Sponsor for all approved charges set forth hereunder and approved by FERC (if applicable) that are associated with the provision of such Service. The **Planned Commencement Date** shall be either June 1, 2011 or November 1, 2011. Shipper desires a Planned Commencement Date of [\_\_\_\_\_, 2011] Sponsor will inform Shipper of the Planned Commencement Date no later than June 30, 2008.

(e) Earlier Service. Notwithstanding the provisions of Section 1(d) above, if the Project is completed before the Planned Commencement Date, Shipper shall have the right, but not the obligation, to advance the Commencement Date to any date between the actual completion date and the Planned Commencement Date.

## 2. ADDITIONAL OBLIGATIONS OF PARTIES.

(a) Prosecution and Completion of Project; Provision of Service. Sponsor agrees to act in good faith using commercially reasonable efforts to:

(i) Initiate the National Environmental Policy Act pre-filing process by August 1, 2008;

(ii) File an application, including pro forma tariff sheets and a request for a blanket certificate (“**FERC Application**”), for a Certificate of Public Convenience and Necessity to be issued by the FERC authorizing the construction and operation of the Project and providing initial rate and tariff approval, on the terms and conditions set forth herein (all referred to herein as the “**FERC Certificate**”) by May 31, 2009 and to obtain the FERC Certificate by May 31, 2010;

(iii) Timely apply for any other necessary federal, state, and local permits;

(iv) Cause the completion of the Project on or before the Planned Commencement Date; and

(v) Obtain authority to provide the Service on the terms and subject to the conditions set forth herein.

(b) Execution of Firm Transportation Service Agreement. Within thirty (30) days after Sponsor’s receipt and acceptance of the FERC Certificate, in form and substance satisfactory to Sponsor in Sponsor’s sole discretion, but not materially or adversely different from the application and draft tariff filed with FERC and unless this Sunstone Precedent Agreement has been terminated by Sponsor in accordance with Section 4(b) or by Shipper in accordance with Section 4(c), the Parties shall execute a Sunstone FTSA substantially similar to that form of transportation service agreement included within the pro forma tariff set forth in Exhibit D hereto (as may be modified by the FERC) incorporating the terms and conditions of this Sunstone Precedent Agreement including the Service set forth in Section 1.

(c) Credit Support. If at any time during the term of the Sunstone Precedent Agreement (or Sunstone FTSA) Shipper is not creditworthy (or ceases to be creditworthy) in accordance with the terms of Exhibit C, then at such times and on the basis set forth below, Shipper shall deliver to Sponsor Credit Support for its obligations hereunder. As used herein, “**Credit Support**” means, at Shipper’s option: (i) a guarantee of Shipper’s obligations under this Sunstone Precedent Agreement in a form and substance mutually acceptable to the Parties from an entity that meets the credit requirements set forth in Exhibit C; or (ii) an irrevocable direct pay letter of credit issued by a bank or financial institution in form and substance acceptable to Sponsor and having a long term unsecured credit rating of at least “A” from Standard and Poor’s and “A2” from Moody’s, in an amount equal to three (3) years of anticipated demand charges for the service contemplated herein; or (iii) cash collateral delivered to Sponsor, in an amount equal to three (3) years of anticipated demand charges for the service contemplated herein; provided, however, that, if at any time, the Parties are in dispute as to whether Shipper or its proposed parental guarantor is creditworthy, then until such time as such dispute is resolved, Shipper shall be required to provide the Credit Support contemplated in clause (ii) above (which shall be

subject to immediate release in the event that the Parties mutually agree or it is finally determined that Shipper or its proposed parental guarantor is creditworthy).

Shipper shall maintain its creditworthiness, either directly or through provision of Credit Support, for the term of this Sunstone Precedent Agreement. The Parties agree that Shipper's failure to supply or maintain Credit Support shall not: (i) relieve Shipper of its other obligations under this Sunstone Precedent Agreement; or (ii) prejudice Sponsor's right to seek damages or performance under this Sunstone Precedent Agreement. The Parties further agree that if, at any time, and from time-to-time, Shipper shall be determined creditworthy in accordance with the standards of Exhibit C, Section A hereof, Sponsor shall return to Shipper whatever form of Credit Support it then holds to secure Shipper's obligations hereunder.

The credit terms and conditions set forth in this Section 2(c) and in Exhibit C will survive this Sunstone Precedent Agreement and will be applicable in the Sunstone FTSA.

(d) Cooperation. Each Party agrees to execute and deliver such other and additional instruments and documents and do such other acts as may be reasonably requested by the other Party to effectuate the terms and provisions of this Sunstone Precedent Agreement. Shipper expressly agrees to cooperate with, and, to file an intervention in support of the Project with FERC and cooperate with the efforts of Sponsor to obtain any regulatory or governmental approvals Sponsor deems necessary or desirable to develop, permit, construct, own or operate the Project, in whole or in part, or otherwise to provide the Service, including without limitation the FERC Certificate, including providing any information that is reasonably requested by Sponsor in preparing applications for the federal permits or by any governmental or regulatory body in connection with such applications. Notwithstanding the foregoing, Shipper shall have the right to submit FERC filings, as it deems appropriate, on all rate and tariff issues and in other FERC proceedings.

(e) Tariff; Terms and Conditions of Service. Sponsor shall file for approval with its FERC Application a FERC Gas Tariff, substantially similar to that form of Tariff set forth in Exhibit D hereto.

(f) Acquisition of Downstream Capacity. Shipper shall use diligent efforts to acquire up to [\_\_\_\_\_] of firm capacity on the GTN system for a term contemporaneous with the term of service contemplated under this Sunstone Precedent Agreement.

### **3. CONDITIONS PRECEDENT.**

(a) Shipper's Conditions Precedent. Notwithstanding the Parties' execution of this Sunstone Precedent Agreement or a Sunstone FTSA, Shipper's obligations under this Sunstone Precedent Agreement are expressly subject to the satisfaction or waiver (each in the sole discretion of Shipper) of the following conditions:

(i) Corporate Approvals. Shipper shall have obtained all corporate authorizations necessary for execution of the Sunstone FTSA as contemplated by July 31, 2008.

(ii) GTN Capacity [Malin shippers only]. Shipper's ability to enter into a binding agreement no later than [\_\_\_\_\_] to acquire firm capacity on GTN as described in Section 2(f) hereto at a rate which, when combined with the rate proposed in this Sunstone Precedent Agreement, is below [\_\_\_\_\_] for service from Opal to Malin as expressed on a one hundred percent (100%) load factor basis, exclusive of fuel and surcharges.

(iii) Shipper Regulatory Approvals. If (but only if) Shipper requires approval from a state regulatory commission prior to executing the FTSA contemplated by this Agreement, receipt by Shipper of such approval no later than October 31, 2008.

(b) Sponsor's Conditions Precedent. Notwithstanding the Parties' execution of this Sunstone Precedent Agreement or a Sunstone FTSA, Sponsor's obligation to construct and operate the Project and to provide the Service is expressly subject to the satisfaction or waiver (each in the sole discretion of Sponsor) of the following conditions:

(i) Corporate Approvals. Sponsor shall have obtained all corporate authorizations necessary to proceed with the Project no later than September 22, 2008 ("Sponsor Corporate Approval Date").

(ii) Federal Certificate. Sponsor shall have received and accepted the FERC Certificate authorizing Sponsor to construct the Project and provide the Service to Shipper, all in a form and substance satisfactory to Sponsor, or Sponsor shall have waived any objection to the form and substance of each of the same on or before May 31, 2011; provided, however, that Sponsor may not use any rate, term, or condition of service that Sponsor sought as part of its FERC Application and which FERC accepted or approved as the basis for refusing to accept the FERC Certificate.

(iii) Shipper Regulatory Approvals. If (but only if) Shipper or other shippers executing precedent agreements for service on the Project require approval(s) from a state regulatory commission prior to executing the FTSA contemplated by this Agreement, receipt by such shipper of such approval no later than November 14, 2008.

#### **4. TERM; TERMINATION.**

(a) Term. Subject to the conditions precedent in Section 3 hereof, and the terms in this Section 4, this Sunstone Precedent Agreement shall be effective as of the date first written above and shall remain in effect until the earlier of: (i) the Commencement Date; (ii) the date on which this Sunstone Precedent Agreement is terminated in accordance with its terms; or (iii) November 1, 2013.

(b) Termination by Sponsor. Sponsor may terminate this Sunstone Precedent Agreement upon notice to Shipper in the event that any of the conditions set forth in Section 3b(i), 3b(ii) or 3b(iii) are not satisfied or waived on or before the date stipulated for satisfaction or waiver of such condition.

Any termination pursuant to this Section 4(b) shall be effective upon Shipper's receipt of Sponsor's termination notice. Sponsor's termination notice shall be in writing, shall be delivered

to Shipper in accordance with the requirements of Section 7(c), and shall specify whether termination is pursuant to Sections 3b(i), 3b(ii) or 3b(iii).

(c) Termination by Shipper. Shipper may terminate this Sunstone Precedent Agreement upon notice to Sponsor in the event that:

(i) the conditions set forth in Section 3a(i) or 3a(iii) are not satisfied or waived on or before the date stipulated for satisfaction or waiver of such condition;

(ii) the condition set forth in Section 3a(ii) is not satisfied or waived on or before the date stipulated for satisfaction or waiver of such condition; provided, however, Shipper may not terminate this Agreement pursuant to Section 3a(ii) to the extent that GTN (or a third party) has proffered to shipper capacity for service on the GTN system that would satisfy the Condition Precedent set out in Section 3a(ii).

Any termination pursuant to this Section 4(c) shall be effective upon Sponsor's receipt of Shipper's termination notice and payment of any obligations required. Shipper's termination notice shall be in writing, shall be delivered to Sponsor in accordance with the requirements of Section 7(c), and shall specify whether termination is pursuant to the Conditions Precedent identified in Sections 3a(i), 3a(ii) or 3a(iii).

In the event that this Sunstone Precedent Agreement is terminated pursuant to Section 3a(i), 3a(ii) or 3a(iii), Shipper shall have no further responsibility to Sponsor.

(d) Effect of Termination. The termination of this Sunstone Precedent Agreement shall not relieve any Party hereto from any right, liability or other obligation, or any remedy or limitation of remedies, which has accrued or been incurred prior to the date of such termination, provided, however, neither party shall be liable for any damages to the other Party in the event of termination due to exercise by Sponsor of a Condition Precedent set out in Section 3. If this Sunstone Precedent Agreement is terminated following execution of the Sunstone FTSA, but prior to the date on which Sponsor commences Service for Shipper under the Sunstone FTSA, then the Sunstone FTSA shall automatically terminate upon termination of this Sunstone Precedent Agreement.

## **5. OPEN SEASONS AND STEP-DOWN RIGHTS.**

Sponsor may, at any time, conduct one or more open seasons ("Open Season") or otherwise offer other parties an opportunity to acquire capacity on the Project incremental to the capacity for which Shipper has contracted under this Precedent Agreement. In the event Sponsor enters into a precedent agreement with an additional shipper (an "**Additional Contract**") such that the total capacity under contract is in excess of the Project Capacity Target, Sponsor shall offer pre-existing shippers the opportunity to reduce their contract demand (a "**Demand Reduction Opportunity**") until the total project capacity under contract is no more than the Project Capacity Target. A Demand Reduction Opportunity will be offered first to the shipper whose pre-existing contract has the highest net present value and a term no longer than the term of the Additional Contract. If such shipper declines to reduce its contract demand, Sponsor will offer a Demand Reduction Opportunity to the shipper with the next highest net present value that has a contract term no longer than the Additional Contract. Nothing in this paragraph shall require

shipper to reduce its contract demand. This Demand Reduction Opportunity will terminate September 1, 2009.

## **6. 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's jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of such Party.

(b) Subject to Sections 3(a)(i) and 3(b)(i), the execution, delivery and performance of this Sunstone Precedent Agreement by such Party is duly authorized by all necessary action on the part of such Party in accordance with such Party's charter documents and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of such Party or any other party to any other agreement with such Party.

(c) This Sunstone Precedent Agreement constitutes the legal, valid, binding and enforceable obligation of such Party.

(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 Sunstone Precedent Agreement, except as specifically provided herein.

(e) 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 Sunstone Precedent Agreement.

## **7. MISCELLANEOUS.**

(a) Limitation of Liability/Exclusive Remedies. No Party shall be liable to any other Party under this Sunstone Precedent Agreement or under the Sunstone FTSA for any special, indirect, incidental, punitive or consequential damages of any nature however arising even if such Party has been made aware of the possibility of such damages. Whenever a remedy is specified in this Sunstone Precedent Agreement, the specified remedy shall be the sole remedy available to the Parties to the exclusion of any other rights, powers, privileges or remedies provided by law, unless it is specifically stated herein that such remedy is non-exclusive.

(b) Non-Exclusive Service. Sponsor is an open-access transporter and is required to offer available capacity on a not unduly discriminatory basis on the Project (including extensions and/or expansions thereof) to other potential customers.

(c) Notices. All notices required or permitted under this Precedent Agreement shall be in writing and sent to:

Sponsor: Sunstone Pipeline LLC  
c/o Williams' Gas Pipeline Company LLC  
295 Chipeta Way  
Salt Lake City, UT 84108  
Attention: Hank Henrie, Marketing Services Department  
Fax No.: (801) 584-7862

With a copy to: Sunstone Pipeline LLC  
c/o TransCanada  
1400 SW Fifth Avenue, Suite 900  
Portland, Oregon 97201  
Attention: Legal Department  
Fax No.: (503) 402-4004

Shipper: [ ]

Any Party may change its address by written notice to that effect to the other Parties. Notices given hereunder shall be deemed to have been effectively given upon: (i) the first business day at the recipient's office following the day when the notice properly addressed and postpaid has been delivered to the recipient's address by registered U.S. mail, return receipt requested, or by a nationally recognized overnight courier; or (ii) the first business day at the recipient's office following the day when the sender of the notice received confirmation from its facsimile machine that such notice was successfully transmitted. It is expressly understood and agreed, however, that any notices referred to hereunder shall first be delivered by facsimile or other similar means, in accordance with the dates and time provided therein, and shall be mailed as soon as practicable thereafter.

(d) Entire Agreement. This Sunstone Precedent Agreement, including Exhibits A through E, sets forth all understandings and agreements between the Parties with respect to the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, with respect thereto are merged into and superseded by this Precedent Agreement.

(e) Modifications. This Sunstone Precedent Agreement may only be amended by an instrument in writing executed by all Parties.

(f) Governing Law. This Sunstone Precedent Agreement, and any actions, claims, demands or settlements hereunder, shall be governed by and construed in accordance with the laws of the State of Utah without reference to any conflicts of law principles, which might require the application of the laws of any other jurisdiction.

(g) Compliance with Law. This Sunstone Precedent Agreement and the obligations of the Parties hereunder are subject to all applicable laws, regulations, rules, and orders of all governmental and regulatory bodies having jurisdiction.

(h) Waiver. Unless otherwise specifically indicated herein, any waiver, consent or approval of any kind or character by a Party of any term or condition set forth in this Sunstone Precedent Agreement, or of any breach or default hereunder, shall be given or withheld in the sole discretion of the waiving, consenting or approving Party and all such waivers, consents or approvals shall be in writing. No delay or omission to exercise any right, power or remedy accruing to any Party as the result of any breach or default hereunder shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed or otherwise constitute a waiver of any other breach or default theretofore or thereafter occurring.

(i) Drafting. For the purposes of contractual interpretation, the terms, conditions and provisions of this Sunstone Precedent Agreement shall not be construed against any Party as a result of the preparation or drafting thereof.

(j) Filing. Either Party may file this Sunstone Precedent Agreement with the FERC and shall use commercially reasonable efforts to maintain confidential treatment with respect to this Sunstone Precedent Agreement in connection with any such filing.

(k) Exhibits. The following Exhibits are attached hereto and expressly made part of this Sunstone Precedent Agreement:

Exhibit A: Terms of Service

Exhibit B: Rate Estimate

Exhibit C: Credit Requirements

Exhibit D: Pro Forma Tariff

Exhibit E: Negotiated Rate

(l) Counterpart Execution. This Sunstone Precedent Agreement may be executed in counterparts and all such executed counterparts shall form part of this Sunstone Precedent Agreement. A signature delivered by facsimile shall be deemed to be an original signature for purposes of this Sunstone Precedent Agreement.

(m) Severability. In the event that any of the provisions of this Sunstone Precedent Agreement are held to be unenforceable or invalid by a court of competent jurisdiction, the Parties shall negotiate an equitable adjustment to the provisions of this Sunstone Precedent Agreement with a view toward effecting to the extent possible the original purpose of this Sunstone Precedent Agreement, and the validity and enforceability of the remaining provisions, or portions or applications thereof shall not be affected thereby.

(n) Confidentiality. This Sunstone Precedent Agreement and the terms set forth herein are confidential and the Parties agree not to disclose such terms other than as otherwise set forth in this Sunstone Precedent Agreement and as required by applicable laws, regulations or any securities exchange; provided that, unless otherwise restricted by applicable law or

regulations, each Party may disclose the terms hereof to each of their and their respective affiliates' officers, employees, agents, lenders and other advisors that have a bona fide need to know such information and to potential assignees of their interests under this Sunstone Precedent Agreement that have agreed to use this information only for the purposes intended herein and who agree to keep such information confidential, provided further, that the disclosing party shall be responsible for any such breach of these confidentiality provisions by the parties to which it disclosed such information. The provisions of this Section 7(n) shall survive termination of this Sunstone Precedent Agreement until the date that is two (2) calendar years after the Sponsor's Corporate Approval Date, provided, however that the Parties acknowledge that Sponsor may file this Sunstone Precedent Agreement with the FERC as necessary or desirable to support its FERC Application.

(o) Publicity. The Parties agree to use reasonable efforts to cooperate and coordinate public announcements related to the Project and the development and announcement of any open season for the Project.

(p) Assignment. Subject to the provisions of this Section 7(p), this Sunstone Precedent Agreement shall be binding on Sponsor, Shipper and their respective successors and assigns. Shipper may not assign this Sunstone Precedent Agreement or any rights or obligation hereunder without first obtaining the prior written consent of Sponsor, which consent shall not be unreasonably withheld or delayed.

**IN WITNESS WHEREOF**, the Parties hereto executed this Sunstone Precedent Agreement as of the first date hereinabove written.

**SUNSTONE PIPELINE LLC**

**SHIPPER**

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**TERMS OF SERVICE**

Term (minimum 10 years): [\_\_\_] years with a planned commencement date of either June 1, 2011 or November 1, 2011.

<b>Receipt Point</b>	<b>Delivery Point</b>	<b>Maximum Daily Quantity (Dth/D)</b>
Opal	Stanfield	

**EXHIBIT B**

**RATE ESTIMATE**

<b>CONTRACT TERM</b>	<b>ESTIMATED LEVELIZED RECOURSE RATE (DTH/D) Based on a June 1, 2011 Planned Commencement Date</b>	<b>ESTIMATED LEVELIZED RECOURSE RATE (DTH/D) Based on a November 1, 2011 Planned Commencement Date</b>
30 years or greater	\$0.700	\$0.678
Equal to or greater than 25 years but less than 30 years	\$0.716	\$0.694
Equal to or greater than 20 years but less than 25 years	\$0.740	\$0.717
Equal to or greater than 15 years but less than 20 years	\$0.777	\$0.753
Equal to or greater than 10 years but less than 15 years	\$0.828	\$0.803

## EXHIBIT C

### CREDIT REQUIREMENTS

A Shipper will be considered creditworthy if it meets the following conditions:

A. Evidence that Shipper, or Shipper's guarantor, has an unenhanced senior unsecured debt ("SUD") rating of at least BBB- by Standard & Poor's, Baa3 by Moody's, or an equivalent rating as determined by Sponsor. In the event that a split rating occurs between rating agencies, Sponsor will rely upon the lower of the ratings. This rating must be a "**foreign currency**" rating if the participant is domiciled outside of the United States. "**Local currency**" ratings are unacceptable unless the participant's local currency is US Dollars (e.g. Puerto Rico). If Shipper, or Shipper's guarantor, does not have an SUD rating by a recognized service, Shipper may request an equivalent rating. In general, such equivalent rating will be based on the audited financial statements for the Shipper's two (2) most recent fiscal years, all interim reports, and any other relevant information. The absolute credit limit for the Shipper, or Shipper's guarantor, must be equal to or greater than the net present value of all contractual obligations. If a Shipper has multiple service agreements with Sponsor, then the total of potential fees and charges of all such service agreements shall be considered in determining creditworthiness. Sponsor will establish the absolute credit limit for the Shipper and promptly report to Shipper, in writing, this amount. The credit evaluation will use all relevant information, but will be heavily weighted by the Shipper's credit rating, tangible net worth, financial ratios (e.g., Debt/Equity, Debt service coverage ratio), and third party analysis (e.g., equity analysts, Moody's KMV, etc.). This absolute credit limit may be modified at anytime during the Precedent Agreement and FTSA contracting periods. If at anytime the credit limit for the Shipper, or Shipper's guarantor, is insufficient to meet the Shipper's net present value of all contractual obligations, Sponsor may demand collateral assurances in an amount not to exceed the collateral amounts defined in Section 2(c) in this Precedent Agreement.

~ Or ~

B. Sponsor and Shipper mutually agree to other credit arrangements. Such other credit arrangements shall be accepted on a nondiscriminatory basis.

Credit Information. Sponsor may require that the Shipper shall provide Sponsor with any or all of the following information and criteria to allow Sponsor to determine the Shipper's creditworthiness:

1. Two (2) years of audited financial statements and annual reports from the Shipper or Guarantor.

2. Shipper shall provide a bank reference and at least two trade references. The results of reference checks and any credit reports submitted herein must show that Shipper's obligations are being paid on a reasonably prompt basis.
3. List of Affiliates, Parent companies, and Subsidiaries.
4. Statement of Legal Composition.
5. Most recent filed statements with the Securities and Exchange Commission ("**SEC**").
6. For public entities, the most recent, publicly available interim financial statements, with an attestation by its Chief Financial Officer (CFO), Controller, or equivalent that such statements constitute a true, correct and fair representation of financial condition prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") or equivalent.
7. For state-regulated utility local distribution companies, documentation from their respective state regulatory commission (or an equivalent authority) for an authorized gas supply cost recovery mechanism which fully recovers both gas commodity and transportation capacity costs and is afforded regulatory asset accounting treatment in accordance with GAAP or equivalent.
8. Shipper is required to provide written notice to Transporter within two (2) days of filing a report (other than an annual or quarterly report) with the SEC or other equivalent foreign regulatory body that Shipper is required to file as a result of a material event or corporate change affecting its financial condition. Such notice shall include a general description of the nature and reason for the filing and to the extent such report is not available electronically, Shipper shall provide Transporter with a copy of the report. Shippers that are not subject to SEC reporting requirements, but have a parent that is, shall comply with respect to any such filing by their parent.
9. Shipper shall provide a list of owners and/or shareholders of entity, if privately held.

**EXHIBIT D**

**PRO FORMA TARIFF**

**EXHIBIT E**

**NEGOTIATED RATE**

**(If Elected by Shipper)**

Sponsor shall charge and Shipper shall pay a negotiated rate (“Negotiated Rate”) fixed for the term of the FTSA as expressed on a 100 percent (100%) load factor basis, as set forth in the chart below, plus fuel and any applicable surcharges in accordance with Sponsor’s Rate Schedule FTS-1. This negotiated rate is only available for shippers contracting for a term of ten (10) years.

<b>CONTRACT TERM</b>	<b>FIXED NEGOTIATED RATE (DTH/D) Based on a June 1, 2011 Planned Commencement Date</b>	<b>FIXED NEGOTIATED RATE (DTH/D) Based on a November 1, 2011 Planned Commencement Date</b>
10 years	\$0.89	\$0.845