



## **Texas Gas Binding Open Season Northern Supply Access Project**

Texas Gas Transmission, LLC (“Texas Gas”) announces a new pipeline expansion project to match the growing natural gas demand in the Gulf Coast with the ever-increasing Marcellus and Utica shale supplies seeking additional markets. Texas Gas, in January, 2014, concluded a binding open season for backhaul capacity from receipt points in the Lebanon, Ohio area to delivery points in Texas Gas’ Zone 1 and Zone SL. This open season was successful and Texas Gas sold 626,000 MMBtu per day of firm capacity. Texas Gas then conducted the Northern Supply Access Project Non-Binding Open Season, which concluded on April 22, 2014, to establish the level of market interest and preferred delivery zone destinations for a new backhaul project. As determined by the results of that non-binding open season, Texas Gas is conducting a binding Open Season to secure support for an expansion of new north to south pipeline capacity for Firm Transportation service from mutually agreeable receipts in Zones 4 and 3 for deliveries into Zones SL, 1, 2, 3, and 4. The capacities subject to this Open Season will be made available through a combination of a new compressor station, installation of new units at existing compressor stations, pipeline facility modifications, and installation of expanded or new receipt and delivery interconnects. The Open Season for the Northern Supply Access Project will be limited by a Zone 4 to Zone 1/SL volume cap of 584,000 MMBtu per day. The target in-service date for the Firm Transportation service offered in this open season is April 1, 2017 (the “Project”).

### **Solicitation of Turn-Back Capacity**

Subject to Texas Gas’ evaluation, confirmation, and sole discretion, any existing shipper who currently holds firm primary backhaul transportation capacity from Lebanon, Ohio, that can be used to reduce the above proposed Projects’ facilities is invited to notify Texas Gas of its desire to permanently relinquish its firm capacity by completing the attached Capacity Turn Back Form. In order for Texas Gas to consider any request to turn back capacity, such notification must be received by the close of this Open Season. Turn-back requests are subject to rejection or proration based upon the results of this Open Season by Texas Gas in its sole discretion on a not unduly discriminatory basis. Texas Gas must remain at least economically indifferent between the turn-back offer and the Northern Supply Access Project. Any capacity turn-back would only become effective upon the effective date of the new firm transportation agreement utilizing such turn-back capacity and only for the term of such new firm transportation agreement.

### **Open Season**

The Open Season will begin at 8:00 a.m. Central Daylight Time, Tuesday, June 24, 2014, and end at 5:00 p.m., Central Daylight Time, Monday, July 28, 2014. Interested parties should submit their binding bids by completing the attached **Binding Bid Form, executed Precedent Agreement, or Capacity Turn-Back Form** by email to [rick.whitworth@bwpmlp.com](mailto:rick.whitworth@bwpmlp.com). Parties having questions concerning this Open Season should contact one of the following individuals:

- Jill Edwards [jill.edwards@bwpmlp.com](mailto:jill.edwards@bwpmlp.com) (713) 479-8134
- David Moseley [david.moseley@bwpmlp.com](mailto:david.moseley@bwpmlp.com) (270) 688-6818
- Jeff Bittel [jeff.bittel@bwpmlp.com](mailto:jeff.bittel@bwpmlp.com) (713) 479-3421
- Norman Fuchs [norman.fuchs@bwomlp.com](mailto:norman.fuchs@bwomlp.com) (713) 479-8666

To the extent parties submitting a binding request have not already established a sufficient level of credit with Texas Gas, a completed **Texas Gas Credit Application Form** (found at [www.gasquest.txgt.com](http://www.gasquest.txgt.com) in the “Forms” section, under “Informational Postings”) will also be required as part of its request.

### **Project Descriptions and Capacities**

Texas Gas’ Open Season is soliciting support for facility construction and modification on the Texas Gas Mainline to provide access to new Northern Shale Supplies looking for alternative markets. Following are the Project’s maximum design capacities by zone segment and primary points of receipt and delivery:

#### **(“Primary Receipt Point Options”)**

##### Zone 4 Lebanon Receipts – Aggregate maximum of 334,000 MMBtu/d

- New Rex Pipeline Receipt Meter – 300,000 MMbtu/d
- New Dominion Receipt Meter – 200,000 MMBtu/d
- Existing Texas Eastern Receipt Meter – 110,000 MMBtu/d
- \*Potential New EQT Midstream Receipt Meter – TBD MMBtu/d
- \*Potential New ANR Receipt Meter – TBD MMBtu/d
- \*Potential Expanded Texas Eastern Receipt Meter – TBD MMBtu/d

##### Zone 3 Smith Valley Receipts – Aggregate maximum of 250,000 MMBtu/d

- New Rex Pipeline Receipt Meter – 250,000 MMbtu/d
- \*Potential New ANR Receipt Meter – TBD MMBtu/d
- \*Potential New Texas Eastern Receipt Meter – TBD MMBtu/d

\* These potential facilities are not included in the Project’s costs or rates. Any costs incurred by Texas Gas for additional facilities would either be reimbursed 100% by Bidder or the contract demand rate would be adjusted accordingly.

#### **(“Primary Delivery Point Options”)**

##### Zone 4, 3, 2 & Zone 1 Delivery Points – Aggregate maximum of 256,000 MMBtu/d

- New Z2 Westlake Calvert City Delivery Meter – 15,000 MMBtu/d
- New Z1 Bosco Delivery Meter into Gulf South (Perryville) – 256,000 MMBtu/d
- Existing Zone 4, 3, 2 or Zone 1 Delivery Meters – limited to the lesser of 256,000 MMBtu/d or posted as unsubscribed meter capacity

##### Zone SL Delivery Points – Aggregate maximum of 328,000 MMBtu/d

- New Transco Mamou Delivery Meter – 328,000 MMBtu/d

Pine Prairie-Easton Loc. No. 9115 – 328,000 MMBtu/d

Henry Hub Loc. No. 9460 – 100,000 MMBtu/d

Florida Loc. No. 8040 – 50,000 MMBtu/d

Existing Zone SL Delivery Meters – limited to the lesser of 328,000 MMBtu/d or posted as unsubscribed meter capacity

\*Potential New Tetco Evangeline Delivery Meter – TBD MMBtu/d

\*Potential New Kinder Morgan Eunice Delivery Meter – TBD MMBtu/d

\* These potential facilities are not included in the Project’s costs or rates and thus Bidders will be required to reimburse Texas Gas for such costs or increase their Open Season demand rates for the term of their contract.

### **Open Season Rates**

The minimum term for parties desiring to participate in the Project is fifteen (15) years. The Minimum Acceptable Rates for a 15 year term are:

### **NORTHERN SUPPLY ACCESS PROJECT BINDING OPEN SEASON Minimum Acceptable Rates for 15 year FT Service**

<u>Transport Service</u>	<u>Daily Demand Rate per MMBtu</u>	<u>Commodity</u>	<u>Surcharges</u>	<u>Fuel</u>
Z4 & Z3 Receipts to Z4, Z3, Z2 & Z1 Deliveries	\$0.32*	Maximum	Tariff	Tariff
Z4 & Z3 Receipts to Zone SL Deliveries	\$0.35*	Maximum	Tariff	Tariff

\* Minimum Acceptable Rates do not include costs associated with receipt or delivery facilities required to provide capacity not specified in the Open Season.

### **Northern Supply Access Project Binding Open Season Acceptable Binding Bids**

**In order for a bid to be an Acceptable Binding Bid during this Open Season, a Bidder must complete the attached Binding Bid Form and also execute a Binding Precedent Agreement (“PA”), available by request from the above contact parties, by the close of the Open Season. Texas Gas will be obligated to consider only binding bids that meet all of the following criteria:**

- (1) The PA must be from a creditworthy shipper as defined by Texas Gas' FERC Gas Tariff or the shipper must execute a credit support agreement acceptable to Texas Gas to provide credit assurance in the form of an irrevocable standby letter of credit from financial institution(s) reasonably acceptable to Texas Gas or other form of security reasonably acceptable to Texas Gas;
- (2) The PA must include annual firm capacity of at least 5,000 MMBtu per day under a new FT Service Agreement.
- (3) The PA must have a term of at least 15 years and the Bidder must be willing to pay, as a minimum, the Minimum Acceptable Rates included in this Open Season.
- (4) The bids must be for new north to south firm transportation under new FT service agreements originating from any of the Project listed Primary Receipt Options and delivering to any of the Project's listed Primary Delivery Options.
- (5) The Bidder must execute and submit to Texas Gas a binding PA that is substantially the same as the one included in the Open Season package by the close of the Open Season by 5:00 p.m. CDT, July 28, 2014.

### **Awarding of Capacity**

Upon conclusion of the Open Season, Texas Gas will evaluate Bids and award the capacity being offered on a net present value ("NPV") per MMBtu basis using the following calculation:

$$\text{NPV/MMBtu} = \text{En} [R * (1 / (1+i) **n)] / \text{CD}$$

En = Summation of month 1 through n (Sigma)

n = Term in months, which will be fixed at 180 months regardless of the term bid

R = Incremental monthly revenue (CD x Monthly Demand Rate)

i = Monthly discount factor of 0.8333% (10%/12)

If there is a tie among bids in the net present value determination, capacity will be awarded to the bid(s) received first in time as determined by the date and time stamp of the properly submitted Bid with the attached Acceptable Binding Bid documents referenced above. If a Bidder is unwilling to accept a partial award, then it must be so indicated as part of its Binding Bid. Final Project approval and capacity awards will be contingent upon receipt of sufficient binding Precedent Agreements under terms, rates and conditions satisfactory to Texas Gas and Boardwalk Pipeline Partners, LP Board of Directors approval to be completed no later than August 15, 2014. Texas Gas will notify all successful and unsuccessful bidders no later than close of business on Monday, August 18, 2014. If Texas Gas determines that it will consider non-conforming requests then it will do so in a not unduly discriminatory manner.



**Northern Supply Access Project  
Binding Bid Form**

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

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

**Contact Name:** \_\_\_\_\_

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

**Email Address:** \_\_\_\_\_

**Rate Schedule – FT Service**

**Firm Capacity:** \_\_\_\_\_ MMBtu/day  
(Include any increase by year, if applicable)

	<b>1<sup>st</sup> Choice</b>	<b>2<sup>nd</sup> Choice*</b>
<b><u>Zone 4 Lebanon Primary Receipts</u></b>	<b><u>(MMBtu/d)</u></b>	<b><u>(MMBtu/d)</u></b>
New Rex Pipeline Receipt Meter	_____	_____
New Dominion Receipt Meter	_____	_____
Existing Texas Eastern Receipt Meter	_____	_____
<i><u>Potentials: (if selected 2<sup>nd</sup> choice must be from one of the above listed Lebanon Receipts)</u></i>		
New EQT Midstream Receipt Meter	_____	_____
New ANR Receipt Meter	_____	_____
<b><u>Zone 3 Smith Valley Primary Receipts</u></b>	<b><u>1<sup>st</sup> Choice</u></b>	<b><u>2<sup>nd</sup> Choice*</u></b>
	<b><u>(MMBtu/d)</u></b>	<b><u>(MMBtu/d)</u></b>
New Rex Pipeline Receipt Meter	_____	_____
<i><u>Potentials: (if selected 2<sup>nd</sup> choice must be from one of the above listed Lebanon or Smith Valley Receipts)</u></i>		
New ANR Receipt Meter	_____	_____
New Texas Eastern Receipt Meter	_____	_____
* A shipper's second choice will be utilized if there is insufficient capacity available at the first choice.		
<b><u>Zone 4, 3, 2 &amp; Zone 1 Primary Deliveries</u></b>	<b><u>1<sup>st</sup> Choice</u></b>	<b><u>2<sup>nd</sup> Choice*</u></b>
	<b><u>(MMBtu/d)</u></b>	<b><u>(MMBtu/d)</u></b>
New Z2 Westlake Calvert City Delivery Meter	_____	_____

New Z1 Bosco Delivery into Gulf South Meter \_\_\_\_\_  
Existing Meter(s) \_\_\_\_\_

**1<sup>st</sup> Choice**                      **2<sup>nd</sup> Choice\***  
**(MMBtu/d)**                      **(MMBtu/d)**

**Zone SL Primary Deliveries**

New Transco Mamou Delivery Meter \_\_\_\_\_  
Pine Prairie-Easton Loc. No. 9115 \_\_\_\_\_  
Henry Hub Loc. No. 9460 \_\_\_\_\_  
Florida Loc. No. 8040 \_\_\_\_\_  
Existing Meter(s) \_\_\_\_\_

Potentials: (if selected 2<sup>nd</sup> choice must be from one of the above listed Zone SL Deliveries)

New Tetco Evangeline Delivery Meter \_\_\_\_\_  
New Kinder Morgan Delivery Meter \_\_\_\_\_

\* A shipper's second choice will be utilized if there is insufficient capacity available at the first choice.

**Contract Term:** \_\_\_\_\_ **Years (15 year minimum)**

**Evergreen Term (Bilateral Only):** Yes \_\_\_\_ No \_\_\_\_

**Target In Service Date:** \_\_\_\_\_ **(no earlier than April 1, 2017)**

**Daily Demand Rate(s) bid (\$/MMBtu/d): (Shipper may bid above floors for NPV purposes)**

**Zone 4/3 to Zone 4/3/2/1** \_\_\_\_\_ **(See Project Rate matrix for minimums)**

**Zone 4/3 to Zone SL** \_\_\_\_\_ **(See Project Rate matrix for minimum)**

**Partial Bid Acceptance (check one):** Yes \_\_\_\_ No \_\_\_\_ **If yes, Minimum Volume:** \_\_\_\_\_

**Bidder will also pay Texas Gas' applicable FERC Gas Tariff maximum commodity, fuel retention, and surcharges on all gas quantities transported.**

Signed by: \_\_\_\_\_

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



## Northern Supply Access Project Capacity Turn-Back Form

Customer: \_\_\_\_\_

Contract Number: \_\_\_\_\_

Current Contract Expiration Date: \_\_\_\_\_

Existing Contract Demand: \_\_\_\_\_

Requested Capacity to be turned-back: \_\_\_\_\_

Earliest Date for Capacity Turn-Back: \_\_\_\_\_

Note: Turn-Back capacity will become effective no earlier than the effective date(s) of the new FT agreement(s) awarded capacity pursuant to this Open Season and will be effective only during the term of the new FT agreement(s).

Rate Schedule:  FT

Turn-Back Primary Delivery Point(s) and capacities \_\_\_\_\_ MMBtu/d

Note: Sum of Primary Delivery Point capacities must equal Contract Demand requested to be turned-back.

Turn-Back Primary Receipt Point(s) and capacities \_\_\_\_\_ MMBtu/d

Note: Reduction in Primary Receipt Point capacity must equal or be greater than the Primary Delivery Point capacity turned-back.

Signed by:

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

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

Date: \_\_\_\_\_