

Schedule No. T-FSG-1

TRANSPORTATION BUSINESS UNIT  
FIRM STORAGE NATURAL GAS SERVICE

APPLICABILITY: Applicable to Shippers for Firm Storage Service under the terms of a Firm Gas Storage Service Agreement (Agreement) between the Utility Transportation Business Unit (Utility) and the Shipper and as subject to Rate Schedule General Terms and Operating Conditions (Rate Schedule GTC-1).

<u>RATES:</u>	<u>Total Rate</u>	<u>Tax Portion of Rate</u>	<u>Rate Without Tax</u>
Monthly Rate:			
Withdrawal Reservation Rate (MDDQ):	\$ 0.4769804	\$ 0.0526702	\$ 0.4243102
Injection Commodity Rate (Therm):	\$ 0.0024652	\$ 0.0002723	\$ 0.0021929
Withdrawal Commodity Rate (Therm):	\$ 0.0024652	\$ 0.0002723	\$ 0.0021929
Storage Capacity Rate (Therm):	\$ 0.0023415	\$ 0.0002584	\$ 0.0020831
GTAC Amortization (MDDQ):	\$ 0.0000000		\$ 0.0000000

TAX PORTION OF RATE: This rate represents the amount charged to customers for state and local taxes and fees and is separately disclosed on customer's bill.

APPLICATION OF RATES:

Monthly Bill Components: Each month, Shipper's bill shall include a Withdrawal Reservation Charge and, if applicable, an Injection Commodity Charge for the quantities of natural gas nominated by Shipper and received by Utility for injection into storage, a Withdrawal Commodity Charge for the quantities of natural gas nominated by Shipper and delivered by Utility from storage for Shipper's account and a Storage Capacity Charge.

- Withdrawal Reservation Charge: The Monthly Withdrawal Reservation Charge shall be the product of the Shipper's Storage Maximum Daily Delivery Quantity (MDDQ) as set forth in the Agreement times the applicable rate set forth above.
- Injection Commodity Charge: The Monthly Injection Commodity Charge shall be the product of the Shipper's nominated quantities of natural gas received by the Utility for injection into storage times the applicable rate set forth above.
- Withdrawal Commodity Charge: The Monthly Withdrawal Commodity Charge shall be the produce of the Shipper's nominated quantities of natural gas delivered by the Utility from storage times the applicable rate set forth above.
- Storage Capacity Charge: The Monthly Storage Capacity Charge shall be the product of the Shipper's storage balance at the end of the month times the applicable rate set forth above.
- Discounting Rates: The Utility shall have the ability to discount the Monthly Withdrawal Reservation Rate set forth above if the Shipper can demonstrate that, as a direct result of the

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availability of the discounted rate, uneconomic bypass will be avoided because Shipper has a more economic alternative.

MINIMUM MONTHLY BILL:

The Minimum Monthly Bill shall be the Withdrawal Reservation Charge.

FUEL REIMBURSEMENT:

The Utility shall retain a portion of all gas tendered at the Point(s) of Receipt ("Fuel Reimbursement") which shall be calculated by multiplying the quantity of gas delivered for injection into storage by a Fuel Reimbursement Percentage of 1.14 percent.

The percentage rate for computing Fuel Reimbursement is subject to change by the Utility from time-to-time to reflect actual storage fuel and unaccounted for gas, provided the necessary approval is obtained from the MPSC or any successor agency.

SPECIAL TERMS AND CONDITIONS:

1. Definitions: The definitions of the principal terms used in this Rate Schedule are contained in Rate Schedule GTC-1 and Rule No. 1.
2. General Terms and Operating Conditions: The Agreement and Rate Schedule GTC-1 set forth the general terms and operating conditions applicable for service under this Rate Schedule.
3. Nomination Procedures: Shipper shall nominate the quantities of natural gas for injection into and withdrawal from storage in accordance with the nomination procedures set forth in Section 18.5 of Rate Schedule GTC-1.
4. Allocation of Injection Capacity: If nominations for storage injection exceed injection capacity, storage injections shall be scheduled prorata, based on Shipper's Storage MDDQ. For the purpose of scheduling storage injections, injections for the Utility's core customers will be treated on a prorata basis consistent with Shipper storage injections. To the extent possible, Utility and Shipper shall coordinate storage injection plans.
5. Trading Storage Balances: A Shipper may sell gas held in storage to any other Shippers (Trading Shippers), provided said Shippers have a Firm Storage Service Agreement with the Utility and sufficient available storage capacity. The Shippers agreeing to transfer storage volumes must all provide the Utility with corresponding written notice that: states the applicable volumes being traded; and identifies the counterparty Shipper(s) and effective date of the trade.

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Secretary

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Such written notice shall be deemed to be Shippers' directive to the Utility to make the storage volume adjustments to Trading Shippers' accounts. All contractual arrangements, exchange of considerations, documentation, and storage pricing will be the responsibility of the Trading Shippers.

6. Accounting Procedure: Shipper shall pay the applicable transportation rate schedule charges on all volumes delivered for injection into storage when the gas is withdrawn from storage and delivered to Shipper's Point(s) of Delivery.
7. Off-Season Storage Service: Shippers with active firm storage contracts shall have the option to use Off-Season Storage (OSS) Service.
  - A. Determination of Availability: OSS Service will allow Shippers to use a prorata share of storage cushion gas and associated storage deliverability in March and April of each year. Each year, the Utility shall determined the quantities of storage cushion gas and deliverability available for use under OSS Service.
  - B. Prorata Share Determination: Shipper's contracted storage MDDQ on March 1, divided by the total Storage MDDQ of all Shippers requesting OSS Service, shall determine the Shipper's prorata share of storage cushion gas and associated deliverability. All storage cushion gas withdrawn under OSS Service must be replaced by November 1 of the same year. The Utility's Distribution Services Department (DBU), which serves the Utility's Core market, shall also have the option to use OSS Service. The DBU's storage MDDQ, as approved by the Commission, shall be used to determine their prorata share.
  - C. Applicable Rates: Shipper's shall pay the Injection and Withdrawal commodity rates set for the above under RATES. The Fuel Reimbursement Percentage set forth above shall apply to the replacement of this cushion gas.
  - D. Securitization: Shippers must post a bond, letter of credit or cash deposit, for the benefit of the Utility, equal to \$2.50/Dkt multiplied by the amount of cushion gas allocated to Shipper's account. The \$2.50/Dkt may be revised by the Utility, based on changing market conditions. When the cushion gas is replaced, the securitization shall be terminated.

SERVICE AND RATES SUBJECT TO COMMISSION JURISDICTION: All rates and service conditions under this Rate Schedule are governed by the rules and regulations of the Public Service Commission of Montana and are subject to revision as the Commission may duly authorize in the exercise of its jurisdiction.

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