



PANHANDLE EASTERN PIPE LINE  
An ENERGY TRANSFER Company

April 29, 2020

Ms. Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Panhandle Eastern Pipe Line Company, LP  
Docket No. RP20- \_\_\_\_\_

Dear Ms. Bose:

Panhandle Eastern Pipe Line Company, LP (Panhandle) hereby electronically submits for filing with the Federal Energy Regulatory Commission (Commission) the following revised tariff record to its FERC NGA Gas Tariff, Fourth Revised Volume No. 1, (Tariff) proposed to be effective May 30, 2020:

<u>Version</u>	<u>Description</u>	<u>Title</u>
8.0.0	GT&C Section 15.	Procedures for Capacity Release

#### STATEMENT OF NATURE, REASONS AND BASIS

The purpose of this filing, made in accordance with the provisions of Section 154.204 of the Commission's Regulations, is to propose a new provision regarding bankruptcy of a releasing shipper. Panhandle's proposal is modeled after the Northern Border Pipeline Company (Northern Border) tariff change that was conditionally accepted by the Commission by Letter Order issued on May 22, 2009 in Docket No. RP09-540-000, 127 FERC 61,180 (2009) and further accepted, as clarified, in the Commission's unpublished Letter Order dated August 18, 2009.

This new tariff provision, GT&C Section 15.10 Bankruptcy, clarifies Panhandle's options if the releasing shipper, under any chapter of the bankruptcy laws, rejects its service agreement and there is an active replacement shipper service agreement in place. Under this new provision, Panhandle may send a written notification of its intent to terminate the replacement shipper's service agreement effective 30 calendar days from the date of the notice (Termination Notice Period) unless the replacement shipper agrees to retain its capacity for the remainder of the term of the respective replacement shipper's service agreement at a rate that is no lower than the lesser of the releasing shipper's rate or the maximum rate. The replacement shipper shall have ten business days from the date of the written notice to advise Panhandle in writing of its decision. If the replacement shipper does not exercise its option to retain the capacity, then the replacement shipper's service agreement shall terminate at the end of the Termination Notice Period. If the replacement shipper exercises its option to retain the capacity, then the replacement shipper, prior to the end of the Termination Notice Period, will execute a new service agreement pursuant to the terms and conditions of the applicable rate schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

## OTHER FILINGS THAT MAY AFFECT THIS FILING

The tariff record proposed herein, Version 8.0.0 of GT&C Section 15., Procedures for Capacity Release, is based upon Version 7.1.0 of the subject tariff record. Version 7.1.0 includes a revision to GT&C Section 15.7(g) which was filed in Docket No. RP19-1523-005 in compliance with the Commission's order on technical conference and is still pending before the Commission at the time of this filing.

## IMPLEMENTATION AND WAIVER REQUEST

Panhandle requests that the tariff record submitted herewith become effective May 30, 2020. Panhandle respectfully requests that the Commission grant any waivers of its Regulations that it deems necessary to allow the proposed tariff record in this filing to become effective May 30, 2020.

## CONTENTS OF THE FILING

This filing is made in electronic format in compliance with Section 154.4 of the Commission's Regulations. The proposed tariff record in RTF format with metadata attached is submitted as part of an XML filing package containing the following:

- . A transmittal letter in PDF format
- . A clean copy of the proposed tariff record in PDF format
- . A marked version of the proposed tariff changes in PDF format
- . A copy of the complete filing in PDF format for publishing in eLibrary

## COMMUNICATIONS, PLEADINGS AND ORDERS

Panhandle requests that all Commission orders and correspondence as well as pleadings and correspondence from other parties concerning this filing be served on the following:

**Michael T. Langston**<sup>1</sup>  
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<sup>1</sup> Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure. Panhandle respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow Panhandle to include additional representatives on the official service list.

<sup>2</sup> Designated as responsible Company official under Section 154.7(a)(2) of the Commission's Regulations.

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In accordance with Section 154.2(d) of the Commission's Regulations, a copy of this filing is available for public inspection during regular business hours at Panhandle's office at 1300 Main Street, Houston, Texas 77002. In addition, copies of this filing are being served electronically on jurisdictional customers and interested state regulatory agencies. Panhandle has posted this filing on its Internet website accessible via <http://peplmessenger.energytransfer.com> under Informational Postings, Regulatory.

Pursuant to Section 385.2005(a) of the Commission's Regulations, the undersigned has read this filing and knows its contents, the contents are true as stated, to the best of her knowledge, and belief, and possesses full power and authority to sign such filing.

Respectfully submitted,

PANHANDLE EASTERN PIPE LINE COMPANY, LP

**/s/ Deborah A. Bradbury**

Deborah A. Bradbury  
Sr. Director – Regulatory Tariffs & Reporting

## GENERAL TERMS AND CONDITIONS

### 15. PROCEDURES FOR CAPACITY RELEASE

#### 15.1 Service Rights That May Be Released

- (a) The Service Agreements of a Releasing Shipper with Service Agreements under Rate Schedule FT, EFT, IOS, FS or LFT may be released, in whole or in part, to a Replacement Shipper for any time period up to the remaining term of the Service Agreement.
- (b) A Releasing Shipper is a Shipper that has executed a Release Notice in accordance with Section 15.2.
- (c) A Replacement Shipper is a party that (1) meets the eligibility criteria for Shippers set forth in Section 6, including the credit standards set forth in Section 29, except that Panhandle shall not require the Replacement Shipper to make the prepayment required by Section 6.5, (2) accepts assignment of the Service Agreement of a Releasing Shipper pursuant to this Section 15, and, (3) executes a Capacity Release Service Agreement as prescribed by this Tariff. Panhandle will issue and execute an Addendum to the Capacity Release Service Agreement when the Releasing Shipper's Service Agreement is awarded to the Replacement Shipper.
- (d) A Replacement Shipper may release, in whole or in part, the Addendum to its Capacity Release Service Agreement as a Releasing Shipper pursuant to this Section 15.

#### 15.2 Initiation of the Release of Service Rights

- (a) A Releasing Shipper may initiate the release of its Service Agreement by electronically submitting a Release Notice in the form prescribed by this Tariff. Such Release Notice shall be posted on the Messenger® system. Panhandle shall accept the upload of prearranged capacity release transactions. A Releasing Shipper may withdraw its Release Notice at any time prior to the close of the posting period where unanticipated circumstances justify and no minimum bid has been made.
- (b) In the Release Notice the Releasing Shipper must specify the term, quantity and Minimum Rate expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer that the Releasing Shipper is willing to accept and whether the release is subject to recall and the applicable recall conditions as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper.

The Releasing Shipper may specify further objective and nondiscriminatory conditions in its Release Notice, such as alternative economic criteria for evaluating bids which may include highest rate, net revenues or present value, whether volumetrically stated bids will be accepted, whether a volumetric commitment is required, alternative methods for breaking ties, whether contingent bids will be accepted and, if so, the method by which contingent bids will be evaluated and when the contingency must be removed, and whether bids for a portion of the capacity offered will be accepted or whether a prepayment deposit, not to exceed the prepayment deposit set forth in Section 6.5, will be required to be paid to the Releasing Shipper; provided, however, the Releasing Shipper may not specify conditions which are in conflict with the Service Agreement, the applicable Rate Schedule, or these General Terms and Conditions. Releasing Shipper shall also specify whether the Replacement Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

Panhandle shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission.

- (c) The Releasing Shipper may arrange for the release of its Service Agreement to a Designated Replacement Shipper prior to submitting its Release Notice to Panhandle. Such Designated Replacement Shipper must be on the approved bidders list and shall acknowledge the Release Notice through the Messenger<sup>®</sup> system as a prerequisite to the posting of the Release Notice. However, the release will not become effective except as provided in this Section 15.

### 15.3 Posting

- (a) Shipper will post the information provided in each Release Notice on the Messenger<sup>®</sup> system. The posting will include the MDCQ or MSQ available for release, the Points of Receipt and Delivery and the released quantity for each point, the term of the release, whether the release is firm or recallable and the recall conditions, if applicable, the Minimum Rate expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer that the Releasing Shipper will accept, and any other conditions the Releasing Shipper specifies for the release in accordance with Section 15.2(b).
- (b) The posting will commence upon receipt of the Release Notice; unless otherwise specified by the Releasing Shipper.

#### 15.4 Bidding For Capacity Releases

- (a) Except as provided in Section 15.4(b), a party must bid on the Messenger® system to accept release of the Service Agreement under the conditions posted in conjunction with a Release Notice. Bids must be expressed in dollars and cents, percentage of Maximum Rate, or index-based formula as detailed in the capacity release offer, whichever is stated in the Release Notice. The maximum reservation rate that may be bid shall not exceed the Maximum Rate for the applicable service being released as set forth on the applicable Currently Effective Rates; provided, however, no rate limitation applies to the release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Panhandle is notified of the release. In order to submit a valid bid, any party, including a Designated Replacement Shipper, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Section 29 of these General Terms and Conditions and must have executed a Capacity Release Service Agreement with Panhandle in the form as set forth in this Tariff (Capacity Release Service Agreement). A party shall remain on the approved bidders list until such party notifies Panhandle to the contrary, no longer meets the credit qualifications in Section 29 of these General Terms and Conditions or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 17 of these General Terms and Conditions.
- (b) A release is deemed non-biddable when the Releasing Shipper notifies Panhandle in its Release Notice that it has arranged for the release of its Service Agreement to a Designated Replacement Shipper in accordance with Section 15.2(c) and the capacity release is one of the following:
  - (i) A capacity release for any period of thirty-one (31) Days or less. A Releasing Shipper shall not roll over, extend or in any way continue such capacity release to the same Replacement Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections 15.4(b)(ii), (iii) or (iv) below.
  - (ii) A capacity release for more than one year at the maximum tariff rate.
  - (iii) A capacity release to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.

- (iv) A capacity release to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

Such non-biddable releases shall be submitted electronically and shall be posted on the Messenger® system upon confirmation by the Replacement Shipper. The Capacity Release Service Agreement Addendum number shall be provided when such release is posted.

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
    - Timely Cycle 12:00 Noon
    - Evening Cycle 5:00 p.m.
    - Intraday 1 Cycle 9:00 a.m.
    - Intraday 2 Cycle 1:30 p.m.
    - Intraday 3 Cycle 6:00 p.m.
  - The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.
- (c) Bids to accept the released Service Agreement must specifically identify any contingencies and may be made through the Messenger® system only. If the Releasing Shipper requires a prepayment deposit, the party submitting the bid must concurrently submit the prepayment deposit through Electronic Funds Transfer to a designated bank account established by Panhandle.
  - (d) The capacity release procedure is applicable to all parties involved in the Capacity Release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Panhandle with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, Panhandle may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear

terms and conditions (e.g. designation of an index not supported by Panhandle).  
All stated times are Central Clock Time on a Business Day.

- (i) For biddable releases (1 year or less)
  - Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
  - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
  - If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
  - Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon
  - The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.
- (ii) For biddable releases (more than 1 year)
  - Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
  - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
  - If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.



- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
  - The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.
- (iii) For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period will cause Gas flow to be at least one day later than Gas could flow under the timeline set forth in Section 15.4(d)(i) or Section 15.4(d)(ii).
- (e) A party may submit only one bid at a time in response to a Release Notice. Once a party has submitted a bid, it may withdraw the bid through the Messenger® system at any time prior to the close of the posting period specified in Section 15.3(c) without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid. If a bid is not withdrawn prior to the close of the posting period, the bid shall be binding on the party submitting the bid, subject to the satisfaction of any contingencies the Releasing Shipper permits to be satisfied after the close of the bidding period.
- (f) Bids to accept releases will be posted on the Messenger® system with any contingencies identified and with the bidder's identity deleted.

#### 15.5 Selection of Replacement Shipper

- (a) The Addendum to the Capacity Release Service Agreement will be issued to the Replacement Shipper whose bid provides the greatest economic value, as defined by the Releasing Shipper in accordance with Section 15.2(b) or, if the Releasing Shipper does not specify a method of determining economic value, the economic value will be determined by utilizing the present value method, and whose bid meets all the conditions placed upon the release by the Releasing Shipper as provided for in Section 15.2(b), provided that if the Releasing Shipper has permitted contingent bids, the selection of a Replacement

Shipper may be delayed in accordance with the contingencies permitted in the Release Notice. If the bids of two or more Replacement Shippers provide the same economic value and both meet all the conditions placed upon the release, Panhandle will tender the Addendum to the Capacity Release Service Agreement to the Replacement Shipper who submitted its bid first unless, in accordance with Section 15.2(b), the Releasing Shipper has specified an alternative method for breaking ties, in which event the method specified by the Releasing Shipper shall be used. If there are multiple bids meeting the minimum conditions, Panhandle shall rank the bids and award the bids, best bid first, until all offered capacity is awarded. The Capacity Release Service Agreement Addendum number shall be assigned when capacity is awarded.

- (b) If the Releasing Shipper has notified Panhandle in the Release Notice that it has arranged a Designated Replacement Shipper and no party is eligible to submit a bid for the release, Panhandle will issue the Addendum to the Capacity Release Service Agreement to the Designated Replacement Shipper.
- (c) If the Releasing Shipper has notified Panhandle in the Release Notice that it has arranged a Designated Replacement Shipper who has agreed to pay less than the applicable Maximum Rate for the service, the Designated Replacement Shipper may match the bid that has the greatest economic value within the time period specified in Section 15.4.
- (d) Panhandle will issue the Addendum to the Capacity Release Service Agreement within one hour of the posting of the award of a release. If all the information provided by the Releasing Shipper, bidder, and Designated Replacement Shipper is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Panhandle will issue and execute the Addendum at the same time.
- (e) Panhandle shall post the winning bid and bidder on the Messenger® system for ninety (90) Days.
- (f) If an Addendum to the Capacity Release Service Agreement is not tendered to a party submitting a prepayment deposit with its bid, the prepayment deposit will be refunded with carrying charges to such party within two (2) Business Days.

#### 15.6 Rights and Obligations of Releasing Shipper

- (a) Except as provided in Section 15.6(e), the Releasing Shipper shall continue to be responsible to Panhandle for all reservation charges and reservation surcharges for Transportation or Storage service provided pursuant to the Shipper's applicable Service Agreement and all other charges and surcharges that would be charged to the Releasing Shipper if the Service Agreement had not been released. The Releasing Shipper will not be responsible for Commodity charges

or volumetric surcharges which are applicable under Panhandle's Tariff to Quantities of Gas actually transported except as provided in Section 15.6(b) below for a Releasing Shipper with a Negotiated Rate.

- (b) A credit will be included on each of the Releasing Shipper's monthly bills to reflect the reservation fee invoiced to Replacement Shippers excluding any reservation charge credit that Replacement Shipper may have received pursuant to Section 28 and excluding any negotiated marketing fee retained by Panhandle pursuant to Section 15.8 provided, however, that Panhandle and Releasing Shipper may, in connection with a Negotiated Rate based on a rate design other than straight fixed variable, agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 15.6 in order to establish the basis of accounting for revenues from a Replacement Shipper as a means of preserving the economic bases of the Negotiated Rate. In the event of a release with a volumetrically stated rate, the rate shall be no greater than the 100% load factor equivalent of Panhandle's maximum reservation charge currently applicable to the service released and shall be credited to the Releasing Shipper's monthly bill for reservation charges applicable to such service. Notwithstanding the above, no 100% load factor equivalent limitation shall apply to a capacity release for a period of one year or less if the release is to take effect on or before one year from the date on which Panhandle is notified of the release.

If a Replacement Shipper fails to pay all or any part of the reservation fee so credited within thirty (30) days of its due date, then such unpaid amount will be charged to the Releasing Shipper's next monthly bill and will be due and payable by the Releasing Shipper in accordance with Section 17 of these General Terms and Conditions.

The payment of the reservation charge by the Replacement Shipper on a one-part volumetric basis shall not relieve Panhandle, the Releasing Shipper or the Replacement Shipper from their obligations to conform to all of the terms and conditions of this Section 15.

- (c) When a Releasing Shipper assigns Transportation service rights under Rate Schedule FT, EFT or LFT, the MAIQ under the Transportation Agreement will be reduced proportionately by the amount of MDCQ released. Any imbalance in excess of this reduced MAIQ must be reduced to the new tolerance level in the month following the completion of the release to avoid balancing charges pursuant to Section 12.11.
- (d) When a Releasing Shipper partially releases its service rights under a Service Agreement by releasing service rights between specific Point(s) of Receipt and Delivery or by releasing only a portion of the Maximum Daily Contract Quantity, the Releasing Shipper's Service Agreement shall be deemed to be modified in

accordance with the release and the Releasing Shipper may not utilize the service rights released during the term of the release.

- (e) If the Releasing Shipper's Service Agreement is released permanently for the remaining term of the agreement, subject to Panhandle's agreement, the Releasing Shipper shall have no further responsibility or obligations under the Service Agreement. Such permanent release shall provide the same economic value as the original underlying agreement, or such difference shall be funded by the Releasing Shipper, unless Panhandle agrees otherwise.
- (f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Panhandle, Panhandle's Tariff should specify whether the quantity should be expressed in terms of a) total released capacity entitlements or b) adjusted total released capacity entitlements based upon the elapsed prorata capacity. The capacity entitlements resulting from the use of either a) or b) should be the same. The recall notification to Panhandle shall specify the Quantity in terms of total released capacity entitlements.

#### 15.7 Rights and Obligations of the Replacement Shipper

- (a) A Replacement Shipper shall have all the rights and obligations specified under the applicable Rate Schedule, Service Agreement, and General Terms and Conditions unless the conditions prescribed for the release require otherwise.
- (b) A Replacement Shipper shall have the right to reserve primary point capacity up to its contract demand, subject to available capacity.
- (c) When the Capacity Release Service Agreement Addendum is issued, a Replacement Shipper may submit nominations pursuant to Section 8 of these General Terms and Conditions for the next available nomination cycle and any nomination cycle thereafter for which the Addendum to the Capacity Release Service Agreement is effective.
- (d) The Replacement Shipper will be responsible for any imbalance between receipts of Gas and deliveries of Gas, and for all costs and all rates, charges, penalties and fees for Transportation or Storage service provided under the Capacity Release Service Agreement.
- (e) Commodity charges and volumetric surcharges which are applicable under Panhandle's Tariff to Quantities of Gas actually transported shall be a separately stated charge on the Replacement Shipper's Monthly Bill and shall be at the Maximum Rate contained on the Currently Effective Rates unless Panhandle agrees to a lesser rate.

- (f) Replacement Shippers for a capacity release with a term of one year or less that are paying a rate which exceeds the Maximum Rate shall be considered to be paying the Maximum Rate for purposes of scheduling and curtailment.
- (g) A Replacement Shipper shall be scheduled utilizing its awarded rate.

#### 15.8 Marketing Fee

The Releasing Shipper and Panhandle may agree that, in return for Panhandle actively marketing the Releasing Shipper's Service Agreement, Panhandle will reduce the Releasing Shipper's invoice credit by a negotiated marketing fee.

#### 15.9 Requests to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on Panhandle's Informational Postings Web Site located at <http://peplmessenger.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on Panhandle's Informational Postings Web Site. Such offer to purchase released capacity shall be posted on Panhandle's Web Site for 30 Days.

#### 15.10 Bankruptcy

In the event a Releasing Shipper subject to proceedings under any chapter of the bankruptcy laws rejects its Service Agreement, Panhandle may send a written notification of Panhandle's intent to terminate the Replacement Shipper's Service Agreement effective thirty (30) calendar days from the date of the notice (Termination Notice Period) unless Replacement Shipper(s) agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper's Service Agreement at a rate that is no lower than the lesser of the Releasing Shipper's rate or the Maximum Rate. Replacement Shipper shall have ten (10) business days from the date of the written notice to advise Panhandle in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's Service Agreement shall terminate at the end of the Termination Notice Period.

If Replacement Shipper(s) timely exercises its option to retain the capacity, the Replacement Shipper(s), prior to the end of the Termination Notice Period, will execute a new Service Agreement pursuant to the terms and conditions of the applicable Rate Schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.

MARKED VERSION

## GENERAL TERMS AND CONDITIONS

### 15. PROCEDURES FOR CAPACITY RELEASE

#### 15.1 Service Rights That May Be Released

- (a) The Service Agreements of a Releasing Shipper with Service Agreements under Rate Schedule FT, EFT, IOS, FS or LFT may be released, in whole or in part, to a Replacement Shipper for any time period up to the remaining term of the Service Agreement.
- (b) A Releasing Shipper is a Shipper that has executed a Release Notice in accordance with Section 15.2.
- (c) A Replacement Shipper is a party that (1) meets the eligibility criteria for Shippers set forth in Section 6, including the credit standards set forth in Section 29, except that Panhandle shall not require the Replacement Shipper to make the prepayment required by Section 6.5, (2) accepts assignment of the Service Agreement of a Releasing Shipper pursuant to this Section 15, and, (3) executes a Capacity Release Service Agreement as prescribed by this Tariff. Panhandle will issue and execute an Addendum to the Capacity Release Service Agreement when the Releasing Shipper's Service Agreement is awarded to the Replacement Shipper.
- (d) A Replacement Shipper may release, in whole or in part, the Addendum to its Capacity Release Service Agreement as a Releasing Shipper pursuant to this Section 15.

#### 15.2 Initiation of the Release of Service Rights

- (a) A Releasing Shipper may initiate the release of its Service Agreement by electronically submitting a Release Notice in the form prescribed by this Tariff. Such Release Notice shall be posted on the Messenger® system. Panhandle shall accept the upload of prearranged capacity release transactions. A Releasing Shipper may withdraw its Release Notice at any time prior to the close of the posting period where unanticipated circumstances justify and no minimum bid has been made.
- (b) In the Release Notice the Releasing Shipper must specify the term, quantity and Minimum Rate expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer that the Releasing Shipper is willing to accept and whether the release is subject to recall and the applicable recall conditions as well as methods and rights associated with returning the previously recalled capacity to the Replacement Shipper.

The Releasing Shipper may specify further objective and nondiscriminatory conditions in its Release Notice, such as alternative economic criteria for evaluating bids which may include highest rate, net revenues or present value, whether volumetrically stated bids will be accepted, whether a volumetric commitment is required, alternative methods for breaking ties, whether contingent bids will be accepted and, if so, the method by which contingent bids will be evaluated and when the contingency must be removed, and whether bids for a portion of the capacity offered will be accepted or whether a prepayment deposit, not to exceed the prepayment deposit set forth in Section 6.5, will be required to be paid to the Releasing Shipper; provided, however, the Releasing Shipper may not specify conditions which are in conflict with the Service Agreement, the applicable Rate Schedule, or these General Terms and Conditions. Releasing Shipper shall also specify whether the Replacement Shipper is (a) an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations and, if so, include the volumetric level of the asset manager's delivery or purchase obligation and the time period during which that obligation is in effect or (b) a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

Panhandle shall support volumetric releases with volumetric commitments by fully accounting for volumetric and reservation components, consistent with the rules and regulations enunciated by the Commission.

- (c) The Releasing Shipper may arrange for the release of its Service Agreement to a Designated Replacement Shipper prior to submitting its Release Notice to Panhandle. Such Designated Replacement Shipper must be on the approved bidders list and shall acknowledge the Release Notice through the Messenger® system as a prerequisite to the posting of the Release Notice. However, the release will not become effective except as provided in this Section 15.

### 15.3 Posting

- (a) Shipper will post the information provided in each Release Notice on the Messenger® system. The posting will include the MDCQ or MSQ available for release, the Points of Receipt and Delivery and the released quantity for each point, the term of the release, whether the release is firm or recallable and the recall conditions, if applicable, the Minimum Rate expressed in dollars and cents, percentage of Maximum Rate or the index-based formula as detailed in the capacity release offer that the Releasing Shipper will accept, and any other conditions the Releasing Shipper specifies for the release in accordance with Section 15.2(b).
- (b) The posting will commence upon receipt of the Release Notice; unless otherwise specified by the Releasing Shipper.



#### 15.4 Bidding For Capacity Releases

- (a) Except as provided in Section 15.4(b), a party must bid on the Messenger® system to accept release of the Service Agreement under the conditions posted in conjunction with a Release Notice. Bids must be expressed in dollars and cents, percentage of Maximum Rate, or index-based formula as detailed in the capacity release offer, whichever is stated in the Release Notice. The maximum reservation rate that may be bid shall not exceed the Maximum Rate for the applicable service being released as set forth on the applicable Currently Effective Rates; provided, however, no rate limitation applies to the release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Panhandle is notified of the release. In order to submit a valid bid, any party, including a Designated Replacement Shipper, must be on the approved bidders list. To be on the approved bidders list, a party must meet the provisions of Section 29 of these General Terms and Conditions and must have executed a Capacity Release Service Agreement with Panhandle in the form as set forth in this Tariff (Capacity Release Service Agreement). A party shall remain on the approved bidders list until such party notifies Panhandle to the contrary, no longer meets the credit qualifications in Section 29 of these General Terms and Conditions or is suspended from the approved bidders list in the event and for such time as such party fails to pay part or all of the amount of any bill for service in accordance with Section 17 of these General Terms and Conditions.
- (b) A release is deemed non-biddable when the Releasing Shipper notifies Panhandle in its Release Notice that it has arranged for the release of its Service Agreement to a Designated Replacement Shipper in accordance with Section 15.2(c) and the capacity release is one of the following:
  - (i) A capacity release for any period of thirty-one (31) Days or less. A Releasing Shipper shall not roll over, extend or in any way continue such capacity release to the same Replacement Shipper until 28 days after the first release period has ended. This 28-day period does not apply to any release to the same Replacement Shipper that is posted for bidding or that qualifies for any of the other exemptions from bidding set forth in Sections 15.4(b)(ii), (iii) or (iv) below.
  - (ii) A capacity release for more than one year at the maximum tariff rate.
  - (iii) A capacity release to an asset manager as defined in Section 284.8(h)(3) of the Commission's Regulations.

- (iv) A capacity release to a marketer participating in a state-regulated retail access program as defined in Section 284.8(h)(4) of the Commission's Regulations.

Such non-biddable releases shall be submitted electronically and shall be posted on the Messenger® system upon confirmation by the Replacement Shipper. The Capacity Release Service Agreement Addendum number shall be provided when such release is posted.

For non-biddable releases:

- The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:
    - Timely Cycle 12:00 Noon
    - Evening Cycle 5:00 p.m.
    - Intraday 1 Cycle 9:00 a.m.
    - Intraday 2 Cycle 1:30 p.m.
    - Intraday 3 Cycle 6:00 p.m.
  - The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.
- (c) Bids to accept the released Service Agreement must specifically identify any contingencies and may be made through the Messenger® system only. If the Releasing Shipper requires a prepayment deposit, the party submitting the bid must concurrently submit the prepayment deposit through Electronic Funds Transfer to a designated bank account established by Panhandle.
  - (d) The capacity release procedure is applicable to all parties involved in the Capacity Release process; however, it is only applicable if 1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered, 2) for index-based capacity release transactions, the Releasing Shipper has provided Panhandle with sufficient instructions to evaluate the corresponding bid(s) according to the timeline, and 3) there are no special terms or conditions of the release. Further, Panhandle may complete the capacity release process on a different timeline if the offer includes unfamiliar or unclear

terms and conditions (e.g. designation of an index not supported by Panhandle).  
All stated times are Central Clock Time on a Business Day.

- (i) For biddable releases (1 year or less)
  - Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - Open season ends at 10:00 a.m. on the same or a subsequent Business Day.
  - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
  - If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.
  - Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon
  - The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.
- (ii) For biddable releases (more than 1 year)
  - Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.
  - Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.
  - Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.
  - If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

- Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.
  - The capacity release addendum is issued within one hour of the award posting (with a new capacity release addendum number, when applicable).
  - Nomination is possible beginning at the next available nomination cycle for the effective date of the capacity release addendum.
- (iii) For index-based capacity release transactions, the Releasing Shipper shall provide the necessary information and instructions to support the chosen methodology. If the Releasing Shipper specifies a bid evaluation methodology other than highest rate, net revenue or present value, or a permanent release or any other special conditions, the above timelines shall apply; provided, however, one additional Business Day will be added to the evaluation period. Such extended evaluation period will cause Gas flow to be at least one day later than Gas could flow under the timeline set forth in Section 15.4(d)(i) or Section 15.4(d)(ii).
- (e) A party may submit only one bid at a time in response to a Release Notice. Once a party has submitted a bid, it may withdraw the bid through the Messenger® system at any time prior to the close of the posting period specified in Section 15.3(c) without prejudice to its submitting another bid with an economic value equal to or greater than the economic value of the withdrawn bid. If a bid is not withdrawn prior to the close of the posting period, the bid shall be binding on the party submitting the bid, subject to the satisfaction of any contingencies the Releasing Shipper permits to be satisfied after the close of the bidding period.
- (f) Bids to accept releases will be posted on the Messenger® system with any contingencies identified and with the bidder's identity deleted.

#### 15.5 Selection of Replacement Shipper

- (a) The Addendum to the Capacity Release Service Agreement will be issued to the Replacement Shipper whose bid provides the greatest economic value, as defined by the Releasing Shipper in accordance with Section 15.2(b) or, if the Releasing Shipper does not specify a method of determining economic value, the economic value will be determined by utilizing the present value method, and whose bid meets all the conditions placed upon the release by the Releasing Shipper as provided for in Section 15.2(b), provided that if the Releasing Shipper has permitted contingent bids, the selection of a Replacement

Shipper may be delayed in accordance with the contingencies permitted in the Release Notice. If the bids of two or more Replacement Shippers provide the same economic value and both meet all the conditions placed upon the release, Panhandle will tender the Addendum to the Capacity Release Service Agreement to the Replacement Shipper who submitted its bid first unless, in accordance with Section 15.2(b), the Releasing Shipper has specified an alternative method for breaking ties, in which event the method specified by the Releasing Shipper shall be used. If there are multiple bids meeting the minimum conditions, Panhandle shall rank the bids and award the bids, best bid first, until all offered capacity is awarded. The Capacity Release Service Agreement Addendum number shall be assigned when capacity is awarded.

- (b) If the Releasing Shipper has notified Panhandle in the Release Notice that it has arranged a Designated Replacement Shipper and no party is eligible to submit a bid for the release, Panhandle will issue the Addendum to the Capacity Release Service Agreement to the Designated Replacement Shipper.
- (c) If the Releasing Shipper has notified Panhandle in the Release Notice that it has arranged a Designated Replacement Shipper who has agreed to pay less than the applicable Maximum Rate for the service, the Designated Replacement Shipper may match the bid that has the greatest economic value within the time period specified in Section 15.4.
- (d) Panhandle will issue the Addendum to the Capacity Release Service Agreement within one hour of the posting of the award of a release. If all the information provided by the Releasing Shipper, bidder, and Designated Replacement Shipper is valid, the Replacement Shipper is creditworthy, and there are no special terms and conditions, Panhandle will issue and execute the Addendum at the same time.
- (e) Panhandle shall post the winning bid and bidder on the Messenger® system for ninety (90) Days.
- (f) If an Addendum to the Capacity Release Service Agreement is not tendered to a party submitting a prepayment deposit with its bid, the prepayment deposit will be refunded with carrying charges to such party within two (2) Business Days.

#### 15.6 Rights and Obligations of Releasing Shipper

- (a) Except as provided in Section 15.6(e), the Releasing Shipper shall continue to be responsible to Panhandle for all reservation charges and reservation surcharges for Transportation or Storage service provided pursuant to the Shipper's applicable Service Agreement and all other charges and surcharges that would be charged to the Releasing Shipper if the Service Agreement had not been released. The Releasing Shipper will not be responsible for Commodity charges

or volumetric surcharges which are applicable under Panhandle's Tariff to Quantities of Gas actually transported except as provided in Section 15.6(b) below for a Releasing Shipper with a Negotiated Rate.

- (b) A credit will be included on each of the Releasing Shipper's monthly bills to reflect the reservation fee invoiced to Replacement Shippers excluding any reservation charge credit that Replacement Shipper may have received pursuant to Section 28 and excluding any negotiated marketing fee retained by Panhandle pursuant to Section 15.8 provided, however, that Panhandle and Releasing Shipper may, in connection with a Negotiated Rate based on a rate design other than straight fixed variable, agree upon a payment obligation and crediting mechanism that varies from or is in addition to the provisions of this Section 15.6 in order to establish the basis of accounting for revenues from a Replacement Shipper as a means of preserving the economic bases of the Negotiated Rate. In the event of a release with a volumetrically stated rate, the rate shall be no greater than the 100% load factor equivalent of Panhandle's maximum reservation charge currently applicable to the service released and shall be credited to the Releasing Shipper's monthly bill for reservation charges applicable to such service. Notwithstanding the above, no 100% load factor equivalent limitation shall apply to a capacity release for a period of one year or less if the release is to take effect on or before one year from the date on which Panhandle is notified of the release.

If a Replacement Shipper fails to pay all or any part of the reservation fee so credited within thirty (30) days of its due date, then such unpaid amount will be charged to the Releasing Shipper's next monthly bill and will be due and payable by the Releasing Shipper in accordance with Section 17 of these General Terms and Conditions.

The payment of the reservation charge by the Replacement Shipper on a one-part volumetric basis shall not relieve Panhandle, the Releasing Shipper or the Replacement Shipper from their obligations to conform to all of the terms and conditions of this Section 15.

- (c) When a Releasing Shipper assigns Transportation service rights under Rate Schedule FT, EFT or LFT, the MAIQ under the Transportation Agreement will be reduced proportionately by the amount of MDCQ released. Any imbalance in excess of this reduced MAIQ must be reduced to the new tolerance level in the month following the completion of the release to avoid balancing charges pursuant to Section 12.11.
- (d) When a Releasing Shipper partially releases its service rights under a Service Agreement by releasing service rights between specific Point(s) of Receipt and Delivery or by releasing only a portion of the Maximum Daily Contract Quantity, the Releasing Shipper's Service Agreement shall be deemed to be modified in

accordance with the release and the Releasing Shipper may not utilize the service rights released during the term of the release.

- (e) If the Releasing Shipper's Service Agreement is released permanently for the remaining term of the agreement, subject to Panhandle's agreement, the Releasing Shipper shall have no further responsibility or obligations under the Service Agreement. Such permanent release shall provide the same economic value as the original underlying agreement, or such difference shall be funded by the Releasing Shipper, unless Panhandle agrees otherwise.
- (f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. For the recall notification provided to Panhandle, Panhandle's Tariff should specify whether the quantity should be expressed in terms of a) total released capacity entitlements or b) adjusted total released capacity entitlements based upon the elapsed prorata capacity. The capacity entitlements resulting from the use of either a) or b) should be the same. The recall notification to Panhandle shall specify the Quantity in terms of total released capacity entitlements.

#### 15.7 Rights and Obligations of the Replacement Shipper

- (a) A Replacement Shipper shall have all the rights and obligations specified under the applicable Rate Schedule, Service Agreement, and General Terms and Conditions unless the conditions prescribed for the release require otherwise.
- (b) A Replacement Shipper shall have the right to reserve primary point capacity up to its contract demand, subject to available capacity.
- (c) When the Capacity Release Service Agreement Addendum is issued, a Replacement Shipper may submit nominations pursuant to Section 8 of these General Terms and Conditions for the next available nomination cycle and any nomination cycle thereafter for which the Addendum to the Capacity Release Service Agreement is effective.
- (d) The Replacement Shipper will be responsible for any imbalance between receipts of Gas and deliveries of Gas, and for all costs and all rates, charges, penalties and fees for Transportation or Storage service provided under the Capacity Release Service Agreement.
- (e) Commodity charges and volumetric surcharges which are applicable under Panhandle's Tariff to Quantities of Gas actually transported shall be a separately stated charge on the Replacement Shipper's Monthly Bill and shall be at the Maximum Rate contained on the Currently Effective Rates unless Panhandle agrees to a lesser rate.

- (f) Replacement Shippers for a capacity release with a term of one year or less that are paying a rate which exceeds the Maximum Rate shall be considered to be paying the Maximum Rate for purposes of scheduling and curtailment.
- (g) A Replacement Shipper shall be scheduled utilizing its awarded rate.

#### 15.8 Marketing Fee

The Releasing Shipper and Panhandle may agree that, in return for Panhandle actively marketing the Releasing Shipper's Service Agreement, Panhandle will reduce the Releasing Shipper's invoice credit by a negotiated marketing fee.

#### 15.9 Requests to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on Panhandle's Informational Postings Web Site located at <http://peplmessenger.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on Panhandle's Informational Postings Web Site. Such offer to purchase released capacity shall be posted on Panhandle's Web Site for 30 Days.

#### 15.10 Bankruptcy

In the event a Releasing Shipper subject to proceedings under any chapter of the bankruptcy laws rejects its Service Agreement, Panhandle may send a written notification of Panhandle's intent to terminate the Replacement Shipper's Service Agreement effective thirty (30) calendar days from the date of the notice (Termination Notice Period) unless Replacement Shipper(s) agrees to retain its capacity for the remainder of the term of the respective Replacement Shipper's Service Agreement at a rate that is no lower than the lesser of the Releasing Shipper's rate or the Maximum Rate. Replacement Shipper shall have ten (10) business days from the date of the written notice to advise Panhandle in writing of its decision. If Replacement Shipper does not exercise its option to retain the capacity, then the Replacement Shipper's Service Agreement shall terminate at the end of the Termination Notice Period.

If Replacement Shipper(s) timely exercises its option to retain the capacity, the Replacement Shipper(s), prior to the end of the Termination Notice Period, will execute a new Service Agreement pursuant to the terms and conditions of the applicable Rate Schedule reflecting the revised rate to be effective beginning on the first day after the end of the Termination Notice Period.