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**Jim Downs**

Vice President of Rates & Regulatory Affairs

April 22, 2016

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

Re: *Columbia Gas Transmission, LLC*, Docket No. RP16-314-000 and RP16-\_\_\_\_-000  
**Implementation Filing**

Dear Secretary Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”), and Part 154 of the Federal Energy Regulatory Commission’s (“Commission”) regulations,<sup>1</sup> Columbia Gas Transmission, LLC (“Columbia”) hereby submits for filing the revised tariff sections to its FERC Gas Tariff, Fourth Revised Volume No. 1, with a proposed effective date of May 1, 2016:

| Record Number | Version | Title                           |
|---------------|---------|---------------------------------|
| V.1.          | 38.0.0  | FTS Rates                       |
| V.3.          | 38.0.0  | NTS and NTS-S Rates             |
| V.4.          | 37.0.0  | ITS Rates                       |
| V.5.          | 37.0.0  | GTS Rates                       |
| V.6.          | 38.0.0  | OPT Rates                       |
| V.7.          | 38.0.0  | TPS Rates                       |
| V.8.          | 38.0.0  | SST Rates                       |
| VII.1.        | 8.0.0   | Definitions                     |
| VII.49.       | 7.0.0   | Operational Transactions        |
| VII.52.       | 3.0.0   | Capital Cost Recovery Mechanism |
| VII.53.       | 3.0.0   | Revenue Sharing                 |

**Statement of Nature, Basis and Reasons**

On December 18, 2015, Columbia filed a Stipulation and Agreement of Settlement (“Settlement”) representing an extension to its modernization program – a collaborative program between Columbia and its customers to address complex issues arising out of recent and anticipated changes in pipeline safety and environmental requirements, Columbia’s ongoing efforts to enhance pipeline safety and reliability of service, and the age of Columbia’s system. On March 17, 2016, the

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<sup>1</sup> 18 C.F.R. Part 154 (2016).

Commission approved the settlement on the basis that it is fair and reasonable and in the public interest.<sup>2</sup>

The Settlement provides for a base rate reduction applicable to specified transportation rate schedules. Effective January 1, 2016, to reflect the termination of Columbia's obligations associated with its "Post Retirement Benefits Other Than Pensions" ("PBOP"), Columbia will reduce its base rates by \$8,367,554 annually. Additionally, to reflect the amortization of the PBOP regulatory liability, Columbia will reduce its Base Rates by approximately \$12.2 million annually. The enclosed tariff records reflect these rate reductions. Finally, because the base rate reductions are retroactive to January 1, 2016, shippers will realize the benefit of the rate reductions via a refund payment that will occur in the May 2016 billing cycle.

Columbia respectfully submits herewith its tariff records implementing the *pro forma* tariff records filed in its Settlement. Columbia is proposing to place these reduced rates into effect on May 1, 2016, and is therefore seeking waiver of the 30 day notice period, which will allow Columbia's shippers to benefit from the rate reductions as soon as possible.

### **Motion**

Pursuant to Section 154.7(a)(9) of the Commission's regulations, Columbia moves to place the proposed tariff sections into effect at the requested effective date.

### **Request for Waiver**

Pursuant to Section 154.7(a)(7), Columbia respectfully requests that the Commission grant any waivers that may be necessary to accept this filing and to place the filed tariff sheets into effect as requested herein.

### **Material Submitted Herewith**

In accordance with Section 154.7(a)(1) of the Commission's regulations, the following materials are submitted herewith:

- (1) The proposed revised tariff sections being filed; and
- (2) Marked version of the revised tariff sections in accordance with Section 154.201(a) of the Commission's regulations.

### **Posting and Certification of Service**

Pursuant to Sections 154.2(d), 154.7(b), 154.207, and 154.208(b) of the Commission's regulations, a copy of this tariff filing is being served to all of Columbia's existing customers and affected state commissions. A copy of this filing is also available for public inspection during regular business hours in a convenient form and place at Columbia's offices at 5151 San Felipe, Suite 2400, Houston, Texas, 77056.

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<sup>2</sup> *Columbia Gas Transmission, LLC*, 154 FERC ¶ 61,208 P 18 (2016) ("March 17 Order").

### **Service on Columbia**

It is requested that a copy of all communications, correspondence and pleadings with respect to this filing be sent to:

\*James R. Downs, Vice President, Rates & Regulatory Affairs  
Sorana Linder, Director, Rates & Regulatory Affairs  
Columbia Gas Transmission, LLC  
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\*Persons designated for official service pursuant to Rule 2010.

### **Conclusion**

Pursuant to Section 385.2005 and Section 385.2011(c)(5) of the Commission's regulations, the undersigned certifies that: (1) he has read the filing and knows its contents; (2) the contents are true to the best of his knowledge and belief; and (3) the undersigned possesses full power and authority to sign the filing.

Respectfully submitted,



James R. Downs  
Vice President, Rates and Regulatory Affairs

Enclosures

# **CLEAN TARIFF SECTIONS**

Currently Effective Rates  
 Applicable to Rate Schedule FTS  
 Rate Per Dth

|                       |    | Base Tariff<br>Rate<br>1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/ |
|-----------------------|----|------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------|
| Rate Schedule FTS     |    |                              |               |               |               |               |                               |                     |
| Reservation Charge 3/ | \$ | 4.771                        | 0.232         | 0.070         | 0.073         | 1.044         | 6.190                         | 0.2035              |
| Commodity             |    |                              |               |               |               |               |                               |                     |
| Maximum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| Minimum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| Overrun               |    |                              |               |               |               |               |                               |                     |
| Maximum               | ¢  | 16.73                        | 0.69          | 1.07          | 0.24          | 3.43          | 22.16                         | 22.16               |
| Minimum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates  
Applicable to Rate Schedule NTS and NTS-S  
Rate Per Dth

|                          |    | Base Tariff<br>Rate 1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/ |
|--------------------------|----|---------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------|
| Rate Schedule NTS        |    |                           |               |               |               |               |                               |                     |
| Reservation Charge 3/ 4/ | \$ | 6.281                     | 0.232         | 0.070         | 0.073         | 1.044         | 7.700                         | 0.2531              |
| Commodity                |    |                           |               |               |               |               |                               |                     |
| Maximum                  | ¢  | 1.04                      | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| Minimum                  | ¢  | 1.04                      | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| Overrun                  |    |                           |               |               |               |               |                               |                     |
| Maximum                  | ¢  | 21.69                     | 0.69          | 1.07          | 0.24          | 3.43          | 27.12                         | 27.12               |
| Minimum                  | ¢  | 1.04                      | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ The rates shown above for Service under Rate Schedule NTS shall be applicable to Service under Rate Schedule NTS-S except that the maximum Reservation Fee shall be adjusted to reflect the applicable expedited period of gas flow (EPF) utilizing the following formula, rounded to 3 decimal places:
  - NTS-S = NTS \* (24/EPF) where:
  - NTS-S = NTS-S Reservation Fee
  - NTS = Applicable NTS Reservation Fee
  - 24 = Number of Hours in a Gas Day
  - EPF - MDQ/MHQ

Currently Effective Rates  
Applicable to Rate Schedule ITS  
Rate Per Dth

| Commodity               | Winter<br>Maximum<br>¢ | Winter<br>Minimum<br>¢ | Summer<br>Maximum<br>¢ | Summer<br>Minimum<br>¢ |
|-------------------------|------------------------|------------------------|------------------------|------------------------|
| Base Tariff Rate 1/ 2/  | 16.73                  | 1.04                   | 11.49                  | 1.04                   |
| TCRA Rates              | 0.69                   | -0.07                  | 0.44                   | -0.07                  |
| EPCA Rates              | 1.07                   | 0.84                   | 0.99                   | 0.84                   |
| OTRA Rates              | 0.24                   | 0.00                   | 0.16                   | 0.00                   |
| CCRM                    | 3.43                   | 0.00                   | 2.29                   | 0.00                   |
| Total Effective Rate 2/ | 22.16                  | 1.81                   | 15.37                  | 1.81                   |
| Daily Rate 2/           | 22.16                  | 1.81                   | 15.37                  | 1.81                   |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Currently Effective Rates  
 Applicable to Rate Schedule GTS  
 Rate Per Dth

|                   |   | Base Tariff<br>Rate<br>1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/ |
|-------------------|---|------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------|
| Rate Schedule GTS |   |                              |               |               |               |               |                               |                     |
| Commodity         |   |                              |               |               |               |               |                               |                     |
| Maximum           | ¢ | 68.99                        | 1.45          | 1.30          | 0.48          | 6.86          | 79.08                         | 79.08               |
| Minimum           | ¢ | 3.08                         | -0.07         | 0.84          | 0.00          | 0.00          | 3.85                          | 3.85                |
| MFCC              | ¢ | 65.91                        | 1.52          | 0.46          | 0.48          | 6.86          | 75.23                         | 75.23               |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Currently Effective Rates  
Applicable to Rate Schedule OPT  
Rate Per Dth

|                       |    | Base Tariff<br>Rate<br>1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/ |
|-----------------------|----|------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------|
| Rate Schedule OPT     |    |                              |               |               |               |               |                               |                     |
| 30 Days Interruption  |    |                              |               |               |               |               |                               |                     |
| Reservation Charge 3/ | \$ | 4.368                        | 0.212         | 0.064         | 0.066         | 0.953         | 5.663                         | 0.1862              |
| 60 Days Interruption  |    |                              |               |               |               |               |                               |                     |
| Reservation Charge 3/ | \$ | 3.969                        | 0.193         | 0.059         | 0.060         | 0.867         | 5.148                         | 0.1692              |
| Commodity             |    |                              |               |               |               |               |                               |                     |
| Maximum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| Minimum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| Overrun               |    |                              |               |               |               |               |                               |                     |
| 30 Days Interruption  |    |                              |               |               |               |               |                               |                     |
| Maximum               | ¢  | 15.40                        | 0.63          | 1.05          | 0.22          | 3.13          | 20.43                         | 20.43               |
| Minimum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |
| 60 Days Interruption  |    |                              |               |               |               |               |                               |                     |
| Maximum               | ¢  | 14.09                        | 0.56          | 1.03          | 0.20          | 2.85          | 18.73                         | 18.73               |
| Minimum               | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates  
 Applicable to Rate Schedule TPS  
 Rate Per Dth

|                                    |    | Base Tariff<br>Rate<br>1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily Rate<br>2/ |
|------------------------------------|----|------------------------------|---------------|---------------|---------------|---------------|-------------------------------|------------------|
| Rate Schedule TPS                  |    |                              |               |               |               |               |                               |                  |
| Reservation Charge 3/<br>Commodity | \$ | 4.771                        | 0.232         | 0.070         | 0.073         | 1.044         | 6.190                         | 0.2035           |
| Maximum                            | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81             |
| Minimum                            | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81             |
| Overrun                            |    |                              |               |               |               |               |                               |                  |
| Maximum                            | ¢  | 16.73                        | 0.69          | 1.07          | 0.24          | 3.43          | 22.16                         | 22.16            |
| Minimum                            | ¢  | 1.04                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81             |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates  
Applicable to Rate Schedule SST  
Rate Per Dth

|                                      |    | Base Tariff<br>Rate<br>1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/ |
|--------------------------------------|----|------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------|
| Rate Schedule SST                    |    |                              |               |               |               |               |                               |                     |
| Reservation Charge 3/4/<br>Commodity | \$ | 4.601                        | 0.232         | 0.070         | 0.073         | 1.044         | 6.020                         | 0.1979              |
| Maximum                              | ¢  | 1.02                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.79                          | 1.79                |
| Minimum                              | ¢  | 1.02                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.79                          | 1.79                |
| Overrun 4/                           |    |                              |               |               |               |               |                               |                     |
| Maximum                              | ¢  | 16.15                        | 0.69          | 1.07          | 0.24          | 3.43          | 21.58                         | 21.58               |
| Minimum                              | ¢  | 1.02                         | -0.07         | 0.84          | 0.00          | 0.00          | 1.79                          | 1.79                |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ Shippers utilizing the Eastern Market Expansion (EME) facilities for Rate Schedule SST service will pay a total SST reservation charge of \$17.625. If EME customers incur an overrun for SST services that is provided under their EME Project service agreements, they will pay a total overrun rate of 58.97 cents. The applicable EME demand charge and EME overrun charge can be added to the applicable surcharges above to calculate the EME Total Effective Rates.

1. DEFINITIONS

1.1 "Billing Month" shall mean the period elapsed between consecutive final monthly meter readings and, when referred to in terms of a calendar month, shall mean that calendar month in which the majority of the Billing Month occurs.

1.2 "Btu" shall mean the British thermal unit as defined by international standards.

1.3 "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays.

1.4 "Shipper" shall mean any person or entity receiving service under any of Transporter's Rate Schedule(s).

1.5 "CCRM Parties" shall be defined as the "Parties" pursuant to Article 7.2 of the CCRM Settlement.

1.6 "CCRM Rate" shall mean the Capital Cost Recovery Mechanism rate that is calculated and adjusted on an annual basis and established through an annual limited NGA Section 4(e) filing as set forth in Article VII of the CCRM Settlement.

1.7 "CCRM Settlements" shall mean the Stipulation and Agreement of Settlement approved on January 24, 2013 in Docket Number RP12-1021-000 and the Stipulation and Agreement of Settlement approved on April 18, 2016 in Docket No. RP16-314.

1.8 "Central Clock Time" or "CT" shall mean Central Standard Time adjusted for Daylight Savings Time. Unless otherwise stated, all times in the Tariff are Central Clock Time.

1.9 "Commission" shall mean the Federal Energy Regulatory Commission.

1.10 "Confirmations" shall mean the process of Transporter agreeing with Interconnecting Operators on quantities that should flow at a location based on nominations received by Transporter and the Interconnecting Operator. Related confirmation terms are:

(a) "Confirming Party" shall mean the entity that Transporter shall contact for confirmation of a quantity of gas with respect to a nomination at a location. Confirming Parties include Interconnecting Operators or upstream/downstream title holders.

(b) "Confirmation by Exception" or "CBE" means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication from that party.

The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame.

(c) "Explicit Confirmation" shall mean the requirement that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default confirmation methodology.

1.11 "Contesting Parties" shall mean any party defined as a "Contesting Party" pursuant to Articles IX of the CCRM Settlements.

1.12 "Critical Notice" shall mean any notice pertaining to information on system conditions that affect scheduling or adversely affect scheduled gas flow.

1.13 "Cubic Foot" and "Standard Cubic Foot" shall mean that quantity of natural gas that occupies one cubic foot of volume at the Volumetric Measurement Base defined in Section 26.2 of the General Terms and Conditions.

1.14 "Designated Site" shall mean the electronic address used to contact an entity for EDI transmission.

1.15 "Dth" or "Dekatherm" shall mean one million Btu. The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and gigacalories per Gas Day in Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; and 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units.

1.16 "Electronic Bulletin Board" and "EBB" shall mean Transporter's computerized system for the posting, sending and receiving of notices and other communications under this Tariff.

1.17 "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.

1.18 "EDI" shall mean electronic data interchange as defined by the standards established by the GISB and approved by the Commission, or Transporter defined data sets where no GISB standard exists.

1.19 "Elapsed Prorata Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

1.20 "Elapsed Prorated Scheduled Quantity" or "EPSQ" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

1.21 "Electronic Measurement" shall mean that form of measurement consisting of flow computers or computerized Remote Terminal Units (RTUs), electronic transducers, and associated power, data communications, and other electronic equipment to accomplish the measurement of gas and transfer of data without the use of charts or other paper Recordings.

1.22 "Gas Day" or "Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock Time, as adjusted for Daylight Savings Time, and the date of the Day shall be that of its beginning.

1.23 "General Terms and Conditions" or "GTC" shall mean the currently effective General Terms and Conditions set forth in Volume No. 1 of this Tariff.

1.24 "Heating Value" shall mean the gross heating value on a dry basis, which is the number of British thermal units produced by the complete combustion at constant pressure of the amount of dry gas (gas containing no water vapor) that would occupy a volume of one Cubic Foot at 14.73 psig and 60° F with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air, and the water formed by combustion condensed to the liquid state.

1.25 "Interconnecting Operator" shall mean the entity with physical control either upstream or downstream of Transporter's facility.

1.26 "Intraday Nomination" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day.

1.27 "Market Areas" shall mean the geographic regions shown on the Market Area map and the accompanying descriptions and listing of delivery points within each such geographic region, as published on Transporter's EBB, as they each may be changed from time to time.

1.28 "Master List of Interconnections" or "MLI" shall mean the list of interconnections, including receipt and delivery points with third parties, aggregation

points, and paper pools, eligible for transportation services as maintained by Transporter on its EBB on an ongoing basis.

1.29 "Maximum Hourly Quantity" shall mean the maximum hourly quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Rate Schedule NTS-S.

1.30 "Mcf" shall mean one thousand Cubic Feet of gas.

1.31 "Month" shall mean the period beginning at the start of the first Day of the calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

1.32 "Negotiated Rate" shall mean "negotiated rate" as defined in accordance with Commission policy, with respect to the negotiation of rates, rate components, fees, charges, surcharges, credits, retainage percentages, or formula pertaining to the same, for service under a Rate Schedule. A Negotiated Rate: must be mutually agreed to by Transporter and Shipper; may be less than, equal to, or greater than or less than the Recourse Rate and/or the minimum rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity.

1.33 "Nomination Cycle" shall mean the timing and activities related to nominations, capacity allocation, confirmation and scheduled quantities. Nomination cycles are:

(a) Timely Nomination Cycle

On the day prior to gas flow:

- (i) 1:00 p.m. for nominations leaving control of the nominating party;
- (ii) 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- (iii) 1:30 to send Quick Response;
- (iv) 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(b) Evening Nomination Cycle

On the day prior to gas flow:

- (i) 6:00 p.m. for nominations leaving control of the nominating party;
- (ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 6:30 p.m. to send Quick Response;
- (iv) 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(c) Intraday 1 Nomination Cycle

On the current Gas Day:

- (i) 10:00 a.m. for nominations leaving control of the nominating party;
- (ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 10:30 a.m. to send Quick Response;
- (iv) 12:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 1:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(d) Intraday 2 Nomination Cycle

On the current Gas Day:

- (i) 2:30 p.m. for nominations leaving control of the nominating party;
- (ii) 2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 3:00 p.m. to send Quick Response;
- (iv) 5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(e) Intraday 3 Nomination Cycle

On the current Gas Day:

- (i) 7:00 p.m. for nominations leaving control of the nominating party;
- (ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 7:30 p.m. to send Quick Response;
- (iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

(f) For purposes of (b), (c), (d) and (e) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

1.34 "OBA" shall mean Operation Balancing Agreement between two parties which specifies the procedures for managing operating variances at an interconnect.

1.35 "Operational Flow Order" or "OFO" shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.

1.36 "Package ID" shall mean a way to differentiate between discrete business transactions.

1.37 "Permanent Release" shall mean a release where the releasing Shipper releases its capacity for the entire remaining term of its Service Agreement and Transporter and Shipper agree to terminate the releasing Shipper's Service Agreement, so that the releasing Shipper no longer has any liability to Transporter to pay for the capacity.

1.38 "Pooling" shall mean 1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points.

1.39 "Receipt Point for Production" shall mean a receipt point that is directly connected to production or gathering facilities. Interconnections with interstate pipelines will not be deemed "Receipt Points for Production."

1.40 "Recording" and "Record" when used herein shall include:

- (a) charts or other paper recordings, or
- (b) any binary or other machine-readable representation of information stored in computer memory or other electronic device.

1.41 "Recourse Rate" shall mean the Total Effective Rate (maximum base tariff rate plus all applicable surcharges) set forth in this Tariff for service under the corresponding rate schedule. For the purpose of awarding capacity based on net present value or the allocation of capacity based on price, the Recourse Rate for CCRM Parties will be deemed to have the same net present value as the Recourse Rate for the Contesting Parties.

1.42 "Recurrence Interval" shall mean an annually recurring period of time, defined by month and day combinations, during which certain contract terms are effective.

1.43 "Retainage" shall mean the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Transporter (in addition to quantities Transporter will deliver to Shipper) for company-use, lost and unaccounted-for quantities under any of Transporter's Rate Schedules that refer to such term.

1.44 "Scheduled Daily Delivery Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions for delivery by Transporter on a daily basis to or for the account of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.45 "Scheduled Daily Receipt Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) the General Terms and Conditions for receipt by Transporter on a daily basis for or on behalf of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.46 "Segmentation Pool" ("SP") shall be the virtual location at which pooling for segmentation purposes occurs (designated as being west of Transporter's Lanham compressor station).

1.47 "Third Party Storage Company" shall mean a storage service provider with physical facility storage assets connected directly to Transporter's physical facilities.

1.48 "Transporter" shall mean Columbia Gas Transmission, LLC.

1.49 "Transporter Holiday" shall mean those annually sanctioned holidays of Transporter.

1.50 "Summer Season" shall mean the seven-month period commencing with the first Day of the April Billing Month of any year and ending with the last Day of the next succeeding October Billing Month.

1.51 "Title Transfer Tracking Service Provider" or "TTTSP" shall mean the party conducting the Title Transfer Tracking, which is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas.

1.52 "Total Firm Entitlement" or "TFE" shall mean the aggregate daily quantity of gas that Transporter is obligated to deliver to Shipper at its delivery points under Rate

Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and GTS, and under all firm X-Rate Schedules contained in Original Volume No. 2 of this Tariff.

1.53 "Transportation Demand" shall mean the maximum daily quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's firm transportation service Rate Schedules.

1.54 "Transportation Quantity" shall mean the maximum daily quantity of gas that Transporter agrees to transport and deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's interruptible transportation service Rate Schedules.

1.55 "Utilization Factor" shall mean the factor calculated by dividing the saturated heating value of the gas by the square root of its specific gravity.

1.56 "Winter Season" shall mean the five-month period commencing with the first Day of the November Billing Month in any year and ending with the last Day of the next succeeding March Billing Month.

#### 49. OPERATIONAL TRANSACTIONS

49.1 Eligible Transactions. Transporter may buy, sell and/or borrow or tender gas for return at a later date (an "Operational Transaction") to the extent necessary to:

- (a) maintain system pressure and line pack;
- (b) manage system imbalances;
- (c) perform other operational functions of Transporter in connection with transportation, storage, and other similar services; and/or
- (d) otherwise protect the operational integrity of Transporter's system.

Any Operational Transaction will be made on an unbundled basis. Transporter may assess separate transportation charges, where applicable, for transportation service to or from the point of any Operational Transaction. Sales by Transporter will be made at receipt point(s), which may include Pooling Points or Aggregation Points as defined in Transporter's IPP or AS Rate Schedules or at the points of interconnection with the upstream pipelines prior to receipt into Transporter's system. Other Operational Transactions will be made at locations where the gas may be most operationally needed from time to time. Operational Transactions will have a lower priority than firm service.

49.2 Posting Requirements. Transporter will post its quantities for sale, borrow or tender for bidding on its electronic bulletin board in accordance with the applicable bidding provisions which will be posted at the time of the offer. Transporter will provide as much advance notice through its EBB as is reasonably possible, but not less than 24 hours in advance of any gas purchases. Transporter reserves its right, in its sole discretion, to:

- (a) withdraw its postings;
- (b) reject all bids due to operational changes; and/or
- (c) reject any bids which do not meet or which contain modifications to the terms of the posting or which contain terms that are operationally unacceptable.

49.3 Reporting Requirements. Transporter will file a report on or before March 1 of each year reflecting the Operational Transactions for the 12-month period ending the preceding December 31. The report will indicate:

- (a) whether the Operational Transaction was a purchase, sale, borrow or tender;
- (b) the source of the gas in the Operational Transaction;

- (c) the date of the Operational Transaction; (for borrows and tenders, Transporter will include the beginning and termination date of the transaction);
- (d) volumes, expresses in dekatherms;
- (e) the Operational Transaction price, expressed as a rate per dekatherm;
- (f) the costs and revenues from the Operational Transaction;
- (g) the disposition of the associated costs and revenues;
- (h) an explanation of the purpose of any Operational Transaction, any alternatives that were considered, and how the action(s) taken were the best available; and
- (i) and explanation for any exercise of Transporter's rights under Section 49.2.

#### 49.4 Operational Transaction Rate Adjustment (OTRA) Mechanism

- (a) Purpose. Through the period ending March 31, 2022, this Section provides for the recovery of the costs of Operational Transactions (OTRA Costs) incurred in order to ensure sufficient flowing supply in Transporter's system in Market Areas 1, 2, 3 and 7, including carrying charges calculated under Section 154.501 of the Commission's regulations, through an OTRA surcharge applicable to Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT and ITS Rate Schedules. Such costs include, but are not limited to, the difference between the purchase price of gas in Market Areas 1, 2, 3, and 7 (or points on other pipelines) and the price for the sale of equivalent volumes at other locations on Transporter's system. Such OTRA costs shall include costs incurred under any third party transportation contracts associated with OTRA. Such third party transportation costs will not be included in the Transporter's TCRA costs. Transporter's OTRA Costs will be reduced by any revenues earned by Transporter for the Operational Transactions described in this Section 49.4 ("OTRA Revenues").
- (b) Transporter's OTRA Filings. On a semi-annual basis, Transporter will make a Section 4(e) rate filing to adjust its OTRA rates to take into account both prospective changes in OTRA Costs and unrecovered OTRA Costs for the summer season (April 1 to October 31) and winter season (November 1 to March 31). These filings will be submitted no later than: (i) April 1 of each year, to become effective May 1; and (ii) November 1 of each year, to become effective December 1.
- (c) Calculation of Current OTRA Surcharge. In each OTRA Filing, Transporter will calculate and allocate to the applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate

design, the Current OTRA Surcharge by: (i) estimating the total OTRA Costs, including any third party transportation costs associated with OTRA and the total OTRA Revenues for the summer or winter period (as applicable) commencing with the effective date of the OTRA Filing; (ii) subtracting the OTRA Revenues from the OTRA Costs; and (iii) dividing that amount by the applicable rate design determinants under all of the applicable Rate Schedules for that same period. In the event third party transportation capacity is acquired in excess of Transporter's operational needs, Transporter will attempt to release the excess capacity and credit revenue amounts against the OTRA costs incurred during that period.

- (d) True-Up of OTRA Surcharge. In each OTRA Filing, Transporter will calculate and allocate to the applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the OTRA True-Up Surcharge by subtracting from the OTRA Costs (less OTRA Revenues) actually incurred by Transporter during the preceding OTRA period the amount collected by Transporter during that period under the then-effective Current OTRA Surcharge and dividing the difference, whether positive or negative, by the estimated design determinants under the applicable Rate Schedules for period commencing on the effective date of that OTRA Filing.
- (e) Termination. Upon termination of the OTRA Mechanism, Shippers under the applicable Rate Schedules will remain subject to any unrecovered OTRA Costs (less OTRA Revenues), and Transporter will be required to refund any over-recovered OTRA Costs (less OTRA Revenues). Any positive or negative balances in Transporter's OTRA account as of the expiration of the OTRA mechanism will be charged or refunded to Shippers, as applicable, over a six-month period following the expiration of the OTRA Mechanism.
- (f) Early Termination. To the extent an alternative solution is developed in cooperation with customers that negates the need for the OTRA prior to March 31, 2022, Columbia will file to terminate the OTRA Mechanism.

52. Capital Cost Recovery Mechanism (CCRM)

52.1 Purpose. This Section provides for the recovery of Transporter's revenue requirements associated with the rehabilitation or replacement of Eligible Facilities, as defined in Section 52.3(a), (Capital Revenue Requirement) in order to modernize its system, improve system integrity and enhance service reliability and flexibility (Modernization Program), in accordance with the Stipulation and Agreement (CCRM Settlement) approved by the Commission in Docket No. RP12-1021 and Docket No. RP16-314. These revenue requirements will be recovered through a separately-tracked addition to the Recourse Rate (CCRM Rate) applicable to Shippers under Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT and ITS Rate Schedules set forth in this Tariff (Applicable Rate Schedules). The CCRM will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities that are placed into and remain in service from January 1, 2013 through December 31, 2020.

52.2 Transporter's CCRM Filings. In accordance with 18 C.F.R. § 154.403(c) on or before December 31 of each year, to become effective on February 1, Transporter will file to revise the CCRM Rate to take into account both changes in the Capital Revenue Requirement and unrecovered Capital Revenue Requirements from the preceding periods (CCRM Filing).

52.3 CCRM Eligibility.

(a) Eligible Facilities. "Eligible Facilities" will be determined in accordance with the terms of the CCRM Settlement. The first CCRM Rate will include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service from January 1, 2013 through October 31, 2013. In each subsequent annual CCRM Filing, the CCRM Rate will include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service during the prior November 1 through October 31 period (Prior CCRM Period). After the full five-year Initial Term, the final CCRM Rate will additionally include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service during November and December of 2017. Initial Term is defined in Section 52.5. After the Second Term, the final CCRM Rate will additionally include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service during November and December of 2020. Second Term is defined in Section 52.5. CCRM Parties shall have the right to challenge the CCRM Filings on issues that include but are not limited to (i) whether the CCRM filing conforms to the provisions the CCRM Settlement and Transporter's FERC Gas Tariff, (ii) the calculation of the CCRM Rate, (iii) whether costs are eligible for inclusion in the CCRM Rate or are subject to exclusions set out in Section 7.3 of the CCRM Settlement, (iv) the allocation of costs between the Modernization Program and expansion projects, and (v) whether the Eligible Facilities' costs were prudently incurred or the Modernization Program was prudently implemented.

(b) Cost Limits. The total amount of prudent investment in Eligible Facilities for which revenue requirements may be recovered through the CCRM for the Initial Term will not

exceed \$300 million per year, subject to a 15 percent tolerance per year, and the total amount of prudent investment for which revenue requirements are eligible for recovery through the CCRM for the entire five year Initial Term will not exceed \$1.5 billion. To the extent Transporter exceeds the maximum allowable expenditure up to the 15 percent tolerance in a year, Transporter will treat the excess above the tolerance as a capital maintenance expenditure level (“CML”) cost.

The total amount of prudent investment in Eligible Facilities for which revenue requirements may be recovered through the CCRM for the Second Term will not exceed \$390 million per year during 2018 and \$370 million per year during 2019 and 2020, subject to a 15 percent tolerance per year, and the total amount of prudent investment for which revenue requirements are eligible for recovery through the CCRM for the Second Term will not exceed \$1.130 billion. To the extent Transporter exceeds the maximum allowable expenditure up to the 15 percent tolerance in a year, Transporter will treat the excess above the tolerance as a capital maintenance expenditure level (“CML”) cost.

- (c) CML Levels. Transporter will maintain CML costs of \$100 million during the Initial Term for transmission and storage function projects (CML Projects) and such CML Projects will not be considered Eligible Facilities. Moreover, of the total \$100 million in CML costs for 2016 and 2017, Transporter will spend no less than \$15 million and no more than \$30 million for storage function projects during each such year. If Transporter spends less than the \$100 million level of CML in any year during the Initial Term, the difference will be used to reduce the plant investment included in the CCRM and the total amount of Eligible Facilities for which the Capital Revenue Requirement is recoverable through the CCRM for the Initial Term will be adjusted downward by such difference.

Transporter will maintain CML costs of \$115 million during the Second Term for CML Projects, including a minimum \$15 million and a maximum of \$30 million of annual CML expenditures for storage projects, and such CML Projects will not be considered Eligible Facilities. In addition, Transporter agrees to a minimum of \$25 million of CML expenditures for storage projects (which may include storage deliverability restoration projects) in 2021. If Transporter spends less than the \$115 million level of CML in any year during the Second Term, the difference will be used to reduce the plant investment included in the CCRM and the total amount of Eligible Facilities for which the Capital Revenue Requirement is recoverable through the CCRM for the Second Term will be adjusted downward by such difference.

Gathering projects will be excluded from Eligible Facilities. Unless otherwise agreed to pursuant to the CCRM Settlement, the following costs shall be excluded from Eligible Facilities: (1) costs incurred to increase the capacity of Transporter’s system to provide additional or incremental transportation service; (2) costs associated with researching pipeline records to verify Maximum Allowable Operating Pressure; (3) costs incurred in the development of the CCRM; (4) operations and maintenance expenses; (5) costs associated with compliance-order mandated projects not included in Transporter’s

Eligible Facilities Plan as set forth in Appendix E of the CCRM Settlement; (6) security costs; (7) and SCADA costs.

Any capital expenditures made to the Chesapeake LNG facilities located in Chesapeake County, VA and associated with services provided under Rate Schedules X-131, X-132, and X-133 will not be considered CML Projects or recovered through the CCRM under the terms of the CCRM Settlements. Nor will Rate Schedule X-131, X-132, or X-133 services be subject to the CCRM or pay the CCRM Rate.

52.4 CCRM Rate Calculation. In each annual CCRM Filing, Transporter will calculate the CCRM Rate and allocate to the Applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, as set forth below:

- (a) Determination of Capital Revenue Requirement. Transporter will first calculate the Capital Revenue Requirement resulting from capital investments in Eligible Facilities that were placed in and remained in service during the Prior CCRM Period (November 1 through October 31).

The Capital Revenue Requirement associated with Eligible Facilities will consist of the following factors: (1) a total rate base multiplier of 14 percent, which is comprised of a pre-tax rate of return of 12 percent and a Taxes Other than Income Taxes rate of 2.0 percent, will be multiplied by the "net rate base", (i.e., the gross plant minus accumulated depreciation and accumulated deferred income taxes) associated with Eligible Facilities; and (2) Transporter's transmission depreciation rate will be 1.5 percent and will be multiplied by the gross plant associated with Eligible Facilities.

The Capital Revenue Requirement associated with Eligible Facilities for the Second Term will consist of the following factors: (1) a total rate base multiplier of 13.64 percent, which is comprised of a pre-tax rate of return of 11.14 percent and a Taxes Other than Income Taxes rate of 2.5 percent, will be multiplied by the "net rate base", (i.e., the gross plant minus accumulated depreciation and accumulated deferred income taxes) associated with Eligible Facilities; and (2) Transporter's transmission depreciation rate will be 1.5 percent and will be multiplied by the gross plant associated with Eligible Facilities.

- (b) Allocation of Capital Revenue Requirement. Transporter will allocate the Capital Revenue Requirement across each Applicable Rate Schedule to derive the CCRM Rate on a per unit basis, utilizing the greater of:

- (1) The actual annual billing determinants for all system customers, exclusive of contracts for capacity on incrementally-priced projects that are not subject to the CCRM and adjusted for discounted contracts but including "non-incremental

negotiated rate contracts” (i.e., agreements for capacity that would otherwise be subject to the system-wide recourse rate) for each CCRM Period; or

- (2) A floor of 98,638,644 Dth for year 1 of the CCRM (2014) and a floor of 99,376,664 Dth for each year thereafter of the Initial Term of the CCRM. During the Second Term, a billing determinant floor of 99,376,664 Dth in effect as of February 1, 2019.

If actual billing determinants are lower than the floors set forth herein, Transporter will impute billing determinants at the maximum applicable rate and the revenues that would be associated with such billing determinants to reflect the above-stated billing determinant levels in the calculation of the CCRM Rate.

- (c) Billing Determinants and Costs under Discounted and Non-Incremental Negotiated Rate Service Agreements. Transporter will allocate a portion of the revenues derived from discount rate agreements to its calculation of actual revenues derived by the CCRM consistent with Commission ratemaking policy and as provided in the CCRM Settlement. To the extent discounted transactions would reduce the level of revenue below the level that results from the billing determinant floor set forth in Section 52.4(b), above, Transporter will impute billing determinants and the revenues that would be associated with such billing determinants at the maximum applicable rate up to that floor level. Non-incremental negotiated rate agreement billing determinants will be imputed at the maximum CCRM Rate.
- (d) Billing Determinants under Incrementally-Priced Expansion Project. Billing determinants for incrementally-priced expansion projects will be included in the calculation of the CCRM Rate upon those contracts meeting the Commission’s threshold requirements for “rolled-in” rate treatment (*i.e.*, at the time the base system-wide recourse rate plus the CCRM Rate is equal to or greater than the incremental recourse rate). Otherwise, incrementally-priced expansion projects will not be charged the CCRM Rate and the billing determinants for incrementally-priced expansion projects will not be included in the calculation of the CCRM Rate. In the event the Commission’s policy with respect to the rate treatment of incrementally-priced projects changes, any future treatment of incrementally-priced projects in the CCRM will conform to the revised FERC policy and practice. Notwithstanding any other provision in this Section 52, any incrementally-priced projects in service on or before the effective date of the CCRM Settlement will only be required to pay the CCRM Rate if the conditions set forth in the first sentence of this Section 52.4(d) occur. Implementation of such changes will be made only with the “Consensus” of the Parties”, as defined in Section 7.2 of the CCRM Settlement. Additionally, expansion projects that directly utilize Eligible Facilities will be treated as set forth below. For the purposes of this provision, an incrementally-priced expansion project shall be deemed as directly utilizing an Eligible Facility if the construction of the Eligible Facilities project and the expansion project concurrently results in a lower overall cost for the combined projects than constructing each project on

a stand-alone basis, or if, in the absence of an Eligible Facility project, the incrementally-priced expansion project would have required the installation of additional facilities in order to meet the project's needs (for example, in the event Transporter constructs an incrementally-priced expansion compression project concurrently with an Eligible Facility modernization compression project within the same compression station site, the allocation under Section 52.4(d)(1) will apply. Similarly, in the event Transporter concurrently performs modernization work on an Eligible Facility pipeline and upsizes that pipeline for purposes of an incremental expansion associated with the increased capacity related to such upsizing, the allocation under Section 52.4(d)(1) will apply):

- i. When an incrementally-priced expansion projects is constructed concurrently with Eligible Facilities, the costs of such combined projects shall be allocated between the Modernization Program and the expansion project on a *pro-rata* basis. Such allocation of costs shall only result in the allocation of a portion of the costs of Eligible Facilities to the expansion project and shall not result in an allocation of expansion project costs to the Modernization Program. The *pro rata* allocation shall be based on the amount of expansion capacity created as compared to the capacity of the facilities resulting from the modernization project alone. For example, if the capacity of the system upon completion of a modernization project would be 100 units and after a combined modernization/expansion project it is 120 units, the allocation of costs to the incrementally-priced expansion project shall be 16.67 percent  $((120-100)/120)$ . In situations where this allocation methodology could unduly impact an expansion project resulting in a detrimental impact to both expansion and existing customers, Transporter must obtain "Consensus" of the "Parties", as defined in Section 7.2 of the CCRM Settlement, on an alternative allocation of costs for such project; or
  - ii. If an incrementally-priced expansion project is built subsequent to, but directly utilizes Eligible Facilities, 10 percent of the billing determinants of expansion contracts for service commencing on or after January 1, 2013, will be imputed in the calculation of the CCRM Rate. There will be a rebuttable presumption that incrementally-priced expansion projects under this section directly utilize Eligible Facilities.
- (e) Cost Over/Under Recovery. Any over/under recovery of the Capital Revenue Requirement will be recovered in the next succeeding CCRM Filing. Subject to the annual and overall CCRM caps set forth in Section 52.3, the over/under recovery will be calculated each year by comparing the actual Capital Revenue Requirement to the revenues received during the recovery period, including any revenues required to be imputed by Transporter pursuant to Section 52.4(b), above.

52.5 Term of CCRM. The CCRM will be effective for an initial term commencing February 1, 2014 and ending on January 31, 2019 (Initial Term). After January 31, 2019, the CCRM will continue to be effective until the effective date of Transporter's next general NGA Section 4(e)

rate filing for January 31, 2022 (Second Term). Upon termination of the CCRM, Shippers under the Applicable Rate Schedules will remain subject to any unrecovered CCRM Costs, and Transporter will be required to refund any over-recovered CCRM Costs. Any positive or negative balances in Transporter's CCRM account as of the expiration of the CCRM will be charged or refunded to Shippers, as applicable, in the next monthly billing cycle that is at least 15 days after the termination of the CCRM.

53. Revenue Sharing

Commencing on or before May 1, 2013, and on or before May 1 each year thereafter, Transporter will file with the Commission a report detailing the total base system revenues and detailing whether or not the threshold for revenue sharing, as defined in Section 7.8 of the CCRM Settlement, has been met. If revenue sharing is triggered, Transporter will make a payment of the shared revenues to the CCRM Parties that were charged and paid the CCRM Rate during the relevant prior period, allocated based on their most recently available 12-month primary firm MDQ history and will provide details regarding the revenue sharing amount and Shipper allocations on or before May 1 in a filing submitted to the Commission. Any such shared revenues during the Initial Term will be paid to the CCRM Parties within 60 days of Transporter's filing. The revenue sharing mechanism, except for any revenue sharing payment obligation owed for 2018, and the associated annual report will terminate on the earlier of the effective date of the rates under the next NGA Section 4(e) rate case filing or December 31, 2018.

Any shared revenues during the Second Term will be paid to the CCRM Parties within 60 days of Transporter's filing. The revenue sharing mechanism, except for any revenue sharing payment obligation owed for 2020, and the associated annual report will terminate on the earlier of the effective date of the rates under the next NGA Section 4(e) rate case filing or December 31, 2020.

# **MARKED TARIFF SECTIONS**

Currently Effective Rates  
Applicable to Rate Schedule FTS  
Rate Per Dth

|                       | Base Tariff<br>Rate<br>1/ 2/     | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/             |
|-----------------------|----------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------------------|
| Rate Schedule FTS     |                                  |               |               |               |               |                               |                                 |
| Reservation Charge 3/ | \$ <del>4.944</del> <u>4.771</u> | 0.232         | 0.070         | 0.073         | 1.044         | <del>6.363</del> <u>6.190</u> | <del>0.2091</del> <u>0.2035</u> |
| Commodity             |                                  |               |               |               |               |                               |                                 |
| Maximum               | ¢ 1.04                           | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| Minimum               | ¢ 1.04                           | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| Overrun               |                                  |               |               |               |               |                               |                                 |
| Maximum               | ¢ <del>17.29</del> <u>16.73</u>  | 0.69          | 1.07          | 0.24          | 3.43          | <del>22.72</del> <u>22.16</u> | <del>22.72</del> <u>22.16</u>   |
| Minimum               | ¢ 1.04                           | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates  
Applicable to Rate Schedule NTS and NTS-S  
Rate Per Dth

|                          |    | Base Tariff<br>Rate 1/ 2/     | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/             |
|--------------------------|----|-------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------------------|
| Rate Schedule NTS        |    |                               |               |               |               |               |                               |                                 |
| Reservation Charge 3/ 4/ | \$ | <del>6.454</del> <u>6.281</u> | 0.232         | 0.070         | 0.073         | 1.044         | <del>7.873</del> <u>7.700</u> | <del>0.2588</del> <u>0.2531</u> |
| Commodity                |    |                               |               |               |               |               |                               |                                 |
| Maximum                  | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| Minimum                  | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| Overrun                  |    |                               |               |               |               |               |                               |                                 |
| Maximum                  | ¢  | <del>22.26</del> <u>21.69</u> | 0.69          | 1.07          | 0.24          | 3.43          | <del>27.69</del> <u>27.12</u> | <del>27.69</del> <u>27.12</u>   |
| Minimum                  | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ The rates shown above for Service under Rate Schedule NTS shall be applicable to Service under Rate Schedule NTS-S except that the maximum Reservation Fee shall be adjusted to reflect the applicable expedited period of gas flow (EPF) utilizing the following formula, rounded to 3 decimal places:
  - NTS-S = NTS \* (24/EPF) where:
  - NTS-S = NTS-S Reservation Fee
  - NTS = Applicable NTS Reservation Fee
  - 24 = Number of Hours in a Gas Day
  - EPF - MDQ/MHQ

Currently Effective Rates  
Applicable to Rate Schedule ITS  
Rate Per Dth

| Commodity               | Winter<br>Maximum<br>¢        | Winter<br>Minimum<br>¢ | Summer<br>Maximum<br>¢        | Summer<br>Minimum<br>¢ |
|-------------------------|-------------------------------|------------------------|-------------------------------|------------------------|
| Base Tariff Rate 1/ 2/  | <del>17.29</del> <u>16.73</u> | 1.04                   | <del>11.87</del> <u>11.49</u> | 1.04                   |
| TCRA Rates              | 0.69                          | -0.07                  | 0.44                          | -0.07                  |
| EPCA Rates              | 1.07                          | 0.84                   | 0.99                          | 0.84                   |
| OTRA Rates              | 0.24                          | 0.00                   | 0.16                          | 0.00                   |
| CCRM                    | 3.43                          | 0.00                   | 2.29                          | 0.00                   |
| Total Effective Rate 2/ | <del>22.72</del> <u>22.16</u> | 1.81                   | <del>15.75</del> <u>15.37</u> | 1.81                   |
| Daily Rate 2/           | <del>22.72</del> <u>22.16</u> | 1.81                   | <del>15.75</del> <u>15.37</u> | 1.81                   |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Currently Effective Rates  
Applicable to Rate Schedule GTS  
Rate Per Dth

|                   |   | Base Tariff<br>Rate<br>1/ 2/ | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/    |
|-------------------|---|------------------------------|---------------|---------------|---------------|---------------|-------------------------------|------------------------|
| Rate Schedule GTS |   |                              |               |               |               |               |                               |                        |
| Commodity         |   |                              |               |               |               |               |                               |                        |
|                   | ¢ | <del>70.13</del> 68.99       | 1.45          | 1.30          | 0.48          | 6.86          | <del>80.22</del> 79.08        | <del>80.22</del> 79.08 |
|                   | ¢ | 3.08                         | -0.07         | 0.84          | 0.00          | 0.00          | 3.85                          | 3.85                   |
|                   | ¢ | <del>67.05</del> 65.91       | 1.52          | 0.46          | 0.48          | 6.86          | <del>76.37</del> 75.23        | <del>76.37</del> 75.23 |
| MFCC              |   |                              |               |               |               |               |                               |                        |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.

Currently Effective Rates  
Applicable to Rate Schedule OPT  
Rate Per Dth

|                       |    | Base Tariff<br>Rate<br>1/ 2/  | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/             |
|-----------------------|----|-------------------------------|---------------|---------------|---------------|---------------|-------------------------------|---------------------------------|
| Rate Schedule OPT     |    |                               |               |               |               |               |                               |                                 |
| 30 Days Interruption  |    |                               |               |               |               |               |                               |                                 |
| Reservation Charge 3/ | \$ | <del>4.526</del> <u>4.368</u> | 0.212         | 0.064         | 0.066         | 0.953         | <del>5.821</del> <u>5.663</u> | <del>0.1914</del> <u>0.1862</u> |
| 60 Days Interruption  |    |                               |               |               |               |               |                               |                                 |
| Reservation Charge 3/ | \$ | <del>4.113</del> <u>3.969</u> | 0.193         | 0.059         | 0.060         | 0.867         | <del>5.292</del> <u>5.148</u> | <del>0.1739</del> <u>0.1692</u> |
| Commodity             |    |                               |               |               |               |               |                               |                                 |
| Maximum               | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| Minimum               | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| Overrun               |    |                               |               |               |               |               |                               |                                 |
| 30 Days Interruption  |    |                               |               |               |               |               |                               |                                 |
| Maximum               | ¢  | <del>15.92</del> <u>15.40</u> | 0.63          | 1.05          | 0.22          | 3.13          | <del>20.95</del> <u>20.43</u> | <del>20.95</del> <u>20.43</u>   |
| Minimum               | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |
| 60 Days Interruption  |    |                               |               |               |               |               |                               |                                 |
| Maximum               | ¢  | <del>14.56</del> <u>14.09</u> | 0.56          | 1.03          | 0.20          | 2.85          | <del>19.20</del> <u>18.73</u> | <del>19.20</del> <u>18.73</u>   |
| Minimum               | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                            |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates  
Applicable to Rate Schedule TPS  
Rate Per Dth

|                                    |    | Base Tariff<br>Rate<br>1/ 2/  | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily Rate<br>2/               |
|------------------------------------|----|-------------------------------|---------------|---------------|---------------|---------------|-------------------------------|--------------------------------|
| Rate Schedule TPS                  |    |                               |               |               |               |               |                               |                                |
| Reservation Charge 3/<br>Commodity | \$ | <del>4.944</del> <u>4.771</u> | 0.232         | 0.070         | 0.073         | 1.044         | <del>6.363</del> <u>6.190</u> | <del>0.209</del> <u>0.2035</u> |
| Maximum                            | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                           |
| Minimum                            | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                           |
| Overrun                            |    |                               |               |               |               |               |                               |                                |
| Maximum                            | ¢  | <del>17.29</del> <u>16.73</u> | 0.69          | 1.07          | 0.24          | 3.43          | <del>22.72</del> <u>22.16</u> | <del>22.72</del> <u>22.16</u>  |
| Minimum                            | ¢  | 1.04                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.81                          | 1.81                           |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.

Currently Effective Rates  
Applicable to Rate Schedule SST  
Rate Per Dth

|                                      |    | Base Tariff<br>Rate<br>1/ 2/  | TCRA<br>Rates | EPCA<br>Rates | OTRA<br>Rates | CCRM<br>Rates | Total<br>Effective<br>Rate 2/ | Daily<br>Rate<br>2/            |
|--------------------------------------|----|-------------------------------|---------------|---------------|---------------|---------------|-------------------------------|--------------------------------|
| Rate Schedule SST                    |    |                               |               |               |               |               |                               |                                |
| Reservation Charge 3/4/<br>Commodity | \$ | <del>4.774</del> <u>4.601</u> | 0.232         | 0.070         | 0.073         | 1.044         | <del>6.193</del> <u>6.020</u> | <del>0.203</del> <u>0.1979</u> |
| Maximum                              | ¢  | 1.02                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.79                          | 1.79                           |
| Minimum                              | ¢  | 1.02                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.79                          | 1.79                           |
| Overrun 4/                           |    |                               |               |               |               |               |                               |                                |
| Maximum                              | ¢  | <del>16.72</del> <u>16.15</u> | 0.69          | 1.07          | 0.24          | 3.43          | <del>22.15</del> <u>21.58</u> | <del>22.15</del> <u>21.58</u>  |
| Minimum                              | ¢  | 1.02                          | -0.07         | 0.84          | 0.00          | 0.00          | 1.79                          | 1.79                           |

- 1/ Excludes Account 858 expenses and Electric Power Costs which are recovered through Columbia's Transportation Costs Rate Adjustment (TCRA) and Electric Power Costs Adjustment (EPCA), respectively.
- 2/ Excludes the Annual Charge Adjustment (ACA) Surcharge. An ACA Commodity surcharge per Dth shall be assessed where applicable pursuant to Section 154.402 of the Commission's Regulations and in accordance with Section 34 of the GTC of Transporter's FERC Gas Tariff. The ACA unit charge authorized for each fiscal year (commencing October 1) by the Commission and posted on its website (<http://www.ferc.gov>) is incorporated herein by reference.
- 3/ Minimum reservation charge is \$0.00.
- 4/ Shippers utilizing the Eastern Market Expansion (EME) facilities for Rate Schedule SST service will pay a total SST reservation charge of \$17.625. If EME customers incur an overrun for SST services that is provided under their EME Project service agreements, they will pay a total overrun rate of 58.97 cents. The applicable EME demand charge and EME overrun charge can be added to the applicable surcharges above to calculate the EME Total Effective Rates.

1. DEFINITIONS

1.1 "Billing Month" shall mean the period elapsed between consecutive final monthly meter readings and, when referred to in terms of a calendar month, shall mean that calendar month in which the majority of the Billing Month occurs.

1.2 "Btu" shall mean the British thermal unit as defined by international standards.

1.3 "Business Day" shall mean Monday through Friday, excluding Federal Banking Holidays.

1.4 "Shipper" shall mean any person or entity receiving service under any of Transporter's Rate Schedule(s).

1.5 "CCRM Parties" shall be defined as the "Parties" pursuant to Article 7.2 of the CCRM Settlement.

1.6 "CCRM Rate" shall mean the Capital Cost Recovery Mechanism rate that is calculated and adjusted on an annual basis and established through an annual limited NGA Section 4(e) filing as set forth in Article VII of the CCRM Settlement.

1.7 "CCRM Settlements" shall mean the Stipulation and Agreement of Settlement approved on January 24, 2013 in Docket Number RP12-1021-000 [and the Stipulation and Agreement of Settlement approved on April 18, 2016 in Docket No. RP16-314](#).

1.8 "Central Clock Time" or "CT" shall mean Central Standard Time adjusted for Daylight Savings Time. Unless otherwise stated, all times in the Tariff are Central Clock Time.

1.9 "Commission" shall mean the Federal Energy Regulatory Commission.

1.10 "Confirmations" shall mean the process of Transporter agreeing with Interconnecting Operators on quantities that should flow at a location based on nominations received by Transporter and the Interconnecting Operator. Related confirmation terms are:

(a) "Confirming Party" shall mean the entity that Transporter shall contact for confirmation of a quantity of gas with respect to a nomination at a location. Confirming Parties include Interconnecting Operators or upstream/downstream title holders.

(b) "Confirmation by Exception" or "CBE" means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication from that party.

The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame.

(c) "Explicit Confirmation" shall mean the requirement that the Confirming Party respond to a Request for Confirmation or initiate an unsolicited Confirmation Response. Absent mutual agreement to the contrary, Explicit Confirmation is the default confirmation methodology.

1.11 "Contesting Parties" shall mean any party defined as a "Contesting Party" pursuant to Articles IX of the CCRM Settlements.

1.12~~4~~ "Critical Notice" shall mean any notice pertaining to information on system conditions that affect scheduling or adversely affect scheduled gas flow.

1.13~~2~~ "Cubic Foot" and "Standard Cubic Foot" shall mean that quantity of natural gas that occupies one cubic foot of volume at the Volumetric Measurement Base defined in Section 26.2 of the General Terms and Conditions.

1.14~~3~~ "Designated Site" shall mean the electronic address used to contact an entity for EDI transmission.

1.15~~4~~ "Dth" or "Dekatherm" shall mean one million Btu. The standard quantity for nominations, confirmation and scheduling is dekatherms per Gas Day in the United States, gigajoules per Gas Day in Canada and gigacalories per Gas Day in Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; and 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units.

1.16~~5~~ "Electronic Bulletin Board" and "EBB" shall mean Transporter's computerized system for the posting, sending and receiving of notices and other communications under this Tariff.

1.17~~6~~ "Electronic Notice Delivery" is the term used to describe the delivery of notices via Internet E-mail and/or EDI/EDM.

1.18~~7~~ "EDI" shall mean electronic data interchange as defined by the standards established by the GISB and approved by the Commission, or Transporter defined data sets where no GISB standard exists.

1.198 "Elapsed Prorata Capacity" shall mean that portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

1.2019 "Elapsed Prorated Scheduled Quantity" or "EPSQ" shall mean that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected.

1.210 "Electronic Measurement" shall mean that form of measurement consisting of flow computers or computerized Remote Terminal Units (RTUs), electronic transducers, and associated power, data communications, and other electronic equipment to accomplish the measurement of gas and transfer of data without the use of charts or other paper Recordings.

1.224 "Gas Day" or "Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock Time, as adjusted for Daylight Savings Time, and the date of the Day shall be that of its beginning.

1.232 "General Terms and Conditions" or "GTC" shall mean the currently effective General Terms and Conditions set forth in Volume No. 1 of this Tariff.

1.243 "Heating Value" shall mean the gross heating value on a dry basis, which is the number of British thermal units produced by the complete combustion at constant pressure of the amount of dry gas (gas containing no water vapor) that would occupy a volume of one Cubic Foot at 14.73 psig and 60° F with combustion air at the same temperature and pressure as the gas, the products of combustion being cooled to the initial temperature of the gas and air, and the water formed by combustion condensed to the liquid state.

1.254 "Interconnecting Operator" shall mean the entity with physical control either upstream or downstream of Transporter's facility.

1.265 "Intraday Nomination" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day.

1.276 "Market Areas" shall mean the geographic regions shown on the Market Area map and the accompanying descriptions and listing of delivery points within each such geographic region, as published on Transporter's EBB, as they each may be changed from time to time.

1.287 "Master List of Interconnections" or "MLI" shall mean the list of interconnections, including receipt and delivery points with third parties, aggregation

points, and paper pools, eligible for transportation services as maintained by Transporter on its EBB on an ongoing basis.

1.29~~8~~ "Maximum Hourly Quantity" shall mean the maximum hourly quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under Rate Schedule NTS-S.

1.30~~29~~ "Mcf" shall mean one thousand Cubic Feet of gas.

1.31~~9~~ "Month" shall mean the period beginning at the start of the first Day of the calendar month and ending at the same hour on the first Day of the next succeeding calendar month.

1.32~~4~~ "Negotiated Rate" shall mean "negotiated rate" as defined in accordance with Commission policy, with respect to the negotiation of rates, rate components, fees, charges, surcharges, credits, retainage percentages, or formula pertaining to the same, for service under a Rate Schedule. A Negotiated Rate: must be mutually agreed to by Transporter and Shipper; may be less than, equal to, or greater than or less than the Recourse Rate and/or the minimum rate; may be based on a rate design other than straight fixed variable; and may include a minimum quantity.

1.33~~2~~ "Nomination Cycle" shall mean the timing and activities related to nominations, capacity allocation, confirmation and scheduled quantities. Nomination cycles are:

(a) Timely Nomination Cycle

On the day prior to gas flow:

- (i) 1:00 p.m. for nominations leaving control of the nominating party;
- (ii) 1:15 p.m. for receipt of nominations by the Transporter (including from Title Transfer Tracking Service Providers (TTTSPs));
- (iii) 1:30 to send Quick Response;
- (iv) 4:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:00 p.m. for receipt of scheduled quantities by Shipper and Interconnecting Operator.

Scheduled quantities resulting from Timely Nominations should be effective at the start of the next Gas Day.

(b) Evening Nomination Cycle

On the day prior to gas flow:

- (i) 6:00 p.m. for nominations leaving control of the nominating party;
- (ii) 6:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 6:30 p.m. to send Quick Response;
- (iv) 8:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 9:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations shall be effective at the start of the next Gas Day.

(c) Intraday 1 Nomination Cycle

On the current Gas Day:

- (i) 10:00 a.m. for nominations leaving control of the nominating party;
- (ii) 10:15 a.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 10:30 a.m. to send Quick Response;
- (iv) 12:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 1:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators, and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 1 Nominations should be effective at 2:00 p.m. on the current Gas Day.

(d) Intraday 2 Nomination Cycle

On the current Gas Day:

- (i) 2:30 p.m. for nominations leaving control of the nominating party;
- (ii) 2:45 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 3:00 p.m. to send Quick Response;
- (iv) 5:00 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 5:30 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators and to provide scheduled quantities to bumped parties (notice to bumped parties).

Scheduled quantities resulting from Intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(e) Intraday 3 Nomination Cycle

On the current Gas Day:

- (i) 7:00 p.m. for nominations leaving control of the nominating party;
- (ii) 7:15 p.m. for receipt of nominations by the Transporter (including from TTTSPs);
- (iii) 7:30 p.m. to send Quick Response;
- (iv) 9:30 p.m. for receipt of completed confirmations by Transporter from upstream and downstream connected parties;
- (v) 10:00 p.m. for Transporter to provide scheduled quantities to affected Shippers and Interconnecting Operators.

Scheduled quantities resulting from Intraday 3 Nominations should be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the Intraday 3 Nomination Cycle.

(f) For purposes of (b), (c), (d) and (e) above, "provide" shall mean receipt at Shipper's or Interconnecting Operator's designated site, and for purposes of other forms of transmittal, it shall mean send or post.

1.34~~3~~ "OBA" shall mean Operation Balancing Agreement between two parties which specifies the procedures for managing operating variances at an interconnect.

1.35~~4~~ "Operational Flow Order" or "OFO" shall mean an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity of Transporter's system or to maintain operations required to provide efficient and reliable firm service. Whenever Transporter experiences these conditions, any pertinent order shall be referred to as an Operational Flow Order.

1.36~~5~~ "Package ID" shall mean a way to differentiate between discrete business transactions.

1.37~~6~~ "Permanent Release" shall mean a release where the releasing Shipper releases its capacity for the entire remaining term of its Service Agreement and Transporter and Shipper agree to terminate the releasing Shipper's Service Agreement, so that the releasing Shipper no longer has any liability to Transporter to pay for the capacity.

1.38~~7~~ "Pooling" shall mean 1) the aggregation of gas from multiple physical and/or logical points to a single physical or logical point, and/or 2) the dis-aggregation of gas from a single physical or logical point to multiple physical and/or logical points.

1.39~~8~~ "Receipt Point for Production" shall mean a receipt point that is directly connected to production or gathering facilities. Interconnections with interstate pipelines will not be deemed "Receipt Points for Production."

1.40~~39~~ "Recording" and "Record" when used herein shall include:

- (a) charts or other paper recordings, or
- (b) any binary or other machine-readable representation of information stored in computer memory or other electronic device.

1.41~~0~~ "Recourse Rate" shall mean the Total Effective Rate (maximum base tariff rate plus all applicable surcharges) set forth in this Tariff for service under the corresponding rate schedule. For the purpose of awarding capacity based on net present value or the allocation of capacity based on price, the Recourse Rate for CCRM Parties will be

deemed to have the same net present value as the Recourse Rate for the Contesting Parties.

1.42~~4~~ "Recurrence Interval" shall mean an annually recurring period of time, defined by month and day combinations, during which certain contract terms are effective.

1.43~~2~~ "Retainage" shall mean the quantity of gas, expressed as a percentage of receipt quantities, Shipper must provide Transporter (in addition to quantities Transporter will deliver to Shipper) for company-use, lost and unaccounted-for quantities under any of Transporter's Rate Schedules that refer to such term.

1.44~~3~~ "Scheduled Daily Delivery Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) of the General Terms and Conditions for delivery by Transporter on a daily basis to or for the account of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.45~~4~~ "Scheduled Daily Receipt Quantity" shall mean the quantity of gas scheduled by Transporter pursuant to Section 6 (Nominating, Scheduling, and Monitoring) the General Terms and Conditions for receipt by Transporter on a daily basis for or on behalf of Shipper pursuant to each Service Agreement under any of Transporter's Rate Schedules that refer to such term.

1.46~~5~~ "Segmentation Pool" ("SP") shall be the virtual location at which pooling for segmentation purposes occurs (designated as being west of Transporter's Lanham compressor station).

1.47~~6~~ "Third Party Storage Company" shall mean a storage service provider with physical facility storage assets connected directly to Transporter's physical facilities.

1.48~~7~~ "Transporter" shall mean Columbia Gas Transmission, LLC.

1.49~~8~~ "Transporter Holiday" shall mean those annually sanctioned holidays of Transporter.

1.50~~49~~ "Summer Season" shall mean the seven-month period commencing with the first Day of the April Billing Month of any year and ending with the last Day of the next succeeding October Billing Month.

1.51~~9~~ "Title Transfer Tracking Service Provider" or "TTTSP" shall mean the party conducting the Title Transfer Tracking, which is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas.

1.52~~1~~ "Total Firm Entitlement" or "TFE" shall mean the aggregate daily quantity of gas that Transporter is obligated to deliver to Shipper at its delivery points under Rate Schedules FTS, FT-C, NTS, NTS-S, TPS, SST, and GTS, and under all firm X-Rate Schedules contained in Original Volume No. 2 of this Tariff.

1.53~~2~~ "Transportation Demand" shall mean the maximum daily quantity of gas that Transporter shall be obligated to deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's firm transportation service Rate Schedules.

1.54~~3~~ "Transportation Quantity" shall mean the maximum daily quantity of gas that Transporter agrees to transport and deliver to or for the account of Shipper pursuant to a Service Agreement under any of Transporter's interruptible transportation service Rate Schedules.

1.55~~4~~ "Utilization Factor" shall mean the factor calculated by dividing the saturated heating value of the gas by the square root of its specific gravity.

1.56~~5~~ "Winter Season" shall mean the five-month period commencing with the first Day of the November Billing Month in any year and ending with the last Day of the next succeeding March Billing Month.

#### 49. OPERATIONAL TRANSACTIONS

49.1 Eligible Transactions. Transporter may buy, sell and/or borrow or tender gas for return at a later date (an "Operational Transaction") to the extent necessary to:

- (a) maintain system pressure and line pack;
- (b) manage system imbalances;
- (c) perform other operational functions of Transporter in connection with transportation, storage, and other similar services; and/or
- (d) otherwise protect the operational integrity of Transporter's system.

Any Operational Transaction will be made on an unbundled basis. Transporter may assess separate transportation charges, where applicable, for transportation service to or from the point of any Operational Transaction. Sales by Transporter will be made at receipt point(s), which may include Pooling Points or Aggregation Points as defined in Transporter's IPP or AS Rate Schedules or at the points of interconnection with the upstream pipelines prior to receipt into Transporter's system. Other Operational Transactions will be made at locations where the gas may be most operationally needed from time to time. Operational Transactions will have a lower priority than firm service.

49.2 Posting Requirements. Transporter will post its quantities for sale, borrow or tender for bidding on its electronic bulletin board in accordance with the applicable bidding provisions which will be posted at the time of the offer. Transporter will provide as much advance notice through its EBB as is reasonably possible, but not less than 24 hours in advance of any gas purchases. Transporter reserves its right, in its sole discretion, to:

- (a) withdraw its postings;
- (b) reject all bids due to operational changes; and/or
- (c) reject any bids which do not meet or which contain modifications to the terms of the posting or which contain terms that are operationally unacceptable.

49.3 Reporting Requirements. Transporter will file a report on or before March 1 of each year reflecting the Operational Transactions for the 12-month period ending the preceding December 31. The report will indicate:

- (a) whether the Operational Transaction was a purchase, sale, borrow or tender;
- (b) the source of the gas in the Operational Transaction;

- (c) the date of the Operational Transaction; (for borrows and tenders, Transporter will include the beginning and termination date of the transaction);
- (d) volumes, expressed in dekatherms;
- (e) the Operational Transaction price, expressed as a rate per dekatherm;
- (f) the costs and revenues from the Operational Transaction;
- (g) the disposition of the associated costs and revenues;
- (h) an explanation of the purpose of any Operational Transaction, any alternatives that were considered, and how the action(s) taken were the best available; and
- (i) and explanation for any exercise of Transporter's rights under Section 49.2.

#### 49.4 Operational Transaction Rate Adjustment (OTRA) Mechanism

- (a) Purpose. Through the period ending March 31, ~~2017~~2022, this Section provides for the recovery of the costs of Operational Transactions (OTRA Costs) incurred in order to ensure sufficient flowing supply in Transporter's system in Market Areas 1, 2, 3 and 7, including carrying charges calculated under Section 154.501 of the Commission's regulations, through an OTRA surcharge applicable to Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT and ITS Rate Schedules. Such costs include, but are not limited to, the difference between the purchase price of gas in Market Areas 1, 2, 3, and 7 (or points on other pipelines) and the price for the sale of equivalent volumes at other locations on Transporter's system. Such OTRA costs shall include costs incurred under any third party transportation contracts associated with OTRA. Such third party transportation costs will not be included in the Transporter's TCRA costs. Transporter's OTRA Costs will be reduced by any revenues earned by Transporter for the Operational Transactions described in this Section 49.4 ("OTRA Revenues").
- (b) Transporter's OTRA Filings. On a semi-annual basis, Transporter will make a Section 4(e) rate filing to adjust its OTRA rates to take into account both prospective changes in OTRA Costs and unrecovered OTRA Costs for the summer season (April 1 to October 31) and winter season (November 1 to March 31). These filings will be submitted no later than: (i) April 1 of each year, to become effective May 1; and (ii) November 1 of each year, to become effective December 1.
- (c) Calculation of Current OTRA Surcharge. In each OTRA Filing, Transporter will calculate and allocate to the applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate

design, the Current OTRA Surcharge by: (i) estimating the total OTRA Costs, including any third party transportation costs associated with OTRA and the total OTRA Revenues for the summer or winter period (as applicable) commencing with the effective date of the OTRA Filing; (ii) subtracting the OTRA Revenues from the OTRA Costs; and (iii) dividing that amount by the applicable rate design determinants under all of the applicable Rate Schedules for that same period. In the event third party transportation capacity is acquired in excess of Transporter's operational needs, Transporter will attempt to release the excess capacity and credit revenue amounts against the OTRA costs incurred during that period.

- (d) True-Up of OTRA Surcharge. In each OTRA Filing, Transporter will calculate and allocate to the applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, the OTRA True-Up Surcharge by subtracting from the OTRA Costs (less OTRA Revenues) actually incurred by Transporter during the preceding OTRA period the amount collected by Transporter during that period under the then-effective Current OTRA Surcharge and dividing the difference, whether positive or negative, by the estimated design determinants under the applicable Rate Schedules for period commencing on the effective date of that OTRA Filing.
- (e) Termination. Upon termination of the OTRA Mechanism, Shippers under the applicable Rate Schedules will remain subject to any unrecovered OTRA Costs (less OTRA Revenues), and Transporter will be required to refund any over-recovered OTRA Costs (less OTRA Revenues). Any positive or negative balances in Transporter's OTRA account as of the expiration of the OTRA mechanism will be charged or refunded to Shippers, as applicable, over a six-month period following the expiration of the OTRA Mechanism.
- (f) Early Termination. To the extent an alternative solution is developed in cooperation with customers that negates the need for the OTRA prior to March 31, ~~2017~~2022, Columbia will file to terminate the OTRA Mechanism.

52. Capital Cost Recovery Mechanism (CCRM)

52.1 Purpose. This Section provides for the recovery of Transporter's revenue requirements associated with the rehabilitation or replacement of Eligible Facilities, as defined in Section 52.3(a), (Capital Revenue Requirement) in order to modernize its system, improve system integrity and enhance service reliability and flexibility (Modernization Program), in accordance with the Stipulation and Agreement (CCRM Settlement) approved by the Commission in Docket No. RP12-1021 and Docket No. RP16-314. These revenue requirements will be recovered through a separately-tracked addition to the Recourse Rate (CCRM Rate) applicable to Shippers under Transporter's FTS, NTS, NTS-S, TPS, SST, GTS, OPT and ITS Rate Schedules set forth in this Tariff (Applicable Rate Schedules). The CCRM will provide for the recovery of the Capital Revenue Requirement associated with Eligible Facilities that are placed into and remain in service from January 1, 2013 through December 31, ~~2017~~2020.

52.2 Transporter's CCRM Filings. In accordance with 18 C.F.R. § 154.403(c) on or before December 31 of each year, to become effective on February 1, Transporter will file to revise the CCRM Rate to take into account both changes in the Capital Revenue Requirement and unrecovered Capital Revenue Requirements from the preceding periods (CCRM Filing).

52.3 CCRM Eligibility.

- (a) Eligible Facilities. "Eligible Facilities" will be determined in accordance with the terms of the CCRM Settlement. The first CCRM Rate will include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service from January 1, 2013 through October 31, 2013. In each subsequent annual CCRM Filing, the CCRM Rate will include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service during the prior November 1 through October 31 period (Prior CCRM Period). ~~If the CCRM remains in place for~~After the full five-year Initial Term, the final CCRM Rate will additionally include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service during November and December of 2017. Initial Term is defined in Section 52.5. After the Second Term, the final CCRM Rate will additionally include the Capital Revenue Requirement related to Eligible Facilities that are placed in and remain in service during November and December of 2020. Second Term is defined in Section 52.5. CCRM Parties shall have the right to challenge the CCRM Filings on issues that include but are not limited to (i) whether the CCRM filing conforms to the provisions the CCRM Settlement and Transporter's FERC Gas Tariff, (ii) the calculation of the CCRM Rate, (iii) whether costs are eligible for inclusion in the CCRM Rate or are subject to exclusions set out in Section 7.3 of the CCRM Settlement, (iv) the allocation of costs between the Modernization Program and expansion projects, and (v) whether the Eligible Facilities' costs were prudently incurred or the Modernization Program was prudently implemented.

- (b) Cost Limits. The total amount of prudent investment in Eligible Facilities for which revenue requirements may be recovered through the CCRM for the Initial Term will not exceed \$300 million per year, subject to a 15 percent tolerance per year, and the total amount of prudent investment for which revenue requirements are eligible for recovery through the CCRM for the entire five year Initial Term will not exceed \$1.5 billion. To the extent Transporter exceeds the maximum allowable expenditure up to the 15 percent tolerance in a year, Transporter will treat the excess above the tolerance as a capital maintenance expenditure level (“CML”) cost.

The total amount of prudent investment in Eligible Facilities for which revenue requirements may be recovered through the CCRM for the Second Term will not exceed \$390 million per year during 2018 and \$370 million per year during 2019 and 2020, subject to a 15 percent tolerance per year, and the total amount of prudent investment for which revenue requirements are eligible for recovery through the CCRM for the Second Term will not exceed \$1.130 billion. To the extent Transporter exceeds the maximum allowable expenditure up to the 15 percent tolerance in a year, Transporter will treat the excess above the tolerance as a capital maintenance expenditure level (“CML”) cost.

- (c) CML Levels. Transporter will maintain CML ~~c~~Costs of \$100 million during the Initial Term for transmission and storage function projects (CML Projects) and such CML Projects will not be considered Eligible Facilities. Moreover, of the total \$100 million in CML costs for 2016 and 2017, Transporter will spend no less than \$15 million and no more than \$30 million for storage function projects during each such year. ~~Any capital expenditures made to the Chesapeake LNG facilities located in Chesapeake County, VA and associated with services provided under Rate Schedules X-131, X-132, and X-133 will not be considered CML Projects or recovered through the CCRM under the terms of the CCRM Settlement. Nor will Rate Schedule X-131, X-132, or X-133 services be subject to the CCRM or pay the CCRM Rate.~~ If Transporter spends less than the \$100 million level of CML in any year during the Initial Term, the difference will be used to reduce the plant investment included in the CCRM and the total amount of Eligible Facilities for which the Capital Revenue Requirement is recoverable through the CCRM for the Initial Term will be adjusted downward by such difference. ~~Storage projects, other than the installation of a new compressor at Transporter’s Terra Alta compressor station, and~~

Transporter will maintain CML costs of \$115 million during the Second Term for CML Projects, including a minimum \$15 million and a maximum of \$30 million of annual CML expenditures for storage projects, and such CML Projects will not be considered Eligible Facilities. In addition, Transporter agrees to a minimum of \$25 million of CML expenditures for storage projects (which may include storage deliverability restoration projects) in 2021. If Transporter spends less than the \$115 million level of CML in any year during the Second Term, the difference will be used to reduce the plant investment included in the CCRM and the total amount of Eligible Facilities for which the Capital

Revenue Requirement is recoverable through the CCRM for the Second Term will be adjusted downward by such difference.

gathering projects will be excluded from Eligible Facilities. Unless otherwise agreed to pursuant to the CCRM Settlement, the following costs shall be excluded from Eligible Facilities: (1) costs incurred to increase the capacity of Transporter's system to provide additional or incremental transportation service; (2) costs associated with researching pipeline records to verify Maximum Allowable Operating Pressure; (3) costs incurred in the development of the CCRM; (4) operations and maintenance expenses; (5) costs associated with compliance-order mandated projects not included in Transporter's Eligible Facilities Plan as set forth in Appendix E of the CCRM Settlement; (6) security costs; (7) and SCADA costs.

Any capital expenditures made to the Chesapeake LNG facilities located in Chesapeake County, VA and associated with services provided under Rate Schedules X-131, X-132, and X-133 will not be considered CML Projects or recovered through the CCRM under the terms of the CCRM Settlements. Nor will Rate Schedule X-131, X-132, or X-133 services be subject to the CCRM or pay the CCRM Rate.

**52.4 CCRM Rate Calculation.** In each annual CCRM Filing, Transporter will calculate the CCRM Rate and allocate to the Applicable Rate Schedules on an as-billed basis and in a manner consistent with Transporter's currently effective cost allocation and rate design, as set forth below:

(a) Determination of Capital Revenue Requirement. Transporter will first calculate the Capital Revenue Requirement resulting from capital investments in Eligible Facilities that were placed in and remained in service during the Prior CCRM Period (November 1 through October 31).

The Capital Revenue Requirement associated with Eligible Facilities will consist of the following factors: (1) a total rate base multiplier of 14 percent, which is comprised of a pre-tax rate of return of 12 percent and a Taxes Other than Income Taxes rate of 2.0 percent, will be multiplied by the "net rate base", (i.e., the gross plant minus accumulated depreciation and accumulated deferred income taxes) associated with Eligible Facilities; and (2) Transporter's transmission depreciation rate will be 1.5 percent and will be multiplied by the gross plant associated with Eligible Facilities.

The Capital Revenue Requirement associated with Eligible Facilities for the Second Term will consist of the following factors: (1) a total rate base multiplier of 13.64 percent, which is comprised of a pre-tax rate of return of 11.14 percent and a Taxes Other than Income Taxes rate of 2.5 percent, will be multiplied by the "net rate base", (i.e., the gross plant minus accumulated depreciation and accumulated deferred income taxes) associated with Eligible Facilities; and (2) Transporter's transmission depreciation rate

will be 1.5 percent and will be multiplied by the gross plant associated with Eligible Facilities.

~~(a)~~(b) Allocation of Capital Revenue Requirement. Transporter will allocate the Capital Revenue Requirement across each Applicable Rate Schedule to derive the CCRM Rate on a per unit basis, utilizing the greater of:

- (1) The actual annual billing determinants for all system customers, exclusive of contracts for capacity on incrementally-priced projects that are not subject to the CCRM and adjusted for discounted contracts but including “non-incremental negotiated rate contracts” (i.e., agreements for capacity that would otherwise be subject to the system-wide recourse rate) for each CCRM Period; or
- (2) A floor of 98,638,644 Dth for year 1 of the CCRM (2014) and a floor of 99,376,664 Dth for each year thereafter of the Initial Term of the CCRM. During the Second Term, a billing determinant floor of 99,376,664 Dth in effect as of February 1, 2019.

If actual billing determinants are lower than the floors set forth herein, Transporter will impute billing determinants at the maximum applicable rate and the revenues that would be associated with such billing determinants to reflect the above-stated billing determinant levels in the calculation of the CCRM Rate.

~~(b)~~(c) Billing Determinants and Costs under Discounted and Non-Incremental Negotiated Rate Service Agreements. Transporter will allocate a portion of the revenues derived from discount rate agreements to its calculation of actual revenues derived by the CCRM consistent with Commission ratemaking policy and as provided in the CCRM Settlement. To the extent discounted transactions would reduce the level of revenue below the level that results from the billing determinant floor set forth in Section 52.4(b), above, Transporter will impute billing determinants and the revenues that would be associated with such billing determinants at the maximum applicable rate up to that floor level. Non-incremental negotiated rate agreement billing determinants will be imputed at the maximum CCRM Rate.

~~(e)~~(d) Billing Determinants under Incrementally-Priced Expansion Project. Billing determinants for incrementally-priced expansion projects will be included in the calculation of the CCRM Rate upon those contracts meeting the Commission’s threshold requirements for “rolled-in” rate treatment (i.e., at the time the base system-wide recourse rate plus the CCRM Rate is equal to or greater than the incremental recourse rate). Otherwise, incrementally-priced expansion projects will not be charged the CCRM Rate and the billing determinants for incrementally-priced expansion projects will not be included in the calculation of the CCRM Rate. In the event the Commission’s policy with respect to the rate treatment of incrementally-priced projects changes, any future

treatment of incrementally-priced projects in the CCRM will conform to the revised FERC policy and practice. Notwithstanding any other provision in this Section 52, any incrementally-priced projects in service on or before the effective date of the CCRM Settlement will only be required to pay the CCRM Rate if the conditions set forth in the first sentence of this Section 52.4(d) occur. Implementation of such changes will be made only with the “Consensus” of the Parties”, as defined in Section 7.2 of the CCRM Settlement. Additionally, expansion projects that directly utilize Eligible Facilities will be treated as set forth below. For the purposes of this provision, an incrementally-priced expansion project shall be deemed as directly utilizing an Eligible Facility if the construction of the Eligible Facilities project and the expansion project concurrently results in a lower overall cost for the combined projects than constructing each project on a stand-alone basis, or if, in the absence of an Eligible Facility project, the incrementally-priced expansion project would have required the installation of additional facilities in order to meet the project’s needs (for example, in the event Transporter constructs an incrementally-priced expansion compression project concurrently with an Eligible Facility modernization compression project within the same compression station site, the allocation under Section 52.4(d)(1) will apply. Similarly, in the event Transporter concurrently performs modernization work on an Eligible Facility pipeline and upsizes that pipeline for purposes of an incremental expansion associated with the increased capacity related to such upsizing, the allocation under Section 52.4(d)(1) will apply):

- i. When an incrementally-priced expansion projects is constructed concurrently with Eligible Facilities, the costs of such combined projects shall be allocated between the Modernization Program and the expansion project on a *pro-rata* basis. Such allocation of costs shall only result in the allocation of a portion of the costs of Eligible Facilities to the expansion project and shall not result in an allocation of expansion project costs to the Modernization Program. The *pro rata* allocation shall be based on the amount of expansion capacity created as compared to the capacity of the facilities resulting from the modernization project alone. For example, if the capacity of the system upon completion of a modernization project would be 100 units and after a combined modernization/expansion project it is 120 units, the allocation of costs to the incrementally-priced expansion project shall be 16.67 percent  $((120-100)/120)$ . In situations where this allocation methodology could unduly impact an expansion project resulting in a detrimental impact to both expansion and existing customers, Transporter must obtain “Consensus” of the “Parties”, as defined in Section 7.2 of the CCRM Settlement, on an alternative allocation of costs for such project; or
- ii. If an incrementally-priced expansion project is built subsequent to, but directly utilizes Eligible Facilities, 10 percent of the billing determinants of expansion contracts for service commencing on or after January 1, 2013, will be imputed in the calculation of the CCRM Rate. There will be a rebuttable presumption that incrementally-priced expansion projects under this section directly utilize Eligible Facilities.

~~(d)~~(e) Cost Over/Under Recovery. Any over/under recovery of the Capital Revenue Requirement will be recovered in the next succeeding CCRM Filing. Subject to the annual and overall CCRM caps set forth in Section 52.3, the over/under recovery will be calculated each year by comparing the actual Capital Revenue Requirement to the revenues received during the recovery period, including any revenues required to be imputed by Transporter pursuant to Section 52.4(b), above.

52.5 Term of CCRM. The CCRM will be effective for an initial term commencing February 1, 2014 and ending ~~on the earlier of the effective date of Transporter's next general NGA Section 4(e) rate filing or on~~ January 31, 2019 (Initial Term). After January 31, 2019, the CCRM will continue to be effective until the effective date of Transporter's next general NGA Section 4(e) rate filing for January 31, 2022 (Second Term). Upon termination of the CCRM, Shippers under the Applicable Rate Schedules will remain subject to any unrecovered CCRM Costs, and Transporter will be required to refund any over-recovered CCRM Costs. Any positive or negative balances in Transporter's CCRM account as of the expiration of the CCRM will be charged or refunded to Shippers, as applicable, in the next monthly billing cycle that is at least 15 days after the termination of the CCRM.

53. Revenue Sharing

Commencing on or before May 1, 2013, and on or before May 1 each year thereafter, Transporter will file with the Commission a report detailing the total base system revenues and detailing whether or not the threshold for revenue sharing, as defined in Section 7.8 of the CCRM Settlement, has been met. If revenue sharing is triggered, Transporter will make a payment of the shared revenues to the CCRM Parties that were charged and paid the CCRM Rate during the relevant prior period, allocated based on their most recently available 12-month primary firm MDQ history and will provide details regarding the revenue sharing amount and Shipper allocations on or before May 1 in a filing submitted to the Commission. Any such shared revenues during the Initial Term will be paid to the CCRM Parties within 60 days of Transporter's filing. The revenue sharing mechanism, except for any revenue sharing payment obligation owed for 2018, and the associated annual report will terminate on the earlier of the effective date of the rates under the next NGA Section 4(e) rate case filing or December 31, 2018.

Any shared revenues during the Second Term will be paid to the CCRM Parties within 60 days of Transporter's filing. The revenue sharing mechanism, except for any revenue sharing payment obligation owed for 2020, and the associated annual report will terminate on the earlier of the effective date of the rates under the next NGA Section 4(e) rate case filing or December 31, 2020.