

# Non-binding Open Season for Firm Storage Service Golden Triangle Storage, Inc.

Golden Triangle Storage, Inc. (GTS), a wholly owned subsidiary of AGL Resources Inc., will conduct a non-binding Open Season for up to 16.6 million Dekatherms (Dth) of Firm Storage Service (FSS) estimated to become available beginning in April 2014. GTS anticipates that, if the expansion project described below moves forward, an initial 6 million Dth of expansion FSS capacity will become available as of April 2014, with an additional 7.4 million Dth available as of April 2016, and approximately 3.2 million Dth of additional capacity will be made available through a rewatering program after the caverns have been placed in service. As part of the expansion project under consideration, GTS will also consider the turnback of FSS capacity from current FSS customers, pursuant to the reverse open season process described below.

GTS is conducting the Open Season prior to filing an application with the Federal Energy Regulatory Commission (FERC) for authorization to develop a two-cavern expansion of the GTS storage facility (Caverns 3 and 4). GTS received approval to construct its initial 2 caverns in 2007. GTS commenced rendering FERC authorized interim firm storage service from Cavern 1 on September 16, 2010. Cavern 2 is scheduled to commence service in the 2<sup>nd</sup> Quarter, 2012.

GTS is issuing this Open Season to encourage the submission of non-binding bids for FSS expansion capacity to be made available through the proposed development of Caverns 3 and 4. To the extent such non-binding bids ultimately result in formal requests for service, GTS will award firm capacity pursuant to the first-come, first-served provision set forth in Part 6 – General Terms and Conditions, Section 3 – Request for Service, Sub-section 3.1(h) of GTS’ FERC Gas Tariff. While this Open Season solicits non-binding bids for FSS expansion capacity, other firm services are available under GTS’ FERC Gas Tariff.

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## Process Information and Guidelines

### Non-binding Open Season Period

The non-binding Open Season will begin at 10:00 a.m. CST on Wednesday, June 22, 2011, and will end at 5:00 p.m. CST on Thursday, July 6, 2011.

### Submissions

Participants are invited to express their interest by completing the accompanying Open Season Bid Form (Appendix A) and submitting by e-mail, U.S. mail or facsimile to:

Golden Triangle Storage, Inc.  
Attention: John Pellegrin  
1200 Smith Street, Suite 900  
Houston, Texas 77002  
Fax: 832-397-3713  
Email: [jpelle@aglresources.com](mailto:jpelle@aglresources.com)

<http://www.pivotalenergydev.com/Commercial-Operations/GTS-Storage-Capacity-Bids.aspx>

Questions concerning this non-binding Open Season should be directed to:

John Pellegrin  
Phone: 832-397-3881  
Fax: 832-397-3713

[jpelle@aglresources.com](mailto:jpelle@aglresources.com)

Daren Farmer  
Phone: 832-397-1307  
Fax: 832-397-3713

[daren.farmer@aglresources.com](mailto:daren.farmer@aglresources.com)

Additional information can be found at: [http://www.gasnom.com/ip/Golden Triangle/](http://www.gasnom.com/ip/Golden_Triangle/)

The Open Season Bid Form requires participants to provide the following:

- Potential Customer's name, address, representative telephone number, e-mail
- Maximum Storage Quantity (MSQ)
- Maximum Daily Injection Quantity (MDIQ), subject to the injection ratchets discussed below.
- Maximum Daily Withdrawal Quantity (MDWQ)
- Term of Service
- Monthly Storage Reservation Rate: \$/Dth/Month
- Fuel: \$/Dth or in-kind%
- For Primary Receipt and Delivery Points, additional charges may be negotiated depending upon market conditions for access to the particular points selected.
- Primary Receipt and Delivery Points may be chosen from the table below. Total quantities for receipt and delivery must be equal to requested MDIQ and MDWQ quantities respectively.
- Secondary Point rights are subject to the election discussed below and may be chosen from the table below.
- Participants may submit multiple bids. Please complete a separate Open Season Bid Form for each bid.

<u>GTS Interconnect</u>	<u>Total Nominal Meter Capacity</u>	<u>Meter Functionality</u>
Florida Gas Transmission (Zone 1)	250,000 Dth/d	Bi-directional
Texas Eastern Transmission (W. La.)	250,000 Dth/d	Bi-directional
Houston Pipe Line Company	250,000 Dth/d	Bi-directional
Golden Pass Pipeline	250,000 Dth/d	Bi-directional
Kinder Morgan Texas Pipeline	100,000 Dth/d	Bi-directional
Centana Intrastate Pipeline	100,000 Dth/d	Bi-directional

### **Firm Storage Service Ratchets**

The potential FSS customer may elect either of the following options as respects MDIQ ratchets:

Option A: No ratchets apply to the customer's MDIQ.

Option B: The customer's MDIQ is subject to the following ratchets:

Percentage Inventory	Injection Capacity
0-40%	100%
41-60%	80%
61-80%	67%
> 80%	50%

### **Secondary Point Rights**

The potential FSS customer may elect either of the following options as respects secondary point rights:

Option A: No secondary point rights apply to the customer's Firm Storage Service Agreement.

Option B: The customer designates specific secondary receipt and delivery points from the table above to be incorporated into the customer's Firm Storage Service Agreement as the designated secondary receipt and delivery points.

### **Capacity Turnback/Reverse Open Season**

GTS, in conjunction with the contemplated expansion project, will consider and evaluate proposals from current FSS customers to permanently turn back firm storage capacity under existing FSS service agreements, to the extent such capacity turnbacks would reduce the capacity and facilities required for the expansion project and to the extent such turnbacks would leave GTS in an economically neutral position. In order for GTS to consider proposed capacity turnbacks in its decision to proceed with the contemplated expansion, any such proposals by existing FSS customers for a permanent release of capacity must be received by GTS prior to the July 6, 2011 expiration of this Open Season. Such notification must be provided to GTS by completing the applicable portions of the Open Season Bid Form. This solicitation of capacity turnback is subject to the applicable provisions of Section 4 of the General Terms and Conditions of GTS' FERC Gas Tariff, as well as to GTS' evaluation of the factors described hereinabove, and does not obligate GTS to accept any turnback of FSS capacity proposed.

### **Post-submission Process and Contracting**

Should the service/commercial parameters submitted in a participant's Open Season Bid Form provide the basis for further discussion, in GTS' sole discretion, GTS will contact the participant to negotiate a binding precedent agreement for FSS storage service that will govern the service levels, rates and other commercial terms. Execution of a Firm Storage Service Agreement is contingent on a satisfactory credit appraisal of the customer by GTS, as provided by GTS' FERC Gas Tariff – Part 6 - General Terms and Conditions – Section 3.3(a) and Section 32.

GTS reserves the right, in its sole discretion, to accept late submittals. Further, GTS reserves the right to decline to entertain any and all requests submitted, in its sole discretion.

No legally binding obligation will be created unless all necessary corporate authorizations of participant and GTS are obtained, including a satisfactory credit appraisal of the customer, and a definitive Firm Storage Service Agreement has been executed by both parties.