

**Williston Basin Interstate Pipeline Company  
Billings Replacement Project  
Sale of Firm Capacity  
Commencing August 8, 2011**

**Binding Open Season**

**Williston Basin Interstate Pipeline Company announces a Binding Open Season for the sale of firm natural gas transportation capacity for delivery of natural gas to existing delivery locations on Line Section 22 in and around Billings, Montana.**

**Project Overview**

Williston Basin Interstate Pipeline Company (Williston Basin) is planning to replace 13.6 miles of pipeline on Line Section 22 of Williston Basin's mainline system. The planned replacement will create up to 3,100 equivalent dkt per day of new firm transportation capacity for delivery of natural gas to existing delivery locations on Line Section 22 in and around Billings, Montana. The targeted in-service date of this replacement and resulting capacity increase is December 30, 2011, provided the necessary regulatory approvals are received and the facilities can be constructed by that date.

The line sections specified herein reflect the designations shown in the Maps section of Williston Basin's FERC Gas Tariff, Third Revised Volume No. 1 (Tariff).

**Length of Open Season**

The Open Season will commence on August 8, 2011 and conclude at 4:00 PM Central Time on September 2, 2011. The Open Season is available to any party. All related Precedent Agreements must be executed by 4:00 PM Central Time on September 16, 2011.

**Capacity**

Williston Basin is offering for sale up to 3,100 equivalent dkt per day of new firm transportation capacity for delivery of natural gas from existing receipt locations on Line Sections 19, 20, 21 and 22 on its mainline system to existing delivery locations on Line Section 22. It is estimated that only approximately 1,700 equivalent dkt per day of such capacity can be pathed from receipt locations on Line Sections 19, 20 and 21. Physical constraints may limit Williston Basin's ability to accept certain receipt locations requested.

The potential exists for Williston Basin to create additional capacity in 2012 for delivery of natural gas to existing delivery locations on Line Section 22 above the 3,100 equivalent dkt per day discussed herein. The decision to construct the facilities required to create such additional

capacity will be based on Shipper interest received through this Open Season or a subsequent Open Season.

## **Bids**

Shippers have the option of requesting the Rate Schedule FT-1 recourse rate or a negotiated rate for the firm transportation capacity associated with this Open Season. Both the recourse rate and the negotiated rate options will be subject to all applicable surcharges and fuel charges as set forth in Williston Basin's Tariff, as such may be in effect from time to time.

## **Awarding Capacity**

In order to respond to this Open Season, bidders must complete an Open Season Bid Sheet that includes the receipt and delivery locations, quantity requested, length of term and desired rate.

Williston Basin will use a net present value per unit of demand calculation to evaluate bids received through this Open Season. Williston Basin reserves the right to aggregate bids from potential shippers to generate the highest net present value per unit of demand to Williston Basin.

Capacity will be awarded to successful potential shippers based upon the highest net present value per unit of demand to the lowest net present value per unit of demand. A shipper requesting a negotiated rate which exceeds the recourse rate shall be treated as if the negotiated rate is equal to the recourse rate for such service. Any shipper requesting the recourse rate has the same right to capacity as a shipper willing to pay a negotiated rate higher than such recourse rate.

Where a negotiated rate is less than the recourse rate, the negotiated rate shall be evaluated based on such lower rate and shall be afforded a correspondingly lower priority than higher bids, including bids submitted at the recourse rate. Within the subset of negotiated rate bids, where one negotiated rate is less than another negotiated rate, the lower negotiated rate shall be evaluated based on such lower rate and shall be afforded a correspondingly lower priority than the higher negotiated rate. In no event shall Williston Basin be required to accept a bid which provides a rate below the recourse rate for acquiring such service.

In the event a request specifies a term greater than twenty (20) years in length, the term portion of the net present value calculation will be limited to twenty (20) years. In the case of insufficient capacity to satisfy identical successful requests, Williston Basin shall allocate available capacity pro rata based upon the total capacity requested by each successful potential shipper to the total capacity requested by all successful potential shippers.

Once capacity is awarded, Williston Basin will require successful shippers to execute a Precedent Agreement. Successful shippers will also be required to provide evidence of creditworthiness satisfactory to Williston Basin.

When executed by both parties, Precedent Agreements will set forth the terms and conditions under which the shipper and Williston Basin will execute a firm transportation service agreement. Such firm transportation service agreements will be subject to the terms and

conditions as set forth in Williston Basin's Rate Schedule FT-1, as such may be in effect from time to time. All transported volumes for the entire term of the firm transportation service agreements will be subject to all applicable surcharges and any applicable fuel charges as set forth in Williston Basin's Tariff, as such may be in effect from time to time.

The Precedent Agreements, when fully executed by both the shipper and Williston Basin, will constitute a binding agreement. However, Williston Basin will in no way be obligated to execute the Precedent Agreements. If Williston Basin notifies the shipper in writing of its election not to execute the Precedent Agreements, then the shipper will be relieved of its obligation.

In the event the capacity is not fully subscribed by September 2, 2011, the capacity will be sold on a first-come, first-served basis.

All transportation services proposed as part of this Open Season are expressly subject to Williston Basin's receipt of all regulatory approvals required to effectuate the services hereunder in form and substance satisfactory to Williston Basin. Williston Basin reserves the right to reject any bid, revise the scope of the proposed project in any way, and, consistent with applicable regulations, to terminate this Open Season process at any time.

Interested parties must complete the attached Open Season Bid Sheet and e-mail it to [mark.anderson@wbip.com](mailto:mark.anderson@wbip.com), fax it to Williston Basin at (701) 530-1698 or mail it to Williston Basin Interstate Pipeline Company, Market Services Department, P.O. Box 5601, Bismarck, ND 58506-5601. The Open Season Bid Sheet must be received by Williston Basin prior to the end of the bid period.

### **Solicitation of Permanent Capacity**

Williston Basin requests that each shipper who currently has firm transportation capacity on the transmission pipeline system with a delivery location on Line Section 22 and with an expiration date of December 30, 2011, or beyond, notify Williston Basin if they wish to permanently release their capacity in lieu of construction of additional capacity pursuant to this Open Season. Those shippers should furnish Williston Basin with the quantity of capacity to be released, by receipt location and the associated delivery location, and specifying the desired effective date of the permanent release and any other conditions that would be necessary to effectuate the release. Such notification must be received by Williston Basin by 4:00 PM, September 2, 2011. Any release shall be subject to the terms of Williston Basin's Tariff.

We urge you to respond promptly to this Open Season.

If you have any questions please contact Rob Johnson at (701) 530-1622 or Mark Anderson at (701) 530-1623.

# Billings Replacement Project Open Season

## Bid Sheet

- Company Name: \_\_\_\_\_
- Contact Person: \_\_\_\_\_
- Mailing Address: \_\_\_\_\_
- Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-Mail: \_\_\_\_\_

### Primary Receipt and Delivery Location(s):

<u>Receipt Loc.</u>	<u>Delivery Loc.</u>	<u>MDDQ</u> <u>(Equivalent dkt/day)</u>
_____	_____	_____
_____	_____	_____

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Total Maximum Daily Delivery Quantity (MDDQ) Requested: \_\_\_\_\_(equivalent dkt/day)

Will consider alternate Receipt Location(s) if requested Receipt Location(s) is not accepted: Yes \_\_\_/ No \_\_\_

Length of Term: \_\_\_\_\_ (following the in-service date of the facilities)

Rates (choose one):

\_\_\_\_\_ Recourse Rate

\_\_\_\_\_ Negotiated Rate (as follows)

MDDQ Reservation Charge (rate per equivalent dkt per month): \_\_\_\_\_

Commodity Charge (rate per dkt): \_\_\_\_\_

Note: Both the recourse rate and the negotiated rate options will be subject to all applicable surcharges and fuel charges as set forth in Williston Basin's Tariff, as such may be in effect from time to time.

Signed By: \_\_\_\_\_

Name: \_\_\_\_\_

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