



## **Guardian Pipeline, L.L.C. Expansion and Extension (“G-II”) Open Season**

**Guardian Pipeline, L.L.C. (“Guardian”) is holding an Open Season to solicit interest in its proposed FT-2 firm transportation service on the G-II Project, which is a proposed expansion of the existing Guardian pipeline and extension of the existing Guardian pipeline to the Green Bay, Wisconsin area. The in-service date is anticipated to be November 1, 2008.**

Questions concerning this Open Season should be directed to:

Frank Semin at (402) 492-7432.

Questions concerning credit should be directed to:

Karen Lastovica at (402) 492-7361 or Rita Homan at (402) 492-7365.

### **Description of the G-II Facilities and Services**

The existing Guardian pipeline is an approximately 142 mile long, 36-inch diameter interstate natural gas pipeline originating from Guardian’s Joliet Hub near Joliet, Illinois, and extending to Ixonia, Wisconsin, and related facilities, including a Joliet, Illinois compressor station and various meters and other appurtenant facilities.

In response to a Request for Proposal dated November 14, 2004, issued by certain Wisconsin local distribution companies including Wisconsin Gas LLC (“Wisconsin Gas”), Wisconsin Electric Power Company (“Wisconsin Electric”) and Wisconsin Public Service Corporation (“WPS”, and together with Wisconsin Gas and Wisconsin Electric, collectively referred to herein as the “Project Shippers”), Guardian submitted its proposal for the G-II Project. Guardian’s proposal led to negotiations with each of the Project Shippers that resulted in agreed upon Precedent Agreements between Guardian and each of the Project Shippers. Each of these Precedent Agreements contains a negotiated Fixed Rate Option (sometimes referred to as “FRO”) which establishes a fixed transportation rate for FT-2 firm transportation service on the G-II Project facilities.

With the G-II Project, Guardian proposes to construct, own, operate and maintain an expansion of its existing system to provide an additional 537,200 Dth/day of new firm natural gas pipeline capacity under a new rate schedule (“Rate Schedule FT-2”) that provides for enhanced hourly flow capabilities as shown on Attachment 1 (Flow Profile for FT-2 Transportation Service), and a new pipeline extension with 437,200 Dth/day of Rate Schedule



FT-2 capacity, beginning in the greater Milwaukee area and extending to the Green Bay, Wisconsin area (see Attachment 2, Map of Proposed G-II Facilities).

If approved, prior to the in-service date of the G-II Project, Guardian plans to make available to shippers a new "Market Aggregation Service" ("MA") that provides delivery point aggregation flexibility.

### **Terms of the Open Season**

The Open Season begins at 8:00 AM CCT June 29, 2006, and ends at 5:00 PM CCT July 21, 2006 ("Bid Close"). Any party, other than the Project Shippers, wishing to assure itself of FT-2 firm transportation capacity on the G-II Project must participate in this Open Season.

Bid(s) must be submitted prior to Bid Close.

The minimum term of a Bid will begin from the in-service date of the G-II Project and will continue thereafter for a period of 15 years.

Bidders will have three rate options for submitting Bids as follows:

Option 1 includes the following recourse rates:

<u>Service</u>	<u>Rate</u>
FT-2 Transportation Service	\$0.202/Dth daily reservation rate
Enhanced Aggregation and Wheeling Service ("EAW") (if selected)	\$0.2778/Dth monthly reservation rate
Market Aggregation Service ("MA") (if selected)	\$0.02/Dth daily administrative fee

Option 2 is a negotiated rate referred to as the Fixed Rate Option or FRO, where the rate is pre-determined for each individual year of FT-2 Transportation Service as set forth in Attachment 4 (Fixed Rate Option Rates). The respective negotiated rates for the MA Service, if selected in conjunction with the FRO, and the EAW are at \$0.00/Dth.

Option 3 is a negotiated rate to be proposed by shipper.

Under any of these rate options, a shipper's Maximum Daily Quantity ("MDQ") for EAW or MA Services must be the same as the MDQ for its FT-2 Service.

Under any of these rate options, in addition to the rates set forth above, shippers also will be responsible for Guardian's Use Gas, electric power cost recovery provision, ACA and any other applicable surcharges.

Shippers who subscribe under Option 2 for FT-2 capacity also will have the option, during the last four years of their initial term ("Ramp-Down Period"), of ramping down their capacity by a certain percentage of their MDQ. FRO shippers may ramp down their obligations by 20% of



their MDQ during the Ramp-Down Period for service from the Joliet, Illinois Hub to points up to and including Ixonia, Wisconsin (as shown on Attachment 2); or by either 10% or 20% (as selected by shipper) of their MDQ during the Ramp-Down Period for service from the Joliet, Illinois Hub to points north of Ixonia, Wisconsin (as shown on Attachment 2).

A prospective shipper's Bid Package is a binding offer by that shipper until the close of the Open Season process, unless the prospective shipper modifies or revokes its Bid Package, in writing, prior to Bid Close.

Guardian reserves the right, on a non-discriminatory basis, to reject or accept materials it receives after the close of the Open Season or that deviate from the information set forth herein. In addition, Guardian reserves the right, on a non-discriminatory basis, to reject any Bid at less than recourse rates.

All Bids submitted as part of this Open Season will be kept confidential; however, a Precedent Agreement signed by Guardian resulting from a successful Bid will be submitted with Guardian's G-II certificate application to be filed with the Federal Energy Regulatory Commission.

### **Acceptable Bids**

An acceptable Bid shall consist of the following:

- Completed and executed binding Bid Sheet (Attachment 3) including shipper's name and address, selection of either Option 1 (Recourse Rate), Option 2 (Fixed Rate Option), or Option 3 (Other Negotiated Rate) specifying the total MDQ, the MDRO at the primary receipt point and the MDDOs at the selected primary delivery point(s) and, if applicable, selection of the Ramp-Down Period option.
- Completed and executed binding Precedent Agreement in the form attached as Attachment 5 for Option 1, Attachment 6 for Option 2, Ramp-Down, Attachment 7 for Option 2, No Ramp-Down or Attachment 8 for Option 3.

A completed and executed binding Precedent Agreement and Bid Sheet must be submitted for each individual Bid.

A bidder should return the binding Bid Sheet and Precedent Agreement to Guardian by facsimile at 402-492-7488, or by registered mail, hand delivery or overnight delivery to Guardian at 13710 FNB Parkway, Omaha, Nebraska 68154, Attention: Frank Semin such that Guardian is in receipt of the documents at any time prior to Bid Close.



### **Credit**

Unless an extension of time is mutually agreed upon by a bidder and Guardian, Guardian will allow each bidder until July 28, 2006 to establish creditworthiness in accordance with the creditworthiness standards in Guardian's FERC Gas Tariff and to agree to any financial assurances required by Guardian to be addressed in the FT-2 Service Agreement, as further specified in Article VIII of the pro forma Precedent Agreement.

### **Award and Allocation of Capacity**

Guardian will evaluate all bids received in response to this Open Season and award and allocate capacity in the order of the highest economic value for the Rate Schedule FT-2 component of the Bids to Guardian on a net present value basis and with the design parameters of an expansion and extension project that, in Guardian's sole discretion, is determined to be economically viable.

Attachments:

- 1-Flow Profile for FT-2 Transportation Service
- 2-Map
- 3-Binding Bid Sheet
- 4-Fixed Rate Option Rates
- 5-Form of Precedent Agreement for Option 1
- 6-Form of Precedent Agreement for Option 2, Ramp-Down
- 7-Form of Precedent Agreement for Option 2, No Ramp-Down
- 8-Form of Precedent Agreement for Option 3

**Attachment 1**  
**Flow Profile for FT-2 Transportation Service**

**FLOW PROFILE FOR FT-2 TRANSPORTATION SERVICE**

Hour	FT-2 Hourly Flow Profile	FT-2 Cumulative Hourly Flow Profile
1	5.00%	5.00%
2	5.00%	10.00%
3	5.00%	15.00%
4	5.00%	20.00%
5	5.00%	25.00%
6	5.00%	30.00%
7	5.00%	35.00%
8	4.77%	39.77%
9	4.64%	44.41%
10	4.51%	48.92%
11	4.64%	53.56%
12	5.00%	58.56%
13	5.00%	63.56%
14	4.51%	68.07%
15	4.26%	72.33%
16	3.88%	76.21%
17	3.75%	79.96%
18	3.50%	83.46%
19	3.37%	86.83%
20	3.24%	90.07%
21	2.99%	93.06%
22	2.67%	95.73%
23	2.36%	98.09%
24	1.91%	100.00%
	100.00%	

The following describes the manner in which the FT-2 hourly flow profile would be used to define the limits of gas flows during a specific hour for FT-2 service:

- i. Flows during the hour shall not exceed 5.00% of FT-2 service MDQ;
- ii. Flows during the hour combined with flows during the immediately preceding hour shall not exceed 10.00% of the FT-2 service MDQ;
- iii. Flows during the hour combined with flows during the immediately preceding two hour period shall not exceed 15.00% of the FT-2 service MDQ;
- iv. Flows during the hour combined with flows during the immediately preceding three hour period shall not exceed 20.00% of the FT-2 service MDQ;

**Attachment 1**  
**Flow Profile for FT-2 Transportation Service**

- v. Flows during the hour combined with flows during the immediately preceding four hour period shall not exceed 25.00% of the FT-2 service MDQ;
- vi. Flows during the hour combined with flows during the immediately preceding five hour period shall not exceed 30.00% of the FT-2 service MDQ;
- vii. Flows during the hour combined with flows during the immediately preceding six hour period shall not exceed 35.00% of the FT-2 service MDQ;
- viii. Flows during the hour combined with flows during the immediately preceding seven hour period shall not exceed 39.77% of the FT-2 service MDQ;
- ix. Flows during the hour combined with flows during the immediately preceding eight hour period shall not exceed 44.41% of the FT-2 service MDQ;
- x. Flows during the hour must not exceed limitations determined utilizing the pattern described in i through ix above through a full twenty-four hour test period (for example, flows during the hour combined with flows during the immediately preceding nineteen hour period shall not exceed 90.07% of the FT-2 service MDQ).

Map of Proposed G-II Facilities



## Open Season – G-II Facilities Binding Bid Sheet

- Bidder Name: \_\_\_\_\_
- Contact Person: \_\_\_\_\_
- Mailing Address: \_\_\_\_\_
- Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

- Term: \_\_\_\_ years (minimum term is 15 years commencing on the in-service date of G-II Project)

- TOTAL MDQ \_\_\_\_\_ Dth/day

- Primary Receipt Point and Dth per day:

MDRO Dth/day

NBPL \_\_\_\_\_

- Primary Delivery Point(s) and Dth per day:

MDDO Dth/day

Bluff Creek \_\_\_\_\_

Chilton \_\_\_\_\_

Fox Valley \_\_\_\_\_

Green Bay/Denmark \_\_\_\_\_

Hartford/West Bend \_\_\_\_\_

Ixonia \_\_\_\_\_

Rockvale Road \_\_\_\_\_

Sheboygan/Plymouth \_\_\_\_\_

Walworth \_\_\_\_\_

West Green Bay \_\_\_\_\_

Other \_\_\_\_\_

- Rates (choose one):

\_\_\_\_\_ Option 1 - Recourse Rate (you may select one, both or none of the following services in addition to the FT-2 Service)

\_\_\_\_\_ EAW

\_\_\_\_\_ MA

**Attachment 3  
Binding Bid Sheet**

\_\_\_\_\_ Option 2 - Fixed Rate Option or FRO (you may select the following service in addition to the EAW and FT-2 Services that are a part of Option 2)

\_\_\_\_\_ MA

Ramp Down Percentage is available with Fixed Rate Option (choose one)

\_\_\_\_\_ 20% (Joliet Hub to delivery points up to and including Ixonia)

\_\_\_\_\_ 10% or \_\_\_\_\_ 20% (Joliet Hub to delivery points north of Ixonia)

\_\_\_\_\_ No Ramp Down

\_\_\_\_\_ Option 3 - Other Negotiated Rate (explain in detail)

Executed By: \_\_\_\_\_

Company: \_\_\_\_\_

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

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

**Attachment 4**  
**Fixed Rate Option Rates**

**Fixed Rate Option Rates:**

<u>Reservation Rates</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>
Daily (\$/Dth)	\$0.1733	\$0.1750	\$0.1768	\$0.1786	\$0.1803	\$0.1821	\$0.1840	\$0.1858
Monthly (\$/Dth)	\$5.2712	\$5.3229	\$5.3777	\$5.4324	\$5.4841	\$5.5389	\$5.5967	\$5.6514

<u>Reservation Rates</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>	<u>Year 14</u>	<u>Year 15</u>
Daily (\$/Dth)	\$0.1877	\$0.1895	\$0.1914	\$0.1933	\$0.1953	\$0.1972	\$0.1992
Monthly (\$/Dth)	\$5.7092	\$5.7640	\$5.8218	\$5.8795	\$5.9404	\$5.9982	\$6.0590

