

TRANSPORTATION RATE SCHEDULE

1. Availability: Service under this rate schedule is available to any non-general service end-use customer who purchases gas supplies that can be transported on a firm or interruptible basis by MERC - PNG and MERC - NMU. Service hereunder shall be offered on a firm or interruptible basis contingent upon adequate interstate pipeline system capacity. Transportation service is not available to general service customers. Transportation is only allowed on open access pipelines (Centra is the only non-open access pipeline).

Service will be provided on a firm basis only if the customer has arranged firm transportation for such gas supplies on the interstate pipeline serving Company's distribution system and the customer has provided to Company a joint affidavit confirming this signed by the customer and, if applicable, the marketer. Interruptible transportation is available to a Human Needs Customer only if the customer has signed an affidavit that it has and will maintain both the proven capability and adequate fuel supplies to use alternate fuel if Company's service to such customer is interrupted. At Company's request, the customer must demonstrate that it has such capability and fuel supplies.

Class of Service: Transportation customers, if otherwise qualified for the rate, may choose transportation service from one of the following classes:

- Small Volume Interruptible Service
  - Large Volume Interruptible Service
  - Large Volume Interruptible Service Mainline
  - Small Volume Joint Firm/Interruptible Service
  - Large Volume Joint Firm/Interruptible Service
  - Large Volume Joint Firm/Interruptible Service Mainline
  - Super Large Volume Service
- Super Large Volume Interruptible – Town Plant – NMU Transport (See Rate Schedule Sheet No. 6.20) only available for transportation not sales service.

2. Rate:

Fixed Rate

Customer Charge - \$170.00 per month per metered account for administrative costs related to transportation plus the monthly customer charge according to the applicable sales rate schedule for which the customer would otherwise qualify.

Daily Firm Capacity Charge

If applicable is at the rate set in the customer's regular sales tariff schedule as shown on Sheet 7.07, Column F.

Commodity Charge

All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin component of Company's rate then in effect under its sales rate schedule for such customer as shown on Sheet 7.07, Column D. In addition, the customer must pay for all fixed gas costs assigned to the customer in the regular sales tariff rate. Fixed gas costs could include but are not limited to the following:

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Daily Firm Capacity Charge  
Annual Cost Adjustment Charges  
Any other Fixed costs passed on by the pipeline, applicable for recovery

Additional costs will be assigned as they are authorized by the FERC or Minnesota Public Utilities Commission to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs. In addition, all firm volumes delivered from system gas supply shall be charged the rate set in the appropriate sales tariff schedule.

Interim Rate Adjustment: A 9.42% adjustment will be applied to each bill prior to any applicable cost of gas charges and surcharges for MERC-PNG, and an 11.17% adjustment will be applied to each bill prior to any applicable cost of gas charges and surcharges for MERC-NMU. The interim rate adjustment will be shown as a single line item on the customer bill.

3. Special Conditions:

- A. Customer must have arranged for the purchase of gas other than Company's system supply and for its delivery to Company system. Company shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to Company's system.
- B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as Company may reasonably require.
- C. All Large Volume transportation customers must have Company install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. All Small Volume transportation customers must have Company install telemetry equipment at the customer's expense. Customers must reimburse Company for the cost incurred by Company to install telemetry equipment and for the cost of any other improvements made by Company in order to provide this transportation service. Company will offer financing for periods up to 90 days interest free. Company will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by Company shall remain the property of Company.
- D. Company's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
- E. The order of gas delivery for purposes of billing will be as follows:
  - a. First, customer-owned firm volumes.
  - b. Second, customer-owned interruptible volumes.
  - c. Third, sales gas priced per Company's applicable sales tariffs.
- F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to Company's system.
- G. Customers may transfer to Transportation Service after giving the Company one month advance notice. A transportation service customer must stay on Transportation Service for 12 months and may not transfer to sales service until the first September 1<sup>st</sup> after using Transportation Service for twelve months. Customers wishing to transfer to sales service must notify the Company in writing at least ninety days prior to the transfer. A customer may only transfer to

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TRANSPORTATION RATE SCHEDULE (Continued)

firm sales service if Company is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. These same rules apply for small volume transportation service except that small volume customers are required to stay on transportation service for only six months and are not subject to the September 1<sup>st</sup> transfer date.

Notwithstanding the provisions of this Section, customers transporting gas for seasonal non-winter peaking purposes lasting less than six months shall be allowed to transfer to sales service at any time after providing one month's written notice, and do not have to be on transportation service for any specific period of time. If a sales customer is interrupted/curtailed from sales service it can transport during curtailment if there is adequate capacity on the system and the customer has arranged for adequate interstate pipeline capacity. The transportation administrative fee would apply.

- H. Joint rate transportation service customers can select one of the following two options:
- 1) Customers served under the joint sales rate may purchase both interstate pipeline capacity and Company's distribution system capacity from Company. In this case, customers would be billed the "Base Gas Cost", "PGA Adjustment", "Annual ACA Adjustment", and the "Tariff Margin" (as shown on Company's tariff sheet No. 7.07).
  - 2) Customers may choose to separately purchase interstate pipeline capacity from a third party non-regulated supplier (as demonstrated by providing Company with a joint affidavit signed by the customer and the third party supplier) and distribution system capacity from Company. In this case, customers would be billed only the "Tariff Margin" (as shown on Company tariff sheet No. 7.07).

Customers purchasing interstate pipeline capacity from third party non-regulated suppliers must be able to demonstrate they have been provided the necessary units of interstate pipeline capacity to meet their firm needs. Customers who have previously entered into contracts with Company for the purchase of interstate pipeline capacity are responsible for completing their contract obligations.

4. BTU Adjustment: Customer billed usage in therm volumes will be adjusted when the Btu content of delivered gas varies from 1,000 Btu per cubic foot.
5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise Company's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by the Company on a best efforts basis, provided the nomination is confirmed by the interstate pipeline.

TRANSPORTATION RATE SCHEDULE (Continued)

6. **Balancing:** To assure Company's system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to Company's system with volumes consumed at the delivery points.
7. **Balancing and Scheduling Charges:** Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges as described below.

These charges are applicable only to Company's town plant customers whose supply requirements could impact other customers and do not apply to Company's mainline customers who are the only customer taking gas at those points or MERC – NMU's Super Large Volume Interruptible – Town Plant – NMU Transport customers. However, each mainline or Super Large Volume Interruptible – Town Plant – NMU Transport customer must pay for any balancing or scheduling penalties from pipelines that the customer causes Company to incur.

**Daily Scheduling Charges**

This section is applicable to all transportation customers except for Company's mainline or Super Large Volume Interruptible – Town Plant- NMU Transport customers. Mainline or Super Large Volume Interruptible – Town Plant – NMU Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. Except as noted below, the following charges will apply:

**Northern Natural Gas**

- A. A tolerance of +/-5% of confirmed nomination will be applied
- B. For consumption within tolerance, no scheduling charges will be applied.
- C. For consumption outside tolerance, a scheduling charge shall be applied to the volume exceeding tolerance equal to the maximum effective Northern Natural Gas TI rate for the customer's market area.

On days that Northern Natural Gas calls a **System Overrun Limitation** the following charges will be in effect:

- A. For consumption greater than the confirmed nomination, the following charges will be applied:
  - 1. For consumption up to 105% of confirmed nomination, \$1.00 per dekatherm in excess of confirmed nomination up to 105%.
  - 2. For consumption greater than 105% of confirmed nomination, \$10.66 per dekatherm in excess of 105% of confirmed nomination.
- B. For consumption less than the confirmed nomination, there is no charge.

On days that Northern Natural Gas calls a **System Underrun Limitation** the following charges will be in effect:

TRANSPORTATION RATE SCHEDULE (Continued)

- A. For consumption greater than the confirmed nomination, there is no charge.
- B. For consumption less than the confirmed nomination, \$1.00 per dekatherm.

On days that Northern Natural Gas calls a **Critical Day** the following charges will be in effect:

- A. For consumption greater than the confirmed nomination, the following charges will be applied:
  - a. For consumption up to 102% of confirmed nomination, \$15.00 per dekatherm in excess of confirmed nomination up to 102%.
  - b. For consumption greater than 102% up to 105% of confirmed nomination, \$22.00 per dekatherm in excess of 102% up to 105% of confirmed nomination.
  - c. For consumption greater than 105% up to 110% of confirmed nomination, \$56.50 per dekatherm in excess of 105% up to 110% of confirmed nomination.
  - d. For consumption greater than 110% of confirmed nomination, \$113.00 per dekatherm in excess of 110% of confirmed nomination.
- B. For consumption less than the confirmed nomination, there is no charge.

These charges are in addition to any Company charges, as provided for in Company tariff, for unauthorized takes of gas when service is interrupted.

**Great Lakes and Viking**

Any penalties incurred as a result of the customer will be passed along to the customer.

Any upstream costs that can be specifically identified as being caused by a specific end use customer will be assigned to that customer.

These charges are in addition to any Company charges, as provided for in Company's tariff, for unauthorized takes of gas when service is interrupted.

Monthly Imbalances: This Section is applicable to all transportation customers except for Company's mainline or Super Large Volume Interruptible – Town Plant – NMU Transport customers. Mainline or Super Large Volume Interruptible – Town Plant - NMU Transport customers must pay for any balancing or scheduling penalties from pipelines that they cause Company to incur. As imbalances occur, Company and the customer will attempt to correct them within the same month in which they occur. Failing such a correction, the imbalances will be corrected on a monthly basis through the following cash out procedure:

TRANSPORTATION RATE SCHEDULE (Continued)

Northern Natural Gas

The difference between confirmed nominated volumes and actual consumption will be charged or credited to the customer based on the appropriate Market Index Price (MIP). The basis for the MIP shall be the average weekly prices as quoted for the Ventura and Demarc points in Gas Daily for a 5 week period starting on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a 5 week period.

The MIPs shall be determined as follows:

High MIP: The highest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate, plus a capacity release value, which will be deemed to be \$0.07/dekatherm.

Low MIP: The lowest weekly average during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

Average MIP: The average of the weekly averages during the 5 week period for the applicable month, plus pipeline fuel at the effective pipeline fuel rate, plus pipeline commodity at the effective pipeline commodity rate.

In addition, the cash out price is tiered to encourage good performance and discourage gaming of the system.

<u>Imbalance Level</u>	<u>Due Company</u>	<u>Due Customer</u>
0% - 3%	High MIP * 100%	Low MIP * 100%
For the increment that is greater than 3% up to 5%	High MIP * 102%	Low MIP * 98%
For the increment that is greater than 5% up to 10%	High MIP * 110%	Low MIP * 90%
For the increment that is greater than 10% up to 15%	High MIP * 120%	Low MIP * 80%
For the increment that is greater than 15% up to 20%	High MIP * 130%	Low MIP * 70%
For the increment that is greater than 20%	High MIP * 140%	Low MIP * 60%

Example:

If the nominated volume was 100 dekatherm and the actual consumption was 130 dekatherm, there is an imbalance of 30 dekatherm due Company. The transportation customer would owe Company the following amount using the above hypothetical High MIP of \$2.23: (\*)

TRANSPORTATION RATE SCHEDULE (Continued)

3 dekatherm at MIP * 100%	\$ 6.69
2 dekatherm at MIP * 102%	\$ 4.55
5 dekatherm at MIP * 110%	\$12.26
5 dekatherm at MIP * 120%	\$13.38
5 dekatherm at MIP * 130%	\$14.49
10 dekatherm at MIP * 140%	<u>\$31.22</u>
	\$82.59

(\* ) These hypothetical prices are used for illustration purposes only.

If the pipeline provides an imbalance to storage option, and the transporter has a storage account on the pipeline, Company and the transporter may transfer imbalances to or from pipeline storage accounts, provided certain conditions are met. If the transaction would cause Company’s storage account to breach any contractual limitations, or would otherwise cause undue harm to Company’s management of its storage accounts, the storage transfer may not be allowed. If there are any charges from the pipeline to effectuate the storage transfer, the customer will be responsible for payment of any such actual costs.

Viking and Great Lakes

If the monthly imbalance is due to a deficiency of deliveries (customer excess) relative to scheduled nominations, Company shall pay customer in accordance with Schedule A below. If the monthly imbalance is due to an excess of deliveries (customer shortfall) relative to scheduled nominations, customer shall pay Company in accordance with Schedule B below. In addition to correcting the monthly imbalance in cash, (a) Company shall pay to customer the “Transportation Component” if deliveries are greater than scheduled nominations, or (b) Customer shall pay to Company the “Transportation Component” if deliveries are less than scheduled nominations. For Viking, the “Transportation Component” shall be equal to the Commodity Rate under Rate Schedule FT-A rate for transportation to the applicable zone multiplied by the monthly imbalance, plus an applicable fuel and use charges, as stated in Viking’s tariff. For Great Lakes, the “Transportation component” shall be equal to the Usage Rate under Rate Schedule FT, for a West to West transport (Emerson to Cloquet) multiplied by the monthly imbalance plus fuel, plus FERC’s Annual Charge Adjustment (ACA), plus Gas Research Institute charge (GRI), as stated in Great Lakes tariff.

Schedule A

% Monthly Imbalance	Company Pays Customer Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	85% Average Monthly
>10-15%	70% Average Monthly
>15-20%	60% Average Monthly
>20%	50% Average Monthly

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Schedule B

% Monthly Imbalance	Customer Pays Company Following % of the Index Price
0-5%	100% Average Monthly
>5-10%	115% Average Monthly
>10-15%	130% Average Monthly
>15-20%	140% Average Monthly
>20%	150% Average Monthly

The Index Price shall be determined on a weekly and monthly basis. Each Weekly Index Price shall equal the price of gas at Emerson, Manitoba as published in the “Weekly Price Survey” of Gas Daily for such week. For purposes of determining the cashout of imbalances in accordance with Schedules A and B herein, the “Average Monthly Index Price” shall be the average of the Weekly Index Prices determined during a given month.

If Gas Daily’s “Weekly Price Survey” is no longer published, customer and Company shall meet to undertake to agree upon alternative spot price indices.

8. Pipeline Charges: Any charges which Company incurs from the pipeline on behalf of a customer shall be passed through to that customer.
  
9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer’s transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas, as noted above.
  
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e., individual customer nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.

The cost of the aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.

TRANSPORTATION RATE SCHEDULE (Continued)

11. Small Volume Balancing Service

Daily Balancing: Small Volume customers with daily consumption of less than 200 dekatherms who elect transportation service may purchase Company's Small Volume Balancing Service in lieu of meeting Company's Transportation Tariff daily scheduling requirements. Customers choosing this daily balancing service must submit a daily nomination to Company on those days the service is used. Under certain circumstances described below, Company may, at its option, require customer to deliver its MDQ, as defined in General Rules, Regulations, Terms and Conditions, to the Receipt Point up to a cumulative 20 days (in addition to interstate pipeline OFO and critical days) during the months of November through March. If MDQ delivery does not occur then customer must curtail to the level of their confirmed nomination. The delivery of the MDQ must be confirmed. Confirmation occurs when Company receives confirmed nomination from the interstate pipeline. In the event that interstate pipeline calls a critical day or operational flow order, customer must, without notice from Company, deliver its MDQ to the receipt point. In the event that Company calls a Critical Day, as defined in general Rules, Regulations, Terms and Conditions, or issues an Operational Flow Order as defined in general Rules, Regulations, Terms and Conditions, Company will notify customer via fax that customer must deliver its MDQ to the Receipt Point. Company will provide customer with at least 25 hours notice prior to the start of the gas day for which such Critical Day or Operational Flow Order applies. Note, however, that Company will automatically require, without providing notice to customer, that customer deliver its MDQ whenever the interstate pipeline calls a Critical Day or Operational Flow Order. If customer fails to deliver its MDQ as required and the interstate pipeline has called a Critical Day or Operational Flow Order, or the Company has called a critical day, then Company shall assess a penalty to customer for each dekatherm that customer failed to deliver in an amount equal to the highest daily penalty applicable to a Critical Day as defined by the interstate pipeline in its tariff. If Company has not called a Critical Day but has issued an Operational Flow Order and customer fails to deliver its MDQ then Company will assess a penalty to customer in an amount equal to that identified in 13. below for each dekatherm that customer failed to deliver.

The cost of the service is 7.0¢ per dekatherm transported on Company's system. Revenues collected from this balancing service will be credited against the cost of sales gas (demand and commodity) Weighted Average Cost of Gas (WACOG).

12. Large Volume Balancing Service (LVBS) Program

This service is available to Large Volume Transportation customers that have telemetry equipment installed. This service is also available to aggregators that have pooled Large Volume Transportation customers with telemetry equipment installed. The service is not available to mainline customers or customers with end user allocation agreements. Company shall have the right to deny service if it deems the customer or aggregator is intentionally over or under nominating.

This service allows the customer to purchase additional swing capability. This allows the customer's daily usage to vary from its nomination by the amount of service that the customer chooses to purchase, beyond the tolerance permitted under Section 7. of this Transportation Rate Schedule. For example, a customer purchasing 20 units of LVBS and nominating 100 MMBtu on a normal day would be permitted to consume as little as 75 MMBtu or as much as 125 MMBtu during that day before incurring any daily scheduling charges.  $(100 \times 5\% + 20 = 25 \text{ MMBtu} +/-)$ .

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This service will not be available on pipeline SOL, SUL, or Critical Days. Likewise, this service shall not be available on any day that the Company issues a Curtailment Day, or any other day that the Company determines, in its sole judgment, that the service would be detrimental to its General Service customers.

The reservation rate for this service is \$2.18 per dekatherm. This rate is equivalent to Northern Natural Gas' SMS demand charge. A variable charge of \$0.0208 per dekatherm shall be applied to those volumes consumed outside the daily tolerance level of +/- 5%. This rate is equivalent to NNG's SMS variable/commodity rate. The Company will change the rates for LVBS any time NNG changes its rate for SMS by calculating the new SMS rate using a 50% utilization factor. The Company will submit a miscellaneous tariff filing, including revised tariff sheets, with the Minnesota Public Utilities Commission any time it proposes to adjust this rate due to a change in the SMS rate. Revenues collected from this service will be credited against the cost of sales gas. The term of service is one month commencing on the first gas day of the calendar month and shall remain in effect from month-to-month thereafter until terminated by either party by thirty days written notice.

13. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent per month on the unpaid balance.
14. Penalty for Unauthorized Takes When Service is Interrupted or Curtailed: If customer fails to curtail its use of gas hereunder when requested to do so by Company, customer shall be billed at the transportation charge, plus the cost of gas Company secures for the customer, plus the greater of either the pipeline daily delivery variance charges (see Sheet 6.50) or \$20 per dekatherm, whichever is applicable, for gas used in excess of the volumes of gas to which customer is limited. Company may in addition disconnect customer's supply of gas if customer fails to curtail its use thereof when requested by Company to do so.
15. Notification: Company will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from Company, Company is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges Company incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 14 above, and the price for such gas.
16. End User Allocation Agreement: Company will enter into and/or maintain an End User Allocation Agreement ("EUAA") with any transportation customer requesting such EUAA under the following conditions: (1) Customer must have telemetry installed at its facility; (2) Such EUAA will not negatively impact Company's sales customers; and (3) Northern Natural Gas Company is willing to enter into such EUAA.
17. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.

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18. Remarks: Reflects interim rates at Docket No. G007,011/GR-10-977. If the total amount of the rate increase approved at the end of the Company's rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

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RATE SCHEDULE SLVI-TP-NMU  
SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

1. Availability: Service under this rate schedule is available to large volume transport customers within two (2) miles of an alternate supply source.
2. Applicability and Character of Service: This rate schedule shall apply to large volume gas service which is subject to interruption at anytime upon order of MERC – NMU (NMU). Customer must have and maintain both the proven capability and adequate fuel supplies to use alternative fuel if NMU’s service to such customer is interrupted. At NMU’s request, the customer must demonstrate it has such capacity and fuel supplies. Customer must have capacity to take 1,666 dekatherm or more per day and annual consumption of .5 Bcf (500,000 dekatherm), except that, where consumption falls below this level due exclusively to efforts to conserve energy, or temporarily due to a strike or shutdown, customer is still eligible to take service under this tariff. Customer must document conservation efforts to justify consumption below .5 Bcf.

3. Rate  
Customer Charge - \$330 per month per meter

Commodity Charge:

All volumes received by the customer hereunder shall be charged a rate equal to the tariff margin of \$.085/dekatherm. Additional costs will be assigned as they are authorized by the FERC or state Commissions to be charged for transportation services, including but not limited to take-or-pay costs, TCR costs, and GRI costs.

Interim Rate Adjustment: A 11.17% adjustment will be applied to each bill prior to any applicable cost of gas charges or surcharges. The interim rate adjustment will be shown as a single line item on the customer bill.

Volume Adjustment: Rates based on gas with the equivalent heating value of 1000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC – PNG and MERC – NMU’s General Rules, Regulations, Terms and Conditions.

Btu’s will be calculated on an arithmetic average.

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RATE SCHEDULE SLVI-TP-NMU SUPER LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE (Continued)

4. Special Conditions

- A. Customer must have arranged for the purchase of gas other than NMU system supply and for its delivery to NMU system. NMU shall be deemed to have title to transportation gas, as necessary, to arrange interstate pipeline transportation to NMU's system.
- B. The customer shall execute a written contract for transportation services pursuant to this rate schedule containing such terms and conditions as NMU may reasonably require.
- C. All Large Volume transportation customers must have NMU install telemetry equipment at the customer's expense. The telemetry equipment must be installed no later than 90 days after the commencement of natural gas service to the customer. Large volume seasonal, non-winter peaking customers whose annual volumes are less than 50,000 dekatherm, may request in writing a waiver of the telemetry requirements. Customers must reimburse NMU for the cost incurred by NMU to install telemetry equipment and for the cost of any other improvements made by NMU in order to provide this transportation service. NMU will offer financing for periods up to 90 days interest free. NMU will offer financing with interest to a customer to pay for the installation of telemetry equipment for a period of more than 90 days but not more than 12 consecutive months on a non-regulated basis. The telemetry equipment and any other improvements made by NMU shall remain the property of NMU.
- D. NMU's sales refunds applicable to the period when gas is transported will not be made to transportation customers.
- E. The order of gas delivery for purposes of billing will be as follows:
  - a. First, customer-owned firm volumes.
  - b. Second, customer-owned interruptible volumes.
  - c. Third, sales gas priced per NMU's applicable sales tariffs.
- F. Customer agrees to curtail the use of gas purchased from third party suppliers of gas when the gas purchased from the third party is not delivered to NMU's system.
- G. Customers may transfer to Transportation Service after giving NMU one-month advance notice. A transportation service customer must stay on Transportation Service for 12 months and may not transfer to sales service until the first September 1<sup>st</sup> after using Transportation Service for twelve months. Customers wishing to transfer to sales service must notify NMU in writing at least ninety days prior to the transfer.

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TRANSPORTATION SERVICE (Continued)

A customer may only transfer to firm sales service if NMU is able to arrange adequate additional firm gas entitlements to meet the needs imposed on its system by the customer, without jeopardizing system reliability or increasing costs for its other customers. Notwithstanding the provisions of this Section, customers transporting gas for seasonal non-winter peaking purposes lasting less than six months shall be allowed to transfer to sales service at any time after providing the one month's written notice, and do not have to be on transportation service for any specific period of time. If a sales customer in interrupted/curtailed from sales service, they can transport during curtailment.

5. Nomination: Customers requesting volumes to flow on the first day of any month must directly advise NMU's Gas Control Department by 9:00 a.m. (Central Clock time) five (5) working days prior to the end of the preceding month of the volumes to be delivered on their behalf. Customers requesting nomination changes on days subsequent to the first day commencing at 9:00 a.m. Central Clock time must directly advise NMU's Gas Control Department by 9:00 a.m. (Central Clock time) on the preceding day of the volumes to be delivered on their behalf. Intraday nominations will be accepted by NMU on a best efforts basis.
6. Balancing: To assure NMU system integrity, the customer is responsible for: 1) providing nominations which accurately reflect customer's expected consumption, and 2) balancing deliveries to NMU's system with volumes consumed at the delivery points.
7. Balancing and Scheduling Charges: Failure to fulfill these responsibilities will result in the customer incurring balancing and/or scheduling charges. NMU's SLVI-TP transport customers must pay for any balancing and scheduling penalties from pipelines that the customer causes NMU to incur.
8. Pipeline Charges: Any charges which NMU incurs from the pipeline on behalf of a customer shall be passed through to that customer.

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RATE SCHEDULE SLVI-TP-NMU SUPER LARGE VOLUME INTERRUPTIBLE  
TRANSPORTATION SERVICE (Continued)

9. Firm Backup Sales Service: In order to obtain a firm backup sales service, customer must purchase a sufficient number of daily firm capacity units to cover the desired level of firm sales service. The rate for firm backup sales service will be the applicable firm sales rate, plus the appropriate monthly customer charge and appropriate daily firm capacity charge for the applicable class of sales service. A customer who takes gas in excess of the contracted amount will be subject to applicable penalties listed in Section 7, Balancing and Scheduling Charges. If a customer's transportation gas does not arrive on schedule, the customer will be shut off until the transportation gas does arrive, unless the customer has not taken more than its contracted amount of gas.
10. Aggregation Service: A Marketer or other third-party supplier may combine a group of transportation customers that have the same balancing provisions and are located on the same interstate pipeline system and within the same interstate pipeline operational zone. If the Marketer or other third-party supplier purchases this aggregation service, the aggregated group will be considered as one customer for purposes of calculating the daily scheduling penalties and monthly imbalances, i.e. individual nominations and consumption will be summed and treated as if there were one customer. In the event that the pipeline calls a limitation day (SOL, SUL, critical day) at less than a pipeline or zone level, the Company has the right to require the aggregation provisions to occur at the same level.
- The cost of aggregation service is \$.0425 per dekatherm of gas delivered to the aggregated group.
11. Late Payment Charge: If the unpaid balance is in excess of \$10, a late payment charge of 1.5% of the unpaid balance or \$1 whichever is greater shall be added to the unpaid balance if the bill is not paid within 17 days of the current billing date. No late payment charge will be made if the unpaid balance is \$10 or less.

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RATE SCHEDULE SLVI-TP-NMU SUPER LARGE VOLUME INTERRUPTIBLE  
TRANSPORTATION SERVICE (Continued)

12. Penalty for Unauthorized Takes When Service Is Interrupted: Buyer shall be billed and shall pay \$20.00 per dekatherm for unauthorized overrun gas in addition to the rates in Paragraph “3”.
13. Notification: NMU will provide written notice to each customer contracting for transportation service that unless the customer buys firm backup sales service from NMU is not obligated to supply gas to such customer. The notice will advise the customer of the nature of any identifiable penalties related to the balancing and scheduling charges as provided in Section 7 above, any charges NMU incurs from the pipeline on behalf of the customer, unauthorized take charges described in Section 12 above, and the price for such gas.
14. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
15. Remarks: Reflects interim rates at Docket No. G007,011/GR-10-977. If the total amount of the rate increase approved at the end of the Company’s rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

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TRANSPORTATION FOR RESALE NORTHWEST NATURAL GAS

1. Availability: Service under this rate schedule is available to Northwest Natural Gas and other “Transportation for Resale” customers with similar cost characteristics, i.e., customers for whom the cost of providing service is approximately equal to that of Northwest Natural Gas.
2. Applicability and Character of Service: This rate schedule shall apply to transportation service provided for resale to end use customers.
3. Rate:
  - A. The customer charge shall be \$160.00 per month plus a charge of \$170 per month for administrative costs related to transportation.
  - B. The rate per dekatherm for transportation charge shall be \$0.72.

Interim Rate Adjustment: A customer charge interim rate adjustment will be calculated by multiplying the current customer charge by 9.42%. A transportation charge interim rate adjustment will be calculated by multiplying the transportation charge by 9.42%. The combined effect of these interim rate adjustments will be shown as a single line item on the customer bill.

The customer is responsible for purchasing its own entitlement units, e.g., Daily Firm Capacity, etc. The customer is also responsible for overrun penalties, balancing charges and any out of balance penalties incurred from its transportation of gas by its pipeline suppliers.
4. Payment: The bill is due seventeen days after issuance. There shall be a late payment charge of one and one-half percent (1.5%) per month on the unpaid balance.
5. Volume Adjustment:

Rates are based on gas with the equivalent heating value of 1000 Btu’s. Volumes may be subject to a Btu variance adjustment pursuant to designation 2.A. of MERC – PNG and MERC – NMU’s General Rules, Regulations, Terms and Conditions. Btu’s will be calculated on an arithmetic average.
6. General Terms and Conditions: The General Terms and Conditions contained in this tariff shall apply to this rate schedule.
7. Remarks: Reflects interim rates at Docket No. G007,011/GR-10-977. If the total amount of the rate increase approved at the end of the Company’s rate case is lower than the total amount of interim rates collected, the Company will refund the difference with interest, and if the total amount of final rates is higher than the total amount of interim rates, the Company will not charge customers for the difference.

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