

NORTHWEST NATURAL GAS COMPANY

WN U-6

Fourth Revision of Sheet T.4

Cancels Third Revision of Sheet T.4

SCHEDULE T CUSTOMER-OWNED NATURAL GAS TRANSPORTATION SERVICE (continued)

BALANCING OF RECEIPTS AND DELIVERIES:

Balancing of receipts and deliveries shall be accomplished on a daily basis to the extent possible.

Cumulative Imbalances in receipts and deliveries will be carried over to the next Billing Month. If a Customer's cumulative Imbalance in any Billing Month during the period August through February is more than three percent (3%) above or below total Confirmed Nominations for that Billing Month, or if a Customer's cumulative imbalance in any Billing Month during the period March through July is more than five percent (5%) above or below total Confirmed Nominations for that Billing Month, such Customer will be notified by the fifteenth (15th) day of the following Billing Month that the Imbalance exceeds the allowed tolerance, and such Customer will receive a minimum of forty-five (45) non-restricted days ("Balancing Period"), which may or may not be consecutive, from the date of notification by the Company to eliminate the Imbalance. A non-restricted day is any day where there is no Entitlement, Curtailment, or Pre-emption Order in effect.

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If a Customer's cumulative Imbalance comes within the applicable tolerance range as stated above, or if the balance is less than ten (10) therms, or the Imbalance has moved from negative to positive, or from positive to negative at the end of a Billing Month within a Balancing Period, that Balancing Period will end.

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If by the end of the Balancing Period an Imbalance is not eliminated in a manner described above, Customer will be required to choose one of two options to clear the Imbalance.

Option 1. Pay a Balancing charge of \$1.00 per Therm on all Imbalance Therms and the Imbalance volumes will carry to the next Balancing Period. The Imbalance charge will be billed on the Customer's next monthly bill and will be due and payable in addition to Customer's normal charges.

Option 2. Buy out the Imbalance. If the Imbalance is negative, Customer may buy out the entire negative Imbalance volume by paying the Company a price per Therm that is the greater of: (a) the highest Monthly Incremental Cost of Gas calculated in accordance with Schedule 250 over the previous three (3) month period, or (b) 150% of the Company's current Annual Sales WACOG. If the Imbalance is positive, the Company will pay the Customer on all positive Imbalance volumes a price per Therm that is the lesser of: (a) the lowest Monthly Incremental Cost of Gas calculated in accordance with Schedule 250 over the previous three (3) month period, or (b) 50% of the Company's current Annual Sales WACOG.

Customer must notify the Company in writing of its intent to exercise Option 2 not later than the fifteenth (15th) day of the Billing Month in which imbalance charges would be assessed. If a Customer exercises Option 2 in the month following the end of a Balancing Period, such Customer's cumulative Imbalance will be eliminated, but such Customer will be responsible for the payment of any Balancing charge assessed for the prior period.

Balancing gas is not available when Entitlement, Curtailment or Pre-emption has been ordered, except, during an Entitlement, to the extent of the Threshold Percentage tolerance levels.

Imbalances incurred as a direct result of a meter error or malfunction shall be resolved on a case-by-case basis between the Company and the Customer. In such an event, Customer shall notify the Company prior to purchasing Imbalance volumes from third party suppliers. The Company shall not be responsible to Customer for any costs incurred should Customer fail to make such appropriate notification.

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NORTHWEST NATURAL GAS COMPANY

WN U-6

Second Revision of Sheet T.5

Cancels First Revision of Sheet T.5

SCHEDULE T CUSTOMER-OWNED NATURAL GAS TRANSPORTATION SERVICE (continued)

CURTAILMENT AND ENTITLEMENT:

Any restrictions of service to Customer when Curtailment or Entitlement conditions exist will be made in accordance with the rules of this Tariff, and in accordance with currently effective Company policies and procedures, as circumstances dictate. Entitlement, Curtailment and Pre-emption of service may exist concurrently during any one episode. However, not more than one Entitlement, Curtailment, or Pre-emption condition will exist at any one time.

Restrictions of service under Curtailment conditions will be made in accordance with **RULES 14 AND 16**. Curtailment of Customer-Owned Gas due to Force Majeure conditions, or due to capacity limitation on the Company's system shall not be considered a Pre-emption of Customer-Owned Gas. Gas taken by a Customer due to a failure to comply with a Curtailment order will be considered unauthorized, and subject to charges set forth in **SCHEDULE C**.

Restrictions of service under Entitlement conditions will be made as follows:

Overrun Entitlement. In an Overrun Entitlement condition the following threshold percentage levels will be effective:

- Stage 1: Three percent (3%) of Acknowledged Confirmations; or
if ordered within two (2) hours of the start of the Gas Day;
five percent (5%) of Acknowledged Confirmations
- Stage 2: Eight percent (8%) of Acknowledged Confirmations
- Stage 3: Thirteen percent (13%) of Acknowledged Confirmations

The Company will specify the applicable threshold percentage in its Entitlement notice.

The overrun charge that will apply during any Overrun Entitlement episode will equal the greater of \$1.00 per Therm or 150% of the highest spot price index for the day in question.

For this purpose, the spot price index will be the midpoint prices at NW Wyo. Pool, NW s. of Green River, Stanfield Ore., NW Can. Bdr. (Sumas), Kern River Opal, or El Paso Bondad supply pricing points (as reflected in the Daily Price Survey published in "Gas Daily"), converted from dollars per dekatherms to dollars per Therm by dividing by ten (10).

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NORTHWEST NATURAL GAS COMPANY

WN U-6 Third Revision of Sheet T.6
Cancels Second Revision of Sheet T.6

SCHEDULE T CUSTOMER-OWNED NATURAL GAS TRANSPORTATION SERVICE (continued)

CURTAILMENT AND ENTITLEMENT (continued):

Underrun Entitlement. During an Underrun Entitlement condition, a Customer that is in an underrun situation will be subject to underrun charges for each instance of underrun Imbalance that occurs during any Underrun Entitlement period. The charge that will apply during any Underrun Entitlement episode will be \$1.00 per therm for any underrun imbalances.

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PRE-EMPTION:

Customer-Owned Gas may be Pre-empted in the event that the Company's firm gas supply and Company's peaking facilities are insufficient at any time to meet the requirements of Firm Sales Service Customers.

The Company will use reasonable efforts to obtain voluntary Pre-emption of gas by negotiation with individual Customers. If the Company cannot obtain sufficient volumes of gas from volunteers, then the Company shall select and pay individual Customers for involuntary Pre-emption of gas at a rate of \$10.00 per Therm. The selection of individual Customers for involuntary Pre-emption will be based on system needs and Company's ability to maintain operational control or system integrity. The Company will use its best efforts to avoid Pre-empting an individual Customer's gas on a repeated basis.

A Customer who fails to comply with a Pre-emption Order shall pay \$10.00 per Therm for any gas taken, and the Company shall not be obligated to pay such Customer for Pre-emption gas.

The priorities of service for Pre-emption purposes due to limited gas supply are, as follows:

- (1) Firm Service schedules (pre-empted last).
- (2) Interruptible service schedules (pre-empted first).

A Customer's priority of service within each of the above categories shall be based on economic considerations and/or other contract considerations.

GENERAL RULES AND REGULATIONS:

Service under this Schedule is governed by the terms of this Schedule, the General Rules and Regulations contained in this Tariff, any other schedules that by their terms or by the terms of this Schedule apply to service under this Schedule, and by all rules and regulations prescribed by regulatory authorities, as amended from time to time.

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