

NORTHWEST NATURAL GAS COMPANY

WN U-6

Fifth Revision of Sheet T.4

Cancels Fourth 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.

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.

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 the two options below:

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Option 1. Pay a Balancing charge of \$1.00 per Therm on all Imbalance Therms in excess of the applicable tolerance range identified above, with all Imbalance Therms to carry over 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.

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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.

(continue to Sheet T-5)

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