NORTHWEST NATURAL GAS COMPANY

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SCHEDULE E

DISTRIBUTION FACILITIES EXTENSIONS FOR APPLICANT-REQUESTED SERVICES AND MAINS (continued)

CONSTRUCTION ALLOWANCE: (continued)

Applicants requesting service for planned developments will receive a Construction Allowance based on a three-year projection of Delivery Margin revenue.

Applicants requesting service for equipment served under **Schedule 1**, for equipment to be used for Standby or emergency purposes, or for temporary service installations, will be required to pay the entire cost of constructing Distribution Facilities to serve the location.

CONSTRUCTION CONTRIBUTION:

The estimated cost to construct the Distribution Facilities required to serve the Applicant(s) will be offset by the Applicant's Construction Allowance. If the Allowance is greater than the cost of construction, the installation will be performed at no charge. If the cost of construction is greater than the Construction Allowance, the Applicant must pay a Construction Contribution equal to the difference between the cost of construction and the Construction Allowance, plus the tax effects on the Construction Contribution amount at 13.42%, calculated by multiplying the Construction Contribution by 1.1342.

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Applicants requesting service for equipment served under **Schedule 1** or for equipment to be used only for standby or emergency purposes will be required to pay the entire cost of constructing distribution facilities to serve the location.

Where service is requested for manufactured housing developments, mobile home developments or house boat moorage developments, the applicant shall be required to pay the entire cost of constructing distribution facilities to serve the location before commencement of construction, subject to refund as specified in this Schedule. The Company may make exceptions to the advance payment requirement where, in the Company's judgment, good cause exists. The conditions for such exceptions shall be specified in the Distribution Facilities Extension Agreement.

Construction contributions must be received prior to commencement of construction, and may be refundable. See **REFUNDS OF CONSTRUCTION CONTRIBUTIONS**, as set forth in this schedule.

INFILL/EXFILL POTENTIAL ANALYSIS:

At Company's sole discretion, an Infill/Exfill-Potential Analysis may be performed in conjunction with an Applicant(s) request for service when a Main Extension is required. If an Infill/Exfill-Potential Analysis is performed, and it results in a reduction in the required Construction Contribution, the Applicant(s) will be given the choice of paying the reduced Construction Contribution and waiving the right to any future refunds, or paying a higher Construction Contribution, subject to refund.

(continue to Sheet E.7)

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