

GENERAL RULES AND REGULATIONS
(continued)

Definitions (continued):

Entitlement. A condition whereby a Transportation customer is restricted to use no more than, or is required to use the amount of customer's Acknowledged Nominations on a specified Gas Day, or during a specified Entitlement period. Entitlement may be declared by the Company upon receiving notice of Entitlement from the Pipeline, or due to operational difficulties on Company's system. See also Overrun Entitlement, and Underrun Entitlement.

Essential Human Needs Customers. Customers whose use of natural gas is required to provide primary space heat to areas where residents sleep or receive life-essential medical care, or to fuel essential functions related to providing life-essential medical care, including back-up electric generation required for the purpose of operating equipment necessary to support or sustain human life, and that absent the availability of natural gas, an immediate danger to the lives of persons that rely upon such Customer would exist.

Excess Flow Valve (EFV). A device installed in a natural gas service line pursuant to DOT 49 CFR Part 192, designed to limit the flow of gas in the event that the flow in the service line exceeds a pre-determined level.

Extraordinary Conditions. Conditions at the Applicant or Customer site or leading to the Applicant or Customer site which impact the company's costs to construct Distribution Facilities.

Firm Sales Service. Sales Service which the Company provides on a firm basis. The Company will exercise reasonable diligence and care to supply and deliver continuous service; provided, however, Company does not guarantee such continuity of service or sufficiency of quantity. See Interruptible Sales Service.

Firm Transportation Service. Transportation Service which the Company provides on a firm basis. Customer must secure firm or interruptible pipeline delivery service to the Receipt Point. The Company will exercise reasonable diligence and care to ensure continuous delivery of Customer-procured gas supply from the Receipt Point to the Delivery Point, but Company does not guarantee such continuity of service. See Interruptible Transportation Service.

Force Majeure. Unavoidable accident or casualty, extraordinary action of the elements, strikes, interruptions caused by government action or authority, litigation, or any cause beyond the reasonable control of the party claiming Force Majeure which could not have been prevented by the exercise of due diligence, or which could not otherwise reasonably be foreseen and guarded against. Force Majeure usually does not include required maintenance of Customer's facilities, plant closures, economic conditions, or variations in agricultural crop production.

Gas Day. A 24-hour period beginning daily at 7:00 a.m. Pacific Clock Time (PCT). The Company's gas day coincides with the Gas Day established by the Pipeline, and may change from time to time, upon approval of the Federal Energy Regulatory Commission (FERC).

Gas Facilities Reimbursement Agreement. A written agreement between the Company and an Applicant or Customer to provide Distribution Facilities under **SCHEDULE E**.

House line. The piping which extends from the custody transfer meter installation to gas-fired equipment, and which shall belong to and be installed and maintained by customer.

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Rule 15. Curtailment Priority.

If a Curtailment order is issued, as described in **RULE 16**, service to Customers shall be curtailed according to the curtailment priorities listed below, with Priority 5 Customers being curtailed first and Priority 1 Customers being curtailed last:

Priority 5.

All Interruptible Sales Service and Interruptible Transportation Service usage under Rate Schedules 42, 43, and Special Contracts.

Customers with a Combination Service Type having a Firm base block will be allowed to take Firm Service up to the Customer's Firm MDDV. Amounts in excess of the Firm MDDV may be considered unauthorized and subject to charges under Schedule C.

Priority 4.

All Interruptible Sales Service usage under Rate Schedule 41.

Customers with a Combination Service Type having a Firm base block will be allowed to take Firm Service up to the Customer's Firm MDDV. Amounts in excess of the Firm MDDV may be considered unauthorized and subject to charges under Schedule C.

Priority 3.

All Firm Sales Service and Firm Transportation Service usage under Rate Schedules 41, 42, 43 and Special Contracts. Firm Service to Essential Human Needs Customers will not be included in Priority 3 provided such Customers can reasonably be identified by the Company and the Curtailment condition allows the Company the ability to maintain continued service to such Customers.

Firm Service under a Combination Service Type may be prorated on an hourly basis.

Priority 2.

All Non-Residential usage under Rate Schedule 1 and Rate Schedule 3. Firm service to Essential Human Needs Customers will not be included in Priority 2 provided such Customers can reasonably be identified by the Company and the Curtailment condition allows the Company the ability to maintain continued service to such Customers.

Priority 1.

All Firm Residential usage and requirements of Firm Service Essential Human Needs Customers.

Service to Customers in each priority classification shall be curtailed in full or in part on a pro-rata or on a Customer-by-Customer basis, until sufficient volumes have been curtailed, in the Company's judgment, to balance available gas supply, sustain operational control, and/or maintain the integrity of all of portions of the Company's Distribution Facilities.

For purposes of Priority 3, unless a Customer has specified a maximum hourly delivery volume in the Customer's Service Election form, the hourly proration will equal 1/24 of the Customer's Firm MDDV.
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Rule 16. Curtailment of Service (continued)

Following a Curtailment Period, a Customer that is found to have violated a Curtailment Order may have all or part of their interruptible gas usage reassigned to a Firm Service Type for a minimum period of one Year upon notice five Business Days in advance of the effective date of the reassignment. An exception to this provision will be made for an Essential Human Needs Customer that violated a Curtailment Order in order to preserve human life. All transfers will be effective on the first day of the next Billing Month. The portion to be transferred to Firm Service will be determined as the highest daily volume overrun in the Curtailment Period. A Customer that is involuntarily transferred to a Firm Service Type must demonstrate their ability to comply with a Curtailment Order to the Company's satisfaction before they will be approved to transfer back to an Interruptible Service Type. Any transfer requests must comply with all applicable Rate Schedule transfer and Service Election provisions of this Rate Schedule.

Two Curtailment Order violations by a single Customer within a 12-month period may be cause for the Company to involuntarily transfer the Customer to a Firm Service Type effective with the next Billing Month, and to deny any future requests for an Interruptible Service Type Selection to such Customer at that Premise.

A Curtailment Discount will be given on bills for any Firm Service Customer who is curtailed during the twelve (12) billing months ending June. The Curtailment Discount shall be applied in accordance with **Rule 17**.

The Company shall not be liable to Customers for any claim, costs, loss, or damage of any kind, including but not limited to, damages to equipment or property arising out of, in connection with, or incident to the Company's Curtailment of gas provided that Company shall have the continuing obligation to use reasonable diligence to purchase gas supplies in sufficient quantities to satisfy present and future requirements of Firm Sales Service Customers.

In the event Company determines that conditions so warrant, during any Curtailment period Customer-Owned Gas may be Pre-empted in the manner set forth in **Schedule T**.

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