

- 1/ Unless otherwise noted, negotiated Service Agreements do not deviate in any material respect from the applicable form of service agreement set forth in Northern's FERC Gas Tariff. The negotiated rates beginning on Sheet No. 67 reflect negotiated rate transactions that require 30 day filings.
- 2/ The rate stated in the Negotiated Rate column is exclusive of all surcharges.
- 3/ As noted on Tariff Sheet Nos. 80, 80A or 80B, this contract is also a non-conforming agreement.
- 4/ The Total Transaction Rate charged shall be as follows: (a) December 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) April 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation plus (c) \$0.0550 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.
- 6/ For the period 04/01/2010 through 03/31/2015, Shipper agrees to reimburse Northern through a negotiated rate for (i) 63.64% (1.4 miles of the 2.2 miles) of the actual cost of the new branch line facilities and (ii) the actual cost of the Houghton #1 TBS upgrade facilities, both through a "Facility Cost Add-on Demand Charge" as described below.

Effective 04/01/2010 through 03/31/2011, Shipper shall pay a monthly reservation charge equal to the maximum tariff rate as set forth in Northern's FERC Gas Tariff, as amended from time to time; plus an amount equal to \$1.5073/Dth/Month for the Facility Cost Add-on Demand Charge.

Northern will adjust the Facility Cost Add-on Demand Charge from 04/01/2011 through 03/31/2015 to recover additional actual costs not previously included, including all appropriate Gross Up Charges as referenced herein.

The Facility Cost Add-on Demand Charge will include the (i) recovery of the actual cost of construction of the facilities including AFUDC; (ii) a credit of \$153,397 for an amount budgeted for improvements scheduled at the Houghton #1 TBS; and (iii) Ad Valorem taxes, income tax gross up and interest over the five year recovery term of the agreement (items in (iii), all together, Gross Up Charges). The total amount to be reimbursed to Northern by Shipper will be subject to a true-up to actual costs associated with the construction of the facilities plus the Gross Up Charges. The Facility Cost Add-on Demand Charge will be added to the reservation rates paid by Shipper each month on all firm entitlement on the Agreement.

In addition to the above reservation rates, Shipper shall (i) pay a commodity rate equal to the maximum commodity rate provided in Northern's FERC Gas Tariff, as amended from time to time (these rates include the applicable Annual Charge Adjustment and electric compression charges), (ii) provide any applicable fuel use and unaccounted for, and (iii) pay all current and future FERC-approved surcharges applicable to the service provided hereunder.

In exchange for the consideration received hereunder, including without limitation the expected revenue from the Facility Cost Add-on Demand Charge, Northern will make the capital expenditures for the construction of the facilities; however, in the event the entitlement on this Agreement is, for any reason, in whole or in part, (i) reduced (except in the instance of a temporary capacity release or an event outside of Shipper's control), or (ii) the Agreement is terminated, in whole or in part, prior to 10/31/2015, Shipper shall promptly pay to Northern an amount equal to the remaining unpaid Facility Cost Add-on Demand Charge. This provision and the obligations herein shall survive the termination of this Agreement if terminated prior to 10/31/2015, or the release of the capacity or any assignment thereof and Shipper shall continue to be obligated for the reimbursement of the actual cost of the facilities unless Northern consents to the release or assignment and the obligation is expressly assumed by an acquiring shipper that complies with the credit provisions in Northern's FERC Gas Tariff.