

GENERAL TERMS AND CONDITIONS

4. FACILITIES

Northern shall not be required to provide any requested service under any Rate Schedules which would require the construction or acquisition by Northern of any new facilities. Northern may condition any such construction, acquisition, or expansion on Shipper/Purchaser agreeing to reimburse Northern for all costs incurred, including any taxes incurred by Northern as a result of such reimbursement. An economic feasibility test will be performed to determine when Northern may charge Shipper/Purchaser such costs. Such test shall reflect the cost of the facility to be constructed, the incremental cost related to such facilities and the revenues which Northern estimates to be generated attributable to the facilities, all of which will be based on a discounted cash flow rate of return methodology. All new facilities (whether built by Shipper/Purchaser or Northern) shall be in conformance with the regulations set forth in 49 CFR Part 192 and shall be subject to inspection and prior approval by Northern. Nothing in this Section 4 shall require Northern to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act, nor prevent Northern from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act. Northern reserves the right to seek a waiver of the policy set forth in this Section 4 for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act.

In order to maintain and expand firm entitlement and utilization of Northern's system, Northern may negotiate firm transportation or storage contracts with shippers whereby Northern could make a contribution in aid of construction (CIAC) to the shipper. The shipper would use such funds to assist in the development of natural gas facilities. Such contributions must pass an economic feasibility test similar to the one described in the preceding paragraph. For any newly agreed to CIAC, Northern will post on its website for a period of thirty (30) days (1) the amount of the CIAC, (2) the name of the customer receiving the CIAC, and (3) the economic feasibility of the CIAC. Such CIAC's are includible in Northern's jurisdictional rate base and amortizable to cost of service ratably over the term of the related contract. All CIACs entered into pursuant to this provision shall be subject to review and challenge by the Commission and all parties in a general rate case requesting inclusion of such costs.

5. TAX REIMBURSEMENT

To the extent that any reimbursement to Northern by Shipper/Purchaser is deemed taxable income to Northern pursuant to Section 824 of the Tax Reform Act of 1986, P.L. 99-514, or any successor thereto, Shipper/Purchaser shall reimburse Northern for the tax impact as part of the actual costs incurred.