

GENERAL TERMS AND CONDITIONS

31. RECEIPT POINT SCHEDULING PENALTIES

If, at month's end, the sum of the actual daily quantities of natural gas received by Northern at all Points of Receipt for each Shipper's Throughput Service Agreement(s) varies from the sum of the quantities scheduled under each throughput service agreement during the respective month for transportation at all Points of Receipt, (either + or -) by greater than ten percent (10%), then Northern shall impose on a non-discriminatory basis a penalty equal to the Market Area TI rate per MMBtu for the difference between the sum of the actual total receipts during the month and the sum of the quantities scheduled for receipt during the respective month, less the tolerance level, except as provided below. Points in each Shipper's throughput Service Agreement(s) which are on Northern's contiguous mainline system may be aggregated for purposes of determining this penalty. Northern's contiguous mainline system refers to facilities which directly connect to, or are located on, Northern's mainline transmission system. Any penalty calculated that is less than five hundred dollars (\$500) will be waived.

Shipper's actual and scheduled volumes, at points connected to Northern's contiguous mainline system, shall be aggregated at the Shipper level prior to determining variance.

In order to protect system integrity, Northern may, after giving shippers forty-eight hours notice, implement the penalty on a system level, or a specific mainline Point of Receipt. For purposes of this Section, "system level" shall mean any combination of two (2) or more compressor stations in the same geographical area. The monthly penalty will then apply at those designated point(s) for the remainder of the billing month, unless system integrity is no longer in jeopardy. Upon such determination, Northern will so notify Shippers and the penalty shall again apply on a Service Agreement basis from the date of such notice.

In the event of Receipt Point Supply Shortfall or Excess situations, as described on Sheet No. 227, a daily receipt point scheduling penalty may apply at each specific receipt point. The penalty will be \$10.00 per MMBtu. In supply shortfall situations, the penalty will be assessed on the amount that actual receipts are less than scheduled receipts for the day, after a tolerance equal to the greater of 50 Mcf or seven percent (7%) of scheduled volumes has been applied. In supply excess situations, the penalty will be assessed on the amount that actual receipts are greater than scheduled receipts for the day, after a tolerance equal to the greater of 50 Mcf or seven percent (7%) of scheduled volumes has been applied.

Northern shall waive such penalty or portion thereof if such penalty was the result of a Force Majeure condition on Northern's system or Northern determines that it incorrectly scheduled the volumes. A force majeure situation not on Northern's system will not relieve Shipper of scheduling penalties except as set forth below. Written notification to Northern within forty-eight (48) hours (or as promptly as possible) of a verifiable force majeure on an upstream pipeline will result in waiver of the scheduling penalty for those volumes within such forty-eight (48) hour period. Any waiver will be applied on a nondiscriminatory basis.

Revenues associated with these penalties shall be credited to Shippers in accordance with Section 57 of the GENERAL TERMS AND CONDITIONS of this Tariff.

Receipt point volumes which can be independently verified by Northern (verifiable receipt point volume) will not be subject to the monthly receipt scheduling penalty.

In the event a Shipper would be assessed both a receipt point scheduling penalty and DDVC charge for the same scheduling variance from a receipt point to a delivery point, Northern will charge the Shipper the higher of the receipt point scheduling penalty or the DDVC charge, but not both.