

GENERAL TERMS AND CONDITIONS

F. Resolution of Imbalances

Each month, subject to mutual agreement by Northern and Shipper on a not unduly discriminatory basis, Northern and Shipper shall eliminate any Imbalance by using any combination of the four (4) resolution mechanisms set forth below. Imbalances will be posted on the 9th Business Day of the month. Shippers will have until the 12th Business Day of the month to access Northern's website to elect which imbalance resolution mechanism(s) they will use and the volumes associated with each mechanism. Any volumes not designated to be resolved using either trading (for which final notification is due to Northern by the 17th business day), imbalance-to-storage or in-kind resolution will automatically be cashed out. Any residual imbalance volume remaining after trading, imbalance-to-storage or in-kind resolution methods will also be automatically cashed-out as further explained herein.

- (i) Monthly Imbalance Trading. Each month, Shipper will have the opportunity to trade monthly imbalances with other eligible Shippers. All imbalance trading activity shall be in accordance with Subsection L. outlined below.
- (ii) Monthly Cash-out/in. Each month, Northern will either invoice the Shipper pursuant to Section 8 of these General Terms and Conditions or credit the Shipper the Dollar Valuation amount of the Shipper's monthly imbalance, determined in accordance with Subsection E. (i) above.
- (iii) Monthly Imbalance-to-Storage. Effective April 1, 2005, a Shipper's monthly imbalance may be resolved as an injection to, or withdrawal from, the Shipper's deferred delivery account(s), or the deferred delivery account of another shipper, subject to capacity availability and the terms of the Shipper's deferred delivery account. If the Shipper is utilizing an account of another Shipper an executed agreement between the transfer parties must be provided to Northern identifying the transfer parties and the transfer quantity at the time of the election.

When Shipper elects the imbalance to storage mechanism, Shipper must identify the applicable transportation and storage contracts and storage point to be used for billing purposes. The ability to use the imbalance to storage mechanism is subject to the storage parameters of the Shipper's or the transfer party's applicable deferred delivery agreement(s) (either FDD or IDD), and transportation provisions thereunder. Shippers will be charged all applicable storage, transportation, and fuel charges. For Shippers and/or transfer party with unused monthly transportation entitlement, the firm commodity rate shall apply. To the extent there is not sufficient unused monthly transportation entitlement, the overrun rate shall apply. For Shippers with unused monthly storage injection or withdrawal entitlement, the firm injection or withdrawal rate shall apply. The transportation fee for underdeliveries (storage injections) will be the applicable out-of-balance transportation rate. Storage inventories will be adjusted for the imbalance volume on the 14th business day of the month. Any residual imbalance as a result of the shipper's storage agreement will be cashed out at the applicable weekly high/low price of the production month.

- (iv) In-kind Resolution. Effective June 1, 2005, in-kind payback may be used to resolve monthly imbalances after trading, up to the greater of 3% of the shipper's monthly scheduled volumes, or 1,000 MMBtu. Volumes resolved using other methods will not count toward the 3% limitation. The in-kind payback volumes must be scheduled in the calendar month after receipt of notification of the final imbalance amount that may be resolved through this in-kind process. The Shipper may nominate any amount of in-kind payback volumes by day. Northern will attempt to schedule the imbalance payback volumes as requested, subject to storage or transportation-related allocations. Any residual volume remaining at the end of the payback month will be cashed out at the high/low weekly price of the payback month.

Shippers will schedule in-kind payback volumes on the transportation agreement of their choice. The transportation and storage scheduling priorities for in-kind resolution will follow the priority of the agreement scheduled. If Northern is allocating its storage services, in-kind payback volumes will have the same scheduling priority as Rate Schedules IDD and FDD overrun.