

GENERAL TERMS AND CONDITIONS

53A. PERIODIC RATE ADJUSTMENT (PRA) - FUEL

1. Purpose and Applicability: This Section 53 establishes a Fuel PRA mechanism for the purpose of deriving the Market Area and Field Area FUEL PERCENTAGES and the UNACCOUNTED-FOR (UAF) PERCENTAGE as set forth on Tariff Sheet No. 54 and Sheet Nos. 61-64, applicable to all Throughput Rate Schedules included in Northern's F.E.R.C. Gas Tariff, including TF, TFX, LFT, GS-T and TI. The Market Area fuel percentages will be determined seasonally. The Field Area fuel percentages will be determined annually.
2. Definitions.
 - (a) Fuel. Fuel consists of fuel burned and company used fuels: compressor, heater, dehydrate, actuators, un-metered, blow-down and purge.
 - (b) Throughput. Throughput is the actual volumes received, inclusive of fuel and unaccounted-for, from the respective receipt points on Northern's system.
 - (c) Winter Season. The consecutive months November through March.
 - (d) Summer Season. The consecutive months April through October.
 - (e) Annual. The consecutive months January through December.
3. The methodologies used to derive the Field Area "Field Fuel Percentage" (MIDs 1-16B), Field Area "M/L Fuel Percentage" (MIDs 1-7 and MIDs 8-16B), Market Area "M/L Fuel Percentage" (MID 17) and Unaccounted-For are as follows:

Field Area "Field Fuel Percentages" (MIDs 1-16B to MIDs 1-16B)

The Field Fuel Percentages are based upon the actual fuel consumed, as defined in Section 2.(a) above, at field facilities on Northern's system. The actual fuel consumed at these designated field facilities, as measured and defined in Northern's measurement reporting system, is (1) aggregated by each MID, (2) summed for the twelve-month period ending December 31, as adjusted for known and measurable changes, and (3) divided by the total throughput applicable to Field Fuel in each MID for the same annual period. Only those volumes which have been received upstream or at a field fuel facility are subject to a Field Fuel Percentage.

Field Area "M/L Percentages" (MIDs 1-7 and MIDs 8-16B)

Northern has established two Field Area M/L Fuel Recovery Sections. Fuel Section 1 consists of MIDs 1 through 7. Fuel Section 2 consists of MIDs 8 through 16B. In addition there is a third mainline fuel rate for the Market Area (MID 17) which is referred to as Market MID or Fuel Section 3 for purposes herein. To calculate the M/L Fuel Percentages, Northern determines a fuel retention percentage for each such Fuel Section and then combines the individual fuel retention percentages for such Fuel Section into fuel retention percentages for each MID to MID transaction, subject to the methodology described below.

- (a) The individual fuel retention percentage for each Fuel Section is derived as follows (i) the actual fuel consumed in such Fuel Section during the twelve-month period ending December 31 each year ("PRA Period") as adjusted for changes which are known and measurable with reasonable accuracy, is divided by (ii) the actual throughput for such Fuel Section during the same twelve-month period. Each adjustment to the actual data in any PRA filing must be separately identified and supported with detailed workpapers in such PRA filing.
- (b) The actual fuel consumed for each PRA Period for each Fuel Section is the fuel consumed in the facilities located in the geographic boundaries of such Fuel Section.