

GENERAL TERMS AND CONDITIONS

4. True-up Mechanism

(i) Mainline

Docket Nos. RP97-275-002 and TM97-2-59-000 provided that during any period, or any portion of any period, that the Mainline fuel retention percentages are derived by using the PRA Settlement Averaging Methodology, Northern shall true-up the Mainline fuel on a MID to MID basis. However, pursuant to the Settlement in Docket Nos. RP98-203, et al., the MID-to-MID true-up has been converted to a Fuel Section true-up in the Field Area. The Field Area contains two (2) Fuel Sections consisting of MIDs 1-7 and MIDs 8-16b. Therefore, for the period commencing June 1, 1999, Northern will true-up mainline fuel as follows:

Northern shall compare the fuel retained for the applicable winter or summer season or annual time period with the actual fuel consumed for the same period for each of the two (2) Field Area sections and the Market Area MID derived fuel percentages to determine the Fuel Adjustment Amount for each fuel percentage. The actual fuel consumed shall be calculated using the same rules and procedures utilized in calculating the Field Area ML Fuel Percentages. The Fuel Adjustment Amount will be divided by the applicable Field section or Market MID throughput to determine each Fuel Adjustment Percent to be added to each Mainline Field section or Market MID fuel retention percentage for the applicable winter or summer season or annual period beginning the following winter or summer season or annual period. Under-retainage will result in a positive Fuel Adjustment Amount. Over-retainage will result in a negative Fuel Adjustment Amount. For purposes of determining the Adjustment Amount for years subsequent to the initial year the Adjustment Amount for the prior year is first added to the actual fuel retained for the prior year. To determine the Adjustment Amount for the subsequent year, the balance of the fuel retained will be compared to the fuel consumed. A zero percentage will be used for any section or MID fuel percentage that is derived to be less than zero.

(ii) Field

Northern shall compare the volume of Field fuel retained for the most recent twelve (12) months ended December 31 with the volume of Field fuel consumed for the same period on a MID-by-MID basis to determine the Fuel Adjustment Amounts on a MID-by-MID basis. Each MID's Fuel Adjustment Amount will be divided by the applicable MID throughput to determine the Fuel Adjustment Percent to be added to each Field MID fuel retention percentage for the period beginning the subsequent April 1. To the extent a Field MID retention percentage is zero, a Fuel Adjustment Amount will not be applicable to that MID retention factor. Under-retainage will result in a positive MID Fuel Adjustment Amount. Over-retainage will result in a negative MID Fuel Adjustment Amount. For purposes of determining the Adjustment Amounts for years subsequent to the initial year of the PRA, the applicable MID Adjustment Amount for the prior year is first added to the applicable MID actual fuel retained for the prior year. To determine the Adjustment Amounts for the subsequent year, the balance of the applicable MID fuel retained will be compared to the applicable MID fuel consumed. A zero percentage will be used for any MID fuel percentage that is derived to be less than zero.

(iii) FDD Storage

Northern shall annually compare the volume of FDD Storage fuel retained for the most recent twelve (12) months ended December 31 with the volume of actual FDD Storage fuel for the same period to determine the Adjustment Amount. The FDD Storage Adjustment Amount will be divided by the applicable injection volumes to determine the FDD Storage Adjustment Percent to be added to the FDD Storage retention percentage for the period beginning the subsequent April 1. Under-retainage will result in a positive Adjustment Amount. Over-retainage will result in a negative Adjustment Amount. For purposes of determining the Adjustment Amount for years subsequent to the initial year, the Adjustment Amount for the prior year is first added to the actual FDD Storage fuel retained for the prior year. To determine the Adjustment Amount for the subsequent year, the balance of the FDD Storage fuel retained will be compared to the actual FDD Storage fuel.