

GENERAL TERMS AND CONDITIONS

53B. PERIODIC RATE ADJUSTMENT (PRA) - ELECTRIC COMPRESSION POWER COSTS

1. Purpose and Applicability: This Section 53B establishes an electric compression power costs PRA mechanism for the purpose of annually deriving the Market Area and Field Area electric compression commodity rates as set forth on Tariff Sheet No. 54, applicable to all Throughput Rate Schedules included in Northern's F.E.R.C. Gas Tariff, including TF, TFX, LFT, GS-T and TI, as may be revised from time to time.
2. Definitions.
  - (a) Electric Compression Power Costs. The costs of electric power used in the operation of any new electric horsepower compression installed after October 1, 1998.
  - (b) Throughput. Throughput is actual throughput in the Market Area or Field Area for the 12-month period ending December 31 each year.
3. The methodology used to derive the Market Area and Field Area electric compression commodity rates is as follows:

Field Area Electric Compression Commodity Rate

The Field Area electric compression rate will be based upon the actual Electric Compression Power Costs, as defined in 2.(a) above, for electric compressors installed in the Field Area. The actual Electric Compression Power Costs for these Field Area Compression facilities will be summed for the twelve-month period ending December 31, as adjusted for changes that are known and measurable with reasonable accuracy, and divided by the respective Field Area Throughput, as defined in 2.(b) above, to determine the applicable commodity rate to be set forth on Sheet No. 54. Each adjustment to actual data in any PRA filing must be separately identified and supported with detailed workpapers in such PRA filing.

Market Area Electric Compression Commodity Rate

The Market Area electric compression rate will be based upon the actual Electric Compression Power Costs, as defined in 2.(a) above, for compressors installed in the Market Area. The actual Electric Compression Power Costs for these Market Area Compression facilities will be summed for the twelve-month period ending December 31, as adjusted for changes that are known and measurable with reasonable accuracy, and divided by the respective Market Area Throughput, as defined in 2.(b) above, to determine the applicable commodity rate to be set forth on Sheet No. 54. Each adjustment to actual data in any PRA filing must be separately identified and supported with detailed workpapers in such PRA filing.

4. Effective Date. The Field Area and Market Area electric compression commodity rates will be applicable beginning June 1, 1999 and each annual period thereafter.
5. True-up Mechanism. Northern shall annually compare the amount of Electric Compression Power Costs collected via the Market Area and the Field Area commodity rates for the most recent twelve (12) months ended December 31 with the amount of actual Electric Compression Power Costs for the Market Area and the Field Area for the same period to determine the Market Area and the Field Area Adjustment Amounts. The Adjustment Amounts will be divided by the applicable Market Area and Field Area Throughput to determine the Market Area and Field Area Adjustment rates to be added to the Market Area and the Field Area electric compression commodity rates for the period beginning the subsequent April 1. Under-collection will result in a positive Adjustment Amount. Over-collection will result in a negative Adjustment Amount.