

GENERAL TERMS AND CONDITIONS

(iii) UAF

Northern shall annually compare the volume of UAF retained for the most recent PRA Period with the volume of actual UAF for the same period to determine the UAF Adjustment Amount. The UAF Adjustment Amount will be divided by the applicable Throughput to determine the UAF Adjustment Percent to be added to the UAF 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 of the PRA, the Adjustment Amount for the prior year is first added to the actual UAF retained for the prior year. To determine the Adjustment Amount for the subsequent year, the balance of the UAF retained will be compared to the actual UAF.

5. PRA Filing. Northern will file to change the Fuel, UAF and URR retained percentages as provided herein. For Section 3 Transportation Fuel, Northern will file each February 1 for the Summer Season Transportation Fuel to be effective the following April 1; Northern will file each May 1 for the Winter Season Transportation Fuel to be effective the following November 1. Furthermore, Northern will post on its website by December 1 of each year an estimated Section 3 Summer Season Transportation Fuel to be effective the following April 1.

Northern will file each February 1 for the Section 1 and 2 Transportation Fuel, Storage Fuel and URR, and UAF retained percentages to be effective the following April 1. In the event of a change to the makeup of the Sections 1 and 2 in a PRA or Section 4 or Section 5 filing, the effectiveness of the Fuel retention percentages derived therefrom shall be prospective only. For in-kind Fuel reimbursement procedures, Fuel rates will be made effective only at the beginning of the month.

Notwithstanding the filing dates above, Northern may file to revise any of the Fuel and UAF percentages at any time due to an anticipated over- or under-recovered volume.