2. RATE SCHEDULE TFX - FIRM THROUGHPUT SERVICE

A. Availability

This Rate Schedule is available for transportation of natural gas pursuant to a Firm Throughput Service by Northern Natural Gas Company ("Northern") under the following terms and conditions:

1. Northern determines that sufficient capacity exists to provide the Firm Throughput Service requested by Shipper;

2. Shipper has executed a Firm Throughput Service Agreement ("TFX Agreement") of the form contained in Northern's FERC Gas Tariff;

3. the throughput service shall be subject to all of the terms and conditions contained in this Rate Schedule and the GENERAL TERMS AND CONDITIONS of this Tariff; and

4. the transportation of natural gas within the MDQ under the throughput service shall be on a firm basis.

5. Shipper who has a TFX Agreement shall also be eligible to purchase from Northern no-notice throughput service pursuant to Rate Schedule SMS-System Management Service.

B. Applicability and Character of Service

Subject to the provisions of this Rate Schedule TFX and the GENERAL TERMS AND CONDITIONS of this Tariff, service within the MDQ rendered under a TFX Agreement shall be on a firm basis of a transportation quantity referred to as the Maximum Daily Quantity ("MDQ"). MDQ is the total volume of natural gas specified in the TFX Agreement that Northern is obligated to transport on a daily basis from the Point(s) of Receipt to the Point(s) of Delivery.

Shipper shall have the option to request firm throughput service (1) solely for the Market Area, (2) solely for the Field Area, or (3) a combined service for both the Market and the Field Area. The Shipper's ability to utilize primary and alternate receipt and delivery points is determined by which option is chosen by the Shipper. A Shipper with a combined Market and Field Area service agreement may not transfer a primary firm receipt or delivery point from the Field Area to the Market Area for the term of the TFX Agreement.

A Shipper is permitted to combine multiple TFX Agreements into a single TFX Agreement to the extent that the individual Agreement's rates, terms and conditions can be distinctly maintained within Northern's contracting and billing systems.

A Shipper is permitted to separate a TFX agreement into multiple TFX agreements provided the resulting TFX agreements, as determined by Northern, (1) retain, in aggregate, all of the same terms and conditions of the original TFX agreement between Northern and the Shipper, (2) maintain the same level and proportion of the same months of service, (3) use the same capacity as the original TFX agreement and the separation would not adversely impact operations, and (4) Northern is at least financially indifferent. Otherwise, a Shipper shall have the option to request and Northern may agree, on a not unduly discriminatory basis, to a separation of a TFX Agreement into multiple TFX Agreements.

Subject to the terms of this paragraph, a Shipper may select the full requirements option. Under such option, a Shipper will agree to take its full requirements from Northern for the service territory currently served by the existing entitlement and the growth associated with such service territory and agree not to physically bypass Northern for such territories for the term of the agreement. In exchange for such agreement, Shipper and Northern may mutually agree to increase the Shipper's contract demand at agreed upon intervals, to construct new facilities if necessary and to exercise commercially reasonable best efforts to secure approvals for such construction. To the extent new facilities would need to be constructed to meet Shipper's growth requirements, Northern will hold open seasons for any construction required and will provide service to any requesting Shipper whose request meets the economic feasibility requirements for the construction of facilities.

1. Receipt Points

   a. Amount of Receipt Point Capacity

      Disregarding differences in capacity due to Fuel and UAF, each existing Shipper's contract may reserve receipt point capacity up to one hundred percent (100%) of the MDQ. No contracts will be allowed receipt point capacity in excess of delivery point capacity.

      i. Flexibility. Shippers may request to amend their agreements to add, change, or delete Primary Receipt Points as limited by the firm throughput service agreement as discussed above. Approval of such request will be subject to capacity availability and operational considerations. All receipt points on the system will be available for use as alternate firm receipt points within the area provided by the contract and subject to operational considerations.

         No geographical limitations will be placed on the availability of amended receipt points within the service area provided by the contract.

         Other than the discount provision below, there will be no reservation fee impact if receipt points are moved solely within the Market Area or moved solely within the Field Area.

      ii. Discounts. Any discount granted (reservation or commodity) at a Primary Receipt Point will not be automatically granted at an amended or Alternate Receipt Point.

   b. Receipt Point Allocation

      Allocation of capacity is pursuant to Section 26 of the GENERAL TERMS AND CONDITIONS of this Tariff.

2. Delivery Points

   a. Primary Firm Delivery Points

      i. Flexibility. Shippers may request to amend their agreements to add, change, or delete Primary Delivery Points as limited by the firm throughput service agreement as discussed above. Approval of such request will be subject to capacity availability and operational considerations.

         No geographical limitations will be placed on the availability of amended delivery points within the service area provided by the contract.

         Other than the discount provision below, there will be no reservation fee impact if delivery points are moved solely within the Market Area or moved solely within the Field Area.

ii. Discounts. Any discount granted (reservation or commodity) at a Primary Delivery Point will not be automatically granted at an amended or alternate delivery point.

iii. Deletion of Original Primary Delivery Points. If an original Primary Delivery Point is deleted through an amendment, the capacity at that original primary point will not be held for that Shipper.

b. Alternate Firm Delivery Points

i. Flexibility. All delivery points on the system will be available for use as alternate firm delivery point (including zone deliveries to a specific customer) within the service area provided by the contract and subject to operational considerations. A Shipper may not have delivery point flexibility between the Market Area and the Field Area (or vice versa) unless the Shipper has combined Field Area/Market Area contract.

ii. Discounts. Any discount granted (reservation or commodity) at the Primary Delivery Point will not be automatically granted at the alternate delivery point.

Northern shall have the right to interrupt or curtail service under this Rate Schedule TFX as a result of a force majeure event as defined in Section 10, "Force Majeure" of the GENERAL TERMS AND CONDITIONS of this Tariff, or in accordance with Section 19, "Limitation of Northern's Obligation to Provide Firm Services" of the GENERAL TERMS AND CONDITIONS of this Tariff. Curtailment shall be in accordance with Section 29, "Allocation of Capacity" of the GENERAL TERMS AND CONDITIONS of this Tariff.

C. Offering of TFX Service

To initiate service under this Rate Schedule TFX, a valid request must be submitted in accordance with Section 26, "Requests for Service" and Section 27, "Information Required for a Request for Service," of the GENERAL TERMS AND CONDITIONS of this Tariff.

The minimum level of MDQ applicable to a TFX Agreement under this Rate Schedule shall be 50 Dth for any period during the applicable term of the TFX Agreement except when a Shipper that has bid at least 50 Dth per day in an open season is awarded less than 50 Dth per day. In which case, the amount awarded in the open season shall be the minimum level of MDQ for that TFX Agreement.

D. Term of TFX Agreement

The TFX Agreement must be executed by Shipper prior to commencement of service.

The term of service shall be negotiated. There shall not be a minimum term. The term shall be set forth in the TFX Agreement. TFX Agreements entered into pursuant to the New Service Settlement and prior to implementation of Order No. 636 shall retain any unilateral rollover rights contained therein.

Northern and Shipper may agree to different termination dates for specified volumes within the same Service Agreement on a not unduly discriminatory basis.

Northern and Shipper may agree, on a not unduly discriminatory basis, to contract extensions, including evergreens, rollovers and other extensions.

Northern and Shipper may agree to reduction rights. If Northern and Shipper are unable to agree, Shipper shall be entitled to the following reduction rights, subject to the conditions set forth in paragraph 3. below:

1. Conversion from LDC Sales Service to Transportation. If a firm customer receiving jurisdictional sales service from a Local Distribution Company (LDC) Shipper, served by use of the LDC Shipper's firm throughput entitlement on Northern, converts to transportation service from the LDC and arranges through an upstream supplier for incremental firm service with Northern in lieu of capacity release of the LDC Shipper's firm entitlement, Northern agrees to reduce the LDC Shipper's firm entitlement for a period up to the term of the new firm service agreement. The amount reduced may be no greater than the level of incremental firm service purchased by the upstream supplier from Northern to serve the end use customer of the LDC.

2. LDC Bypass. If a firm end use customer located behind an LDC's system and served by use of an LDC Shipper's firm throughput entitlement on Northern bypasses the LDC and incremental firm service is purchased from Northern for such market, Northern agrees to reduce the LDC Shipper's firm entitlement for a period up to the term of the new firm service agreement. The amount reduced may be no greater than the level of incremental firm entitlement contracted with Northern by the firm end use customer of the LDC Shipper after the bypass.

3. The reduction rights in paragraphs 1. and 2. above are subject to the following:

    a. Capacity release volumes and interruptible service shall not be considered incremental firm service.

    b. Northern must be kept revenue neutral except to the extent Northern discounts the incremental entitlement. In determining whether Northern remains revenue neutral, Northern shall consider, in addition to any other relevant factors, any agreements for reimbursement of the cost of construction of facilities, either through the rate or through a CIAC.

    c. To the extent that the firm end use customer was not exclusively served by Northern, Northern will provide reduction rights on a pro rata basis to Northern's portion of all the customer's firm requirements if the LDC Shipper receives commensurate relief from all other pipelines.

    d. The firm end use customer has ceased to pay or is expected to cease to pay the LDC Shipper for the firm entitlement used by the LDC to serve the firm end use customer and the LDC submits to Northern a request for reduction.

    e. LDC Shipper's request for reduction shall state the requested effective date. LDC Shipper's request shall be accompanied by an affidavit from LDC Shipper setting forth the information supporting Shipper's request and such supporting documents as will allow Northern to evaluate the request and verify that LDC Shipper is eligible for a reduction under this section. Such information shall include the firm entitlement level associated with service to the firm end use customer.

f. The effective date of the reduction shall be prospective and shall be the later of:

i. the first day of the month following the date of the LDC Shipper's request,

ii. the date the firm end use customer ceased paying the LDC for the firm entitlement, or

iii. the effective date of the incremental firm service purchased from Northern.

E. New TFX Agreement

1. TFX Agreements at maximum rates with a term of twelve (12) or more consecutive months of service or for a term of more than one (1) year for service not available for twelve consecutive months and TFX Agreements at discounted rates entered into prior to March 27, 2000, with a term equal to or greater than one (1) year, shall have a guaranteed Right of First Refusal as provided in Section 52 of the GENERAL TERMS AND CONDITIONS of this Tariff. Northern and Shipper may mutually agree to include ROFR rights in other TFX Agreements on a not unduly discriminatory basis.

2. TFX Agreements with a term up to, but not including, twelve (12) consecutive months of service or for one (1) year or less, shall not be eligible for the Right of First Refusal process. The service will be automatically abandoned upon expiration of the term.

F. Overrun

Overrun Volumes. Northern agrees to transport volumes in excess of the MDQ contracted for ("Overrun Volumes") on an interruptible basis for Shipper in accordance with the terms and conditions of this Rate Schedule and the GENERAL TERMS AND CONDITIONS of this Tariff, provided that sufficient capacity exists to transport such Overrun Volumes.

Within total MDQ - While staying within its MDQ in the Area contracted for, should Shipper, or its Designee, desire to nominate volumes for transportation (1) in excess of the MDQ specified at a point in the Firm Throughput Service Agreement (Primary Point) or (2) at any other point on Northern's system, (Alternate Point) such excess volume shall be considered firm volumes for billing purposes and shall be transported if capacity is available and shall be scheduled pursuant to Section 29 of the GENERAL TERMS AND CONDITIONS of this Tariff.

In Excess of total MDQ - Should Shipper, or its Designee, desire to nominate volumes for transportation in excess of its MDQ contracted for, such excess volumes will be interruptible volumes for nomination, scheduling and billing purposes and shall be scheduled for transportation if capacity is available pursuant to the terms and conditions of Rate Schedule TI and shall be scheduled pursuant to Section 29 of the GENERAL TERMS AND CONDITIONS of this Tariff.

G. Rates and Charges

The monthly billing for TFX Throughput Service shall be the sum of:

1. Throughput Reservation Charges

Shipper shall be billed monthly for reservation charges associated with its Field, Market or combined TFX agreements. The monthly bill will be derived by using the highest TF Reservation Rate in effect for the month for the TFX Throughput Service as shown in Part 4, Section 2 of this Tariff, multiplied by the MDQ as shown on the TFX Agreement.

2. Throughput Commodity Charge

   The total units of TFX volumes during the respective month multiplied by the Commodity Rate for each TFX unit transported as shown in Part 4, Section 2 of this Tariff.

   The Throughput Commodity rate for TFX service shall be the commodity rate in effect for the respective month of the TFX agreement. Such rates are set forth in Part 4, Section 2.

3. Overrun and Out-of-Balance Charges

   a. Overrun Charge. For Overrun Volumes transported, the monthly billing shall be the sum of said overrun units transported daily multiplied by the Overrun Rate shown in Part 4, Section 11.

   b. Out-of-Balance Charge. The monthly billing shall be the total units of Out-of-Balance Volumes transported to a delivery point(s) during the respective month multiplied by the Out-of-Balance Rate as shown in Part 4, Section 2 of this Tariff, as applicable.

   Unless otherwise mutually agreed to by Northern and Shipper, all rates for service under (1), (2) and (3) above, of this Rate Schedule, shall be within the minimum and maximum levels shown in Part 4, Sections 2 and 11, respectively. The rate(s) Shipper shall pay will be set forth in Shipper's Service Agreement, or otherwise agreed to in writing. Northern will provide similar rates to similarly situated Shippers upon request.

4. Other rates and charges for services under this Rate Schedule shall include each of the following:

   a. A.C.A. Charge

      Shipper shall pay the applicable Annual Charge Adjustment ("A.C.A.") pursuant to Section 36 of the GENERAL TERMS AND CONDITIONS of this Tariff for volumes transported for Shipper.

   b. Fuel

      This Subpart G.4.b., "Fuel," shall apply to all throughput.

      In addition to the daily quantities delivered, prior to the beginning of each calendar month Shipper shall elect to either:

      i. provide the appropriate Fuel; or

      ii. purchase the appropriate Fuel from Northern at a mutually agreed upon price.

      The scheduling priority for Fuel shall be the same priority as the respective volumes scheduled to flow. The overall Fuel and UAF percentages are set forth in Part 4, Section 10, and detailed by receipt-to-delivery MID path in Part 4, Section 10 of this Tariff.

      A Shipper's Fuel and UAF is determined by multiplying the volumes at the receipt point by the applicable receipt-to-delivery MID path rate as shown in Part 4, Section 10.

Electric Compression

In addition, Shipper shall pay the applicable Market Area and Field Area Electric Compression commodity rate, as shown in Part 4, Section 10 of this Tariff, pursuant to Section 53B of the GENERAL TERMS AND CONDITIONS of this Tariff.

c. Daily Delivery Variance Charges (DDVC)

Shipper shall pay the applicable Daily Delivery Variances Charges pursuant to Section 48 of the GENERAL TERMS AND CONDITIONS of this Tariff.

d. Surcharges

Shipper shall pay any applicable surcharges and surcharge adjustments pursuant to the GENERAL TERMS AND CONDITIONS of this Tariff.

e. Fees

Upon billing by Northern and in a manner mutually agreed to, Shipper shall bear all fees imposed by governmental or regulatory bodies for any filings required in conjunction with service provided for Shipper.

f. Other

Any additional costs which may be properly billed in accordance with the provisions of this Rate Schedule and the GENERAL TERMS AND CONDITIONS of this Tariff.

H. General Terms and Conditions

The GENERAL TERMS AND CONDITIONS of this Tariff are hereby incorporated into and made a part of this Rate Schedule.