

7. RATE SCHEDULE PDD - PREFERRED DEFERRED DELIVERY SERVICE

A. Availability

This Rate Schedule is available to any Shipper for Preferred Interruptible Deferred Delivery Service (PDD) on a not unduly-discriminatory basis: (1) subject to Northern's availability to provide the service; and (2) provided the service requested sets forth the specific receipt and delivery terms and months in an Appendix A to the PDD Service Agreement; (3) at the sole discretion of Northern when Shipper and Northern have executed a PDD Service Agreement in the form contained in Northern's FERC Gas Tariff.

Northern shall not be required to provide service under this Rate Schedule that would require Northern to construct or acquire any new facilities or would prevent Northern from providing any other firm service.

B. Applicability and Character of Service

Service under this Rate Schedule shall be provided on an interruptible basis as follows:

PDD is a preferred interruptible service which provides for: (1) the agreement by Shipper and Northern of the specified months of service and specific receipt and delivery terms specified in an Appendix A; (2) the receipt or delivery by Northern of gas quantities that have been delivered by Shipper to the deferred delivery point(s) designated in an Appendix A of an executed PDD Service Agreement between Shipper and Northern; (3) Northern holding or being owed the deferred gas quantities at such deferred delivery point(s); and (4) the return of the gas quantities to Northern or the Shipper at mutually agreed upon deferred delivery point(s) subject to Subpart F. of this Rate Schedule. Northern shall defer quantities of gas for the Shipper up to the maximum total quantity as specified in the Appendix of an executed PDD Service Agreement.

Service under this Rate Schedule shall be provided for a minimum of one (1) day and a maximum term as established by the mutual agreement of Shipper and Northern. The terms of each PDD Service Agreement Appendix shall be attached to the executed PDD Service Agreement between Shipper and Northern.

In the event that a PDD transaction is terminated prior to its expiration or the contract total quantity is reduced thereunder, Northern may, on a not unduly discriminatory basis, agree with the Shipper on a termination fee. The termination fee shall take into account the remaining value of the transaction's service parameters.

Service under this Rate Schedule shall be subject to interruption under the terms of the upstream or downstream Firm or Interruptible Throughput Service Agreement with Northern. Any limitations imposed by such Throughput Service Agreement shall have precedence over Shipper's rights to service herein.

To the extent allowed by the PDD transaction terms of the Shippers' PDD accounts, Shippers may, upon advising Northern, transfer its account balances (1) among different Shippers' PDD Accounts, and/or, (2) between its own PDD accounts with no additional injection or withdrawal fees, and no transportation fees provided that the Shippers' accounts are held at the same storage point. Transfer of account balances between storage points, either on one account or between multiple accounts, shall not be charged injection or withdrawal fees but will be charged the applicable transportation fees.

C. Contract Total Quantity

The Contract Total Quantity (CTQ) shall be the maximum total volume of natural gas, specified in the Shippers' PDD Service Agreement Appendices, that Northern may accept for service under this Rate Schedule for injection or withdrawal to the Shipper's account. Shipper shall not be permitted to exceed the CTQ. Shipper is to perform within the daily, monthly and inventory parameters as outlined in Appendix A of the PDD Service Agreement.

D. Rates and Charges

The maximum and minimum rates for service under this Rate Schedule are listed in Part 4, Section 6 of this Tariff. Shipper shall pay the maximum rate for service under this Rate Schedule unless a lower rate has been agreed to as set forth in Appendix A.

The rates and charges for service under this Rate Schedule shall include each of the following:

1. Capacity Fee

The Capacity Fee set forth in Part 4, Section 6 shall be multiplied by the applicable CTQ. The Capacity Fee will be credited or refunded in proportion to the amount of service that Northern is unable to provide the PDD Shipper.

2. Injection Charge

The Injection Charge per Dth set forth in Part 4, Section 6 shall apply to all quantities received for Shipper's account.

3. Withdrawal Charge

The Withdrawal Charge per Dth set forth in Part 4, Section 6 shall apply to all quantities delivered to Shipper.

4. Monthly Inventory Charge

The Monthly Inventory Charge per Dth is set forth in Part 4, Section 6 and shall apply to the absolute value of the inventory balances in the Shipper's PDD account for the month.

5. Annual Rollover Charge

The annual rollover charge per Dth is set forth in Part 4, Section 6 of this Tariff. Such charge shall apply to the balance held in Shipper's PDD Account as of March 31st unless otherwise contractually authorized. Revenues received from the annual rollover charge shall be credited in accordance with Section 57 of the GENERAL TERMS AND CONDITIONS of this Tariff.

6. In no event will Northern charge a PDD Shipper more than that which it would have charged an FDD Shipper using the same injection and withdrawal parameters over an FDD cycle year.

Discounted Rates: Northern may from time to time at its sole discretion charge any individual Shipper under this Rate Schedule a PDD rate which is lower than the maximum rate set forth in the currently effective rate section, provided, however, that such rate charged may not be less than the minimum rate set forth in the currently effective Tariff rate section for Rate Schedule PDD.

Negotiated Rates: Northern and Shipper may mutually agree to rates for services that may be above the maximum rates or below the minimum in the currently effective Rate Section for Rate Schedule PDD. Such rates shall be subject to Northern's negotiated rate authority granted by FERC.

E. Transportation Service Associated with Deferred Delivery Service

PDD quantities must be delivered to or redelivered from a deferred delivery point pursuant to a Throughput Service Agreement. Deliveries and redeliveries of the PDD quantities shall be subject to the rates, terms and conditions of the applicable Throughput Service Agreement including transportation entitlements and capacity allocations.

A transportation rate, Fuel and UAF is charged both into and out of a Field Area storage point. Notwithstanding the above, to the extent a volume in the Market Area or Field Area is transported between a transportation point and its associated storage point, no transportation commodity rate, Fuel or UAF charges shall be assessed. A transportation commodity rate, Fuel UAF is charged for delivery to the Ogden storage point. If redelivery from Ogden is to a Market Area point, there is no additional transportation commodity, Fuel and UAF charges. If the redelivery is to a Field Area point, the applicable Field Area mileage/MID transportation commodity rate, Fuel and UAF is charged. With the exception of Ogden, to the extent a volume is transported from a storage point to a transportation point other than its own associated transportation point then a transportation commodity rate, Fuel and UAF will be assessed.

In addition, there will be no transportation commodity rate, Fuel and UAF charges for volumes transported:

- (1) From a Market Area storage point to MID 17 pooling point.
- (2) From a Market Area Receipt Point to the MID 17 deferred delivery point (POI 71459).
- (3) Between the Ventura point (POI 192) and Ventura deferred delivery point (POI 71460).
- (4) From a Field Area storage point to a Field Area pooling point in the same MID.
- (5) From a Field Area Receipt Point to a Field Area MID storage point in the same MID.

When the Ogden storage point is used, the Shipper must use the same type of service (i.e., firm or interruptible) to transport to and from the storage point, unless agreed to otherwise by Northern on a non-discriminatory basis. However, in the event interruptible transportation service was used injecting into the PDD account, capacity release may be utilized, under the terms and conditions of Section 47, Capacity Release, to transport quantities from the PDD account.

F. PDD Points of Service

Shipper shall specify any of the designated storage points listed on Northern's website as its injection and withdrawal point.

G. Requests for Service

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, and:

1. Either with the request for service or at the time of execution of the PDD Service Agreement, such other information as required to comply with regulatory reporting or filing requirements; and
2. Sufficient information to determine Shipper's creditworthiness in accordance with Section 46 of the GENERAL TERMS AND CONDITIONS of this Tariff.

Upon Northern's acceptance to provide the requested service, Northern shall tender to Shipper for execution a PDD Form of Service Agreement in the form as set forth in this Tariff.

H. Nominations and Scheduling

Shipper shall nominate PDD service under this Rate Schedule in accordance with the nomination deadlines set forth in Section 28 of the GENERAL TERMS AND CONDITIONS of this Tariff.

I. Allocation of Service

Shipper nominations shall be subject to confirmation by Northern which shall be based on the best operating information available to Northern.

Service under this Rate Schedule shall be scheduled and confirmed only after firm FDD service has been scheduled and confirmed by Northern. Service under this Rate Schedule shall be scheduled and confirmed prior to IDD service.

For purposes of allocating or curtailing service among Shippers under this Rate Schedule, Northern may give service priority based upon the highest total cost commitment to Shipper for PDD service. For the purposes of allocating capacity under this Rate Schedule, Shippers willing to pay more than the maximum Tariff rate will be considered to be paying the maximum Tariff rate. Service may be allocated or curtailed on a pro-rata basis among Shippers willing to pay the same total cost commitment to Northern for such service.

J. Notification from Northern

Shipper may be required, upon notification from Northern, to cease or reduce deliveries to, or receipts from, Northern's PDD service within the Gas Day to protect firm FDD service or to comply with the parameters of Shipper's PDD Service Agreement and Appendices. Further, Shipper may be required to return deferred quantities and/or remove deferred quantities upon notification from Northern. Such notification may be via e-mail or posting on Northern's website. Northern's notification shall specify the time frame within which deferred quantities shall be removed and/or deferred quantities shall be returned, consistent with Northern's operating conditions, but in no event shall the specified time be sooner than the next Gas Day after Northern's notification. In the event that the specified time for removal or return of gas quantities is the next Gas Day, the time of required removal or return shall begin from the time that Shipper receives actual notice from Northern. Notices required after business hours for the next Gas Day will be provided to Shipper via e-mail or posting on Northern's website. In the event that Shipper makes a timely nomination in response to notification by Northern to remove deferred quantities and/or return deferred quantities, the obligation of Shipper to comply with the notification shall begin when Northern schedules the nomination.

1. In the event that Shipper is required to return deferred quantities and/or remove deferred quantities or deferred quantities are not delivered or received in accordance with the daily or monthly parameters outlined in any existing PDD Service Agreement and Appendices, Northern and Shipper may mutually agree to an extended time frame and/or modified terms of such Appendices. In the event that Shipper and Northern are unable to come to such agreement, Northern shall notify Shipper and Shipper shall deliver or receive the deferred

quantities within the time frame specified in Northern's notice, which in no instance shall be less than one (1) calendar day. Any deferred quantities not removed within the time frame specified by Northern's notice shall become the property of Northern at no cost to Northern, free and clear of any adverse claims. Any quantities not delivered for deferral within the time frame specified by Northern's notice shall be sold to Shipper at 150% of the applicable Average MIP, as defined in Section 32 of the GENERAL TERMS AND CONDITIONS of this Tariff which may be modified from time to time.

2. In the event that deferred quantities remain in Northern's system and/or deferred quantities have not been returned to Northern's system at the termination of any existing PDD Service Agreement Appendices, Northern and Shipper may mutually agree to an extended time frame and/or modify the terms of such Agreement. In the event that Shipper and Northern are unable to come to such agreement, Northern shall notify Shipper and Shipper shall remove the deferred quantities and/or return the deferred quantities within the time frame specified in Northern's notice, which in no instance shall be less than one (1) calendar day. Any deferred quantities not removed within the time frame specified by Northern's notice shall become the property of Northern at no cost to Northern, free and clear of any adverse claims. In addition, any deferred quantities not returned within the time frame specified by Northern's notice shall be sold to Shipper at 150% of the applicable Average MIP, as defined in Section 32 of the GENERAL TERMS AND CONDITIONS of this Tariff which may be modified from time to time.
3. In the event deferred quantities are not removed from Northern's system or are sold to a Shipper pursuant to (1) or (2) above, the value of the gas will be credited to Shippers in accordance with Section 57 of the GENERAL TERMS AND CONDITIONS of this Tariff.

K. Other Conditions of Service

Northern shall not be required to provide service under this Rate Schedule in the event that all facilities needed to render the requested service do not exist or are not in service at the time the request is made or the time service is commenced.

L. General Terms and Conditions

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