

22. RESERVATION CHARGE CREDITS

A. Availability of Credit

If Northern fails to provide primary deliveries under a Firm Throughput Service Agreement(s) to Shipper that are scheduled on Gas Day 1 or required on any Gas Day, Shipper, subject to the provisions of this Section 22, may be eligible for a reservation charge credit. To the extent quantities flow through an Alternate Receipt Point(s) and/or Alternate Delivery Point(s), no reservation charge credit will be applicable.

B. Individually Negotiated Provisions

Northern and Shipper may agree to negotiate reservation charge credits. Shippers with Firm Throughput Service Agreements with individually-negotiated provisions relating to reservation charge credits shall be subject to the terms of such agreement.

C. Definitions

For the purpose of this Section 22 only, the following definitions apply:

1. "Adjustment" means the per Dth credit to the Shipper's equivalent daily reservation charge that Shipper may be eligible for due to the occurrence of an Event.
2. "Event" means the occurrence of an operational impairment that impacts the use of Northern's system under a Firm Throughput Service Agreement(s), such that Shipper's Nominated Quantities are not delivered by Northern from Shipper's Primary Receipt Point(s) to Shipper's Primary Delivery Point(s). An Event commences as set forth in the applicable Notification.
3. "Notification" means Northern's posting of an Event caused by Force Majeure or caused by other than Force Majeure (non-Force Majeure) on its customer activities website. For purposes of this Section 22, for the two years commencing on January 1, 2013, Force Majeure includes outages due to Pipeline and Hazardous Materials Safety Administration ("PHMSA") orders pursuant to section 60139(c), Maximum Allowable Operating Pressure, of Chapter 601 of Title 49 of the United States Code ("section 60139(c)"). To the extent reasonably known, Notification will include a description of the Event, when the Event commenced, the anticipated duration of the Event, the areas of Northern's system and Delivery Point(s) expected to be impacted during the Event, and the specific PHMSA order issued pursuant to section 60139(c), if applicable.
4. "Shipper's Nominated Quantities" means
  - a. If Notification is provided after the deadline for submitting nominations in the Timely Nomination Cycle, the quantities nominated by Shipper at Shipper's primary points affected by the Event, up to Shipper's MDQ;
  - b. If Notification is provided before the deadline for submitting nominations in the Timely Nomination Cycle, Shipper's Nominated Quantities will mean the lesser of (i.) or (ii.) below where:
    - i. is Shipper's MDQ associated with Shipper's primary points affected by the Event; and

- ii. is the average quantities delivered by Northern at Shipper's primary points affected by the Event during the seven days immediately prior to an Event for the remaining days of the first calendar month of the Event. If the Event continues beyond the first calendar month, (ii.) is the average daily deliveries of the same calendar month of the previous year for each day of the subsequent month(s), unless the Shipper did not have MDQ at the affected point(s) during the applicable month of the previous year, in which case (ii.) shall be the seven days immediately prior to the Event. In all cases (ii.) shall be adjusted upward or downward proportionally for any increase or decrease in the MDQ of the affected primary point(s).
  - c. Shipper's Nominated Quantities do not include quantities reduced as a result of the operator confirmation process, a failure to meet Northern's quality specifications or other actions beyond the direct control of Northern, other than a Force Majeure on Northern's facilities.
5. "Undelivered Quantities" means the amount by which Shipper's Nominated Quantities exceed the quantities delivered by Northern to the affected Primary Delivery Point(s) as a result of an Event. In no event shall Undelivered Quantities exceed the Point MDQ and the Undelivered Quantities at all Delivery Point(s) in aggregate cannot exceed the total MDQ set forth in Shipper's Firm Throughput Service Agreement.

D. Determination of Adjustment

Subject to the provisions of this Section 22, the applicable Adjustment for the reservation charge credit shall be as set forth below. To the extent Northern makes available the Shipper's Nominated Quantities at the Primary Delivery Point(s), there shall be no Adjustment. Adjustments associated with this Subpart D. are subject to Subpart E (Temporary Capacity Release) and Subpart F (Segmented Transactions) of this Section 22, as applicable. If a Shipper is paying a volumetric rate, no Adjustment will be applicable.

1. Calculation of Adjustment for Force Majeure. Beginning on Gas Day 1 and continuing for the duration of the Force Majeure, if the rate Shipper would pay is the maximum applicable Tariff reservation rate (or greater, in the event of a negotiated rate) for the Undelivered Quantities, the Adjustment shall be equal to 26.38% of the maximum applicable Tariff reservation rate per Dth per day (referred to herein as "Profit"). If the rate Shipper would pay is less than the maximum applicable Tariff reservation rate, the Adjustment shall be equal to the amount by which the Profit exceeds the amount of the maximum applicable Tariff reservation rate less the Shipper's rate. In no event will the Adjustment be greater than Northern's Profit.
2. Calculation of Adjustment for non-Force Majeure. Beginning on Gas Day 1 and continuing for each day Shipper has Undelivered Quantities as a result of non-Force Majeure, the Adjustment shall be the reservation rate payable by Shipper multiplied by the Undelivered Quantities. In no event will the reservation rate used to calculate the Adjustment be higher than the maximum applicable tariff reservation rate.
3. Calculation of Adjustment - General.
  - a. If all or a portion of Shipper's Nominated Quantities are not scheduled by Northern in the Timely Nomination Cycle and Shipper nominates the unscheduled quantities (Unscheduled Quantities) on a third-party pipeline, Shipper shall not be required to nominate in the Evening Nomination Cycle to receive an Adjustment. To the extent Shipper nominates, and Northern schedules, previously Unscheduled Quantities in a

subsequent nomination cycle, Shipper's Adjustment shall be appropriately reduced to account for the quantities delivered by Northern. Shipper shall provide a representation to Northern that it nominated its Unscheduled Quantities on a third-party pipeline as a result of Northern's inability to provide primary firm service.

- b. If, on any Gas Day, the sum of Subpart C.4.b.(i.) above, Shipper's Undelivered Quantities and Subpart C.4.b.(ii.) above the total nominations submitted by Shipper and delivered by Northern at any and all points exceeds the MDQ set forth in Shipper's Firm Throughput Service Agreement, the quantities used to calculate the Adjustment shall be Shipper's MDQ minus the quantities delivered by Northern.

E. Temporary Capacity Releases

1. If the Replacement Shipper's reservation rate is lower than the Releasing Shipper's reservation rate, Northern will provide an Adjustment to the Replacement Shipper that is calculated in accordance with Subpart D. of this Section 22 using the reservation rate payable by the Replacement Shipper. Northern shall continue to credit the Replacement Shipper's reservation charge to the Releasing Shipper.
2. If the Replacement Shipper's reservation rate is higher than the Releasing Shipper's reservation rate, Northern will provide an Adjustment to the Replacement Shipper that is calculated in accordance with Subpart D. of this Section 22 using the reservation rate payable by the Releasing Shipper. Replacement Shipper will pay Northern the "Excess Reservation Charges," which is an amount calculated by multiplying the Replacement Shipper's Undelivered Quantities by the amount by which the Replacement Shipper's reservation rate exceeds the Releasing Shipper's reservation rate. Northern will credit the Releasing Shipper's invoice by the sum of the Releasing Shipper's reservation rate and the Excess Reservation Charges paid by the Replacement Shipper.
3. If the Replacement Shipper is paying a volumetric rate, no Adjustment will be provided.

F. Segmented Transactions

If Shipper segments for its own use or for capacity release, all such segmented transactions will be treated as one transaction under the original Firm Throughput Service Agreement. Any Adjustment pursuant to this Section 22 will be limited to the Point MDQ under Shipper's original Firm Throughput Service Agreement prior to segmentation, and in no instance will the Adjustment(s) related to segmented transactions be greater than the Adjustment that would have been applicable if there had been no segmentation.

G. Capacity Request

Northern reserves the right to reject requests for incremental capacity or realignment into an affected area for the duration of the Event after an Event notification has been posted.

H. Adjustments to Invoices

Northern will calculate the Adjustment due Shipper. If Shipper has a Firm Throughput Service Agreement(s) with different rates in the area(s) affected by the Event, the Adjustment will be calculated based on the lowest rate(s) first. Such Adjustment will be reflected in Shipper's invoice in the following billing cycle.