

26.2 Posting and Awarding of Capacity

Northern shall post and award available capacity in accordance with this Section 26. Northern shall post weekly its available capacity on the website. Northern shall have the right to (1) post notices for solicitation of bids for particular segments of capacity for service to start immediately or in the future or (2) conduct open seasons for expansion projects including requests for incremental service at a date later than the in-service date of the expansion facilities. Any open season for capacity will be conducted for a period of no less than five and no more than sixty Business Days. The open season may include generally available capacity and/or capacity resulting from an expansion project. The open season notice will include the following:

- (a) the location of the capacity and/or proposed expansion;
- (b) the total quantity, if applicable; and
- (c) the date capacity is available and/or proposed to be available.

Such notice may include a bid evaluation methodology and/or if the open season includes service to start at some time in the future, the bid methodology will include a net present value analysis, in which case the posting will be made at least three (3) days prior to bidding. In addition, Northern will post whether bids have been received and show the full net present value (NPV) analysis for the highest bid received, the Shippers' bids, and provide the actual calculation of the NPV with sufficient clarity to permit bidders to duplicate the results. In the event Northern receives bids for new capacity, the capacity will be allocated to the best bid.

In the event a specific bid evaluation methodology has not been posted, the default methodology for the best bid will be the bid with the highest total NPV. The NPV is the discounted cash flow of incremental revenues to Northern for service. Incremental revenues are those revenues above and beyond the current revenues which Northern already receives from reservation charges being paid prior to the bid period.

Northern will utilize the standard NPV calculation based on the revenue stream over the specified term (which shall not exceed twenty (20) years), discounted by the FERC interest rate to determine the highest total incremental revenues. If an alternate bid evaluation methodology is used, Northern will post the evaluation factors to be utilized along with each factor's weight. The NPV calculation shall include only revenues generated by the reservation rate or a guaranteed throughput volume. In those cases where one or more bidders is willing to pay the maximum Recourse Rate, the NPV used in such cases is capped at, and may not exceed, the NPV equal to the maximum reservation rate available to recourse Shippers. For purposes of NPV evaluation, the aggregate NPVs of two or more bids for contiguous service may be considered provided that the combined capacity under those bids does not exceed the maximum capacity available for bid. For purposes of bid comparisons in allocating capacity, Shippers willing to pay more than the maximum Tariff rate will be considered to be paying the maximum Tariff rate and for purposes of bid comparisons in allocating capacity, guaranteed throughput volume service applies only in the case of a negotiated rate.

To the extent necessary, Northern will allocate capacity among requests on a pro rata basis. However, any requested capacity at a point which is greater than the total capacity available at that point will be allocated as if the request was for the maximum capacity available at that point.