

53B. PERIODIC RATE ADJUSTMENT (PRA) - ELECTRIC COMPRESSION POWER COSTS

A. Purpose and Applicability

This Section 53B establishes an electric compression power costs PRA mechanism for the purpose of annually deriving the Market Area and Field Area electric compression commodity rates as set forth on Part 4, Section 10, applicable to all Throughput Rate Schedules included in Northern's FERC Gas Tariff, including TF, TFX, GS-T and TI, as may be revised from time to time.

B. Definitions

1. Electric Compression Power Costs. The costs of electric power used in the operation of any new electric horsepower compression installed after October 1, 1998.
2. Throughput. Throughput is actual throughput in the Market Area or Field Area for the 12-month period ending December 31 each year.

C. Methodology

The methodology used to derive the Market Area and Field Area electric compression commodity rates is as follows:

1. Field Area Electric Compression Commodity Rate

The Field Area electric compression rate will be based upon the actual Electric Compression Power Costs, as defined in Subpart B.1. above, for electric compressors installed in the Field Area. The actual Electric Compression Power Costs for these Field Area Compression facilities will be summed for the twelve-month period ending December 31, as adjusted for changes that are known and measurable with reasonable accuracy, and divided by the respective Field Area Throughput, as defined in Subpart B.2. above, to determine the applicable commodity rate to be set forth in Part 4, Section 10. Each adjustment to actual data in any PRA filing must be separately identified and supported with detailed work papers in such PRA filing.

2. Market Area Electric Compression Commodity Rate

The Market Area electric compression rate will be based upon the actual Electric Compression Power Costs, as defined in Subpart B.1. above, for compressors installed in the Market Area. The actual Electric Compression Power Costs for these Market Area Compression facilities will be summed for the twelve-month period ending December 31, as adjusted for changes that are known and measurable with reasonable accuracy, and divided by the respective Market Area Throughput, as defined in Subpart B.2. above, to determine the applicable commodity rate to be set forth in Part 4, Section 10. Each adjustment to actual data in any PRA filing must be separately identified and supported with detailed work papers in such PRA filing.

D. Effective Date

The Field Area and Market Area electric compression commodity rates will be applicable beginning June 1, 1999 and each annual period thereafter.

E. True-up Mechanism

Northern shall annually compare the amount of Electric Compression Power Costs collected via the Market Area and the Field Area commodity rates for the most recent twelve (12) months ended December 31 with the amount of actual Electric Compression Power Costs for the Market Area and the Field Area for the same period to determine the Market Area and the Field Area Adjustment Amounts. The Adjustment Amounts will be divided by the applicable Market Area and Field Area Throughput to determine the Market Area and Field Area Adjustment rates to be added to the Market Area and the Field Area electric compression commodity rates for the period beginning the subsequent April 1. Under-collection will result in a positive Adjustment Amount. Over-collection will result in a negative Adjustment Amount.

For purposes of determining the Adjustment Amounts for the Market Area and the Field Area for years subsequent to the initial year of the electric compression power PRA, the Adjustment Amount for the prior year is first added to the actual Market Area or Field Area Electric Compression Power Costs for the prior year. To determine the Adjustment Amount for any subsequent year, the cumulative balance of any Market Area or Field Area Electric Compression Power Costs collected will be compared to the actual cumulative balance of the Market Area and Field Area Electric Compression Power Costs, plus any applicable interest, determined in accordance with Section 154.501(d) of the Commission's regulations. Northern shall maintain a separate subaccount (Account No. 182.3 or 254) for purposes of tracking the differences between its actual Electric Compression Power Costs and its actual collections under this PRA. For purposes of this PRA, any refunds or surcharges related to these Electric Compression Power Costs shall be accounted for in the period in which Northern receives such refund or pays such surcharge.

F. PRA Filing

On February 1 Northern will file annually to change the Market Area and Field Area electric compression commodity rates effective each April 1, in accordance with this Section 53B, together with supporting documentation. Such documentation shall include identification of the electric powered compression covered by this PRA and the Electric Compression Power Costs for each such compressor. If Northern seeks recovery of any Electric Compression Power Costs from billings that Northern has allocated among various facilities, including electric powered compression, Northern shall identify and support its allocation method.