

GENERAL TERMS AND CONDITIONS

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.

C. Reservation of Capacity - Expansion Projects:

Northern may elect to reserve for a future expansion project any unsubscribed capacity or capacity under expiring or terminating service agreements where such agreements do not have a right of first refusal or Shipper does not exercise its right of first refusal. Northern may only reserve capacity for a future expansion project for which an open season has been or will be held within one (1) year of the date that Northern posts such capacity as being reserved. Prior to reserving capacity for an expansion project, Northern shall first post for bid all of its available capacity on its website for at least five (5) business days before capacity will be reserved.