

GENERAL TERMS AND CONDITIONS

53A. PERIODIC RATE ADJUSTMENT (PRA) - FUEL

1. Purpose and Applicability: This Section 53 establishes a Fuel PRA mechanism for the purpose of deriving the TRANSPORTATION FUEL PERCENTAGES, the UNACCOUNTED-FOR (UAF) PERCENTAGE and the FDD STORAGE FUEL as set forth in Tariff Sheet No. 54 and Sheet Nos. 61-64, applicable to all Rate Schedules included in Northern's F.E.R.C. Gas Tariff TF, TFX, GS-T, TI and FDD respectively. The Market Area Fuel percentages will be determined seasonally. The Field Area Fuel percentages will be determined annually.
2. Definitions.
  - (a) Adjustment Amount. The true-up between actual volumes and estimated volumes.
  - (b) Annual. The consecutive months January through December.
  - (c) Fuel. Fuel consists of fuel burned and company used fuels: compressor, heater, dehydrate, actuators, un-metered, blow-down and purge.
  - (d) Injection Period. The calendar months of June through October.
  - (e) PRA Period. The twelve month period ending December 31 each year.
  - (f) PRA Settlement. Per Docket Nos. RP97-275-002 and TM97-2-59-000.
  - (g) Summer Season. The consecutive months April through October.
  - (h) Throughput. Throughput is the actual volumes received, inclusive of fuel and unaccounted-for, from the respective receipt points on Northern's system.
  - (i) Transportation Fuel. The transportation fuel retention percentage for each Section.
  - (j) Winter Season. The consecutive months November through March.
3. The methodologies used to derive the Transportation Fuel Percentage, FDD Storage Fuel and UAF are as follows:

Transportation Fuel Percentages

Northern has established Sections 1, 2 and 3 for Transportation Fuel Percentages. To calculate the Transportation Fuel Percentages, Northern determines a Fuel retention percentage for each such Fuel Section and then combines the individual Fuel retention percentages for such Fuel Section into Fuel retention percentages for each MID to MID transaction, subject to the methodology described below.

- (a) The individual Fuel retention percentage for each Fuel Section is based on (i) the actual Fuel consumed in such Fuel Sections 1 and 2 during the PRA Period and for Section 3 the applicable Summer or Winter Season as adjusted for changes which are known and measurable with reasonable accuracy, is divided by (ii) the actual Throughput for such Fuel Sections 1 and 2 during the same PRA Period and for Section 3 the applicable season. Each adjustment to the actual data in any PRA filing must be separately identified and supported with detailed work papers in such PRA filing.
- (b) The actual Fuel consumed for each PRA Period for each Fuel Section is the Fuel consumed in the facilities located in the geographic boundaries of such Fuel Section.