

GENERAL TERMS AND CONDITIONS

48. Daily Delivery Variance Charges (DDVC)

- C. Negative DDVC. Unless an SOL has been called (as described below), the Negative DDVC shall apply to the daily volumes at each delivery point which are less than the sum of all daily volumes scheduled at the point, after a tolerance of five percent (5%) of all daily volumes scheduled at the point has been considered. The tolerance for Small Customers who have not bypassed Northern's system is the greater of five percent (5%) of all daily volumes scheduled at the point or 650 MMBtu. The tolerance level for Bypassing Small Customers shall be equal to the Bypassing Small Customer's MDQ. If Shipper has subscribed to service under Rate Schedule SMS, the Negative DDVC applies only to the actual volumes taken that are less than the scheduled volumes, less the sum of the tolerance and the SMSQ.
- D. Punitive DDVC. The Punitive DDVC shall apply to the daily volumes at each delivery point that are in excess of the Positive DDVC level as determined above.
- E. System Overrun Limitation (SOL). In the event that the pipeline system operating integrity is in jeopardy, an SOL may be called for all or part of the SMS entitlement above MDQ. When an SOL is in effect SMS may not be available above the MDQ. Any decision by Northern to call an SOL will also involve a decision on the level of SMS service that would be authorized above MDQ. If SMS is offered, Northern will post on its website the percentage of SMS that may be utilized above the MDQ, ranging from 0-100%. The website posting of available SMS service levels will be made concurrently with the SOL declaration. If throughput overrun has been scheduled during an SOL, SMS is available below the scheduled level, but the five percent (5%) tolerance will not apply above the Shipper's MDQ (including any overrun volumes scheduled) before the Positive or Punitive DDVC's apply. However, Small Customer and Bypassing Small Customer tolerances and positive DDVC levels as set forth in paragraph B.4 above apply at all times, even when an SOL is called. In addition, when an SOL is in effect, if the sum of the scheduled volume on all of Shipper's firm and interruptible Throughput Service Agreements is equal to or greater than the Shipper's MDQ and no SMS is being authorized above the MDQ, then the tolerance is not available above the MDQ level. However, in such case, SMS is available up to the Shipper's MDQ. Further, Small Customers and Bypassing Small Customers retain their use of tolerance and positive DDVC levels as set forth in paragraph B.4 above, and SMS on SOL or Critical Days, and Small Customers and Bypassing Small Customers are not subject to the foregoing limitation.

An SOL may be called for all or part of the system by localizing the smallest affected area, beginning with individual points, followed by branchline, operational zone, Market/Field Area, and up to the entire system, in that order. Northern will post the SOL on the website no later than 3:00 p.m. CST of the gas day for which SOL has been called. Northern will determine the operating status of the pipeline system using the following criteria: weather forecast; system conditions-line pack, overall projected pressures at monitored locations and storage conditions; facility status-horsepower utilization and availability; and overall send-out projections and availability. In the event any or all of these criteria cause Northern's operating condition to severely deteriorate, a Critical Day may be called in Northern's sole discretion.

- F. Critical Day. Northern shall have the right to post a Critical Day notice in order (i) to alleviate conditions which threaten the integrity of its pipeline system, (ii) to maintain pipeline operations at the pressures required to provide an efficient and reliable firm transportation service to Shippers, and (iii) to maintain its pipeline system in balance for the foregoing purposes. A Critical Day may be called for all or part of the system by localizing the smallest affected area, beginning with individual points, followed by a branchline, operational zone, Market/Field Area, and up to the entire system, in that order. When possible, Northern will limit the Critical Day notice to the offending Shipper(s). The following events and/or operational variables could cause Northern to issue or end a Critical Day:
- (i) weather forecast;
 - (ii) system conditions including line pack;
 - (iii) overall projected pressures at monitored locations;
 - (iv) storage conditions; and
 - (v) facility status including horsepower utilization and availability.