Cashout example

Date	Nominated Supply	Delivered Supply	Imbalance	Daily price	Normal Cashout	Ist tier Cashout	2nd tier Cashout
20	2000	3500	1500	$5.00	$5,000.00	$2,750.00	$0.00
21	2000	0	-2000	$5.00	($5,000.00)	($4,500.00)	$0.00
22	3000	0	-3000	$5.00	($5,000.00)	($6,750.00)	($1,250.00)
23	1000	4000	3000	$5.00	$5,000.00	$8,250.00	$3,750.00

The cashout will be billed on their monthly balancing statement, as it has been since we allowed transporting

Total Cashout
$7,750.00
($9,500.00)
($13,000.00)
$17,000.00

in the late 1990's.

Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Substitute First Revised Sheet No. 260B
Superseding
Original Sheet No. 260B

GENERAL TERMS AND CONDITIONS

10. NOMINATIONS/CONFIRMATIONS/SCHEDULING/INTERRUPTION OF SERVICE (Continued)

10.6 Interruption of Service (Continued)

10.63 Service Reduction Due to an Operational Flow Order (Continued)

(c) Action Taken by Company Prior to Issuance of OFO

Company shall first attempt to isolate the impact of the operational problem by utilizing an OBA(s) at or in the area of Company's system where the problem is occurring. However, if the cumulative operational imbalance(s) related to such OBA(s) exceeds the cumulative imbalance tolerance level agreed to by Company and the Interconnected Party(ies), and neither the Interconnected Party(ies) or the related Shippers are actively addressing the problem, Company shall then issue an OFO watch for such location. In the event there is no agreed upon cumulative imbalance tolerance level, then the cumulative imbalance tolerance level shall be 10% of the Historical Flow Quantity at such point.

Affected parties shall be directly notified of the issuance of an OFO watch.

An OFO watch will state a period of time affected Shipper(s) have to address such condition with the Interconnected Party(ies) and/or prepare alternative arrangements in the event an OFO is issued.

(d) Issuance of OFO

If Company determines that the operational problem detailed in the OFO watch has not been adequately addressed within the time period specified in such watch, Company shall then have the right to issue an OFO.

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GENERAL TERMS AND CONDITIONS

10. NOMINATIONS/CONFIRMATIONS/SCHEDULING/INTERRUPTION OF SERVICE (Continued)

10.6 Interruption of Service (Continued)

10.63 Service Reduction Due to an Operational Flow Order (Continued)

An OFO can be issued to effect either the curtailment of interruptible services and/or the forced balancing of nominations and actual flows, such that receipts and deliveries fall within the tolerance level designated within the OFO watch, or that gas is received and delivered in uniform hourly quantities during the Gas Day.

Company shall not issue an OFO to Forwardhaul Shippers to create displacement capacity for Backhaul service.

(e) Shipper Compliance

The Shipper shall make a good faith effort to comply with any such OFO, including seeking waivers of any contractual limits with third parties or modifications of operating conditions on third party systems. However, Shipper cannot be required by Company to physically transport gas quantities to alleviate an OFO condition.

(f) Treatment of Shipper Imbalances

At the time an OFO is issued, affected Shippers will be notified of any imbalances that require immediate resolution pursuant to one of Company's imbalance resolution methods as detailed in Subsection 23.32 of the General Terms and Conditions of this Gas Tariff.

Due to the immediate corrective nature of the OFO, the 45-day imbalance correction period discussed in Subsection 23.32 does not apply.

Quantities parked and loaned under Rate Schedule PAL may be utilized by Shipper to net or trade against to facilitate the immediate elimination of imbalances.

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Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Second Revised Sheet No. 260D
Superseding
Substitute First Revised Sheet No. 260D

GENERAL TERMS AND CONDITIONS

10. NOMINATIONS/CONFIRMATIONS/SCHEDULING/INTERRUPTION OF SERVICE (Continued)

10.6 Interruption of Service (Continued)

10.63 Service Reduction Due to an Operational Flow Order (Continued)

(g) Failure to Comply

In the event that Shipper 1) does not respond to an OFO, or 2) the actions taken are insufficient to correct the system problem for which the OFO was issued, or 3) there is insufficient time to carry out the procedures with respect to OFO's, Company may periodically take unilateral action including the curtailment of firm service, to maintain the operational integrity of Company's system (or any portion thereof).

(h) Charge for Failure to Comply

If a Shipper fails to comply with an OFO it will be subject to a daily Failure to Comply OFO Charge for each Dekatherm of gas by which it deviated from the requirements of the OFO. The daily Failure to Comply OFO Charge shall be computed based on a price per Dekatherm equal to three times the midpoint of the range of prices reported for "Chicago city-gates" as published in the Daily price survey in Platts Gas Daily for the flow day on which the OFO is issued.

(i) A Shipper shall not incur any charges or penalties if such charges or penalties resulted from Shipper's compliance with an OFO, including any preliminary action taken by Shipper in response to an OFO watch issued by Company as a precondition to an OFO. Shipper shall not incur any charges or penalties if Shipper was not given reasonable time to comply with the OFO.

Issued by: Raymond D. Neppl, Vice President
Issued on: October 7, 2005

Effective on: November 6, 2005

GENERAL TERMS AND CONDITIONS

23. FLOWING GAS (Continued)

23.3 Shipper Imbalances (Continued)

23.32 Shipper Imbalance Resolution (Continued)

To account for any Shipper Imbalances remaining after Trading, where Company associates such imbalance with an Agreement, a Shipper and Company shall agree to designate one of the Shipper's valid Agreements in the Operational Impact Area where the original imbalance occurred, for such purpose. [2.3.48/v1.5]

After receipt of an imbalance Trade confirmation, Company shall send the imbalance Trade notification to the initiating trader and the confirming trader no later than 4:30 p.m. CCT the next business day. [2.3.49/v1.5]

Posting and trading of Shipper Imbalances shall be accomplished based on Company's current method of accounting for such imbalances and does not require Company to institute daily imbalance procedures, if they are not already present on Company's system. [2.3.50/v1.5]

(d) Underdelivery Cashout

To resolve a Shipper Imbalance due Company, Shipper may elect to reimburse Company for such Underdelivery.

Shipper must provide written notice to Company, within the resolution period, of its desire to cashout all or a portion of the Underdelivery quantity. At such time, Company will post an offer to buy working gas equal to the Underdelivery quantity specified by Shipper to resolve. Company shall select the lowest bid received from qualified bid parties and will faciliate the delivery of such working gas into its system. Company shall post all bids received from qualified bidding parties and select the lowest qualified bid. If the lowest qualified bid is not chosen, explanation and justification of the selected bid will also be posted.

Issued on: June 2, 2003 Effective on: September 1, 2003
Filed to comply with order of the Federal Energy Regulatory Commission, Docket No. RP00-403-000, et al., issued May 6, 2003, 03 FERC ¶ 61,134

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GENERAL TERMS AND CONDITIONS

23. FLOWING GAS (Continued)

23.3 Shipper Imbalances (Continued)

23.32 Shipper Imbalance Resolution (Continued)

Company shall invoice Shipper for the total cost of the working gas purchased to reduce or eliminate the Underdelivery at the time such working gas is received into Company's system.

To account for any Shipper Imbalance remaining after cashout, a Shipper and Company shall agree to designate one of the Shipper's Agreement(s) in the Operational Impact Area where the original Shipper Imbalance occurred, for such purpose.

(e) Underdelivery Penalty

If a noticed Shipper imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Underdelivery, Company will invoice Shipper for an amount equal to the quantity of the Underdelivery times 150% of the actual price.

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Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Substitute Fifth Revised Sheet No. 268E
Superseding
Fourth Revised Sheet No. 268E

GENERAL TERMS AND CONDITIONS

23. FLOWING GAS (Continued)

23.3 Shipper Imbalances (Continued)

23.32 Shipper Imbalance Resolution (Continued)

Amounts received by Company in the Production Month for settlement of Underdelivery Shipper Imbalances will be credited net of costs, to all Shippers except for the offending Shipper(s). Net penalty revenues shall be credited to all non-offending Shippers in the Billing Month for the corresponding Production Month in which the penalty was incurred. Such credit shall be allocated on the Dekatherm-miles transported for the Production Month in which the penalty occurred excluding the Dekatherm-miles of the offending Shipper(s). The credit shall be all penalty revenue net of costs.

(f) Overdelivery Retention

If a noticed Shipper Imbalance has not been resolved during the resolution period, and the remaining Shipper Imbalance reflects an Overdelivery, Company shall retain the quantity of gas in excess and use it to reduce Company Use Gas.

23.4 Measurement Information Statement

The measurement information statement is a data set designed to provide information on actual or estimated physical flow moving across a location. A subset of the traditional measurement statement, it does not include data elements utilized to verify the calculation of measured flow.

The cutoff for the closing of measurement is 5 business days after business month. [2.3.7/v1.0]

Measurement data available upstream of aggregated points shall be sent to the allocating party and used to allocate the aggregated volume back to the upstream points. [2.3.8/v1.0]

The measurement information statement shall standardize the reporting basis for BTU as 14.73 dry psia and 60 degrees F (101.325 KPa and 15.6 degrees C). [2.3.9/v1.3]

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No. RP00-403-000, et al., issued May 6, 2003, 03 FERC ¶ 61,134

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Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Eighth Revised Sheet No. 298A
Superseding
Seventh Revised Sheet No. 298A

GENERAL TERMS AND CONDITIONS

33. ELECTRONIC TRANSACTIONS CONTRACTING

Electronic transactions contracting as posted on Company's Internet web site, is available to parties provided that such party shall have previously met the requirements of a Rate Schedule, if applicable, and agreed to the terms and conditions of Company's Master Electronic Transactions Agreement.

34. OPERATIONAL BALANCING AGREEMENT POLICY

34.1 Purpose

The Operational Balancing Agreement (OBA), is intended to govern the treatment of any differences between the actual quantity of gas received/delivered at a Point of Interconnection with Company's system and the quantity of gas that was scheduled.

Company's OBA shall be based upon the NAESB WGQ Model OBA whenever possible. [6.5.2/v1.4]

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Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Sixth Revised Sheet No. 299
Superseding
Fifth Revised Sheet No. 299

GENERAL TERMS AND CONDITIONS

34. OPERATIONAL BALANCING AGREEMENT POLICY (Continued)

34.1 Purpose (Continued)

Company considers an OBA to be a predetermined allocation method.

34.2 Policy

It is Company's policy to negotiate and execute, if possible, the Company's form of OBA at all Points of Interconnection. However, if an OBA does not exist at a Point of Interconnection, the imbalance charges, cash-outs, or penalties incurred at such point shall be the responsibility of Shipper(s) that are out of balance. Company shall enter into an OBA at all pipeline-to-pipeline (interstate and intrastate) interconnects. [2.3.29/v1.6]

If it is not possible to utilize Company's form of OBA for an interstate pipeline interconnection, an acceptable OBA for such interconnection must include the following provisions:

a) The OBA must be in energy terms with stated bases.

b) The OBA parties intend that the quantity actually received/delivered each day at the interconnection will equal the scheduled nominations.

c) Any differences between the metered quantity and the scheduled nomination is treated as an OBA imbalance and exists solely between the OBA parties.

d) The OBA parties will take the necessary steps to ensure that the cumulative daily OBA imbalance is maintained at or tends towards a zero imbalance. No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. [2.3.31/v1.1]

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Northern Border Pipeline Company
FERC Gas Tariff
First Revised Volume No. 1

Original Sheet No. 299A

GENERAL TERMS AND CONDITIONS

34. OPERATIONAL BALANCING AGREEMENT POLICY (Continued)

34.2 Policy (Continued)

e) The OBA parties will regularly reconcile scheduled nominations during a given Production Month. A mutually agreed upon scheduled nomination summary must be completed as soon as practical after each Production Month end.

f) The monthly metered flow data for such interconnection will be determined and communicated by the Measurement Party in writing as soon as possible to the other OBA party.

g) The OBA parties at such interconnection may temporarily suspend the OBA in accordance with the terms thereof if either party discovers or anticipates extraordinary circumstances, such as significant interruption of transportation service, severe weather, or some other event which affects the gas supplies available for delivery at the interconnection.

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GENERAL TERMS AND CONDITIONS

34. OPERATIONAL BALANCING AGREEMENT POLICY (Continued)

34.2 Policy (Continued)

h) A mutually agreeable commencement and termination date, cancellation clause and other specific language applicable to Company.

An OBA party is permitted to discharge an operational imbalance at a given Point of Interconnection utilizing one of the Shipper Imbalance methods set forth in Subsection 23.32.

35. DATA ELEMENTS

35.1 Company has adopted all of the Business Practices and Electronic Communications Standards which were required by the Commission in 18 CFR 284.12(b) in accordance with Order Nos. 587 et al. In addition to the standards which are reflected in other provisions of this Tariff, Company is incorporating herein the following NAESB Wholesale Gas Quadrant (WGQ) standards, definitions and data sets, Version 1.7, 2004 Annual Plan Item 2, 2005 Annual Plan Item 8, and Recommendation R03035A.

General Standards:

0.1.2, 0.1.z1, 0.3.1, 0.3.2

Nomination Related Standards:

1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.1.9, 1.1.15, 1.1.18, 1.3.2, 1.3.6, 1.3.7, 1.3.16, 1.3.28, 1.3.30, 1.3.39, 1.3.41, 1.3.42, 1.3.71, 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 1.4.6, 1.4.7

Flowing Gas Related Standards:

2.1.6, 2.2.4, 2.2.5, 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.3.5, 2.3.6, 2.3.11, 2.3.15, 2.3.17, 2.3.19, 2.3.20, 2.3.21, 2.3.22, 2.3.23, 2.3.25, 2.3.27, 2.3.28, 2.3.34, 2.3.35, 2.3.51, 2.3.52, 2.3.53, 2.3.54, 2.3.55, 2.3.56, 2.3.57, 2.3.58, 2.3.59, 2.3.60, 2.3.61, 2.3.62, 2.3.63, 2.3.64, 2.4.1, 2.4.2, 2.4.3, 2.4.4, 2.4.5, 2.4.6, 2.4.7, 2.4.8, 2.4.9, 2.4.10, 2.4.11, 2.4.12, 2.4.13, 2.4.14, 2.4.15, 2.4.16

	Commodity Charges Nov-Oct	
GS-T COMMODITY THROUGHPUT RATE		
Market Area	0.7044	1/ 6/
Field to Demarcation	0.6396	
Field-to-Market	1.2601	1/ 6/
STAND ALONE COMPRESSION		
Ft. Buford		
Maximum	0.2613	1/ 2/
Minimum	0.0119	2/
RATE SCHEDULE CS-1		
Compression Fee (Exhibit A Volumes)		
Maximum	0.0401	
Minimum	0.0054	
Compression Fee (Additional Volumes)		
Maximum	0.0401	
Minimum	0.0054	

WATERVILLE STORAGE

The Market Area transportation rate, fuel and unaccounted for is charged for delivery to the Waterville storage point (POI 922), or other similarly situated third party storage points in the Market Area. If redelivery from Waterville, or other similarly situated third party storage points, is to a Market Area point, there are no additional transportation, fuel or unaccounted for charges. If the redelivery is to a Field Area delivery point, the Field Area mileage/MID transportation rate and fuel is charged.

CAPACITY RELEASE FEE (Rate per transaction)		
Marketing	Negotiated	3/
DAILY DELIVERY VARIANCE CHARGE:		
Positive DDVC	1.0000	7/
Positive/Critical DDVC		
-First 2%	15.0000	
-Next 3%	22.0000	
Negative DDVC	0.4000	7/
Punitive DDVC	4/	7/
Punitive/Critical DDVC		
-Level I	56.5000	
-Level II	113.0000	
AUTHORIZED OVERRUN		
TF, TFX, LFT, TI and GS-T Rate Schedules	5/	

1/ Includes ACA of $0.0019.
2/ Rate only applies to interruptible volumes transported through Ft. Buford that are not ultimately confirmed for redelivery into Northern's Market Area system.
3/ Northern will assess fee only in those instances outlined in Sheet No. 288.
4/ Charge equal to five (5) times the SMS monthly reservation fee.
5/ The Authorized Overrun Rate shall be equal to the TI rate for the applicable MID path shown in Sheet Nos. 59-60A.
6/ Reflects Market Area Electric Compression Surcharge of $0.0001 and Field Area Electric Compression charge of $0.0000 where applicable.
7/ On non-SOL/SUL/Critical Days the rate will be the maximum November-March Market Area TI Rate during the November-March period, and the maximum April-October Market Area TI Rate during the April-October period.

GENERAL TERMS AND CONDITIONS

32. BALANCING

Mandatory cash-out/in shall not apply to Operational Balancing Agreements (OBAs), except as provided on Sheet No. 264.

A. Definitions

(i) Volumetric Imbalance. Volumetric imbalance shall mean the volume difference between receipts and deliveries, without consideration of the dollar value of such volume but with consideration of the applicable fuel and unaccounted-for.

(ii) Dollar Valuation or Dollar Volume Imbalance. Dollar Valuation or Dollar Volume Imbalance shall be calculated by first determining the monthly Volumetric Imbalance and then multiplying it by the applicable Index Price (as defined below) for the same month.

B. Dollar Valuation

Northern and Shipper, or its Designee, shall receive and deliver thermally equivalent gas volumes as nearly as practicable at uniform hourly and daily rates of flow. Volume differences between monthly receipts and deliveries shall be accumulated and recorded in a Shipper account. Northern and Shipper shall manage monthly receipts or deliveries so that the account balance shall be kept as near to zero as practicable. Imbalances shall be valued on a dollar volume basis, which means that Northern will first determine the imbalance quantity for each month by legal entity on an MMBtu basis and then will determine a dollar value using the MMBtu quantity and the applicable Monthly Index Price, as tiered for imbalance level. Dollar Valuation will not apply to volumes that have been injected into or withdrawn from storage under the Monthly Imbalance-to-Storage provisions set forth in Subsection F. (iii) below.

C. Determination of Monthly Index Prices (MIPs)

The high, low and average Index Prices for the Market Area Index Price, and the Field Area Index Price shall be determined each month using the quoted spot gas price at price discovery points on Northern's system as appearing in "Gas Daily." The Gulf Coast shall use the Average Gulf Coast Index Price.

(i) Monthly Index Prices will be determined using a five-week period. The five-week period is defined as beginning on the first Tuesday of the calendar month for which the MIP is being established and ending on the first or second Monday of the following month, whichever is applicable, to arrive at a five-week period.

(ii) Market Area Monthly Index Prices (Market Area MIP)

a. The High Market Area Monthly Index Price (High Market Area MIP) shall equal the arithmetic average of the highest average weekly price occurring within each five-week period at Northern-Demarcation and Northern-Ventura.

b. The Low Market Area Monthly Index Price (Low Market Area MIP) shall equal the arithmetic average of the lowest average weekly price within each five-week period at Northern-Demarcation and Northern-Ventura.

c. The Average Market Area Monthly Index Price (Average Market Area MIP) shall equal the arithmetic average of the five average weekly prices at Northern-Demarcation and Northern-Ventura.

GENERAL TERMS AND CONDITIONS

(iii) Field Area Monthly Index Prices (Field Area MIP)

a. The High Field Area Monthly Index Price (High Field Area MIP) shall equal the arithmetic average of the highest average weekly price occurring within each five-week period at Panhandle, Tx - Okla and El Paso, Permian Basin.

b. The Low Field Area Monthly Index Price (Low Field Area MIP) shall equal the arithmetic average of the lowest average weekly price within each five-week period at Panhandle, Tx - Okla and El Paso, Permian Basin.

c. The Average Field Area Monthly Index Price (Average Field Area MIP) shall equal the arithmetic average of the five average weekly prices at Panhandle, Tx - Okla and El Paso, Permian Basin

(iv) Gulf Coast Monthly Index Prices (GC MIP)

a. The Average Gulf Coast Monthly Index Price (Average GC MIP) shall equal the arithmetic average of the five average weekly prices at Florida Gas, zone 1 and Houston Ship Channel.

Imbalance quantities will be dollar valued using the MIPs set forth above depending on whether the imbalance quantities were created in the Market Area, Field Area or the Gulf Coast Area.

If a price discovery point is eliminated or redefined by "Gas Daily," Northern will notify shippers via an Internet website posting. Northern will make a tariff filing to change MIP components.

Northern will electronically post, on or before the 15th day of the following month, the MIPs, including the tiered values, to be used for the previous calendar month.

GENERAL TERMS AND CONDITIONS

D. Tiering of MIPs

Except for Small Customers, the Market Area, Field Area, or Gulf Coast MIP is tiered based upon the monthly imbalance level of the legal entity, in accordance with the following schedule:

Imbalance Level*	Due Northern	Due Shipper
0% - 3%	HIGH MIP * 1.00	LOW MIP * 1.00
Greater than 3% up to 5%	HIGH MIP * 1.02	LOW MIP * 0.98
Greater than 5% up to 10%	HIGH MIP * 1.10	LOW MIP * 0.90
Greater than 10% up to 15%	HIGH MIP * 1.20	LOW MIP * 0.80
Greater than 15% up to 20%	HIGH MIP * 1.30	LOW MIP * 0.70
Greater than 20%	HIGH MIP * 1.40	LOW MIP * 0.60

*The imbalance level is determined by dividing the legal entity's monthly Volumetric Imbalance by its monthly deliveries. Such monthly deliveries shall exclude Shipper's deliveries under MPS agreements, solely for purposes of calculating Shipper's transportation imbalances percentage.

For any legal entity listed as a Small Customer on Sheet No. 510 of this Tariff, tiering shall be as set forth above, except the imbalance level and associated valuation applicable for the first tier of MIP * 1.00 is equal to the greater of 1,000 MMBtu or 3%.

The tier valuation factors listed above will be applied to the portion of the imbalance level which falls within each tier.

Delivery Point Operators shall have the ability to determine the imbalance level by an alternate method ("alternate imbalance level determination"), subject to the following:

If Northern is transporting gas to a Point(s) of Delivery which is within an Operational Zone and, billing of the last-through-the-meter methodology as described in Section 30 of the General Terms and Conditions of this tariff is employed, then the Delivery Point Operator's imbalance level shall be determined by dividing the operator's monthly volumetric imbalance by all volumes delivered to the point for the month that are subject to the last through-the-meter methodology, assuming prior to the beginning of any month Northern has been provided the legal entity(s) delivering to the Delivery Point Operator's Operational Zone for the month and that such volumes, for purposes of imbalance level determination, are to be used by the Delivery Point Operator. This alternate imbalance level determination will be used only when the Delivery Point Operator's monthly imbalance level exceeds 3%.

E. Applicability of MIPs

(i) To determine the Dollar Valuation of a Shipper's Volumetric Imbalance, the following factors are applicable:

(a) For Volumetric Imbalances where the Shipper's monthly deliveries exceed the Shipper's monthly receipts (Shipper owes Northern), the Dollar Valuation is calculated by multiplying the monthly Volumetric Imbalance by the "Due Northern" High Market Area, High Field Area, or Average Gulf Coast MIP, as tiered for the Shipper's imbalance level.

(b) For Volumetric Imbalances where the Shipper's monthly receipts exceed the Shipper's monthly deliveries (Northern owes Shipper), the Dollar Valuation is calculated by multiplying the monthly Volumetric Imbalance by the "Due Shipper" Low Market Area, Low Field Area, or Average Gulf Coast MIP, as tiered for the Shipper's imbalance level.

(ii) To the extent a Shipper has multiple Throughput Service Agreements with Northern, the monthly Volumetric Imbalance for all Service Agreement(s) held by a single legal entity shall be accumulated and netted together prior to applying the tiered MIP and calculating the monthly Dollar Valuation.