

GAS TRANSMISSION NORTHWEST CORPORATION

Derivation of Rates  
For the Twelve Months Ended March 31, 2006, As Adjusted  
Medford Lateral

| Line No.             | Rate Schedule   | Reference                      | Allocated Costs                      |                                  |                                    |                                  |
|----------------------|---|--------------------------------|--------------------------------------|----------------------------------|------------------------------------|----------------------------------|
|                      |   |                                | Reservation Non-Mileage              | Reservation Mileage              | Delivery                           |                                  |
|                      |   |                                | (c)                                  | (d)                              | (e)                                |                                  |
| 1                    | Total COS for Rate Design                               | Stmt J, page 2, line 16        | \$ 612,308                           | \$ 6,729,519                     | \$ 10,000                          |                                  |
| Billing Determinants |   |                                |                                      |                                  |                                    |                                  |
|                      |   |                                | Reservation Non-Mileage <sup>2</sup> | Reservation Mileage <sup>2</sup> | Delivery                           |                                  |
|                      |   |                                |                                      |                                  |                                    |                                  |
| 2                    | Total Billing Determinants for Rate Design <sup>1</sup> | Schedule J-1, page,2, column d | 41,521,000                           | 1,717,897,350                    | 409,091,502                        |                                  |
| Recourse Rates       |   |                                |                                      |                                  |                                    |                                  |
|                      |   |                                | Reservation Non-Mileage              | Reservation Mileage              | Delivery                           | Full Haul Unit Rate <sup>3</sup> |
|                      |   |                                |                                      |                                  |                                    |                                  |
| 3                    | FTS-1 E-1 <sup>1</sup>                                  |                                | \$ 0.014747                          | \$ 0.003917                      | \$ 0.000024                        | \$ 0.361949                      |
|                      |   |                                | Non-Mileage Delivery Rate per Dth    |                                  | Mileage Delivery Rate per MMBtu-mi | 100% LF Unit Rate                |
|                      |   |                                |                                      |                                  |                                    |                                  |
| 4                    | ITS-1 E-1   |                                | \$ 0.014747                          |                                  | \$ 0.003941                        | \$ 0.361949                      |

<sup>1</sup>For purposes of calculating the Medford Lateral recourse rate, all FTS-1 E-2 contract determinants were combined with FTS-1 E-1.

All FTS-1 E-2 contracts are negotiated rate agreements on the Medford Lateral.

<sup>2</sup>For purposes of rate design, non-mileage and mileage reservation billing determinants are multiplied by 365 days.

<sup>3</sup>Full haul on the Medford Lateral is 88.10 miles. The full haul 100% load factor rate is calculated as follows:

(Reservation Non-Mileage Rate) + (Reservation Mileage Rate X 88.10) + (Delivery Rate X 88.10) = Full Haul 100% LF Rate.