

**Portland Natural Gas Transmission System  
 Derivation of Rates**

Note: PNGTS derives its recourse rates using only the Total Annual Cost of Service reported on Schedule A, and the total current firm system capacity of 210,840 Dth/day. All other rates are derived from this recourse rate, as described below.

Description				Notes
<b>TOTAL COST OF SERVICE</b>	\$	69,328,446		- See Schedule A
<b>CURRENT FIRM SYSTEM CAPACITY</b>		210,840	Dth / day	- PNGTS has designed its recourse rates based on total current firm system capacity
<b>NET RECOURSE UNIT RATE / DTH</b>	\$	<b>0.9009</b>		- PNGTS has designed its recourse rates based on total current firm system capacity
<b>RESULTING RECOURSE RATES:</b>		<b>Maximum Recourse Reservation Rate (\$/Dth/month)</b>	<b>Maximum Seasonal Recourse Reservation Rate (\$/Dth/month)</b>	<b>Maximum Recourse Usage Rate (\$/Dth)</b>
FT	\$	27.4017	\$	- PNGTS has designed its recourse rates based on total current firm system capacity
FT (SEASONAL)	\$		\$ 52.0632	- FT Seasonal Recourse Rate
FT-FLEX	\$	18.3920	\$	0.2962 - 67.12% of Recourse Rate + Usage Rate Equal to 100% LF Rate (See Docket No. RP03-353)
<b>SHORT TERM FT (&lt; 1 YEAR) INTERRUPTIBLE PARK AND LOAN</b>	\$	68.5042	\$	- 250% of the Maximum Recourse Reservation Rate
			\$	2.2522 - 250% of the 100% Load Factor Maximum Recourse Unit Rate
			\$	2.2522 - 250% of the 100% Load Factor Maximum Recourse Unit Rate
<b>HOURLY RESERVE SERVICE</b>		<b>Maximum Recourse Capacity Reservation Rate (\$/Dth/month)</b>	<b>Maximum Recourse Deliverability Reservation Rate (\$/Dth/month)</b>	<b>Usage 2 (Authorized Overrun) (\$/Dth)</b>
	\$	13.7008	\$ 13.7008	\$ 0.9009 See Docket No. RP04-171 1/24 MDQ
	\$	13.7008	\$ 16.4410	\$ 0.9910 1/20 MDQ
	\$	13.7008	\$ 20.5513	\$ 1.1261 1/16 MDQ
	\$	13.7008	\$ 23.4832	\$ 1.2225 1/14 MDQ
	\$	13.7008	\$ 27.4017	\$ 1.3513 1/12 MDQ

**Portland Natural Gas Transmission System  
 Proforma Derivation of Rates**

Note: PNGTS derives its recourse rates using only the Total Annual Cost of Service reported on Statement A, and the total current firm system capacity of 210,840 Dth/day.  
 All other rates are derived from this recourse rate, as described below.

Description				Notes
<b>TOTAL COST OF SERVICE</b>	\$	73,612,510		- See Proforma Cost Of Service Schedule
<b>CURRENT FIRM SYSTEM CAPACITY</b>		210,840	Dth / day	- PNGTS has designed its recourse rates based on total current firm system capacity
<b>NET RECOURSE UNIT RATE / DTH</b>	\$	<b>0.9565</b>		- PNGTS has designed its recourse rates based on total current firm system capacity
		<b>Maximum Recourse Reservation Rate (\$/Dth/month)</b>	<b>Maximum Seasonal Recourse Reservation Rate (\$/Dth/month)</b>	<b>Maximum Recourse Usage Rate (\$/Dth)</b>
<b>RESULTING RECOURSE RATES:</b>				
<b>FT</b>	\$	29.0949		- PNGTS has designed its recourse rates based on total current firm system capacity
<b>FT (SEASONAL)</b>			\$ 55.2804	- FT Seasonal Recourse Rate
<b>FT-FLEX</b>	\$	19.5285		\$ 0.3145 - 67.12% of Recourse Rate + Usage Rate Equal to 100% LF Rate (See Docket No. RP03-353)
<b>SHORT TERM FT (&lt; 1 YEAR)</b>	\$	72.7373		- 250% of the Maximum Recourse Reservation Rate
<b>INTERRUPTIBLE</b>				\$ 2.3914 - 250% of the 100% Load Factor Maximum Recourse Unit Rate
<b>PARK AND LOAN</b>				\$ 2.3914 - 250% of the 100% Load Factor Maximum Recourse Unit Rate
		<b>Maximum Recourse Capacity Reservation Rate (\$/Dth/month)</b>	<b>Maximum Recourse Deliverability Reservation Rate (\$/Dth/month)</b>	<b>Usage 2 (Authorized Overrun) (\$/Dth)</b>
<b>HOURLY RESERVE SERVICE</b>				See Docket No. RP04-171
	\$	14.5475	\$ 14.5475	\$ 0.9565 1/24 MDQ
	\$	14.5475	\$ 17.4570	\$ 1.0522 1/20 MDQ
	\$	14.5475	\$ 21.8212	\$ 1.1957 1/16 MDQ
	\$	14.5475	\$ 24.9344	\$ 1.2980 1/14 MDQ
	\$	14.5475	\$ 29.0949	\$ 1.4348 1/12 MDQ