

**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>Maximum Recourse</b>	<b>Maximum Seasonal Recourse</b>	<b>Maximum Recourse</b>	
<b>RESULTING RECOURSE RATES:</b>		<b>Reservation Rate (\$/Dth/month)</b>	<b>Reservation Rate (\$/Dth/month)</b>	<b>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)</b>	\$	68.5042		\$ -	- 250% of the Maximum Recourse Reservation Rate
<b>INTERRUPTIBLE</b>				\$ 2.2522	- 250% of the 100% Load Factor Maximum Recourse Unit Rate
<b>PARK AND LOAN</b>				\$ 2.2522	- 250% of the 100% Load Factor Maximum Recourse Unit Rate
		<b>Maximum Recourse Capacity</b>	<b>Maximum Recourse Deliverability</b>	<b>Usage 2 (Authorized Overrun)</b>	
<b>HOURLY RESERVE SERVICE</b>		<b>Reservation Rate (\$/Dth/month)</b>	<b>Reservation Rate (\$/Dth/month)</b>	<b>(\$/Dth)</b>	See Docket No. RP04-171
	\$	13.7008	\$ 13.7008	\$ 0.9009	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		
TOTAL COST OF SERVICE	\$ 73,612,510	- See Proforma Cost Of Service Schedule		
CURRENT FIRM SYSTEM CAPACITY	210,840	Dth / day	- PNGTS has designed its recourse rates based on total current firm system capacity	
NET RECOURSE UNIT RATE / DTH	\$ 0.9565	- PNGTS has designed its recourse rates based on total current firm system capacity		
RESULTING RECOURSE RATES:	Maximum Recourse Reservation Rate (\$/Dth/month)	Maximum Seasonal Recourse Reservation Rate (\$/Dth/month)	Maximum Recourse Usage Rate (\$/Dth)	
	FT	\$ 29.0949	\$	- PNGTS has designed its recourse rates based on total current firm system capacity
	FT (SEASONAL)		\$ 55.2804	\$ - FT Seasonal Recourse Rate
	FT-FLEX	\$ 19.5285	\$ 0.3145	- 67.12% of Recourse Rate + Usage Rate Equal to 100% LF Rate (See Docket No. RP03-353)
SHORT TERM FT (< 1 YEAR)	\$ 72.7373		\$ - 250% of the Maximum Recourse Reservation Rate	
INTERRUPTIBLE			\$ 2.3914 - 250% of the 100% Load Factor Maximum Recourse Unit Rate	
PARK AND LOAN			\$ 2.3914 - 250% of the 100% Load Factor Maximum Recourse Unit Rate	
HOURLY RESERVE SERVICE	Maximum Recourse Capacity Reservation Rate (\$/Dth/month)	Maximum Recourse Deliverability Reservation Rate (\$/Dth/month)	Usage 2 (Authorized Overrun) (\$/Dth)	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

See Docket No. RP04-171