

Portland Natural Gas Transmission System  
FERC Gas Tariff  
Second Revised Volume No. 1

Third Revised Sheet No. 100  
Superseding  
Second Revised Sheet No. 100

Statement of Transportation Rates (Rates per DTH)				
Rate Schedule	Rate Component	Base Rate	ACA Unit Charge 1/	Current Rate
FT	Recourse Reservation Rate			
	-- Maximum	\$27.4017	-----	\$27.4017
	-- Minimum	\$00.0000	-----	\$00.0000
	Seasonal Recourse Reservation Rate			
	-- Maximum	\$52.0632	-----	\$52.0632
	-- Minimum	\$00.0000	-----	\$00.0000
	Short Term Recourse Reservation Rate			
	-- Maximum	\$68.5042	-----	\$68.5042
	-- Minimum	\$00.0000	-----	\$00.0000
	Recourse Usage Rate			
	-- Maximum	\$00.0000	\$00.0019	\$00.0019
	-- Minimum	\$00.0000	\$00.0019	\$00.0019
FT-FLEX	Recourse Reservation Rate			
	--Maximum	\$18.3920	-----	\$18.3920
	--Minimum	\$00.0000	-----	\$00.0000
	Recourse Usage Rate			
	--Maximum	\$00.2962	\$00.0019	\$00.2981
	--Minimum	\$00.0000	\$00.0019	\$00.0019
IT	Recourse Usage Rate			
	-- Maximum	\$02.2522	\$00.0019	\$02.2541
	-- Minimum	\$00.0000	\$00.0019	\$00.0019
The following adjustment applies to all Rate Schedules above:				
MEASUREMENT VARIANCE:				
	Minimum	down to -1.00%		
	Maximum	up to +1.00%		
<hr/> 1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 17 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.				

Portland Natural Gas Transmission System  
FERC Gas Tariff  
Second Revised Volume No. 1

Third Revised Sheet No. 101  
Superseding  
Second Revised Sheet No. 101

Statement of Transportation Rates  
(Rates per DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Charge 1/	Current Rate
PAL	Usage Rate			
	-- Maximum	\$02.2522	\$00.0019	\$02.2541
	-- Minimum	\$00.0000	\$00.0019	\$00.0019

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1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 17 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.

Portland Natural Gas Transmission System  
FERC Gas Tariff  
Second Revised Volume No. 1

Third Revised Sheet No. 102  
Superseding  
Second Revised Sheet No. 102

Statement of Transportation Rates (Rates per DTH)				
Rate Schedule	Rate Component	Base Rate	ACA Unit Rate 1/	Current Charge
HRS	Recourse Capacity Reservation Rate			
	Per Dth of MDQ Monthly for all Flow Rates			
	--Maximum Rate	\$13.7008	-----	\$13.7008
	--Minimum Rate	\$00.0000	-----	\$00.0000
	Recourse Deliverability Reservation Rate			
	Per Dth of MDQ Monthly:			
	--Maximum Rates			
	4.16%, 1/24 MDQ Hourly Flow Rate	\$13.7008	-----	\$13.7008
	5.00%, 1/20 MDQ Hourly Flow Rate	\$16.4410	-----	\$16.4410
	6.25%, 1/16 MDQ Hourly Flow Rate	\$20.5513	-----	\$20.5513
	7.14%, 1/14 MDQ Hourly Flow Rate	\$23.4832	-----	\$23.4832
	8.33%, 1/12 MDQ Hourly Flow Rate	\$27.4017	-----	\$27.4017
	--Minimum Rates	\$00.0000	-----	\$00.0000
	Recourse Usage Rate			
	Usage-1			
	--Maximum	\$00.0000	\$00.0019	\$00.0019
	--Minimum	\$00.0000	\$00.0019	\$00.0019
	Usage-2 (Authorized Overrun) 2/			
	--Maximum			
	4.16%, 1/24 MDQ Hourly Flow Rate	\$00.9009	\$00.0019	\$00.9028
	5.00%, 1/20 MDQ Hourly Flow Rate	\$00.9910	\$00.0019	\$00.9929
	6.25%, 1/16 MDQ Hourly Flow Rate	\$01.1261	\$00.0019	\$01.1280
	7.14%, 1/14 MDQ Hourly Flow Rate	\$01.2225	\$00.0019	\$01.2244
	8.33%, 1/12 MDQ Hourly Flow Rate	\$01.3513	\$00.0019	\$01.3532
	--Minimum	\$00.0000	\$00.0019	\$00.0019
The following adjustment applies to all Rate Schedules:				
MEASUREMENT VARIANCE:				
	Minimum	down to -1.00%		
	Maximum	up to +1.00%		
1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 17 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.				
2/ Usage-2 (Authorized Overrun) applies to volumes exceeding Shipper's MDQ on any day or MHQ for any hour, but only to the extent such volumes are nominated by Shipper and scheduled by Transporter.				

RATE SCHEDULE FT (Continued)

(b) the transportation of Gas up to Shipper's Maximum Contract Demand for the Effective Service Period on a firm Daily basis either by forwardhaul, or by displacement, exchange or backhaul; and

(c) the delivery of Gas by Transporter to or for the account of Shipper at Delivery Point(s) specified in the executed Gas Transportation Contract.

(d) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day.

Service rendered under this Rate Schedule is not subject to curtailment or interruption during the Effective Service Period, except as provided in the General Terms and Conditions.

3. RATES AND CHARGES

3.1 Applicable Rates. The applicable maximum and minimum FT recourse reservation rates, Seasonal recourse reservation rate, Short Term recourse reservation rate, maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective Sheet No. 100 of this FERC Gas Tariff and are hereby incorporated herein.

3.2 Monthly Bill. The Monthly bill shall consist of:

(a) Reservation Charge. For each Month of the Effective Service Period indicated on Schedules 1 and 2 of the FT Transportation Contract, the reservation charge payable by Shipper shall, unless otherwise agreed upon by Transporter and Shipper as provided herein, be equal to the applicable maximum recourse reservation rate or the maximum Seasonal recourse reservation rate or the maximum Short Term recourse reservation rate, as applicable, multiplied by the Shipper's Maximum Contract Demand as specified in Shipper's FT Transportation Contract.

(b) Usage Charge. For each Month, the usage charge payable by Shipper shall, subject to any discount as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Receipt Point Scheduled Quantity or Quantities during such Month.

(c) ACA Charge. For each Month, the ACA charge payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Receipt Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit charge.

(d) Authorized overrun charge. For each Month, the maximum authorized overrun charge payable by Shipper shall be equal to the applicable maximum rate for service under Rate Schedule IT, multiplied by the sum of the Authorized Overrun Scheduled Quantity or Quantities during such Month for such Shipper.

RATE SCHEDULE FT (Continued)

3.5 Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, established for service under this Rate Schedule, shall remain in effect. Transporter shall file with the Commission pursuant to its current policies and/or regulations tariff sheets describing the services being provided pursuant to this Section 3.5. All services provided hereunder are available to all similarly situated Shippers on a non-discriminatory basis.

3.6 RATE SCHEDULE FT RESERVATION CHARGE CREDITING MECHANISM

(a) In the event that during a Fiscal Period, as defined in Subsection 3.6(c) below, the total revenue PNGTS collects for rendering jurisdictional services is in excess of twice the annual cost of service applicable for such period, as established in the resolution of Company's last NGA Section 4 general rate case (such difference constituting the "Excess Revenues"), then a Short Term Service Revenue Credit calculated pursuant to Subsection 3.6(b) below shall be credited by Company.

(b) Long Term FT Shippers may receive the Short Term Service Revenue Credit when such current Long Term FT Shipper has paid Company the Rate Schedule Long Term FT Maximum Recourse Reservation Charges in accordance with Section 15.2 of the General Terms and Conditions of PNGTS' FERC Gas Tariff during the Fiscal Period used to calculate the Short Term Service Revenue Credit. The Short Term Service Revenue Credit shall be 75% of the Excess Revenues received during an applicable Fiscal Period. No later than seventy (70) days from the end of each Fiscal Period, the Short Term Service Revenue Credit shall be reflected, in proportion to the Rate Schedule FT Long Term Maximum Recourse Reservation Charges paid by each Shipper receiving FT Long Term service, during the same subject Fiscal Period on such Shipper's invoice.

(c) For purposes of this Section 3.6, Fiscal Period shall be defined as each biennial anniversary of the first day of January following the year in which this Section 3.6 is in effect.

(d) For purposes of this Section 3.6, the phrase Long Term means an FT service agreement of greater than two years in duration.

(e) For purposes of this Section 3.6, the phrase Short Term Service means service performed under Rate Schedules IT and PAL of any duration, and FT service rendered pursuant to service agreements with a term of less than one year.

#### 4. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

GENERAL TERMS AND CONDITIONS (Continued)

2.39 Seasonal or Seasonal Service: shall mean service provided pursuant to Rate Schedule FT during the consecutive monthly period of November 1 through March 31 or any portion thereof.

2.40 Scheduled Quantity (or Quantities): shall mean the quantity of Gas which is nominated Daily by Shipper for a specified Receipt or Delivery Point in accordance with a Gas Transportation Contract and the General Terms and Conditions of Transporter's Tariff; unless Transporter determines, in accordance with Section 7.4 herein, that it is unable to satisfy any part of Shipper's original Nomination. In the event of such a determination, the Scheduled Quantity shall be the lesser of: (1) the quantity of Gas reported in Transporter's response in accordance with Section 7.5(b) herein; or (2) Shipper's revised Intra-day Nomination in accordance with Section 7.5(c) herein.

2.41 Secondary Delivery Point(s): shall mean, with respect to any Shipper, the Delivery Point(s) other than the Primary Delivery Point(s).

2.42 Secondary Receipt Point(s): shall mean, with respect to any Shipper, the Receipt Point(s) other than the Primary Receipt Point(s).

2.43 Segment: shall mean any Receipt Point or Delivery Point or any portion of the System between any such points.

2.44 Segmented Capacity: a portion of a Shipper's firm capacity used for the purpose of receiving Gas at more than one Receipt Point and/or delivering Gas at more than one Delivery Point.

2.45 Shipper: shall mean any entity seeking or subscribing to service on the System pursuant to this Tariff.

2.46 Short Term: shall mean service provided pursuant to Rate Schedule FT with a term of less than one year.

2.47 System: shall mean the pipeline and appurtenant facilities of Transporter that are used in the transportation of Gas.

2.48 System Capacity: shall mean the capacity available for transportation on any Segment of the System, as determined by Transporter, to the best of its ability.

2.49 Tariff: shall mean Transporter's currently effective FERC Gas Tariff.

2.50 Timely Nomination: shall mean a Nomination for service beginning at the start of the next Day.

GENERAL TERMS AND CONDITIONS (Continued)

2.51 Total Heating Value: shall mean, when applied to a Cubic Foot of Gas, the number of British Thermal Units produced by the complete combustion in a recording calorimeter at constant pressure, of the amount of Gas which would occupy a volume of one Cubic Foot at a temperature of 60 degrees Fahrenheit, with the Gas free of water vapor, and under a pressure equal to that of 30 inches of mercury at 32 degrees Fahrenheit and under a standard gravitational force (acceleration of 980.665 cm per second per second) with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of the Gas and air, and when the water formed by combustion is condensed to the liquid state.

2.52 Transporter: shall mean Portland Natural Gas Transmission System, its successors or assignees.

2.53 Transporter Overrun Costs: shall mean the costs incurred by Transporter due to unauthorized Shipper overruns, which costs are not otherwise included in Transporter's rates. Such costs shall consist of : (a) costs incurred by Transporter to correct the effect of any tampering with or alteration of Transporter's facilities which permitted an overall overrun to occur at the affected Delivery Point and the costs incurred by Transporter to repair such facilities; (b) costs incurred by Transporter to acquire additional gas to prevent or alleviate curtailments and to reestablish appropriate operating pressure on its system; (c) penalties paid by Transporter to third parties; and(d) costs incurred by Transporter to collect overrun penalties and to administer the crediting provisions set forth in Section 8.4.

2.54 Year: shall mean any period of twelve consecutive Months.

2.55 100% Load Factor Equivalent Rate: shall mean, for any Rate Schedule, the sum of the products of: (1) the Recourse Demand Rate times the number of Months the service is Applicable each Year, and/or (2) the Recourse Usage Rate times the number of days the service is applicable each Year; divided by the number of days Transporter may schedule service under such Rate Schedule in each Year.

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Second Revised Volume No. 1

Third Revised Sheet No. 100  
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Effective: October 1, 2007  
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Statement of Transportation Rates  
(Rates per DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Charge 1/	Current Rate
FT	Recourse Reservation Rate			
	-- Maximum	\$25.8542		\$25.8542
		<u>\$27.4017</u>		<u>27.4017</u>
	-- Minimum	\$00.0000		\$00.0000
	Seasonal Recourse Reservation Rate			
	-- Maximum	\$49.1230		\$49.1230
		<u>\$52.0632</u>		<u>52.0632</u>
	-- Minimum	\$00.0000		\$00.0000
	Short Term Recourse Reservation Rate			
	-- Maximum	\$68.5042		\$68.5042
-- Minimum	\$00.0000		\$00.0000	
	Recourse Usage Rate			
	-- Maximum	\$00.0000	\$00.0019	\$00.0019
	-- Minimum	\$00.0000	\$00.0019	\$00.0019
FT-FLEX	Recourse Reservation Rate			
	--Maximum	\$17.3533		\$17.3533
		<u>\$18.3920</u>		<u>18.3920</u>
	--Minimum	\$00.0000		\$00.0000
	Recourse Usage Rate			
	--Maximum	\$00.2795	\$00.0019	\$00.2814
	--Minimum	\$00.0000	\$00.0019	\$00.0019
IT	Recourse Usage Rate			
	-- Maximum	\$00.8500	\$00.0019	\$00.8519
		<u>02.2522</u>		<u>02.2541</u>
	-- Minimum	\$00.0000	\$00.0019	\$00.0019

The following adjustment applies to all Rate Schedules above:

MEASUREMENT VARIANCE:

Minimum down to -1.00%  
Maximum up to +1.00%

1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 17 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.

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Third Revised Sheet No. 101  
Second Revised Sheet No. 101  
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Issued: August 31, 2007  
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Statement of Transportation Rates  
(Rates per DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Charge 1/	Current Rate
PAL	Usage Rate			
	-- Maximum	<del>\$00.8500</del> <u>02.2522</u>	\$00.0019	<del>\$00.8519</del> <u>02.2541</u>
	-- Minimum	\$00.0000	\$00.0019	\$00.0019

1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 17 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.

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Third Revised Sheet No. 102  
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Statement of Transportation Rates  
(~~rates are~~ Rates per Dth/DTH)

Rate Schedule	Rate Component	Base Rate	ACA Unit Rate 1/	Current Charge
HRS	Recourse Capacity Reservation Rate			
	Per Dth of MDQ Monthly for all Flow Rates			
	--Maximum Rate	<del>\$12.9271</del>		
	<del>\$12.9271</del> <u>\$13.7008</u>	<u>\$13.7008</u>		
	--Minimum Rate	\$00.0000		\$00.0000
	Recourse Deliverability Reservation Rate			
	Per Dth of MDQ Monthly:			
	--Maximum Rates			
	4.16%, 1/24 MDQ Hourly Flow Rate	<del>\$12.9271</del>		
	<del>\$12.9271</del> <u>\$13.7008</u>	<u>\$13.7008</u>		
	5.00%, 1/20 MDQ Hourly Flow Rate	<del>\$15.5125</del>		
	<del>\$15.5125</del> <u>\$16.4410</u>	<u>\$16.4410</u>		
	6.25%, 1/16 MDQ Hourly Flow Rate	<del>\$19.3907</del>		
	<del>\$19.3907</del> <u>\$20.5513</u>	<u>\$20.5513</u>		
	7.14%, 1/14 MDQ Hourly Flow Rate	<del>\$22.1607</del>		
	<del>\$22.1607</del> <u>\$23.4832</u>	<u>\$23.4832</u>		
	8.33%, 1/12 MDQ Hourly Flow Rate	<del>\$25.8542</del>		
	<del>\$25.8542</del> <u>\$27.4017</u>	<u>\$27.4017</u>		
	--Minimum Rates	\$00.0000		\$00.0000
	Recourse Usage Rate			
	Usage-1			
	--Maximum	\$00.0000	\$00.0019	\$00.0019
	--Minimum	\$00.0000	\$00.0019	\$00.0019
	Usage-2 (Authorized Overrun) 2/			
	--Maximum			
	4.16%, 1/24 MDQ Hourly Flow Rate	<del>\$00.8500</del>	\$00.0019	
	<del>\$00.8500</del> <u>\$00.9028</u>	<u>\$00.9028</u>	\$00.0019	
	5.00%, 1/20 MDQ Hourly Flow Rate	<del>\$00.9350</del>	\$00.0019	
	<del>\$00.9350</del> <u>\$00.9929</u>	<u>\$00.9929</u>	\$00.0019	
	6.25%, 1/16 MDQ Hourly Flow Rate	<del>\$01.0625</del>	\$00.0019	
	<del>\$01.0625</del> <u>\$01.1280</u>	<u>\$01.1280</u>	\$00.0019	
	7.14%, 1/14 MDQ Hourly Flow Rate	<del>\$01.1536</del>	\$00.0019	
	<del>\$01.1536</del> <u>\$01.2244</u>	<u>\$01.2244</u>	\$00.0019	
	8.33%, 1/12 MDQ Hourly Flow Rate	<del>\$01.2750</del>	\$00.0019	
	<del>\$01.2750</del> <u>\$01.3532</u>	<u>\$01.3532</u>	\$00.0019	
	--Minimum	\$00.0000	\$00.0019	\$00.0019

The following adjustment applies to all Rate Schedules:

MEASUREMENT VARIANCE:

Minimum down to -1.00%  
Maximum up to +1.00%

1/ ACA assessed where applicable under Section 154.402 of the Commission's regulations and will be charged pursuant to Section 17 of the General Terms and Conditions at such time that initial and successive ACA assessments are made.

2/ Usage-2 (Authorized Overrun) applies to volumes exceeding Shipper's MDQ on any day or MHQ for any hour, but only to the extent such volumes are nominated by Shipper and scheduled by Transporter.

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Effective: September 1, 2006  
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RATE SCHEDULE FT (Continued)

(b) the transportation of Gas up to Shipper's Maximum Contract Demand for the Effective Service Period on a firm Daily basis either by forwardhaul, or by displacement, exchange or backhaul; and

(c) the delivery of Gas by Transporter to or for the account of Shipper at Delivery Point(s) specified in the executed Gas Transportation Contract.

(d) Shipper may nominate as Authorized Overrun and Transporter may schedule, pursuant to Section 7.4 of the General Terms and Conditions contained herein, an amount above its MDQ during any Day.

Service rendered under this Rate Schedule is not subject to curtailment or interruption during the Effective Service Period, except as provided in the General Terms and Conditions.

3. RATES AND CHARGES

3.1 Applicable Rates. The applicable maximum and minimum FT recourse reservation rates, ~~seasonal~~Seasonal recourse reservation rate, Short Term recourse reservation rate, maximum and minimum usage rates and applicable unit charges for service under this Rate Schedule are set forth in the currently effective Sheet No. 100 of this FERC Gas Tariff and are hereby incorporated herein.

3.2 Monthly Bill. The Monthly bill shall consist of:

(a) Reservation Charge. For each Month of the Effective Service Period indicated on Schedules 1 and 2 of the FT Transportation Contract, the reservation charge payable by Shipper shall, unless otherwise agreed upon by Transporter and Shipper as provided herein, be equal to the applicable maximum recourse reservation rate or the maximum ~~seasonal~~Seasonal recourse reservation rate or the maximum Short Term recourse reservation rate, as applicable, multiplied by the Shipper's Maximum Contract Demand as specified in Shipper's FT Transportation Contract.

(b) Usage Charge. For each Month, the usage charge payable by Shipper shall, subject to any discount as provided herein, be equal to the applicable maximum usage rate multiplied by the sum of the Receipt Point Scheduled Quantity or Quantities during such Month.

(c) ACA Charge. For each Month, the ACA charge payable by Shipper shall be equal to an amount obtained by multiplying the sum of the Receipt Point(s) Scheduled Quantity or Quantities during such Month, by the ACA unit charge.

(d) Authorized overrun charge. For each Month, the maximum authorized overrun charge payable by Shipper shall be equal to the applicable maximum rate

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for service under Rate Schedule IT, multiplied by the sum of the Authorized  
Overrun Scheduled Quantity or Quantities during such Month for such Shipper.

RATE SCHEDULE FT (Continued)

3.5 Notwithstanding any provision of Transporter's Tariff to the contrary, Transporter and Shipper may mutually agree in writing to rates, rate components, charges, or credits for service under this Rate Schedule that differ from those rates, rate components, charges, or credits that are otherwise prescribed, required, established or imposed by this Rate Schedule or by any other applicable provision of Transporter's effective FERC Gas Tariff. If Transporter agrees to such negotiated rate(s), then such negotiated rate(s) shall be set forth in the Gas Transportation Contract and shall be effective only for the period agreed upon by Transporter. During such period, the negotiated rate(s) shall govern and apply to the Shipper's service and the otherwise applicable rate, rate component, charge, or credit (i.e., any reduction in rates which might otherwise apply) which the parties have agreed to replace with the negotiated rate(s), shall not apply to, or be available to, the Shipper. At the end of such period, the otherwise applicable maximum rates or charges shall govern the service provided to Shipper, unless otherwise agreed by Transporter and Shipper. Only those rates, rate components, charges, or credits identified by Transporter and Shipper in writing as being superseded by a negotiated rate(s) shall be ineffective during the period that the negotiated rate is effective; all other rates, rate components, charges, or credits (i.e., any reduction in rates which might otherwise apply) prescribed, required, established for service under this Rate Schedule, shall remain in effect. Transporter shall file with the Commission pursuant to its current policies and/or regulations tariff sheets describing the services being provided pursuant to this Section 3.5. All services provided hereunder are available to all similarly situated Shippers on a non-discriminatory basis.

~~4. GENERAL TERMS AND CONDITIONS~~

~~Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.~~  
3.6 RATE SCHEDULE FT RESERVATION CHARGE CREDITING MECHANISM

(a) In the event that during a Fiscal Period, as defined in Subsection 3.6(c) below, the total revenue PNGTS collects for rendering jurisdictional services is in excess of twice the annual cost of service applicable for such period, as established in the resolution of Company's last NGA Section 4 general rate case (such difference constituting the "Excess Revenues"), then a Short Term Service Revenue Credit calculated pursuant to Subsection 3.6(b) below shall be credited by Company.

(b) Long Term FT Shippers may receive the Short Term Service Revenue Credit when such current Long Term FT Shipper has paid Company the Rate Schedule Long Term FT Maximum Recourse Reservation Charges in accordance with Section 15.2 of the General Terms and Conditions of PNGTS' FERC Gas Tariff during the Fiscal Period used to calculate the Short Term Service Revenue

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Credit. The Short Term Service Revenue Credit shall be 75% of the Excess Revenues received during an applicable Fiscal Period. No later than seventy (70) days from the end of each Fiscal Period, the Short Term Service Revenue Credit shall be reflected, in proportion to the Rate Schedule FT Long Term Maximum Recourse Reservation Charges paid by each Shipper receiving FT Long Term service, during the same subject Fiscal Period on such Shipper's invoice.

(c) For purposes of this Section 3.6, Fiscal Period shall be defined as each biennial anniversary of the first day of January following the year in which this Section 3.6 is in effect.

(d) For purposes of this Section 3.6, the phrase Long Term means an FT service agreement of greater than two years in duration.

(e) For purposes of this Section 3.6, the phrase Short Term Service means service performed under Rate Schedules IT and PAL of any duration, and FT service rendered pursuant to service agreements with a term of less than one year.

#### 4. GENERAL TERMS AND CONDITIONS

Shipper shall provide Transporter with such information as is needed to meet the requirements placed on Transporter pursuant to 18 C.F.R. Part 284. All of the General Terms and Conditions and any revisions thereof that may be made effective from time to time hereafter, shall apply to and are made a part of this Rate Schedule.

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GENERAL TERMS AND CONDITIONS (Continued)

2.39 Seasonal or Seasonal Service: shall mean service provided pursuant to Rate Schedule FT during the consecutive monthly period of November 1 through March 31 or any portion thereof.

2.40 Scheduled Quantity (or Quantities): shall mean the quantity of Gas which is nominated Daily by Shipper for a specified Receipt or Delivery Point in accordance with a Gas Transportation Contract and the General Terms and Conditions of Transporter's Tariff; unless Transporter determines, in accordance with Section 7.4 herein, that it is unable to satisfy any part of Shipper's original Nomination. In the event of such a determination, the Scheduled Quantity shall be the lesser of: (1) the quantity of Gas reported in Transporter's response in accordance with Section 7.5(b) herein; or (2) Shipper's revised Intra-day Nomination in accordance with Section 7.5(c) herein.

2.41 Secondary Delivery Point(s): shall mean, with respect to any Shipper, the Delivery Point(s) other than the Primary Delivery Point(s).

2.42 Secondary Receipt Point(s): shall mean, with respect to any Shipper, the Receipt Point(s) other than the Primary Receipt Point(s).

2.43 Segment: shall mean any Receipt Point or Delivery Point or any portion of the System between any such points.

2.44 Segmented Capacity: a portion of a Shipper's firm capacity used for the purpose of receiving Gas at more than one Receipt Point and/or delivering Gas at more than one Delivery Point.

2.45 Shipper: shall mean any entity seeking or subscribing to service on the System pursuant to this Tariff.

2.46 Short Term: shall mean service provided pursuant to Rate Schedule FT with a term of less than one year.

2.47 System: shall mean the pipeline and appurtenant facilities of Transporter that are used in the transportation of Gas.

~~2.47~~48 System Capacity: shall mean the capacity available for transportation on any Segment of the System, as determined by Transporter, to the best of its ability.

~~2.48-49~~ Tariff: shall mean Transporter's currently effective FERC Gas Tariff.

~~2.49-50~~ Timely Nomination: shall mean a Nomination for service beginning at the start of the next Day.

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GENERAL TERMS AND CONDITIONS (Continued)

~~2.50-51~~ Total Heating Value: shall mean, when applied to a Cubic Foot of Gas, the number of British Thermal Units produced by the complete combustion in a recording calorimeter at constant pressure, of the amount of Gas which would occupy a volume of one Cubic Foot at a temperature of 60 degrees Fahrenheit, with the Gas free of water vapor, and under a pressure equal to that of 30 inches of mercury at 32 degrees Fahrenheit and under a standard gravitational force (acceleration of 980.665 cm per second per second) with air of the same temperature and pressure as the Gas, when the products of combustion are cooled to the initial temperature of the Gas and air, and when the water formed by combustion is condensed to the liquid state.

~~2.51-52~~ Transporter: shall mean Portland Natural Gas Transmission System, its successors or assignees.

~~2.52-53~~ Transporter Overrun Costs: shall mean the costs incurred by Transporter due to unauthorized Shipper overruns, which costs are not otherwise included in Transporter's rates. Such costs shall consist of : (a) costs incurred by Transporter to correct the effect of any tampering with or alteration of Transporter's facilities which permitted an overall overrun to occur at the affected Delivery Point and the costs incurred by Transporter to repair such facilities; (b) costs incurred by Transporter to acquire additional gas to prevent or alleviate curtailments and to reestablish appropriate operating pressure on its system; (c) penalties paid by Transporter to third parties; and (d) costs incurred by Transporter to collect overrun penalties and to administer the crediting provisions set forth in Section 8.4.

~~2.53-54~~ Year: shall mean any period of twelve consecutive Months.

~~2.54-55~~ 100% Load Factor Equivalent Rate: shall mean, for any Rate Schedule, the sum of the products of: (1) the Recourse Demand Rate times the number of Months the service is Applicable each Year, and/or (2) the Recourse Usage Rate times the number of days the service is applicable each Year; divided by the number of days Transporter may schedule service under such Rate Schedule in each Year.