

PART IV -
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS

Except where the context expressly establishes another meaning, the following terms when used in this Tariff and in a Service Agreement or other agreement with Transportation Service Provider (TSP) incorporating said Tariff will have the following meanings:

1.1 Agent: Any party retained by Service Requester for purposes of administering Service Requester's Service Agreement with TSP. An Agent has only those rights designated in writing to TSP by such Service Requester.

1.2 Balancing Nomination: A separately identified Nomination to resolve or reduce imbalance(s) with TSP.

1.3 Begin Date: The Gas Day specified by Service Requester when a transaction is to begin.

1.4 British Thermal Unit ("Btu"): As defined in the American Gas Association Report No. 3, as revised from time to time. "Standardize the reporting basis for Btu as 14.73 psia and 60 degrees F (101.325 kPa and 15 degrees C, and dry). Standardize the reporting basis for gigacalorie as 1.035646 Kg/cm² and 15.6 degrees C and dry. Standardize the reporting basis for gas volumes as cubic foot at standard conditions of 14.73 psia, 60 degrees F, and dry. For gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry." NAESB WGQ Standard 2.3.9.

1.5 Business Day: "Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S., and similar holidays for transactions occurring in Canada and Mexico." NAESB WGQ Standard 3.2.1.

1.6 Commission: The Federal Energy Regulatory Commission or any successor entity thereto.

1.7 Confirmation Requester: "A Confirmation Requester is a Service Provider (including a Point Operator) which is seeking to confirm a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.3 with another Service Provider (the Confirming Party) with respect to a nomination at a location." NAESB WGQ Standard 1.2.8.

PART III
RATE SCHEDULE IT-1
Interruptible Transportation
(Continued)

7. RECEIPT POINT AND DELIVERY POINT FLEXIBILITY

TSP will allow Shipper to utilize any Receipt Point or Delivery Point(s) available on its system for service under this Rate Schedule. Any Shipper's Service Agreement shall indicate this availability of all system Receipt Point and Delivery Point(s) for service under this Rate Schedule.

Interruptible shippers who are bumped by changes to Receipt Point and Delivery Points by firm Shippers, as specified in Section 11 of Rate Schedule FT-1, shall have the right to switch receipts or deliveries on a flexible basis to any other available Receipt Point or Delivery Point, consistent with the priority of service provisions contained in Section 12 and the operating conditions specified in Section 13 of the General Terms and Conditions.

Nominations for interruptible service will be honored at such Receipt Point or Delivery Points consistent with the priority of service provisions contained in Section 12 of the General Terms and Conditions. The total volumes nominated for all Receipt Points and Delivery Points must not exceed Shipper's maximum daily quantity, except as otherwise provided in Section 4 of this Rate Schedule.

8. GENERAL TERMS AND CONDITIONS

The General Terms and Conditions contained in this Tariff, except Sections 20, 21 and 22 and except as modified in the executed Service Agreement, are applicable to this Rate Schedule and are hereby made a part hereof.

PART IV
GENERAL TERMS AND CONDITIONS
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PART IV
GENERAL TERMS AND CONDITIONS
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1. DEFINITIONS (Continued)

1.8 Confirming Party: "A Confirming Party is a Service Provider (including a Point Operator) which provides a confirmation for a quantity of gas via the information outlined in NAESB WGQ Standard 1.4.4 to another Service Provider (the Confirmation Requester) with respect to a nomination at a location." NAESB WGQ Standard 1.2.9.

1.9 Confirming Parties: "The term Confirming Parties refers to the Confirmation Requester and the Confirming Party." NAESB WGQ Standard 1.2.10.

1.10 Confirmation by Exception: "Confirmation by Exception ("CBE") means that the Confirming Parties agree that one party deems that all requests at a location are confirmed by the other party (the CBE party) without response communication from that party. The CBE party can take exception to the request by so informing the other party within a mutually agreed upon time frame." NAESB WGQ Standard 1.2.11.

1.11 Critical Notices: "Critical notices should be defined to pertain to information on transportation service provider conditions that affect scheduling or adversely affect scheduled gas flow." NAESB WGQ Standard 5.2.1.

1.12 Cubic Foot: The volume of gas which occupies one cubic foot of space when held at a base temperature of sixty degrees Fahrenheit (60F) and a base pressure of 14.73 psia.

1.13 Daily Allocation: The term used to describe the process where the Allocating Party performs the allocation process following each gas day. NAESB WGQ Standard 2.2.5.

1.14 Dekatherm ("Dth"): "The standard quantity for nominations, confirmation and scheduling is dekatherms per gas day in the United States, gigajoules per gas day in Canada and gigacalories per gas day in Mexico. (For reference 1 dekatherm = 1,000,000 Btu's; 1 gigajoule = 1,000,000,000 joules; and 1 gigacalorie = 1,000,000,000 calories.) For commercial purposes, the standard conversion factor between dekatherms and gigajoules is 1.055056 gigajoules per dekatherm and between dekatherms and gigacalories is 0.251996 gigacalories per dekatherm. The standard Btu is the International Btu, which is also called the Btu(IT); the standard joule is the joule specified in the SI system of units." NAESB Standard 1.3.14. For purposes of this Tariff and associated Service Agreements, MMBtu and Dth are synonymous.

1.15 Delivering Pipeline: A pipeline from which gas is received at a Receipt Point.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

1.16 Delivery Point Operator: The entity which operates a delivery point on TSP's pipeline.

1.17 Designated Site: An Internet address designated by TSP.

1.18 Elapsed Prorata Capacity: That portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity. NAESB WGQ Standard 5.2.3.

1.19 Elapsed-Prorated-Scheduled Quantity: "Elapsed-prorated-scheduled quantity means that portion of the scheduled quantity that would have theoretically flowed up to the effective time of the intraday nomination being confirmed, based upon a cumulative uniform hourly quantity for each nomination period affected." NAESB WGQ Standard 1.2.12.

1.20 Electronic Bulletin Board ("EBB"): TSP's Internet website at www.portlandgeneral.com.

1.21 End Date: The Gas Day specified by Service Requester when a transaction is to end.

1.22 Gas Day: A period of twenty-four (24) consecutive hours beginning and ending as near as practicable at nine o'clock (9 a.m.) Central Clock Time (7 a.m. Pacific Clock Time). Per NAESB WGQ Standard 1.3.1, "Standard time for the Gas Day should be 9 a.m. to 9 a.m. (Central Clock Time)." Reference to a specific day shall mean the twenty-four hours starting at 9 a.m. Central Clock Time (7 a.m. Pacific Clock Time) of that calendar day.

1.23 Gas or Natural Gas: Any mixture of hydrocarbons or of hydrocarbons and non-combustible gases, in a gaseous state, consisting essentially of methane. Such gas may be either in its natural state produced from wells, including casinghead and residue gas, or after manufacture or other methods of producing synthetic gas.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

1.24 NAESB Definitions/Standards: The business practices and electronic communication practices promulgated by the Wholesale Gas Quadrant ("WGQ") of the North American Energy Standards Board ("NAESB") as codified in Section 284.12(a) of the Commission's regulations.

1.25 Gross Heating Value: The total Btu content for a cubic foot of gas on a dry basis as determined by calculation from compositional analysis using physical properties of gases at 14.73 psia and 60F as prescribed by the American Gas Association.

1.26 IntraDay Nomination: "An intraday nomination is a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day." NAESB WGQ Standard 1.2.4.

1.27 Mcf: One thousand cubic feet of gas.

1.28 MMBtu: One million Btus. For purposes of this Tariff and associated Service Agreements, MMBtu and Dth are synonymous.

1.29 Mainline Transportation System: TSP's mainline extending generally from a point near Kelso, Washington to a point near Port Westward, Oregon, and all Receipt Points and Delivery Points and ancillary facilities owned in whole or in part by TSP which are utilized to provide jurisdictional transportation of natural gas.

1.30 Maximum Currently Effective Rate: The rate, including all applicable surcharges, designated in this Tariff in Part III - Statement of Rates.

1.31 Maximum Daily Delivery Obligation ("MDDO"): The maximum quantity of gas TSP is obligated to deliver to a Shipper at a specific Delivery Point designated on an executed firm Service Agreement.

1.32 Maximum Daily Quantity ("MDQ"): The maximum daily quantity of gas, expressed in dekatherms, to be delivered by TSP to Shipper after transportation, at the Delivery Point(s), after lost and unaccounted for gas in accordance with the terms of Section 13 of the General Terms and Conditions.

1.33 Month: A calendar month.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

1.34 Monthly Allocation: The term used to describe the process where the Allocating Party performs the allocation process at the end of the monthly flow period. (NAESB WGQ Standard 2.2.4.)

1.35 Negotiated Rate: A rate or formula for computing a rate for Part 284 service which may be greater than, equal to or less than the Recourse Rate, but which may not be less than the Minimum Currently Effective Rate as set forth in this Tariff in Part III - Statement of Rates. A Negotiated Rate must be mutually agreed upon by TSP and Shipper and may be based on a rate design other than straight fixed-variable.

1.36 Netting is the term used to describe the process of resolving imbalances for a Service Requester within an Operational Impact Area. There are two types of Netting:

- summing is the accumulation of all imbalances above any applicable tolerances for a Service Requester or agent,
- offsetting is the combination of positive and negative imbalances above any applicable tolerances for a Service Requester or agent. (NAESB WGQ Standard 2.2.3.)

1.37 Nomination: A Shipper's specification of natural gas volumes to be transported for a specified duration pursuant to an executed Service Agreement.

1.38 Nominating Party: The person or party designated by Shipper to communicate Shipper's nominations to TSP.

1.39 Operational Balancing Agreement ("OBA"): "An OBA is a contract between two parties which specified the procedures to manage operating variances at an interconnect." (NAESB WGQ Standard 2.2.1.)

1.40 Operational Impact Area is the term used to describe a Transportation Service Provider's designation of the largest possible area(s) on its system in which imbalances have a similar operational effect. (NAESB WGQ Standard 2.2.2.)

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

1. DEFINITIONS (Continued)

1.41 Operational Flow Order ("OFO"): "An operational flow order is an order issued to alleviate conditions, inter alia, which threaten or could threaten the safe operations or system integrity, of the transportation service provider's system or to maintain operations required to provide efficient and reliable firm service. Whenever a Transportation Service Provider experiences these conditions, any pertinent order should be referred to as an Operational Flow Order." (NAESB WGQ Standard 1.2.6.)

1.42 Pacific Clock Time: Pacific Standard Time or Daylight Savings Time in Beaver, Oregon, whichever is currently effective.

1.43 Package ID: "A package ID is a way to differentiate between discrete business transactions." (NAESB WGQ Standard 1.2.5.)

1.44 Psia: Pressure expressed in pounds per square inch absolute.

1.45 Receiving Party: The party who controls the facilities into which the gas is delivered for Shipper.

1.46 Recourse Rate: The rate, including all applicable surcharges, designated as the Maximum Currently Effective Rate in this Tariff in Part III - Statement of Rates. For purposes of this Tariff, Recourse Rate and Maximum Currently Effective Rate are synonymous.

1.47 Service Requester: A Shipper or any other party that executes a service agreement with TSP.

1.48 Scheduled Quantity: The quantity of gas TSP has scheduled to transport from specific Receipt Point(s) to specific Delivery Point(s) for a defined period pursuant to an executed Service Agreement.

1.49 Shipper: A party that executes a Service Agreement with TSP under one of the Rate Schedules contained in this tariff.

1.50 Thermally Equivalent: An equal number of Dths.

1.51 "Title," if not otherwise addressed in the TSP's contract or tariff, is the term used to identify the ownership of gas. NAESB WGQ Standard 1.2.13.

1.52 Title Transfer is the change of title to gas between parties at a location. NAESB WGQ Standard 1.2.14.

PART IV
GENERAL TERMS AND CONDITIONS
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1. DEFINITIONS (Continued)

1.53 Title Transfer Tracking is the process of accounting for the progression of title changes from party to party that does not effect a physical transfer of the gas. NAESB WGQ Standard 1.2.15.

1.54 A Title Transfer Tracking Service Provider is a party conducting the title transfer tracking activity. NAESB WGQ Standard 1.2.16.

1.55 A Third Party Account Administrator is a Title Transfer Tracking Service Provider other than the Transportation Service Provider. NAESB WGQ Standard 1.2.17.

1.56 An Account Holder is the party using the services of a Title Transfer Tracking Service provider (TTTSP) under a contract or other arrangement with that TTTSP. NAESB WGQ Standard 1.2.18.

1.57 A title transfer Nomination is a nomination line item requesting the service of Title Transfer Tracking and is sent by an Account Holder to a Title Transfer Tracking Service Provider. NAESB WGQ Standard 1.2.19.

1.58 Transportation: The receipt of Shipper's gas at input points on TSP's transportation system (referred to as "Receipt Points") and the delivery of thermally equivalent quantities by TSP to Shipper or for Shipper's account (after making allowance for any requisite lost and unaccounted for gas at other points on TSP's transportation system (referred to as "Delivery Points") regardless of the direction of flow of gas in TSP's pipelines between the Receipt Point and Delivery Points, or of changes in such directions of flow.

1.59 Transportation Service Provider (TSP): Portland General Electric Company, Portland General or Transporter.

1.60 Power Plant Gas Coordinator (PPGC) is the term used to describe the entity(ies) that has responsibility for gas requirements for a natural gas-fired electric generating facility(ies) and is responsible for coordinating natural gas deliveries with the appropriate Transportation Service Provider(s) (TSP) to meet those requirements. The PPGC performs a number of coordinated activities, including, but not limited to, power plant operations, unit dispatch, natural gas procurement and/or gas transportation arrangements.

Because each PPGC is structured differently, specific responsibilities within each PPGC should be determined by the PPGC and the point of contact for the PPGC should be communicated to the TSP(s). This definition applies to NAESB WEQ Standard Nos. WEQ-011-0.2, WEQ-011-1.1, WEQ-011-1.2, WEQ-011-1.3, WEQ-011-1.4, WEQ-011-1.5, and WEQ-011-1.6 and NAESB WGQ Standard Nos. 0.2.1 0.2.2, 0.3.11, 0.3.12, 0.3.13, 0.3.14, and 0.3.15.

1.61 A Power Plant Gas Coordinator's Facility(ies) is the term used to describe the natural gas-fired electric generating unit(s) under the direct control of the Power Plant Gas Coordinator. This definition applies to NAESB WEQ Standard Nos. WEQ-011-1.2 and WEQ-011-1.3 and NAESB WGQ Standard Nos. 0.2.2, 0.3.12 and 0.3.13.

1.62 Balancing Authority (BA) is the term used by the Wholesale Electric Quadrant to describe the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a Balancing Authority Area, and supports interconnection frequency in real time. In certain circumstances, a BA

may be a Regional Transmission Organization or Independent System Operator. This definition applies to NAESB WEQ Business Practice Standard Nos. WEQ-011-1.4, WEQ-011-1.5 and WEQ-011-1.6 and NAESB WGQ Standard Nos. 0.2.3, 0.3.14 and 0.3.15.

1.63 A Reliability Coordinator is the term used to describe the entity that is the highest level of authority who is responsible for the reliable operation of the bulk electric system, has the wide area view of the bulk electric system, and has the operating tools, processes and procedures, including the authority, to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. This definition applies to NAESB WEQ Business Practice Standard Nos. WEQ-011-1.4, WEQ-011-1.5 and WEQ-011-1.6 and NAESB WGQ Standard Nos. 0.2.4, 0.3.14 and 0.3.15.

PART IV
GENERAL TERMS AND CONDITIONS
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2. RECEIPT POINT AND DELIVERY POINTS AND PRESSURES

2.1 Receipt Point. The Receipt Point(s) at which Transporter will receive gas for transportation are to be identified by the executed Service Agreement. Such Agreements shall be amended as necessary to reflect the addition or deletion of Receipt Points mutually agreed to by the parties in writing, subject to the Receipt Point Flexibility and Priority of Service provisions of this Tariff. These points include all physical receipt points, as well as any physical delivery point or any other point on Transporter's Mainline Transportation System which Shipper and Transporter have contractually agreed to utilize as a receipt point.

2.2 Receipt Pressure. Gas shall be delivered to Transporter at the Receipt Point at the pressure delivered from Delivering Pipeline, which pressure shall be sufficient to allow the gas to enter the facilities of Transporter but shall not be delivered at pressures in excess of the maximum allowable operating pressure ("MAOP") of Transporter's facilities. Transporter's MAOP is 809 psia. Transporter is under no obligation to modify its line pressures to permit the entry of Shipper's gas into its system.

2.3 Delivery Points. Transporter shall deliver gas for Shipper's account at the Delivery Points identified by the executed Service Agreement. The parties may mutually agree in writing to amend said Service Agreement to add or delete Delivery Points, subject to the Delivery Point Flexibility and Priority of Service provisions of this tariff.

2.4 Transporter's Delivery Pressure. Transporter shall deliver gas for Shipper's account at pressures not to exceed the maximum pressure stated in Shipper's Service Agreement and as existing from time to time in Transporter's facilities at the points of delivery.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

3. QUALITY

3.1 Gas Quality at Receipt Point. All Gas delivered by Shipper to Transporter shall conform to the applicable specifications in this Section 3.1.

All Gas delivered by Shipper to Transporter at Receipt Point shall conform to the following specifications:

(1) Hydrocarbon Liquids and Liquefiabiles: The hydrocarbon dew point of the gas delivered shall not exceed fifteen degrees Fahrenheit at any pressure between 100 psia and 1,000 psia as calculated from the gas composition and shall be free from hydrocarbons in the liquid state.

(2) Hydrogen Sulfide and Total Sulfur: The gas shall contain not more than one quarter grain of hydrogen sulfide per one hundred cubic feet and not more than twenty grains total sulfur per one hundred cubic feet.

(3) Carbon Dioxide and Total Nonhydrocarbons: The gas shall contain not more than two percent by volume of carbon dioxide and shall contain not more than three percent by volume of combined nonhydrocarbon gases including, but not limited to, carbon dioxide, nitrogen and oxygen, except as otherwise provided in Section 3.5.

(4) Dust, Gums, etc.: The gas shall be commercially free of dust, gums, dirt, impurities and other solid matter.

(5) Heating Value: The total gross heating value of the gas deliverable hereunder shall not be less than 985 Btu.

PART IV
GENERAL TERMS AND CONDITIONS
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3. QUALITY (Continued)

(6) Oxygen: The gas shall not contain in excess of two-tenths of one percent by volume of oxygen, and the parties agree to exercise every reasonable effort to keep the gas completely free of oxygen.

(7) Temperature: The temperature of the gas at the point of delivery shall not exceed one hundred twenty degrees Fahrenheit.

(8) Water: The gas delivered shall be free from liquid water and shall not contain more than seven pounds of water in vapor phase per million cubic feet.

(9) Mercury: The gas shall be free from any detectable mercury.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

3. QUALITY (Continued)

3.2 Gas Quality at Delivery Point(s). The gas delivered by Transporter to Shipper at the Delivery Point shall be natural gas containing a gross heating value of at least 985 Btus. Such gas shall be commercially free of dust, gums, dirt, impurities and other solid matter and shall not contain more than one-quarter grain hydrogen sulfide per one hundred cubic feet as determined by using commercially available on-line analyses and/or such analytical methods that are generally accepted in industry practice; provided that Transporter may install and utilize a recording hydrogen sulfide analyzer to monitor the gas at points at which it deems such continuous monitoring to be desirable. The gas to be delivered shall not contain more than twenty grains of total sulfur per one hundred cubic feet.

The gas shall be free of water and hydrocarbons in liquid form at the temperature and pressure at which the gas is delivered and in no event shall have a water content in excess of seven pounds in vapor phase per million cubic feet.

3.3 Determination of Gross Heating Value and Component Analysis. The entity operating the measurement equipment (which may be the Delivering Pipeline) shall determine the gross heating value of the gas delivered and its component analysis at reasonable intervals. Such determination shall be made using either an on-line chromatograph or by chromatographic analysis of a representative sample of gas taken with a continuous sampler. Transporter may at its option allow the use of spot samples. If at any time and for any reason Shipper or Transporter should question the results of any spot sampling, a redetermination shall be made and the redetermination mutually acceptable to the parties shall be used; provided, however, if neither party questions such results within a period of sixty (60) days following the determination thereof, then such results shall be deemed conclusive and binding upon the parties. Btu measuring equipment shall be installed at a location or locations where the gross heating value of the gas received or delivered hereunder may be reasonably determined. Transporter may rely on Delivering Pipeline's measurements as conclusive.

3.4 Failure to Meet Specifications. Transporter or Shipper shall have the right, exercisable by the giving of written or oral notice to the other party, to require the remedy of any failure to deliver or redeliver gas in accordance with the quality specifications set forth in Sections 3.1 and 3.2. In the event gas delivered by either party fails to conform to such specifications, as evidenced by the latest chromatograph analysis derived from an on-line chromatograph or from a sample taken manually and analyzed by a chromatograph, the receiving party may refuse to accept all or any portion of such gas.

PART IV
GENERAL TERMS AND CONDITIONS
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4. MEASUREMENT OF GAS

4.1 Unit of Volume. The unit of volume for the purpose of measurement shall be one (1) cubic foot of gas at a base temperature of 60 degrees F, and at a base pressure of 14.73 psia. Such measured volumes, converted to Mcf, shall be multiplied by their gross heating value per cubic foot and divided by 1,000 to determine Dth received and delivered hereunder. The unit of volume for the purpose of balancing total receipts and deliveries of gas hereunder shall be one Dth.

4.2 Computation of Volume. The volumes of gas measured hereunder shall be computed in accordance with specifications prescribed by the American Gas Association, applied in a practical and appropriate manner. The absolute atmospheric pressure used for volume calculations shall be the average atmospheric pressure determined by calculations based on the actual elevation above sea level of the meter at the place of measurement.

4.3 Meters or Measurement Equipment. For purposes of this Section, Meters or Measurement Equipment shall mean the primary measurement element (i.e., orifice plate, turbine meter, etc.), and recording instruments. Gas delivered to Transporter at the Receipt Point shall be measured by measurement equipment installed, operated and maintained at or near such Receipt Point. Gas delivered by Transporter at the Delivery Points shall be measured by measurement equipment installed, operated and maintained at or near such Delivery Points. Where orifice meters are used they shall be installed and operated in accordance with the specifications prescribed in ANSI/API 2530 as supplemented and modified from time to time, applied in a practical and appropriate manner. Where positive displacement meters, turbine meters, or other measuring devices are used, they shall be installed and operated in accordance with recommendations of the American Gas Association, where available. The respective meter, meter readings and meter charts shall be accessible at all reasonable times to inspection and examination by the non-operating party. Calibration and adjustment of meters and changing of charts shall be done only by the party owning and operating the measurement facilities, unless otherwise agreed to by the parties.

PART IV
GENERAL TERMS AND CONDITIONS
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4. MEASUREMENT OF GAS (Continued)

4.4 Temperature and Specific Gravity. The following measurement factors shall be given due consideration.

(a) The temperature of the natural gas flowing through each meter shall be an assumed temperature arrived at by agreement or the actual measured temperature.

(b) The specific gravity of the gas shall be determined by the party operating the meter by calculation, adjusted for any difference between the specific gravity in the ideal state and in the real state in accordance with published procedures accepted by the American Gas Association.

4.5 Notice of Equipment Tests. Unless otherwise agreed to by the parties, the party operating the measurement facilities shall give notice to the other party of the time and location of all tests of gas delivered hereunder or of any equipment used in measuring or determining the nature or quality of such gas, in order that such other party may conveniently have its representative present. Should the non-operating party reasonably not be satisfied with any such test, it shall so notify the operating party and the operating party shall perform such retests as may be necessary to assure an accurate test.

4.6 Meter Testing. The accuracy of measurement equipment shall be verified at reasonable intervals by the party operating such equipment, and if requested, in the presence of representatives of the other party, unless otherwise agreed to by the parties. If either party notifies the other that it desires a special test of any measurement equipment, the operating party shall cooperate to secure an immediate verification of the accuracy of such measurement equipment and joint observation of any adjustments. The payment for all such tests shall be borne by the party requesting the test, unless otherwise agreed to by the parties.

4.7 Check Meters and Non-Interference. Either party may install and operate check meters at its option and expense to check the other party's primary measurement equipment, but measurement of gas shall be by the measurement equipment of the parties identified in Section 4.3. Such check meters shall be installed so as not to interfere with the operation of the primary measurement equipment of such parties. The parties shall exercise care in the installation, maintenance and operation of check measuring, pressure regulating equipment or gas compressors so as to prevent any inaccuracy in the determination of the quantity or quality of gas being measured. If unacceptable square root error or gauge line error shifts occur, the installation of pulsation

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4. MEASUREMENT OF GAS (Continued)

filters may be required by Transporter. The party responsible for the source of any pulsation shall also be responsible for the installation cost of remedial devices or filtering equipment to reduce or eliminate such pulsation. If disagreements over pulsation arise, a third-party consultant acceptable to both Transporter and Shipper will be consulted to resolve the problem.

4.8 Adjustment of Inaccuracies. Measurement data corrections should be processed within 6 months of the production month with a 3 month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be dismissed by this standard. (NAESB 2.3.14)

If the percentage of inaccuracy upon any test shall be an amount exceeding two percent (2%), the registration of such meter shall be corrected at the rate of such inaccuracy for any period which is definitely known or agreed upon. In the event the period is not definitely known or agreed upon, such correction shall be for a period extending back one-half (1/2) of the time elapsed since the date of the last calibration. In no event shall inaccuracies of less than two (2) percent daily or 100 Dth monthly be corrected.

Following any test, measurement equipment found inaccurate shall be immediately restored by the operating party as closely as possible to a condition of accuracy. If the measurement equipment is out of service or out of repair for any reason so that the amount of gas delivered cannot be estimated or computed from the reading thereof, the amount of gas delivered through the period such meter is out of service or out of repair shall be estimated and agreed upon by the Transporter and Receiving Party upon the basis of the best data available using the first of the following methods which is feasible:

- (a) by using the registration of the other party's check meter if installed and accurately registering; or
- (b) by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or

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4. MEASUREMENT OF GAS (Continued)

(c) by estimating the quantity of deliveries by comparison with deliveries during preceding periods under similar conditions when the meter was registering accurately.

4.9 Correction of Volume Calculation Error. If, upon inspection and verification, any volume calculation error shall result in a daily volume inaccuracy exceeding two (2) percent, then the inaccuracy shall be corrected to zero error following verification by Transporter and Shipper, however, in no event shall inaccuracies less than two (2) percent daily or 100 Dth monthly be corrected.

4.10 Prior Period Adjustments. For treatment of measurement prior period adjustments, treat the adjustment by taking it back to the production month. A meter adjustment becomes a prior period adjustment after the fifth business day following the business month. (NAESB 2.3.11)

4.11 Records Preservation. Each party shall preserve all test and measurement data, charts or similar records for a period of at least one (1) year or such other periods as shall be required under Part 225 of the Commission's regulations or the lawful requirements of any other governmental body, Federal or State, prescribing longer retention periods for any category of record.

PART IV
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5. BILLING AND PAYMENT

5.1 Statement by Shipper. Pursuant to NAESB WGQ Standard 2.3.7, the cutoff for the closing of measurement is 5 business days after business month.

Except where Transporter is the party designated as the party operating and maintaining the Delivery Point, Delivery Point Operator shall report or cause to be reported to Transporter the daily volumes and gross heating value of gas delivered pursuant to the Service Agreement by telephone or telecopy to Transporter's Gas Measurement Department by the fifth (5th) business day of the calendar month following the month of delivery of such volumes. Shipper shall furnish Transporter's Gas Measurement Department with a written statement that confirms such reported volumes by the eighth (8th) business day of the calendar month following the month of delivery.

5.2 Statement by Transporter. Imbalance statements shall be generated at the same time or prior to the generation of the transportation invoice. (NAESB WGQ Standard 2.3.28)

The imbalance statement shall be rendered prior to or with the invoice, and the transportation invoice shall be prepared on or before the 9th business day after the end of the production month. Rendered is defined as postmarked, time-stamped, and delivered to the Designated Site. (NAESB WGQ Standard 3.3.14)

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

5. BILLING AND PAYMENT (Continued)

5.2 (continued)

Converting a daily rate to a monthly rate is accomplished by multiplying the daily rate times the number of days in the rate period, dividing the result by the number of months in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the transporter's specified decimal place.

Converting a monthly rate to a daily rate is accomplished by multiplying the monthly rate by the number of months in the rate period, dividing the result by the number of days in the rate period, taking the remainder out to 5 decimal places, and rounding up or down to the transporter's specified decimal place. (NAESB WGQ Standard 5.3.22)

Transporter's statement will include the following information:

(a) The volume of gas received by Transporter for Shipper's account during the preceding Month;

(b) The volume of gas delivered by Transporter for Shipper's account during the preceding Month;

(c) The imbalance, if any, between the volumes of gas received by Transporter and the volumes of gas delivered by Transporter for Shipper's account after appropriate reductions for lost and unaccounted for gas, both for the preceding Month and cumulative for all preceding Months.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

5. BILLING AND PAYMENT (Continued)

(d) The charges due and payable by Shipper for services rendered during the preceding Month or Months.

(e) The penalties due, if any, pursuant to Sections 14 and 15 of the General Terms and Conditions of this tariff.

5.3 Payment by Shipper. When making payment, Shipper shall submit supporting documentation. Transporter shall apply Shipper's payment per the supporting documentation provided by the paying party/Shipper; and if payment differs from the invoiced amount, remittance detail should be provided with the payment, except where payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date. (NAESB WGQ Standard 3.3.17)

Shipper shall identify the invoice number(s) on all payments. (NAESB WGQ Standard 3.3.18)

On or before the twenty-fifth (25th) day of each calendar month, Shipper shall make payment to Transporter for all amounts due Transporter as set forth on the statement referred to in Section 5.2. If requested by Transporter, such payment shall be made in immediately available funds on or before the due date to a depository designated by Transporter. If the 25th falls on a day that the designated depository is not open in normal course of business to receive Shipper's payment, then Shipper's payment shall be made on or before the business day prior to the 25th that such depository is available.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

5. BILLING AND PAYMENT (Continued)

5.4 Failure to Pay Bills. Should Shipper fail to pay all of the amount of any bill, when the same becomes due, Transporter shall have the right to charge Shipper a late charge on the unpaid balance which shall accrue on each calendar day from the due date at the rate specified in Section 154.501(d) of the Commission's regulations. If such failure to pay continues for thirty (30) days after payment is due, Transporter, in addition to any other remedy it may have under the Service Agreement, may: (1) discontinue transportation service for self-implementing transactions without Commission approval, and (2) after application to and authorization by the Commission suspend further service until such amount is paid. However, if the invoice is in dispute, shipper shall pay the portion not in dispute and provide documentation identifying the basis for the dispute.
(NAESB WGQ Standard 3.3.19)

5.5 Right to Set Off Unpaid Amounts. In the event that Shipper does not pay the full amount due in accordance with Section 5.3 hereof, without prejudice to any other rights or remedies it may have, Transporter shall have the right to withhold and set off payment of any amounts of monies due by Transporter to Shipper, whether in connection with the Service Agreement in dispute or otherwise, against any and all amounts or monies due or owing by Shipper to Transporter for services performed under the Service Agreement in dispute.

5.6 Disputed Statements and Prior Period Adjustments.

No imbalance penalty shall be imposed when a prior period adjustment applied to the current period causes or increases a current month penalty. (NAESB WGQ Standard 2.3.31)

Prior period adjustment time limits shall be 6 months from the date of the initial transportation invoice and 7 months from date of initial sales invoice with a 3-month rebuttal period, excluding government-required rate changes. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. (NAESB WGQ Standard 3.3.15)

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

5. BILLING AND PAYMENT (Continued)

5.7 Record Retention. Transporter and Shipper shall retain all records pertaining to billing and payment for at least three (3) years.

5.8 Access to Records. Each party hereto, or its designated representative, shall have access to the books and records of the other party during normal business hours to the extent such records are applicable to measurement and quantities of gas delivered hereunder.

5.9 Discount Policy. Any discounts to the currently effective maximum tariff rate will be applied to the base tariff reservation charge.

5.10 Establishment of Credit. NAESB WGQ Creditworthiness Standards 0.3.3 through 0.3.10 (Version 1.9) will apply and are incorporated by reference.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

6. STATUTORY REGULATION

6.1 Regulation. Transporter's rates, charges, classifications and services as set forth in this tariff are subject to regulation by the Commission under the Natural Gas Act, the Natural Gas Policy Act of 1978 and any successor or supplemental act. Transporter shall have the right to file from time to time with the Commission under Section 4 of the Natural Gas Act such new rate schedules and changes in its existing effective tariff as Transporter may find necessary from time to time to assure Transporter just and reasonable rates and charges as well as a rate of return sufficient to service the debt, attract capital, insure expansion and provide adequate natural gas service to all of Transporter's customers. Without in any way limiting the generality of the foregoing, Transporter shall have the right to file new rate schedules and or new tariff sheets fairly and appropriately reflecting changes in its costs or changes in the conditions of service attributable to such transportation or any other service provided. Shipper shall have the right to protest any such new rate schedules and changes before the Commission. Notwithstanding any other provision hereof, these provisions are subject to all valid legislation and all valid present or future orders, rules and regulations of duly constituted authorities now or hereafter having jurisdiction.

6.2 Filing Fees. Shipper shall reimburse Transporter for any and all filing fees incurred by Transporter in seeking necessary governmental authorizations for service or facilities requested by the Shipper under any Rate Schedule included in this tariff.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

7. LIABILITY AND RISK OF LOSS

7.1 Liability for Facilities. Each party assumes full responsibility and liability arising from the operation of the pipeline and facilities owned by it and agrees to hold the other party harmless from any liability of any nature arising from the owning party's installation, ownership, and operation thereof. Transporter may but shall have no obligation to odorize gas delivered to Shipper under this tariff nor to maintain any odorant level.

7.2 Risk of Loss. Except as otherwise provided in the Service Agreement, risk of loss to the volumes of gas transported shall pass to Transporter upon delivery to Transporter for Shipper's account and to Shipper upon delivery by Transporter for Shipper's account.

7.3 Transporter shall not be liable to Shipper for any damages, costs, or expenses incurred as a result of Shipper's contracting for transportation service(s) on Transporter's facilities.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

8. WARRANTY OF TITLE

8.1 Warranty. Transporter accepts Shipper's gas at the Receipt Point subject to the understanding that Shipper warrants that it will at the time of delivery of gas to Transporter for transportation, have good title to all gas so delivered to Transporter, free and clear of all liens, encumbrances and claims whatsoever, and that it will at such time of delivery have the right to deliver such gas. Transporter may also request Shipper's proof of right to purchase or transport such gas.

Subject to the foregoing, Transporter warrants that it will at the time of delivery of the transported gas to Shipper at the Delivery Point have the right to deliver said gas free and clear of all liens, encumbrances and claims whatsoever.

8.2 Indemnity. Each party shall indemnify, save and hold the other party, its subsidiaries and/or affiliates and their directors, officers, employees and agents, free and harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of adverse claims of all persons to the gas delivered by it to such other party.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

9. FORCE MAJEURE

Neither Transporter nor Shipper shall be liable in damages to the other for any act, omission or circumstance occasioned by or in consequence of any actual or threatened blockades, insurrections, riots, epidemics, flood, washouts, landslides, mudslides, earthquakes, extreme cold or freezing weather, lightning, rulers and peoples, civil disturbances, explosions, breakage or imminent breakage or freezing of or accident to machinery or line of pipe, the order of any court or governmental authority having jurisdiction, required maintenance of facilities, labor disturbances, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered a matter within the control of the party claiming suspension.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

10. INTERRUPTIONS OF SERVICE

10.1 Tests and Repairs. Transporter shall have the right, without liability to Shipper, to interrupt the transportation of gas for Shipper when necessary to test, alter, modify, enlarge or repair any facility or property comprising a part of, or appurtenant to, Transporter's pipeline system, or otherwise related to the operation thereof. Transporter shall endeavor to cause a minimum of inconvenience to Shipper because of such interruptions.

10.2 Operational Control. Transporter shall retain full operational control of its pipeline system and shall at all times be entitled to schedule deliveries and to operate its pipeline system in a manner which, in Transporter's sole opinion, is consistent with the obligations and operating conditions as they may exist from time to time on Transporter's system, or which will allow Transporter to optimize the receipt and/or utilization of gas supplies on its transmission system now and in the future. Nothing in any Service Agreement shall be deemed to impinge on such operating flexibility.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

11. SERVICE AGREEMENT AND CREDITWORTHINESS

11.1 Form of Agreement. Transporter and Shipper shall execute a Service Agreement covering the service contemplated. The executed Service Agreement, together with the General Terms and Conditions and applicable Rate Schedule shall constitute the entire agreement between the parties for service provided therein and shall be modified only in writing.

11.2 Creditworthiness. A Shipper seeking service from Transporter under Rate Schedule FT or IT must provide the following:

(a) A copy of Shipper's most recent audited financial statements and unaudited quarterly statements certified by the Chief Financial Officer of the Shipper. The Certificate shall state that such unaudited financial statements fairly represent the financial condition and the results of the operations of the Shipper for the period indicated and are prepared in accordance with generally accepted accounting principles.

(b) Such other documentation as the Transporter shall reasonably request in connection with this service contemplated.

(c) A list of Shipper's affiliates, including parent and subsidiaries, if applicable.

In the event Shipper cannot provide the information above, Shipper shall provide that information for its parent company.

(d) As security for the payment of amounts due, Shipper agrees to provide the following

(i) In the event Shipper maintains a long-term, senior, unsecured debt rating, not supported by third party credit enhancement, of at least "BBB" by Standard & Poor's or "Baa2" by Moody's, without negative implications, no additional security is required.

(ii) In the event Shipper maintains a long-term, senior, unsecured debt rating, not supported by third party credit enhancement, less than "BBB" by Standard & Poor's or "Baa2" by Moody's, has negative implications, or does not maintain a credit rating, it agrees to provide:

(1) one or more irrevocable, transferable, standby letters of credit from a major U.S. commercial bank or a foreign bank with a U.S. branch office. Such bank shall have a credit rating of at least "A+" from Standard & Poor's or "A1" from Moody's and \$10 Billion in assets. The letter of credit shall be in favor of and in a form acceptable to Transporter; or

(2) a guaranty in favor of and in a form acceptable to Transporter from an entity acceptable to Transporter; or

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

11. SERVICE AGREEMENT AND CREDITWORTHINESS (Continued)

(3) cash prepayment in an amount equal to the cost of the service provided.

- (e) Transporter shall not be required to perform or to continue service under any Rate Schedule on behalf of any Shipper who is or has become insolvent or who, at Transporter's request, fails within a reasonable period to demonstrate creditworthiness. For purposes herein, the insolvency of a Shipper shall be conclusively demonstrated by the filing by Shipper or any parent entity thereof (hereinafter collectively referred to as "the Shipper") of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction in the premises adjudging the Shipper bankrupt or insolvent, or approving, as properly filed, a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Shipper under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Shipper or of any substantial part of its property, or the ordering of the winding-up or liquidation of its affairs.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

12. PRIORITY OF SERVICE

12.1 Firm Service. Firm service shall be those services which are defined as firm in the Rate Schedules under Transporter's Volume No. 1 Tariff.

12.2 Interruptible Service. Interruptible service shall be any transportation service that is not firm as defined in Section 12.1, including interruptible services under Transporter's Volume No. 1 Tariff.

12.3 Priority Date. For purposes of this tariff, the term "Service Agreement" shall mean an executed Service Agreement for transportation and/or any executed amendments to that Service Agreement. A request for an amendment to a Service Agreement is generally a new request for interruptible priority purposes to the extent that it adds a Receipt Point and/or Delivery Point, increases volume, converts Interruptible transportation to firm transportation, converts Section 311 or 7(c) transportation to blanket certificate transportation or changes the Shipper, other than a change in Shipper's name. Only that portion of the service which is new will receive a new priority date. However, existing agreements may be amended, without the amendment constituting a new agreement for priority purposes, consistent with the flexible Receipt Point and Delivery Point provisions of Rate Schedule IT-1, of this tariff.

(a) For purposes of this Section 12, "Priority Date" shall mean the date Shipper requests service pursuant to Section 16 of the General Terms and Conditions.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

12. PRIORITY OF SERVICE (Continued)

(b) Maintenance of Priority Date.

(1) In order to maintain the Priority Date pursuant to this Section 12 for the service requested, Shipper must execute and Transporter must receive such executed Service Agreement within 30 days of the date of Shipper's receipt of the Service Agreement from Transporter. If Transporter has not received an executed Service Agreement within 30 days of receipt of the Agreement by Shipper, then the Priority Date under such Agreement shall be the date of receipt by Transporter of such executed Service Agreement.

(2) Furthermore, to maintain this Priority Date for Receipt Point(s) under interruptible service agreements, Shipper also must tender gas within 15 days after the later of (1) the date service is to commence under the terms of the contract, or (2) the date Transporter notifies Shipper of the execution date of the Service Agreement, or (3) the date that facilities necessary to be constructed for service under the Service Agreement are ready for service, or (4) the receipt of regulatory approvals, if any such approvals are required to commence service under Commission regulations. If Shipper has not tendered gas at each Receipt Point specified under an interruptible Service Agreement within the specified 15-day period, then the day Shipper first tenders gas at any Receipt Point shall become the Priority Date for such Receipt Point under such Agreement.

(3) The day Shipper first tenders gas at any delivery point(s) under an interruptible Service Agreement shall become the Priority Date for such Delivery Point(s).

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

12. PRIORITY OF SERVICE (Continued)

12.4 Curtailment Procedures. If Transporter determines on any day that for any reason whatsoever, including reasons of force majeure, the capacity of or demand on its system or any portion thereof is insufficient to satisfy the requirements for scheduled service as set forth in executed Service Agreements, Transporter shall curtail or interrupt deliveries in accordance with the priorities set forth below, to the extent necessary to maintain priority of service.

(a) Transporter shall first interrupt scheduled balancing and/or overrun service and receipts or deliveries in excess of firm entitlements under any Rate Schedule in this Tariff on a pro rata basis in proportion to the contract demands or Maximum Daily Quantities set forth in the applicable executed Service Agreements;

(b) Transporter shall then interrupt all interruptible service which is being provided at a rate less than the maximum rate applicable to such service by rate being paid, from lowest to highest. Service which is being provided at the same rate shall be interrupted by Priority Date, from newest to oldest. Service which is being provided at the same rate and which also has the same Priority Date shall be interrupted on a pro-rata basis based on Maximum Daily Quantity. In order to avoid interruption based on rate, any Shipper who receives interruptible transportation service at less than the maximum rate, may agree in writing to pay a rate higher than the discounted rate, up to the maximum rate, during interruption of service. The actual rate charged, up to the specified rate, shall only be that rate necessary to avoid interruption and would only be paid by Shipper as long as necessary to avoid interruption of service by rate;

(c) Transporter shall then interrupt all interruptible service which is being provided at the maximum rate applicable to such service by Priority Date, from newest to oldest. Shippers receiving interruptible service who are paying a Negotiated Rate which exceeds the maximum rate will be considered for purposes of this Section 12.4(c) to be paying the maximum rate. Agreements having the same Priority Date shall be interrupted on a pro-rata basis based on Maximum Daily Quantity;

(d) After interruption of services under (a), (b), and (c), Transporter shall curtail all firm services on a pro rata basis in proportion to the contract demands set forth in the executed Service Agreements; and

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

12. PRIORITY OF SERVICE (Continued)

(e) To the extent that capacity is constrained at primary or alternate Receipt Point or Delivery Point facilities, Transporter shall curtail firm service at all such points on an equal basis using the methodology described in Section 12.4(d) above.

12.5 Operating Limitations. Notwithstanding the other provisions of this Section 12, Transporter shall not be required to interrupt service to any Shipper served from those locations on Transporter's system where, due to operational or capacity limitations, Transporter's ability to maintain the priorities provided herein would not be improved. Transporter shall not be obligated to modify its system operations or its operating procedures related to firm service in order to ameliorate specific operating and capacity limitations which result in interruptible service curtailment.

12.6 Curtailment Liability. If Transporter is required to curtail deliveries during the term of the Service Agreement and if curtailment is implemented for any reason, Transporter will not be liable for any damages caused by implementation of curtailment procedures as set forth herein, except that, to the extent that such curtailment is shown to be the result of negligence or misfeasance by Transporter, Transporter's liability shall be capped at the level of Shipper's reservation charges.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS

13.1 Nomination Procedure for Gas Receipts and Deliveries.

(a) Nominations.

The level of information required to define a nomination for communications purposes is a line item containing all defined components. (NAESB 1.2.1)

Pursuant to NAESB Standard 1.3.2, Transporter supports the following standard nomination cycles:

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (continued)

(i) The Timely Nomination Cycle: 11:30 am for nominations leaving control of the nominating party; 11:45 am for receipt of nominations by the transporter (including from Title Transfer Tracking Service Providers (TTTSPs)); noon to send Quick Response; 3:30 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 4:30 pm for receipt of scheduled quantities by shipper and point operator (central clock time on the day prior to flow).

(ii) The Evening Nomination Cycle: 6:00 pm for nominations leaving control of the nominating party; 6:15 pm for receipt of nominations by the transporter (including TTTSPs); 6:30 pm to send Quick Response; 9:00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 10:00 pm for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the day prior to flow).

Scheduled quantities resulting from an Evening Nomination that does not cause another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped should be effective at 9:00 am on gas day; and when an Evening Nomination causes another Service Requester on the subject Transportation Service Provider to receive notice that it is being bumped, the scheduled quantities should be effective at 9:00 am on gas day.

(iii) The Intraday 1 Nomination Cycle: 10:00 am for nominations leaving control of the nominating party; 10:15 am for receipt of nominations by the transporter (including TTTSPs); 10:30 am to send Quick Response; 1:00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 2:00 pm for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators, and to provide scheduled quantities to bumped parties (notice to bumped parties), (central clock time on the gas day). Scheduled quantities resulting from Intraday 1 Nominations should be effective at 5:00 pm on gas day.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

(iv) The Intraday 2 Nomination Cycle: 5:00 pm for nominations leaving control of the nominating party; 5:15 pm for receipt of nominations by the transporter (including TTTSPs); 5:30 pm to send Quick Response; 8:00 pm for receipt of completed confirmations by transporter from upstream and downstream connected parties; 9:00 pm for Transportation Service Provider to provide scheduled quantities to affected shippers and point operators (central clock time on the gas day). Scheduled quantities resulting from Intraday 2 Nominations should be effective at 9:00 pm on gas day. Bumping is not allowed during the Intraday 2 Nomination Cycle.

(v) For purposes of NAESB Standard 1.3.2 ii, iii, and iv, "provide" shall mean, for transmittals pursuant to standards 1.4.x, receipt at the Designated Site, and for purposes of other forms of transmittal, it shall mean send or post.

The following timelines in Central Clock Time (with Pacific Clock Times in parentheses) reflect NAESB Standard 1.3.2:

Timely Nomination Cycle (time on day prior to flow)

Nomination leaves control of Nominating Party	11:30 (9:30) A.M.
Receipt of nomination by Transporter	11:45 (9:45) A.M.
Quick response by Transporter for validity of data elements	12:00 Noon (10:00 A.M.)
Receipt of completed confirmations by Transporter from upstream and downstream connected parties	3:30 (1:30) P.M.
Scheduled quantities available to Shippers and point operators	4:30 (2:30) P.M.
Scheduled quantities commence flow	9:00 (7:00) A.M. (gas day)

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

Evening Nomination Cycle (time on day prior to flow)

Nomination leaves control of Nominating Party	6:00 (4:00) P.M.
Receipt of nomination by Transporter	6:15 (4:15) P.M.
Quick response by Transporter for validity of data elements	6:30 (4:30) P.M.
Receipt of completed confirmations by Transporter from upstream and downstream connected parties	9:00 (7:00) P.M.
Scheduled quantities available to Shippers, point operators and bumped parties	10:00 (8:00) P.M.
Scheduled quantities commence flow	9:00 (7:00) A.M. (gas day)

Intraday 1 Nomination Cycle (time on gas day)

Nomination leaves control of Nominating Party	10:00 (8:00) A.M.
Receipt of nomination by Transporter	10:15 (8:15) A.M.
Quick response by Transporter for validity of data elements	10:30 (8:30) A.M.
Receipt of completed confirmations by Transporter from upstream and downstream connected parties	1:00 P.M. (11:00 A.M.)
Scheduled quantities available to Shippers, point operators and bumped parties	2:00 P.M. (12:00 Noon)
Scheduled quantities commence flow	5:00 (3:00) P.M.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

Intraday 2 Nomination Cycle (time on gas day)

Nomination leaves control of Nominating Party	5:00 (3:00) P.M.
Receipt of nomination by Transporter	5:15 (3:15) P.M.
Quick response by Transporter for validity of data elements	5:30 (3:30) P.M.
Receipt of completed confirmations by Transporter from upstream and downstream connected parties	8:00 (6:00) P.M.
Scheduled quantities available to Shippers and point operators	9:00 (7:00) P.M.
Scheduled quantities commence flow	9:00 (7:00) P.M.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

Nominations received after nomination deadline shall be scheduled after the nominations received before the nomination deadline. (NAESB 1.3.6)

All nominations shall be considered original nominations and shall be replaced to be changed. When a nomination for a date range is received, each day within that range is considered an original nomination. When a subsequent nomination is received for one or more days within that range, the previous nomination is superseded by the subsequent nomination only to the extent of the days specified. The days of the previous nomination outside the range of the subsequent nomination are unaffected.

Nominations have a prospective effect only. (NAESB 1.3.7)

Intra-day nominations can be used to request increases or decreases in total flow, changes to receipt points, or changes to Delivery Points of scheduled gas. (NAESB 1.3.11)

Intra-day nominations do not rollover (i.e., intra-day nominations span one day only). Intra-day nominations do not replace the remainder of a standing nomination. There is no need to re-nominate if intra-day nomination modifies existing nomination. (NAESB 1.3.13)

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

(b) Bumping. Transporter will give scheduling priority to firm nominations submitted during the Evening Nomination and Intraday 1 Nomination Cycles over previously nominated and scheduled volumes for interruptible services. The Elapsed-Prorated-Scheduled Quantity process will apply to those nominations bumped in the Intraday 1 Nomination Cycle.

Intraday bump notices shall indicate whether daily penalties will apply for the gas day for which quantities are reduced. Such determination will be made in accord with the provisions of section 14.5 of these operating conditions. (NAESB 1.3.51)

If volumes are reduced as a result of bumping, each affected Shipper shall be deemed notified of such bumped volume(s) on Transporter's system when Delivering Pipeline notifies Shipper of the bump on Delivering Pipeline's system. Such notice will be provided via the EBB, Internet E-mail and, if requested by Shipper, via telecopier or telephone.

Transporter and each Shipper will designate an operational contact for Transporter to notify on a 24-hour a day, 365 days a year basis. If Transporter is unable to notify any Shipper because that Shipper's contact is unavailable, such Shipper will be solely responsible for any consequences arising from such failure of communication.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

(c) Upstream Curtailment: If the Delivering Pipeline curtails or interrupts deliveries of Shipper's gas to Transporter, transportation by Transporter shall likewise be curtailed or interrupted and Shipper will be responsible for arranging adjustments of transportation quantities on all upstream pipelines.

(d) Balancing Nominations. Nominating Party shall similarly nominate to Transporter's Nomination personnel the quantity of natural gas to be used to balance Receiving Party Imbalances and Shipper Imbalances, as defined in Section 14 hereof, and shall schedule such balancing gas in accordance with Transporter's nomination procedures, subject to available capacity. A nomination request may include both daily nominations and balancing nominations but such nominations must be separately identified so that priorities of service can be maintained. To the extent capacity is unavailable to meet all imbalance makeup requests, Transporter will allocate available capacity pro rata based on balancing nominations.

(e) All nominations are subject to the following conditions:

(i) If requests for Rate Schedule FT-1 service on any day exceed available capacity at any constraint point on Transporter's system, the excess of such requests will be resolved to the extent possible, first, by denying requests for scheduled overrun or balancing service.

Second, equal scheduling priority through a mainline throughput constraint point will be given to service for a Shipper nominating between primary Receipt Points and Delivery Points and service for a Shipper nominating between alternate Receipt Points or Delivery Points to the extent that the latter Shipper has primary points which establish a call on the relevant throughput capacity. A Shipper's right to or call upon capacity at a mainline throughput constraint point will be equal to the lesser of the sum of its total maximum daily quantities at primary Receipt Points upstream of the throughput constraint point or the sum of its total maximum daily delivery obligations at primary Delivery Points downstream of the throughput constraint point.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

Finally, any remaining throughput capacity will be allocated on a pro rata basis as set forth in Section 12 of the General Terms and Conditions among Shippers without a call on the throughput constraint point capacity.

To the extent that requests on any day to use alternate Receipt Points and Delivery Points exceed available capacity at any such point (after considering the superior claim on such capacity by Shippers using the points as primary Receipt Points or Delivery Points, capacity shall be awarded to each firm Shipper on a pro rata basis as set forth in Section 12 of the General Terms and Conditions.

Nominations by any Shipper in excess of such Shipper's rights to throughput capacity or Receipt Point or Delivery Point capacity will be deemed to be overrun volumes for scheduling and curtailment purposes to the extent that a Shipper's total nominations also exceed its contract demand under the relevant Service Agreement.

(ii) Nominating Party/Shipper is responsible to ensure that the gas supply is available in sufficient quantity at the designated Receipt Point before the nominations are communicated to Transporter. Preceding the confirmation of nominations, Transporter has the right to verify the consistency of each nomination with Transporter's service agreements with Shipper(s), availability of capacity upstream of Transporter's system, and the availability of mainline capacity necessary to transport the gas. Transporter may reject nominations if such information cannot be verified. Transporter will notify Receiving Party and/or Nominating Party and/or Shipper of the quantity that Transporter can receive and deliver pursuant to the procedures in Section 13.4 below.

(iii) Nominating Party/Shipper is responsible for the accuracy of all nomination requests. Transporter will only receive nominations by telecopy. All nomination information, except volume data, is considered correct and confirmed by Nominating Party when it is communicated to Transporter.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

(f) Segmentation of Capacity. To the extent operationally feasible, any Shipper receiving firm Transportation Service may segment its capacity by nominating from Receipt Points to Delivery Points along the Transporter's pipeline.

(i) Quantities may not be nominated in any manner that is inconsistent with these General Terms and Conditions or would cause the quantities of gas flowing at any location in any segment to exceed the Shipper's MDQ; and

(ii) If such segmentation occurs pursuant to any capacity release, Transporter shall be entitled to ensure that nominations of the applicable Replacement and Releasing Shippers are not inconsistent with the limitation set forth in Section 13(1)(e)(i) above.

(iii) To the extent operationally feasible, segmentation may be used to complete separate forward and backhaul deliveries to the same point.

13.2 Nomination Changes After the Start of the Gas Day. Nomination changes may be made after the start of the Gas Day pursuant to the Intraday 1 and Intraday 2 Nomination Cycles. (NAESB 1.3.8)

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GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

13.3 Confirmation and Scheduling of Gas Receipts and Deliveries.

(i) With respect to the timely nomination/confirmation process at a Receipt Point or Delivery Point, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the lesser of the confirmation quantity or the previously scheduled quantity should be the new confirmed quantity.

(ii) With respect to the processing of requests for increases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the scheduled quantity for the previous nomination cycle for the subject Gas Day should be the new confirmed quantity.

(iii) With respect to the processing of the requests for decreases during the intraday nomination/confirmation process, in the absence of agreement to the contrary, the lesser of the confirmation quantities should be the new confirmed quantity, but in any event no less than the elapsed-prorated-scheduled quantity. If there is no response to a Request For Confirmation or an unsolicited Confirmation Response, the greater of the confirmation quantity or the elapsed-prorated-scheduled quantity should be the new confirmed quantity.

(iv) With respect to NAESB Standard 1.3.22 i, ii, and iii, (13.3 i, ii, & iii above) if there is no response to a request for confirmation or an unsolicited confirmation response, the Transportation Service Provider should provide the Service Requester with the following information to explain why the nomination failed, as applicable:

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GENERAL TERMS AND CONDITIONS
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13. OPERATING CONDITIONS (Continued)

(1) the Service Requester's Transportation Service Provider did not conduct the confirmation;

(2) the Service Requester is told by its Transportation Service Provider that the upstream confirming party did not conduct the confirmation;

(3) the Service Requester is told by its Transportation Service Provider that the upstream Service Requester did not have the gas or submit the nomination;

(4) the Service Requester is told by its Transportation Service Provider that the downstream confirming party did not conduct the confirmation;

(5) the Service Requester is told by its Transportation Service Provider that the downstream Service Requester did not have the market or submit the nomination.

This information should be imparted to the Service Requester on the Scheduled Quantity document. (NAESB 1.3.22)

All nominations are considered scheduled and confirmed for receipt and/or delivery when confirmations are made available to Nominating Party and/or Shipper and/or Receiving Party via telecopy.

13.4 Limitation Upon Transporter's Daily Transportation Obligation. Transporter shall not be obligated to deliver to Receiving Party on any day a greater quantity of gas than it has received and scheduled for delivery. Transporter is not obligated to manipulate its pipeline operation in order for the Receiving Party to avoid unauthorized overruns as provided in Section 14 of the General Terms and Conditions, or the Receiving Party to avoid operating expenses of compression or other related facilities on its system.

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GENERAL TERMS AND CONDITIONS
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13. OPERATING CONDITIONS (Continued)

13.5 Declared Entitlement Period: A Declared Entitlement Period is a time period, declared by Transporter, during which unauthorized overrun or underrun provisions apply as a result of an interruption or curtailment due to capacity constraints, supply interruptions, or the existence of any undertake or overtake situation which jeopardizes system integrity. As early as reasonably possible, but no later than two hours prior to commencement of the gas day, Transporter will notify Receiving Party when a Declared Entitlement Period is in effect. Transporter may not announce a Declared Entitlement for the coming gas day after close of the confirmation process on the day prior to such gas day unless (i) Transporter has given a warning based on available data, posted to Transporter's web site and noted in a Receiving Party's or Shipper's confirmation notice, prior to the close of such confirmation period, of the possibility of a Declared Entitlement, or (ii) changes to operational circumstances or data occur after the close of such confirmation process which Transporter determines required Declared Entitlements.

Operating conditions that may trigger post-confirmation, same-day entitlements are extensive supply failure, storage facility failure, pipeline or compression failure, excess linepack drafting, unexpected and extremely cold weather, or firm curtailment. Transporter will provide Shippers with actual notice of such operating conditions in the form of a telephone call or a facsimile.

Transporter will identify that portion of the system contributing to the operation problem or will identify specific Receiving Party(s) deviating from daily nominations for the previous day by at least 10% and will announce that a Declared Entitlement Period will apply only to that portion of the system or to such Receiving Party(s). Due to operational constraints on Transporter's system, there may be instances when a Declared Entitlement Period will apply to Transporter's entire system. Transporter will specify the entitlement as either an overrun or an underrun entitlement for Receiving Party. If deliveries to Receiving Party or Shipper exceed scheduled and authorized volumes during any day that such Declared Entitlement Period is in effect or deliveries are less than authorized volumes in an undertake situation, the unauthorized overrun or underrun charge provisions as described in Section 14 of the General Terms and Conditions will apply.

The provisions of Section 13.2, Nominations Changes After the Start of the Gas Day, are applicable to allow Shippers to adjust receipts and/or deliveries as necessary during such Declared Entitlement Period.

13.6 Records of Scheduled Quantities. Transporter shall keep accurate records of the quantities of gas nominated and scheduled for transportation, and any imbalances, which records shall be made available to

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

Receiving Party or Shipper upon request. If Receiving Party's gas is commingled with other gas at the point of receipt or at the point of delivery, the scheduling arrangements and Transporter's records shall include procedures for the allocation of the total quantity at such points. See Section 14 of the General Terms and Conditions.

13.7 Arrangements Prior to Receipt and After Delivery. It shall be Shipper's obligation to make arrangements with other parties for delivery of gas into Transporter's system at the Receipt Point and for the receipt of gas after transportation at the Delivery Point(s). Shipper shall be obligated in such arrangements to require dispatching and operating coordination with Transporter and access to appropriate charts and records. Such arrangements shall not be accepted by Transporter unless found to be satisfactory by Transporter. Shipper shall pay for any and all third party services including, but not limited to compression, processing, gathering, transportation or assigned nominating and balancing responsibilities or services.

13.8 Operating Information and Estimates. Upon request of Transporter, Shipper shall from time to time submit its best estimates of the daily, monthly and annual volumes of gas to be transported, including peak day requirements, together with such other operating data as Transporter may require in order to schedule its operations.

13.9 System Operations. Transporter shall not be required to compress transportation gas into its pipeline, lower its system operating pressure, alter the direction of gas flow, or alter other operation or utilization of its facilities or otherwise change its normal pipeline operations in order to receive, transport or deliver gas hereunder.

13.10 Receipt Point and Delivery Points. Refer to Section 2 of the General Terms and Conditions for operating procedures and pressures at Receipt Point and Delivery Points. Once confirmed as outlined in Section 13.1, service to an alternate Receipt Point and/or Delivery Point shall have the same priority of service rights as a primary Receipt Point and/or Delivery Point.

13.11 Lost and Unaccounted-For Gas. In addition to the payments for transportation, Shipper shall reimburse Transporter for Shipper's pro rata share of lost and unaccounted for gas.

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GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

13.12 Balancing. Balancing of thermally equivalent volumes of gas received and delivered shall be achieved as nearly as feasible on a daily basis, with any cumulative imbalance accounted for as provided in Section 14. Imbalance makeup shall be nominated and scheduled in accordance with the nomination procedures of this Section or netted or traded as provided in Section 14.

13.13 System Integrity. Nothing herein shall limit Transporter's right to take actions or to require Receiving Parties or Shippers hereunder to take actions of whatever nature may be required to correct any situations which may threaten the operation or integrity of its system, including maintenance of service to other customers. Among the actions Transporter shall be entitled to take is the issuance of Operational Flow Orders in accordance with Section 13.14 below.

13.14 Operational Flow Order ("OFO")

(a) Transporter, in its reasonable discretion, will have the right to issue OFOs when in its reasonable judgment it is necessary to maintain or restore the operational integrity of its system. Additional circumstances under which Transporter may determine that OFOs may be issued include, but are not limited to:

- (1) Responding to an event of force majeure;
- (2) When an emergency arises that impacts line pack in order to insure maintenance of the necessary level of line pack; and
- (3) Accommodating emergency maintenance and repairs; and/or,
- (4) Preventing receipts or deliveries that conflict with contractual entitlements of others.

(b) An OFO identical in terms to that of the Delivering Pipeline shall be deemed to be issued automatically by Transporter whenever the Delivering Pipeline issues an OFO affecting deliveries to Transporter.

(c) Whenever possible, Transporter shall identify those Shipper(s) whose action(s) require Transporter to issue an OFO and shall limit the applicability of the OFO to such Shipper(s). If Transporter is unable to identify those Shipper(s) whose action(s) require issuance of an OFO, or if issuance of an OFO to discrete Shipper(s) is insufficient to alleviate the conditions requiring the issuance of such OFO, Transporter may issue an additional OFO applicable to all Shippers on a nondiscriminatory basis.

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GENERAL TERMS AND CONDITIONS
(Continued)

13. OPERATING CONDITIONS (Continued)

(d) On the day prior to commencement of the gas day, no later than 5:00 p.m. Central Clock Time (3:00 p.m. Pacific Clock Time), during the scheduling and confirmation procedure, the OFOs will be posted on Transporter's webpage, to be followed by a facsimile, written notice, or other mutually agreeable means of electronic communications to affected Shippers that will set forth the causes or conditions necessitating the OFO. Transporter shall issue an OFO as expeditiously as is reasonable and practicable in the circumstances. Each Shipper shall designate an operational contact for Transporter to notify on a 24 hour a day, 365 days a year basis. If Transporter is unable to notify any Shipper because that Shipper's contact is unavailable, such Shipper shall be solely responsible for any consequences arising from such failure of communication. When practicable, Transporter shall provide sufficient notice to customers to accommodate scheduling requirements on upstream pipelines. Each OFO will contain the following provisions:

- (i) time and date of issuance
- (ii) time that OFO is considered to be effective (if no time is specified, the OFO will be effective immediately);
- (iii) duration of the OFO (if not specified, the OFO will be effective until further notice);
- (iv) the party or parties receiving the OFO;
- (v) causes or conditions requiring the issuance of an OFO;
- (vi) specific action necessary to remedy the condition identified in (v) above; and
- (vii) any other term Portland General may reasonably require to ensure the effectiveness of the OFO.

Unless otherwise specified in the OFO, compliance must commence at the Beginning of the applicable gas day.

(e) Failure to Comply with OFO. If Shipper (or Shipper's designee or successor) fails to comply with the terms of an OFO for reasons other than force majeure such Shipper, its designee or successor shall be liable for a penalty equal to the greater of twenty-five dollars (\$25.00) or four (4) times the highest absolute price at Sumas, Washington as reflected in the Daily Price Survey published in "Gas Daily" for each

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(Continued)

13. OPERATING CONDITIONS (Continued)

of the days during which a Shipper fails to comply with an OFO for each Dth of gas that does not comply. Transporter may in its reasonable judgment waive on a nondiscriminatory basis penalties due to noncompliance with an issued OFO. No penalties shall be assessed on Shipper for noncompliance with an issued OFO when such OFO is due to force majeure invoked by Transporter.

(f) Penalty Revenue Crediting. Transporter shall credit penalty revenues, less reasonable administrative and operating costs, received by Transporter pursuant to Section 13.13(e) during any month. Such credits will be allocated to all firm capacity rights customers, except each penalty revenue credit shall be allocated only to those customers who were not assessed any such penalty in the month for which such penalty revenues are to be credited. The credits will be allocated to the Specified Customers pro rata in proportion to reservation revenue (total revenue, net of credits from capacity releases as described in Section 20 of the General Terms and Conditions, less volumetric charges and all surcharges) received by Transporter from each and all of the Specified Customers for each applicable month. Such revenue credits shall be reflected as a credit billing adjustment to the next month's billings rendered after the applicable month. In the event that such credit billing adjustments would result in a credit total invoice to any Specified Customer, Transporter will refund the credit billing adjustment to the Specified Customer in cash within 15 days after determination of the amount of the credit due to the Specified Customer.

(g) Shipper Not Liable. Shipper will not be liable for any penalties which might otherwise be imposed by Transporter with respect to any action taken by such Shipper in conformance with an OFO issued by Transporter.

(h) Transporter Not Liable. Transporter will not be liable for any damages, costs or expenses incurred as a result of an OFO.

(i) Reporting. Within ten (10) days after an OFO terminates, Transporter will post a report containing information on the factors that caused the OFO to be imposed and to be terminated.

13.15 Disaster Recovery Procedures. In the event of a disaster such that Transporter's or Receiving Party's communication capability is not available for confirmation and scheduling of gas receipts and deliveries, nominations will remain in effect as confirmed for the most current day, unless alternate emergency communication methods are established.

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GENERAL TERMS AND CONDITIONS
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13. OPERATING CONDITIONS (Continued)

13.16 Interconnect Balancing Agreements. Transporter may enter into and operate pursuant to interconnect balancing agreements with other pipelines or gas suppliers relating to operating procedures governing nominating, scheduling and balancing for the receipt or delivery of gas at points of interconnection. As part of the provisions of these agreements, Transporter will allow the trading of imbalances between Receipt Points or between Delivery Points located in the same geographical area.

13.17 Pre-Determined Allocations ("PDAs"). In the event an OBA is not in effect at a particular interconnecting point on Transporter's system, the following will apply:

Transporter and Shipper shall list in Shipper's service agreement allocation methodology types agreed upon: Ranked, Pro Rata, Percentage, Swing, and Operator Provided Value. (NAESB WGQ Standard 2.3.16)

The same standard allocation methodologies shall be available for use at all points. (NAESB WGQ Standard 2.3.17)

The types of allocation methodologies is a list from which two parties may agree. If the two parties cannot agree upon an allocation methodology, pro rata based upon confirmed nominations should be used as the default method. The party responsible for custody transfer (the party performing the measurement function) should provide the allocation. (NAESB WGQ Standard 2.3.18)

The timing for reporting daily operational allocations after the gas has flowed is within one business day after end of gas day. If the best available data for reporting daily operational allocations is the scheduled quantity, that quantity should be used for the daily operational allocation. (NAESB WGQ Standard 2.3.21)

This standard applies to the daily provision of operational allocated quantities whether they are provided pursuant to NAESB WGQ Standard 2.4.3 or NAESB WGQ Standard 2.4.4.

Upon request to its Transportation Service Provider (TSP), a Service Requester (SR) should be provided operational allocated quantities pursuant to WGQ Standard 2.4.3 or 2.4.4 for the transaction(s) which have been scheduled by such TSP for the SR.

A TSP can agree to send the operational allocated quantities on a daily basis to a SR rather than accept the Request for Information

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13. OPERATING CONDITIONS (continued)

(NAESB WGQ Standard 2.4.7) for operational allocated quantities.

A TSP is not required to support requests for operational allocated quantities other than on an "all locations for a SR basis." Where a TSP has determined to support this standard in a manner other than:

- a) providing specific operational allocated quantities in response to a request for same, or
- b) providing operational allocated quantities on an "all locations for an SR basis," then the SR can rely on the absence of a line item(s) provided by a TSP as indicative that the particular line item(s)' scheduled quantities are operational allocated quantities.
(NAESB WGQ Standard 2.3.21)

The time limitation for disputes of allocations shall be 6 months from the date of the initial month-end allocation with a 3-month rebuttal period. This standard shall not apply in the case of deliberate omission or misrepresentation or mutual mistake of fact. Parties' other statutory or contractual rights shall not otherwise be diminished by this standard. (NAESB WGQ Standard 2.3.26)

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GENERAL TERMS AND CONDITIONS
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14. DETERMINATION OF DELIVERIES AND IMBALANCES

14.1 Determination of Deliveries. This Section applies to those situations where the gas delivered by Transporter into the facilities of any Receiving Party is applicable to more than one Service Agreement.

Transporter shall attribute the total volume of gas delivered to Receiving Party each day to each Service Agreement in the following sequence as applicable:

(a) First - The volume of gas scheduled for delivery by Nominating Party and Transporter under firm transportation Service Agreements.

(b) Second - The volume of gas scheduled for delivery by Nominating Party and Transporter under interruptible transportation Service Agreements where Shipper is not the Receiving Party.

(c) Third - The volume of gas scheduled for delivery by Nominating Party and Transporter under interruptible transportation Service Agreements where Shipper is the Receiving Party.

14.2 Imbalances and Penalties at Delivery Points. Penalties and overrun and underrun charges as described in Sections 14.3 and 14.5 will be levied by Transporter against the Receiving Party who controls the facilities into which gas is delivered ("Receiving Party Imbalances") unless the Receiving Party has executed an OBA with Transporter and that OBA also covers receipts by Transporter from the Receiving Party. If the Receiving Party has not executed an OBA and incurs either an overage or underage in takes from Transporter, due to a failure to take quantities of gas equivalent to the total of all Nominating Party nominations for deliveries into its facilities, such penalties and overrun or underrun charges will be applied as described in this Section. Such Receiving Party will be responsible for all Receiving Party Imbalances and associated penalties and charges, regardless of whether or not the Receiving Party has a Service Agreement with Transporter. If any Receiving Party has more than one Service Agreement with Transporter, all Receiving Party Imbalances will be on that Service Agreement with Receiving Party which is last in the determination of delivery categories, as per Section 14.1, unless otherwise agreed upon by the parties.

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GENERAL TERMS AND CONDITIONS
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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

Transporter may in its reasonable judgment waive any penalties hereunder and shall waive any penalties due to Receiving Party/Shipper Imbalances which result from errors made by Transporter or which result from force majeure invoked by Transporter.

14.3 Receiving Party Imbalances and Penalties. If Receiving Party's cumulative monthly Receiving Party Imbalance is more than 500 Dth or 2 percent, above or below total confirmed nominations for that month, whichever is greater, Transporter shall notify Receiving Party that Receiving Party Imbalances exceed allowed tolerances. Such notice shall be provided by the fifteenth day of the month following the month service is rendered. Transporter will notify Receiving Party of any Receiving Party Imbalances, and specify whether a penalty situation exists. Receiving Party will be given 15 non-entitlement days from the date of notification by Transporter to eliminate any Receiving Party Imbalances. If at the end of such 15 non-entitlement day period Receiving Party remains in a penalty situation, Receiving Party shall pay a penalty to Transporter equal to the greater of \$25.00/Dth or two times the first of the month price at Sumas, Washington for the month following the imbalance month on the imbalance over the greater of 500 Dth or 2%, as described above. This penalty will only be imposed if Transporter's system integrity is imperiled and Transporter has given notice of such system imperilment to Receiving Parties. Receiving Party Imbalances shall be cumulative and Receiving Party must specifically adjust nominations as necessary to eliminate such imbalances.

14.4 Receiving Party Imbalance Netting. Upon Shipper's request, Transporter will net Receiving Party Imbalances with Receiving Party Imbalances, and Receiving Party Imbalances with Shipper Imbalances (as defined in Section 14.7 hereof), between a Shipper's Service Agreements, provided that Shipper will reimburse Transporter for any difference in transportation revenues that may result from such netting. In any case, a Shipper netting a positive Shipper Imbalance (Transporter owes Shipper) for a negative Receiving Party Imbalance (Receiving Party owes Transporter) will be subject to volumetric transportation charges for the delivery of that imbalance quantity. Netting between a Shipper's Service Agreements, when offsetting a Receiving Party Imbalance with a Shipper Imbalance, will be limited to a maximum quantity equal to the smallest imbalance under the agreements being netted. If a Receiving Party fails to eliminate Receiving Party Imbalances within the allowed period referenced above, in addition to any penalties applied hereunder, Transporter shall have the right to adjust nominations, receipts or deliveries in order to achieve a balance. Receiving Party imbalances may also be eliminated by trading imbalances between Service Agreements with third parties as set forth in Section 14.9.

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GENERAL TERMS AND CONDITIONS
(Continued)

14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

14.5 Daily Overrun and Underrun Provisions.

(a) Unauthorized Overrun and Underrun Volumes. If, on any day, the total quantity of gas taken by Receiving Party from Transporter determined pursuant to Section 14.1 of the General Terms and Conditions exceeds or is less than the total quantity of gas which Receiving Party is entitled to take on such day as defined below, then all gas taken in excess of such entitlement or not taken within said entitlement shall constitute unauthorized overrun or underrun volumes. Each Declared Entitlement Period shall be specified as either an overrun or an underrun entitlement for Receiving Party such that only one penalty condition may exist at one time.

(b) Receiving Party's Daily Entitlement. The total quantity of gas which Receiving Party is entitled to take from Transporter on any day consists of the sum of the following quantities:

(i) The volume of gas in Dth authorized by a confirmed nomination for delivery to Receiving Party on such day under firm transportation Service Agreements.

(ii) The volume of gas in Dth authorized by a confirmed nomination for delivery to Receiving Party on such day under interruptible transportation Service Agreements.

If Receiving Party is receiving gas under some, but not all, of such Service Agreements, Receiving Party's entitlement shall be determined as the sum of the respective quantities shown above for only those Rate Schedules which are applicable.

(c) Daily Unauthorized Overrun and Underrun Charges. The daily unauthorized overrun or underrun charges shall be applied, as explained below, during a Declared Entitlement Period, either as a result of capacity constraints, supply interruption or an undertake situation applicable to any Receiving Party, when Transporter has so notified such Receiving Party prior to the start of the Gas Day. These charges are not intended to apply to occasional or minor supply interruptions which would not have a detrimental impact on Transporter's operations or on other Receiving Parties. Under such circumstances, Transporter would not notify Receiving Party that a Declared Entitlement Period is in effect.

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GENERAL TERMS AND CONDITIONS
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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

In the event an undertake situation exists, Transporter shall notify each Receiving Party of the volume required to be taken off the system within the next 72 hours as imbalance make-up to eliminate the underrun imbalances so as to return the system to a reasonable operational level and avoid the imbalance penalty as specified in Section 14.5(c)(v). Such volumes shall be based upon cumulative underrun imbalances which contributed to the underrun imbalance problem as determined by Transporter's operational data up to the date of the Declared Entitlement Period and calculated for each Receiving Party in proportion to such party's undertakes. Daily unauthorized underrun charges as specified in Sections 14.5(c)(iii) and (iv) will also apply if Receiving Party causes additional unauthorized underrun imbalances during a Declared Entitlement Period.

Receiving Party shall pay Transporter for all unauthorized overrun or underrun volumes, as defined in Section 14.5(a) above, that meet or exceed 3% of Receiving Party's entitlement as set forth in Section 14.5(b) with respect to unauthorized overrun volumes and 5% of Receiving Party's entitlement as set forth in Section 14.5(b) with respect to unauthorized underrun volumes. The following amounts will be payable in addition to the amounts otherwise payable by Receiving Party to Transporter under Transporter's applicable Rate Schedules:

(i) For that part of the unauthorized overrun volume which is 3% or more but less than 5% of Receiving Party's entitlement for such day, an amount equal to the Index Price (as defined in this Tariff in Part III - Statement of Rates) on the date of the overrun per Dth.

(ii) For that part of the unauthorized overrun volume which is equal to or greater than 5% of Receiving Party's entitlement for such day, an amount equal to the greater of \$25.00 or two times the Index Price (as defined in this Tariff in Part III - Statement of Rates) on the date of the overrun per Dth.

(iii) For that part of the unauthorized underrun volume which is at least 5% but less than 10% of Receiving Party's entitlement for such day, an amount equal to the Index Price (as defined in this Tariff in Part III - Statement of Rates) on the date of the underrun per Dth.

(iv) For that part of the unauthorized underrun volume which is equal to or greater than 10% of Receiving Party's entitlement for such day, an amount equal to the greater of \$25.00 or two times

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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

the Index Price (as defined in this Tariff in Part III - Statement of Rates) on the date of the underrun per Dth.

(v) In addition to (iii) and (iv) above, for that part of the unauthorized underrun imbalances not taken within the 72 hour period as set forth in Section 14.5(c), an amount equal to two times the Index Price per Dth.

(e) Waiver. Transporter will waive all or a portion of the daily unauthorized overrun and underrun charges provided in Section 14.5(c) when Transporter fails to make Scheduled Quantities available to point operators and Shippers, including bumped parties, at the times specified in Section 13.1(a) for any of the Nomination Cycles, provided that:

(i) Transporter was solely at fault for the failure to make the Scheduled Quantities available; and

(ii) the affected party demonstrates that the failure to provide Scheduled Quantities on a timely basis materially impacted such party's ability to stay within its Declared Entitlement levels.

The waiver will not apply (1) to gas that flowed more than one hour after the start of the Gas Day if Scheduled Quantities are made available prior to the start of the Gas Day or (2) to gas that flowed more than one hour after Scheduled Quantities were made available for nominations submitted during the Intraday 1, Intraday 2, or Intraday 3 Nomination Cycles.

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GENERAL TERMS AND CONDITIONS
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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

14.6 Penalty Revenue Crediting. One hundred percent (100%) of all penalty revenues received by Transporter during any applicable month will be credited to firm and interruptible transportation customers. Such credits will be allocated to all firm and interruptible transportation customers (collectively, the "Specified Customers"), except each penalty revenue credit applicable to unauthorized overrun or underrun penalties shall be allocated only to those Specified Customers who were not assessed an unauthorized overrun or underrun penalty within the month for which such penalty revenues are to be credited. The penalty revenue credits will be allocated to the Specified Customers pro rata in proportion to reservation revenue (total revenue, net of credits from capacity releases as described in Section 20 of the General Terms and Conditions, less volumetric charges and all surcharges) received by Transporter from each and all of the Specified Customers for each applicable month. Such penalty revenue credits shall be reflected as a credit billing adjustment to each March billing for credits accrued during the prior calendar year. In the event that such credit billing adjustments would result in a credit total invoice to any Specified Customer, Transporter will refund the credit billing adjustment to the Specified Customer by check within 30 days after determination of the amount of the credit due to the Specified Customer.

14.7 Shipper Imbalances. At the time Transporter notifies Shippers of daily confirmations, Transporter will also notify Shippers of any imbalance resulting from the differences between upstream and downstream confirmations when either the upstream confirmation and/or downstream confirmation is for a nomination with an interconnecting pipeline ("Shipper Imbalances").

If a Shipper's cumulative monthly Shipper Imbalance is more than 500 Dth or 2 percent, above or below total confirmed nominations for the month, whichever is greater, the Shipper will have exceeded allowed tolerances. A Shipper will then have 15 non-entitlement days from the date of Transporter's invoice showing a Shipper Imbalance in excess of allowed tolerances to eliminate such excess imbalance; otherwise, Shipper will be subject to a Shipper Imbalance penalty as described in Section 14.10. This Shipper Imbalance penalty shall only be applied when Transporter's system integrity is imperiled and Shipper has been given notice of such system imperilment. The 15-day period will be extended proportionately if, and to the extent that, Shipper's failure to eliminate its excess imbalance is caused by Transporter's inability, due to operating or

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GENERAL TERMS AND CONDITIONS
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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

force majeure conditions to accommodate Shipper's make-up nominations, provided such nominations are from Shipper's primary Receipt Points. A Shipper may eliminate Shipper Imbalances by scheduling imbalance gas in accordance with the procedures outlined in Section 14 hereof.

14.8 Shipper Imbalance Netting. Upon Shipper's request, Transporter will net Shipper Imbalances with Shipper Imbalances, and Shipper Imbalances with Receiving Party Imbalances, between its Service Agreements, provided that Shipper will reimburse Transporter for any difference in transportation revenues that may result from such netting. In any case, a Shipper netting a positive Shipper Imbalance (Transporter owes Shipper) for a negative Receiving Party Imbalance (Receiving Party owes Transporter) will be subject to volumetric transportation charges for the delivery of that imbalance quantity. Netting between a Shipper's Service Agreements, when offsetting a Receiving Party Imbalance with a Shipper Imbalance, will be limited to a maximum quantity equal to the smallest imbalance under the agreements being netted. Shipper Imbalances may also be eliminated by trading imbalances with third parties as set forth in Section 14.9.

14.9 Shipper/Receiving Party Imbalance Trading. A Shipper or Receiving Party may eliminate imbalances by trading imbalances between Service Agreements with third parties provided that Transporter will be reimbursed for any difference in transportation revenues that may result from such trading. In any case, a Shipper trading a positive Shipper Imbalance (Transporter owes Shipper) for a negative Receiving Party Imbalance (Receiving Party owes Transporter) will be subject to transportation charges for the delivery of that imbalance quantity. Trading between Service Agreements of third parties, when a Receiving Party Imbalance is traded with a Shipper Imbalance or another Receiving Party Imbalance, will be limited to a maximum quantity equal to the smallest imbalance under the agreements being traded.

(a) All imbalance trading shall be conducted via telecopy/facsimile transmissions. If Shipper/Receiving Party desires to trade imbalances, Shipper/Receiving Party must consent to Transporter's release of necessary information regarding its imbalance.

(b) Shippers are responsible for making whatever arrangements they deem necessary to finalize and document the imbalance trade among themselves.

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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

(c) Transporter will not be liable for any losses incurred by a Shipper if a Shipper is unable to complete an imbalance trade once Shipper has notified Transporter of his desire to consummate an imbalance trade.

(d) Any imbalance gas being traded will still be deemed to be imbalance gas and will be subject to: (1) scheduling provisions in Section 13; (2) the priority of service provisions in Section 12; and (3) the penalty provisions in Section 14.

14.10 Assessment of Shipper Imbalance Penalties. Shipper shall have fifteen non-entitlement days from the date of Transporter's invoice to adjust excess Shipper Imbalances as described in Section 14.7 to allowed tolerance levels or be subject to the following:

(a) For excess Shipper Imbalances resulting from confirmed nominations for deliveries by Transporter exceeding confirmed Shipper nominations for receipts from an interconnecting pipeline, Shipper will pay a penalty of the greater of \$25.00 per Dth or two times the first of next month's index price at Sumas, Washington, such penalty to be payable within 10 days after receipt of any assessment from Transporter.

(b) For excess Shipper Imbalances resulting from confirmed nominations for receipt from Shipper exceeding confirmed nominations for deliveries by Transporter any such excess volumes shall become the property of Transporter at no cost to Transporter and shall be free and clear of any adverse claims related thereto.

Transporter shall exempt Shippers from Shipper Imbalance penalties resulting from OFO compliance and provide an additional 30 days to correct OFO-related Shipper Imbalances.

No penalty under this section shall be imposed unless Transporter's system is imperiled and notice of such system imperilment has been given to Shipper(s).

14.11 Assessment of Charges on Imbalances at Termination of Service Agreement. Transporter and Shipper shall eliminate any cumulative imbalances between receipts and deliveries of gas existing at the termination of a Service Agreement within fifteen non-entitlement days after the date of Transporter's invoice. At the end of the fifteen

PART IV
GENERAL TERMS AND CONDITIONS
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14. DETERMINATION OF DELIVERIES AND IMBALANCES (Continued)

day period, any gas which was delivered by Transporter for which equivalent volumes were not received by Transporter from Shipper shall be paid for by Shipper at the greater of \$25.00 per Dth or two times the first of the month price at Sumas, Washington. Shipper shall pay such amount within 10 days after receipt of such bill. Any gas received by Transporter in excess of that delivered for Shipper which remains in Transporter's system at the end of the fifteen day period shall become the property of Transporter at no cost to Transporter and free and clear of any adverse claims related thereto.

14.12 Imbalances with Other Parties. Transporter shall not be responsible for eliminating any imbalances in volumes transported that accrue between Receiving Party or Shipper and any other party, including without limitation any volume imbalances that accrue between local distribution companies and specific end-users or between producers or pipelines and local distribution companies or end-users. Furthermore, Transporter shall not be obligated to adjust or deviate from its standard operating and accounting procedures in order to alleviate such imbalances.

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GENERAL TERMS AND CONDITIONS
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15. FERC ANNUAL CHARGE ADJUSTMENT -- Omitted

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GENERAL TERMS AND CONDITIONS
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16. TRANSPORTATION REQUESTS AND AFFILIATE TRANSACTIONS

16.1 Transportation Request Procedures. The procedures in this Section 16 contain the requirements for requesting new transportation service and amendments and additions to existing service. However, the procedures contained herein are modified for Capacity Release service, as explained in Section 20 of the General Terms and Conditions.

16.2 Information to be Supplied by Shipper. All requests for service shall be made to Transporter in writing. At the time of request for transportation, Shipper or any agent of Shipper entering into a Service Agreement shall warrant that Shipper has title, or the right to acquire title, to the gas that is to be transported. Shipper may either complete a Transportation Request and Exhibits A, B and C, or in lieu of the completed forms, provide to Transporter in writing, the same information required on a Transportation Request and Exhibits A, B and C. Amendments to Receipt Points or Delivery Points or associated volumes under Rate Schedule FT-1 shall be considered to be requests for service but shall be documented in accordance with the procedures set forth in such rate schedules. The form of such Transportation Request and related exhibits is set forth in Section 24 of the General Terms and Conditions. Each request shall be considered effective on the date the information required on the Transportation Request is received by Transporter.

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GENERAL TERMS AND CONDITIONS
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16. TRANSPORTATION REQUESTS AND AFFILIATE TRANSACTIONS (Continued)

16.3 Public Access to Transportation Information.

(a) Transporter shall maintain a capacity allocation log pursuant to 18 CFR Section 250.16(c) of the Commission's regulations.

(b) If Transporter posts generally applicable discounted rates for any of its transportation services, notice shall be given via Transporter's EBB. Other discounts will be granted on a case-by-case basis. All discount data will be maintained as required by 18 CFR Section 250.16(d) of the Commission's regulations.

(c) Transporter has very limited capacity on its system available for firm transportation. Available capacity will be posted on the EBB. Capacity that is posted pursuant to Section 22.2 of the General Terms and Conditions will be awarded only as set forth in Section 22. Any shipper desiring discounted firm transportation on available capacity or firm transportation requiring the construction of new capacity should submit a written request for such service which will be evaluated by Transporter. Additionally, any Shipper may solicit capacity as a Potential Replacement Shipper as set forth in Section 20 of the General Terms and Conditions.

(d) Requests for interruptible transportation may exceed the available capacity on Transporter's system. Therefore, capacity is available only pursuant to the priority of service procedures set forth in Section 12 of the General Terms and Conditions. The availability of interruptible capacity will be posted to Transporter's EBB.

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GENERAL TERMS AND CONDITIONS
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17. COMPLAINT PROCEDURES

17.1 Shippers are first encouraged to work with Transporter to resolve problems on an informal basis, prior to filing a formal complaint.

17.2 In the event of an unresolved problem, Shipper should submit a complaint in writing to Transporter at the following address:

Manager, Transmission & Reliability Services
Portland General Electric Company
121 S.W. Salmon Street
3 WTC-0402
Portland, OR 97204

17.3 Transporter will respond initially within 48 hours and in writing within 30 days to such complaints.

17.4 A Shipper may also file a complaint with the Commission pursuant to 18 CFR Section 385.206 of the Commission's regulations.

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GENERAL TERMS AND CONDITIONS
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18. NEGOTIATED RATES

18.1 Availability. Notwithstanding anything to the contrary contained in this Tariff, Transporter and Shipper may mutually agree to negotiate rates and contract term for all or any portion of the capacity under any Part 284 service agreement, provided that Shipper has not acquired its capacity under the capacity release provisions of Section 20. If only a portion of the capacity under any service agreement will be priced at Negotiated Rates, the original service agreement must first be bifurcated, and Recourse Rates will continue to apply to the service agreement not subject to the Negotiated Rates. Any Shipper may receive service at applicable Recourse Rates.

18.2 Bids/Requests for Service. Transporter will not accept Negotiated Rate bids or Negotiated Rate requests for any available capacity. However, Transporter and any Shipper with a Part 284 service agreement, except a Shipper using capacity acquired under a capacity release arrangement, may mutually agree to convert that service agreement to one subject to Negotiated Rates.

18.3 Filing Requirement. Transporter will submit to the Commission a tariff sheet stating the name of the Shipper, the Negotiated Rate, the rate schedule, the Receipt Point and Delivery Points, and the contract quantities applicable to any Negotiated Rate service agreement. Unless Transporter executes and files a non-conforming service agreement, such tariff sheet will contain a statement that the Negotiated Rate service agreement does not deviate in any material aspect from the form of service agreement in the tariff for the applicable rate schedule.

18.4 Rate Treatment. Transporter will not seek in future general rate proceedings discount-type adjustments to demand charge billing determinants for capacity converted from Recourse Rate service agreements to Negotiated Rate service agreements, unless the Recourse Rate had been discounted. In those situations where Transporter had granted a market-justified discount to the Recourse Rate and subsequently converted the service agreement to a Negotiated Rate service agreement, Transporter may seek a discount-type adjustment. Such adjustment would be based on the greater of: (i) the Negotiated Rate revenues received or (ii) the discounted Recourse Rate revenues which otherwise would have been received.

18.5 Limitations. This section 18 does not authorize Transporter to negotiate terms and conditions of service.

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GENERAL TERMS AND CONDITIONS
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19. RECEIPT AND DELIVERY FACILITIES

19.1 General. This section applies only to those receipt or delivery facilities contemplated by Section 1(b) of Rate Schedules FT-1 and Section 1(a) of Rate Schedule IT-1 needed to accommodate customer requests. This section does not apply to receipt or delivery facilities constructed by Transporter to accommodate new transportation commitments solicited by Transporter through an open season. This section is not intended to limit who may own, operate, install or pay for facilities upstream of a Receipt Point or downstream of a Delivery Point. It is the Shipper's responsibility to assure that all facilities installed and owned by Shipper or any other third party upstream of a Receipt Point or downstream of a Delivery Point comply with all applicable governmental regulations and design requirements for their intended use (i.e., pressure, control, etc.).

19.2 Construction, Operation, and Ownership.

(a) Consistent with the Agreement for the Ownership, Construction and Operation of the Kelso Beaver Pipeline (see Preliminary Statement) Transporter will construct, own, operate and maintain receipt and delivery facilities unless otherwise agreed to in writing by Transporter and Shipper. Regardless, Transporter will install, own and operate all taps and related valves or check valves on its transmission lines. Facilities to be constructed or modified may not compromise the operational integrity of Transporter's transmission system or transportation entitlements of others, and construction is subject to acquiring necessary regulatory approvals.

(b) For any receipt or delivery facilities to be constructed by Shipper, Shipper will coordinate construction of such facilities with Transporter so that Transporter may reasonably have inspectors at the site during construction. All such facilities must include any rights-of-way necessary to access facilities for inspection and maintenance. Any such facilities constructed by Shipper must be in accordance with Transporter's specifications. Transporter must approve related design drawings and bills of

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19. RECEIPT AND DELIVERY FACILITIES (Continued)

materials, and such construction will be subject to approval by Transporter's inspectors. Shipper will make a lump sum payment to Transporter for all costs associated with Transporter's design review and inspection of the facilities within 30 days of Transporter submitting an invoice detailing such costs. Interest calculated in accordance with 18 CFR Section 154.501(d) will accrue on any balance remaining after the due date specified in the invoice. Shipper assumes full responsibility and liability and agrees to hold Transporter harmless from any liability of any nature arising from the installation of such facilities by Shipper or by a third party for Shipper.

19.3 Facilities Reimbursement. All receipt or delivery facilities constructed by Transporter hereunder will be paid for by Shipper as provided below:

(a) Unless Transporter and Shipper otherwise mutually agree to the procedures set forth in Section 19.3(b) below, Shipper will reimburse Transporter in full upon completion of construction for the actual construction costs of facilities constructed by Transporter, and related income taxes; or

(b) Shipper will reimburse Transporter for the cost of service attributable to subject facilities through a facilities surcharge under a valid transportation service agreement. Determination of the initial cost of service shall be consistent with the principles underlying Transporter's currently effective transportation rates at the time Transporter and Shipper execute an agreement for the construction of the facilities. Such applicable cost of service will be adjusted prospectively to reflect Commission-approved cost factors, including only operation and maintenance and administrative and general costs actually incurred as a result of the new facilities. Transporter and Shipper may agree on a rate method which provides flexibility regarding method of payment and timing of recovery of the cost of service for the facilities. Shipper may select from the following rate methodologies for determination of its facilities surcharge:

- (1) volumetric rates;
- (2) monthly cost-of-service charges;
- (3) levelized rate payments; or
- (4) a combination of reservation and volumetric charges.

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GENERAL TERMS AND CONDITIONS
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19. RECEIPT AND DELIVERY FACILITIES (Continued)

(c) At its option, Transporter will pay all costs of acquiring any rights to real property upon which the contemplated facilities are to be constructed, as well as costs related to rights of ingress. Unless otherwise agreed, any rights of ownership and control associated with such real property will be retained by Transporter.

(d) The terms of reimbursement under Section 19.3(b) will be set forth on Exhibit C to the applicable Rate Schedule FT-1 or IT-1 service agreement between Transporter and Shipper. This reimbursement obligation may be transferred to superseding or replacement service agreements as necessary, subject to Transporter's approval.

(e) Shipper may elect at any time to cease paying a facilities surcharge under Section 19.3(b) by paying Transporter for the then remaining net book value of the facilities, including any related income taxes, at which time the applicable service agreement will be amended to reflect the termination of Exhibit C.

(f) If Shipper elects to reimburse Transporter under Section 19.3(b) and subsequently ceases operations at the end-use point or Receipt Point for which the facilities were installed, or ceases to be a Rate Schedule FT-1 or Rate Schedule IT-1 Shipper (unless its facility cost reimbursement obligations hereunder are assumed by a Replacement Shipper), Shipper will notify Transporter of such occurrence within five business days of such occurrence. Shipper will pay Transporter for the then remaining net book value of the facilities, including any related income taxes, within 30 days after Transporter submits an invoice to Shipper. Interest calculated in accordance with 18 CFR Section 154.501(d) will accrue on any balance remaining after the due date specified on the invoice.

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19. RECEIPT AND DELIVERY FACILITIES (Continued)

19.4 Existing Facilities. If Transporter has previously paid for all or a portion of Receipt Point or Delivery Point facilities under a facilities agreement with Shipper, Shipper will, nevertheless, promptly pay Transporter for Transporter's remaining net book value of such facilities, including any related income taxes, when either of the following events occurs: (1) Transporter's ability to fully recover such costs is denied in any Section 4 or Section 5 rate proceeding, or (2) Shipper permanently ceases operations at the end-use point or Receipt Point adjacent to where the facilities were installed.

19.5 Waiver of Facilities Reimbursement Policy. Transporter reserves the right to seek a waiver of the foregoing facilities reimbursement policy, for good cause shown, during any proceeding before the Commission instituted under Section 7 of the Natural Gas Act. Nothing in this policy statement will require Transporter to file an application for a certificate of public convenience and necessity under Section 7(c) of the Natural Gas Act or will prohibit Transporter from contesting an application for service filed pursuant to Section 7(a) of the Natural Gas Act.

19.6 In addition to the above requirements, Portland General will agree to construct a new interconnect or modify an existing interconnect on the following terms:

- (a) The construction of the new interconnect will not create any significant operational problems for Portland General;
- (b) The proposed interconnect will not adversely affect the rendition of existing service or adversely alter the operation of the pipeline system;
- (c) The new interconnect must be at a mutually agreeable location on the Portland General system; provided, however, that Portland General may not deny a customer's request for specific placement of the interconnect without adequate operational, environmental, or legal jurisdiction;
- (d) In order to properly and prudently design and size the new interconnect, Portland General must be provided with reasonable and reliable data concerning the interconnecting facilities, including delivery pressures, and anticipated hourly, daily, monthly and annual volume levels of the service that supports the new interconnect and such other data as is reasonably required to construct the interconnect facility.

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GENERAL TERMS AND CONDITIONS
(Continued)

19. RECEIPT AND DELIVERY FACILITIES (Continued)

(e) The new interconnect must not result in any minimum pressure receipt or delivery requirement by Portland General, unless Portland General agrees otherwise, such agreement shall not be unreasonably withheld, and Portland General shall not be responsible for any downstream parties' facilities, the operation or maintenance of such facilities, or the delivery of any unauthorized volumes to the facilities; and

(f) The service supporting the interconnect as well as the construction of the new facilities must conform with the provisions of Portland General's FERC Gas Tariff, First Revised Volume No. 1 as well as applicable regulatory requirements.

19.7 Pending Interconnection Requests. Any interconnection request received prior to the effective date of this Tariff, must be resubmitted in writing within 15 days of the effective date of this Tariff. All requests for interconnection must be submitted in writing.

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GENERAL TERMS AND CONDITIONS
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20. CAPACITY RELEASE

20.1 Definitions. For the purposes of this Section 20, the following definitions will apply to Capacity Releases.

(a) Releasing Shipper: A firm Shipper or Replacement Shipper under an executed Service Agreement subject to Part 284 of the Commission's regulations who intends to have Transportation Service Provider (TSP) post to the EBB and/or Designated Site all or any portion of its firm service to be released to a Replacement Shipper, or to a Prearranged Replacement Shipper through a prearranged capacity release transaction, or which has released its firm service.

(b) Replacement Shipper: A Shipper which has contracted for service with TSP subject to Part 284 of the Commission's regulations to utilize a Releasing Shipper's released firm service for a specified period of time. Replacement Shippers must meet all of the terms and conditions of TSP's tariff as required of any other Shipper.

(c) Potential Replacement Shipper: A Shipper which desires to acquire released firm capacity.

(d) Prearranged Replacement Shipper: A party who desires to contract directly for or who has contracted directly for capacity which is subject to Part 284 of the Commission's regulations and who has agreed to the terms of a capacity release transaction directly with a Releasing Shipper, which terms are posted to the EBB and/or Designated Site. Prearranged Replacement Shippers must meet all of the terms and conditions of TSP's tariff as required of any other Shipper.

(e) Bidder: A party submitting a bid(s) to TSP's EBB and/or Designated Site for released capacity.

(f) Open Bidding: Full disclosure of the bid(s) submitted to the EBB and/or Designated Site, excluding the Bidder(s) name.

(g) The Economic Value of a bid: The total net present value of the reservation charge bid for the release of transportation capacity. The net present value shall be computed from the monthly demand and capacity, or reservation revenues to be received over the term of the release contract, using the discounted cash flow rate of return methodology, with the rate of discounting to be published on TSP's EBB and/or Designated Site, as amended from time to time. (NAESB WGQ Standard 5.3.3)

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GENERAL TERMS AND CONDITIONS
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20. CAPACITY RELEASE (Continued)

WGQ Standard 5.3.3: For the capacity release business process timing model, only the following methodologies are required to be supported by Transportation Service Providers (TSPs) and provided to Releasing Shippers as choices from which they may select and, once chosen, should be used in determining the awards from the bid(s) submitted. They are: 1) highest rate, 2) net revenue and 3) present value. For index-based capacity release transactions, the Releasing Shipper should provide the necessary information and instructions to support the chosen methodology.

Other choices of bid evaluation methodology (including other Releasing Shipper defined evaluation methodologies) can be accorded similar timeline evaluation treatment at the discretion of the TSP. However, the TSP is not required to offer other choices or similar timeline treatment for other choices, nor, is the TSP held to the timeline should the Releasing Shipper elect another method of evaluation.

(h) Open Season: The minimum number of business days allowed for posting releases and accepting bids.

(i) Elapsed Prorata Capacity: The portion of the capacity that would have theoretically been available for use prior to the effective time of the intraday recall based upon a cumulative uniform hourly use of the capacity.

20.2. General Provisions.

NAESB WGQ Capacity Release Related Standards, 5.3.1, 5.3.4, 5.3.5, 5.3.7 through 5.3.9, 5.3.18, 5.3.20, 5.3.21 and 5.3.24 (Version 3.0) will apply and are incorporated by reference.

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GENERAL TERMS AND CONDITIONS
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20. CAPACITY RELEASE (Continued)

TSP shall accept recall notices no later than 8:00 a.m. Central Clock Time (6:00 a.m. Pacific Clock Time).

All Transportation Service Providers (TSPs) should support the following recall notification periods for all released capacity subject to recall rights.

- (i) Timely Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 8:00 a.m. on the day that Timely Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 9:00 a.m. on the day that Timely Nominations are due (Central Clock Time);

- (ii) Early Evening Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 3:00 p.m. on the day that Evening Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 4:00 p.m. on the day that Evening Nominations are due (Central Clock Time);

- (iii) Evening Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 5:00 p.m. on the day that Evening Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 6:00 p.m. on the day that Evening Nominations are due (Central Clock Time);

- (iv) Intraday 1 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 7:00 a.m. on the day that Intraday 1 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 8:00 a.m. on the day that Intraday 1 Nominations are due (Central Clock Time); and

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GENERAL TERMS AND CONDITIONS
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- (v) Intraday 2 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 12:00 p.m. on the day that Intraday 2 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 3:30 p.m. on the day that Intraday 2 Nominations are due (Central Clock Time). (NAESB WGQ Standard 5.3.44)

- (vi) Intraday 3 Recall Notification:
 - (a) A Releasing Shipper recalling capacity should provide notice of such recall to the TSP and the first Replacement Shipper no later than 4:00 p.m. on the day that Intraday 3 Nominations are due;
 - (b) The TSP should provide notification of such recall to all affected Replacement Shippers no later than 5:00 p.m. on the day that Intraday 3 Nominations are due; (NAESB WGQ Standard 5.3.44)

For recall notification provided to the TSP prior to the recall notification deadline specified in NAESB WGQ Standard No 5.3.44 and received between 7:00 a.m. and 5:00 p.m., the TSP shall provide notification to all affected Replacement Shippers no later than one hour after receipt of such recall notification.

For recall notification provided to the TSP after 5:00 p.m. and prior to 7:00 a.m., the TSP shall provide notification to all affected Replacement Shippers no later than 8:00 a.m. after receipt of such recall notification. (NAESB WGQ Standard 5.3.45)

NAESB WGQ Standard 5.3.54: "The deadline for notifying the Transportation Service Provider of a report is 8:00 a.m. to allow for timely nominations to flow on the next gas day."

NAESB WGQ Capacity Release Related Standards 5.3.46 through 5.3.53 and 5.3.55 through 5.3.60 (Version 3.0) also will apply and are incorporated by reference.

TSP shall post capacity release Offers and Bids, including prearranged deals, upon receipt. A Releasing Shipper may request a later posting time for posting of such Offer, and TSP shall support such request insofar as it comports with the standard Capacity Release timeline specified in NAESB WGQ Standard 5.3.2. (NAESB WGQ Standard 5.3.24)

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GENERAL TERMS AND CONDITIONS
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20. CAPACITY RELEASE (Continued)

(a) Any firm Shipper (Releasing Shipper) is eligible to release all or part of its firm transportation capacity, defined, with respect to Rate Schedule FT-1, as capacity between primary Receipt Points and Delivery Points, for use by another party (Prearranged Replacement Shipper or Replacement Shipper) for a minimum term of one (1) day and a maximum term not to exceed the remaining term of the Releasing Shipper's firm Service Agreement. However, if a Shipper wishes to release a part of its capacity and TSP determines that such a release could create operational problems, then Releasing Shipper must (1) amend its Service Agreement to incorporate a contract-specific flow requirement on its retained capacity that would enable TSP to duplicate the displacement capacity available under the Releasing Shipper's Service Agreement as it exists prior to such release, or (2) condition its release on the Replacement Shipper or Prearranged Replacement Shipper being subject to a contract-specific flow requirement on its newly acquired capacity, or (3) take other action that is acceptable to TSP.

A Releasing Shipper can segment its firm capacity under a Rate Schedule FT-1 Service Agreement by posting a release of such firm capacity from any physical Receipt Point to any physical delivery point subject to availability of capacity at and between the designated points. Any Replacement Shipper or Prearranged Replacement Shipper which has previously contracted for released capacity may also release the capacity to another party, thereby becoming a Releasing Shipper, subject to the notification and bidding requirements of this Section 20.

(b) Potential Replacement Shippers shall fax to TSP and TSP shall post Offers to purchase capacity to the EBB. Posting of Offers to purchase capacity will remain on the EBB for whatever period the posting party desires, or, up to a minimum of 30 days. If an Offer to purchase results in a capacity release being offered, such release is subject to the bidding requirements of this Section. Offers to purchase capacity must include desired Receipt Points and Delivery Points, contract volume, and contract term.

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20. CAPACITY RELEASE (Continued)

(c) All requests to release capacity shall set forth the following:

1. Releasing Shipper's name, contract number and contract quantity to be released;
2. Receipt Point, Delivery Points and volumes associated with each;
3. commencement date for the release, termination date for the release;
4. minimum percentage of volume and minimum term for the release which Releasing Shipper is willing to accept;
5. any specific conditions of the release, which conditions must be objectively stated, applicable to all Bidders, operationally feasible, non-discriminatory to other Shippers and consistent with this Tariff. If Releasing Shipper submits no release conditions, or TSP finds the requested conditions operationally infeasible or inconsistent with this Tariff, the released capacity shall be subject to the conditions currently effective in this Tariff. Releasing Shipper must notify TSP if the minimum conditions precedent to the release are not to be posted on the web site until after the capacity is awarded;

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20. CAPACITY RELEASE (Continued)

6. if Releasing Shipper desires to release capacity on the basis of a volumetric rate, Releasing Shipper must provide the criteria Releasing Shipper desires TSP to use in the evaluation of volumetric bids and any other terms and conditions of the release;

7. if Releasing Shipper has secured a Prearranged Replacement Shipper, the release request must also contain the name of the Prearranged Replacement Shipper, the rate and term of the bid which such Prearranged Replacement Shipper is willing to pay; and

8. whether Releasing Shipper is willing to accept contingent bids that extend beyond the open season and the terms and conditions applicable to such contingency, including the rights and obligations of the next highest Bidder to secure the released capacity in the event that the contingency is not fulfilled or the winning contingent Bidder exercises its option not to take the capacity. The date to which the contingency may be extended must end at least four (4) working days prior to the effective date of the release.

(d) All bids for released capacity shall set forth the following:

1. Bidder's name and capacity release number bidding on;
2. Receipt Point and Delivery Point bidding on and the volume and rate associated with each;
3. term of bid;
4. minimum percentage of the volume which the Bidder is willing to accept; and
5. (if applicable) any affiliate of TSP involved in the transaction.

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GENERAL TERMS AND CONDITIONS
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20. CAPACITY RELEASE (Continued)

(e) A Releasing Shipper may specify that bids may be accepted on a volumetric rate basis.

(f) All bids shall be submitted in amounts which a Replacement Shipper or Prearranged Replacement Shipper agrees to pay to TSP for the right to demand firm services, including undiscounted reservation surcharges, if applicable. Such bids shall exclude TSP's commodity charges and commodity surcharges applicable to each service as included in TSP's rates, which rate components must be paid to TSP by the successful bidding Replacement Shipper or Prearranged Replacement Shipper in addition to the bid amounts. The Releasing Shipper shall not be responsible for continuing to pay such commodity charges and commodity surcharges for the capacity released during the term of each release, nor for penalties incurred by the Replacement Shipper or Prearranged Replacement Shipper.

(g) TSP shall determine the winning bid. Unless Releasing Shipper specifies otherwise, bids will be evaluated based on the economic value of the demand and capacity or reservation charges bid by each Bidder. After the economic value of each bid for each Receipt Point and Delivery Point combination has been determined, and if the capacity to be allocated to the highest Bidders would not result in awarding all of the capacity to be released, then TSP shall award the remaining capacity based on the economic value of each bid for each Receipt Point and Delivery Point combination, from highest economic value to lowest economic value, with the process of awarding capacity to Bidders continuing until all of the capacity has been awarded or until all valid bids have been accepted. TSP shall break ties and determine the winning bid(s) in those situations by

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20. CAPACITY RELEASE (Continued)

holding a lottery using a computerized random number generator unless the releasing Shipper specifies another non-discriminatory method for determining the winning bid.

A Releasing Shipper may specify and request TSP to post to the EBB and/or Designated Site an objectively stated, nondiscriminatory standard for TSP to use in determining the best Bid(s), including the criteria to be used by TSP in evaluating volumetric bid(s) and, subject to Section 20.2(j), repackaged bids. If Releasing Shipper provides insufficient criteria for TSP to use in evaluating volumetric rate bid(s), TSP will evaluate volumetric bids based on the rate which is bid, or, in the case of services for which multiple bids are required, the sum of such bids.

(h) At Releasing Shipper's request using reasonable, objective criteria for repackaging, TSP may repackage bids for the same release to maximize the economic value of the released capacity, i.e., discrete bids for portions or segments of the released capacity may be repackaged for evaluation; provided, however that TSP shall be under no obligation to repackage bids if TSP determines that such repackaging is not administratively or operationally feasible.

(i) A Replacement Shipper or Prearranged Replacement Shipper must comply with Section 11.2 of the General Terms and Conditions of this tariff. Such Shipper must submit a request for pre-qualification for credit as a Shipper to TSP in order to expedite implementation of capacity release service. For releases of less than one year, a Replacement Shipper or Prearranged Replacement Shipper may not submit a bid where the economic value exceeds that Shipper's established credit limit. For releases of one year or more, if a Replacement Shipper or Prearranged Replacement Shipper submits a bid where the economic value exceeds that Shipper's established credit limit, that Shipper must provide sufficient documentation to assure TSP of that Shipper's ability to pay for the service in excess of the established credit limit within one (1) day after notification that Shipper's bid will be acceptable contingent upon Shipper's demonstration of its ability to pay to TSP's satisfaction.

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(Continued)

20. CAPACITY RELEASE (Continued)

For releases of one year or more, if Replacement Shipper or Prearranged Replacement Shipper fails to so demonstrate, such released service shall be awarded to the Bidder who is creditworthy and who submitted the bid with the next highest economic value. If no additional bids were submitted by creditworthy Bidders, then all Bidders shall have one (1) week to demonstrate creditworthiness to TSP's satisfaction. The service offered for release shall then be awarded to the Bidder who is creditworthy and who submitted the bid with the highest economic value. If no creditworthy bids are submitted, the capacity release process shall terminate, but the Releasing Shipper may elect to request a release of the subject capacity at a later time.

(j) Releasing Shipper is responsible for payment of reservation charges for the release of transportation capacity, as well as any applicable reservation surcharges under the firm Service Agreement as it existed before any release(s), except as provided in Section 21. TSP shall not be liable to Releasing Shipper for the revenue credits provided for in Section 21 of the General Terms and Conditions in the event any Replacement Shipper fails to pay any applicable reservation charges or applicable reservation surcharges to TSP. However, Releasing Shipper shall retain a subrogated right to demand payment from any Replacement Shipper or Prearranged Replacement Shipper in the event any Replacement Shipper or Prearranged Replacement Shipper is delinquent on any such payment owed TSP.

(k) Bids may be submitted for any segment of released Rate Schedule FT-1 capacity subject to the availability of metering and pipeline capacity at and between the requested Receipt Point and Delivery Points. Replacement Shippers or Prearranged Replacement Shippers may change primary Receipt Points or Delivery Points as specified in this Tariff during the term of a capacity release. At the expiration of each release such changes shall terminate and the Releasing Shipper shall be entitled to its rights at Receipt Point and Delivery Points as they existed prior to the release.

(l) A Releasing Shipper may withdraw its release in accordance with NAESB WGQ Standard 5.3.14 and prior to receipt of a valid bid. Offers should be binding until notice of withdrawal is received by the TSP.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

(m) A Bidder may withdraw its bid in accordance with NAESB WGQ Standard 5.3.13, provided, however, that the Bidder may not then resubmit a bid with a lower Economic Value for the same capacity. Bidder may not submit multiple bids on the same release package. Bids should be binding until notice of withdrawal is received by the TSP.

(n) TSP will provide service to a Replacement Shipper or a Prearranged Replacement Shipper pursuant to an executed Service Agreement. TSP's accepted bid for release of firm capacity or the posting specified in Section 20.3(a) will constitute an exhibit to the Service Agreement between TSP and the Replacement Shipper or Prearranged Replacement Shipper. The request for release of firm capacity, along with TSP's accepted bid for release of firm capacity shall also constitute an amendment to the Service Agreement between Releasing Shipper and TSP, reflecting the release of capacity including all terms and conditions of the release.

(o) TSP may assess a marketing fee to a Releasing Shipper, if agreed upon by both TSP and Releasing Shipper, pursuant to a separately negotiated marketing contract, for marketing services to be performed by TSP.

(p) All terms of Capacity Release transactions between TSP, the Releasing Shipper and the Replacement Shipper or Prearranged Replacement Shipper, must be agreed to through the public notification and posting procedures contained herein.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

20.3 Open Seasons.

Bids shall be binding until written or electronic notice of withdrawal is received by TSP. (NAESB WGQ Standard 5.3.13) Offers shall be binding until written or electronic notice of withdrawal is received by TSP. (NAESB WGQ Standard 5.3.14) Bids cannot be withdrawn after the bid period ends. (NAESB WGQ Standard 5.3.15)

The Releasing Shipper has the right to withdraw its Offer during the bid period, where unanticipated circumstances justify and no minimum bid has been made. (NAESB WGQ Standard 5.3.16)

TSP shall allow re-releases on the same terms and basis as the primary release (except as prohibited by regulations). (NAESB WGQ Standard 5.3.19)

A Releasing Shipper shall not be able to specify an extension of the original bid period or the pre-arranged deal match period, without posting a new release. (NAESB WGQ Standard 5.3.25)

The releasing shipper should specify which one of the following methods is

acceptable for bidding on a given capacity release Offer:

- Non-Index-based release - dollars and cents,
- Non-index-based release - percentage of maximum rate, or
- Index-based formula as detailed in the capacity release Offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. The Bidder may bid the maximum reservation rate, in the TSP's tariff or general terms and conditions, as an alternative to the method specified by the Releasing Shipper, except when the release is index-based for a term of one year or less or utilizes market-based rates. (NAESB WGQ Standard 5.3.26)

For purposes of bidding and awarding, maximum/minimum rates specified by the Releasing Shipper should include the tariff reservation rate and all demand surcharges, as a total number or as stated separately.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

Pursuant to NAESB WGQ Standard 5.3.2, Version 3.0, the following timelines will apply: (All Capacity Release timelines are Central Clock Time with Pacific Clock Time in parentheses.)

For Biddable Capacity Releases (less than one year).

Timeline pertains to the day before nominations are due:

Offers Tendered:	9:00 (7:00) A.M.
Open Season Ends:	10:00 (8:00) A.M.
Evaluation Begins:	10:00 (8:00) A.M.
Contingency eliminated.	
Best Bid determined.	
Ties broken.	
Evaluation Ends:	11:00 (9:00) A.M.
Match/Award Conveyed:	11:00 (9:00) A.M.
Option to Match Communicated:	11:00 (9:00) A.M.
Shipper Match Response:	11:30 (9:30) A.M.
Award Posted:	Noon (10:00 A.M.)

Contract issued within one hour of award posting; nomination possible beginning at the next available nomination cycle for the effective date of the contract.

For Biddable Long-Term Capacity Releases (one year or more).

Offers Tendered: 9:00 (7:00) A.M.

Open Season shall include no less than three 9:00 A.M. to 10:00 A.M. time periods on consecutive Business Days:

Timeline pertains to the day before nominations are due:

Open Season Ends:	10:00 (8:00) A.M.
Evaluation Begins:	10:00 (8:00) A.M.
Contingency eliminated.	
Best Bid determined.	
Ties broken.	
Evaluation Ends:	11:00 (9:00) A.M.
Match/Award Conveyed:	11:00 (9:00) A.M.
Option to Match Communicated:	11:00 (9:00) A.M.
Match Response:	11:30 (9:30) A.M.
Award Posted:	Noon (10:00 A.M.)

Contract issued within one hour of award posting; nomination possible beginning at the next available nomination cycle for the effective date of the contract.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

Posting of Pre-Arranged Capacity Releases not Subject to Bid.

Timeline pertains to the day nominations are due.

Timely Cycle:

Posting: Noon (10:00 A.M.)
Contract Tendered with
Contract Number: 1:00 P.M. (11:00 A.M.)
Contract Executed.
Nomination possible for next available nomination
cycle for the effective date of the contract.

Evening Cycle:

Posting: 5:00 (3:00) P.M.
Contract Tendered with
Contract Number: 6:00 (4:00) P.M.
Contract Executed.
Nomination possible for next available nomination
cycle for the effective date of the contract.

Intraday 1 Cycle:

Posting: 9:00 (7:00) A.M.
Contract Tendered with
Contract Number: 10:00 (8:00) A.M.
Contract Executed.
Nomination possible for next available nomination
cycle for the effective date of the contract.

Intraday 2 Cycle:

Posting: 1:30 P.M. (11:30 A.M.)
Contract Tendered with
Contract Number: 2:30 (12:30) P.M.
Contract Executed.
Nomination possible for next available nomination
cycle for the effective date of the contract.

Intraday 3 Cycle:

Posting: 6:00 (4:00) P.M.
Contract Tendered with
Contract Number: 7:00 (5:00) P.M.
Contract Executed.
Nomination possible for next available nomination
cycle for the effective date of the contract.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

20.3(a) A Releasing Shipper may release capacity to a Prearranged Replacement Shipper for any period of thirty-one (31) days or less without having to comply with the notification and bidding requirements of this Section 20. A Releasing Shipper may not re-release capacity covered by this Section 20.3(a) to the same Prearranged Replacement Shipper until twenty-eight (28) days after the first release period has ended. The releases covered by this Section 20.3(a) may not extend more than thirty-one (31) days. However, such releases may be continued under the provisions set forth in Section 20.3(b). A release under this Section 20.3(a) must be submitted in writing to TSP to be posted to the EBB and/or Designated Site prior to commencement of the release setting forth the following:

1. Releasing Shipper's name, contract number and contract quantity to be released;
2. Receipt Point, Delivery Point(s) and volumes associated with each;
3. commencement date for the release, termination date for the release;
4. name of Prearranged Replacement Shipper and demand, capacity or reservation rates to be paid;
5. any specific conditions of the release, which conditions must be objectively stated, applicable to all Bidders, operationally feasible, non-discriminatory to other Shippers and consistent with this Tariff. If Releasing Shipper submits no release conditions, or TSP finds the requested conditions operationally infeasible or inconsistent with this Tariff, the released capacity shall be subject to the conditions currently effective in this Tariff. Releasing Shipper must notify TSP if the minimum conditions precedent to the release are not to be posted on the EBB and/or Designated Site until after the capacity is awarded; and

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

6. identify (if applicable) any affiliate of TSP involved in the transaction.

Releasing Shipper and Prearranged Replacement Shipper must comply with Sections 20.2(j), (k) and (p) herein. TSP shall only be obligated to accept nominations pursuant to the service contemplated by this Section 20.3(a) after Releasing Shipper has submitted to TSP and TSP has posted the release to the EBB and/or Designated Site.

(b) For a release involving a Prearranged Replacement Shipper where the rate is equal to the maximum base rate and the term is one (1) year or longer, the Prearranged Replacement Shipper shall be awarded the released capacity without the necessity of waiting for competing bids to be submitted. However, TSP shall be notified of the release by the Releasing Shipper and the notification shall contain the same information as identified in Section 20.3(a) above. TSP shall post a notice of the occurrence of the release on its EBB and/or Designated Site.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

(c) TSP may extend the open season periods for those releases wherein the Releasing Shipper has requested volumetric rate bids, or where the Releasing Shipper has requested a method of evaluating bids not specified in this Tariff, or where the terms and conditions are too complex to handle through TSP's automated posting and bidding procedures. Such extended period of time shall end at least two (2) business days prior to the effective date of the release.

20.4 Permanent Releases of Capacity.

(a) Bidding Procedures and Exit Fee.

(i) To the extent that any Shipper desires to release all or any part of its firm contract rights, including the Right-of-First-Refusal specified in Section 22.5, on a permanent basis as included in any of TSP's Rate Schedule FT-1, the bidding procedures specified in Section 20.2, above, will apply. The procedures for establishment of credit must be complied with before TSP effectuates any permanent releases of capacity under this Section 20.4.

(ii) Any permanent releases under this Section 20.4(a) shall require Releasing Shipper to pay an exit fee, but only to the extent necessary to fully compensate TSP if the accepted bid price and/or contract term of the replacement Service Agreement would require TSP to forego future revenues. The exit fee will not apply if the accepted bid price the Replacement Shipper(s) or Prearranged Replacement Shipper(s) is to pay is TSP's posted Maximum Currently Effective Tariff rate for the released capacity, and if the contract term in the replacement Service Agreement(s) is at least as long as the contract term of the contract being permanently released hereunder.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

20. CAPACITY RELEASE (Continued)

(iii) The exit fee described in Section 20.4 (a) (ii) above shall be the net present value of all demand and capacity or reservation charges payable to TSP by Shipper over the remaining life of the applicable Service Agreement, reduced by the net present value of such charges payable to TSP by all applicable Replacement Shippers or Prearranged Replacement Shippers.

(b) Procedures.

(i) Replacement Shipper(s) or Prearranged Replacement Shipper(s) and TSP shall execute a new Service Agreement(s) prior to the commencement of service which confirms the terms of the accepted transaction for the permanent release of capacity.

(ii) Effective with implementation of service under the new executed Service Agreements, Releasing Shipper's Service Agreement shall be deemed terminated and Releasing Shipper shall have no further obligations to TSP with respect to the released capacity, except as to unsatisfied obligations which arose prior to the execution of the new Service Agreement.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

21. REVENUE CREDITING FOR CAPACITY RELEASES (FIRM)

21.1 Definitions. The definitions in Section 20 of the General Terms and Conditions apply also to this Section.

21.2 Revenue Credits for Released Capacity - Eligibility. Transporter shall provide revenue credits to any Shipper, which temporarily releases (Releasing Shipper), under the Capacity Release Provisions of this Tariff, all or any portion of its contract demand under a Service Agreement (Released Capacity) governed by the provisions of Rate Schedule FT-1 included in Portland General's Tariff.

21.3 Monthly Crediting Procedure. Releasing Shipper shall be billed each month for the reservation charge(s) and reservation surcharge(s) associated with the released capacity pursuant to its Service Agreement, with a concurrent conditional credit for the payment of the reservation charge(s) and reservation surcharge(s) due from the Replacement Shipper or Prearranged Replacement Shipper. However, a Releasing Shipper that is not subject to Facilities Reservation Surcharges pursuant to its Service Agreement will not be credited for Facilities Reservation Surcharges paid to Transporter by the Replacement Shipper or Prearranged Replacement Shipper. (The term reservation charge(s) in this paragraph includes volumetric reservation charge payments received from a Replacement Shipper or Prearranged Replacement Shipper where the release was pursuant to volumetric bidding, and shall include all revenues received in excess of the sum of volumetric charges and all surcharges.) This bill shall include an itemization of credits and adjustments associated with each Capacity Release Service Agreement. Releasing Shipper shall also be billed a marketing fee, if applicable.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

21. REVENUE CREDITING FOR CAPACITY RELEASES (FIRM)

21.4 Failure to pay. If a Replacement Shipper or Prearranged Replacement Shipper does not make payment to Transporter of the reservation charge(s) and reservation surcharge(s) due as set forth in Section 5 of the General Terms and Conditions, Transporter shall notify the Releasing Shipper within 10 business days of the amount due, including all late charges authorized in Section 5 of the General Terms and Conditions, and such amount shall be paid by Releasing Shipper. In addition, Releasing Shipper may terminate the release of capacity to a Replacement Shipper or Prearranged Replacement Shipper if such Shipper fails to pay all of the amount of any bill for service under the executed capacity release Service Agreement upon at least one week of notice to Transporter and such Shipper. Once terminated, capacity rights and the responsibility to pay all charges specified in the original service agreement applicable to the capacity that was released shall revert to the Releasing Shipper.

Transporter shall apply partial payments received from Replacement Shippers or Prearranged Replacement Shippers, in interpreting the provisions of this section, first to reservation charges, then to commodity charges, then to commodity surcharges, then to reservation surcharges, then to penalty charges and finally to late charges.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

22. AVAILABLE CAPACITY

22.1 Applicability.

(a) Portland General uses capacity for the transportation of Gas for its own consumption pursuant to a transportation service agreement. The amount of capacity contracted for by Portland General for its own use will be set forth on the Index of Customers and posted on Portland General's EBB.

(b) Transporter will post available unsubscribed capacity and capacity that becomes available due to expiring or terminating agreements on a nondiscriminatory basis. When used in this Section 22, capacity available under Rate Schedule FT-1 means firm capacity at a primary Receipt Point and a primary Delivery Point and the mainline capacity between those points.

22.2 Posting.

(a) Unsubscribed Capacity. Transporter will post unsubscribed capacity (capacity that becomes available for reasons other than expiring or terminating agreements) for a bid period(s) of no less than 24 hours and, in aggregate, no more than six months. If Transporter elects to reserve unsubscribed capacity as provided in Section 22.2(c) below, Transporter will post such capacity as provided in this Section 22.2(a) for use on an interim basis, but Transporter will indicate in its posting that such capacity is reserved for future use.

(b) Capacity under Expiring or Terminating Agreements. Transporter will post capacity under expiring or terminating service agreements (including capacity that becomes available at the expiration of a Capacity Release service agreement when such capacity is not committed to the Releasing Shipper) for a bid period commencing at least six (6) months before the expiration or termination of any such service agreement and ending at least thirty (30) days prior to said expiration or termination date. If the termination notice required under any such service agreement is less than six (6) months, Transporter will post the availability of such capacity within five (5) business days of receiving or giving such notice, as applicable, for an aggregate bid period of no more than six (6) months, and

(i) for termination notices of 30 days or more, a bid period of no less than 72 hours;

(ii) for termination notices of less than 30 days, but more than 10 days, a bid period no less than 48 hours; and

(iii) for termination notices of 10 days or less, a bid perio

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

22. AVAILABLE CAPACITY (Continued)

22.2 Posting (Continued)

no less than 24 hours.

Regardless of the termination notice, if no acceptable bids have been received by Transporter at least 10 days prior to the date capacity will become available, Transporter may post such capacity for a subsequent bid period(s) of 24 hours.

If Transporter elects to reserve capacity under an expiring or terminating agreement as provided in Section 22.2(c) below, Transporter will post such capacity as provided in this Section 22.2(b) for use on an interim basis, but Transporter will indicate in its posting that such capacity is reserved for future use.

(c) Reserved Capacity. Transporter may elect to reserve for future expansion projects any unsubscribed capacity or capacity under expiring or terminating service agreements where such agreements do not have a right of first refusal. If Transporter elects to reserve capacity, it will notify Shippers of its intent on the earlier of the following dates: (1) the date on which expiring or terminating capacity is required to be posted in accordance with Section 22.2(b) above, (2) the date on which Transporter executes a Letter of Intent with a prospective Shipper which requires the reservation of capacity or (3) the date on which Transporter begins an open season for a related expansion project.

Capacity may be reserved for up to one year prior to Transporter filing for certificate approval for construction of the proposed expansion and thereafter until such expansion project is placed into service. Reserved capacity will be made available on an interim basis and will be posted for competitive bid. If certificate approval is not granted or if Transporter determines that an expansion project should not or cannot be completed, Transporter will post the reserved capacity for a bid period(s) of no less than 24 hours and, in aggregate, no more than six (6) months, subject to prior interim commitments of such capacity.

(d) Pre-Arranged Capacity. Transporter may enter into a pre-arranged service agreement with any party for available unsubscribed capacity or capacity that will become available under an expiring or terminating agreement; provided that Transporter will post the terms of the pre-arranged transaction

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

22. AVAILABLE CAPACITY (Continued)

22.2 Posting (Continued)

in accordance with Sections 22.2(a), (b) or (c) above, and other parties will have an opportunity to bid on the capacity. If another party submits a bid with a higher incremental economic value, the pre-arranged Shipper will have a one-time right to match the higher bid in order to retain the capacity. If the pre-arranged Shipper elects not to match a higher competing bid, the capacity will be awarded to the highest creditworthy bidder in accordance with Section 22.4.

(e) Available Capacity. All available capacity, and pre-arranged capacity pursuant to Section 22.2(d), will be posted to Transporter's EBB/Designated Site. Transporter may post available capacity for more than one bid period during the posting periods described above, provided that prior bids are submitted at less than Transporter's reserve rate (if applicable) or Transporter's maximum rate or prior bids contain unacceptable contingencies.

Each posting will set forth the following, if applicable:

1. Available mainline capacity;
2. Receipt Point, Delivery Point(s) and associated mainline capacity;
3. Date capacity is available;
4. Date capacity is committed to an expansion project, if applicable;
5. Bid open and close dates;
6. Term and reservation rate to be paid by pre-arranged Shipper; and
7. Special conditions, including bid evaluation criteria if other than net present value.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

22. AVAILABLE CAPACITY (Continued)

22.2 Posting (Continued)

(f) Transporter has the option to establish a reserve rate for any available capacity before such capacity is posted. Transporter is not required to disclose the reserve rate at the time of posting, but a record of the reserve rate must be maintained for a period of three years for validation purposes.

22.3 Bidding.

(a) New Agreements. All bids for available capacity will be made in writing via facsimile transmission to Transporter. Transporter shall post to its EBB/Designated Site each bid received. Each bid posted by Transporter must set forth the following, if applicable:

1. Bidder's name (which will not be reflected on the EBB/Designated Site) and posted offer number;
2. Receipt Point, Delivery Point(s), mainline capacity and associated rate(s);
3. Term of bid;
4. Minimum capacity or minimum percentage of the total posted capacity which bidder is willing to accept;
5. Identity of any affiliate of Transporter involved in the transaction; and
6. Contingencies.

(b) Amendments to Existing Agreements. Requests for changes only to Receipt Point and/or Delivery Point under existing service agreements which do not require additional mainline capacity are not subject to the bidding procedures described in this section. Such requests will be processed on a first-come, first-served basis and should be submitted to Transporter in accordance with Section 10.3 of Rate Schedule FT-1.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

22. AVAILABLE CAPACITY (Continued)

22.3 Bidding (Continued)

(c) Bids for Portion of Posted Capacity. Bids may be submitted for any segment of the posted mainline capacity, subject to the availability of capacity at and between the requested physical Receipt Point and Delivery Points. However, if a Shipper bids on only a segment of the mainline capacity and Transporter has indicated in the special conditions of its posting that it has determined that partial use or segmentation of the posted capacity may create operational problems, that Shipper will be subject to a contract-specific flow requirement on its requested segment or must be willing to take other action that is acceptable to Transporter if such Shipper is the successful bidder.

(d) Bid Amounts. All bids must be submitted in amounts which a bidder agrees to pay to Transporter for the right to receive firm service, including undiscounted reservation surcharges, if applicable. Such bids will exclude Transporter's volumetric charges and volumetric surcharges applicable to such service included in Transporter's rates, which rate components must be paid to Transporter by the successful bidder in addition to the bid amounts.

The maximum rates which may be bid will be the maximum tariff rates as they may vary from time to time for the applicable service. The minimum rates which may be bid will be the minimum tariff rates as they may vary from time to time for the applicable service, or the minimum rates Transporter specifies on the posting, which will never be less than the minimum tariff rates. As explained in Section 18.2 of the General Terms and Conditions, Transporter will not accept Negotiated Rate bids.

(e) Withdrawal of Bid. A bidder may withdraw its bid at any time prior to close of the bid period; provided, however, that if the bidder is a pre-arranged Shipper, it may not withdraw its bid. A bidder who withdraws its bid may not then submit another bid with a lower economic value for the same capacity. Bidders may not submit multiple bids for the same capacity.

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GENERAL TERMS AND CONDITIONS
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22. AVAILABLE CAPACITY (Continued)

22.3 Bidding (Continued)

(f) Creditworthiness. All bidders must comply with Section 11.2 of the General Terms and Conditions of this tariff. Bidders must submit a request for pre-qualification for credit in order to expedite the award process. If, on or before the bid close date, a bidder fails to pre-qualify for a credit limit equal to or greater than the economic value of its bid, Transporter may disregard such bid and, subject to Section 22.6, choose the bid with the next highest economic value submitted by a creditworthy bidder.

22.4 Awarding.

(a) Within two (2) business days following the bid close date, Transporter will evaluate the bids received and determine the winning bid, subject (where applicable) to Section 22.4(d), Section 22.5 and Section 22.6. Bids will be evaluated based on the net present value of the bid for all bid periods of 72 hours or less. For bid periods longer than 72 hours, bids will be evaluated based on either the net present value or the alternative criteria for determining incremental economic value that is specified by Transporter in its posting.

(b) For purposes of this Section 22, the incremental economic value of a bid is (1) the total net present value of the reservation charge bid for transportation capacity (including bids to extend the term of existing service agreements); or (2) the value determined using the alternative criteria specified by Transporter in its posting. The net present value shall be computed from the monthly demand and capacity, or reservation revenues to be received over the term of the service agreement, using the discounted cash flow rate of return methodology, with the rate of discounting, as updated from time to time, to be published on Transporter's EBB/ Designated Site. Bids for capacity under existing service agreements will be deemed to have no incremental economic value for award purposes, except to the extent bidder proposes to extend the term of its existing service agreement.

PART IV
GENERAL TERMS AND CONDITIONS
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22. AVAILABLE CAPACITY (Continued)

22.4 Awarding (Continued)

(c) Transporter will break ties and determine the winning bid(s) by providing each of the tying bidders an opportunity to improve their bids by submitting closed bids via facsimile within 24 hours of notification by Transporter. If a tie still exists, Transporter will allocate the available capacity on a pro rata basis to each tying bidder that has indicated in its bid a willingness to accept a proportionate share of such capacity. A bid to pay the maximum rate as it may vary from time to time for a given term will be deemed superior to a bid to pay a specified dollar rate which is equal to the Maximum Currently Effective Rate.

(d) Transporter will not disclose the identity of the bidder making the best bid. If the best bid is a contingent bid, Transporter will notify the bidder making the best bid within five (5) business days following the bid close date. That bidder will have five (5) business days following such notification to satisfy or waive the contingency for bids of six (6) months or longer and one (1) business day following such notification to satisfy or waive the contingency for bids for less than six (6) months, or Transporter may disregard such bid.

(e) After the incremental economic value of each bid has been determined, and if the capacity to be allocated to the highest bidder would not result in awarding all of the available capacity, then Transporter, subject to Sections 22.5 and 22.6, may award the remaining capacity based on the incremental economic value of each bid, from highest economic value to lowest economic value, with the process of awarding capacity to bidders continuing until all of the capacity has been awarded or until all valid bids have been accepted.

(f) For any capacity offered under this Section 22, the successful bidder(s) and Transporter will execute a new service agreement or amendment prior to the commencement of service which confirms the terms of the accepted bid(s) for the available capacity.

(g) Capacity that is not awarded at the end of the aggregate bid and award period will be available on a first-come, first-served basis using facsimile time stamps,

PART IV
GENERAL TERMS AND CONDITIONS
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22. AVAILABLE CAPACITY (Continued)

22.4 Awarding (Continued)

subject to Section 22.6. If the first-received method results in a tie, capacity will be awarded by holding a lottery using a random number generator.

22.5 Right of First Refusal.

(a) A Shipper under an expiring or terminating Part 284 firm service agreement with a term of one year or longer at maximum tariff rates may avoid pregranted abandonment of service in accordance with the terms of Section 284.221(d) of the Commission's regulations, provided that:

(1) the service agreement is expiring under its own terms or Shipper is not the party providing termination notice under an evergreen provision, and

(2) service is not being provided on an interim basis pursuant to Section 22.2(c).

Such Shipper can continue receiving the contracted service by matching the incremental economic value of competing bid(s) in accordance with the procedures described below; provided, however, that in no event will Shipper be required to match a bid that exceeds a five (5) year term in order to avoid pregranted abandonment of service.

(b) Transporter will notify the existing Shipper of the best non-contingent bid(s), or that no bids from creditworthy bidders were received, within one (1) business day after determining the same. The existing Shipper will have a right of first refusal to match the best bid received for such capacity for two (2) business days after receiving the notification of the best bid for bids of six (6) months or longer duration and one (1) business day after receiving notification of the best bid for bids of less than six (6) months.

(c) If the best bid as determined by Transporter is for less than the total capacity subject to the right of first refusal, the existing Shipper is required to match the incremental economic value for the amount of capacity to which the bid applies in order to retain the right to service for that portion of the capacity. The existing Shipper also may choose to retain only a portion of its capacity rights by matching the incremental economic value of any bid(s) submitted for that portion. If an existing Shipper

PART IV
GENERAL TERMS AND CONDITIONS
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22. AVAILABLE CAPACITY (Continued)

22.5 Right of First Refusal (Continued)

wishes to retain only a portion of its capacity and Transporter has indicated in the special conditions of its posting that it has determined that partial use or segmentation of the posted capacity may create operational problems (such as reducing the existing Shipper's ability to respond to an OFO pursuant to Section 13.15), Shipper will be subject to a contract-specific flow requirement on its retained segment or must be willing to take other action that is acceptable to Transporter.

(d) If an existing Shipper chooses not to match the incremental economic value of the best bid(s) as determined by Transporter, capacity will be awarded to the selected bidder(s), and the existing Shipper's right of first refusal will expire.

(e) If no creditworthy bids are submitted for any portion of the capacity, an existing Shipper will be entitled to continue its existing service for any portion of the capacity, for any term desired, provided Transporter and Shipper agree to mutually acceptable rates for the service at a level within the posted maximum and minimum tariff rates for the applicable service. If Transporter and Shipper fail to agree on rates within thirty (30) days of the bid close date, Shipper's right of first refusal will be deemed to have terminated. If an existing Shipper wishes to retain only a portion of its capacity and Transporter has indicated in the special conditions of its posting that it has determined that partial use or segmentation of the posted capacity may create operational problems (such as reducing the existing Shipper's ability to respond to an OFO pursuant to Section 13.15), Shipper will be subject to a contract-specific flow requirement on its retained segment or must be willing to take other action that is acceptable to Transporter.

22.6 Notwithstanding anything to the contrary set forth in this Section 22, Transporter will not be required to provide service at any rate less than the maximum tariff rate as set forth in this Tariff in Part III - Statement of Rates, as such rate may vary from time to time.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

23. ELECTRONIC COMMUNICATIONS

23.1 Access to Internet website. Information about Transporter's system and its capacity shall be provided on Transporter's HTML webpage, accessible via the Internet's World Wide Web, at www.portlandgeneral.com.

23.2 System and Service Information. Information on the availability, pricing, or other terms of the transportation services will be made available on Transporter's Internet website.

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

24. FORM OF TRANSPORTATION REQUEST

Portland General Electric Company ("Transporter")
Transportation Request

Shipper Information

1. Shipper Name: _____
(Legal Name of Party who will be signing Agreement)

(a) Requester: _____
(if other than Shipper)

2. Shipper is (Check One)

<input type="checkbox"/> End User	<input type="checkbox"/> Hinshaw Pipeline
<input type="checkbox"/> LDC	<input type="checkbox"/> Producer
<input type="checkbox"/> Interstate Pipeline	<input type="checkbox"/> Marketer
<input type="checkbox"/> Intrastate Pipeline	<input type="checkbox"/> Other _____
(please specify)	

3. Shipper's Contact Person _____
Phone Number () _____
Telecopy Number () _____

4. Address: Notices to: _____
P.O. Box & Zip _____
Street & Zip _____
City, State _____
Attention _____
Email Address: _____
Invoices to: _____
P.O. Box & Zip _____
Street & Zip _____
City, State _____
Attention _____

Regulatory/"On Behalf of" Information

5. Shipper hereby requests:

- Section 311 transportation pursuant to Section 284.102 for service on behalf of a local distribution company or an intrastate pipeline.
- Open access transportation pursuant to Section 284.222 for service on behalf of an interstate pipeline.
- Open access transportation pursuant to Section 284.223 for service on behalf of a shipper other than an interstate pipeline.
- Not Applicable

6. If service is requested pursuant to Section 284.102 above, identify the

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

24. FORM OF TRANSPORTATION REQUEST (Continued)
Transportation Request (Continued)

"on behalf of" party associated with the transportation service requested:

Legal Name: _____

Note: Whether or not the "on behalf of" party listed above is the Shipper submitting this request, attach an original letter signed by an official of such "on behalf of" party on its letterhead. This letter must warrant that such "on behalf of" party is either an intrastate pipeline as defined by Section 2(16) of the NGPA or a local distribution company as defined by Section 2(17) of the NGPA. It must also state that such "on behalf of" party has authorized the Shipper to enter into the requested transportation agreement in order to have Section 311(a) transportation service rendered on behalf of such "on behalf of" party by Portland General Electric Company and that (1) the intrastate pipeline or local distribution company will have physical custody of and transport the natural gas at some point; or (2) the intrastate pipeline or local distribution company will hold title to the natural gas at some point, which may occur prior to, during, or after the time that the gas is being transported by the interstate pipeline, for a purpose related to its status and functions as an intrastate pipeline or its status and functions as a local distribution company; or (3) the gas will be delivered at some point to a customer that either is located in a local distribution company's service area or is physically able to receive direct deliveries of gas from an intrastate pipeline, and that the local distribution company or intrastate pipeline certifies that it is on its behalf that the interstate pipeline is providing transportation service.

Service Information

7. Type of Service _____ IT-1 Interruptible
(Check One): _____ FT-1 Firm

8. This request is for (Check One): _____ New Service
_____ Amendment of Existing Service

If Amendment of Existing Service is checked, complete the following:

Agreement No. _____
Agreement Date _____
Increase Contract Demand from _____ Dth/day to _____ Dth/day
Decrease Contract Demand from _____ Dth/day to _____ Dth/day

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

24. FORM OF TRANSPORTATION REQUEST (Continued)

Transportation Request (Continued)

Other (Specify) _____

9. Requested Term of Service: Commencement Date (____/____/____)
Termination Date (____/____/____)
(these must be dates)

Evergreen Provision Requested _____ Yes
_____ No

10. Requested Maximum Service Quantities. (Also, complete Exhibit "C"
for Rate Schedule FT-1 service.)

For FT-1 Transportation Service:
Contract Demand _____ Dth/day

For IT-1 Transportation Service:
Maximum Daily Volume _____ Dth/day
Estimated Maximum Annual Quantity _____ Dth

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

24. FORM OF TRANSPORTATION REQUEST (Continued)

Transportation Request (Continued)

11. Complete Exhibit "A" for Rate Schedules FT-1 or IT-1 service to specify the Receipt Point(s) requested.
12. Complete Exhibit "B" for Rate Schedules FT-1 or IT-1 service to specify the Delivery Points requested.

Warranty of Title to Gas

13. By signing and submitting this transportation request form, Shipper hereby warrants that Shipper has title, or the right to acquire title, to the gas that is to be transported.

Establishment of Credit

14. Shipper must establish a credit limit satisfactory to Portland General pursuant to Section 11.2 of the General Terms and Conditions of Portland General's Tariff. Therefore, prior to execution of the agreement, Shipper may be required to furnish a completed Credit Application and such other information or advance deposits as Portland General may require.

New Facilities

15. Does any requested Receipt Point or Delivery Point require the installation or modification of any facilities (e.g. tap, measurement, or other) in order for it to be utilized?

_____ Yes _____ No

If "Yes" is checked, a separate facilities agreement may be required.

Please return this request to:

KB Pipeline Contract Administrator
Portland General Electric Company
121 S.W. Salmon Street
3 WTC-0402
Portland, OR 97204

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

25. Transporter has adopted the Business Practices and Electronic Communication Standards, NAESB WGQ Version 3.1, which are required by the Commission in 18 CFR Section 284.12(a), as indicated below. Standards without accompanying identification or notations are listed in subsection B below and incorporated by reference. Standards that are not incorporated by reference are identified in Section A below along with a reference to the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are identified in Section C below.

A. Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>Tariff record</u>
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Gas/Electric Operational Communications:

Definitions:

0.2.1	Part IV, Section 1.60
0.2.2	Part IV, Section 1.61
0.2.3	Part IV, Section 1.62
0.2.4	Part IV, Section 1.63

Nominations Related Standards:

Definitions:

1.2.1	Part IV, Section 13.1(a)
1.2.4	Part IV, Section 1.26
1.2.5	Part IV, Section 1.43
1.2.6	Part IV, Section 1.41
1.2.8	Part IV, Section 1.7
1.2.9	Part IV, Section 1.8
1.2.10	Part IV, Section 1.9
1.2.11	Part IV, Section 1.10
1.2.12	Part IV, Section 1.19
1.2.13	Part IV, Section 1.51
1.2.14	Part IV, Section 1.52
1.2.15	Part IV, Section 1.53
1.2.16	Part IV, Section 1.54
1.2.17	Part IV, Section 1.55
1.2.18	Part IV, Section 1.56
1.2.19	Part IV, Section 1.57

Standards:

1.3.1	Part IV, Section 1.22
1.3.2(i through vi)	Part IV, Section 13.1(a)
1.3.6	Part IV, Section 13.1(a)
1.3.7	Part IV, Section 13.1(a)
1.3.11	Part IV, Section 13.1(a)
1.3.13	Part IV, Section 13.1(a)

1.3.14	Part IV, Section 1.14
1.3.22	Part IV, Section 13.3
1.3.51	Part IV, Section 13(b)

Flowing Gas Related Standards:

Definitions:

2.2.1	Part IV, Section 1.39
2.2.2	Part IV, Section 1.40
2.2.3	Part IV, Section 1.36
2.2.4	Part IV, Section 1.34
2.2.5	Part IV, Section 1.13

Standards:

2.3.7	Part IV, Section 5.1
2.3.9	Part IV, Section 1.4
2.3.11	Part IV, Section 4.10
2.3.14	Part IV, Section 4.8
2.3.16	Part IV, Section 13.17
2.3.17	Part IV, Section 13.17
2.3.18	Part IV, Section 13.17
2.3.21	Part IV, Section 13.17
2.3.26	Part IV, Section 13.17
2.3.28	Part IV, Section 5.2
2.3.31	Part IV, Section 5.6

Invoicing Related Standards:

Definition:

3.2.1	Part IV, Section 1.5
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Standards:

3.3.14	Part IV, Section 5.2
3.3.15	Part IV, Section 5.6
3.3.17	Part IV, Section 5.3
3.3.18	Part IV, Section 5.3
3.3.19	Part IV, Section 5.4

Capacity Release Related Standards:

Definitions:

5.2.1	Part IV, Section 1.11
5.2.3	Part IV, Sections 1.18 and 25

Standards:

5.3.2	Part IV, Sections 20.2 and 20.3
5.3.3	Part IV, Section. 20.1(g)
5.3.13	Part IV, Sections 20.2(m) and 20.3
5.3.22	Part IV, Section 5.2
5.3.24	Part IV, Section 20.2
5.3.25	Part IV, Section 20.3
5.3.26	Part IV, Section 20.3
5.3.44	Part IV, Section. 20.2
5.3.45	Part IV, Section. 20.2
5.3.54	Part IV, Section. 20.2

B. Standards Incorporated by Reference:

Additional Standards:

General:

Definition:
0.2.5

Principles (Optional):
0.1.1, 0.1.3

Standards:
0.3.16, 0.3.17

Creditworthiness:

Standards:
0.3.3, 0.3.4, 0.3.5, 0.3.6, 0.3.7, 0.3.8, 0.3.9, 0.3.10

Gas/Electric Operational Communications:

Standards:
0.3.11, 0.3.12, 0.3.13, 0.3.14, 0.3.15

Operating Capacity and Unsubscribed:

Standards:
0.3.18, 0.3.20, 0.3.21, 0.3.22

Location Data Download:

Standards:
0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset:
0.4.1

Nominations Related Standards:

Principles (Optional):
1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.10, 1.1.11, 1.1.12, 1.1.13,
1.1.14, 1.1.15, 1.1.16, 1.1.18, 1.1.20, 1.1.21, 1.1.22

Definitions:
1.2.2, 1.2.3

Standards:
1.3.3, 1.3.4, 1.3.5, 1.3.8, 1.3.9, 1.3.15, 1.3.16, 1.3.17,
1.3.18, 1.3.19, 1.3.20, 1.3.21, 1.3.23, 1.3.24, 1.3.25, 1.3.26,
1.3.28, 1.3.29, 1.3.30, 1.3.31, 1.3.32, 1.3.33*, 1.3.34, 1.3.35,
1.3.37, 1.3.38, 1.3.39, 1.3.40, 1.3.41, 1.3.42, 1.3.43, 1.3.44,
1.3.45, 1.3.46, 1.3.64, 1.3.65, 1.3.66, 1.3.67, 1.3.68, 1.3.69,
1.3.71, 1.3.72, 1.3.73, 1.3.74, 1.3.75, 1.3.76, 1.3.77, 1.3.80

Flowing Gas Related Standards:

0.4.2	Extension of Time
0.4.3	Extension of Time
0.4.4	Extension of Time

Nominations Related Standards

Standards:

1.3.27	Extension of Time
1.3.36	Extension of Time
1.3.48	Extension of Time
1.3.53	Extension of Time
1.3.55	Extension of Time
1.3.56	Extension of Time
1.3.58	Extension of Time
1.3.62	Extension of Time
1.3.70	Extension of Time
1.3.79	Extension of Time
1.3.81	Extension of Time
1.3.82	Extension of Time

Datasets:

1.4.1	Extension of Time
1.4.2	Extension of Time
1.4.3	Extension of Time
1.4.4	Extension of Time
1.4.5	Extension of Time
1.4.6	Extension of Time
1.4.7	Extension of Time

Flowing Gas Related Standards:

Standards:

2.3.1	Extension of Time
2.3.25	Extension of Time
2.3.32	Extension of Time
2.3.40	Extension of Time
2.3.41	Extension of Time
2.3.42	Extension of Time
2.3.43	Extension of Time
2.3.44	Extension of Time
2.3.52	Extension of Time
2.3.53	Extension of Time
2.3.54	Extension of Time
2.3.55	Extension of Time
2.3.56	Extension of Time
2.3.57	Extension of Time
2.3.58	Extension of Time
2.3.59	Extension of Time
2.3.60	Extension of Time
2.3.61	Extension of Time
2.3.62	Extension of Time
2.3.63	Extension of Time
2.3.64	Extension of Time
2.3.66	Extension of Time

Datasets:

2.4.1	Extension of Time
2.4.2	Extension of Time
2.4.3	Extension of Time
2.4.4	Extension of Time
2.4.5	Extension of Time
2.4.6	Extension of Time
2.4.7	Extension of Time
2.4.8	Extension of Time
2.4.9	Extension of Time
2.4.10	Extension of Time
2.4.11	Extension of Time
2.4.17	Extension of Time
2.4.18	Extension of Time

Invoicing Related Standards:

Standards:

3.3.5	Extension of Time
3.3.22	Extension of Time
3.3.23	Extension of Time
3.3.24	Extension of Time
3.4.1	Extension of Time
3.4.2	Extension of Time
3.4.3	Extension of Time
3.4.4	Extension of Time

Quadrant Electronic Delivery Mechanism Related Standards:

Standards:

4.3.1	Extension of Time
4.3.2	Extension of Time
4.3.3	Extension of Time
4.3.16	Extension of Time
4.3.17	Extension of Time
4.3.18	Extension of Time
4.3.20	Extension of Time
4.3.22	Extension of Time
4.3.24	Extension of Time
4.3.25	Extension of Time
4.3.26	Extension of Time
4.3.27	Extension of Time
4.3.28	Extension of Time
4.3.30	Extension of Time
4.3.31	Extension of Time
4.3.32	Extension of Time
4.3.33	Extension of Time
4.3.34	Extension of Time
4.3.35	Extension of Time
4.3.36	Extension of Time
4.3.38	Extension of Time
4.3.40	Extension of Time
4.3.41	Extension of Time
4.3.42	Extension of Time
4.3.43	Extension of Time

4.3.44	Extension of Time
4.3.45	Extension of Time
4.3.46	Extension of Time
4.3.47	Extension of Time
4.3.48	Extension of Time
4.3.49	Extension of Time
4.3.50	Extension of Time
4.3.52	Extension of Time
4.3.53	Extension of Time
4.3.54	Extension of Time
4.3.55	Extension of Time
4.3.57	Extension of Time
4.3.58	Extension of Time
4.3.60	Extension of Time
4.3.61	Extension of Time
4.3.62	Extension of Time
4.3.66	Extension of Time
4.3.67	Extension of Time
4.3.68	Extension of Time
4.3.69	Extension of Time
4.3.72	Extension of Time
4.3.75	Extension of Time
4.3.78	Extension of Time
4.3.79	Extension of Time
4.3.80	Extension of Time
4.3.81	Extension of Time
4.3.82	Extension of Time
4.3.83	Extension of Time
4.3.84	Extension of Time
4.3.85	Extension of Time
4.3.86	Extension of Time
4.3.87	Extension of Time
4.3.100	Extension of Time
4.3.101	Extension of Time
4.3.102	Extension of Time
4.3.103	Extension of Time
4.3.104	Extension of Time
4.3.105	Extension of Time
4.3.106	Extension of Time

Capacity Release Related Standards:

Standards:

5.3.10	Extension of Time
5.3.11	Extension of Time
5.3.12	Extension of Time
5.3.31	Extension of Time
5.3.32	Extension of Time
5.3.33	Extension of Time
5.3.34	Extension of Time
5.3.35	Extension of Time
5.3.36	Extension of Time
5.3.37	Extension of Time
5.3.38	Extension of Time
5.3.39	Extension of Time
5.3.40	Extension of Time
5.3.41	Extension of Time

5.3.42	Extension of Time
5.3.62	Extension of Time
5.3.62a	Extension of Time
5.3.63	Extension of Time
5.3.64	Extension of Time
5.3.65	Extension of Time
5.3.66	Extension of Time
5.3.67	Extension of Time
5.3.68	Extension of Time
5.3.69	Extension of Time
5.3.70	Extension of Time
5.3.71	Extension of Time
5.3.72	Extension of Time

Data Sets:

5.4.14	Extension of Time
5.4.15	Extension of Time
5.4.16	Extension of Time
5.4.17	Extension of Time
5.4.20	Extension of Time
5.4.21	Extension of Time
5.4.22	Extension of Time
5.4.23	Extension of Time
5.4.24	Extension of Time
5.4.25	Extension of Time
5.4.26	Extension of Time
5.4.27	Extension of Time

Internet Electronic Transport Related Standards:

Standards:

10.3.1	Extension of Time
10.3.3	Extension of Time
10.3.4	Extension of Time
10.3.5	Extension of Time
10.3.6	Extension of Time
10.3.7	Extension of Time
10.3.8	Extension of Time
10.3.9	Extension of Time
10.3.10	Extension of Time
10.3.11	Extension of Time
10.3.12	Extension of Time
10.3.14	Extension of Time
10.3.15	Extension of Time
10.3.16	Extension of Time
10.3.17	Extension of Time
10.3.18	Extension of Time
10.3.19	Extension of Time
10.3.20	Extension of Time
10.3.21	Extension of Time
10.3.22	Extension of Time
10.3.23	Extension of Time
10.3.24	Extension of Time
10.3.25	Extension of Time
10.3.26	Extension of Time
10.3.27	Extension of Time

PART IV
GENERAL TERMS AND CONDITIONS
(Continued)

26. DISPOSITION OF EXCESS GAS

Transporter may make interruptible sales of gas from time to time to provide fuel and use quantities to Shippers. Further, in order to alleviate conditions that threaten the integrity of its system, Transporter may periodically acquire quantities of gas that are excess to system needs. Transporter shall have the right to make interruptible sales of such excess gas from time to time at system Receipt Point pursuant to the terms of the blanket certificate of public convenience and necessity granted to Transporter pursuant to 18 C.F.R. Section 284.284(6). Such sales shall be made under rates, terms and conditions mutually agreed upon between Transporter and purchasers, provided, however, that all such sales shall be fully interruptible and shall be curtailable pro rata without regard to underlying transportation arrangements made by purchasers.