



August 26, 2011

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Gas Transmission Northwest LLC
717 Texas Street, Suite 2400
Houston, TX 77002

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Re: Gas Transmission Northwest LLC
Annual Charge Adjustment
Docket No. RP11-____-____

Dear Ms. Bose:

Pursuant to Section 154.402 of the Federal Energy Regulatory Commission's ("FERC" or "Commission") regulations,¹ Gas Transmission Northwest LLC ("GTN") hereby submits for filing certain revised tariff sections listed in Appendix A to be part of its FERC Gas Tariff, Fourth Revised Volume No. 1-A ("Tariff"). These revised tariff sections are being submitted to reflect a decrease in the FERC's Annual Charge Adjustment ("ACA"). GTN requests that the Commission accept these tariff sections to become effective October 1, 2011.

Correspondence

The names, titles and mailing addresses of the persons to whom correspondence and communications concerning this filing should be directed are as follows:

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* Persons designated for official service pursuant to Rule 2010.

¹ 18 C.F.R. Part 154 (2011).

Statement of the Nature, Reasons, and Basis for Filing

On June 30, 2011, the Commission distributed the Annual Charges Billing for Fiscal Year 2011, followed by a notice of rate correction. The notice indicated that the authorized ACA unit charge to be applied to transportation rates beginning in October 2011 is \$0.0018 per Dth.

In the instant filing, GTN is submitting revised tariff sections to update references to the ACA unit charge. Specifically, GTN has reflected the new ACA unit charge within the sections listed in Appendix A. GTN notes that Section 4.7 contains footnotes to various negotiated rate contracts.² These footnotes have been updated to reflect the new ACA unit charge. GTN notes that by updating these footnotes, it has not altered the structure of the negotiated agreements reflected in the footnotes.

Effective Date

GTN requests that the Commission accept the revised tariff sections listed in Appendix A to become effective October 1, 2011.

Other Filings That May Affect This Proceeding

There are no other filings before the Commission that may significantly affect the changes proposed herein.

Contents of Filing

In accordance with Section 154.7 and 154.201 of the Commission's regulations, and Order No. 714,³ GTN is submitting the following XML filing package, which includes:

1. This transmittal letter;
2. A clean tariff section (Appendix A); and
3. A marked tariff section (Appendix B).

² GTN Tariff Section 4.7 Statement of Rates, Footnotes for Negotiated Rates – FTS-1 and LFS-1.

³ *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008) (“Order No. 714”).

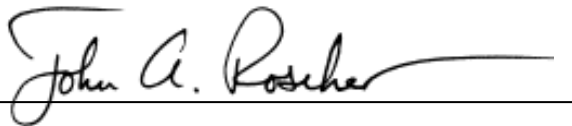
Certificate of Service

As required by Sections 154.7(b) and 154.208 of the Commission's regulations, copies of this filing are being served upon all of GTN's existing customers and interested state regulatory agencies. A copy of this letter, together with the enclosed tariff sections and other attachments, is available during regular business hours for public inspection at GTN's principal place of business.

Pursuant to Section 385.2005 and Section 385.2011, the undersigned has read this filing and knows its contents, and the contents are true as stated, to the best of his knowledge and belief. Additionally, the undersigned possesses full power and authority to sign such filing.

Any questions regarding this filing may be directed to Joan Collins at (832) 320-5651.

Respectfully submitted,

A handwritten signature in black ink that reads "John A. Roscher". The signature is written in a cursive style and is positioned above a solid horizontal line.

John A. Roscher
Director, Rates and Tariffs

Enclosures

Appendix A

Gas Transmission Northwest LLC – GTN Tariffs *FERC Gas Tariff, Fourth Revised Volume No. 1-A*

Clean Tariff

<u>Section</u>	<u>Section Description</u>	<u>Version</u>
4.1	4.1 – Statement of Rates, FTS-1 and LFS-1 Rates	v.3.0.0
4.2	4.2 - Statement of Rates, ITS – 1 rates	v.3.0.0
4.3	4.3 – Statement of Rates, Footnotes to Statement of Effective Rates and Charges	v.3.0.0
4.7	4.7 – Statement of Rates, Footnotes for Negotiated Rates – FTS-1 and LFS-1	v.3.0.0

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
 TRANSPORTATION OF NATURAL GAS

Rate Schedules FTS-1 and LFS-1

	RESERVATION							
	DAILY MILEAGE (a) (Dth-MILE)		DAILY NON-MILEAGE (b) (Dth)		DELIVERY (c) (Dth-MILE)		FUEL (d) (Dth-MILE)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	0.000463	0.000000	0.036632	0.000000	0.000016	0.000016	0.0050%	0.0000%
STF (e)	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (f)	0.003290	0.000000	0.005498	0.000000	0.000026	0.000026	---	---
E-2 (g)(l) (WWP)	0.008620	0.000000	---	---	0.000000	0.000000	---	---
E-2 (h)(l) (Diamond 1)	0.002972	0.000000	---	---	0.000000	0.000000	---	---
E-2(h)(l) (Diamond 2)	0.001166	0.000000	---	---	0.000000	0.000000	---	---
COYOTE SPRINGS								
E-3 (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
OVERRUN CHARGE (j)								
	---	---	---	---	---	---	---	---
SURCHARGES								
ACA (k)	---	---	---	---	0.001800	0.001800	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
 TRANSPORTATION OF NATURAL GAS (a)

Rate Schedule ITS-1

	MILEAGE (n) (Dth-Mile)		NON-MILEAGE (o) (Dth)		DELIVERY (c) (Dth-Mile)		FUEL (d) (Dth-Mile)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (Medford) (f)	0.003290	0.000000	0.005498	0.000000	0.000026	0.000026	---	---
COYOTE SPRINGS								
E-3 (Coyote Springs) (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
SURCHARGES								
ACA (k)	---	---	0.001800	0.001800	---	---	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES
 FOR TRANSPORTATION OF NATURAL GAS

Notes:

- (a) The mileage component shall be applied per pipeline mile to gas transported by GTN for delivery to shipper based on the primary receipt and delivery points in Shipper's contract. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (b) The non-mileage component is applied per Shipper's MDQ at Primary Point(s) of Delivery on Mainline Facilities.
- (c) The delivery rates are applied per pipeline mile to gas transported by GTN for delivery to shipper based on distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (d) Fuel Use: Shipper shall furnish gas used for compressor station fuel, line loss, and other utility purposes, plus other unaccounted-for gas used in the operation of GTN's combined pipeline system in an amount equal to the sum of the current fuel and line loss percentage and the fuel and line loss percentage surcharge in accordance with Section 6.38 of this tariff, multiplied by the distance in pipeline miles transported from the receipt point to the delivery point multiplied by the transportation quantities of gas received from Shipper under these rate schedules. The current fuel and line loss percentage shall be adjusted each month between the maximum rate of 0.0050% per Dth per pipeline mile and the minimum rate of 0.0000% per Dth per mile. The fuel and line loss percentage surcharge is 0.0000% per Dth per pipeline mile. No fuel use charges will be assessed for backhaul service. Currently effective fuel charges may be found on GTN's Internet website under "Informational Postings."
- (e) Seasonal recourse rates apply to short-term firm (STF) service under Rate Schedule FTS-1 (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) and IT Service under Rate Schedule ITS-1. Pursuant to the Stipulation and Agreement approved by the Commission in Docket No. RP06-407-000, by March 1 of each year GTN may designate up to four (4) months as peak months during a twelve-month period beginning on June 1 of the same year through May 31 of the following year. All other months will be considered off-peak months. Reservation rate components that apply to STF service and per-unit-rate IT service are as follows (delivery charges and applicable surcharges continue to apply):

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.051285	\$0.051285	\$0.051285	\$0.051285	\$0.036632
Peak Mi. Res.	\$0.000648	\$0.000648	\$0.000648	\$0.000648	\$0.000463

Off-Pk NM Res.	\$0.029306	\$0.031749	\$0.033701	\$0.035299	\$0.036632
Off-Pk Mi. Res.	\$0.000370	\$0.000401	\$0.000426	\$0.000446	\$0.000463

Months currently designated as "Peak Months" may be found on GTN's Internet website under "Informational Postings." By March 1 of each year, GTN will post the Peak Months for the upcoming twelve-month period beginning June 1 of the same year.

- (f) Applicable to firm service on GTN's Medford Extension.
- (g) Under the terms of the July 29, 1994 Agreement (Agreement) between GTN and The Washington Water Power Company (WWP) (expressly incorporated herein), the initial negotiated rate is \$0.163955 per Dth-mile, which is designed by dividing first-year annual revenues of \$3.9 million by Dth-mile demand billing determinants of 23,787,000 (22,500 Dth/d x 12 months x 88.1 miles). Each year thereafter, until the end of the primary term of the Agreement, the rate shall increase or decrease by the same overall percentage increase or decrease in a "Benchmark" rate based on PacifiCorp's average electric rate in effect during the preceding contract year under its Residential Rate Schedule 4, or superseding Rate Schedule (or those of its subsidiaries, successors, assigns, or of substitute service providers) applicable to residential heating service for a residential customer utilizing 1,000 kilowatt hours per month. That Benchmark rate shall encompass all of the rate components of the aforementioned Rate Schedule. The Agreement provides for recovery of any "deficiency" amounts (plus carrying costs at GTN's allowed rate of return on investment for the applicable period) over the primary term of the Agreement to the extent permitted by increases in the foregoing electric rates. WWP's first-year deficiency amount of \$3.394 million is equal to WWP's revenue responsibility at the maximum E-2 (Medford) rates, or \$7.294 million [(22,500 Dth/d x 12 months x 88.1 miles x maximum Reservation Charge) + (22,500 Dth/d x 365 days x 88.1 miles x 95% load factor x maximum Delivery Charge)], less WWP's first-year revenue responsibility of \$3.9 million. For each contract year after the end of the primary term of the Agreement, the rate shall equal GTN's then-effective rate as set forth in the applicable tariff for firm transportation service on the Medford Extension. In the event that GTN recovers the "deficiency" amounts of the Firm Transportation Service Agreement during the primary term, WWP shall pay the then-applicable tariff rate for firm transportation service on the Medford Extension (E-1) or successor rate. GTN shall file an annual report with the Commission specifying (a) the calculation of the Medford Extension cost-of-service; (b) the revenues collected under the Medford (E-2) Rate; (c) the deferred cost recovery mechanism account balance, including carrying charges; and (d) workpapers detailing the computations.
- (h) Applies to Diamond Energy service, which commences 1998. Rate is negotiated reservation charge of \$0.002972 per Dth per day for first 45,000 Dth/d and \$0.001166 per Dth per day for the second 45,000 Dth/d. Revenues will be applied to annual revenue requirement on the Medford Extension.

- (i) Applicable to firm service on GTN's Coyote Springs Extension.
- (j) The Overrun Charge shall be equal to the rates and charges set forth for interruptible service under Rate Schedule ITS-1.
- (k) In accordance with Section 6.22 of the Transportation General Terms and Conditions of this FERC Gas Tariff, Fourth Revised Volume No. 1-A, all Transportation services that involve the physical movement of gas shall pay an ACA unit adjustment of \$0.0018 per Dth. This adjustment shall be in addition to the Base Tariff Rate(s) specified above.
- (l) Daily reservation charges will be reset for leap years.
- (m) Reserved.
- (n) The Rate Schedule ITS-1 Mileage Component shall be applied per pipeline mile to gas transported by GTN based on the distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (o) The Rate Schedule ITS-1 Non-Mileage Component shall be applied per Dth of gas transported by GTN for immediate delivery to the facilities of another entity or an extension facility.

STATEMENT OF EFFECTIVE RATES AND CHARGES
FOR TRANSPORTATION OF NATURAL GAS

Negotiated Rate Agreements Under Rate Schedules FTS-1 and LFS-1

Explanatory Footnotes for Negotiated Rates
under Rate Schedules FTS-1 and LFS-1

- /1 This contract does not deviate in any material aspect from the Form of Service Agreement in this Tariff.
- /2 Unless otherwise noted, all Shippers pay GTN's maximum Reservation Charge, Delivery Charge, ACA, and contribute fuel in-kind in accordance with this Tariff.
- /3 Index Price References: Unless otherwise noted, references to "Daily Index Price" shall mean the price survey midpoint for the specified point as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the next available Gas Daily publication. Unless otherwise noted, the references to the "NGI FOM" for a specified point shall mean Natural Gas Intelligence's First of Month Bid Week Survey (Supplement to NGI's Weekly Gas Index) Spot Gas Price for the specified point.
- /4 The Reservation Rate shall be \$0.08/Dth/day. The Delivery Rate shall be \$0.02/Dth/day inclusive of ACA. Fuel shall be reimbursed in-kind at the applicable monthly percentage as posted on GTN's Internet website.
- /5 The Reservation Rate shall be \$0.025/Dth/day. Each day, the Delivery Rate (inclusive of ACA) shall apply on a tiered basis as follows:

First 5,000 Dth - \$0.02/Dth
Second 5,000 Dth - \$0.05/Dth

- /6 The Reservation Rate shall be \$0.02/Dth/day. The Delivery Rate shall be \$0.02/Dth/day inclusive of ACA. Fuel shall be reimbursed in-kind at the applicable monthly percentage as posted on GTN's Internet website.
- /7 The Reservation charge shall be equal to the rate set forth in GTN's FERC Gas Tariff identified as FTS-1 E-2 (WWP), or its successor, multiplied by the appropriate Effective Period Percentage as shown in the following table.

Effective Period	Percentage
11/1/01-10/31/02	75%
11/1/02-10/31/03	80%
11/1/03-10/31/04	85%
11/1/04-10/31/05	90%

11/1/05-10/31/06	95%
11/1/06-10/31/25	100%

The Daily Delivery Charge shall be equal to the 100% load factor equivalent of the FTS-1 E-2 rate, or its successor, and shall be multiplied by the positive difference between (a) volumes delivered and (b) the contract MDQ times the appropriate Effective Period Percentage.

Daily Delivery Charge = [Dth Delivered - (MDQ * Effective Period %)] * 100% Load Factor Equivalent FTS-1 E-2

/8 Reserved

/9 Reserved

/10 The Reservation Rate shall be \$0.02/Dth applied to the MDQ of the Agreement. In addition to the Reservation Rate, Coral shall pay commodity charges based on the actual gas transported. The Commodity Rate shall be redetermined daily and will equal (the Gas Daily Midpoint Price for PG&E, Malin minus the Gas Daily Midpoint Price for Stanfield, Ore. minus an Allowance for GTN Fuel minus \$0.004356/Dth minus ACA of \$0.0018/Dth minus \$0.02/Dth) multiplied by 50%.

The Allowance for GTN Fuel shall be determined daily by the following expression:

The Gas Daily Midpoint Price for Stanfield, Ore. multiplied by the applicable fuel and line loss percentage for the actual path utilized to transport gas.

In the event that the index for Stanfield, Ore. and/or PG&E, Malin are not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index.

In the event that the index price for Stanfield, Ore. and/or PG&E, Malin are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Coral will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement No. 08612 will terminate on the seventh day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

This Agreement shall become effective April 1, 2003, and shall continue in full force and effect through April 30, 2003 and month to month thereafter, with either party having the right to terminate the Agreement, upon no less than 7 days notice to the other, given prior to the first day of any subsequent month.

/11 Index Rate Calculation.

The per-Dth Reservation Rate shall be determined daily and will equal [the Gas Daily Midpoint Price (The Gas Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Stanfield, OR as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.) for PG&E, Malin minus the Gas Daily Midpoint Price for Stanfield, OR, minus the sum of the following]:

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.0018/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Stanfield, OR multiplied by {[1.0/(1.0-the GTN System fuel rate)] minus 1.0}, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Reservation Rate.

On any day when the foregoing Index Rate calculation produces a result less than \$0.06/Dth, the Reservation Rate shall be deemed to be \$0.02/Dth. On any day when the foregoing Index Rate calculation produces a result greater than or equal to \$0.06/Dth and less than or equal to \$0.10/Dth, the Reservation Rate shall be deemed to be equal to the calculated per Dth Reservation Rate minus \$0.04/Dth. On any day when the foregoing Index Rate calculation produces a result greater than \$0.10/Dth, the Reservation Rate shall be equal to six cents (\$0.06) plus eighty percent (80%) of the difference between the result of the Index Rate Calculation and ten cents (\$0.10). To determine the Index Rate calculation applicable to volumes not nominated or scheduled, the Stanfield, OR to Malin, OR mileage will be applied to the calculation's mileage-based components.

Other Charges.

In addition to the Reservation Rate as calculated herein, Eagle Energy Partners shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. Eagle Energy Partners shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiate Request.

In the event that the indices for PG&E, Malin and/or Stanfield, OR are not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index. In the event that the indices for PG&E, Malin and/or Stanfield, OR are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Eagle Energy Partners will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10628 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

/12 Index Rate Calculation.

The per-Dth Reservation Rate shall be determined daily and will equal (the Gas Daily Midpoint Price [Gas Daily Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Kingsgate, BC as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.] for PG&E, Malin minus the Gas Daily Midpoint Price for Kingsgate, BC, minus the sum of the following):

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.0018/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Kingsgate, BC multiplied by $\{[1.0/(1.0 - \text{the GTN System fuel rate})] - 1.0\}$, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Reservation Rate.

On any day when the foregoing Index Rate Calculation produces a result less than \$0.06/Dth, the Reservation Rate shall be deemed to be \$0.02/Dth. On any day when the foregoing Index Rate Calculation produces a result greater than or equal to \$0.06/Dth and less than or equal to \$0.10/Dth, the Reservation Rate shall be deemed to be equal to the calculated per Dth Reservation Rate minus \$0.04/Dth. On any day when the foregoing Index Rate calculation produces a result greater than \$0.10/Dth, the Reservation Rate shall be equal to six cents (\$0.06) plus eighty per cent (80%) of the difference between the result of the Index Rate Calculation and ten cents (\$0.10). To determine the Index Rate

Calculation applicable to volumes not nominated or scheduled, the Kingsgate, BC to Malin, OR mileage will be applied to the calculation's mileage-based components.

Other Charges.

In addition to the Reservation Rate as calculated herein, Eagle Energy Partners shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. Eagle Energy Partners shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiation Request.

In the event that the indices for PG&E, Malin is not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index. In the event that the indices for PG&E, Malin is not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Eagle Energy Partners will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10738 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination. In the event that the indices for Kingsgate, BC are not published on any given day (other than a weekend or a holiday), prices will be determined based on the TCPL Alberta, AECO-C price, converted to U.S. dollars using the currency conversion factor printed in Gas Daily for the applicable day, plus \$0.12/dth.

/13 The per-Dth Reservation Rate shall be determined daily and will equal 50% x (the Gas Daily Midpoint Price (The Gas Daily Daily Midpoint Price is the price survey midpoint for PG&E, Malin and TCPL Alberta, AECO-C as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the most recently available Gas Daily publication.) for PG&E, Malin minus the Gas Daily Midpoint Price for TCPL Alberta, AECO-C minus the sum of the following):

- (1) an allowance for the per Dth cost of upstream transportation.
- (2) an allowance for the per Dth cost of GTN and Foothills B.C. system fuel.
- (3) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (4) an allowance for ACA of \$0.0018/Dth or other such rate as may be approved by FERC during the term of this Agreement to reflect its Annual Charge Adjustment.

For the purposes of the above Reservation Rate calculation:

The allowance for upstream transportation shall be calculated as the sum of the 100% load factor equivalent rates in effect on the day of flow for Foothills B.C. System FT Service and the TransCanada Alberta System FT-D service, converted to U.S. dollars per Dth using the U.S./Canadian dollar conversion rate as quoted in Gas Daily for the day of flow, a conversion rate of 1.055056 GJ per Dth, and a heat value of 37.8 MJ/cubic meter; and

The allowance for GTN and Foothills B.C. System fuel shall be computed as the Gas Daily Midpoint Price for TCPL Alberta, AECO-C (expressed in \$U.S./Dth), multiplied by $\{[1.0 / (1.0 - \text{the GTN System fuel rate})] \text{ multiplied by } [1.0 / (1.0 - \text{the Foothills Zone 8 fuel rate})] \text{ minus } 1.0\}$, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

On any day when the foregoing Reservation Rate calculation produces a result less than \$0.04/Dth, the Reservation Rate shall be deemed to be \$0.04/Dth. To determine the Index Rate calculation applicable to volumes not nominated or scheduled, the Kingsgate to Malin mileage will be applied to the calculation's mileage-based components.

In addition to the Reservation Rate as calculated herein, Powerex shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. Powerex shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

In the event that the indices for PG&E, Malin and/or TCPL Alberta, AECO-C are not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index. In the event that the indices for PG&E, Malin and/or TCPL Alberta, AECO-C are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Powerex will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10849 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

At any time within the last five business days of any month prior to a month that this Agreement is in effect, the parties may, by mutual consent, modify the Reservation Rate to a fixed rate for all or a portion of the Maximum Delivered Quantity for the next month or for the remainder of the Contract Term. Neither GTN nor Powerex shall be obligated to accept a renegotiated fixed rate based upon discounted or negotiated rates in effect or offered to other shippers.

- /14 The Reservation Rate shall be \$0.02/Dth/day. The Delivery Rate shall be \$0.03/Dth inclusive of ACA. Fuel shall be reimbursed in-kind at the applicable monthly percentage as posted on GTN's Internet website.
- /15 Reserved
- /16 The allowance for fuel shall be redetermined daily and shall be the product of GTN's applicable fuel and line loss percentage for the path of actual volumes transported multiplied by the commodity value of gas provided in-kind by the shipper. The commodity value of gas provided in-kind shall equal the Gas Daily Midpoint Price for NOVA, AECO-C plus \$0.20.
- /17 The charges for this service will have two components.
- (1) Fixed rate reservation charge component of \$0.05/Dth applied on a daily basis to the Maximum Delivered Quantity.
 - (2) Sharing Spread Component: On days when the Spread Calculation formula yields a value greater than \$0.10/Dth as determined below, the difference between the results of the Spread Calculation formula and \$0.10/Dth shall be shared equally between GTN and EDF Trading.

The per-Dth Spread Calculation shall be determined daily and will equal (the Gas Daily Midpoint Price [Gas Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Kingsgate, BC as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.] for PG&E, Malin minus the Gas Daily Midpoint Price for Kingsgate, BC, minus the sum of the following):

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.0018/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Kingsgate, BC multiplied by {[1.0/(1.0-the GTN System fuel rate)] minus 1.0}, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Other Charges.

In addition to the Reservation Rate as calculated herein, EDF Trading shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. EDF Trading shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiation Request.

In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on any given day (other than a weekend or holiday), prices will be determined based on the average of last published information for such indices and the next published information for such indices. In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiations Request"). Upon such Renegotiation Request, GTN and EDF Trading will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10880 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

/18 The charges for this service will be as follows:

Index Rate Calculation.

The per-Dth Reservation Rate shall be determined daily and will equal (the Gas Daily Midpoint Price [Gas Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Kingsgate, BC as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.] for PG&E, Malin minus the Gas Daily Midpoint Price for Kingsgate, BC, minus the sum of the following):

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.0018/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Kingsgate, BC multiplied by $\{[1.0/(1.0-\text{the GTN System fuel rate})] \text{ minus } 1.0\}$, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Reservation Rate.

On any day when the foregoing Index Rate Calculation produces a result less than \$0.06/Dth, the Reservation Rate shall be deemed to be \$0.02/Dth. On any day when the foregoing Index Rate Calculation produces a result greater than or equal to \$0.06/Dth and less than or equal to \$0.10/Dth, the Reservation Rate shall be deemed to be equal to the calculated per Dth Reservation Rate minus \$0.04/Dth. On any day when the foregoing Index Rate calculation produces a result greater than \$0.10/Dth, the Reservation Rate shall be equal to six cents (\$0.06) plus eighty per cent (80%) of the difference between the result of the Index Rate Calculation and ten cents (\$0.10). To determine the Index Rate Calculation applicable to volumes not nominated or scheduled, the Kingsgate, BC to Malin, OR mileage will be applied to the calculation's mileage-based components.

Other Charges.

In addition to the Reservation Rate as calculated herein, EDF Trading shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. EDF Trading shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiation Request.

In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on any given day (other than a weekend or holiday), prices will be determined based on the average of last published information for such indices and the next published information for such indices. In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and EDF Trading will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10881 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

Appendix B

Gas Transmission Northwest LLC – GTN Tariffs *FERC Gas Tariff, Fourth Revised Volume No. 1-A*

Marked Tariff

<u>Section</u>	<u>Section Description</u>	<u>Version</u>
4.1	4.1 – Statement of Rates, FTS-1 and LFS-1 Rates	v.3.0.0
4.2	4.2 - Statement of Rates, ITS – 1 rates	v.3.0.0
4.3	4.3 – Statement of Rates, Footnotes to Statement of Effective Rates and Charges	v.3.0.0
4.7	4.7 – Statement of Rates, Footnotes for Negotiated Rates – FTS-1 and LFS-1	v.3.0.0

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
 TRANSPORTATION OF NATURAL GAS

Rate Schedules FTS-1 and LFS-1

	RESERVATION							
	DAILY MILEAGE (a) (Dth-MILE)		DAILY NON-MILEAGE (b) (Dth)		DELIVERY (c) (Dth-MILE)		FUEL (d) (Dth-MILE)	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
BASE	0.000463	0.000000	0.036632	0.000000	0.000016	0.000016	0.0050%	0.0000%
STF (e)	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (f)	0.003290	0.000000	0.005498	0.000000	0.000026	0.000026	---	---
E-2 (g)(l) (WWP)	0.008620	0.000000	---	---	0.000000	0.000000	---	---
E-2 (h)(l) (Diamond 1)	0.002972	0.000000	---	---	0.000000	0.000000	---	---
E-2(h)(l) (Diamond 2)	0.001166	0.000000	---	---	0.000000	0.000000	---	---
COYOTE SPRINGS								
E-3 (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
OVERRUN CHARGE (j)								
	---	---	---	---	---	---	---	---
SURCHARGES								
ACA (k)	---	---	---	---	0.0018900	0.0018900	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES FOR
 TRANSPORTATION OF NATURAL GAS (a)

Rate Schedule ITS-1

	MILEAGE (n) (Dth-Mile)		NON-MILEAGE (o) (Dth)		DELIVERY (c) (Dth-Mile)		FUEL (d) (Dth-Mile)	
	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>	<u>Max.</u>	<u>Min.</u>
BASE	(e)	0.000000	(e)	0.000000	0.000016	0.000016	0.0050%	0.0000%
EXTENSION CHARGES								
MEDFORD								
E-1 (Medford) (f)	0.003290	0.000000	0.005498	0.000000	0.000026	0.000026	---	---
COYOTE SPRINGS								
E-3 (Coyote Springs) (i)	0.001412	0.000000	0.001420	0.000000	0.000000	0.000000	---	---
SURCHARGES								
ACA (k)	---	---	0.0018900	0.0018900	---	---	---	---

STATEMENT OF EFFECTIVE RATES AND CHARGES
 FOR TRANSPORTATION OF NATURAL GAS

Notes:

- (a) The mileage component shall be applied per pipeline mile to gas transported by GTN for delivery to shipper based on the primary receipt and delivery points in Shipper's contract. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (b) The non-mileage component is applied per Shipper's MDQ at Primary Point(s) of Delivery on Mainline Facilities.
- (c) The delivery rates are applied per pipeline mile to gas transported by GTN for delivery to shipper based on distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (d) Fuel Use: Shipper shall furnish gas used for compressor station fuel, line loss, and other utility purposes, plus other unaccounted-for gas used in the operation of GTN's combined pipeline system in an amount equal to the sum of the current fuel and line loss percentage and the fuel and line loss percentage surcharge in accordance with Section 6.38 of this tariff, multiplied by the distance in pipeline miles transported from the receipt point to the delivery point multiplied by the transportation quantities of gas received from Shipper under these rate schedules. The current fuel and line loss percentage shall be adjusted each month between the maximum rate of 0.0050% per Dth per pipeline mile and the minimum rate of 0.0000% per Dth per mile. The fuel and line loss percentage surcharge is 0.0000% per Dth per pipeline mile. No fuel use charges will be assessed for backhaul service. Currently effective fuel charges may be found on GTN's Internet website under "Informational Postings."
- (e) Seasonal recourse rates apply to short-term firm (STF) service under Rate Schedule FTS-1 (i.e., firm service that has a term of less than one year and that does not include multiple-year seasonal service) and IT Service under Rate Schedule ITS-1. Pursuant to the Stipulation and Agreement approved by the Commission in Docket No. RP06-407-000, by March 1 of each year GTN may designate up to four (4) months as peak months during a twelve-month period beginning on June 1 of the same year through May 31 of the following year. All other months will be considered off-peak months. Reservation rate components that apply to STF service and per-unit-rate IT service are as follows (delivery charges and applicable surcharges continue to apply):

	4 Peak Mos.	3 Peak Mos.	2 Peak Mos.	1 Peak Mo.	0 Peak Mos.
Peak NM Res.	\$0.051285	\$0.051285	\$0.051285	\$0.051285	\$0.036632
Peak Mi. Res.	\$0.000648	\$0.000648	\$0.000648	\$0.000648	\$0.000463

Off-Pk NM Res.	\$0.029306	\$0.031749	\$0.033701	\$0.035299	\$0.036632
Off-Pk Mi. Res.	\$0.000370	\$0.000401	\$0.000426	\$0.000446	\$0.000463

Months currently designated as "Peak Months" may be found on GTN's Internet website under "Informational Postings." By March 1 of each year, GTN will post the Peak Months for the upcoming twelve-month period beginning June 1 of the same year.

- (f) Applicable to firm service on GTN's Medford Extension.
- (g) Under the terms of the July 29, 1994 Agreement (Agreement) between GTN and The Washington Water Power Company (WWP) (expressly incorporated herein), the initial negotiated rate is \$0.163955 per Dth-mile, which is designed by dividing first-year annual revenues of \$3.9 million by Dth-mile demand billing determinants of 23,787,000 (22,500 Dth/d x 12 months x 88.1 miles). Each year thereafter, until the end of the primary term of the Agreement, the rate shall increase or decrease by the same overall percentage increase or decrease in a "Benchmark" rate based on PacifiCorp's average electric rate in effect during the preceding contract year under its Residential Rate Schedule 4, or superseding Rate Schedule (or those of its subsidiaries, successors, assigns, or of substitute service providers) applicable to residential heating service for a residential customer utilizing 1,000 kilowatt hours per month. That Benchmark rate shall encompass all of the rate components of the aforementioned Rate Schedule. The Agreement provides for recovery of any "deficiency" amounts (plus carrying costs at GTN's allowed rate of return on investment for the applicable period) over the primary term of the Agreement to the extent permitted by increases in the foregoing electric rates. WWP's first-year deficiency amount of \$3.394 million is equal to WWP's revenue responsibility at the maximum E-2 (Medford) rates, or \$7.294 million [(22,500 Dth/d x 12 months x 88.1 miles x maximum Reservation Charge) + (22,500 Dth/d x 365 days x 88.1 miles x 95% load factor x maximum Delivery Charge)], less WWP's first-year revenue responsibility of \$3.9 million. For each contract year after the end of the primary term of the Agreement, the rate shall equal GTN's then-effective rate as set forth in the applicable tariff for firm transportation service on the Medford Extension. In the event that GTN recovers the "deficiency" amounts of the Firm Transportation Service Agreement during the primary term, WWP shall pay the then-applicable tariff rate for firm transportation service on the Medford Extension (E-1) or successor rate. GTN shall file an annual report with the Commission specifying (a) the calculation of the Medford Extension cost-of-service; (b) the revenues collected under the Medford (E-2) Rate; (c) the deferred cost recovery mechanism account balance, including carrying charges; and (d) workpapers detailing the computations.
- (h) Applies to Diamond Energy service, which commences 1998. Rate is negotiated reservation charge of \$0.002972 per Dth per day for first 45,000 Dth/d and \$0.001166 per Dth per day for the second 45,000 Dth/d. Revenues will be applied to annual revenue requirement on the Medford Extension.

- (i) Applicable to firm service on GTN's Coyote Springs Extension.
- (j) The Overrun Charge shall be equal to the rates and charges set forth for interruptible service under Rate Schedule ITS-1.
- (k) In accordance with Section 6.22 of the Transportation General Terms and Conditions of this FERC Gas Tariff, Fourth Revised Volume No. 1-A, all Transportation services that involve the physical movement of gas shall pay an ACA unit adjustment of \$0.001~~89~~ per Dth. This adjustment shall be in addition to the Base Tariff Rate(s) specified above.
- (l) Daily reservation charges will be reset for leap years.
- (m) Reserved.
- (n) The Rate Schedule ITS-1 Mileage Component shall be applied per pipeline mile to gas transported by GTN based on the distance of gas transported. Consult GTN's system map in Section 3 for receipt and delivery point and milepost designations.
- (o) The Rate Schedule ITS-1 Non-Mileage Component shall be applied per Dth of gas transported by GTN for immediate delivery to the facilities of another entity or an extension facility.

STATEMENT OF EFFECTIVE RATES AND CHARGES
FOR TRANSPORTATION OF NATURAL GAS

Negotiated Rate Agreements Under Rate Schedules FTS-1 and LFS-1

Explanatory Footnotes for Negotiated Rates
under Rate Schedules FTS-1 and LFS-1

- /1 This contract does not deviate in any material aspect from the Form of Service Agreement in this Tariff.
- /2 Unless otherwise noted, all Shippers pay GTN's maximum Reservation Charge, Delivery Charge, ACA, and contribute fuel in-kind in accordance with this Tariff.
- /3 Index Price References: Unless otherwise noted, references to "Daily Index Price" shall mean the price survey midpoint for the specified point as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the next available Gas Daily publication. Unless otherwise noted, the references to the "NGI FOM" for a specified point shall mean Natural Gas Intelligence's First of Month Bid Week Survey (Supplement to NGI's Weekly Gas Index) Spot Gas Price for the specified point.
- /4 The Reservation Rate shall be \$0.08/Dth/day. The Delivery Rate shall be \$0.02/Dth/day inclusive of ACA. Fuel shall be reimbursed in-kind at the applicable monthly percentage as posted on GTN's Internet website.
- /5 The Reservation Rate shall be \$0.025/Dth/day. Each day, the Delivery Rate (inclusive of ACA) shall apply on a tiered basis as follows:

First 5,000 Dth - \$0.02/Dth
Second 5,000 Dth - \$0.05/Dth

- /6 The Reservation Rate shall be \$0.02/Dth/day. The Delivery Rate shall be \$0.02/Dth/day inclusive of ACA. Fuel shall be reimbursed in-kind at the applicable monthly percentage as posted on GTN's Internet website.
- /7 The Reservation charge shall be equal to the rate set forth in GTN's FERC Gas Tariff identified as FTS-1 E-2 (WWP), or its successor, multiplied by the appropriate Effective Period Percentage as shown in the following table.

Effective Period	Percentage
11/1/01-10/31/02	75%
11/1/02-10/31/03	80%
11/1/03-10/31/04	85%
11/1/04-10/31/05	90%

11/1/05-10/31/06	95%
11/1/06-10/31/25	100%

The Daily Delivery Charge shall be equal to the 100% load factor equivalent of the FTS-1 E-2 rate, or its successor, and shall be multiplied by the positive difference between (a) volumes delivered and (b) the contract MDQ times the appropriate Effective Period Percentage.

Daily Delivery Charge = [Dth Delivered - (MDQ * Effective Period %)] * 100% Load Factor Equivalent FTS-1 E-2

/8 Reserved

/9 Reserved

/10 The Reservation Rate shall be \$0.02/Dth applied to the MDQ of the Agreement. In addition to the Reservation Rate, Coral shall pay commodity charges based on the actual gas transported. The Commodity Rate shall be redetermined daily and will equal (the Gas Daily Midpoint Price for PG&E, Malin minus the Gas Daily Midpoint Price for Stanfield, Ore. minus an Allowance for GTN Fuel minus \$0.004356/Dth minus ACA of \$0.00189/Dth minus \$0.02/Dth) multiplied by 50%.

The Allowance for GTN Fuel shall be determined daily by the following expression:

The Gas Daily Midpoint Price for Stanfield, Ore. multiplied by the applicable fuel and line loss percentage for the actual path utilized to transport gas.

In the event that the index for Stanfield, Ore. and/or PG&E, Malin are not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index.

In the event that the index price for Stanfield, Ore. and/or PG&E, Malin are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Coral will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement No. 08612 will terminate on the seventh day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

This Agreement shall become effective April 1, 2003, and shall continue in full force and effect through April 30, 2003 and month to month thereafter, with either party having the right to terminate the Agreement, upon no less than 7 days notice to the other, given prior to the first day of any subsequent month.

/11 Index Rate Calculation.

The per-Dth Reservation Rate shall be determined daily and will equal [the Gas Daily Midpoint Price (The Gas Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Stanfield, OR as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.) for PG&E, Malin minus the Gas Daily Midpoint Price for Stanfield, OR, minus the sum of the following]:

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.00189/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Stanfield, OR multiplied by {[1.0/(1.0-the GTN System fuel rate)] minus 1.0}, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Reservation Rate.

On any day when the foregoing Index Rate calculation produces a result less than \$0.06/Dth, the Reservation Rate shall be deemed to be \$0.02/Dth. On any day when the foregoing Index Rate calculation produces a result greater than or equal to \$0.06/Dth and less than or equal to \$0.10/Dth, the Reservation Rate shall be deemed to be equal to the calculated per Dth Reservation Rate minus \$0.04/Dth. On any day when the foregoing Index Rate calculation produces a result greater than \$0.10/Dth, the Reservation Rate shall be equal to six cents (\$0.06) plus eighty percent (80%) of the difference between the result of the Index Rate Calculation and ten cents (\$0.10). To determine the Index Rate calculation applicable to volumes not nominated or scheduled, the Stanfield, OR to Malin, OR mileage will be applied to the calculation's mileage-based components.

Other Charges.

In addition to the Reservation Rate as calculated herein, Eagle Energy Partners shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. Eagle Energy Partners shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiate Request.

In the event that the indices for PG&E, Malin and/or Stanfield, OR are not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index. In the event that the indices for PG&E, Malin and/or Stanfield, OR are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Eagle Energy Partners will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10628 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

/12 Index Rate Calculation.

The per-Dth Reservation Rate shall be determined daily and will equal (the Gas Daily Midpoint Price [Gas Daily Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Kingsgate, BC as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.] for PG&E, Malin minus the Gas Daily Midpoint Price for Kingsgate, BC, minus the sum of the following):

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.00189/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Kingsgate, BC multiplied by $\{[1.0/(1.0 - \text{the GTN System fuel rate})] - 1.0\}$, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Reservation Rate.

On any day when the foregoing Index Rate Calculation produces a result less than \$0.06/Dth, the Reservation Rate shall be deemed to be \$0.02/Dth. On any day when the foregoing Index Rate Calculation produces a result greater than or equal to \$0.06/Dth and less than or equal to \$0.10/Dth, the Reservation Rate shall be deemed to be equal to the calculated per Dth Reservation Rate minus \$0.04/Dth. On any day when the foregoing Index Rate calculation produces a result greater than \$0.10/Dth, the Reservation Rate shall be equal to six cents (\$0.06) plus eighty per cent (80%) of the difference between the result of the Index Rate Calculation and ten cents (\$0.10). To determine the Index Rate

Calculation applicable to volumes not nominated or scheduled, the Kingsgate, BC to Malin, OR mileage will be applied to the calculation's mileage-based components.

Other Charges.

In addition to the Reservation Rate as calculated herein, Eagle Energy Partners shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. Eagle Energy Partners shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiation Request.

In the event that the indices for PG&E, Malin is not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index. In the event that the indices for PG&E, Malin is not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Eagle Energy Partners will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10738 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination. In the event that the indices for Kingsgate, BC are not published on any given day (other than a weekend or a holiday), prices will be determined based on the TCPL Alberta, AECO-C price, converted to U.S. dollars using the currency conversion factor printed in Gas Daily for the applicable day, plus \$0.12/dth.

/13 The per-Dth Reservation Rate shall be determined daily and will equal 50% x (the Gas Daily Midpoint Price (The Gas Daily Daily Midpoint Price is the price survey midpoint for PG&E, Malin and TCPL Alberta, AECO-C as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the most recently available Gas Daily publication.) for PG&E, Malin minus the Gas Daily Midpoint Price for TCPL Alberta, AECO-C minus the sum of the following):

- (1) an allowance for the per Dth cost of upstream transportation.
- (2) an allowance for the per Dth cost of GTN and Foothills B.C. system fuel.
- (3) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (4) an allowance for ACA of \$0.00189/Dth or other such rate as may be approved by FERC during the term of this Agreement to reflect its Annual Charge Adjustment.

For the purposes of the above Reservation Rate calculation:

The allowance for upstream transportation shall be calculated as the sum of the 100% load factor equivalent rates in effect on the day of flow for Foothills B.C. System FT Service and the TransCanada Alberta System FT-D service, converted to U.S. dollars per Dth using the U.S./Canadian dollar conversion rate as quoted in Gas Daily for the day of flow, a conversion rate of 1.055056 GJ per Dth, and a heat value of 37.8 MJ/cubic meter; and

The allowance for GTN and Foothills B.C. System fuel shall be computed as the Gas Daily Midpoint Price for TCPL Alberta, AECO-C (expressed in \$U.S./Dth), multiplied by $\{[1.0 / (1.0 - \text{the GTN System fuel rate})] \text{ multiplied by } [1.0 / (1.0 - \text{the Foothills Zone 8 fuel rate})] \text{ minus } 1.0\}$, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

On any day when the foregoing Reservation Rate calculation produces a result less than \$0.04/Dth, the Reservation Rate shall be deemed to be \$0.04/Dth. To determine the Index Rate calculation applicable to volumes not nominated or scheduled, the Kingsgate to Malin mileage will be applied to the calculation's mileage-based components.

In addition to the Reservation Rate as calculated herein, Powerex shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. Powerex shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

In the event that the indices for PG&E, Malin and/or TCPL Alberta, AECO-C are not published on any given day (other than a weekend or holiday), prices will be determined based on the last published information for such index. In the event that the indices for PG&E, Malin and/or TCPL Alberta, AECO-C are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and Powerex will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10849 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

At any time within the last five business days of any month prior to a month that this Agreement is in effect, the parties may, by mutual consent, modify the Reservation Rate to a fixed rate for all or a portion of the Maximum Delivered Quantity for the next month or for the remainder of the Contract Term. Neither GTN nor Powerex shall be obligated to accept a renegotiated fixed rate based upon discounted or negotiated rates in effect or offered to other shippers.

- /14 The Reservation Rate shall be \$0.02/Dth/day. The Delivery Rate shall be \$0.03/Dth inclusive of ACA. Fuel shall be reimbursed in-kind at the applicable monthly percentage as posted on GTN's Internet website.
- /15 Reserved
- /16 The allowance for fuel shall be redetermined daily and shall be the product of GTN's applicable fuel and line loss percentage for the path of actual volumes transported multiplied by the commodity value of gas provided in-kind by the shipper. The commodity value of gas provided in-kind shall equal the Gas Daily Midpoint Price for NOVA, AECO-C plus \$0.20.
- /17 The charges for this service will have two components.
- (1) Fixed rate reservation charge component of \$0.05/Dth applied on a daily basis to the Maximum Delivered Quantity.
 - (2) Sharing Spread Component: On days when the Spread Calculation formula yields a value greater than \$0.10/Dth as determined below, the difference between the results of the Spread Calculation formula and \$0.10/Dth shall be shared equally between GTN and EDF Trading.

The per-Dth Spread Calculation shall be determined daily and will equal (the Gas Daily Midpoint Price [Gas Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Kingsgate, BC as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.] for PG&E, Malin minus the Gas Daily Midpoint Price for Kingsgate, BC, minus the sum of the following):

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.00189/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Kingsgate, BC multiplied by {[1.0/(1.0-the GTN System fuel rate)] minus 1.0}, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Other Charges.

In addition to the Reservation Rate as calculated herein, EDF Trading shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. EDF Trading shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiation Request.

In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on any given day (other than a weekend or holiday), prices will be determined based on the average of last published information for such indices and the next published information for such indices. In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiations Request"). Upon such Renegotiation Request, GTN and EDF Trading will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10880 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.

/18 The charges for this service will be as follows:

Index Rate Calculation.

The per-Dth Reservation Rate shall be determined daily and will equal (the Gas Daily Midpoint Price [Gas Daily Midpoint Price is the price survey midpoint for PG&E, Malin and Kingsgate, BC as applicable as published in Gas Daily for the day of gas flow. Weekend and holiday prices will be determined using the last published Gas Daily publication prior to the weekend or holiday.] for PG&E, Malin minus the Gas Daily Midpoint Price for Kingsgate, BC, minus the sum of the following):

- (1) an allowance for the per Dth cost of GTN system fuel.
- (2) an allowance for the per Dth cost of delivery of volumes on the GTN System equal to the maximum delivery rate applicable under GTN's FTS-1 Tariff for the volumes transported, multiplied by the distance transported.
- (3) an allowance for ACA of \$0.00189/Dth.

The allowance for GTN System fuel shall be computed as follows:

The Gas Daily Midpoint Price for Kingsgate, BC multiplied by {[1.0/(1.0-the GTN System fuel rate)] minus 1.0}, where the GTN System fuel rate equals GTN's applicable mileage-based fuel rate multiplied by the mileage of the path of the gas transported.

Reservation Rate.

On any day when the foregoing Index Rate Calculation produces a result less than \$0.06/Dth, the Reservation Rate shall be deemed to be \$0.02/Dth. On any day when the foregoing Index Rate Calculation produces a result greater than or equal to \$0.06/Dth and less than or equal to \$0.10/Dth, the Reservation Rate shall be deemed to be equal to the calculated per Dth Reservation Rate minus \$0.04/Dth. On any day when the foregoing Index Rate calculation produces a result greater than \$0.10/Dth, the Reservation Rate shall be equal to six cents (\$0.06) plus eighty per cent (80%) of the difference between the result of the Index Rate Calculation and ten cents (\$0.10). To determine the Index Rate Calculation applicable to volumes not nominated or scheduled, the Kingsgate, BC to Malin, OR mileage will be applied to the calculation's mileage-based components.

Other Charges.

In addition to the Reservation Rate as calculated herein, EDF Trading shall pay the Delivery Rate for volumes transported equal to the maximum delivery rate, plus the ACA charge as applicable under GTN's FTS-1 Tariff. EDF Trading shall provide fuel in kind in accordance with GTN's FTS-1 Tariff.

Renegotiation Request.

In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on any given day (other than a weekend or holiday), prices will be determined based on the average of last published information for such indices and the next published information for such indices. In the event that the indices for PG&E, Malin or Kingsgate, BC are not published on at least three business days within a span of six business days, either party may request negotiation of a replacement rate structure (a "Renegotiation Request"). Upon such Renegotiation Request, GTN and EDF Trading will use diligent, good faith efforts to come to a mutually agreeable replacement rate structure. Firm Transportation Service Agreement F-10881 will terminate on the fifteenth day following a Renegotiation Request in the event the parties do not agree on a replacement rate structure prior to such termination.