



Northern Natural Gas Company  
P.O. Box 3330  
Omaha, NE 68103-0330  
402-398-7200

March 31, 2010

Ms. Kimberly D. Bose  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Northern Natural Gas Company  
Docket No. RP10-\_\_\_\_\_  
Non-Conforming/Negotiated Rate PDD Service Agreement

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (NGA) and Part 154 of the Regulations of the Federal Energy Regulatory Commission (Commission), Northern Natural Gas Company (Northern) hereby submits for filing an original and five (5) copies of a non-conforming and negotiated rate service agreement entered into between Northern and Chevron U.S.A. Inc. (Chevron). Northern requests that the Commission approve the Agreement and accept the following revised tariff sheets as part of its FERC Gas Tariff, Fifth Revised Volume No. 1 (Tariff), proposed to be effective May 1, 2010:

FIFTH REVISED VOLUME NO. 1

14 Revised Sheet No. 66B.01a  
Sixth Revised Sheet No. 66B.14  
Seventh Revised Sheet No. 67  
Fourth Revised Sheet No. 67A  
Original Sheet No. 67B  
Fourth Revised Sheet No. 80B

Reason for Filing

On June 7, 1996 in Docket No. RP96-272-000, Northern filed tariff sheets to give it the ability to negotiate rates in accordance with the Commission's Policy Statement on Alternatives to Traditional Cost-of-Service Ratemaking for Natural Gas Pipelines, issued January 31, 1996 in Docket No. RM95-6-000 (Policy Statement).<sup>1</sup> The Commission accepted the tariff sheets in an order issued July 5, 1996 (July 5 Order).<sup>2</sup> The reason for this filing is to implement a specific negotiated rate transaction with Chevron. In addition, the agreement also contains non-conforming provisions as explained in the following "Non-conforming Provisions" section. Finally, Northern is proposing to remove expired agreements from the tariff.

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<sup>1</sup> 74 FERC ¶ 61,076 (1996).

<sup>2</sup> 76 FERC ¶ 61,026 (1996).

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Sheet Nos. 67 and 67B provide the requisite information concerning the negotiated rate service agreement, including the exact legal name of the shipper, the negotiated rates, other applicable charges, applicable Rate Schedules, primary receipt and delivery points, term of service and volume. In addition, the negotiated rate transaction shall be reflected on Northern's transactional report pursuant to Order Nos. 637, 637-A, and 637-B. Finally, in accordance with the Commission's July 5 Order, Northern will keep separate and identifiable its negotiated rate information in such form that it can be filed and separately totaled, in particular, as part of and in the format of Statements G, I, and J in Northern's future rate cases.

#### Non-conforming Provisions

Northern and Chevron executed a Rate Schedule PDD storage agreement which provides the ability for Chevron to inject gas supplies into Northern's storage during October of 2010 for withdrawal during December of 2010. The transaction cost will be resolved with a single billing reflected as a capacity fee when the transaction has been concluded.

The Service Agreement contains non-conforming provisions that were included as a result of negotiations as follows:

- Northern will settle with Shipper the net amount from the Formula Rate after the December 2010 production month. Northern reserves the right to allocate the charges in paragraph 1. between the different rate components. This amount will be settled during the normal commodity billing cycle in January 2011.
- This agreement will be filed with the FERC as a negotiated rate and non-conforming service agreement and is subject to FERC approval.

Northern's tariff states that each month, a statement and billing shall be submitted to the shipper for actual services rendered during the preceding month. To effectuate the negotiated rate, Northern and Chevron agreed to a one-time settlement of the amount due between the parties rather than a monthly billing. The non-conforming provision is necessary to implement the negotiated rate that was agreed upon by the parties.

The Commission has stated that there are material deviations that may be negotiated with an individual shipper to address its unique characteristics, without affecting the quality of service received by that shipper or others and that are unlikely to be of interest to a significant number of customers, without including in its tariff language offering such a provision under generally applicable conditions. (ANR Pipeline Co., 97 FERC ¶ 61,075 (2001); ANR Pipeline Co., 98 FERC ¶ 61,181 (2002)) These provisions do not affect the quality of service to Chevron nor should they be of any interest to other customers. Therefore, the Commission should accept the contract and the provisions as acceptable material deviations that do not need to be included in Northern's pro forma service agreement or tariff.<sup>3</sup> The non-conforming contracts is listed on Sheet No. 80B.

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<sup>3</sup> The Commission has recently accepted similar contract provisions and stated that Northern should be prepared to offer a similar payment provision to a similarly situated negotiated rate shipper. See Northern Natural Gas Company, Letter Order dated August 1, 2007 in Docket No. RP07-520-000, Northern Natural Gas Company, Letter Order dated August 24, 2007 in Docket No. RP07-537-000, Northern Natural Gas Company, Letter Order dated December 9, 2008 in Docket No. RP09-64-000, and Northern Natural Gas Company, Letter Order dated March 5, 2009 in Docket No. RP09-344-000.

### Commission Policy on Use of Indices in Tariffs

The Commission has stated that “[i]n order for a price index to be used in a jurisdictional tariff, the index must be published or provided by an index developer that has met all or substantially all of the standards of Policy Statement paragraph 33, and must provide the volume and number of transactions upon which the index value is based, or indicate when no such data is available.”<sup>4</sup> The price index used for the agreement with Chevron is the Northern Demarcation point, as published in Platts Inside FERC’s Gas Market Report, and, therefore, complies with the provisions of the Policy Statement paragraph 33. However, because the agreement with Chevron is for gas injection in October of 2010 and withdrawal in December of 2010, there is currently no volume or transaction data available since those index prices will be determined a month prior to the production month. For informational purposes, the October 2009, and December, 2009 Demarcation indexes were established from 79 transactions for a total of 368,000 Dth, and 157 transactions for a total of 817,000 Dth, respectively.

### Effective Date

Northern proposes that the non-conforming contract be approved by the Commission no later than May 1, 2010, even though the injection of gas supplies will not begin until October 1, 2010. This request is made to provide the shipper with certainty that the agreement has been approved to allow the required index pricing arrangement to be completed by Chevron.

Attached are executed copies of the service agreement and a copy of the service agreement with the non-conforming items redlined.

### Other

Northern is also proposing to remove expired contracts from its tariff. Northern is removing four negotiated agreements with Chevron from Sheet No. 66B.01a and their corresponding footnotes on Sheet No. 66B.14. Sheet No. 66B.14 will be reserved for future use. Northern is removing an additional negotiated rate agreement with Chevron from Sheet No. 67 and the corresponding footnote on Sheet No. 67A. Finally, all of the aforementioned agreements are listed on Sheet No. 80B as non-conforming agreements. Therefore, Northern proposes to delete these from Sheet No. 80B as well.

### Waiver

Northern respectfully requests that the Commission grant any and all waivers of its Regulations, including Section 154.207, that it deems necessary to allow this filing to become effective May 1, 2010.

### Motion

In accordance with Sections 154.7(a)(9) and 154.206(c) of the Commission’s Regulations, Northern hereby moves to place the tariff sheets referenced herein in effect as of the end of any suspension period ordered by the Commission.

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<sup>4</sup> Order Regarding Future Monitoring Of Voluntary Price Formation, Use Of Price Indices In Jurisdictional Tariffs, And Closing Certain Tariff Dockets Under PL03-3 et al, 109 FERC ¶ 61,184 (2004).

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### Posting

In accordance with Section 154.208 of the Commission's Regulations, copies of this filing have been mailed to all of Northern's customers and interested State Commissions. A copy of this filing is also available for public inspection in Northern's office in Omaha, Nebraska during regular business hours.

### Marked Version

In accordance with Section 154.201 of the Commission's Regulations, Northern has submitted a marked version of the proposed tariff changes highlighting new additions and showing deletions by strikeout.

### Data Processing Requirements

Northern has submitted a diskette reflecting the information contained in the above-referenced tariff sheets in compliance with FERC Order Nos. 493 and 533.

### Communication

It is respectfully requested that all Commission orders and correspondence, as well as pleadings and correspondence from other persons concerning this filing, be served upon each of the following:

Mary Kay Miller  
Vice President, Regulatory and Government Affairs  
Northern Natural Gas Company  
1111 South 103<sup>rd</sup> Street  
Omaha, NE 68124-1000  
(402) 398-7060  
mary.kay.miller@nngco.com

J. Gregory Porter  
Vice President, General Counsel & Secretary  
Dari R. Dornan  
Senior Counsel  
Northern Natural Gas Company  
1111 South 103<sup>rd</sup> Street  
Omaha, NE 68124-1000  
(402) 398-7077  
dari.dornan@nngco.com

Frank X. Kelly  
Steve Stojic  
Gallagher, Boland & Meiburger, LLP  
818 18<sup>th</sup> Street, N.W., Suite 800  
Washington, D.C. 20006  
(202) 289-7200  
fkelly@gbmdc.com  
sstojic@gbmdc.com

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Respectfully submitted,

A handwritten signature in black ink that reads "Mary Kay Miller". The signature is written in a cursive, flowing style.

Mary Kay Miller  
Vice President, Regulatory and Government Affairs

Attachments

STATEMENT OF NEGOTIATED RATES 1/						
Shipper Name	Rate Schedule	Negotiated Rate	Other Charges	Volume	Receipt Point(s)	Delivery Point(s)
Omaha Public Power District Contract 119669	TFX	77/		10,000	NBPL/NNG Ventura All Market Area Receipt Points	OPPD/Cass County Power Plant Demarc Deferred Delivery MID 17 Pooling Point Ventura Deferred Delivery OPPD Fuel Meter

SHEET NO. 66B.14 IS RESERVED FOR FUTURE USE

STATEMENT OF NEGOTIATED RATES 1/						
Shipper Name	Rate Schedule	Negotiated Rate	Other Charges	Volume	Receipt Point(s)	Delivery Point(s)
BP Canada Energy Marketing Corp. 3/ Contract 110621/801571	PDD	4/	2/	500,000	Demarc Deferred	Demarc Deferred
SEMCO Energy Gas Company 3/ Contract 110025	TF	6/	2/	44,250	GRLKS/NNG Carlton NBPL/NNG Ventura NNG Demarcation Ogden Deferred Delivery	Zone E-F SEMCO
Chevron U.S.A. Inc. 3/ Contract 110598/801937	PDD	7/	2/	1,000,000	Demarc Deferred	Demarc Deferred

- 1/ Unless otherwise noted, negotiated Service Agreements do not deviate in any material respect from the applicable form of service agreement set forth in Northern's FERC Gas Tariff. The negotiated rates beginning on Sheet No. 67 reflect negotiated rate transactions that require 30 day filings.
- 2/ The rate stated in the Negotiated Rate column is exclusive of all surcharges.
- 3/ As noted on Tariff Sheet Nos. 80, 80A or 80B, this contract is also a non-conforming agreement.
- 4/ The Total Transaction Rate charged shall be as follows: (a) December 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) April 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation plus (c) \$0.0550 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.
- 6/ For the period 04/01/2010 through 03/31/2015, Shipper agrees to reimburse Northern through a negotiated rate for (i) 63.64% (1.4 miles of the 2.2 miles) of the actual cost of the new branch line facilities and (ii) the actual cost of the Houghton #1 TBS upgrade facilities, both through a "Facility Cost Add-on Demand Charge" as described below.

Effective 04/01/2010 through 03/31/2011, Shipper shall pay a monthly reservation charge equal to the maximum tariff rate as set forth in Northern's FERC Gas Tariff, as amended from time to time; plus an amount equal to \$1.5073/Dth/Month for the Facility Cost Add-on Demand Charge.

Northern will adjust the Facility Cost Add-on Demand Charge from 04/01/2011 through 03/31/2015 to recover additional actual costs not previously included, including all appropriate Gross Up Charges as referenced herein.

The Facility Cost Add-on Demand Charge will include the (i) recovery of the actual cost of construction of the facilities including AFUDC; (ii) a credit of \$153,397 for an amount budgeted for improvements scheduled at the Houghton #1 TBS; and (iii) Ad Valorem taxes, income tax gross up and interest over the five year recovery term of the agreement (items in (iii), all together, Gross Up Charges). The total amount to be reimbursed to Northern by Shipper will be subject to a true-up to actual costs associated with the construction of the facilities plus the Gross Up Charges. The Facility Cost Add-on Demand Charge will be added to the reservation rates paid by Shipper each month on all firm entitlement on the Agreement.

In addition to the above reservation rates, Shipper shall (i) pay a commodity rate equal to the maximum commodity rate provided in Northern's FERC Gas Tariff, as amended from time to time (these rates include the applicable Annual Charge Adjustment and electric compression charges), (ii) provide any applicable fuel use and unaccounted for, and (iii) pay all current and future FERC-approved surcharges applicable to the service provided hereunder.

In exchange for the consideration received hereunder, including without limitation the expected revenue from the Facility Cost Add-on Demand Charge, Northern will make the capital expenditures for the construction of the facilities; however, in the event the entitlement on this Agreement is, for any reason, in whole or in part, (i) reduced (except in the instance of a temporary capacity release or an event outside of Shipper's control), or (ii) the Agreement is terminated, in whole or in part, prior to 10/31/2015, Shipper shall promptly pay to Northern an amount equal to the remaining unpaid Facility Cost Add-on Demand Charge. This provision and the obligations herein shall survive the termination of this Agreement if terminated prior to 10/31/2015, or the release of the capacity or any assignment thereof and Shipper shall continue to be obligated for the reimbursement of the actual cost of the facilities unless Northern consents to the release or assignment and the obligation is expressly assumed by an acquiring shipper that complies with the credit provisions in Northern's FERC Gas Tariff.

- 7/ The Total Transaction Rate charged shall be as follows: (a) December 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) October 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.10 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.

NON-CONFORMING SERVICE AGREEMENTS

<u>Name of Shipper/Agreement No.</u>	<u>Rate Schedule</u>	<u>Agreement/ Amendment Date</u>	<u>Date Filed</u>
Southwestern Public Service Co. Contract 116267	TFX	06/01/08	03/07/08
BP Canada Energy Marketing Corp. Contract 110621/801571	PDD	12/01/09	01/15/09
Northern States Power Company-Wisconsin Contract 23269/Amd 100	TF	11/01/09	06/09/09
SEMCO Energy Gas Company Contract 110025/Amd 28	TF	11/01/09	09/23/09
Chevron U.S.A. Inc. Contract 110598/801937	PDD	10/01/10	03/31/10

STATEMENT OF NEGOTIATED RATES 1/

Shipper Name	Rate Schedule	Negotiated Rate	Other Charges	Volume	Receipt Point(s)	Delivery Point(s)
<del>Chevron U.S.A. Inc. 11/ Contract 110598/801525</del>	<del>PDD</del>	<del>63/</del>		<del>1,000,000</del>	<del>Demarc Deferred Delivery</del>	<del>Demarc Deferred Delivery</del>
<del>Chevron U.S.A. Inc. 11/ Contract 110598/801528</del>	<del>PDD</del>	<del>64/</del>		<del>310,000</del>	<del>Demarc Deferred Delivery</del>	<del>Demarc Deferred Delivery</del>
<del>Chevron U.S.A. Inc. 11/ Contract 110598/801536</del>	<del>PDD</del>	<del>65/</del>		<del>500,000</del>	<del>Demarc Deferred Delivery</del>	<del>Demarc Deferred Delivery</del>
<del>Chevron U.S.A. Inc. 11/ Contract 110598/801537</del>	<del>PDD</del>	<del>66/</del>		<del>1,000,000</del>	<del>Demarc Deferred Delivery</del>	<del>Demarc Deferred Delivery</del>
Omaha Public Power District Contract 119669	TFX	77/		10,000	NBPL/NNG Ventura All Market Area Receipt Points	OPPD/Cass County Power Plant Demarc Deferred Delivery MID 17 Pooling Point Ventura Deferred Delivery OPPD Fuel Meter

- ~~63/ The Total Transaction Rate charged shall be as follows: (a) December 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) April 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.28 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.~~
- ~~64/ The Total Transaction Rate charged shall be as follows: (a) January 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) April 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.28 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.~~
- ~~65/ The Total Transaction Rate charged shall be as follows: (a) February 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) October 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.14 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.~~
- ~~66/ The Total Transaction Rate charged shall be as follows: (a) February 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) September 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.1550 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.~~

SHEET NO. 66B.14 IS RESERVED FOR FUTURE USE

## STATEMENT OF NEGOTIATED RATES 1/

Shipper Name	Rate Schedule	Negotiated Rate	Other Charges	Volume	Receipt Point(s)	Delivery Point(s)
BP Canada Energy Marketing Corp. 3/ Contract 110621/801571	PDD	4/	2/	500,000	Demarc Deferred	Demarc Deferred
<del>Chevron U.S.A. Inc. 3/ Contract 110598/801594</del>	<del>PDD</del>	<del>5/</del>	<del>2/</del>	<del>1,500,000</del>	<del>Demarc Deferred</del>	<del>Demarc Deferred</del>
SEMCO Energy Gas Company 3/ Contract 110025	TF	6/	2/	44,250	GRLKS/NNG Carlton Zone E-F SEMCO NBPL/NNG Ventura NNG Demarcation Ogden Deferred Delivery	
<u>Chevron U.S.A. Inc. 3/ Contract 110598/801937</u>	<u>PDD</u>	<u>7/</u>	<u>2/</u>	<u>1,000,000</u>	<u>Demarc Deferred</u>	<u>Demarc Deferred</u>

- 1/ Unless otherwise noted, negotiated Service Agreements do not deviate in any material respect from the applicable form of service agreement set forth in Northern's FERC Gas Tariff. The negotiated rates beginning on Sheet No. 67 reflect negotiated rate transactions that require 30 day filings.
- 2/ The rate stated in the Negotiated Rate column is exclusive of all surcharges.
- 3/ As noted on Tariff Sheet Nos. 80, 80A or 80B, this contract is also a non-conforming agreement.
- 4/ The Total Transaction Rate charged shall be as follows: (a) December 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) April 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation plus (c) \$0.0550 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.
- ~~5/ The Total Transaction Rate charged shall be as follows: (a) January 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) July 2009 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.15 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.~~
- 6/ For the period 04/01/2010 through 03/31/2015, Shipper agrees to reimburse Northern through a negotiated rate for (i) 63.64% (1.4 miles of the 2.2 miles) of the actual cost of the new branch line facilities and (ii) the actual cost of the Houghton #1 TBS upgrade facilities, both through a "Facility Cost Add-on Demand Charge" as described below.

Effective 04/01/2010 through 03/31/2011, Shipper shall pay a monthly reservation charge equal to the maximum tariff rate as set forth in Northern's FERC Gas Tariff, as amended from time to time; plus an amount equal to \$1.5073/Dth/Month for the Facility Cost Add-on Demand Charge.

Northern will adjust the Facility Cost Add-on Demand Charge from 04/01/2011 through 03/31/2015 to recover additional actual costs not previously included, including all appropriate Gross Up Charges as referenced herein.

The Facility Cost Add-on Demand Charge will include the (i) recovery of the actual cost of construction of the facilities including AFUDC; (ii) a credit of \$153,397 for an amount budgeted for improvements scheduled at the Houghton #1 TBS; and (iii) Ad Valorem taxes, income tax gross up and interest over the five year recovery term of the agreement (items in (iii), all together, Gross Up Charges). The total amount to be reimbursed to Northern by Shipper will be subject to a true-up to actual costs associated with the construction of the facilities plus the Gross Up Charges. The Facility Cost Add-on Demand Charge will be added to the reservation rates paid by Shipper each month on all firm entitlement on the Agreement.

In addition to the above reservation rates, Shipper shall (i) pay a commodity rate equal to the maximum commodity rate provided in Northern's FERC Gas Tariff, as amended from time to time (these rates include the applicable Annual Charge Adjustment and electric compression charges), (ii) provide any applicable fuel use and unaccounted for, and (iii) pay all current and future FERC-approved surcharges applicable to the service provided hereunder.

In exchange for the consideration received hereunder, including without limitation the expected revenue from the Facility Cost Add-on Demand Charge, Northern will make the capital expenditures for the construction of the facilities; however, in the event the entitlement on this Agreement is, for any reason, in whole or in part, (i) reduced (except in the instance of a temporary capacity release or an event outside of Shipper's control), or (ii) the Agreement is terminated, in whole or in part, prior to 10/31/2015, Shipper shall promptly pay to Northern an amount equal to the remaining unpaid Facility Cost Add-on Demand Charge. This provision and the obligations herein shall survive the termination of this Agreement if terminated prior to 10/31/2015, or the release of the capacity or any assignment thereof and Shipper shall continue to be obligated for the reimbursement of the actual cost of the facilities unless Northern consents to the release or assignment and the obligation is expressly assumed by an acquiring shipper that complies with the credit provisions in Northern's FERC Gas Tariff.

7/ The Total Transaction Rate charged shall be as follows: (a) December 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) October 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.10 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.

## NON-CONFORMING SERVICE AGREEMENTS

Name of Shipper/Agreement No. -----	Rate Schedule -----	Agreement/ Amendment Date -----	Date Filed -----
Southwestern Public Service Co. Contract 116267	TFX	06/01/08	03/07/08
<del>Chevron U.S.A. Inc. Contract 110598/801525</del>	<del>PDD</del>	<del>04/01/09</del>	<del>10/17/08</del>
<del>Chevron U.S.A. Inc. Contract 110598/801528</del>	<del>PDD</del>	<del>04/01/09</del>	<del>11/12/08</del>
<del>Chevron U.S.A. Inc. Contract 110598/801536</del>	<del>PDD</del>	<del>04/01/09</del>	<del>10/17/08</del>
<del>Chevron U.S.A. Inc. Contract 110598/801537</del>	<del>PDD</del>	<del>09/01/09</del>	<del>11/12/08</del>
BP Canada Energy Marketing Corp. Contract 110621/801571	PDD	12/01/09	01/15/09
<del>Chevron U.S.A. Inc. Contract 110598/801594</del>	<del>PDD</del>	<del>07/01/09</del>	<del>02/05/09</del>
Northern States Power Company-Wisconsin Contract 23269/Amd 100	TF	11/01/09	06/09/09
SEMCO Energy Gas Company Contract 110025/Amd 28	TF	11/01/09	09/23/09
<u>Chevron U.S.A. Inc. Contract 110598/801937</u>	<u>PDD</u>	<u>10/01/10</u>	<u>03/31/10</u>



Preferred Deferred Delivery Service Agreement  
 Appendix A  
 Rate Schedule PDD

Base Contract No.: 110598  
 Transaction No.: 801937  
 Deal Date: 03/22/2010  
 Date Confirmation Sent: 03/23/2010

Shipper Name: CHEVRON U.S.A. INC.

Shipper Contact: KRISTY BARBEE Fax No.: 832-854-3294  
 Account Manager: Stephanie Korbelik Phone No.: (402) 398-7408

I. Contract Total Quantity (CTQ): 1,000,000 Dth

		<u>Daily Injection</u>			<u>Daily Withdrawal</u>		
<u>POI #</u>	<u>Name</u>	<u>DRN #</u>	<u>Min</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>	<u>Date Range</u>
62389	DEMARC DEF. - DELIVERY	179796	32,258	32,259	0	0	10/01/2010 - 10/31/2010
62389	DEMARC DEF. - DELIVERY	179796	0	0	32,258	32,259	12/01/2010 - 12/31/2010

III. INVENTORY AND MONTHLY PARAMETERS

<u>POI #</u>	<u>Name</u>	<u>DRN #</u>	<u>Min</u>	<u>Max</u>	<u>Date Range</u>
62389	DEMARC DEF. - DELIVERY	179796	0	1,000,000	10/01/2010 - 12/31/2010

		<u>Monthly Injection</u>			<u>Monthly Withdrawal</u>		
<u>POI #</u>	<u>Name</u>	<u>DRN #</u>	<u>Min</u>	<u>Max</u>	<u>Min</u>	<u>Max</u>	<u>Date Range</u>
62389	DEMARC DEF. - DELIVERY	179796	1,000,000	1,000,000	0	0	10/01/2010 - 10/31/2010
62389	DEMARC DEF. - DELIVERY	179796	0	0	1,000,000	1,000,000	12/01/2010 - 12/31/2010

IV. Rates

Injection Charge: \$0.0149  
 Withdrawal Charge: \$0.0149  
 Total Monthly Inventory Charges: \$0.0000  
 Capacity Fee: \$0.0000  
 Annual Rollover Charge: \$0.0000  
 Total Transaction Rate: \$0.0298

This shall serve as confirmation of the verbal contract reached between Shipper and Northern. If you are in agreement with the terms specified herein, please sign the document and fax it back to the Northern Account Manager listed above at Fax 402-398-7117. If this Confirmation Notice does not accurately describe your understanding of our contract, please contact us in writing within two (2) business days of receipt of this Confirmation. If no objection to this Confirmation is received, then this Confirmation shall be the final expression of all the terms hereof and shall be binding and enforceable against Shipper regardless of whether executed by Shipper. If the rate is discounted and the monthly or daily quantities as set forth herein are not met by Shipper, the total quantities shall be assessed the maximum PDD charges set forth in Northern's FERC Gas Tariff as revised from time to time unless otherwise agreed in writing.

V. Other Provisions

1. Notwithstanding IV. above, the Total Transaction Rate charged shall be as follows:

(a) December 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) October 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.10 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.

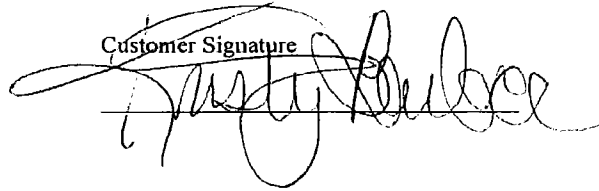
2. Northern will settle with Shipper the net amount from the Formula Rate after the December 2010 production month. Northern reserves the right to allocate the charges in paragraph 1. between the different rate components. This amount will be settled during the normal commodity billing cycle in January 2011.

3. This Agreement will be filed with the FERC as a negotiated rate and non-conforming service agreement and is subject to FERC's approval.

VP Marketing

*Adam Wright*

Fax Number: 402-398-7117

Customer Signature  




V. Other Provisions

1. Notwithstanding IV. above, the Total Transaction Rate charged shall be as follows:

(a) December 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (b) October 2010 "Inside FERC Gas Market Report" Spot Gas Delivered to Pipelines, Northern Natural Gas Company, Demarcation minus (c) \$0.10 ("Formula Rate"). The Transaction charges shall be the Formula Rate multiplied by the Contract Total Quantity.

2. Northern will settle with Shipper the net amount from the Formula Rate after the December 2010 production month. Northern reserves the right to allocate the charges in paragraph 1. between the different rate components. This amount will be settled during the normal commodity billing cycle in January 2011.

3. This Agreement will be filed with the FERC as a negotiated rate and non-conforming service agreement and is subject to FERC's approval.

VP Marketing

Customer Signature

*Adam Wright*

Fax Number: 402-398-7117

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