

- Q. Do the four new fields that were added to the Posted Imbalance have anything to do with the Imbalance Resolution Screen?**
- R. No, Shipper's will access the Imbalance Resolution Screen to identify how they will resolve their monthly transportation imbalance. The four new "optional" fields (Open/Close, Trade Price, Trade Quantity and Comments) were added to the Posted Imbalances to allow Shippers the option to provide additional information to facilitate the Trading process.
- Q. Where can I find the procedures for the Imbalance Resolution Screen?**
- R. The procedures are posted on the N-ergy website, Customer Activities <http://www.northernnaturalgas.com/customeractivities/UserManuals.asp>.
- Q. Shippers may access the Imbalance Resolution Screen from the 9th-12th Business Day. How late on the 12th Business Day may Shippers access this screen?**
- R. Our expectation is to have imbalances posted by 9:00 a.m. on the 9th Business Day. As soon as "Posted Imbalances" are available, Shippers will be able to access the Imbalance Resolution Screen. Shippers may access this screen to select how they intend to resolve their production month transportation imbalances until 10:00 PM on the 12th Business Day.
- Q. When Northern has a storage inventory allocation in effect which restricts IDD injections and a Shipper attempts to utilize an IDD contract to resolve a long imbalance (due Svc Req) will the Shipper be allowed to complete the selection?**
- R. No, in this example, the Shipper would receive a warning message indicating that they must use an FDD storage contract to complete the selection. But in this example, if the Shipper was resolving a short imbalance (Due NNG), they would be allowed to resolve the imbalance with a withdrawal from an IDD contract.
- Q. If the Shipper wants to resolve their monthly transportation imbalance by Imbalance Trading, do they still need to access the Imbalance Resolution Screen and make the appropriate selection for Imbalance Trading?**
- R. Yes, under the current process, the Shipper must access the Imbalance Resolution Screen and select to resolve their imbalance by Imbalance Trading.
- Q. Is it an issue if a Shipper selects Imbalance Trading for a specific volume but when they submit the appropriate paperwork on the 17th Business Day to actually effectuate the trade, the volume is different?**
- R. No, when the actual paperwork for the Imbalance Trade is received, Northern only verifies that the Shipper selected Imbalance Trading as one of the imbalance resolution methods. The volume elected is not verified. However if the shipper also selected

imbalance to storage as a resolution option for a portion of their imbalance volume, the volume designated for Imbalance to Storage will not be affected or changed based on the increased or decreased volume that the Shipper traded.

Q. Based on their Imbalance Resolution selections, if a Shipper is unable to resolve all of their imbalance through Imbalance to Storage or if they are unable to trade their imbalance, will the unresolved imbalance be cashed out at the High/Low?

R. Yes, they will be cashed out at the applicable production month's weekly high/low MIP. These prices are posted at <http://www.northernnaturalgas.com/infopostings/asp/ratesMonthlyIndex.asp>.

Q. If a Shipper elects a volume to be traded, can the Shipper trade a volume greater than the elected volume?

R. Yes, a Shipper may trade a volume greater than or less than they elected. However if the shipper also selected imbalance to storage as a resolution option for a portion of their imbalance volume, the volume designated for Imbalance to Storage will not be affected or changed based on the increased or decreased volume that the Shipper traded.

Q. If a Shipper who has a 2,000 imbalance (Due NNG) elects to trade 1,000 and to resolve the other 1,000 using Imbalance to Storage but they actually trade 1,500, would they be able to complete the trade?

R. Yes. On the 14th Business Day, based on their selection, 1,000 would be withdrawn from the appropriate Storage account. On the 17th Business Day, if the required paperwork was received, the trade for 1,500 would be processed. The Shipper would then cash out the remaining 500 at the production month's weekly low MIP. The imbalance to storage election will not be impacted by the imbalance trade volume.

Q. At what price are transportation imbalance prior period adjustments cashed out?

R. Transportation imbalance prior period adjustments (PPAs) will be cashed out at the applicable (Market Area, Field Area, or Gulf Coast) average weekly MIP for the production month to which the PPA relates. The prices are posted at <http://www.northernnaturalgas.com/infopostings/asp/ratesMonthlyIndex.asp>.

Q. Can a Shipper review previous (historical) elections?

R. This function is not currently available but it has been identified as a future enhancement.

Q. Would a Shipper be able to review current or previous elections, if the Shipper has an agent that manages their imbalances and therefore makes the applicable Imbalance Resolution selections?

R. The agent is the only one at this time that can see the transaction. If feedback from shippers is such that this enhancement would be beneficial, it could also be considered when we make the future enhancement to allow Shipper's to review previous elections.

- Q. With the enhanced Imbalance Resolution selection process in place, can a Shipper start imbalance trade negotiations as soon as the imbalances are posted?**
- R.** Yes, once the imbalances are posted on the 9th Business Day, Shippers may start immediately working with other Shippers to negotiate a trade. However, it is important to remind Shippers that the Imbalance Resolution elections are scheduled to be completed by 10:00 PM on the 12th Business Day but Shippers have until the 17th Business Day to complete their trade negotiations and to submit the appropriate paperwork to Northern.
- Q. When Northern adjusts a Shipper's storage inventory on the 14th Business Day for the applicable Imbalance to Storage transaction, does this impact the Shipper's ability to schedule current month activity or does it change the Shipper's daily firm FDD quantity?**
- R.** As soon as the Imbalance to Storage process has been completed on the 14th Business Day, the Shipper will be able to view the applicable storage inventory adjustment. This process does not impact the Shipper's daily firm FDD quantity for 4-Step or 3-Step service types but would impact shipper's GIP daily firm FDD quantities since the imbalance to storage volume will change the shipper's inventory levels. A shipper's ability to schedule current month activity would only be impacted if the imbalance to storage volume is a withdrawal that reduces the shipper's inventory such that a negative balance would occur or if the imbalance to storage volume is an injection that increases the shipper's inventory account to the maximum inventory.
- Q. If a Shipper elects Imbalance to Storage to resolve a May production month imbalance using an FDD storage agreement, since the storage inventory will be adjusted in June, will this volumetric adjustment be considered rollover volumes and will the rollover charge be applicable?**
- R.** Yes. If the adjustment to storage inventory was an injection, even though made in June, the adjustment would be included in determining the end of May storage balance, which is subject to the Annual Rollover Fee.
- Similarly, the imbalance quantity resolved to/from storage will be considered a part of any period minimum quantity (January production month) and period maximum quantity (February and August production months) requirement under the FDD Rate Schedule for the same month as the imbalance production month.
- Q. If a Shipper elects Imbalance to Storage to resolve a March production month imbalance using an IDD storage agreement, since the storage inventory will be adjusted in April, will this volumetric adjustment be considered rollover volumes and will the rollover charge be applicable?**
- R.** Yes. Even though made in April, the adjustment would be included in determining the end of March storage balance, which is subject to the Annual Rollover Fee.