

System Management Service Daily Delivery Variance Charges (DDVC) Examples for Other than Small Customers

SOL in Effect¹

	SMS Within Firm Entitlement	Firm Entitlement Scheduled	TI Scheduled or TF Overrun Scheduled w/o SMS Service
Actual Daily Quantity in Excess of Scheduled Quantity	Punitive DDVC Greater of 2x Index or \$21.275 ⁵	Punitive DDVC Greater of 2x Index or \$21.275 ⁵	Punitive DDVC Greater of 2x Index or \$21.275 ⁵
	Positive DDVC (5%) ⁶ Greater of 1.25x Index or \$1.00		
	Positive DDVC Greater of 1.25x Index or \$1.00		
	SMS ⁵ \$0.0208		
	Tolerance ² (4%)	Positive DDVC (5%) ⁶ Greater of 1.25x Index or \$1.00	Positive DDVC (5%) ⁶ Greater of 1.25x Index or \$1.00
	Tolerance ³ (5%)	Tolerance ³ (5%)	Tolerance ³ (5%)
Actual Daily Quantity less than Scheduled Quantity	SMS \$0.0208	SMS \$0.0208	Negative DDVC \$0.00
	Negative DDVC \$0.00	Negative DDVC \$0.00	

FE=Firm Entitlement⁴ SQ=Scheduled Quantities TF=Firm Transport

Critical Day¹

	SMS Within Firm Entitlement	Firm Entitlement Scheduled	TI Scheduled or TF Overrun Scheduled w/o SMS Service
Actual Daily Quantity in Excess of Scheduled Quantity	Punitive/Critical DDVC Level II Greater of 3x Index or \$113.00	Punitive/Critical DDVC Level II Greater of 3x Index or \$113.00	Punitive/Critical DDVC Level II Greater of 3x Index or \$113.00
	Punitive/Critical DDVC Level I (5%) ⁷ Greater of 2x Index or \$56.50		
	Positive/Critical DDVC (3%) ⁶ Greater of 1.75x Index or \$22.00		
	Positive/Critical DDVC (2%) ⁶ Greater of 1.5x Index or \$15.00		
	Positive DDVC Greater of 1.5x Index or \$15.00	Punitive/Critical DDVC Level I (5%) ⁷ Greater of 2x Index or \$56.50	Punitive/Critical DDVC Level I (5%) ⁷ Greater of 2x Index or \$56.50
	SMS \$0.0208	Positive/Critical DDVC (3%) ⁶ Greater of 1.75x Index or \$22.00	Positive/Critical DDVC (3%) ⁶ Greater of 1.75x Index or \$22.00
Actual Daily Quantity less than Scheduled Quantity	Tolerance ² (3%)	Positive/Critical DDVC (2%) ⁶ Greater of 1.5x Index or \$15.00	Positive/Critical DDVC (2%) ⁶ Greater of 1.5x Index or \$15.00
	Tolerance ³ (5%)	Tolerance ³ (5%)	Tolerance ³ (5%)
	SMS \$0.0208	SMS \$0.0208	Negative DDVC \$0.00
	Negative DDVC \$0.00	Negative DDVC \$0.00	

FE=Firm Entitlement⁴ SQ=Scheduled Quantities TF=Firm Transport

Footnotes:

¹ Includes customers who do not qualify as Small Customers under Northern's tariff. Index is equal to the highest published Platts "Gas Daily" Midpoint price on the applicable day at any of the applicable index points of: Market Area - Northern, demarc and Northern, Ventura; or Field Area - Panhandle, Tx.-Okla. and El Paso, Permian.

² Cannot exceed firm entitlement; tolerance is 4% of scheduled quantity for SOL days and 3% for Critical Days.

³ Cannot exceed firm entitlement; tolerance is 5% of scheduled quantity

⁴ Firm entitlement (FE) is the sum of the legal entity's MDQ, alternate firm scheduled and overrun/interruptible scheduled. On a SOL day where primary scheduled is less than MDQ, FE is equal to MDQ.

⁵ SMS availability may be authorized above firm entitlement on SOL days. Such availability will be posted on Northern's website.

⁶ The volume to which Positive DDVC above Firm Entitlement (FE) applies is equal to 5% of FE for TF shippers if no TF overrun is scheduled and is equal to 5% of scheduled volume for TF shippers with TF overrun scheduled and for TI shippers.

⁷ The volume to which Punitive/Critical Level 1 applies is equal to the first 5% of all delivered volumes in excess of the Positive/Critical DDVC component.

⁸ Charge equal to five (5) times the SMS monthly reservation fee of \$4.255. Stipulation and Agreement of Settlement filed June 23, 2023.