

Ventura Pool - Frequently Asked Questions

Northern Natural Gas received an order approving the filing for the new Ventura Pool point in the Market Area under Rate Schedule MPS, to be effective August 1, 2006.

What is the Ventura Pool?

The Ventura Pool is a Rate Schedule MPS pool which allows aggregation of nominations from the NBPL/NNG Ventura interconnect. The point was created to help shippers aggregate their Ventura supplies and have those supplies excluded during an Oakland or Ogden allocation.

What points are valid for the Ventura Pool?

The only receipt point eligible for the pool is the NBPL/NNG Ventura point (POI 192).

What is the POI number for the new Ventura Pool?

The new Ventura Pool number is POI 78623.

Is a shipper required to request the Ventura Pool be added to an existing MID 17 MPS agreement or have a new MPS agreement created?

A shipper may request the Ventura Pool on a new MPS agreement or add the Ventura Pool to an existing MID 17 MPS agreement. The new Ventura Pool is not automatically added to any MID 17 MPS agreement. For allocation situations on Northern, it would be better for the shipper to have its Ventura Pool volumes separated on an MPS agreement from their MID 17 volumes if a shipper has Primary Firm at Ventura. Beginning August 1, Ventura Pool gas will look at unused Ventura MDQ to determine primary or secondary status at the Ventura Pool.

If a shipper were to aggregate their Ventura supplies, should they use Ventura Pool or MID 17 Pool?

To ensure the Ventura supplies are excluded during an Oakland or Ogden allocation, a shipper should aggregate their Ventura supplies to the Ventura Pool.

What are the allocation and balancing risks if a shipper has both the Ventura and MID 17 Pools on the same MPS agreement?

Receipt rankings on the Ventura supplies should always be higher (lower number rank indicates higher priority gas) than other MID 17 supplies. Ranking the Ventura Pool gas higher (lower number) will help to mitigate the risk of balancing cuts.

In the event of an Oakland or Ogden delivery allocation, the contracts will be balanced to make receipts equal deliveries. This balancing methodology will consider the rankings of the multiple pool transactions. Unless all parties in the pool transactions rank the Ventura Pool gas higher, a risk exists that the Ventura Pool gas could be cut in the balancing process.

To eliminate the allocation risk during an Oakland or Ogden allocation the shipper should use a separate MPS agreement for the Ventura Pool.

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If a shipper is nominating both the MID 17 Pool and the Ventura Pool on the same transport contract, would the shipper be kept whole if they only had nominations on the Ventura Pool point and no other market area receipt points or Demarc?

If a shipper is nominating on both the MID 17 Pool and the Ventura Pool points on the same transport contract and only the Ventura Pool has volume nominated on it, this transaction will not be considered in the allocation because the Ventura Pool is excluded in an Oakland or Ogden allocation. Consequently, the Ventura Pool volumes will not be touched since there are no take-away paths eligible in an Oakland or Ogden allocation.

Why can't Northern trace the receipts through the mid pools?

Northern established un-pathed MID pools to enable shippers to aggregate their supplies and/or markets for ease of business. The nomination process is simplified for the customer when using MID pools because receipts are not pathed to deliveries. The customer determines the importance of supply or market by ranking upstream receipts and downstream deliveries. Therefore any tracing or tracking of volumes through these un-pathed MID pools is done using the customer's rankings. This gives the customers the control of protecting supplies or markets based on their business arrangements.

Are pool to pool transactions with the Ventura Pool allowed?

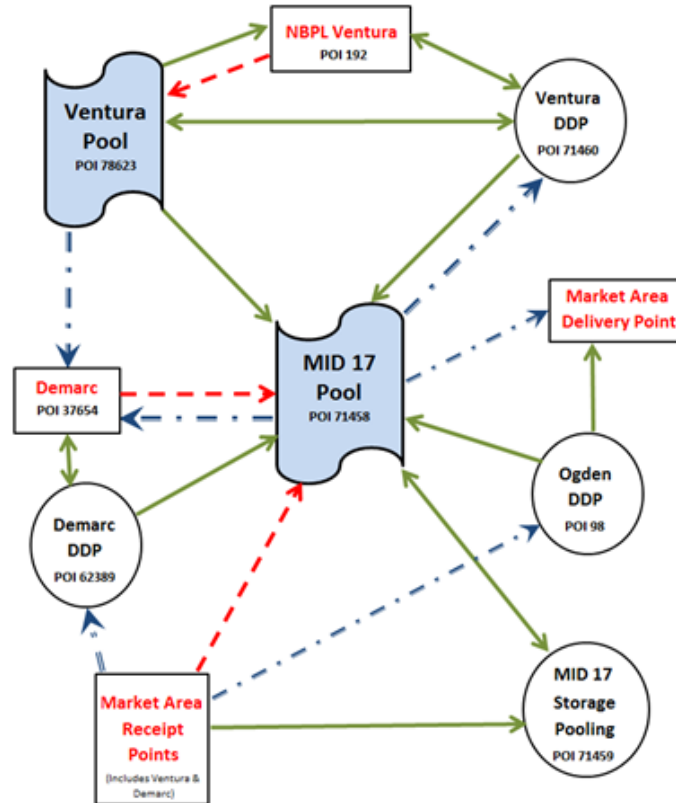
Yes, pool to pool transactions on MPS agreements are allowed at the Ventura Pool. This allows the shipper to administer buy/sells at the Ventura Pool.

Can a shipper go from Ventura Pool to MID 17 Pool on an MPS agreement?

A shipper cannot go from Ventura Pool to MID 17 Pool on an MPS agreement. However, a shipper can go from Ventura Pool to MID 17 Pool on a transportation agreement with no transport or fuel charges.

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NORTHERN NATURAL GAS MARKET AREA POOL EXAMPLE INCLUDING STORAGE



- MPS - No Transport / No Fuel Charge - - - - ->
- TFX/TF/TI - No Transport / No Fuel Charge —————>
- TFX/TF/TI - Applicable Transport Charge - . - . - .>

All Market Area receipt points to a deferred delivery/storage point (DDP) MUST use a transport contract (No Transport/No Fuel Charges)
MID 17 DDP to any Market Area DDP must use a transport contract and will be subject to transportation and fuel charges
Any other transactions not shown must use a transport contract and will be subject to transportation and fuel charges
* Note: For any redelivery from Ogden DDP to a Market Area delivery point, no additional transportation or fuel charges apply. (Tariff Sheet No. 141)