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May 5, 2014

NWN OPUC Advice No. 14-7

VIA ELECTRONIC FILING

Public Utility Commission of Oregon
3930 Fairview Industrial Drive SE
Post Office Box 1088
Salem, Oregon 97308-1088

Attention: Filing Center

Re: **Schedule 90 “Firm Storage Service with No-Notice Withdrawal”
Schedule 91 “Firm Storage Service with No-Notice Withdrawal and Direct
Connection to South Mist Pipeline”**

Northwest Natural Gas Company, dba NW Natural (“NW Natural” or “Company”), files herewith, the following revisions and additions to its Tariff P.U.C. Or. 25, stated to become effective on and after **July 1, 2014**:

First Revision of Sheet iv,
Tariff Index (continued);

First Revision of Sheet 00.6,
Definitions (continued);

Original Sheets 90-1 through 90-17,
Rate Schedule 90,
“Firm Storage Service with No-Notice Withdrawal;”

Original Sheet 91-1 through 91-20,
Rate Schedule 91,
“Firm Storage Service with No-Notice Withdrawal and Direct Connection
to South Mist Pipeline;” and

Third Revision of Sheet 185-1.
Rate Schedule 185,
“Special Annual Interstate and Intrastate Storage and Transportation
Credit.”

The purpose of this filing is to request approval for new intrastate no-notice withdrawal storage service to be made available under two new rate schedules, the availability of which is dependent upon the customer location relative to such customer’s access to certain NW Natural pipeline facilities. The two rate schedules are: Rate Schedule 90 “Firm Storage

Service with No-Notice Withdrawal” and Rate Schedule 91 “Firm Storage Service with No-Notice Withdrawal and Direct Connection to South Mist Pipeline.” In summary, these rate schedules would provide NW Natural an ability to deliver a unique storage service to customers that have agreed to pay all costs associated with the service (including the necessary capital additions). In providing such service, NW Natural would recover its cost of service, including its authorized cost of capital.

Rate Schedule 90

The Rate Schedule 90 service would apply where the storage service is provided from entirely new and separate facilities resulting from an expansion of the Company’s Mist Underground Natural Gas Storage Facility (“Mist Facility”). These facilities would include a new compression station, a new pipeline, and new storage reservoirs (“Non-Core Mist Storage”), and would require and rely on an expansion beyond the current 520,000 Dth/d of deliverability at Miller Station (and its related facilities) that were developed for core customer use, or in advance of core customer need, and that are subject to future recall by core customers. Importantly, the customer’s site to be served in Oregon must have a direct interconnection with the new pipeline.

Rate Schedule 90 provides qualifying intrastate customers with firm bundled storage and related transportation service for customer-owned gas from a receipt point on the applicable interstate pipeline to Non-Core Mist Storage, and a no-notice withdrawal service from Non-Core Mist Storage to a customer-designated receipt point that is connected to the Non-Core Mist Storage pipeline. This service is designed to accommodate an intrastate customer that requires a high degree of intraday flexibility for its gas storage withdrawals on a no-notice basis. Customer-owned gas does not move on the Company’s gas distribution system, so Schedule T transportation service does not apply to Rate Schedule 90 service.

A customer that is approved for Schedule 90 service must execute a Rate Schedule 90 Service Agreement with the Company. The rates and charges for Rate Schedule 90 service would be designed to recover the cost of the Company’s investment in Non-Core Mist Storage from the participating customer on a traditional revenue requirement cost-of-service model. All rates and charges will be set forth in the customer’s Rate Schedule 90 Service Agreement, but would be required to be based on the cost of service, including the cost of capital authorized by the Commission. A sample Rate Schedule 90 Agreement is included in the supporting materials to this filing.

The approval of Rate Schedule 90 by the Public Utility Commission of Oregon (“OPUC”) is a condition precedent under the terms of a Precedent Agreement between the Company and Portland General Electric (“PGE”) for service to the Port Westward 2 generating plant for which PGE was awarded the construction bid. The Precedent Agreement between the Company and PGE documents an agreement that the Rate Schedule 90 Service Agreement with PGE will be for a 30+ year term. In the case of PGE, the new Non-Core Mist Storage facilities to be constructed are known as the North Mist expansion.

These new Non-Core Mist Storage facilities are not shared with nor are they required to meet core customer needs today or for at least 30 years into the future. NW Natural notes that for these reasons:

- Revenues from Rate Schedule 90 service are not subject to sharing under Rate Schedule 185, and
- The new storage capacity built in order to serve PGE should not be subject to recall for core customer use.

In support of this filing, the Company includes a map showing the location of the proposed new North Mist Pipeline. Pursuant to OAR 860-001-0070, NW Natural designates such map as confidential in good faith on the basis that the map contains trade secrets. Per ORS 646.461(4) "trade secret" means information, including a drawing, cost data, customer list, formula, pattern, compilation, program, device, method, technique or process that: (a) Derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use; and (b) Is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

The map has been sealed in an envelope bearing the legend: "CONFIDENTIAL." A redacted version of the map does not exist. No portion of the map may be copied, reproduced, or disclosed in any manner without the express permission of NW Natural.

Rate Schedule 91

Rate Schedule 91 will provide qualifying intrastate customers with firm bundled storage and related transportation service for customer-owned gas with the same intraday flexibility for gas storage withdrawals on a no-notice basis as is offered under proposed Rate Schedule 90, except that such service will be provided to customers that have a direct connection to the South Mist Pipeline. The key distinction between Rate Schedule 90 and Rate Schedule 91 is that a new pipeline is not required to provide service under Rate Schedule 91—the Company is currently able to provide a limited amount of no-notice storage withdrawal service to customer sites located on the South Mist Pipeline. In addition, the storage capacity used to provide Rate Schedule 91 storage service may come from either existing Mist facilities or from a future expansion of Non-Core Mist Storage. As with Rate Schedule 90 service, customer-owned gas transported under Rate Schedule 91 does not move on the Company's gas distribution system, so Schedule T transportation service does not apply. This is because for regulatory purposes, two-thirds of South Mist Pipeline is allocated as storage plant and one-third is allocated to Oregon distribution system plant.

Because Rate Schedule 91 service will use facilities that are shared with core customers, the Company contemplates that revenues from Rate Schedule 91 service will be subject to sharing under Rate Schedule 185 in the same manner as Rate Schedule 80 storage service. This filing includes a proposed revision to Rate Schedule 185 to reflect the inclusion of Rate Schedule 91.

The availability of service under Rate Schedule 91 is subject to the Company's determination that there is sufficient storage capacity and sufficient pipeline transportation to provide the firm storage service. If an expansion is required to provide service, and the

Company makes the decision to pursue the expansion, the customer will be required to enter into a binding agreement for long-term service to support that expansion.

This new Rate Schedule 91 storage service will be made available by NW Natural on a non-discriminatory basis on similar terms and at the same minimum and maximum rate structure available to customers under Rate Schedule 80, provided no expansion is required. As with Rate Schedule 80, the proposed maximum rate would be subject to discounting by NW Natural and documented on the applicable service agreement without NW Natural being required to go through a special contract review process in advance of any such agreement to discount. If an expansion is required, then alternatively, the rates may be set on an incremental cost-of-service basis, if higher than the stated maximum rate.

Other Proposed Tariff Changes

The Company also includes the following additional proposed changes to the Tariff: (1) revision to the Tariff Index to reflect the addition of Rate Schedule 90 and Rate Schedule 91; (2) a revision to the definition of "Nomination" to clarify that the defined term is specific to transportation service provided under Schedule T; and as mentioned above, a revision to Rate Schedule 185 to include Rate Schedule 91.

The Company respectfully requests that the tariff sheets filed herewith be permitted to become effective with service on and after July 1, 2014.

Copies of this letter and the filing made herewith are available in the Company's main office in Portland, Oregon, and on the Company's website at www.nwnatural.com.

The Company waives paper service in this matter.

Please address correspondence on this matter to me with copies to the following:

NW Natural
Rates & Regulatory Affairs
220 NW Second Avenue
Portland, Oregon 97209
Telecopier: (503) 721-2516
E-mail: eFiling@nwnatural.com

Sincerely,

/s/ Onita King

Onita R. King
Rates & Regulatory Affairs

enclosures

NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet iv
Cancels Original Sheet iv

TARIFF INDEX

(continued)

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(N)
(N)

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

First Revision of Sheet 00.6
Cancels Original Sheet 00.6

GENERAL RULES AND REGULATIONS

(continued)

Definitions (continued):

Interruptible Transportation Service. Transportation Service which the Company provides on an interruptible basis. Customer must secure firm or interruptible pipeline delivery service to the Receipt Point. Interruptible Transportation Service is subject to Curtailment or Entitlement, or both.

Main. Piping and associated fittings that serves, or is expected to serve, as a common source of supply for more than one Service Line.

Main Extension. Piping and associated facilities required to extend service from the Company's existing Main facilities into an area not previously supplied to serve an Applicant.

Maximum Daily Delivery Volume (MDDV). Company's maximum daily responsibility to Customer. MDDV will be based on the known actual use, or estimated use, of Customer's equipment to be served, as mutually agreed between Company and Customer.

Maximum Hourly Delivery Volume (MHDV). Company's maximum hourly responsibility to Customer. MHDV will be based on the capacity of Customer's equipment to be served, as mutually agreed between Company and Customer.

Monthly Incremental Cost of Gas. The Commodity Component that shall be paid by a Customer that makes a Service Type Selection change from Firm Transportation Service or Interruptible Transportation Service to Firm Sales Service or Interruptible Sales Service at times where the Company's Annual Sales WACOG or Winter Sales WACOG choices are not available.

Natural Gas (also referred to as *gas*). A naturally occurring non-toxic mixture of hydrocarbon and non-hydrocarbon gases found in porous geologic formations beneath the earth's surface, which consists essentially of methane, and is the fuel source for the operation of equipment served by the Company.

Nomination. A request by a specific Transportation Service Customer or that Customer's Authorized Supplier/Agent to have a physical quantity of customer-owned gas delivered to a specific Company Receipt Point(s) for a specific Gas Day or period under Schedule T of this Tariff. (C)
Nominations are not considered final until confirmed by the Pipeline. See Confirmed Nominations.

Non-Residential Customer. Any Commercial or Industrial Customer.

NSF. The acronym used to refer to the refusal of a financial institution to honor a payment by check, bank card, or other similar type of payment.

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**RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL**

AVAILABLE:

To eligible Non-Residential Customers desiring to store Customer-Owned Gas, provided that firm storage capacity designated for this service exists and the Customer has met all of the applicable prerequisites to service under this Rate Schedule as described herein.

The Firm Storage Service offered under this Rate Schedule will be provided by the Company using Non-Core Mist Storage.

Gas stored under this Rate Schedule must be intended for consumption by a Customer at a location within the Company's service territory in Oregon capable of receiving the service from Non-Core Mist Storage and meet the other service requirements in the Prerequisites to Service section herein.

SERVICE DESCRIPTION:

The Firm Storage Service to be provided under this Rate Schedule consists of bundled storage and related transportation of Customer-Owned Gas from the designated Receipt Point(s) to Non-Core Mist Storage, and a no-notice withdrawal service from Non-Core Mist Storage to the Customer's designated Storage Delivery Point(s), subject to excused interruption by the Company due to force majeure or for maintenance as provided herein.

Non-Core Mist Storage consists of a set of underground storage reservoirs, associated gathering lines, a compressor station(s), a high pressure pipeline(s), and other related facilities and equipment.

Subject to the Company having available Non-Core Mist Storage capacity and associated sufficient pipeline transportation to provide the Firm Storage Service described herein, the Company will offer Firm Storage Service for Customer-Owned Gas with No-Notice Withdrawal to Customers that meet the prerequisites to service on a non-discriminatory basis. An Agreement for Firm Storage Service shall be for a term as set forth in the Customer's Service Agreement. The Firm Storage Service's Maximum Storage Capacity (MSC), Maximum Daily Injection Quantity (MDIQ), and Maximum Daily Withdrawal Quantity (MDWQ) will not be subject to curtailment, interruption, or discontinuance except as provided herein or in the Customer's Service Agreement.

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms and conditions of the General Rules and Regulations contained in the Tariff of which this Rate Schedule is a part (the "Tariff"), any other schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, by the terms of the Customer's Rate Schedule 90 Service Agreement ("Service Agreement"), and by all orders, rules and regulations prescribed by regulatory authorities, as amended from time to time. In the event of inconsistent terms, the terms in this Rate Schedule and the Customer's Service Agreement shall prevail over the Tariff. In the event of inconsistent terms, the terms in the Customer's Service Agreement shall prevail over this Rate Schedule 90.

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**RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)**

NOTICES:

All notices and communications to the Company shall be made pursuant to **General Rule 5** of the Tariff or as otherwise specified by the Company. Customer's notice information shall be set forth in the Service Agreement.

PREREQUISITES TO SERVICE:

The availability of Firm Storage Service under this Rate Schedule is subject to the following prerequisites:

1. A Non-Residential Customer requesting Firm Storage Service for Customer-Owned Gas under this Rate Schedule is required to have a site that is connected to or is economically capable without adverse impact to existing Customers, as determined by NW Natural, of being connected to Non-Core Mist Storage for service to the Customer's meter/Storage Delivery Point(s).
2. The Firm Storage Service request is deemed to be valid by the Company (See the Requests for Service section below);
3. The Company has determined that there is adequate firm storage capacity from Non-Core Mist Storage, including for firm injection and firm no-notice withdrawals and pipeline delivery capacity capable of receiving and delivering Customer-Owned Gas to and from Non-Core Mist Storage at levels sufficient to accommodate the Firm Storage Service request;
4. The Requesting Party has met the Company's creditworthiness standards provided herein;
5. Unless a Storage Account transfer or title transfer takes place as provided for herein, the Gas to be stored under this Rate Schedule will be redelivered and consumed within the Company's service territory in Oregon; and
6. The Requesting Party has executed a Rate Schedule 90 Service Agreement with the Company.

DEFINITIONS:

Except as otherwise provided for below, the terms used in this Rate Schedule are defined in the Definitions section of the Tariff.

Base Gas means the quantity of Gas owned by Company and not available for withdrawal by any Customer.

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**RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)**

DEFINITIONS: (continued)

Maximum Daily Injection Quantity (MDIQ) means the maximum quantity of Gas, specified in the Service Agreement, which Customer is entitled to inject into Non-Core Mist Storage on any Gas Day.

Maximum Daily Withdrawal Quantity (MDWQ) means the maximum quantity of Gas, specified in the Service Agreement, which Customer is entitled to withdraw from Non-Core Mist Storage on any Gas Day.

Maximum Storage Capacity (MSC) means the maximum quantity of Gas which Customer is entitled to store at Non-Core Mist Storage at any given time.

No-Notice Withdrawal Service means that a Customer is authorized to make intra-daily withdrawals from Non-Core Mist Storage as provided for herein and in the Service Agreement and at the delivery pressure set forth in the Customer's Service Agreement without advance notice to the Company. Unless otherwise provided for in Customer's Service Agreement, if the Customer requires a delivery pressure greater than that specified in the Service Agreement, Customer must provide the Company with not less than four-hour (4) advance notice of planned withdrawals.

Non-Core Mist Storage refers to those storage facilities developed at Mist after 2008 that are separate and go beyond the 520,000 Dth/d of full build-out Mist capacity at Miller Station and its related facilities that were developed for use or recall by core customers. Non-Core Mist Storage consists of underground storage reservoirs, associated gathering lines, a compressor station, a high pressure pipeline, and other related facilities and equipment.

Requesting Party means a person that makes a request to the Company for new or additional Storage Service under this Rate Schedule that meets the prerequisites for service.

Storage Account means, for accounting purposes, the account maintained by the Company into which Customer nominates Gas for injection or from which Customer withdraws Gas under a Service Agreement. The Storage Account may not have a negative gas inventory balance.

Storage Delivery Point(s) means the Company's meter at a Customer's site that is connected to Non-Core Mist Storage as specified in Customer's Service Agreement.

Firm Storage Service means intrastate firm natural gas storage and related transportation service from the Receipt Point for injection into Non-Core Mist Storage, and no-notice withdrawal service from Non-Core Mist Storage to the Storage Delivery Point(s) within the Company's service territory in Oregon.

Transporter means any upstream third party which provides transportation services required to effectuate delivery of the gas to the Receipt Point for injection in Non-Core Mist Storage under this Rate Schedule.

Working Gas means the actual quantity of working gas in storage for Customer's Storage Account at the beginning of any given Gas Day.

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**RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)**

REQUESTS FOR SERVICE:

A Requesting Party desiring Firm Storage Service under this Rate Schedule may make an oral or written request to the Company. The request shall include, at a minimum:

1. The exact legal name of the Requesting Party;
2. The proposed MDIQ, MDWQ and MSC;
3. The proposed term of service;
4. The proposed Storage Delivery Point(s); and
5. Other necessary information, if any.

A Firm Storage Service request shall not be valid and the Company shall not be required to grant any Firm Storage Service request if:

- (i) the Company determines, based on its credit analysis, that the Requesting Party does not meet the Company's creditworthiness standards provided for herein;
- (ii) the Requesting Party does not meet the prerequisites to service set forth in this Rate Schedule;
- (iii) the service requested would require the additional construction, modification, or expansion of some or all of the Non-Core Mist Storage facilities and the Company determined that such construction, modification, or expansion is not economically feasible, or that such construction, modification, or expansion may otherwise adversely impact service to existing Firm Storage Service customers;
- (iv) the service requested would not comply with this Rate Schedule;
- (v) the Company lacks adequate injection/withdrawal or transportation capacity to provide the requested service; or
- (vi) the Requesting Party and the Company are unable to reach agreement on the terms and conditions of the Rate Schedule 90 Service Agreement.

The Company shall consider a valid request, and will contact the Requesting Party regarding whether it can provide the requested Firm Storage Service. If the Company is able to accommodate the request, the Company will provide the details according to which Company is willing to provide such service. If the Company can provide some, but not all of the requested Firm Storage Service, the Company will advise the Requesting Party of the maximum quantities that the Company would be able to accommodate.

The Company shall tender a Service Agreement to the Requesting Party upon Company's acceptance of such party's request for Firm Storage Service. The Service Agreement shall be invalid unless signed by the Requesting Party and returned to the Company within thirty (30) days after the Company tenders such Service Agreement for execution.

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RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)

RATES AND CHARGES:

Storage Charge.

A monthly charge as set forth in the Customer's Service Agreement, shall apply for each Dekatherm (Dth) of Customer's MSC Working Gas capacity during the specified Term or Term extension, as applicable.

Fuel Charge.

Customers shall be assessed a fuel charge as provided for in the Customer's Service Agreement.

Other Applicable Charges.

Any other applicable charges as provided for in the Tariff may be set forth in the Customer's Service Agreement or monthly invoice, as appropriate.

INJECTIONS AND WITHDRAWALS:

Maximum Storage Capacity. The MSC shall be set forth in the Customer's Service Agreement.

Injections. Subject to Force Majeure, or as otherwise provided for herein, Customer will be allowed to nominate to inject Customer-Owned Gas into Non-Core Mist Storage on each Gas Day on a firm basis in an amount that is confirmed by the Company up to Customer's MDIQ, as set forth in the Customer's Service Agreement, so long as injection of such quantities does not cause Customer to exceed its MSC. On any Gas Day, Company is not obligated to receive more than the MDIQ in the Service Agreement.

Withdrawals. Subject to Force Majeure, or as otherwise provided for herein, Customer will be allowed to withdraw Customer-Owned Gas from Non-Core Mist Storage on each Gas Day on a firm, no-notice basis in an amount up to Customer's MDWQ set forth in Customer's Service Agreement as modified by the Firm Withdrawal Profile table attached to Customer's Service Agreement, if applicable, and subject to the maximum hourly flow rate specified in this Rate Schedule, and so long as the withdrawal of such quantities does not cause Customer to incur a negative Working Gas balance. The Company will provide Customer with access to information regarding Customer's Working Gas levels so that Customer may determine where it stands in relation to the allowed withdrawal levels per the Firm Withdrawal Profile table in Customer's Service Agreement. Customer is responsible for monitoring such status and for taking necessary actions to stay within such allowed MDWQ withdrawal levels. In the event that Customer's withdrawal of gas beyond the withdrawal levels in Customer's Service Agreement threaten the operational integrity of Non-Core Mist Storage, then the Company may take further action as the Company deems necessary to restrict Customer's use of gas as necessary to maintain Non-Core Mist Storage operational integrity.

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RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)

STORAGE ACCOUNT VOLUME TRANSFERS TO AN INTERSTATE STORAGE ACCOUNT:

Customer will be allowed to transfer Working Gas amounts between its Storage Account under this Rate Schedule and a storage account that such same Customer may have for interstate storage service with the Company upon prior notice to the Company, but such transfer shall not impact any amounts due and owing under each applicable service agreement prior to the date of the transfer, and invoice account balances may not be transferred under this provision. A Customer's ability to make such account transfers will not modify the MSC, MDIQ, or MDWQ amounts specified in the Customer's Service Agreement applicable to this Rate Schedule.

The Company will document the change in volume to Customer's Storage Account balance under this Rate Schedule, and also to the interstate Storage Account. No temporary release of all or any portion of a Customer's Firm Storage Service quantities may be made by Customer taking Firm Storage Service under this Rate Schedule.

Any Storage Account transfers shall be deemed to occur at the Non-Core Mist Storage location specified in Customer's Service Agreement. There shall be no charge for such Storage Account transfers.

STORAGE BALANCE AT SERVICE AGREEMENT EXPIRATION OR TERMINATION:

Customer shall be responsible for the withdrawal of all of its positive Firm Storage Service balance in its Storage Account: (i) on or before sixty (60) days after the date upon which any applicable Service Agreement expires by its own terms; or (ii) on or before thirty (30) days after the date of termination; provided that during such grace periods following expiration or termination, Customer shall pay Company the Storage Charge specified in the Customer's Service Agreement for extended Firm Storage Service.

Such withdrawals shall be made at mutually agreed upon withdrawal rates subject to Non-Core Mist Storage operating conditions. If Customer fails to remove its positive storage balance by the end of such grace period and Customer does not enter into a new Firm Storage Service Agreement, then Company shall purchase from Customer the Gas in Customer's Storage Account, free and clear of any adverse claims, at a price determined as follows in the following order of priority: (i) a price equal to eighty percent (80%) of the Company's monthly WACOG applicable to the month in which the buy-out occurs; or (ii) If the Company is no longer providing commodity services to its customers and thus a WACOG does not exist, then at a price equal to eighty percent (80%) of the lowest price found listed as between the following monthly index prices for the applicable month in which the buy-out occurs for the following points: AECO/NIT, Sumas, and NWP-Rockies; or (iii) if none of the above points has a public index for the applicable month, the Company and Customer shall negotiate in good faith to determine a mutually agreeable price consistent with the above intent; provided, however, that if Customer's failure to remove the Gas during such grace period is due to the Company's inability to provide the service up to the applicable firm MDWQ, then Customer shall be entitled to additional time at no additional charge to complete the withdrawal equal to the number of days Customer was prevented from withdrawing.

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Issued May 5, 2014
NWN OPUC Advice No. 14-7

Effective with service on
and after July 1, 2014

Issued by: NORTHWEST NATURAL GAS COMPANY

d.b.a. NW Natural
220 N.W. Second Avenue
Portland, Oregon 97209-3991

**RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)**

NOMINATIONS, SCHEDULING AND SERVICE PRIORITY:

Daily Injection Nomination Procedure. All nominations for injections must be submitted as specified by the Company by email (preferred) or facsimile, using a format that is approved by the Company Concurrently with the tendering of a Service Agreement to Customer for execution the Company shall provide Customer with a Non-Core Mist Storage Service Operating Policies and Procedures document, with further details regarding nomination and scheduling of Firm Storage Service not inconsistent with this Rate Schedule, and such document may be updated from time to time. Oral nominations for injections may be accepted, however, they must be subsequently emailed to the Company within a reasonable amount of time. The receipt of the nomination request will be acknowledged by email reply.

Required Information. Each injection nomination request shall specify: (1) the Gas Day Customer desires to inject; (2) the applicable Customer upstream or downstream transportation agreement number; (3) Receipt Point; (4) net Dth requested at the Receipt Point; (5) contact name and phone number; and (6) any other data required by upstream transporters or the Company to complete the nomination process.

Deadline. All injection nomination requests must be received one (1) hour prior to the applicable NAESB nomination cycle deadlines for timely noms, evening, intraday 1 (ID1), and intraday 2 (ID2). Additionally, post ID2 nominations are available to Customers to the extent the Company and any applicable upstream transporter is able to accommodate such changes. If confirmed, any actual Gas flows on the Company's system for injections will not begin until the time specified for gas flow under the NAESB guidelines for the next available processing cycle depending on when the nomination is received. The Company may, but is not required to, waive the one (1) hour requirement if, in its sole judgment, operating conditions permit such waiver.

Confirmation of Injection Nominations. Customer's injection nominations will be confirmed in advance of the applicable nomination deadline. Nominations will be confirmed based on the operating ability of Non-Core Mist Storage for the Gas Day consistent with the terms in Customer's Service Agreement. Variance from a uniform hourly flow rate will be allowed by the Company unless such a variance would be detrimental to the operation of Non-Core Mist Storage as determined by the Company, in its sole discretion. The maximum hourly flow rate will be equal to 1/24th of Customer's MDIQ. Amounts in excess of the maximum hourly flow rate will be received on an interruptible, best efforts basis. Flow rates deemed harmful to equipment, reservoirs or persons will not be allowed. Additionally, Customer must provide the Company with the confirmed volumes to be received from Northwest Pipeline GP prior to commencing any injections in Non-Core Mist Storage on any Gas Day.

(continue to Sheet 90-8)

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**RATE SCHEDULE 90
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL
(continued)**

NOMINATIONS, SCHEDULING AND SERVICE PRIORITY (continued):

Nominations For Withdrawal. Withdrawal service under this Rate Schedule is on a no-notice basis subject to flow control that will not allow withdrawal deliveries at the Delivery Point(s) to exceed a maximum hourly flow rate equal to 1/24th of Customer's MDWQ. The withdrawal of amounts in excess of the maximum hourly flow rate may be withdrawn on an interruptible, best efforts basis upon prior notice by Customer to the Company and subject to the Company's confirmation that system operating conditions may accommodate such request. Flow rates deemed harmful to equipment, reservoirs or persons will not be allowed. Customer is not required to make nominations for withdrawals of Customer-Owned gas stored at Non-Core Mist Storage up to the applicable MDWQ; provided, however, that Customer's withdrawal MDWQ will be subject to adjustment by the maximum hourly flow rate restrictions above and the firm withdrawal profile attached to Customer's Service Agreement. The Company shall not be required to allow withdrawals and the Company may suspend withdrawal service if Customer does not have sufficient Working Gas volumes or Customer would incur a negative Storage Account balance.

Receipt Point(s) and Storage Delivery Point(s). The Company and Customer shall designate in the Service Agreement a list of the currently available Receipt Point(s) and Storage Delivery Point(s). The Receipt Point(s) shall be at the point(s) of interconnection between an interstate pipeline and the Company's Non-Core Mist Storage. The Storage Delivery Point(s) shall be specified in the Service Agreement and must be to a Company meter located off of Non-Core Mist Storage serving the Customer's site.

Customer Scheduling of Transportation.

The Customer hereunder shall be solely responsible for making all arrangements and paying for the Transportation of the gas to the Receipt Point(s) for injection into Non-Core Mist Storage.

Other Transporter Charges.

Customer shall be responsible for all penalties and charges assessed by an upstream Transporter which solely arise from Customer's failure to provide delivery of the Gas quantities provided pursuant to the injection nomination process in this Section.

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(continued)**

NOMINATIONS, SCHEDULING AND SERVICE PRIORITY (continued):

Service Priorities.

(a) Once confirmed, firm injection nominations will not be reduced (“bumped”) in full or in part regardless of any other prior intraday nomination changes made pursuant to the Operating Policy and Procedures.

(b) In the event that Firm Storage Service must be curtailed hereunder due to Force Majeure or for maintenance as provided herein, such curtailment shall be on a pro-rata basis for all customers with Firm Storage Service agreements using Non-Core Mist Storage. In the event that such action must be taken, the Company will notify Customer via phone, facsimile, or electronic mail.

Interruption Notices. In the event that interruption or restrictions are required for injections or withdrawals, the Company will notify Customer via email, facsimile, or phone call.

Nomination Changes. In the absence of an injection nomination, no changes or action will be taken by the Company with regard to a Customer’s Storage Account.

Maintenance. The Company shall have the right to interrupt, or discontinue Firm Storage Service provided hereunder in whole or in part from time to time, without liability to Customer, in order to perform scheduled and unscheduled repair and maintenance of Company's Non-Core Mist Storage as necessary to maintain the operational capability of the facilities or to comply with regulatory requirements. The Company will endeavor to coordinate any scheduled maintenance activities to coincide, as reasonably possible, with the Customer’s site operations so as to minimize disruptions of service to Customer. In this regard, Customer agrees to provide the Company with information on its annual maintenance schedule and/or needs for service of Non-Core Mist Storage during the scheduled maintenance period and shall cooperate with the Company to minimize service disruptions. At least ninety (90) days before the end of each calendar year, the Company shall provide Customer with the scheduled maintenance plan for the coming year to facilitate the coordination with Customer’s maintenance plans. The Company shall provide Customer with reasonable advance notice of any scheduled maintenance by facsimile or email at least thirty (30) days in advance of the scheduled maintenance, unless the maintenance requires immediate attention in which case notice shall be provided by the Company to Customer as soon as practical under the circumstances. During any maintenance period, a limited amount of Firm Storage Service may be available from Non-Core Mist Storage and the Company shall provide as much information to Customer regarding the availability of the service as is known given the circumstances of the maintenance being performed. Notice of such interruptions or discontinuances shall be issued to Customer via facsimile or email. Such interruptions or discontinuances shall in no way serve to alter the obligation(s) of a Customer under any applicable Service Agreement.

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(continued)

GAS PRESSURE, QUALITY AND MEASUREMENT:

Gas Pressure. Customer shall deliver or cause to be delivered to Company all Gas at the Receipt Point(s) at such pressures sufficient for Non-Core Mist Storage operations. The Company shall redeliver Gas to Customer at the current operating pressures at the Storage Delivery Point(s) specified in Customer's Service Agreement. Pressure obligations may be modified by the terms of the Customer's Service Agreement.

Quality. Gas delivered by or on behalf of the Customer to the Company at the Receipt Point(s) shall conform to the third party Transporter's Gas quality standards. Gas redelivered by Company to Customer at the Storage Delivery Point(s) shall conform to the following gas quality standard: minimum 985 Btu/SCF or, if different, the then applicable Northwest Pipeline, GP minimum pipeline quality Btu content.

Measurement. Measurement of Gas quantities hereunder shall be performed by the Company in accordance with standard gas industry practices as set forth in the Tariff.

Base Gas. Company shall provide and maintain Base Gas necessary for operations of Non-Core Mist Storage.

BILLING AND PAYMENT:

Monthly Statements. The bill payment provisions in **General Rule 7** of the Tariff, to the extent applicable, shall apply to this Rate Schedule. Regarding Firm Storage Service, the statement will include: (a) the applicable rate(s); (b) the quantities being billed at such rate; and (c) any documentation sufficient to support the billed quantities.

Payment. Payment shall be due as set forth on the invoice. Unless otherwise agreed, Customer shall pay by Automated Clearing House (ACH) or other electronic means acceptable to the Company in immediately available funds to the Company the full amount due. If the day for payment should fall upon a Saturday, Sunday or U.S. banking holiday, then such payment shall be made on the next Business Day. If Customer fails to pay such amounts when due, a late payment charge will be assessed as prescribed under **Schedule C** of the Tariff.

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BILLING AND PAYMENT (continued):

Billing Adjustments. If an error is discovered by either the Company or Customer, in the amount billed in any statement rendered by Company, the Company shall use its best efforts to correct any such billing error within sixty (60) Days of the discovery of such error by the Company, if the Company discovers the error, or the Company's receipt of notification of such error from Customer, if the error is discovered by the Customer. If Customer, in good faith, disputes the amount of any such statement or any part thereof, Customer shall pay the Company such amount as it concedes to be correct pending resolution of the dispute; provided, however, if Customer disputes the amount due, Customer must provide supporting documentation acceptable in industry practice to support the amount disputed. If the disputed amount is subsequently found to be correct, then Customer shall pay the Company such amount, together with any late payment charge provided for above that accrued from the original charge due date. All statements shall be considered final, and any and all objections thereto shall be deemed waived, unless made in writing within three (3) years of Customer's receipt thereof. If Customer raises any objection to a statement within such three (3) year period, and upon review, Customer is determined to be due a refund, then the Company shall refund Customer the overpaid amount plus interest at the Interest Rate specified in **General Rule 6** of the Tariff. Nothing in this section shall prevent the Company from terminating Firm Storage Service to a Customer for non-payment of the undisputed amounts per statements rendered pursuant to **General Rule 11** of the Tariff. Customer is responsible for the payment of any applicable taxes assessed by taxing authorities that may be associated with the Firm Storage Service provided under this Rate Schedule. Further, nothing in this provision shall be construed to relieve Customer of its obligation to pay any required taxes not included in the Company's rates assessed by a taxing authority on Customer, including any taxes that may later be determined by a taxing authority to have been applicable to the Firm Storage Service.

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(continued)**

FORCE MAJEURE:

Except in regard to a Customer's obligation to make a payment that is due, neither the Company nor the Customer shall be liable in damages to the other if rendered unable, by reason of an event of force majeure, to perform, in whole or in part, any firm obligation set forth in any Service Agreement. For purposes of this provision, the term *Force Majeure* as used in this Rate Schedule shall include, but not be limited to: any causes or circumstances not due to the fault of the Party claiming *Force Majeure*, including, but not limited to, acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or pipelines, freeze-offs, water encroachment, unscheduled downhole repairs, loss of well control, interruptions or failures of any upstream or downstream pipelines relied upon to effectuate any service under this Rate Schedule, the binding order of any court or governmental authority having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension and shall be entirely within the discretion of the party affected, and the requirement that any event of force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of those directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the party having such difficulty. The term *Force Majeure* shall not include: (i) instances where the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (ii) economic hardship.

Upon the occurrence of an event of *Force Majeure*, the party affected shall give notice to the other party including the particulars of the event as soon as practicable, by telephone followed by written confirmation. After the occurrence, the obligations of both parties, except for unpaid financial obligations arising prior to such event, shall be suspended to the extent and for the period of such *Force Majeure* condition.

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DEFAULT:

Suspension or Termination for Default. The Company may suspend Firm Storage Service or terminate any Service Agreement under this Rate Schedule if Customer fails to comply with, observe, perform, or shall default in any material respect with respect to any obligation under the Service Agreement, including, but not limited to, the failure to pay any undisputed invoices when due, except for when any failure is attributable to Company's wrongful act or failure to act. If the Company exercises its right to suspend, the Company shall give Customer notice as soon as practicable after the decision has been made to suspend Firm Storage Service hereunder. If the Company exercises its right to terminate, the Company shall give Customer written notice of the default and, Customer shall be given a period of thirty (30) calendar days from the date of such notice in which to cure the default. If such default cannot be reasonably cured within such thirty (30) day period, Customer may request and the Company, in its sole discretion, may grant Customer additional time to cure the default, provided that Customer demonstrates to the Company's satisfaction that it is making or has made substantial efforts to effect such cure and is proceeding diligently to complete such cure. Effective as of the date of termination of the Service Agreement, all outstanding amounts for any Firm Storage Services rendered by the Company prior to such date shall become immediately due and payable.

Withdrawal of Storage Account Balance upon Termination for Default. Customer shall be responsible for the withdrawal of all of its positive Storage Account balance on or before thirty (30) days after the termination date of Customer's Service Agreement under this default provision per the Storage Balance at Service Agreement Expiration or Termination provision of this Rate Schedule..

Termination Fee. In the event that Customer terminates the Service Agreement prior to the expiration of the applicable term, Customer shall be responsible and liable to the Company for payment of the remaining balance due under the Service Agreement to be paid as of the effective date of such termination, with interest to accrue thereafter if such payment is not made on such date. If no termination date is specified, the Company may determine such date in its sole discretion based on Customer's last use of Firm Storage Services from Non-Core Mist Storage.

Other Rights Preserved. The availability or exercise of the right to terminate a Service Agreement pursuant to the above provisions shall not limit the right of the Company to seek any other remedy available to it at law or in equity in the event of a Customer's default.

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CREDITWORTHINESS:

If a Customer meets the following creditworthiness standards and absent the existence of any other circumstance impacting a Customer that gives rise to Company's reasonable grounds for insecurity (including, without limitation, a filing for bankruptcy), no additional security will be required by Company during the term of the Service Agreement: The creditworthiness of a Customer taking service hereunder must be evidenced by (a) a rating for long-term, senior, unsecured debt that is not supported by third party credit enhancement of at least: (i) "BBB" by Standard & Poor's Rating Group ("S&P") (or its successor); (ii) "Baa2" by Moody's Investor Services, Inc. ("Moody's") (or its successor); or (iii) for a Customer that is not rated by either S&P or Moody's, an equivalent rating as determined by Company. In the event that a split rating occurs between the rating agencies, Company will rely upon the lower of the ratings; and (ii) the contractual obligation derived from the sum of the Storage Charge, Fuel Charge and other Applicable Charges for the term of the Service Agreement, on a net present value basis, is no greater than 10% of Customer's tangible net worth. The term "tangible net worth" is defined as total assets, less total liabilities, less intangible assets, less non-controlling interest, less off-balance sheet obligations.

If at any time during the term of a Service Agreement, Customer's long-term, senior, unsecured debt rating, not supported by third party credit enhancement does not meet the S&P/Moody's creditworthiness standard set forth above, Customer does not maintain a credit rating, or if Customer is impacted by a Credit Event, that gives rise to Company's reasonable grounds for insecurity, the Company may require Customer to provide additional security as adequate assurance of performance, in an amount up to twelve (12) months of the then applicable Storage Charge, within three (3) business Days of the date of Company's written demand.

As used herein, Credit Event means as applicable to Customer: (1) if a circumstance materially impacts Customer and the Company requests Customer to demonstrate creditworthiness and Customer fails to do so in the Company's reasonable judgment; (2) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (3) otherwise becomes bankrupt or insolvent (however evidenced); (4) makes an assignment or other general arrangement for the benefit of creditors; (5) fails to pay its debts as they become due; or (6) defaults in a payment obligation.

If Customer fails to demonstrate creditworthiness as defined above, the Company shall have the rights and remedies set forth in this Rate Schedule. Any waiver by the Company of the exercise of its rights herein shall not preclude the Company from exercising such rights at another time during the applicable term of the Customer's Service Agreement.

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AUDIT RIGHTS:

The Company and the Customer ("Parties" or "Party") shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at such Party's own expense, the other Party's accounts and records pertaining to Firm Storage Service under this Rate Schedule, including any invoices issued hereunder. Any such audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to the obligations under this Rate Schedule and associated Service Agreement. Any request for an audit shall be presented to the other Party not later than thirty-six (36) months after the event as to which the audit is sought. The Parties shall preserve all records applicable to this provision for the duration of the audit period.

DISPUTE RESOLUTION AND ARBITRATION:

In the event that there is not agreement between the Parties regarding the Storage Charge or any portion of the adjustment formula for such Storage Charge that the Parties may provide for agreement on in the terms of the Service Agreement, or the Storage Charge for any Term extension under a provision in the Service Agreement that provides for mutual agreement on the Storage Charge for any term extension, then such disagreement shall be subject to the following dispute resolution procedure: The Parties agree to promptly negotiate on a good faith basis to resolve the dispute. If, however, the Parties cannot agree by the end of the tenth (10th) Business Day after the negotiations begin, then the Parties agree to escalate the negotiations regarding the resolution of the dispute to senior executives of the two companies. If the senior executives cannot agree on a resolution of the matter within a thirty (30) business day negotiation period, then either Party may submit the dispute to binding arbitration in Portland, Oregon in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association ("AAA"). Such binding arbitration shall constitute the exclusive forum for resolution of any such disputes, controversies, or claims. The binding arbitration shall be conducted by a single arbitrator upon which Company and Customer agree, or, if Company and Customer cannot agree on a single arbitrator, then by a panel of three (3) arbitrators, as provided for below.

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(continued)**

DISPUTE RESOLUTION AND ARBITRATION (continued):

If the Parties agree upon a single arbitrator, the date of appointment of the arbitrator shall be the date upon which the arbitrator agrees to serve. In the event it is necessary to proceed with a panel of three (3) arbitrators, either Company or Customer may, at the time such controversy arises, notify the other of a name of the arbitrator such Party has selected, and the other Party shall, within ten (10) Days thereafter, select another arbitrator and notify the other Party of the name of such arbitrator. If such other Party shall fail to name a second arbitrator within ten (10) Days, then the Party who first served the notice of arbitration may, on reasonable notice to the other Party, apply to the Portland, Oregon office of the AAA for the appointment of such second arbitrator for and on behalf of the other Party, and in such case the arbitrator appointed by such association shall act as if named by the other Party. The two (2) arbitrators so selected shall, within ten (10) Days after the appointment of the second arbitrator, choose a third arbitrator, and in the event of their failure to do so within said ten (10) Days, either of the Parties hereto may in like manner, on reasonable notice to the other Party, apply to the Portland office of the AAA for the appointment of a third arbitrator and in such case the arbitrator appointed shall act as the third arbitrator. The date of appointment of the panel of three (3) arbitrators shall be the date upon which the third arbitrator agrees to serve.

The arbitrator(s) shall be qualified by education, experience, and training to pass upon the pricing controversy in dispute. The arbitrator(s) so constituted shall fix a reasonable time and place for a hearing, at which time each of the Parties hereto may submit such evidence as each Party may see fit with respect to the pricing issue. The arbitrator(s) shall render a decision on the issues before such arbitrator(s) no later than sixty (60) Days after such arbitrator(s) has(have) been appointed.

For a single arbitrator, the costs of arbitration shall be equally divided between the Parties. In the case of three (3) arbitrators, each Party shall pay the expense of the arbitrator selected by or for it, and all other costs of the arbitration shall be equally divided between the Parties. The arbitrator(s) shall not have discretion to award costs of arbitration other than as provided herein.

The action of the sole arbitrator or of a majority of the members of the panel of arbitrators, as the case may be, shall govern and their decisions in writing shall be final, non-appealable, and binding on the Parties hereto. The judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

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**RATE SCHEDULE 90
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(continued)**

PRE-IN-SERVICE INJECTIONS AND IN-SERVICE WORKING GAS INVENTORY TRANSFERS BY CUSTOMER:

In order to make the no-notice withdrawal service available to a Customer which requests Firm Storage Service under this Rate Schedule, qualifies for Firm Storage Service under this Rate Schedule, and enters into a Service Agreement so that such no-notice withdrawal service can be provided as of the in-service date of the Non-Core Mist Storage, a certain amount of Customer-Owned Gas may need to be injected prior to the in-service date. Such pre-in-service injections will be allowed subject to the following:

Customer may make injections designated for Firm Storage Service under this Rate Schedule during a "pre-fill period." While the Company will endeavor to designate a date that provides the most flexibility and lead time possible for Customer, the pre-fill period shall be defined as a period of time to begin at a date determined by the Company when sufficient Non-Core Mist Storage infrastructure (reservoirs, wells and gathering lines) is in place to enable injections, and if applicable, without having the compressor station or the associated pipeline construction completed. Such pre-fill period start date shall be communicated to Customer as soon as such date is reasonably possible when such date is known.

Once it commences, the pre-fill period shall continue until the Company's designated in-service date of the Non-Core Mist Storage which date shall also be communicated to Customer by the Company as soon as reasonably possible when such date is determined. The charge for such preliminary injections into Non-Core Mist Storage that Customer shall be required to pay Company will be as follows: Actual fuel use at the compressor station used for the injections based on net injections to be paid in-kind to NW Natural through a deduction from Customer's injection quantity, performed on a monthly basis for the prior month's fuel use plus ½ percent of net injections for lost and unaccounted for gas. For the avoidance of doubt, Customer shall not be responsible for any charges for authorized overrun. Also, upon in-service, the pre-fill charge specified in this provision will apply to gas volumes that Customer desires to transfer from an existing interstate storage service agreement with the Company to Non-Core Mist Storage which requires physical gas movement to take place.

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**RATE SCHEDULE 91
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL AND DIRECT
CONNECTION TO SOUTH MIST PIPELINE**

AVAILABLE:

To eligible Non-Residential Customers desiring to store Customer-Owned Gas, provided that firm storage capacity designated for this service exists or that the customer has entered into a binding agreement for an expansion of Mist Storage as provided for herein and the Customer has met all of the applicable prerequisites to service under this Rate Schedule as described herein.

The Firm Storage Service offered under this Rate Schedule will be provided by the Company using Mist Storage capacity that is (a) developed in advance of core Customer needs and the same firm capacity is also being simultaneously made available to the Company's firm interstate storage customers on a non-discriminatory basis, or (b) new storage capacity to be developed under a binding agreement for an expansion of Mist Storage. On an annual basis, the amount of storage capacity that is not under existing firm storage service agreements that is made available under this Rate Schedule is subject to change as the non-contracted for capacity may be subject to recall by the Company for core Customer use. Accordingly, the Company reserves its right not to offer or commence the Storage Service hereunder, or to limit the total amount of capacity that is available under this Rate Schedule when, in Company's sole discretion:

- (i) any impairment of its firm services to core Customers, including its ability to use storage to support such firm services and gas purchases for firm services, would or may result; and/or
- (ii) there is not sufficient available firm Mist Storage capacity designated for service under this Rate Schedule or an expansion is required, including, the lack of available firm injection and/or withdrawal capacity, and the lack of adequate capacity on the Company's system; and/or
- (iii) the Customer does not meet the prerequisites to service. All references to "Storage Service" or "Firm Storage Service" refer to the storage and related transportation on NW Natural's system from the Receipt Point(s) to Mist Storage and from Mist Storage to the Storage Delivery Point(s) under this Rate Schedule.

All gas stored under this Rate Schedule must be consumed by a Customer capable of receiving the service from Mist on the South Mist Pipeline between the points of Miller Station and Molalla Gate interconnection with interstate pipeline facilities.

Unless otherwise agreed to by the Company, the service quantities to be made available for Firm Storage Service under this Rate Schedule are in aggregate limited to up to a maximum re-deliverability capability of 50,000 Dth/d at 350 psig, subject to any other operating conditions described herein.

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CONNECTION TO SOUTH MIST PIPELINE
(continued)

SERVICE DESCRIPTION:

The Firm Storage Service hereunder to be provided under this Rate Schedule consists of a bundled storage and transportation service of Customer-Owned Gas from the designated Receipt Point on the Company's South Mist Pipeline at Molalla Gate to Mist Storage and from Mist Storage to the designated Storage Delivery Point on the Company's South Mist Pipeline subject to excused interruption by the Company due to force majeure.

From time to time, subject to the Company having available capacity for the Storage Service as described above, the Company will offer Firm Storage Service for Customer-Owned Gas to Requesting Parties and/or Customers meeting the prerequisites to service on a non-discriminatory basis. An Agreement for Firm Storage Service shall be for a term as set forth in the applicable Service Agreement. Firm Storage Service, Working Gas, Maximum Daily Injection Quantity (MDIQ), and Maximum Daily Withdrawal Quantity (MDWQ) will not be subject to curtailment, interruption, or discontinuance except as provided herein or in the Service Agreement. The Firm Storage Service offered under this Rate Schedule shall have an equal priority with the firm interstate storage service that is provided by the Company and the treatment of service requests and the scheduling priority for these firm storage customers will be on a non-discriminatory basis.

Subject to the other applicable provisions herein, once a Service Agreement has been entered into, a Storage Service Customer may withdraw, subject to hourly limits as noted in this Rate Schedule, amounts up to the specified MDWQ and the Company will deliver such amounts on a firm basis until such Customer's Working Gas inventory falls below fifty percent (50%) of its Maximum Storage Capacity. In such an event, the level of firm withdrawals that a Customer can make will be less than the full MDWQ, and will be limited to the amount specified in the withdrawal table attached to Customer's Service Agreement. Exceeding Authorized Quantities of a Customer's applicable MDIQ or MDWQ, may be allowed, if authorized through an Authorized Overrun, but will have the lowest scheduling priority as described further herein and will be subject to additional fees.

GENERAL TERMS:

Service under this Rate Schedule is governed by the terms and conditions of the General Rules and Regulations contained in the Tariff of which this Rate Schedule is a part (the "Tariff"), any other schedules that by their terms or by the terms of this Rate Schedule apply to service under this Rate Schedule, by the terms of the Customer's Rate Schedule 91 Service Agreement ("Service Agreement"), and by all orders, rules and regulations prescribed by regulatory authorities as amended from time to time. In the event of inconsistent terms, the terms in this Rate Schedule and the Customer's Service Agreement shall prevail over the Tariff. In the event of inconsistent terms, the terms in the Customer's Service Agreement shall prevail over this Rate Schedule 91.

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RATE SCHEDULE 91
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CONNECTION TO SOUTH MIST PIPELINE
(continued)

NOTICES:

All notices and communications to the Company shall be made pursuant to **General Rule 5** of the Tariff or as otherwise specified by the Company. Customer's notice information shall be set forth in the Service Agreement.

PREREQUISITES TO SERVICE:

The availability of the Storage Service is subject to the following prerequisites:

1. A Non-Residential Customer requesting Firm Storage Service for Customer-Owned Gas under this Rate Schedule is required to have a site that is connected to the Customer's meter/Storage Delivery Point along the South Mist Pipeline.
2. The Storage Service request is deemed to be valid by the Company (See the Requests for Service section below);
3. The Company has determined that adequate firm Mist Storage capacity designated for the service exists at Mist, or if an expansion is required the customer has entered into a binding agreement for long term services under that expansion including for firm injection and withdrawals as well as capacity on its South Mist Pipeline at levels sufficient to accommodate the Storage Service request;
4. The Requesting Party has met the Company's creditworthiness standards;
5. Unless a Storage Account transfer or title transfer takes place as provided for herein, the gas to be stored under this Rate Schedule will be redelivered and consumed within the Company's service territory in Oregon; and
6. The Requesting Party has executed a Rate Schedule 91 Service Agreement with the Company.

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(continued)

DEFINITIONS:

Except as otherwise provided for below, the terms used in this Rate Schedule are defined in the Definitions section of the Tariff.

Agreement means the terms of this Rate Schedule, as may be amended and supplemented from time to time, together with the applicable Service Agreement (including all Exhibits). All references to "Storage Services" refer to storage and related transportation on NW Natural's South Mist Pipeline under this Rate Schedule.

Authorized Overrun or Authorized Overrun Quantities means a quantity of Gas in excess of Customer's Maximum Daily Injection or Withdrawal Quantity, which the Company agrees, in its sole discretion, to inject or withdraw for Customer on any Gas Day.

Maximum Daily Injection Quantity (MDIQ) means the maximum quantity of Gas, specified in the Service Agreement, which Customer is entitled to inject into Mist on any Day. Unless otherwise agreed by the Company, the MDIQ will be 40% of the MDWQ contracted for.

Maximum Daily Withdrawal Quantity (MDWQ) means the maximum quantity of Gas, specified in the Service Agreement, which Customer is entitled to withdraw from Mist on any Day.

Maximum Storage Capacity (MSC) means the maximum quantity of Gas which Customer is entitled to store at Mist at any given time.

Mist Storage means the underground natural gas storage facilities constructed and operated by the Company located in Columbia County, Oregon, near the town of Mist

NAESB means North American Energy Standards Board.

No-Notice Withdrawal Service means that a Customer is authorized to make intra-day withdrawals from Mist Storage as provided for herein and in the Service Agreement and at the delivery pressure set forth in the Customer's Service Agreement without advance notice to the Company.

Requesting Party means any person, including an existing Customer or Natural Gas commodity supplier, that makes a request to the Company for new or additional Storage Service under this Rate Schedule.

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**RATE SCHEDULE 91
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CONNECTION TO SOUTH MIST PIPELINE
(continued)**

DEFINITIONS (continued):

South Mist Pipeline means the South Mist Pipeline and the South Mist Pipeline Extension that together forms a continuous pipeline from Mist Storage to Molalla Gate.

Storage Account means, for accounting purposes, the account maintained by the Company into which Customer nominates Gas for injection or from which Customer nominates Gas for withdrawal under a Service Agreement. The Storage Account may not have a negative gas inventory balance.

Storage Delivery Point means the redelivery point for the stored gas on the Company's South Mist Pipeline that is deemed acceptable for the redelivery by the Company and such point shall be specified in the Customer's Service Agreement.

Firm Storage Service means intrastate Natural Gas Firm storage and related Transportation Service from the Receipt Point at Molalla Gate to Mist and from Mist to the Storage Delivery Point on the Company's South Mist Pipeline. Specifically, the injection, storage and withdrawal of gas from Mist Storage, related Transportation, and any ancillary activities as may be provided to Customer by the Company pursuant to the terms of this Rate Schedule, and an applicable Service Agreement with such Customer.

Transporter means any upstream third party which provides transportation services required to effectuate delivery of the gas to be stored under this Rate Schedule to the Company's system.

Working Gas means the actual quantity of working gas in storage for Customer's Storage Account at the beginning of any given Gas Day.

REQUESTS FOR SERVICE:

A Requesting Party desiring Firm Storage Service under this Rate Schedule may make an oral or written request to the Company. The request shall include, at a minimum:

1. The exact legal name of the Requesting Party;
2. The proposed MDIQ and MDWQ;
3. The proposed term of service;
4. The proposed Storage Delivery Point on the Company's South Mist Pipeline in Oregon; and
5. Other necessary information, if any.

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REQUESTS FOR SERVICE (continued):

A Firm Storage Service request shall not be valid and the Company shall not be required to grant any Firm Storage Service request if:

- (i) the Company determines, based on its credit analysis, that the Requesting Party does not meet the Company's creditworthiness standards;
- (ii) the Requesting Party does not meet the prerequisites to service set forth in this Rate Schedule;
- (iii) the service requested would require the construction, modification, expansion or acquisition of any storage or distribution system facilities and the requesting party has not entered into a binding agreement for long term services expansion ;
- (iv) the service requested would not comply with this Rate Schedule; or
- (v) the Company lacks adequate injection/withdrawal or transportation capacity to provide the requested service and the requesting party has not entered into a binding agreement for long term services expansion; or
- (vi) the service requested is at less than the applicable maximum posted storage rate; provided, however, that the Company may agree to provide the service at less than the applicable maximum rate.

The Company shall consider a valid request, and will contact the Requesting Party regarding whether it can provide the requested Storage Service. If the Company is able to accommodate the request, the Company will provide the details according to which Company is willing to provide such service. If the Company can provide some, but not all of the requested Firm Storage Service, the Company will advise the Requesting Party of the maximum quantities that Company would be able to accommodate.

The Company shall tender a Service Agreement to the Requesting Party upon Company's acceptance of such party's request for Firm Storage Service. The Service Agreement shall be invalid unless signed by the Requesting Party and returned to the Company within thirty (30) days after the Company tenders such Service Agreement for execution.

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RATES AND CHARGES:***Monthly Deliverability Reservation Charge.***

A monthly charge, as set forth in the Service Agreement, shall apply for each Dekatherm (Dth) of Customer's MDWQ. The maximum Monthly Deliverability Reservation Charge is \$5.500/month and the minimum charge is \$0 if provided from existing Mist Storage capacity. This maximum does not apply if the storage service is provided from expansion capacity.

Monthly Capacity Charge.

A monthly charge, as set forth in the Service Agreement, shall apply for each Dth of Customer's MSC. The maximum Monthly Capacity Charge is \$.0600/month and the minimum charge is \$0 if provided from existing Mist Storage capacity. This maximum does not apply if the storage service is provided from expansion capacity.

Authorized Overrun Charge.

A charge, as set forth in the Service Agreement, may apply for each Dth of Gas withdrawn in excess of Customer's MDWQ or injected in excess of Customer's MDIQ (Authorized Overrun Quantities) on each Gas Day of a given Month. The maximum charge is \$0.1850 and the minimum charge is \$0.0000 if provided from existing Mist Storage capacity. This maximum does not apply if the storage service is provided from expansion capacity.

Fuel Charge.

Customers shall be assessed a 2% fuel-in-kind charge for each Dth of gas injected, subject to an annual cost true-up for actual fuel usage.

Other Applicable Charges.

Any other applicable charges as provided for in the Tariff may be set forth on the Service Agreement or monthly invoice, as appropriate.

Service Charge Credit.

If the Company fails to deliver to the designated Storage Delivery Point or receive at the Receipt Point hereunder, other than as may be excused by Force Majeure or regularly scheduled maintenance, ninety-five percent (95%) or more of the aggregate Confirmed Daily Nominations (as hereinafter defined) of all firm intrastate Storage Service Customers for more than twenty-eight (28) Days in any given Contract Year, then for each Gas Day during that Contract Year in excess of twenty-eight (28) Days that the Company so fails to deliver or receive (a "Credit Day"), Customer, as its sole remedy, shall be entitled to a Service Charge Credit calculated as set forth below.

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RATES AND CHARGES (continued):
Service Charge Credit continued).

For the purpose of this provision, Confirmed Daily Nomination shall mean for any Gas Day, the lesser of (1) Customer's Maximum Daily Withdrawal Quantity (MDWQ)(as may be reduced by the provisions of Customer's Service Agreement) or Maximum Daily Injection Quantity (MDIQ), as applicable; (2) the quantity of Gas that the connecting upstream interstate pipeline(s), local distribution company pipeline(s) or end-user(s) is/are capable of accepting for Customer's account at the designated Receipt Point or Storage Delivery Point; or (3) Customer's nomination to the Company. Additionally, for purposes of this subsection, Contract Year shall mean the 12-month period beginning with the commencement of Storage Service under a firm Service Agreement hereunder and ending one day prior to the anniversary date of service commencement, and each subsequent 12-month period thereafter during the term of the Agreement.

The Service Charge Credit for each Credit Day for a particular Customer shall be computed as follows:

$$\begin{array}{rcl} \text{Service Charge} & A + B & C - D \\ \text{Credit for Each} & \frac{\quad}{\quad} \times & \frac{\quad}{\quad} \\ \text{Credit Day} & = (30.41) & (C) \end{array}$$

- where A = Customer's Monthly Reservation Charge (product of Reservation Charge per Dth and MDWQ)
- B = Customer's Monthly Capacity Charge (product of Capacity Charge per Dth and MSC)
- C = Customer's Confirmed Daily Nomination for the Credit Day
- D = Actual quantity of gas delivered or received by Owner for Customer's account at the Storage Delivery Point for the Credit Day

At the anniversary date of a Customer's Contract Year, Owner will determine the applicable number of Days that performance fell below 95%, if any, and then determine if any Credit Days apply. If Credit Days are applicable to such Customer, Owner will calculate the Service Charge Credit and it will appear as a credit to the charges listed on such Customer's next regular monthly invoice for Storage Service. Additionally, if Customer's failure to receive gas at a downstream Delivery Point hereunder on any Gas Day is due to an interruption of interruptible transportation of the gas from the Storage Delivery Point to the Delivery Point at Customer's facility, then such an event shall not be considered in terms of calculating the Service Charge Credit provided for in this provision so long as the Confirmed Daily Nomination for the Firm Storage Service was otherwise available to the Customer for redelivery at the Storage Delivery Point on such day.

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INJECTIONS AND WITHDRAWALS:

Maximum Storage Capacity. Customer's MSC shall be set forth in the Service Agreement.

Injections. Subject to Force Majeure, or as otherwise provided for herein, Customer will be allowed to nominate to inject Customer-Owned Gas into Mist on each Gas Day on a firm basis in an amount that is confirmed by the Company up to Customer's MDIQ, as set forth in the Service Agreement, so long as injection of such quantities does not cause Customer to exceed its MSC. On any Gas Day, Company is not obligated to receive more than the MDIQ in the Service Agreement.

Withdrawals.

Subject to Force Majeure, or otherwise provided herein, withdrawal service under this Rate Schedule is on a no-notice basis that will not allow withdrawal deliveries at the Delivery Point(s) to exceed a maximum hourly flow rate equal to 1/24th of Customer's MDWQ. The withdrawal of amounts in excess of the maximum hourly flow rate may be withdrawn on an interruptible, best efforts basis upon prior notice by Customer to the Company and subject to the Company's confirmation that system operating conditions may accommodate such request. Flow rates deemed harmful to equipment, reservoirs or persons will not be allowed. Customer is not required to make nominations for withdrawals of Customer-Owned gas stored at Mist Storage up to the applicable MDWQ; provided, however, that Customer's withdrawal MDWQ will be subject to adjustment by the maximum hourly flow rate restrictions above and the firm withdrawal profile attached to Customer's Service Agreement. The Company shall not be required to allow withdrawals and the Company may suspend withdrawal service if Customer does not have sufficient Working Gas volumes or Customer would incur a negative Storage Account balance.

Receipt Point(s) and Storage Delivery Point(s). The Company and Customer shall designate in the Service Agreement a list of the currently available Receipt Point(s) and Storage Delivery Point(s).

The Receipt Point(s) shall be at Molalla Gate, the point(s) of interconnection between the interstate pipeline and the Company's South Mist Pipeline. The Storage Delivery Point(s) shall be specified in the Service Agreement and must be to a Company meter located at and serving the Customer's site between Miller Station and Molalla Gate on the South Mist Pipeline.

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STORAGE ACCOUNT VOLUME TRANSFERS TO AN INTERSTATE STORAGE ACCOUNT:

Customer will be allowed to transfer Working Gas amounts between its Storage Account under this Rate Schedule and a storage account that such same Customer may have for interstate storage service with the Company upon prior notice to the Company. Such transfer shall not impact any amounts due and owing under each applicable service agreement prior to the date of the transfer, and invoice account balances may not be transferred under this provision. Transfers will occur at a rate less than or equal to the MDWQ for the delivering account and at a rate less than or equal to the Customer's MDIQ for the receiving account. A Customer's ability to make such account transfers will not modify the MSC, MDIQ, or MDWQ amounts specified in the Customer's Service Agreement applicable to this Rate Schedule.

The Company will document the change in volume to Customer's Storage Account balance under this Rate Schedule, and also to the interstate Storage Account. No temporary release of all or any portion of a Customer's Storage Service quantities may be made by Customer taking Storage Service under this Rate Schedule.

Any Storage Account transfers shall be deemed to occur at the Mist Storage location specified in Customer's Service Agreement. There may be a charge for such Storage Account transfers.

STORAGE BALANCE AT SERVICE AGREEMENT EXPIRATION OR TERMINATION:

Customer shall be responsible for the withdrawal of all of its positive Firm Storage Service balance in its Storage Account: (i) on or before sixty (60) days after the date upon which any applicable Service Agreement expires by its own terms; or (ii) on or before thirty (30) days after the date of termination; provided that during such grace periods following expiration or termination, Customer shall pay Company the Storage Charge specified in the Customer's Service Agreement for extended Storage Service.

Such withdrawals shall be made at mutually agreed upon withdrawal rates subject to Mist Storage operating conditions. If Customer fails to remove its positive storage balance by the end of such grace period and Customer does not enter into a new Firm Storage Service Agreement, then Company shall purchase from Customer the Gas in Customer's Storage Account, free and clear of any adverse claims, at a price determined as follows in the following order of priority: (i) a price equal to thirty three percent (33%) of the Company's monthly WACOG applicable to the month in which the buy-out occurs; or (ii) If the Company is no longer providing commodity services to its customers and thus a WACOG does not exist, then at a price equal to sixty- percent (66%) of the lowest price found listed as between the following monthly index prices for the applicable month in which the buy-out occurs for the following points: AECO/NIT, Sumas, and NWP-Rockies; or (iii) if none of the above points has a public index for the applicable month, the Company and Customer shall negotiate in

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STORAGE BALANCE AT SERVICE AGREEMENT EXPIRATION OR TERMINATION (continued):

good faith to determine a mutually agreeable price consistent with the above intent; provided, however, that if Customer's failure to remove the Gas during such grace period is due to the Company's inability to provide the service up to the applicable firm MDWQ, then Customer shall be entitled to additional time at no additional charge to complete the withdrawal equal to the number of days Customer was prevented from withdrawing.

NOMINATIONS, SCHEDULING AND SERVICE PRIORITY:

Daily Injection Nomination Procedure. All nominations for injections must be submitted as specified by the Company by email (preferred), facsimile or other electronic communications method to be mutually agreed, using a format that is approved by the Company Concurrently with the tendering of a Service Agreement to Customer for execution. Oral nominations for injections may be accepted, however, they must be subsequently emailed to the Company within a reasonable amount of time. The receipt of the nomination request will be acknowledged by email reply.

Required Information. Each injection nomination request shall specify: (1) the Gas Day Customer desires to inject; (2) the applicable Customer upstream or downstream transportation agreement number; (3) Receipt Point; (4) net Dth requested at the Receipt Point; (5) contact name and phone number; and (6) any other data required by upstream transporters or the Company to complete the nomination process.

Deadline. All injection nomination requests must be received one (1) hour prior to the applicable NAESB nomination cycle deadlines for timely noms, evening, intraday 1 (ID1), and intraday 2 (ID2). Additionally, post ID2 nominations are available to Customers to the extent the Company and any applicable upstream transporter is able to accommodate such changes. If confirmed, any actual Gas flows on the Company's system for injections will not begin until the time specified for gas flow under the NAESB guidelines for the next available processing cycle depending on when the nomination is received. The Company may, but is not required to, waive the one (1) hour requirement if, in its sole judgment, operating conditions permit such waiver.

Confirmation of Injection Nominations. Customer's injection nominations will be confirmed in advance of the applicable nomination deadline. Nominations will be confirmed based on the operating ability of Mist Storage for the Gas Day consistent with the terms in Customer's Service Agreement. Variance from a uniform hourly flow rate will be allowed by the Company unless such a variance would be detrimental to the operation of Mist Storage as determined by the Company in its sole discretion. The maximum hourly flow rate will be equal to 1/24th of Customer's MDIQ. Amounts in excess of the maximum hourly flow rate will be received on an interruptible, best efforts basis. Flow rates deemed harmful to equipment, reservoirs or persons will not be allowed. Additionally, Customer must provide the Company with the confirmed volumes to be received from Northwest Pipeline GP prior to commencing any injections in Mist Storage on any Gas Day.

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d.b.a. NW Natural
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NOMINATIONS, SCHEDULING AND SERVICE PRIORITY (continued):

Nominations For Withdrawal. Withdrawal service under this Rate Schedule is on a no-notice basis that will not allow withdrawal deliveries at the Delivery Point(s) to exceed a maximum hourly flow rate equal to 1/24th of Customer's MDWQ. The withdrawal of amounts in excess of the maximum hourly flow rate may be withdrawn on an interruptible, best efforts basis upon prior notice by Customer to the Company and subject to the Company's confirmation that system operating conditions may accommodate such request. Flow rates deemed harmful to equipment, reservoirs or persons will not be allowed. Customer is not required to make nominations for withdrawals of Customer-Owned gas stored at Mist Storage up to the applicable MDWQ; provided, however, that Customer's withdrawal MDWQ will be subject to adjustment by the maximum hourly flow rate restrictions above and the firm withdrawal profile attached to Customer's Service Agreement. The Company shall not be required to allow withdrawals and the Company may suspend withdrawal service if Customer does not have sufficient Working Gas volumes or Customer would incur a negative Storage Account balance.

Receipt Point(s) and Storage Delivery Point(s). The Company and Customer shall designate in the Service Agreement the Receipt Point and the Storage Delivery Point(s). The Receipt Point shall be at Molalla Gate, the point of interconnection between an interstate pipeline and the Company's South Mist Pipeline. The Storage Delivery Point(s) shall be specified in the Service Agreement and must be to a Company meter located on the South Mist Pipeline serving the Customer's site.

Customer Scheduling of Transportation.

The Customer hereunder shall be solely responsible for making all arrangements and paying for the Transportation of the gas to the Receipt Point(s) for injection into Mist Storage.

Other Transporter Charges.

Customer shall be responsible for all penalties and charges assessed by an upstream Transporter which solely arise from Customer's failure to provide delivery of the Gas quantities provided pursuant to the injection nomination process in this Section.

Service Priorities.

(a) Once confirmed, firm injection nominations will not be reduced ("bumped") in full or in part regardless of any other prior intraday nomination changes made pursuant to the Operating Policy and Procedures.

Interruption Notices. In the event that interruption or restrictions are required for injections or withdrawals, the Company will notify Customer via email, facsimile, phone call, or other electronic communications means under mutual agreement.

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NOMINATIONS, SCHEDULING AND SERVICE PRIORITY (continued):

Service Priorities (continued).

(b) In the event that Firm Storage Service must be curtailed hereunder due to Force Majeure or for maintenance as provided herein, such curtailment shall be on a pro-rata basis for all customers with firm storage service agreements using Mist Storage. In the event that such action must be taken, the Company will notify Customer via phone, facsimile, electronic mail or other electronic communications means under mutual agreement.

Nomination Changes. In the absence of an injection nomination, no changes or action will be taken by the Company with regard to a Customer's Storage Account.

Maintenance. The Company shall have the right to interrupt, or discontinue Firm Storage Service provided hereunder in whole or in part from time to time, without liability to Customer, in order to perform scheduled and unscheduled repair and maintenance of Company's Mist Storage as necessary to maintain the operational capability of the facilities or to comply with regulatory requirements. The Company will endeavor to coordinate any scheduled maintenance activities by way of its website to coincide, as reasonably possible, with the Customer's site operations so as to minimize disruptions of service to Customer. In this regard, Customer agrees to provide the Company with information on its annual maintenance schedule and/or needs for service of Mist Storage during the scheduled maintenance period and shall cooperate with the Company to minimize service disruptions. At least ninety (90) days before the end of each calendar year, the Company shall provide Customer with the scheduled maintenance plan for the coming year to facilitate the coordination with Customer's maintenance plans. The Company shall provide Customer with reasonable advance notice of any scheduled maintenance by facsimile or email at least thirty (30) days in advance of the scheduled maintenance, unless the maintenance requires immediate attention in which case notice shall be provided by the Company to Customer as soon as practical under the circumstances. During any maintenance period, a limited amount of Firm Storage Service may be available from Mist Storage and the Company shall provide as much information to Customer regarding the availability of the service as is known given the circumstances of the maintenance being performed. Notice of such interruptions or discontinuances shall be issued to Customer via facsimile or email. Such interruptions or discontinuances shall in no way serve to alter the obligation(s) of a Customer under any applicable Service Agreement.

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GAS PRESSURE, QUALITY AND MEASUREMENT:

Gas Pressure. Customer shall deliver or cause to be delivered to Company all Gas at the Receipt Point(s) at such pressures sufficient for Mist Storage operations. The Company shall redeliver Gas to Customer at the current operating pressures at the Storage Delivery Point(s) specified in Customer's Service Agreement. Pressure obligations may be modified by the terms of the Customer's Service Agreement.

Quality. Gas delivered by or on behalf of the Customer to the Company at the Receipt Point(s) shall conform to the third party Transporter's Gas quality standards. Gas redelivered by Company to Customer at the Storage Delivery Point(s) shall conform to the following gas quality standard: minimum 985 Btu/SCF or, if different, the then applicable Northwest Pipeline, GP minimum pipeline quality Btu content.

Measurement. Measurement of Gas quantities hereunder shall be performed by the Company in accordance with standard gas industry practices as set forth in the Tariff.

Base Gas. Company shall provide and maintain Base Gas necessary for operations of Mist Storage .

BILLING AND PAYMENT:

Monthly Statements. The bill payment provisions in **General Rule 7** of the Tariff, to the extent applicable, shall apply to this Rate Schedule. Regarding Firm Storage Service, the statement will include: (a) the applicable rate(s); (b) the quantities being billed at such rate; and (c) any documentation sufficient to support the billed quantities.

Payment. Payment shall be due as set forth on the invoice. Unless otherwise agreed, Customer shall pay by Automated Clearing House (ACH) or other electronic means acceptable to the Company in immediately available funds to the Company the full amount due. If the day for payment should fall upon a Saturday, Sunday or U.S. banking holiday, then such payment shall be made on the next Business Day. If Customer fails to pay such amounts when due, a late payment charge will be assessed as prescribed under **Schedule C** of the Tariff.

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BILLING AND PAYMENT (continued):

Billing Adjustments. If an error is discovered by either the Company or Customer, in the amount billed in any statement rendered by Company, the Company shall use its best efforts to correct any such billing error within sixty (60) Days of the discovery of such error by the Company, if the Company discovers the error, or the Company's receipt of notification of such error from Customer, if the error is discovered by the Customer. If Customer, in good faith, disputes the amount of any such statement or any part thereof, Customer shall pay the Company such amount as it concedes to be correct pending resolution of the dispute; provided, however, if Customer disputes the amount due, Customer must provide supporting documentation acceptable in industry practice to support the amount disputed. If the disputed amount is subsequently found to be correct, then Customer shall pay the Company such amount, together with any late payment charge provided for above that accrued from the original charge due date. All statements shall be considered final, and any and all objections thereto shall be deemed waived, unless made in writing within three (3) years of Customer's receipt thereof. If Customer raises any objection to a statement within such three (3) year period, and upon review, Customer is determined to be due a refund, then the Company shall refund Customer the overpaid amount plus interest at the Interest Rate specified in **General Rule 6** of the Tariff. Nothing in this section shall prevent the Company from terminating Firm Storage Service to a Customer for non-payment of the undisputed amounts per statements rendered pursuant to **General Rule 11** of the Tariff. Customer is responsible for the payment of any applicable taxes assessed by taxing authorities that may be associated with the Firm Storage Service provided under this Rate Schedule. Further, nothing in this provision shall be construed to relieve Customer of its obligation to pay any required taxes not included in the Company's rates assessed by a taxing authority on Customer, including any taxes that may later be determined by a taxing authority to have been applicable to the Firm Storage Service.

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FORCE MAJEURE:

Except in regard to a Customer's obligation to make a payment that is due, neither the Company nor the Customer shall be liable in damages to the other if rendered unable, by reason of an event of force majeure, to perform, in whole or in part, any firm obligation set forth in any Service Agreement. For purposes of this provision, the term *Force Majeure* as used in this Rate Schedule shall include, but not be limited to: any causes or circumstances not due to the fault of the Party claiming *Force Majeure*, including, but not limited to, acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or pipelines, freeze-offs, water encroachment, unscheduled downhole repairs, loss of well control, interruptions or failures of any upstream or downstream pipelines relied upon to effectuate any service under this Rate Schedule, the binding order of any court or governmental authority having jurisdiction, and any other cause, whether of the kind herein enumerated or otherwise, not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the party claiming suspension and shall be entirely within the discretion of the party affected, and the requirement that any event of force majeure be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of those directly or indirectly involved in such strikes or lockouts when such course is inadvisable in the discretion of the party having such difficulty. The term *Force Majeure* shall not include: (i) instances where the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (ii) economic hardship.

Upon the occurrence of an event of *Force Majeure*, the party affected shall give notice to the other party including the particulars of the event as soon as practicable, by telephone followed by written confirmation. After the occurrence, the obligations of both parties, except for unpaid financial obligations arising prior to such event, shall be suspended to the extent and for the period of such *Force Majeure* condition.

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DEFAULT:

Suspension or Termination for Default. The Company may suspend Firm Storage Service or terminate any Service Agreement under this Rate Schedule if Customer fails to comply with, observe, perform, or shall default in any material respect with respect to any obligation under the Service Agreement, including, but not limited to, the failure to pay any undisputed invoices when due, except for when any failure is attributable to Company's wrongful act or failure to act. If the Company exercises its right to suspend, the Company shall give Customer notice as soon as practicable after the decision has been made to suspend Firm Storage Service hereunder. If the Company exercises its right to terminate, the Company shall give Customer written notice of the default and, Customer shall be given a period of thirty (30) calendar days from the date of such notice in which to cure the default. If such default cannot be reasonably cured within such thirty (30) day period, Customer may request and the Company, in its sole discretion, may grant Customer additional time to cure the default, provided that Customer demonstrates to the Company's satisfaction that it is making or has made substantial efforts to effect such cure and is proceeding diligently to complete such cure. Effective as of the date of termination of the Service Agreement, all outstanding amounts for any Firm Storage Services rendered by the Company prior to such date shall become immediately due and payable.

Withdrawal of Storage Account Balance upon Termination for Default. Customer shall be responsible for the withdrawal of all of its positive Storage Account balance on or before thirty (30) days after the termination date of Customer's Service Agreement under this default provision per the Storage Balance at Service Agreement Expiration or Termination provision of this Rate Schedule.

Termination Fee. In the event that Customer terminates the Service Agreement prior to the expiration of the applicable term, Customer shall be responsible and liable to the Company for payment of the remaining balance due under the Service Agreement to be paid as of the effective date of such termination, with interest to accrue thereafter if such payment is not made on such date. If no termination date is specified, the Company may determine such date in its sole discretion based on Customer's last use of Firm Storage Services from Mist Storage.

Other Rights Preserved. The availability or exercise of the right to terminate a Service Agreement pursuant to the above provisions shall not limit the right of the Company to seek any other remedy available to it at law or in equity in the event of a Customer's default.

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CREDITWORTHINESS:

If a Customer meets the following creditworthiness standards and absent the existence of any other circumstance impacting a Customer that gives rise to Company's reasonable grounds for insecurity (including, without limitation, a filing for bankruptcy), no additional security will be required by Company during the term of the Service Agreement: The creditworthiness of a Customer taking service hereunder must be evidenced by (a) a rating for long-term, senior, unsecured debt that is not supported by third party credit enhancement of at least: (i) "BBB" by Standard & Poor's Rating Group ("S&P") (or its successor); (ii) "Baa2" by Moody's Investor Services, Inc. ("Moody's") (or its successor); or (iii) for a Customer that is not rated by either S&P or Moody's, an equivalent rating as determined by Company. In the event that a split rating occurs between the rating agencies, Company will rely upon the lower of the ratings; and (ii) the contractual obligation derived from the sum of the Storage Charge, Fuel Charge and other Applicable Charges for the term of the Service Agreement, on a net present value basis, is no greater than 10% of Customer's tangible net worth. The term "tangible net worth" is defined as total assets, less total liabilities, less intangible assets, less non-controlling interest, less off-balance sheet obligations.

If at any time during the term of a Service Agreement, Customer's long-term, senior, unsecured debt rating, not supported by third party credit enhancement does not meet the S&P/Moody's creditworthiness standard set forth above, Customer does not maintain a credit rating, or if Customer is impacted by a Credit Event, that gives rise to Company's reasonable grounds for insecurity, the Company may require Customer to provide additional security as adequate assurance of performance, in an amount up to twelve (12) months of the then applicable Storage Charge, within three (3) business Days of the date of Company's written demand.

As used herein, Credit Event means as applicable to Customer: (1) if a circumstance materially impacts Customer and the Company requests Customer to demonstrate creditworthiness and Customer fails to do so in the Company's reasonable judgment; (2) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (3) otherwise becomes bankrupt or insolvent (however evidenced); (4) makes an assignment or other general arrangement for the benefit of creditors; (5) fails to pay its debts as they become due; or (6) defaults in a payment obligation.

If Customer fails to demonstrate creditworthiness as defined above, the Company shall have the rights and remedies set forth in this Rate Schedule. Any waiver by the Company of the exercise of its rights herein shall not preclude the Company from exercising such rights at another time during the applicable term of the Customer's Service Agreement.

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(continued)

AUDIT RIGHTS:

The Company and the Customer (“Parties” or “Party”) shall have the right, during normal business hours, and upon prior reasonable notice to the other Party, to audit at such Party’s own expense, the other Party’s accounts and records pertaining to Firm Storage Service under this Rate Schedule, including any invoices issued hereunder. Any such audit shall be performed at the offices where such accounts and records are maintained and shall be limited to those portions of such accounts and records that relate to the obligations under this Rate Schedule and associated Service Agreement. Any request for an audit shall be presented to the other Party not later than thirty-six (36) months after the event as to which the audit is sought. The Parties shall preserve all records applicable to this provision for the duration of the audit period.

DISPUTE RESOLUTION AND ARBITRATION:

In the event that there is not agreement between the Parties regarding the Storage Charge or any portion of the adjustment formula for such Storage Charge that the Parties may provide for agreement on in the terms of the Service Agreement, or the Storage Charge for any Term extension under a provision in the Service Agreement that provides for mutual agreement on the Storage Charge for any term extension, then such disagreement shall be subject to the following dispute resolution procedure: The Parties agree to promptly negotiate on a good faith basis to resolve the dispute. If, however, the Parties cannot agree by the end of the tenth (10th) Business Day after the negotiations begin, then the Parties agree to escalate the negotiations regarding the resolution of the dispute to senior executives of the two companies. If the senior executives cannot agree on a resolution of the matter within a thirty (30) business day negotiation period, then either Party may submit the dispute to binding arbitration in Portland, Oregon in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association (“AAA”). Such binding arbitration shall constitute the exclusive forum for resolution of any such disputes, controversies, or claims. The binding arbitration shall be conducted by a single arbitrator upon which Company and Customer agree, or, if Company and Customer cannot agree on a single arbitrator, then by a panel of three (3) arbitrators, as provided for below.

(continue to Sheet 91-20)

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**RATE SCHEDULE 91
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL AND DIRECT
CONNECTION TO SOUTH MIST PIPELINE
(continued)**

DISPUTE RESOLUTION AND ARBITRATION (continued):

If the Parties agree upon a single arbitrator, the date of appointment of the arbitrator shall be the date upon which the arbitrator agrees to serve. In the event it is necessary to proceed with a panel of three (3) arbitrators, either Company or Customer may, at the time such controversy arises, notify the other of a name of the arbitrator such Party has selected, and the other Party shall, within ten (10) Days thereafter, select another arbitrator and notify the other Party of the name of such arbitrator. If such other Party shall fail to name a second arbitrator within ten (10) Days, then the Party who first served the notice of arbitration may, on reasonable notice to the other Party, apply to the Portland, Oregon office of the AAA for the appointment of such second arbitrator for and on behalf of the other Party, and in such case the arbitrator appointed by such association shall act as if named by the other Party. The two (2) arbitrators so selected shall, within ten (10) Days after the appointment of the second arbitrator, choose a third arbitrator, and in the event of their failure to do so within said ten (10) Days, either of the Parties hereto may in like manner, on reasonable notice to the other Party, apply to the Portland office of the AAA for the appointment of a third arbitrator and in such case the arbitrator appointed shall act as the third arbitrator. The date of appointment of the panel of three (3) arbitrators shall be the date upon which the third arbitrator agrees to serve.

The arbitrator(s) shall be qualified by education, experience, and training to pass upon the pricing controversy in dispute. The arbitrator(s) so constituted shall fix a reasonable time and place for a hearing, at which time each of the Parties hereto may submit such evidence as each Party may see fit with respect to the pricing issue. The arbitrator(s) shall render a decision on the issues before such arbitrator(s) no later than sixty (60) Days after such arbitrator(s) has(have) been appointed.

For a single arbitrator, the costs of arbitration shall be equally divided between the Parties. In the case of three (3) arbitrators, each Party shall pay the expense of the arbitrator selected by or for it, and all other costs of the arbitration shall be equally divided between the Parties. The arbitrator(s) shall not have discretion to award costs of arbitration other than as provided herein.

The action of the sole arbitrator or of a majority of the members of the panel of arbitrators, as the case may be, shall govern and their decisions in writing shall be final, non-appealable, and binding on the Parties hereto. The judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy.

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NORTHWEST NATURAL GAS COMPANY

P.U.C. Or. 25

Third Revision of Sheet 185-1
 Cancels Second Revision of Sheet 185-1

**SCHEDULE 185
 SPECIAL ANNUAL INTERSTATE AND INTRASTATE
 STORAGE AND TRANSPORTATION CREDIT**

PURPOSE:

To credit customers served under the below-listed Rate Schedules for the Oregon share of revenues received by NW Natural for (a) interstate storage and related transportation service provided under a Limited-Jurisdiction Blanket Certificate from FERC granted under FERC Regulations, 18 C.F.R. § 284.224 (hereafter referred to as § 284.224 service), (b) core storage optimization activities; and (c) intrastate storage activities under **Rate Schedule 80** and **Rate Schedule 91**.

(N)

APPLICABLE:

The credit under this Schedule shall apply to customer bills issued during the June billing cycle of each calendar year, or such other time period as the Commission may approve. The credit shall apply to the following Sales Service Rate Schedules of this Tariff: **Schedule 2; Schedule 3**, and; **Schedules 31** and **32** – Firm Sales only.

CREDIT: **Effective Billing Cycle: June 2014**

The bill credit to be applied to Customer bills during the effective billing cycle will be calculated by multiplying the following per therm credit by the customer's actual gas usage billed during the period January 1, 2013 through December 31, 2013:

Rate Schedule/Class	Block	Temporary Adjustment		Schedule	Block	Temporary Adjustment
2		\$(0.00613)				
03 CSF		\$(0.00428)				
03 ISF		\$(0.00366)				
31 CSF	Block 1	\$(0.00316)		31 ISF	Block 1	\$(0.00235)
	Block 2	\$(0.00288)			Block 2	\$(0.00212)
32 CSF	Block 1	\$(0.00221)		32 ISF	Block 1	\$(0.00146)
	Block 2	\$(0.00188)			Block 2	\$(0.00124)
	Block 3	\$(0.00133)			Block 3	\$(0.00088)
	Block 4	\$(0.00077)			Block 4	\$(0.00051)
	Block 5	\$(0.00044)			Block 5	\$(0.00029)
	Block 6	\$(0.00022)			Block 6	\$(0.00015)

(continue to Sheet 185-2)

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NORTHWEST NATURAL GAS COMPANY

SUPPORTING MATERIALS

TO

NWN OPUC ADVICE NO. 14-7

SCHEDULE 90 AND SCHEDULE 91

May 5, 2014



NW Natural

Service Agreement for Rate Schedule 90 Oregon Firm Storage Service With No-Notice Withdrawal

This Service Agreement (“Agreement”) sets forth the terms and conditions according to which Northwest Natural Gas Company (“Company”) agrees to provide and _____ (“Customer”), agrees to purchase firm intrastate Storage Service pursuant to Rate Schedule 90 (“the Rate Schedule”) of the Company’s Oregon Tariff (“Tariff”) and as supplemented by the General Terms and Conditions.

- 1. Applicable Terms, Conditions, Rules and Regulations:** No-notice withdrawal Firm Storage Service will be provided in accordance with the terms and conditions of the Rate Schedule. Such terms and conditions are incorporated in and made a part of this Agreement by this reference. Except where expressly modified or supplemented by the terms of this Agreement, the terms of the Rate Schedule apply to and govern the transactions contemplated by this Agreement. Capitalized terms shall have the meaning assigned to such terms in the Schedule or Tariff unless otherwise indicated. In the event of a conflict between the Rate Schedule and this Service Agreement, this Service Agreement will govern.
- 2. Effective Date and Term:** This Agreement shall be effective on _____, and shall continue for thirty (30) years (the “Initial Term”). Customer shall have the unilateral option to extend the Term three (3) consecutive times for additional ten (10) year periods for each term extension (the “Extended Term”) at a continuation of the Formula Rate (as described below), with such first extension option to be effected by Customer providing written notice of its decision to NW Natural not less than three (3) years prior to the expiration of the Initial Term. For any subsequent extensions, Customer shall provide notice to NW Natural at least one (1) year prior to the end of the then effective Extended Term. If Customer does not elect to renew for any of the three (3) Extended Terms, all other remaining term extension options shall terminate.

Additionally, and as part of the requirement for validly exercising such option, Customer shall pay NW Natural a re-subscription fee equal to _____ dollars (\$ _____) due no later than the first business day of the start of each Extended Term. If Customer exercises the option to extend the Initial Term to the Extended Term for each of the three (3) consecutive times described above, Customer will have the option to further extend the Term two (2) more times (with no re-subscription fee) for additional ten (10) year periods (“Additional Extended Terms”), subject to prior mutual agreement between the Company and Customer on the Storage Charge as described in Attachment B attached hereto and made a part hereof. Customer shall provide NW Natural with not less than one (1) year written notice prior to the expiration of the then effective Term in the event Customer desires to exercise its option for an Additional Extended Term. If the Parties do not agree on a Storage Charge to be applicable during any Additional Extended Term, then the determination of the Storage Charge shall be submitted to binding arbitration as provided for in this Service Agreement.

3. Quantity Terms:

MDIQ: _____ Dth/day.

MDWQ: _____ Dth/day firm MDWQ; ratchets apply when working gas is at 50% or less per the table set forth in Attachment A, attached hereto and made a part hereof.

MSC: _____ Dth; cycling permitted as long as inventory level does not drop below zero Dth; no requirement to empty inventory level at end of winter season (except at the end of the Term).

4. Rates: The rates for Firm Storage Service under the Rate Schedule are as set forth below.

Storage Charge: Initially \$0.____ per Dth of MSC capacity per month which will be adjusted after the first six months of operations accordance with Attachment B and thereafter the Storage Charge shall be equal to the Formula Rate as determined by the formula in Attachment B.

Fuel Charge: Actual fuel use based on net injections to be paid in-kind to the Company through a deduction from Customer's Storage Account, performed on a monthly basis for the prior month's fuel use plus ½ percent of net injections for lost and unaccounted for gas.

Other Charges: Any applicable taxes or charges per the Tariff.

Storage Charge for Extended Terms: As set forth in Attachment B.

Storage Charge for Additional Extended Term: As mutually agreed between the Company and Customer or pursuant to arbitration.

5. Delivery and Receipt Point(s): Unless otherwise mutually agreed between the Company and Customer, the receipt and delivery point(s) shall be: Receipt Point: The interconnection point between the facilities of the Kelso-Beaver Pipeline and the Company's North Mist Pipeline system capable of reaching the Non-Core Mist Storage; and Delivery Points: the Company's meter set at Customer's plants connected to the North Mist Pipeline capable of delivering Customer's gas from Non-Core Mist Storage.

6. Address for Notices to Customer:

7. Other Terms:

A. **Pressure:** Delivery shall be at a pressure that is mutually determined on a daily basis based on Customer's plant operations and Non-Core Mist Storage system operating requirements; provided, however, that if Customer plant operator requires it and provides at least four-hour (4) notice of such request, NW Natural shall deliver gas at a pressure of not less than 600 psi.

B. As of the Commencement Date, this Agreement shall be binding upon and inure to the benefit of the successors, permitted assigns, personal representatives, and heirs of the Parties, and the covenants, conditions, rights and obligations of this Agreement shall run for the term hereof. The rights and obligations under this Agreement may not be assigned except as provided herein:

- a. To an affiliate. Either Party may assign or transfer its rights and obligations under this Agreement to any affiliate (including a master limited partnership) in connection with a transfer, reorganization, reincorporation, reconstitution, consolidation, amalgamation, merger or otherwise of all or substantially all of such Party's assets to such affiliate without prior written consent of the non-assigning party; provided, however, that (i) any potential affiliate assignee of Customer must meet the Company's credit requirements and the Rate Schedule service prerequisites at the time of the proposed assignment; (ii) any potential affiliate assignee of the Company must have gas storage ownership and operating experience and have the financial ability to operate the Non-Core Mist Storage Facility as contemplated under this Agreement; (iii) no assignment to an affiliate will adversely impact, reduce or diminish the rights of the non-assigning Party under this Agreement; and (iv) the potential assignee agrees in a writing, in form and substance reasonably acceptable to the non-assigning Party, to be bound by the terms of and to perform all of the obligations of the assigning Party under this Agreement.
- b. To a third party. Either Party may, without the prior approval of the other: (i) sell or transfer its rights and obligations under this Agreement in connection with any third party stock acquisition of all or substantially all of such party's stock; provided that such third party is required as part of the transfer to continue to provide or receive, as applicable, the Firm Storage Service under the terms of this Agreement; or (ii) transfer, sell, pledge, encumber, or assign this Agreement or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements; or (iii) assign its rights and obligations under this Agreement to any third party in conjunction with a sale of all or substantially all of that Party's assets.
- c. Except as otherwise provided for in 9a) and (b)(i),(b)(ii) and (b)(iii) above, Customer may not assign, pledge or otherwise transfer its rights or obligations under this Service Agreement without obtaining the prior written consent of the Company, which consent will not be unreasonably withheld; and any potential assignee of Customer must meet the Company's credit requirements that are applicable at the time of the proposed assignment and qualify to receive service under the Rate Schedule service prerequisites at the time of the proposed assignment.
- d. Any assignment, sale or pledge attempted except as provided for herein shall be void and of no legal effect whatsoever.

AGREED AND ACCEPTED this ___ day of _____, 20__.

Northwest Natural Gas Company

By: _____

Printed Name: _____

Title: _____

Date of Signature: _____

By: _____

Printed Name: _____

Title: _____

Date of Signature: _____

Attachment A - Daily Withdrawal Profile Table**Service Agreement for Rate Schedule 90 - Firm Storage Service With No-Notice Withdrawal**

Firm Withdrawal Profile for Intrastate Rate Schedule 90 Storage Service	
Customer's Working Gas Inventory Level (% of MSC)	Firm Withdrawal Capability (% of MDWQ)
100% to 50%	100%
49.99% to 41%	88%
40.99% to 33%	77%
32.99% to 24%	65%
23.99% to 18%	54%
17.99 % to 0%	38%

ATTACHMENT B to Service Agreement for Rate Schedule 90 – Firm Storage Service With No-Notice Withdrawal
Storage Charge/Formula Rate

Customer shall pay a Storage Charge/Formula Rate for service calculated as follows:

Initial Storage Charge as of the Commencement Date: Beginning on the Commencement date until establishment of the Formula Rate as set forth below, the Storage Charge shall be \$0._____ per Dth of MSC of capacity per month. Upon establishment of the Formula Rate, the difference between the amount paid under the Initial Storage Charge and the amount that would have been paid had the Formula Rate (as initially established) been in place for the first six months shall be paid (or refunded) in lump sum with the next monthly invoice.

Formula Rate. Beginning on the first day of the seventh month after the Commencement Date and each calendar year thereafter, the Storage Charge shall be calculated according to the following formulas:

$$\begin{aligned} \text{Formula Rate} = & \frac{(\text{Customer's Proportionate Share of Pipeline}) \times (B1 + C1 + D1 + E1 + F1 + G1 + H1)}{\text{Customer's MSC} \times 12} \\ & + \\ & \frac{(\text{Customer's Proportionate Share of Non-Core Mist Storage Station}) \times (B2 + C2 + D2 + E2 + F2 + G2 + H2)}{\text{Customer's MSC} \times 12} \\ & + \\ & \frac{(\text{Customer's Proportionate Share of Non-Core Mist Storage Reservoirs}) \times (B3 + C3 + D3 + E3 + F3 + G3 + H3)}{\text{Customer's MSC} \times 12} \end{aligned}$$

Where:

1. A1= the Pipeline rate base, A2 = the Non-Core Mist Storage compressor station rate base, and A3 = reservoir rate base
2. B1 to H1 represent Pipeline cost of service elements
3. B2 to H2 represent the Non-Core Mist Storage compressor station cost of service elements
4. B3 to H3 represent the Non-Core Mist Storage reservoir cost of service elements

And Where:

A = Rate Base (Gross Plant as set in the Open Book Process plus recoverable cushion gas less accumulated depreciation less accumulated deferred taxes)

Pipeline (A1)

Gross Plant Asset	Depreciation rate	Depreciation Life
Transmission Land Rights	3.33	30
Transmission Mains	3.33	30
KB PC Pipeline Capacity Expansion	3.33	30

Station (A2)

Gross Plant Asset	Depreciation rate	Depreciation Life
Life Structures and Improvements	1.71	58.5
Land Rights	1.62	61.7
Compressor Station Equipment	2.66	37.6

Transportation Equipment	5.04	19.8
Computer Equipment and software	20.0	5.0
Reservoirs (A3)		
Gross Plant Asset	Depreciation rate	Depreciation Life
Wells	2.07	48.3
Storage Leaseholds and Rights	1.95	51.3
Reservoirs	2.01	49.8
Non-recoverable Gas	1.88	53.2
Lines	2.06	48.5
Measuring and Regulating Equipment	2.17	46.1
Land Rights	1.62	61.7

B = Equity return = A x Utility cost of equity (ROE) x 50% (capital structure result)

C = Debt return = A x cost of debt x 50% (capital structure result)

D = Income tax gross up = B / (1-tax rate (state and federal combined rate)) – B

E = Depreciation expense

F = Property Taxes

G = O&M, including payroll taxes, and the following items below:

- Pipeline (G1)
 - Reasonably allocated direct and indirect labor including payroll taxes
 - Other reasonably allocated operations and maintenance costs, including, but not limited to, third party contract services, materials to maintain roads, site, paper, copiers, computers, materials, replacement parts, oils and lubricants, pipeline integrity testing, compressor engine, leases, rentals, and technical support.
- Station (G2)
 - Reasonably allocated direct and indirect labor including payroll taxes
 - Other reasonably allocated operations and maintenance costs, including third party contract services, materials to maintain roads and the compressor site, paper, copiers, computers, materials, replacement parts, oils and lubricants, operational fluids such as methanol and glycol, fuel, compressor engine and dehydration train emission testing, facilities/office charges, utilities, leases, rentals, technical support, and lost and unaccounted for gas.
- Reservoirs (G3)
 - Reasonably allocated direct and indirect labor including payroll taxes
 - Other reasonably allocated operations and maintenance costs, including third party contract services, materials to maintain roads and well site locations, materials, replacement parts, oils and lubricants, operational fluids such as methanol and glycol, fuel, annual well testing and down hole logging, pipeline integrity testing, utilities, leases, rentals, technical support, and lost and unaccounted for gas.

H = Franchise taxes and regulatory fees

Customer's Proportionate Share: As used herein, the term "Customer's Proportionate Share" shall mean the proportion of Customer's MDWQ to the total capacity of the Non-Core Mist Storage Compressor

Station, the proportion of Customer's MDWQ to the total capacity of the Pipeline, and the proportion of Customer's MSC to the total capacity of the Reservoir capacity, committed to Customer's use.

Annual Formula Rate Determination Process: Prior to the end of the next contract year that follows the initial 6 month true up, and subsequently after that to be effective on an annual, calendar year basis, the Storage Charge will be set as equal to the Formula Rate per the formula set forth herein with NW Natural adjusting the components of the formula to reflect then-current information. In the event that there is shared use of the Non-Core Mist Storage reservoirs, station or pipeline facilities included in the respective rate base to support service to another customer, NW Natural shall make adjustments to Customer's Proportionate Share and include any additional plant costs in the components of the Formula Rate as specified above. The Customer's proportionate charge for each shared facility will not exceed the customer's charge for the facilities as calculated without including expansion costs and capacity. NW Natural shall provide the revised Storage Charge/Formula Rate information to Customer ninety (90) days prior to the beginning of the next applicable calendar year for review. If there is a dispute it shall be settled according to the negotiation/arbitration provisions in the Service Agreement prior to the beginning of the next calendar year. If such negotiation/arbitration is not finalized by the beginning of the next calendar year, then the adjusted Storage Charge as calculated by NW Natural will go into effect with any adjustment made subsequently pending the outcome of the negotiation/arbitration process, subject to refund plus interest at the Interstate Rate. For purposes of this Attachment B and the Service Agreement, "Interest Rate" means as provided for in NW Natural's Oregon Tariff General Rule 6, calculated from the date paid or due to the date refunded or paid.