

All Shippers Notification: #08-022

Dated: January 17, 2008

Time: 2:15 pm MCT

TO: ALL SHIPPERS NOTICE

SUBJECT: SOLICITING FACSIMILE BIDS FOR POTENTIALLY AVAILABLE  
NORTHBOUND AND SOUTHBOUND MAINLINE TRANSPORTATION CAPACITY

NOTE: Due to the unique nature of this posting, Northwest's electronic bid process cannot be utilized. Bids for the following posted capacity will be conducted by facsimile bids only and will be accepted at (801) 584-7076. Please contact Miki Bode at 801 584-6861, Brad Dillon at 801 584-6832 or the Short-term Firm Hotline at 801 584-6880 if you have any questions. Time deadlines will be strictly monitored and implemented.

### Prearranged Offer Summary

Northwest has accepted a prearranged offer for 66,000 Dth/d of potentially available TF-1 capacity at Northwest's maximum tariff rate. The offer consists of both Northbound and Southbound Capacity for a primary term of at least ten (10) years. The capacity supporting this offer is from contracts that have bi-lateral termination rights. The current contract holders have a right of first refusal (ROFR). Details of the offer are provided below.

### Prearranged Offer Details

The prearranged offer is for the following Northbound and Southbound Capacity:

#### NORTHBOUND CAPACITY

Current Contract	Current Shipper	Receipt	MDQ	Delivery	MDDO	Requested Contract Begin Date	Requested Contract End Date
100058	Northwest Natural	Ignacio Plant	7,938	Battle Ground	100	10/1/2009	9/30/2019
100058	Northwest Natural	Green River Gathering	3,187	Kelso / Beaver	3,000	10/1/2009	9/30/2019
100058	Northwest Natural	Shute Creek	6,875	Gresham	11,000	10/1/2009	9/30/2019
100058	Northwest Natural	Opal Plant	7,925	Oregon City	2,000	10/1/2009	9/30/2019
100058	Northwest Natural	Westgas Arkansas	5,875	Monitor	600	10/1/2009	9/30/2019
100058	Northwest Natural	Collins Gulch	2,200	Mount Angel	1,000	10/1/2009	9/30/2019
100058	Northwest Natural			Marion	100	10/1/2009	9/30/2019
100058	Northwest Natural			Jefferson/ Scio	200	10/1/2009	9/30/2019
100058	Northwest Natural			Albany	5,000	10/1/2009	9/30/2019
100058	Northwest Natural			North Eugene	2,500	10/1/2009	9/30/2019
100058	Northwest Natural			South Eugene	7,500	10/1/2009	9/30/2019
100058	Northwest Natural			Molalla	1,000	10/1/2009	9/30/2019
			<u>34,000</u>		<u>34,000</u>		

100055	March Point Cogeneration	Greasewood	1,300	Sedro / Woolley	12,000	1/1/2012	12/31/2021
		Opal Plant	5,700			1/1/2012	12/31/2021
		Collins Gulch	5,000			1/1/2012	12/31/2021
			<u>12,000</u>		<u>12,000</u>		
Total			<u>46,000</u>		<u>46,000</u>		

#### SOUTHBOUND CAPACITY

Current Contract	Current Shipper	Receipt	MDQ	Delivery	MDDO	Requested Contract Begin Date	Requested Contract End Date
N/A	Available Capacity	Sumas	500	Gray's Harbor	500	11/1/2008	9/30/2019
100076	Lake Tahoe Horizon	Sumas	225	Gray's Harbor	225	4/1/2009	9/30/2019
100074	Desert Palace	Sumas	300	Gray's Harbor	300	4/1/2009	9/30/2019
100073	Harvey's Tahoe	Sumas	380	Gray's Harbor	380	4/1/2009	9/30/2019
100071	Premier Chemicals	Sumas	850	Gray's Harbor	850	4/1/2009	9/30/2019
100070	Newmont USA	Sumas	1,100	Gray's Harbor	1,100	4/1/2009	9/30/2019
100048	Southwest Gas	Sumas	4,448	Gray's Harbor	4,448	7/1/2009	9/30/2019
129277	SP Newsprint	Sumas	10,000	Gray's Harbor	10,000	4/1/2009	9/30/2019
100049	Southwest Gas	Sumas	2,197	Gray's Harbor	2,197	7/1/2009	9/30/2019
Total			<u>20,000</u>		<u>20,000</u>		

The maximum quantity of Southbound Capacity that the prearranged shipper is contractually obligated to take (subject to the Southbound Shippers' ROFR) is equal to the amount that maintains the original ratio between Southbound Capacity and Northbound Capacity included in this offer, once the Northbound Shippers have responded to their ROFR notice. In the event the prearranged shipper is not awarded any Northbound Capacity because the existing contract holders choose to match the winning bid, then the prearranged shipper's Southbound Capacity obligation will be reduced to zero. If, for example, the Northbound Capacity awarded after the ROFR process is 23,000 Dth/d, the shipper's Southbound Capacity obligation subject to the Southbound Shipper's ROFR will be reduced to 10,000 Dth/d.

#### Posting Timeline

Below is the posting timeline for submitting bids to compete with the prearranged offer.

Bid Open Date: 01/17/08 (2:30 p.m. Mountain Time)

Bid Close Date: 02/01/08 (2:30 p.m. Mountain Time)

Award Guidelines are as follows:

The prearranged shipper will have two (2) business days to match the highest competing bid(s). After the winning bidder has been determined, Northwest will provide a ROFR notice to the Northbound Shippers. If the winning bidder has a Southbound Capacity obligation, Northwest will provide a ROFR notice to the Southbound Shippers starting with the shipper that has the smallest contract demand.

If, after fully satisfying the winning bidder's Southbound Capacity request, there is Southbound Capacity remaining subject to the Southbound Shipper's ROFR, Northwest will award the capacity to the competing shipper(s) who specified an amount of Southbound Capacity regardless of the amount of Northbound Capacity that is ultimately awarded. Northwest will allocate this capacity based on the net present value calculation described below.

Within five (5) business days after the conclusion of the posting/awarding/ROFR periods, separate contracts will be executed for the Northbound and Southbound Capacity. Additionally, any capacity that has a different effective date will be reflected on a separate contract. Each contract will have a year-to-year bi-lateral evergreen provision requiring twelve (12) months prior notice of termination.

### **Bidding Procedures/Requirements**

Northwest will only accept competing bids for the maximum tariff rate, as it may vary from time to time, from creditworthy shippers.

Due to the termination notification provisions contained in Northwest's tariff, Northwest will only accept competing bids that contain effective begin dates requested by the prearranged shipper. Additionally, Northwest will only accept bids with a primary term end date on or after the date requested by the prearranged shipper.

Additionally, Northwest will only accept competing bids wherein a minimum of 30 percent of the contract demand is made up of Southbound Capacity. A Competing shipper will not be awarded any Southbound Capacity if it is unsuccessful in obtaining Northbound Capacity unless specified as outlined in the paragraph below.

Competing shippers must specify the amount of Southbound Capacity that shipper is willing to accept regardless of the Northbound Capacity that is ultimately awarded. This amount can be between zero and the total Southbound Capacity requested. For example: if the competing shipper specifies an amount of "zero", then the competing shipper will not be awarded any Southbound Capacity if all the Northbound Shippers choose to exercise their ROFR by matching the highest bid. If a competing shipper specifies an amount of 5,000 Dth/d, then the competing shipper's Southbound obligation will equal the greater of (1) 5,000 Dth/d or (2) an amount that maintains the original ratio between Southbound Capacity and Northbound Capacity included in this offer (subject to the Southbound Shippers ROFR).

Northwest will only accept competing bids using the receipt and delivery points listed above for Northbound Capacity.

Northwest will accept competing bids using the receipt and delivery points listed for Southbound Capacity, or other delivery points between the Sumas receipt point and the Gray's Harbor delivery point, or the delivery points on the existing contracts. The original delivery points on the existing contracts include 10,000 Dth/d at the Stanfield Delivery Point, 9,500 Dth/d at the Reno Lateral Delivery Point and 500 Dth/d at Weyerhaeuser (Ostrander) Delivery Point.

Transporter will only accept a single bid from each bidder. Bidder may withdraw a bid prior to the bidding close date and may resubmit a higher value bid prior to the bid close date. To withdraw a bid, re-fax the bid and complete the withdrawal information located at the bottom of the form.

At the conclusion of the posting/awarding/ROFR periods, separate contracts will be executed for the Northbound and Southbound Capacity. Additionally, any capacity that has a different effective date will be reflected on a separate contract. Each contract will have a year-to-year bi-lateral evergreen provision requiring twelve (12) months prior notice of termination.

## **Awarding Criteria**

Transporter will determine the winning bid based on the highest net present value of the competing bids within two (2) business days of the close of the bidding period. The net present value will be computed from the reservation revenues to be received from the contract demand submitted in the bid starting on the first day the capacity becomes available through the end of the longest term bid by any shipper, using the discounted cash flow rate of return methodology which will be determined using the currently effective FERC interest rate. In the case of a tie, the capacity will be awarded in the following order: 1) The bid that contains the largest Southbound Capacity obligation regardless of the Northbound Capacity awarded; 2) The bid that contains the longest southbound path; and 3) pro rata based on the requesting shipper's total contract demand.

NORTHWEST PIPELINE GP  
 FACSIMILE BID FORM FOR POTENTIALLY AVAILABLE MAINLINE  
 TRANSPORTATION CAPACITY

\_\_\_\_\_  
 (Date)

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Company Name & Address)

Contact Name: \_\_\_\_\_

Contact Phone Number: \_\_\_\_\_

Contact Fax Number: \_\_\_\_\_

VIA FACSIMILE – (801) 584-7076

Northwest Pipeline GP  
 Attn: Miki Bode  
 295 Chipeta Way  
 Salt Lake City, UT 84108

Re: BID FOR AVAILABLE LONGTERM NORTHBOUND AND SOUTHBOUND  
 TRANSPORTATION CAPACITY

Miki:

\_\_\_\_\_ (“Shipper”) is requesting that Northwest Pipeline GP  
 (“Northwest”) consider the following bid for potentially available transportation capacity as noted  
 below. Shipper understands that the procedures outlined in this posting will be utilized in  
 accepting, evaluating and awarding such bid.

**BID:**

TOTAL CONTRACT DEMAND BID: \_\_\_\_\_ Dth/d

RESERVATION RATE BID: \$ Northwest’s currently effective maximum TF-1 Large Customer  
 Rate (Rate is exclusive of fuel, commodity and applicable surcharges)

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**Northbound Capacity**

Effective Begin Date: 10/1/2009  
 Effective End Date: 09/30/2019 or \_\_\_\_\_

Receipt Point	MDQ	Requested MDQ	Delivery Point	MDDO	Requested MDDOs
Ignacio Plant	7,938		Battle Ground	100	
Green River Gathering	3,187		Kelso / Beaver	3,000	
Shute Creek	6,875		Gresham	11,000	
Opal Plant	7,925		Oregon City	2,000	
Westgas Arkansas	5,875		Monitor	600	

Collins Gulch	2,200		Mount Angel	1,000	
			Marion	100	
			Jefferson/Scio	200	
			Albany	5,000	
			North Eugene	2,500	
			South Eugene	7,500	
			Molalla	1,000	
Total	34,000			34,000	

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**-- Northbound Capacity**

Effective Begin Date: 01/01/2012  
 Effective End Date: 12/31/2021 or \_\_\_\_\_

Receipt Point	MDQ	Requested MDQ	Delivery Point	MDDO	Requested MDDOs
Greasewood	1,300				
Opal Plant	5,700				
Collins Gulch	5,000		Sedro / Woolley	12,000	
Total	12,000			12,000	

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**-- Southbound Capacity**

Effective Begin Date: 11/01/2008  
 Effective End Date: 09/30/2019 or \_\_\_\_\_

Receipt Point	MDQ	Requested MDQ	Delivery Point	MDDO	Requested MDDOs
Sumas	500		Gray's Harbor	500	

Effective Begin Date: 04/01/2009  
 Effective End Date: 09/30/2019 or \_\_\_\_\_

Receipt Point	MDQ	Requested MDQ	Delivery Point	MDDO	Requested MDDOs
Sumas	12,855		Gray's Harbor	12,855	

Effective Begin Date: 07/01/2009  
 Effective End Date: 09/30/2019 or \_\_\_\_\_

Receipt Point	MDQ	Requested MDQ	Delivery Point	MDDO	Requested MDDOs
Sumas	6,645		Gray's Harbor	6,645	

Alternative delivery points relating to the Southbound Capacity listed above:

Delivery Point	MDDOs

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Please specify the amount of Southbound Capacity that Shipper is willing to accept regardless of the amount of Northbound Capacity ultimately awarded after the Northbound ROFR process \_\_\_\_\_Dth/d.

Northwest's acceptance of Shipper's bid for this firm capacity will constitute a binding offer from Shipper to Northwest for the applicable capacity and the terms and conditions posted herein.

Sincerely,

\_\_\_\_\_ (Name)

\_\_\_\_\_ (Title)

Withdrawn by \_\_\_\_\_ Date: \_\_\_\_\_

Accepted / Rejected by Northwest

Date: \_\_\_\_\_ Name: \_\_\_\_\_