
**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. Service under part (b) above is subject to approval by the Commission before the service can be offered. 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.

(continue to Sheet 91-2)

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RATE SCHEDULE 91
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL AND DIRECT
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.

(continue to Sheet 91-3)

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RATE SCHEDULE 91
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL AND DIRECT
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.

(continue to Sheet 91-4)

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

(continue to Sheet 91-5)

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**RATE SCHEDULE 91
FIRM STORAGE SERVICE WITH NO-NOTICE WITHDRAWAL AND DIRECT
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.

(continue to Sheet 91-6)

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

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.

(continue to Sheet 91-7)

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

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 \$5.0274 per 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 \$0.1653 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 2.5% 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.

(continue to Sheet 91-8)

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

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.

(continue to Sheet 91-9)

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

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.

(continue to Sheet 91-10)

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

(continue to Sheet 91-11)

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

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.

(continue to Sheet 91-12)

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Issued by: NORTHWEST NATURAL GAS COMPANY

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

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

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.

(continue to Sheet 91-13)

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

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.

(continue to Sheet 91-14)

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

(continue to Sheet 91-15)

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

Effective with service on
and after October 15, 2014

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

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.

(continue to Sheet 91-16)

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

Effective with service on
and after October 15, 2014

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

(continue to Sheet 91-17)

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

Effective with service on
and after October 15, 2014

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

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.

(continue to Sheet 91-18)

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

Effective with service on
and after October 15, 2014

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

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.

(continue to Sheet 91-19)

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

Effective with service on
and after October 15, 2014

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

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

Effective with service on
and after October 15, 2014

**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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