

ALASKA LEGISLATURE COMMITTEE FILES

2007-2008

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State of Alaska Request #1

Please provide copies of the ANNGTC partnership agreement and any ancillary agreement(s) relating to the obligations of the partners of ANNGTC as the same have been amended or modified, and please identify the ultimate parent company for each withdrawn partner from that partnership.

Response

Exhibit 1-A to this response is a copy of the ANNGTC General Partnership Agreement, including all amendments to date. Exhibit 1-B includes copies of all withdrawal notices received from the Withdrawn Partners of ANNGTC of which we are aware. We are not aware of any ancillary agreements that would affect the obligations of the ANNGTC partners to each other or to the Withdrawn Partners.

Set forth below is a chart listing the name of each Withdrawn Partner of ANNGTC, the year such Withdrawn Partner withdrew from the Partnership and the entity we believe is the current ultimate parent of such Withdrawn Partner.

Name of Withdrawn Partner (Year of Withdrawal from ANNGTC)	Current Ultimate Parent of Withdrawn Partner*
Texas Gas Alaska Corporation (1981).....	Loews Corporation
American Natural Alaskan Company (1982).....	TransCanada Corporation
Northern Arctic Gas Company (1984).....	MidAmerican Energy Holdings Company, a consolidated subsidiary of Berkshire Hathaway Inc.
Columbia Alaskan Gas Transmission Corporation (1984).....	NiSource Inc.
Pan Alaskan Gas Company (1984).....	TransCanada Corporation
Pacific Interstate Transmission Company (Arctic) (1985)**	Sempra Energy
TETCO Four, Inc. (1989).....	TransCanada Corporation
Calaska Energy Company (1993).....	PG&E Corporation
Northwest Alaskan Pipeline Company (1994).....	The Williams Companies, Inc.

* Information regarding the Withdrawn Partners' ultimate parent (other than those that are currently affiliates of TransCanada Corporation) is given to the best of our information and belief. We make no representation or warranty as to the accuracy of the information provided.

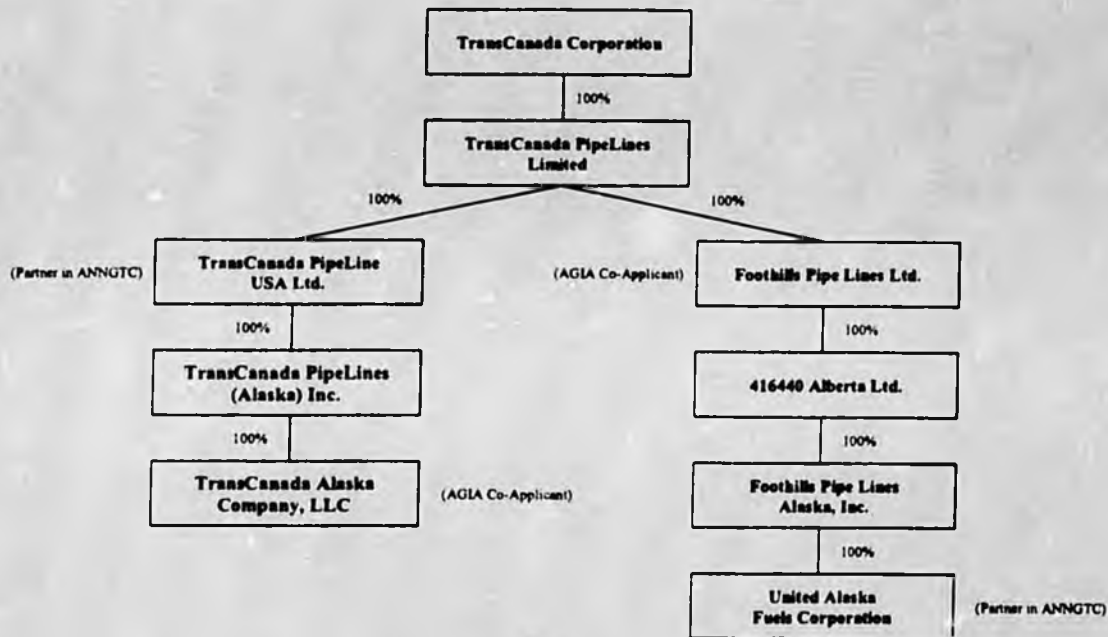
** We understand that Pacific Interstate Transmission Company (Arctic) has transferred its right to any contingent payments under Section 4.4.4 of the ANNGTC General Partnership Agreement to a trust for the benefit of the California Public Utility Commission.

State of Alaska Request #2

Please provide an organizational chart that shows the relationship between TransCanada Corporation and the following entities: (1) TransCanada Alaska Company, LLC (one of the Co-applicants for the AGIA license); (2) Foothills Pipe Lines Ltd. (the other Co-Applicant for the AGIA license); (3) United Alaska Fuels Corporation (partner in ANNGTC) and (4) TransCanada PipeLine USA Ltd. (partner in ANNGTC).

Response

Set forth below is an organizational chart that graphically depicts the relationship between TransCanada Corporation (the ultimate parent in the TransCanada corporate structure) and the entities referenced in the State's request.



State of Alaska Request #3

Please identify the "applicable Canadian subsidiaries" of Foothills Pipe Lines Ltd. that are "identified in the *Northern Pipeline Act* ('NPA') as having responsibility for the various zones of the Project in Canada" (Application at Section 1.3, Page 1-1) and describe what responsibility each entity has for each zone of the project in Canada.

Response

The applicable Canadian subsidiaries of Foothills Pipe Lines Ltd. and the zones for which they have responsibility to own, construct and operate the Project in Canada are as follows:

(Zones 1 through 5 form part of the Project as described in the TC AGIA Applicants' pending application and have yet to be built.)

<u>Zone</u>	<u>Subsidiary Name</u>	<u>Responsible Area</u>
Zone 1	Foothills Pipe Lines (South Yukon) Ltd.	Alaska Boundary to Whitehorse
Zone 2	Foothills Pipe Lines (South Yukon) Ltd.	Whitehorse to Watson Lake
Zone 3	Foothills Pipe Lines (North B.C.) Ltd.	Watson Lake to Fort Nelson
Zone 4	Foothills Pipe Lines (North B.C.) Ltd.	Fort Nelson to the Alberta-B.C. border
Zone 5	Foothills Pipe Lines (Alta.) Ltd.	Alberta-B.C. border to Caroline, Alberta

(Zones 6 through 9 make up the portion of the Project described in the TC AGIA Applicants' pending application as the "Pre-Build," which has already been constructed.)

<u>Zone</u>	<u>Company Name</u>	<u>Responsible Area</u>
Zone 6	Foothills Pipe Lines (Alta.) Ltd.	Caroline, Alberta to Alberta-Saskatchewan border near Empress
Zone 7	Foothills Pipe Lines (Alta.) Ltd.	Caroline, Alberta to Alberta-B.C. border near Coleman
Zone 8	Foothills Pipe Lines (South B.C.) Ltd.	Alberta-B.C. border near Coleman to B.C.-United States border near Kingsgate
Zone 9	Foothills Pipe Lines (Sask.) Ltd.	Alberta-Saskatchewan border near Empress to Saskatchewan-United States border near Monchy

State of Alaska Request #4

Please state whether ANNGTC holds any authorizations under the *Northern Pipeline Act* or otherwise for any facilities in Canada.

Response

ANNGTC does not hold any authorizations under the *Northern Pipeline Act* or otherwise for any facilities in Canada.

State of Alaska Request #5

Please state whether Foothills Pipe Lines Ltd. or any of its subsidiaries holds any authorizations for facilities in the U.S. under the Alaska Natural Gas Transportation Act ("ANGTA").

Response

Foothills Pipe Lines Ltd. and its subsidiaries do not hold any authorizations for facilities in the United States under ANGTA.

United Alaska Fuels Corporation, an indirect, wholly owned subsidiary of Foothills Pipe Lines Ltd., is one of two partners in ANNGTC. As we explained in the "Background" section of this response, the ANNGTC Partnership is a New York general partnership that was formed in 1978 to construct and operate the Alaska Natural Gas Transportation System (ANGTS) pursuant to the ANGTA. The Partnership currently holds a FERC certificate of public convenience and necessity, a federal right-of-way and several permits with respect to the ANGTS. ANNGTC is neither a co-applicant nor a participant for the November 30, 2007 AGIA application, and the TransCanada AGIA Applicants have not used, and do not intend to use, any assets owned by the Partnership.

State of Alaska Request #6

Please provide all documentation whereby any of the withdrawn partners of ANNGTC have acknowledged or agreed:

- (i) that there will be no obligation to withdrawn partners if the project proposed in the November 30, 2007, AGIA application is placed into service; or
- (ii) that any partner withdrawing from that partnership forfeits all ownership rights, including past capital contributions.

Response

- (i) As explained in the "Background" section of this response, no TransCanada entity, including the TransCanada AGIA Applicants, will have any obligations to ANNGTC's Withdrawn Partners if the project proposed in the November 30, 2007 AGIA application is placed into service. The TransCanada AGIA Applicants are not, and have never been, partners in ANNGTC. They are entirely separate legal entities that have no obligations under the ANNGTC General Partnership Agreement and owe no duties to the Withdrawn Partners. As we have also explained above, neither ANNGTC nor its two remaining partners will have any obligations to the Withdrawn Partners in the event the TransCanada AGIA Applicants put their proposed project into service.

These conclusions are fully supported by the ANNGTC General Partnership Agreement, a copy of which is attached as Exhibit 1-A. We are not aware of any other documentation with or from Withdrawn Partners responsive to this request.

- (ii) The ANNGTC General Partnership Agreement provides that each Withdrawn Partner forfeited all ownership rights in ANNGTC, including any ownership rights it may have had in ANNGTC's assets, upon withdrawal. Thus, Section 15.9 of the Partnership Agreement provides that withdrawal "terminates the Withdrawing Partner's status as a Partner" and that a Withdrawn Partner "shall have those rights stated in Section 4.4.4 and no others." Section 4.4.4 provides that Withdrawn Partners are not entitled to any return of their capital contributions, except that they are entitled to receive a payment equal to their forfeited capital contributions (plus a return at the FERC-approved AFUDC rate) if the ANGTS/ANGTA pipeline constructed by the Partnership ever becomes operational and the Executive Committee of the Partnership determines payment may be made without undue hardship to the Partnership. And Section 7.10 of the Partnership Agreement expressly provides in several places that a Withdrawn Partner forfeits all ownership rights, if any, that the Withdrawn Partner might have had in the Partnership's proprietary intellectual property prior to withdrawal.

Apart from the ANNGTC General Partnership Agreement itself and the withdrawal letters from Withdrawn Partners, copies of which are attached as Exhibits 1-A and 1-B, we are not aware of any other documentation responsive to this request.

State of Alaska Request #7

Please provide all memoranda (internal or otherwise) and opinion letters from inside or outside counsel that TransCanada has received or commissioned evaluating TransCanada's obligations to withdrawn partners of ANNGTC if the project proposed in the November 30, 2007, AGIA application is placed into service.

Response

We have explained in the "Background" section of this response why we believe that no TransCanada entity, including the TransCanada AGIA Applicants, has any potential liability to the Withdrawn Partners. The information the State has requested in question 7 seeks access to privileged and/or confidential communications that cannot be shared with the State without the risk that it could be deemed a waiver. Accordingly, we are unable to supply the State with the documents requested.

State of Alaska Request #8

Please identify any obligations that the Co-Applicants, and their successors and assigns, would have to the partners of ANNGTC with respect to the AGIA project.

Response

None. The TransCanada AGIA Applicants and their respective successors and assigns do not have any obligations to the Withdrawn Partners of ANNGTC or to the current partners of ANNGTC (both of which are indirect, wholly owned subsidiaries of TransCanada Corporation) with respect to the AGIA project.

State of Alaska Request #9

Assuming that the project proposed in the November 30 application is completed at the cost and on the schedule contained in the application.

- (i) Please state what the Co-Applicants would do with respect to rates for the project if either of the Co-Applicants or affiliates or subsidiaries of the Co-Applicants are ultimately required to pay any obligations to withdrawn partners of the ANNGTC. Would the Co-Applicants commit not to include any such payments in the rates for their proposed project?
- (ii) If the answer to (i) is yes, please confirm that such a commitment would be binding on the Co-Applicants if awarded the AGIA License.

Response

- (i) The statement and commitment the State seems to be requesting in question 9 presumes that the TransCanada AGIA Applicants would be required to pay, either directly or indirectly, obligations owing to ANNGTC's Withdrawn Partners. As we explained in the "Background" section of this response and in our response to questions 6 and 8, that presumption is incorrect; no TransCanada entity, including the TransCanada AGIA Applicants, their successors and assigns, has any obligations that would require any such payment. Nevertheless, in the highly unlikely event that the TransCanada AGIA Applicants or any of their affiliates or subsidiaries were to be somehow required to pay an obligation to a Withdrawn Partner of ANNGTC, the TransCanada AGIA Applicants hereby commit not to include such payment in the rates for the project proposed in their AGIA application.
- (ii) We confirm that this commitment will be binding on the TransCanada AGIA Applicants if they are awarded the AGIA License.

EXHIBIT 1-A

ANNGTC Partnership Agreement and Amendments

ALASKAN NORTHWEST NATURAL GAS
TRANSPORTATION COMPANY

GENERAL PARTNERSHIP AGREEMENT

(Effective as of January 31, 1978)

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**ALASKAN NORTHWEST NATURAL GAS
TRANSPORTATION COMPANY**

GENERAL PARTNERSHIP AGREEMENT
(Effective as of January 31, 1978)

The parties to this Agreement voluntarily associate themselves as general partners and agree as follows:

1 Parties The following are the parties to this Agreement:

1.1 Northern Arctic Gas Company, a corporation organized under the laws of the State of Delaware, with its principal corporate offices at 2223 Dodge Street, Omaha, Nebraska. Northern Arctic Gas Company represents that: (a) all of its capital stock is owned by Northern Natural Gas Company, a Delaware corporation; and (b) Northern Natural Gas Company intends to become a Shipper.

1.2 Northwest Alaskan Pipeline Company (previously Alcan Pipeline Company, and hereinafter called "Northwest"), a corporation organized under the laws of the State of Delaware, with its principal corporate offices at 315 East 200 South Street, Salt Lake City, Utah. Northwest represents that: (a) as of the Formation Date, all of its stock is owned by Northwest Energy Corporation, a Delaware corporation; and (b) Northwest Energy Corporation also owns all of the common stock of Northwest Pipeline Corporation, a Delaware corporation, which intends to become a Shipper.

1.3 Pan Alaskan Gas Company, a corporation organized under the laws of the State of Delaware, with its principal corporate offices at 3000 Bissonnet Avenue, Houston, Texas. Pan Alaskan Gas Company represents that: (a) all of its capital stock is owned by Panhandle Eastern Pipe Line Company, a Delaware corporation; and (b) Panhandle Eastern Pipe Line Company intends to become a Shipper.

1.4 Natural Gas Corporation of California, a corporation organized under the laws of the State of California, with its principal corporate offices at 77 Beale Street, San Francisco,

California. Natural Gas Corporation of California represents that: (a) all of its capital stock is owned by Pacific Gas and Electric Company, a California corporation; and (b) Natural Gas Corporation of California intends to become a Shipper.

1.5 Pacific Interstate Transmission Company (Arctic), a corporation organized under the laws of the State of California, with its principal corporate offices at 720 West Eighth Street, Los Angeles, California. Pacific Interstate Transmission Company (Arctic) represents that: (a) all of its capital stock is owned by Pacific Interstate Transmission Company, a California corporation; and (b) Pacific Interstate Transmission Company intends to become a Shipper.

1.6 United Alaska Fuels Corporation, a corporation organized under the laws of the State of Delaware, with its principal office at 700 Milam Street, Houston, Texas. United Alaska Fuels Corporation represents that: (a) as of the Formation Date, all of its capital stock is owned by United Gas Pipe Line Company, a Delaware corporation; and (b) United Gas Pipe Line Company intends to become a Shipper.

2. Definitions Unless otherwise required by the context, the terms defined in this Section 2 shall, for all purposes of this Agreement, have the respective meanings set forth below:

2.1 Additional Partners: A general Partner under this Agreement admitted in accordance with the provisions of Section 11.

2.2 Affiliate: Any person which, directly or indirectly, through one or more intermediaries controls or is controlled by or is under common control with another person.

2.3 Alaska Natural Gas Transportation System: The natural gas pipeline and related facilities to be constructed and operated to transport natural gas from Alaska and Canada to the lower Forty-Eight States, as described in the Presidential Report

2.4 Board of Partners: The Board of Partners provided for in Section 8.

2.5 Canadian Pipeline: The natural gas pipeline and related facilities to be constructed and operated in Canada, as described in the Presidential Report

2.6 Capital Account: The total Capital Investment credited to the account of a Partner in accordance with Sections 4, 11.1.1 and 12, plus any undistributed profits of the Partnership and less any losses of the Partnership determined in accordance with Required Accounting Practice and allocated to such account in accordance with Section 5 and less also any capital contribution returned to such Partner pursuant to Section 6. The Capital Accounts of the Partners established pursuant to this Agreement shall not be deemed to be, or have the same meaning as, the capital account of the Partnership under Section 12 of the Natural Gas Act.

2.7 Capital Investment: The sum of the capital contributions made by a Partner pursuant to Sections 4, 11.1.1 and 12.

2.8 Certified Public Accountants: A firm of independent public accountants selected from time to time by the Board of Partners

2.9 Commitment Date: The date as of which the Partnership Commitment Agreement shall have become effective by its terms.

2.10 Corporation: Alaskan Northwest Gas Transmission Corporation, a corporation organized or to be organized under the laws of Delaware for the purpose, among others, of succeeding to the assets and business of the Partnership as provided in Section 14, if succession occurs, and which corporation shall have such classes of stock, common and preferred, voting and nonvoting, as the Certificate of Incorporation and By-Laws of said corporation may provide.

2.11 Cost of the Project: Qualified Expenditures and all costs and expenses incurred, assumed or paid by the Partnership for the acquisition, planning, design, engineering and construction of the Project, and securing necessary governmental authorizations and approvals therefor.

2.12 Estimated Cost of the Project: The Cost of the Project as estimated by the Executive Committee and approved by the Board of Partners

2.13 Executive Committee: The Executive Committee provided for in Section 8

2.14 Financing Commitment Agreements: Arrangements for the issuance of debt securities by the Partnership, debt and other securities by the Corporation or the Financing Corporation, (or by any combination of them), the proceeds of which are sufficient, together with the capital contributions to be made by the Partners pursuant to the Partnership Commitment Agreement, in the opinion of the Board of Partners, to complete construction of the Project based upon the then Estimated Cost of the Project.

2.15 Financing Corporation: A corporation organized or to be organized for the purpose of issuing securities, the proceeds of the sale of which are to be paid, directly or indirectly, to the Partnership to finance partially the Cost of the Project; the Financing Corporation may be the same corporate entity as the Corporation, and shall have such class or classes of stock, common and preferred, voting and nonvoting, as the Certificate of Incorporation and By-Laws of the Financing Corporation may provide.

2.16 Formation Date: The date as of which the Partnership is formed, as provided in Section 3.1

2.17 FERC: The Federal Energy Regulatory Commission or any commission, agency or other governmental body succeeding to the powers of such commission.

2.18 Gas: Gas having the physical and chemical qualities required for acceptance by the Partnership for transportation under the Partnership's tariffs at the time either (i) in effect under an appropriate order of the FERC or (ii) on file with the FERC pursuant to an application of the Partnership that such tariff become effective

2.19 Initial Capital Investment: The initial capital contribution to be made by those Partners contributing in accordance with Section 4.1.

2.20 Initial FERC Certificate: The certificate of public convenience and necessity issued by the FERC under the Natural Gas Act, pursuant to Section 9 of the Alaska Natural Gas Transportation Act of 1976, authorizing the construction of the Project and the operation of the Line, notwithstanding the fact that such certificate is subject to the satisfaction of conditions which are material.

2.21 In-Service Date: The date on which the Project (other than extensions or increases in transmission capacity not authorized by the Initial FERC Certificate) has been placed in service from the Prudhoe Bay area to the interconnection on the Alaska-Canada border with the Canadian Pipeline (without regard to whether deliveries of Gas are then being made or capable of being made at maximum amounts authorized by the FERC by the Initial FERC Certificate or whether the compression facilities so authorized have been placed in-service) pursuant to notice to the FERC.

2.22 Line: The Gas pipeline and related facilities to be owned and operated by the Partnership, which shall initially extend from the Prudhoe Bay area to an interconnection with the Canadian Pipeline on the Alaska-Canada border, and any extensions, expansions, additions, betterments or renewals thereof.

2.23 Operator: The Operator provided for in Section 8.

2.24 Partner: Each of the Partners executing this Agreement, and any Partner substituted for an original Partner pursuant to Section 10; and any Additional Partner which is admitted to the Partnership pursuant to Section 11; provided, however, that the term Partner shall not include any Person which has given a Withdrawal Notice (as defined in Section 15.2) to the Partners and the Partnership pursuant to Sections 15.2 and 16.2, or any Person which has been deemed to have withdrawn from the Partnership pursuant to Sections 4.4.5, 12.2 or 15.4.

2.25 Partnership: The general Partnership created by this Agreement.

2.26 Partnership Commitment Agreement: The Agreement, executed by all Partners, pursuant to which all Partners (other than those Partners who have withdrawn prior to the execution of

such agreement) agree to establish each Partner's Percentage for the period commencing with the Commitment Date and agree to make capital contributions to the Partnership sufficient, together with the proceeds of securities to be issued pursuant to the Financing Commitment Agreements, to finance the Estimated Cost of the Project as of the Commitment Date.

2.27 Partner's Percentage: That percentage which is determined by dividing a Partner's Capital Account by the total of all Partners' Capital Accounts, rounded to the nearest ten-thousandth of one percent

2.28 Person: An individual, a corporation, voluntary association, joint stock company, business trust or partnership

2.29 Pre-Commitment Capital Investment: The capital contributions to be made by each of the Partners in accordance with Section 4.2.

2.30 Presidential Report: The "Decision and Report to Congress on the Alaska Natural Gas Transportation System" issued by the President on September 22, 1977.

2.31 Project: The Gas transmission pipeline (together with all related properties and facilities) to extend from the Prudhoe Bay area of the North Slope of Alaska to an interconnection with the Canadian Pipeline on the Alaska-Canada border, as described in the Presidential Report, and the planning, design and construction of such pipeline and facilities.

2.32 Qualified Expenditures: Expenditures to acquire information, knowledge, studies, tests, computer programs or governmental authorizations by any Partner or corporate Affiliate of a Partner, in the course of activities reasonably related to the selection of a transportation system for the delivery of Alaskan natural gas, if such expenditures were made by such Partner or corporate Affiliate prior to the Formation Date.

2.33 Required Accounting Practice: The accounting rules and regulations, if any, at the time prescribed by the regulatory body or bodies under the jurisdiction of which the Partnership is at the time operating and, to the extent of matters not covered by such rules and regulations, generally

accepted principles of accounting at the time prevailing, for companies engaged in a business similar to that of the Partnership

2.34 SEC: The Securities and Exchange Commission or any commission, agency or other governmental body succeeding to the powers of such commission.

2.35 Shipper: Any Person which enters into a contract with the Partnership for the purpose of transporting Gas through all or any portion of the Line.

2.36 Shipper Commitment Agreements: Agreements pursuant to which Shippers agree to transport Gas through the facilities of the Line.

3. Formation and Purpose of the General Partnership.

3.1 Formation: The Partnership formed by this Agreement shall be a general partnership, to be effective as of January 31, 1978, pursuant to the Uniform Partnership Act of the State of New York.

3.2 Name: The name of the Partnership shall be: ALASKAN NORTHWEST NATURAL GAS TRANSPORTATION COMPANY.

3.3 Purpose: The Partnership is the successor to all of the rights, titles and interests of Alcan Pipeline Company as the Person designated by the Presidential Report and related Federal Power Commission and FERC proceedings and orders to construct and operate a natural gas pipeline system in Alaska pursuant to Section 7(a)(4)(B) of the Alaska Natural Gas Transportation Act of 1976. The Partnership shall plan, design, obtain financing for and construct the Project, own and operate the Line and place the Line in service on January 1, 1983 or as soon thereafter as practicable. The Partnership proposes to transport Gas owned by Shippers from points at which the Partnership is authorized to receive Gas to the point of interconnection with the Canadian Pipeline, and to any intermediate points authorized by appropriate governmental orders. The Partners agree to cooperate, and to cause their Affiliates to cooperate, in obtaining all necessary authorizations from governmental authorities having jurisdiction as may be required to construct the Project and operate the Line.

3.4 Use of the Line: It is the intention and policy of the Partnership that the Line shall be a contract carrier of Gas and be available to Shippers (whether or not a Partner or its Affiliate) on a fair and non-discriminatory basis. Nothing in this Agreement shall (i) commit or entitle any Partner or any of its Affiliates to transport Gas owned by, or committed to be sold to, such Partner or Affiliate through the Line or other facilities of the Partnership regardless of the location of such Partner's or Affiliate's owned or controlled Gas reserves or the markets to which such Gas is to be delivered or (ii) limit the availability of Gas transportation service only to those who are Partners or Affiliates of Partners.

3.5 Regulatory Status: The Partners acknowledge that the Partnership will be a "natural gas company" under the Natural Gas Act subject to the jurisdiction of the FERC.

3.6 Representations and Warranties Concerning Formation of Partnership: Each Partner represents and warrants that, subject to the receipt of all necessary regulatory approvals relating to this Agreement and the investment of the Partners in this Partnership, the execution and delivery of this Agreement, the formation of the Partnership and the performance hereof will not contravene any provision of, or constitute a default under, any indenture, mortgage or other agreement of such Partner or any Affiliate of such Partner or any order of any court, commission or governmental agency having jurisdiction, and this Agreement is a valid and enforceable Agreement against such Partner except insofar as enforcement hereof may be limited by bankruptcy, insolvency or other similar laws related to or affecting the enforcement of creditors' rights. Each of the Parties to this Agreement set forth in Sections 1.1 through 1.6 represents that it is not subject to the jurisdiction of the SEC as a public utility holding company within the meaning of the Public Utility Holding Company Act of 1935.

3.7 Offices: The principal offices of the Partnership shall be at such place as the Executive Committee may determine.

4. Capital Investments.

4.1 Initial Capital Investment:

4.1.1 The Qualified Expenditures of each Partner shall, as provided in Sections 4.1.2, 4.1.3 and 4.1.4, be credited to the respective Capital Accounts of the contributing Partners, and assets acquired by means of Qualified Expenditures shall be and are hereby contributed to the Partnership.

4.1.2 Subject to such change as may be necessary by Section 4.1.4, the value to the Project of Northwest's Qualified Expenditures, and Northwest's initial Capital Account balance, is agreed to be \$19,163,000.00, the amount expended by Northwest and its Affiliates through January 31, 1978. The Partners, other than Northwest, may have reasonable access to Northwest's books and records to verify the accuracy of such expenditures

4.1.3 Subject to such change as may be necessary by Section 4.1.4, the identification and value to the Project of the Qualified Expenditures of any Partner or any Affiliate of a Partner (other than Northwest) shall be determined by the Board of Partners. Upon review and determination of the value of the Qualified Expenditures of such Partners or Affiliates (other than Northwest), as herein provided (such review and determination to be made as soon as practicable after the Formation Date and, in any event, prior to November 30, 1978), the Capital Account of each Partner (other than Northwest) shall be credited with the amount so determined. Each Partner claiming a Qualified Expenditure shall permit the Partners reasonable access to its books and records to verify such expenditure.

4.1.4 Qualified Expenditures, and the value of assets generated thereby, shall be subject to review and verification by the FERC, and only those expenditures, and the values ascribed to such assets, found by the FERC to reflect reasonable and necessary expenditures, prudently incurred, shall be retained in the Capital Accounts, and then only to the extent that FERC authorizes the inclusion thereof as a capital expenditure appropriately made on

behalf of the Partnership for inclusion in rate base. Any disallowance by the FERC of an amount included in any Capital Account under Section 4.1 shall be reflected forthwith in a retroactive adjustment of (i) the Capital Account from which such amount was so disallowed and (ii) all other Capital Accounts affected by such disallowance in accordance with this Agreement.

4.2 Pre-Commitment Date Capital Investment:

4.2.1 Each Partner agrees to contribute to the Partnership, for the period commencing with the Formation Date and ending July 31, 1978, an amount equal to the anticipated cash requirements of the Partnership during such period divided by the number of Partners.

4.2.2 The Pre-Commitment Date cash requirements of the Partnership through July 31, 1978 are not anticipated to exceed \$20.4 million in budgeted costs, and \$3.6 million in contractual commitments which will accrue in the event of Project suspension as of July 31, 1978. Each Partner is bound by its agreement in Section 4.2.1 to contribute to the Partnership:

(i) Its per capita share of said \$20.4 million; and

(ii) Its per capita share of said \$3.6 million in contractual commitments, if such contractual commitments accrue;

but no Partner is obligated under Section 4.2.1 or this Section 4.2.2 to contribute any amount in excess of its per capita share of \$24 million

4.2.3 On or before June 30, 1978, the Board of Partners shall determine, taking into account budgeted costs and contractual commitments which will accrue if the Project is suspended, the anticipated cash requirements of the Partnership for the period from August 1, 1978 through December 31, 1978. Immediate notice of such determination shall be given in writing to all Partners. Each Partner shall elect, prior to July 15, 1978, whether (a) it will

contribute its per capita share or (b) it will withdraw as a Partner on July 31, 1978. Notice of withdrawal, if that is a Partner's election, shall be given as provided in Section 15.2. Failure to give notice of withdrawal shall obligate such Partner to pay its per capita share; provided, that no Partner will be obligated under Section 4.2.3 to contribute any amount in excess of its per capita share. As used in this Section 4.2.3, the term "per capita share" as applied to any Partner shall mean the anticipated cash requirements of the Partnership for the period from August 1, 1978 through December 31, 1978 as determined by the Board of Partners on or before June 30, 1978 divided by the number of Partners at the time notice of such determination was given pursuant to this Section 4.2.3.

4.2.4 On or before December 1, 1978, the Board of Partners shall determine, taking into account budgeted costs and contractual commitments which will accrue if the Project is suspended, the anticipated cash requirements of the Partnership for the period from January 1, 1979 through December 31, 1979. Immediate notice of such determination shall be given in writing to all Partners. Each Partner shall elect, prior to December 15, 1978, whether (a) it will contribute its per capita share or (b) it will withdraw as a Partner on December 31, 1978. Notice of withdrawal, if that is a Partner's election, shall be given as provided in Section 15.2. Failure to give notice of withdrawal shall obligate such Partner to pay its per capita share; provided, that no Partner will be obligated under this Section 4.2.4 to contribute any amount in excess of its per capita share. As used in this Section 4.2.4, the term "per capita share" as applied to any Partner shall mean the anticipated cash requirements of the Partnership for the period from January 1, 1979 through December 31, 1979 as determined by the Board of Partners on or before December 1, 1978 divided by the number of Partners at the time notice of such determination was given pursuant to this Section 4.2.4.

4.2.5 On or before December 1, 1979, and on or before each succeeding December 1 in the event the Commitment Date is estimated to occur after such succeeding December 1, the Board of Partners shall determine, taking into account budgeted costs and contractual commitments

which will accrue if the Project is suspended, the anticipated cash requirements of the Partnership for the period from January 1, 1980 (or from any succeeding January 1) through the date then estimated to be the Commitment Date. Immediate notice of each such determination shall be given to all Partners. Each Partner agrees, subject to the withdrawal rights specified in Section 4.4.3, to contribute to the Partnership, for the period commencing January 1, 1980 and ending with the Commitment Date, an amount equal to the cash requirements of the Partnership during such period divided by the number of Partners.

4.3 Further Capital Investment:

4.3.1 Prior to the Commitment Date, Northwest shall notify, in writing, the Board of Partners of the ownership interest which Northwest elects to hold, for itself or an Affiliate, in the Partnership from and after the Commitment Date. The ownership interest in the Partnership remaining after Northwest's election shall be apportioned among the Partners other than Northwest, by mutual agreement; provided, however, that if the ownership interests elected by the Partners, other than Northwest, exceeds the total ownership interest remaining after Northwest's election, then the ownership interest in the Partnership remaining after Northwest's election shall be apportioned among the Partners (other than Northwest) in the ratio that each Partner's Capital Account bears to the total of the Capital Accounts of all Partners other than Northwest; provided, further, however, that if the above apportionment would cause an increase in any Partner's ownership interest above that which that Partner elects, then the increase above the Partner's election shall be apportioned among the other Partners (other than Northwest) in the same ratio as described before. For the purposes of calculating the apportionment of interest to Partners (other than Northwest) pursuant to this Section if mutual agreement has not been reached, the Capital Accounts of the Partners as of the end of the most recent month next preceding the date when apportionment occurs, shall be used.

4.3.2 After Northwest's election of the ownership interest in the Partnership to be held by it on and after

the Commitment Date, and after apportionment among the other Partners of the remaining ownership interest in the Partnership, each Partner shall, as provided in Section 4.3 3, contribute the capital necessary to make the Partners' Percentages reflect the division of interest so elected and apportioned.

4.3 3 Subject to the terms of the Partnership Commitment Agreement, each Partner agrees to contribute to the Partnership, subsequent to the Commitment Date, an amount in cash equal to such Partner's ownership percentage (as determined under Section 4.3 2) of the Estimated Cost of the Project, as set forth in the Partnership Commitment Agreement; provided, that the amount to be so contributed shall be reduced by (a) such Partner's contributions pursuant to Sections 4.1 and 4.2; and (b) such Partner's ownership percentage (as determined under Section 4.3.2) of the amount of the Financing Commitment Agreements.

4.3 4 Notwithstanding the provisions of Sections 4.3 1, 4.3 2 and 4.3 3, however, if the Financing Commitment Agreements provide for the Corporation or the Financing Corporation to issue more than one class of equity security, or more than one class of debt instrument, the Partners may agree, in the Partnership Commitment Agreement, to such plan of capital investment in the Partnership as is reasonably necessary to effectuate the financing plan set forth in the Financing Commitment Agreements.

4.4 Payment of Capital Investment:

4.4.1 Within the budgetary limitations established by the Board of Partners, the Executive Committee shall issue a written request for payment of each capital contribution to be made in accordance with Sections 4.2 and 4.3 at such times and in such amounts as the Executive Committee shall deem appropriate in light of the cash requirements of the Partnership. All amounts received by the Partnership pursuant to this Section 4.4 on or before the date specified in 4.4.2(iv) shall be credited to the respective Partner's Capital Account as of such specified date and all amounts received from a Partner after the date specified in Section 4.4 2(iv) by the Partnership pursuant to this Section 4.4

shall be credited to such Partner's Capital Account as of the date of receipt thereof.

4.4.2 Each written request issued pursuant to Section 4.4.1 shall contain the following information:

(i) The total amount of capital contributions requested from all Partners;

(ii) The amount of capital contribution requested from the Partner to whom the request is addressed;

(iii) The purpose for which the funds are to be applied in such reasonable detail as the Executive Committee shall direct; and

(iv) The date on which payments of the capital contribution shall be made (which date shall not be less than fifteen days following the date the request is given [if given under Section 4.2] and not less than thirty days following the date the request is given [if given under Section 4.3]); and the method of payment, provided that such date and method shall be the same for each of the Partners.

4.4.3 Each Partner agrees that it shall make payments of its respective capital contributions in accordance with requests issued pursuant to Section 4.4.1; provided that on and after January 1, 1980 and prior to the Commitment Date and after the sums specified in Sections 4.2.2, 4.2.3 and 4.2.4 have been contributed, a Partner shall not be obligated by this Agreement to make capital contributions so requested if, within five business days after such notice is given, such Partner shall have given to each other Partner and to the Partnership its Withdrawal Notice as defined in Section 15.2.

4.4.4 Partners shall not be entitled to any return of their contributions to the capital of the Partnership except that:

(i) Upon withdrawal prior to the Commitment Date, or upon automatic withdrawal pursuant to Section 15.4, a Partner shall be entitled to receive, after the Line has become operational and at a time when the Executive Committee determines payment may be made without undue hardship to the Partnership (or if transfer of the Partnership's business and assets to the Corporation has occurred, then at a time when a similar determination has been made by the Board of Directors): (a) an amount equal to its Capital Account (as adjusted under Section 4.1.4) on the date of withdrawal, and (b) return on such amount, from date of withdrawal to date of payment; calculated at the rate permitted by the FERC to the Partnership as the Partnership's allowance for such funds used during construction. The Capital Account balance of a Withdrawing Partner shall be recorded as a contingent liability of the Partnership, and not as a Partner's Capital Account, from and after the Date of Withdrawal. This right of reimbursement shall be subordinate to the rights of any creditor of the Partnership.

(ii) Subsequent to the Commitment Date, a Partner may receive funds from the Partnership only in accordance with the provisions of Section 6 or Section 15.5.

Except as herein provided in Section 4.4.4, no return shall be paid on any contribution to the capital of the Partnership to a withdrawing Partner; provided, that the foregoing shall not prohibit the use of such funds in computations for accounting purposes, including accounting for profits and losses, and computations for ratemaking purposes, including an allowance for funds used during construction.

4.4.5 In the event a Partner shall default in the performance of any of its obligations under Section 4.2, Section 4.3 or Section 11.1.1 to make a contribution to the Partnership in accordance with the terms of any request for such contribution and such default shall continue unremedied for a period of ten days after the giving of notice of such default by the Executive Committee, such default shall be deemed a withdrawal from the Partnership by such defaulting Partner. Such a withdrawal shall not (a) effect a dissolution of the Partnership or (b) affect obligations previously assumed by such defaulting Partner.

5. Allocation of Profits and Losses.

5.1 Contemporaneous Joinder of Partnership: In the event all Partners execute this Partnership Agreement on or before March 17, 1978, and unless the Partnership Commitment Agreement provides otherwise, all net profits and net losses and credits of the Partnership shall be allocated to the respective Capital Accounts of the Partners in accordance with their respective Partner's Percentages. Such allocations shall be made for each calendar month based upon the weighted average of each Partner's Percentage during such month. These allocations are subject to retroactive adjustments resulting from any changes in Capital Accounts pursuant to FERC or other governmental order.

5.2 Non-Contemporaneous Joinder: In the event some Partners execute this Agreement on or before March 17, 1978, and other Partners are admitted to the Partnership after March 17, 1978, and unless the Partnership Commitment Agreement provides otherwise, an unequal allocation of all net profits and net losses and credits of the Partnership shall be made in recognition of the greater degree of financial risk, Partnership responsibility and commitment of personnel and capital assumed by those Partners who execute this Agreement on or before March 17, 1978. Allocations made under this Section 5.2 shall be made for each calendar month based upon the weighted average of each Partner's Percentage during such month. These allocations are subject to retroactive adjustments resulting from any changes in Capital Accounts pursuant to FERC or other governmental order.

5.2.1 The Capital Account of any Partner admitted to the Partnership after March 17, 1978 shall be allocated

) that share of all net profits, net losses and credits of the Partnership accruing after such Partner's admission (exclusive of losses allocated under Section 5.2.3) as such Partner's Percentage would entitle that Partner to receive, less a discount as set forth below:

<u>Admission Date</u>	<u>Discount</u>
After Commitment Date	15%
11-1-78 thru Commitment Date	10%
9-1-78 thru 10-31-78	9%
8-1-78 thru 8-31-78	8%
7-1-78 thru 7-31-78	7%
6-1-78 thru 6-30-78	6%
5-1-78 thru 5-31-78	5%
4-1-78 thru 4-30-78	4%
3-18-78 thru 3-31-78	2%

)

5.2 2 The net profits, net losses and credits of the Partnership remaining after deducting the net profits, net losses and credits determined under Section 5.2.1 (exclusive of losses allocated under Section 5.2.3) shall be allocated to the respective Capital Account of each Partner executing this Agreement prior to March 18, 1978, in the proportion that each such Partner's Percentage bears to the total of the Partners' Percentages of all such Partners.

5.2 3 Losses realized from the sale, abandonment or other disposition of Partnership assets (other than in the ordinary course of business) prior to the In-Service Date shall be allocated among all Partners in accordance with the Partners' Percentages as of the date of such disposition

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6. Distributions

Distributions to the Partners shall be made only to all Partners simultaneously in such aggregate amounts and from time to time as determined by the Board of Partners. Each distribution shall be made:

(i) in the ratio in which as of the date of such distribution the cumulative net profits have been allocated and not previously distributed, but only to the extent of the amount of such undistributed cumulative net profits; and thereafter

(ii) in the ratio of the Partners' Capital Accounts, after giving effect to the distributions under (i) above.

7. Accounting and Taxation

7.1 Fiscal Year: The fiscal year of the Partnership shall be the calendar year.

7.2 Location of Records: The books of account for the Partnership shall be kept and maintained at the principal office of the Partnership or at such other place as the Executive Committee shall determine

7.3 Books of Account: The books of account for the Partnership shall be:

7.3.1 maintained on an accrual basis in accordance with Required Accounting Practice; and

7.3.2 audited by the Certified Public Accountants at the end of each fiscal year of the Partnership

7.4 Annual Financial Statements: As soon as practicable following the end of each fiscal year of the Partnership, the Executive Committee shall cause to be prepared and delivered to each Partner:

7.4.1 A profit and loss statement and a statement of changes in financial position for such fiscal year, a

balance sheet and a statement of each Partner's Capital Account as of the end of such fiscal year, together with a report thereon of the Certified Public Accountants

7.4 2 Such federal, state and local income tax returns and such other accounting and tax information and schedules as shall be necessary for the preparation by each Partner of its income tax returns for such fiscal year

7.5 Interim Financial Statements: As soon as practicable after the end of each calendar month, the Executive Committee shall cause to be prepared and delivered to each Partner, with an appropriate certificate of the person authorized to prepare the same:

7.5 1 A profit and loss statement and a statement of changes in financial position for such month (including sufficient information to permit the Partners to calculate their tax accruals), for the portion of the fiscal year then ended and for the 12 month period then ended;

7 5 2 A balance sheet and a statement of each Partner's Capital Account as of the end of such month; and

7.5.3 A statement comparing the actual financial status and results of the Partnership as of the end of or for such month and the portion of the fiscal year then ended with the budgeted or forecasted status and results as of the end of or for such respective periods

7 6 Taxation: The Parties intend that the Partnership shall be taxed as a "partnership" for federal and state tax purposes and the Partners agree to take all action, including the amendment of this Agreement and the execution of such other documents as may be required to qualify for and receive such tax treatment. The Partnership's state and federal income tax returns shall be approved by the Board of Partners and subject to review by Certified Public Accountants, counsel or other person or persons designated by the Board of Partners for such purpose. All Partnership elections for state and federal income tax purposes shall be determined by the Board of Partners, except those specifically reserved by the Internal Revenue Code to be made by the individual Partners. One such election which may be made by

the individual Partners is the qualified progress expenditure election related to the investment tax credit. The allocation of qualified progress expenditures for the purpose of such election shall be in accord with the provisions of Section 5. The investment tax credit not available under the qualified progress expenditure rules shall be allocated in accordance with the provisions of Section 5, based on the Partners' Percentages in effect at the time of the related expenditures, or in accordance with the provisions of Section 4.1, as applicable.

7.7 Governmental Reports: Subject to the provisions of Section 8.2.6, the Operator, on behalf of the Partnership, shall prepare and file all reports prescribed by the FERC and any other commission or governmental agency having jurisdiction

7.8 Inspection of Facilities and Records: Each Partner shall have the right at all reasonable times during usual business hours to inspect the facilities of the Partnership and to examine and make copies of the books of account and other records of the Partnership. Such right may be exercised through any agent or employee of such Partner designated in writing by it or by an independent public accountant, petroleum engineer, attorney or other consultant so designated. That Partner shall bear all costs and expenses incurred in any examination for such Partner's account.

7.9 Deposit of Funds: Funds of the Partnership shall be deposited in such banks or other depositories as shall be designated by the Board of Partners.

8. Management of the Partnership

8.1 General Management Structure:

8.1.1 The major policies of the Partnership shall be established by a Board of Partners which, except as otherwise expressly provided in this Agreement, shall have exclusive authority with respect to such affairs of the Partnership as would (if the Partnership were a corporation) be subject to control by a corporate board of directors.

8.1.2 The day-to-day management of the affairs of the Partnership, including supervision of the construction

of the Project and operation of the Line, and activities reasonably related thereto, shall be the responsibility of the Operator.

8.1.3 The Partnership shall engage a Project Management Contractor to assume responsibility, to the maximum extent practicable, for Project design and engineering, scheduling and cost control, construction management and purchasing, materials and logistics.

8.2 Board of Partners:

8.2.1 The members of the Board of Partners shall be one representative of each Partner. Each Partner shall designate, by notice to each other Partner and the Partnership, its representative to serve on the Board of Partners. By like notice, each Partner may designate an alternate representative who shall have authority to act in lieu of its representative. Any Partner may at any time, by written notice to all other Partners and to the Partnership, remove its representative on the Board of Partners and designate a new representative.

8.2.2 The representative of Northwest shall be the Chairman of the Board of Partners but if the total interest which Northwest holds, after its election under Section 4.3.1, in the Partnership is less than 5 percent, or if a Northwest representative is removed as Chairman as below provided, the Chairman shall be elected by the Board of Partners. If Northwest's representative is entitled to the office of Chairman, and if for any reason John G. McMillian is unavailable to serve, Northwest shall designate another representative to serve as Chairman, with the advice and consent of the Board of Partners. The Chairman may not be removed from office except upon affirmative finding by vote of Partners owning full right, title and interest to not less than two-thirds of the Partners' Percentages, that the Chairman has, through misfeasance, nonfeasance or gross negligence, acted in a manner contrary to the best interests of the Partnership. A vote on removal of the Chairman may be held only after the Chairman has been given reasonable notice of, and an opportunity to be heard on, a call for removal by one or more Partners

8.2.3 The Chairman shall preside at all meetings of the Board of Partners, which shall meet at least quarterly. Special meetings of the Board may be called at such times and places, and in such manner, as the Chairman deems necessary, and at such times as requested by written notice concurred in by a majority of the Board. Written minutes of all meetings shall be maintained.

8.2.4 The Board of Partners shall designate, from among its members, members of the following committees: Audit and Compensation.

8.2.5 Except as otherwise provided by this Agreement, the Board of Partners shall act upon the affirmative vote of a majority of --

(i) The representatives on all matters determined prior to the Commitment Date; or

(ii) The Partners' Percentages on all matters determined on or after the Commitment Date. For this purpose, each Representative shall have a number of votes equal to the Partners' Percentage of the Partner he represents, at the time any such matters are voted on; and the majority of such votes shall be the vote of a majority of the Partners' Percentages.

8.2.6 Without modification of its general authority under Section 8 1.1, the approval of the Board of Partners shall be necessary before any of the following actions can be taken on behalf of the Partnership:

Establishment of the initial design of the Line;

Establishment of the construction and operating budgets for the Project;

Execution of interim and permanent financing agreements and commitments;

Establishment of Partnership tax policies;

Selection of depositories for Partnership funds;

Selection and retention of the Project Management Contractor;

Selection and retention of a Certified Public Accountant;

Expansion of the Line;

Admission of Additional Partners;

Transfer of a Partner's interest in the Partnership;

Filing of the Partnership's Tariffs, or any amendment thereof, with the FERC;

Any change in the authority and responsibility delegated in this Agreement to any Committee, to the Project Management Contractor or to the Operator;

Selection of a successor Operator, if such becomes necessary;

Establishment of the Estimated Cost of the Project, pursuant to Section 2.12;

Identification and valuation of Qualified Expenditures, pursuant to Section 4.1.3;

Request for additional capital contributions pursuant to Section 12; and

Timing and amounts of distributions to Partners pursuant to Section 6.

In addition, the Board of Partners is hereby specifically authorized to:

If the Board of Partners, by unanimous vote, deems it appropriate to create a Financing Corporation, approve the form and content of the Financing Corporation's charter and by-laws and cause the Financing Corporation to be organized under the laws of such state as the Board of Partners shall select; and

Cause by unanimous approval the organization of and issue of stock by the Corporation under the laws of Delaware or such other state as the Board of Partners shall select

8 3 Executive Committee:

8.3.1 The Executive Committee shall consist of a Chairman and five members. Each Partner named in Sections 1.1 through 1.6 (or any substitute Partner succeeding to its interest hereunder) shall designate a representative to serve on the Executive Committee, and the Chairman of the Board of Partners shall also be the Chairman of the Executive Committee. Any vacancy on the Executive Committee occasioned by the withdrawal of a Partner named in Sections 1.1 through 1.6 (or any substitute Partner succeeding to its interest hereunder) shall be filled by the Board of Partners.

8.3.2 Neither the Chairman nor any member of the Executive Committee may be removed from office by the Partnership, except in accordance with the procedures, and for the cause stated, in Section 8.2.2. Any Partner may, at any time, by written notice to all other Partners and to the Partnership, change its representative on the Executive Committee.

8.3.3 The Executive Committee shall meet not less often than monthly, at times and places and in a manner designated by the Chairman. Written minutes of all meetings will be maintained, and copies thereof distributed to the Board of Partners. Decisions of the Executive Committee shall be by majority vote of the members, but if the Executive Committee cannot reach agreement on any issue, such shall be referred to the Board of Partners for decision.

8.3.4 The Executive Committee shall, on behalf of the Partnership --

Negotiate and execute the contract provided for in Section 8.6.10;

Monitor and review the performance of the Operator, the Project Management Contractor and all execution contractors; and

Monitor the implementation of all directives of the Board of Partners.

8.3.5 The Executive Committee shall report fully to the Board of Partners at each meeting of the Board of Partners and furnish special reports at such other times and places as the Board of Partners deems advisable.

8.4 Audit Committee:

8.4.1 The Audit Committee shall consist of five members selected to serve by the Board of Partners. No member of the Audit Committee shall be affiliated in any manner with Northwest, and no Partner may have more than one representative on the Audit Committee. The Board of Partners shall designate one member of the Audit Committee to serve as Chairman of the Audit Committee. Decisions of the Audit Committee shall be by majority vote of the members. The members shall serve on the Committee at the will of the Board of Partners.

8.4.2 The Audit Committee shall meet not less often than quarterly, and at such other times as called by its Chairman. The Chairman shall designate the time and place, and the manner, of all Audit Committee meetings. Written minutes of each meeting shall be maintained.

8.4.3 The Audit Committee shall, on behalf of the Partnership --

Consult with internal and external auditors;

Review and monitor the internal audit coverage and plans for coverage;

Analyze and approve internal audit operating philosophies and strategies;

Review the results of all financial audits; and

Review the results of all recommendations for corrective action.

8.4.4 The Audit Committee shall report fully to the Board of Partners at each meeting of the Board of Partners and at such other times and places as the Board of Partners deems advisable.

8.5 Compensation Committee:

8.5.1 The Compensation Committee shall consist of five members selected by the Board of Partners. No member of the Compensation Committee shall be affiliated in any manner with Northwest, and no Partner shall have more than one representative on the Compensation Committee. The Board of Partners shall designate one member to serve as Chairman of the Compensation Committee. Decisions of the Compensation Committee shall be by majority vote of the members. The members shall serve on the Committee at the will of the Board of Partners.

8.5.2 The Compensation Committee shall meet not less often than annually and at such other times as called by the Chairman. The Chairman shall designate the time and place, and the manner, of all Compensation Committee meetings. Written minutes of each meeting shall be maintained.

8.5.3 The Compensation Committee shall, on behalf of the Partnership, provide guidance on compensation policy for the Project, and review the compensation of the Operator's senior management.

8.5.4 The Compensation Committee shall report fully to the Board of Partners at least annually and recommend

any changes in Partnership reimbursement of the Operator's costs relating to personnel as may be necessary.

8.6 Operator:

8.6.1 The Operator shall be Northwest, subject to the provisions of Section 8.6.2 and Section 8.6.10

8.6.2 Northwest may not be removed from the office of Operator except in accordance with the procedures in Section 8.2.2 for the case of the Chairman of the Board of Partners, and then only if it has, through misfeasance, nonfeasance or gross negligence, acted in a manner contrary to the best interests of the Partnership. Upon removal of Northwest or its successor as Operator, a successor shall be designated by the Board of Partners.

8.6.3 The sole business of Northwest shall be the discharge of its responsibilities as set forth in this Agreement. Northwest's personnel shall devote full time to such responsibilities. The Board of Directors of Northwest shall direct all Northwest personnel to pursue, at all times and in all manners, the best interests of the Partnership and the furtherance of the policies of the Partnership as determined by the Board of Partners.

8.6.4 The Operator shall utilize, to the fullest extent practicable, the services of unaffiliated independent contractors to design and construct the Project. The Operator shall negotiate contracts for such services and execute the same (other than the contract with the Project Management Contractor), and shall submit to the Board of Partners at the earliest practicable date its recommended contract with the company to serve as Project Management Contractor. Any functions which are not assigned to a contractor shall be performed by Northwest.

8.6.5 The Operator shall, on behalf of the Partnership, manage the design and construction of the Project and the operation of the Line, and shall have all powers and authorities reasonably necessary to the discharge of these responsibilities subject, however, to the prior approval of the Board of Partners with respect to those

matters enumerated in Section 8.2.6, and the provisions of Section 8.1.1. The Operator shall prepare and submit to the Board of Partners the Operator's recommendations with respect to those matters requiring Board of Partners approval pursuant to Section 8.2.6.

8.6.6 The Operator shall, on behalf of the Partnership, establish and maintain liaison with all governmental agencies and authorities, in the United States and Canada, having jurisdiction over permits, authorizations or certificates necessary to construction of the Project and operation of the Line, and shall be responsible for the preparation and presentation to the appropriate agency or office of all applications and requests for such permits, authorizations and certificates, and for the preparation and filing of all required reports subject, however, to the prior approval of the Board of Partners with respect to those matters enumerated in Section 8.2.6, and the provisions of Section 8.1.1.

8.6.7 The Operator shall, on behalf of the Partnership, supervise and audit the performance of the Project Management Contractor and all other independent contractors involved in design and construction of the Project, to achieve, to the greatest extent practicable, contract compliance, timely completion of the Project and acceptable quality and cost control.

8.6.8 The Operator shall report fully to the Board of Partners and to the Executive Committee at each meeting of such groups and shall report specially to either or both as necessary.

8.6.9 The Partnership shall reimburse the Operator for all reasonable costs, including overhead and administrative expense, incurred in providing the services to the Partnership as set forth in Section 8.6.

8.6.10 The Partnership shall contract with the Operator for the rendition of services set forth in this Section 8.6, upon the terms and conditions set forth in Section 8.6, such contract to be binding upon the Partnership, and the Corporation if the business and assets of the Partnership are transferred to the Corporation.

8.7 Limitation of Authority: The Board of Partners, the Executive, Audit and Compensation Committees and the Operator shall not have authority to take any action inconsistent with the terms of this Agreement.

8.8 Indemnification: The Partnership shall indemnify and save harmless the members of the Board of Partners, the Executive Committee, the members of any committee appointed as provided in Section 8.2.4 and the initial Operator (in its capacity as such) against all actions, claims, demands, costs and liabilities arising out of the acts (or failure to act) of such Persons in good faith within the scope of their authority in the course of the Partnership's business and such Persons shall not be liable for any obligations, liabilities or commitments incurred by or on behalf of the Partnership as a result of any such acts (or failure to act).

8.9 Other Positions or Representatives: Any member of the Board of Partners, the Executive Committee and the Committees provided for in Section 8.2 4 may also be an officer, director or employee of a Partner or one or more Affiliates of a Partner.

9. Limitation of Liabilities.

9.1 Limitation on Liability of Partners: No Partner shall be liable to third persons for Partnership losses, deficits, liabilities or obligations, except as otherwise expressly agreed to in writing by such Partner, unless the assets of the Partnership shall first be exhausted.

9.2 Contracts to Limit Partner's Liability: Without written consent of all Partners, no contract, lease, sublease, note, deed of trust or other obligation on behalf of the Partnership shall be entered into unless there is contained therein an appropriate provision limiting the claims of all parties to such instruments and other beneficiaries thereunder to the assets of the Partnership and expressly waiving any rights of such parties and other beneficiaries to proceed against the Partners individually.

10. Transfer or Pledge of Partnership Interests.

10.1 Limitation on Right to Transfer Partner's Interest: Except with the consent of the Board of Partners or as

permitted by Section 10.3, a Partner may not sell, assign, pledge, hypothecate or otherwise transfer in any manner all or any part of its right, title or interest in, or any evidence of indebtedness of, the Partnership or in this Agreement.

10 2 Legend on Evidences of Indebtedness Held By Partners: As long as this Agreement shall remain in effect, all evidences of indebtedness of the Partnership to any of the Partners or their Affiliates shall bear an appropriate legend to indicate that it is held subject to, and may be assigned or transferred only in accordance with, the terms and conditions of this Agreement.

10 3 Permitted Transfers by Partners: Nothing herein shall prevent:

10.3.1 The transfer by any Partner of all of its right, title and interest in the Partnership (including indebtedness thereof) and in this Agreement if all of such right, title and interest is transferred to another corporation which is an Affiliate of the transferor pursuant to (i) a statutory merger or consolidation or (ii) a sale of all, or substantially all, of the assets of the transferor, provided that such Affiliate assumes by operation of law or express agreement with the Partnership (in form and substance satisfactory to the Board of Partners) all of the obligations of the transferor under this Agreement and that no such transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the Partner are assumed by the successor corporation by operation of law) shall relieve the transferor of its obligations under this Agreement without the approval of the Board of Partners, and provided, further, that upon any transfer permitted by this Section 10.3.1, the transferee Affiliate shall be admitted as a Partner in substitution of the Partner which was the transferor; or

10 3.2 An assignment, pledge or other transfer creating a security interest (and any transfer made in foreclosure or other enforcement of such security interest) in all or any portion of a Partner's right, title or interest in the profits and surplus of the Partnership, or in any indebtedness of the Partnership, under any mortgage,

indenture or deed of trust created by any Partner, provided that the assignee, pledgee, mortgagee, trustee or secured party shall hold the same subject to all of the terms of this Agreement, and provided, further, that such assignee, pledgee, mortgagee, trustee or secured party shall not have any voice in the management of the Partnership as a result of any such transfer.

10.4 Effect of Permitted Transfers: No assignment, pledge or other transfer pursuant to Section 10 shall give rise to a right in any Partner or Partners to dissolve the Partnership. Except as provided in Section 10.3.1, no assignment, pledge or other transfer shall give rise to a right in any transferee to become a Partner in the Partnership, unless admitted pursuant to Section 11 or agreed to by all the Partners.

11. Admission of New Partners

11.1 Execution of Agreement: Additional Persons may become parties to this Agreement and general Partners of this Partnership upon execution of a counterpart of this Agreement and the satisfaction of the following conditions:

11.1.1 Approval of such admission by the Board of Partners upon such terms, and the payment of such amount to the Partnership and the credit thereof to the Capital Account of the additional Partner, as the Board of Partners shall determine.

11.1.2 Compliance with any agreements with security holders of the Partnership or others that may require the approval of such security holders or other parties to the admission of Additional Partners.

11.1.3 Compliance with all applicable requirements of law, including the Natural Gas Act and the Public Utility Holding Company Act of 1935, if applicable, and the applicable rules and regulations of the FERC and SEC, respectively, thereunder.

11.1.4 Such admission will not result in the Partnership becoming subject to the jurisdiction of the SEC under the Public Utility Holding Company Act of 1935. This

condition may be waived or modified only by unanimous consent of the Partners

11.2 Policy Concerning Admission of New Partners: The intent of the foregoing provisions is to permit the addition of Additional Partners on a non-discriminatory basis, as freely as possible, with only such restrictions on admissions and capital contributions as are necessary to maintain the financial and operating integrity of the Partnership and to treat the existing Partners as equitably as possible in view of their previous capital contributions and their participation in the preliminary technical, engineering, environmental, feasibility, legal and financial studies and planning necessary to design, construct and finance the Project and operate the Line and to obtain regulatory approval therefor.

12 Additional Capital

12.1 Prior to January 1, 1980, the Board of Partners may request additional capital contributions to the Partnership in excess of those required to be made pursuant to Sections 4.2.2, 4.2.3, 4.2.4 or 11.1.1 (or in excess of those obtained pursuant to such Sections if one or more Partners should default in making required contributions) and offer each of the Partners the opportunity to make such contributions; provided that, each Partner shall have the right, but not the obligation, to contribute an amount which is equal to the total amount of the additional capital contributions divided by the number of Partners. Additional contributions made hereunder shall be added to each contributing Partner's Capital Account.

12.2 In the event the Board of Partners, pursuant to Section 12.1, makes one or more requests for additional cash contributions for any of the cash requirement periods designated in Sections 4.2.2, 4.2.3 and 4.2.4 (any such request being herein called a "Section 12.1 request") and all Partners do not contribute fully in response thereto, each Partner which did not contribute fully in response thereto shall, unless it elects to withdraw from the Partnership at the end of such cash requirement period, contribute to the Partnership, prior to the end of such cash requirement period, that amount which is necessary to bring the aggregate amount contributed by it to the Partnership during such cash requirement period in response to Section 12.1 requests to a sum equal to the highest amount contributed by any Partner

to the Partnership during such cash requirement period in response to Section 12.1 requests. Failure of any such Partner to make such contribution shall be deemed a withdrawal from the Partnership as of the end of such cash requirement period.

12.3 Subsequent to the Commitment Date, the Board of Partners may request additional capital contributions to the Partnership in excess of those required to be made pursuant to Sections 4.3 and 11.1.1 and offer each of the Partners the opportunity to make such contributions; provided that, each Partner shall have the right, but not the obligation, to contribute an amount which is the same percentage of the total amount of the additional capital contributions as such Partner's Percentage; and provided, further, that failure to make an additional capital contribution hereunder shall not be deemed an act of withdrawal from the Partnership.

12.4 The Board of Partners shall issue a written request for payment of each capital contribution to be made in accordance with Section 12, at such times and in such amounts as the Board of Partners shall deem appropriate in light of the additional cash requirements of the Partnership.

12.5 Each written request issued pursuant to Section 12.4 shall contain the following information:

(i) The total amount of additional capital contributions requested from all Partners;

(ii) The amount of additional capital contribution requested from the Partner to whom the request is addressed;

(iii) The purpose for which the funds are to be applied in such reasonable detail as the Board of Partners shall direct; and

(iv) The date on which payments of the additional capital contribution shall be made (which date shall not be less than five days following the date the request is issued) and the method of payment, provided that such date and method shall be the same for each of the Partners.

13. Expansion of the Line.

The Board of Partners may, from time to time, authorize the construction of facilities to expand the Line's capacity and increase the Partnership's authority to transport Gas and may authorize the filing of all necessary applications to the FERC for a certificate of public convenience and necessity relating to such facilities and transportation authority and to such other regulatory and governmental agencies as may have jurisdiction with respect thereto; provided that, if such expansion of capacity or increase in authority to transport Gas requires additional capital contributions to the Partnership, such capital shall be obtained only in accordance with the provisions of Section 12.3. Decisions to expand the Line's capacity shall be made in light of the policy of the Partnership expressed in Section 3.4.

14. Transfer of Partnership Assets to the Corporation

14.1 Required Transfers: The business and assets of the Partnership shall be transferred to the Corporation and the Corporation shall assume all of the obligations (whether absolute or contingent, known or unknown) of the Partnership:

14.1.1 At any time after the Commitment Date upon the written request of Partners owning full right, title and interest to not less than two-thirds of the Partners' Percentages; or

14.1.2 At any time after the end of the first full fiscal year following the In-Service Date upon the approval of the Board of Partners; or

14.1.3 At any time after the end of the fourth full fiscal year following the In-Service Date upon the written request of Partners owning full right, title and interest to not less than one-third of the Partners' Percentages; or

14.1.4 In the event of a dissolution pursuant to Sections 15.3.2 or 15.3.3, if the Partnership then holds an effective certificate of public convenience and necessity from the FERC under the Natural Gas Act

14.2 Consideration for Transfer:

14.2.1 Except as provided in Section 14.2.2, the Corporation shall issue a number of shares of its common stock to each Partner in consideration for the transfer of the Partnership's business and assets which is the same percentage of the total number of such shares so issued as each such Partner's respective Partner's Percentage as of the date of the transfer, giving effect, however, to the special allocation provisions of Section 5.2 in such a manner as to preserve the discounts provided therein for Partners admitted to the Partnership after March 17, 1978.

14.2.2 If the Partners have agreed to modify the capital structure of the Partnership as provided in Section 4.3.4, and such modification is effective on the date of transfer, the Corporation shall issue its stock, common or preferred, voting or nonvoting, and other of its securities, to each Partner in the manner and to the degree specified in the Partnership Commitment Agreement.

14.3 Timing of Transfer: Any transfer made pursuant to this Section 14 shall be made as soon as possible after the request therefor, except that if the transfer is made pursuant to Section 14.1.4, it shall be made at the time of the consummation of the dissolution of the Partnership; and each Partner agrees to cooperate, and to cause each of its Affiliates to cooperate, in the consummation of such transfer and the assumption of all liabilities and obligations of the Partnership by the Corporation, including the obligations under all transportation agreements with Shippers.

14.4 Amendments of Charter and By-Laws The Certificate of Incorporation and By-Laws of the Corporation in the form approved by each Partner are attached as Appendix I and II hereto, and neither shall be amended prior to any transfer of the business and assets of the Partnership to the Corporation except by consent of all Partners.

15. Termination and Right of Withdrawal.

15.1 Term of Partnership: The Partnership shall continue from the Formation Date until dissolved pursuant to the terms of this Agreement.

15.2 Right to Withdraw: A Partner (herein called a "Withdrawing Partner") shall have the right to withdraw from the Partnership at any time prior to the Commitment Date upon written notice pursuant to Section 16.2 to the other Partners and to the Partnership (the "Withdrawal Notice") so stating. A Withdrawing Partner shall have those rights stated in Section 4.4.4, but no others. Withdrawal by one or more Partners shall not (a) effect a dissolution of the Partnership; or (b) affect obligations previously assumed by the Withdrawing Partner. Withdrawal shall, ipso facto, terminate the Withdrawing Partner's status as a Partner, forfeit all voting rights in Partnership affairs and terminate all representation on Partnership Committees and the Board of Partners. Rights of withdrawal on and after the Commitment Date shall be as specified in the Partnership Commitment Agreement.

15.3 Automatic Dissolution: The Partnership shall be automatically and without notice dissolved upon the happening of any of the following events:

15.3.1 The transfer of the business and assets of the Partnership to the Corporation in accordance with the provisions of Section 14;

15.3.2 The sale or abandonment of all or substantially all of the Partnership's business and assets; provided, however, that any such sale or abandonment may be made only pursuant to unanimous written consent of all Partners; or

15.3.3 Any event which shall make it unlawful for the business of the Partnership to be carried on.

15.4 Automatic Withdrawal: In addition to those instances where withdrawal is deemed to occur under Section 4.4.5 and Section 12, a Partner shall be deemed to have withdrawn from the Partnership and be entitled to receive payment as specified in Section 4.4.4 upon the happening of any of the following events:

15.4.1 Any of the following:

(i) the entry by a court of competent jurisdiction of a decree or order, unstayed on

appeal or otherwise and in effect for 90 days, adjudicating the Partner a bankrupt or insolvent;

(ii) the entry by a court of competent jurisdiction of a decree or order appointing a receiver, assignee, trustee, liquidator, sequestrator or other similar official of the Partner or of any substantial part of the property of the Partner, or ordering the winding up or liquidation of its affairs, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of the Partner under the Bankruptcy Act or any similar statute; but only if and when such decree or order shall have continued unstayed on appeal or otherwise and in effect for 90 days; or

(iii) the filing by the Partner of a petition in voluntary bankruptcy under any of the provisions of any bankruptcy law; or the consenting by the Partner to the filing of any bankruptcy or reorganization petition against it under any such law; or (without limitation of the generality of the foregoing) the filing by the Partner of a petition or answer or consent to reorganize the Partner pursuant to or seek relief under the Bankruptcy Act or any other similar statute; or the making by the Partner of an assignment for the benefit of creditors; or the admitting in writing by the Partner of its inability to pay its debts generally as they become due; or the consenting by the Partner to the appointment of a receiver, assignee, trustee, liquidator, sequestrator or other similar official of it or of any substantial part of its property, or the taking of corporate action by the Partner in furtherance of any such action.

15.4.2 The filing of a certification of dissolution of that Partner under the laws of the state of its incorporation or the entering of a final order dissolving that Partner by any court of competent jurisdiction; or

15.4.3 Any event which shall make it unlawful for that Partner to carry on such business in partnership.

15.5 Winding up and Liquidation: After the Partnership shall be dissolved pursuant to the provisions of Section 15.3.3 or Section 15.7, the Board of Partners and each of the Committees and the Operator shall continue to exercise the powers vested in each of them by this Agreement and continue to operate in the normal course to the extent appropriate for the purpose of winding up any business of the Partnership and liquidating any assets thereof (which have not been transferred to the Corporation pursuant to the provisions of Section 14) in an orderly manner and, subject to Section 6, distributing any net assets of the Partnership not so transferred to the Partners in accordance with their respective Partner's Percentages as of the date of dissolution, except as provided in Section 15.7.1. The Partnership shall engage in no new business during the period of such winding up; provided that, no dissolution of the Partnership, pursuant to this Section 15 or otherwise, shall relieve any Partner (or any Person which has withdrawn as a Partner) from any obligation accruing or accrued to the date of such dissolution or deprive any Partner not in default hereunder of any remedy otherwise available to it.

15.6 Termination Subject to Natural Gas Act: The right and power to dissolve the Partnership shall at all times be subject to the obligations and duties of the Partnership as a "natural gas company" under the Natural Gas Act and the jurisdiction of the FERC under that Act, and no dissolution shall be effected unless all provisions of that Act shall have been complied with and any transfer of the Partnership's business and assets, including any certificate of public convenience and necessity issued under that Act, shall have been validly consummated under the provisions of that Act and other applicable law.

15.7 IRS Ruling Letter: The Partners agree to cooperate in the immediate preparation, submission and prosecution of a request for a ruling from the Internal Revenue Service to the effect that (i) the Partnership shall be treated as a partnership for federal income tax purposes, (ii) any net losses of the Partnership shall be deductible by the Partners, (iii) the basis of the Partners for their interest in the Partnership includes the indebtedness of the Partnership, and (iv) the investment tax

credits of the Partnership shall be allowed to each Partner at its election during the construction period. In the event the Partnership fails to receive a ruling from the Internal Revenue Service to the effect stated above or which is otherwise in form and substance satisfactory to the Partnership as determined by the Board of Partners, and no corrective amendments to this Agreement or other documents can be executed sufficient to obtain such satisfactory ruling, the Partnership shall be forthwith dissolved, subject to the provisions of Section 15.6.

15.7.1 In the event of dissolution, pursuant to Section 15.7, without a transfer of assets to the Corporation, the assignment by Northwest to the Partnership of Northwest's rights under the Presidential Report and related FERC proceedings and orders shall be without force and effect, and Northwest shall have and hold such rights as though this Agreement had never been executed.

15.7.2 If after dissolution pursuant to this Section 15.7 Northwest determines to proceed with the Project, then those other Partners at the time of dissolution shall be entitled to join with Northwest in such other entity or entities as may be used to construct the Project and operate the Line, to the same extent and on a similar basis as provided in this Agreement, taking full account of the respective capital contributions theretofore made by such Partners to the Partnership and their respective percentages as of the date of dissolution.

15.8 Continuance of Partnership: Except as provided in Section 15.3, it is understood and agreed by each of the Partners that the relationship of partnership among them as provided in this Agreement is intended to continue without interruption until such relationship is either specifically terminated by consent or by one of the events specified in Section 15.3 or Section 15.7. If, notwithstanding such understanding and agreement, the Partnership may be deemed terminated or dissolved by operation of law, each of the Partners hereby covenants and agrees that:

15.8.1 The business and affairs of the Partnership shall continue without interruption and be carried out by a new partnership (the "Successor Partnership");

15.8.2 The Partners of the Successor Partnership shall be the Persons who were Partners hereunder at the time of such termination or dissolution, and the Successor Partnership and the Partners thereof shall be governed by the terms of this Agreement as if the Successor Partnership were the Partnership;

15.8.3 Each of the Partners covenants and agrees to execute such further agreements including notes, novations and accommodations as may be necessary to continue the business of the Partnership and to protect and perfect any lien or security interest granted by the Partnership; and

15.8.4 Each of the Partners waives and releases all rights to a winding up or liquidation of the business or Partnership.

16. General.

16.1 Effect of Agreement: From and after the Formation Date of the Partnership as set forth in Section 3.1, this Agreement reflects the whole and entire agreement among the Partners, and this Agreement can be amended, restated, or supplemented only by the written agreement of all Partners; provided, however, that this Agreement shall become effective only if all parties named in Section 1.1 through Section 1.6 execute the same on or before March 17, 1978.

16.2 Notices: Any written notice or other communication shall be sufficiently given or shall be deemed given on the third business day following the date on which the same is mailed by registered or certified mail, postage prepaid, addressed:

16.2.1 to each of the Partners at the address set forth in Section 1 of this Agreement or at such other address as may be designated from time to time by any Partner by written notice to each other Partner and the Partnership; and

16.2.2 to the Partnership at its principal office specified by the Executive Committee in accordance with Section 3.7 or such other address as may be designated from time to time by written notice to each of the Partners. Any

Partner may request that copies of notices be given to any Affiliate at such address designated by such Partner by written notice to each other Partner and to the Partnership provided that any failure to give such notice shall not affect the validity of any notice given to any Partner or the Partnership in accordance with this Section 16.2. Each of the Partners agrees to give such notice to any such Affiliate.

16.3 Further Assurances. Each of the Partners agrees to execute and deliver all such other and additional instruments and documents and to do such other acts and things as may be reasonably necessary more fully to effectuate this Partnership and carry on the Partnership business in accordance with this Agreement.

16.4 Applicable Law: This Agreement shall be governed by and interpreted in accordance with the laws of New York.

16.5 Counterparts: This Agreement may be executed in counterparts (including counterparts providing for the execution by an Additional Partner), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16.6 Headings: The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

16.7 Waiver: No waiver by any Partner of any default by any other Partner or Partners in the performance of any provision, condition or requirement herein shall be deemed to be a waiver of, or in any manner release the other Partner or Partners from performance of any other provision, condition or requirement herein; nor deemed to be a waiver of, or in any manner a release of the other Partner or Partners from future performance of the same provision, condition or requirement. Any delay or omission of any Partner to exercise any right hereunder shall not impair the exercise of any such right, or any like right, accruing to it thereafter. No waiver of a right created by this Agreement by one or more Partners shall constitute a waiver of such right by the other Partners except as may otherwise be required by law with respect to persons not parties hereto. The failure of one

or more Partners to perform its or their obligations hereunder shall not release the other Partners from the performance of such obligations.

16.8 Partition: The Partners expressly waive and release any right to have their interest, individually or collectively, in the Project and the Line partitioned or sold for the purpose of dividing the proceeds of such sale for the period during which the Partnership or any Successor Partnership shall remain in existence.

16.9 Applicable Laws: This Agreement and the obligations of the Partners hereunder are subject to all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction and, in the event of conflict, such laws, rules, orders and regulations of governmental authorities having jurisdiction shall control

16.10 Voluntary Contributions: No Partner shall make any capital contributions to the Partnership except pursuant to Sections 4, 11 and/or 12 of this Agreement

16.11 Voting Rights: For purposes of determining voting rights in any instance where voting is based on Partners' Percentages, the latest monthly statement of Capital Accounts delivered to the Partners shall be controlling.

16.12 Section Numbers: Unless otherwise indicated, reference to section numbers are to sections of this Agreement

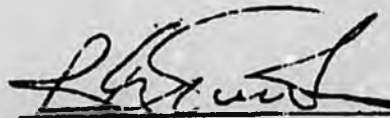
16.13 FERC Order: The Partners agree to cooperate in the immediate preparation, submission and prosecution of an appropriate filing seeking an order from the FERC to the effect that the Partnership's succession to the rights, titles and interests of Northwest, as provided in Sections 3.3 and 4.1.1, has been validly consummated under the Natural Gas Act and other applicable law pursuant to which the FERC has jurisdiction. In the event the FERC fails to issue an order or orders to the effect stated above or which is otherwise in form and substance satisfactory to the Partnership as determined by the Board of Partners, and no corrective amendments to this Agreement or other documents satisfactory to the Partnership as determined by the Board of Partners can be executed sufficient to obtain such satisfactory order, the event specified in Section 15.3.3 shall forthwith be deemed to have occurred.

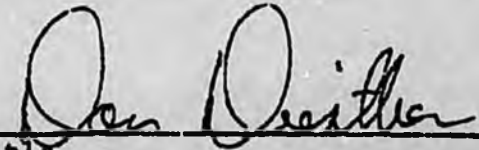
IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly authorized officers.

GENERAL PARTNERS:

ATTEST:

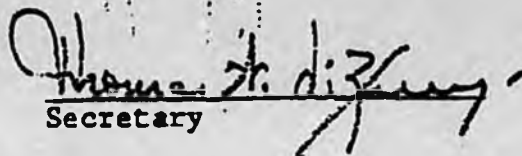
NORTHERN ARCTIC GAS COMPANY


Assistant Secretary

By 
Title

ATTEST:

NORTHWEST ALASKAN PIPELINE COMPANY

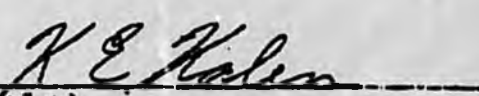

Secretary

By 
Title

ATTEST:

PAN ALASKAN GAS COMPANY

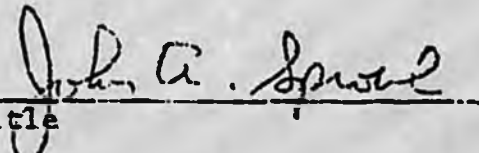

Assistant Secretary

By 
Title

ATTEST:

NATURAL GAS CORPORATION OF CALIFORNIA


Secretary

By 
Title