

PRE-FILED DIRECT TESTIMONY

OF

PETER C. CZEKANSKI

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Peter C. Czekanski, and my business address is 280 Melrose Street,
3 Providence, Rhode Island 02907.

4 **Q. WHAT ARE YOUR POSITION AND RESPONSIBILITIES?**

5 A. I am Manager of Pricing for National Grid Rhode Island – Gas ("National Grid"
6 or the "Company"). My responsibilities include overseeing the design,
7 implementation and administration of rates charged by National Grid for natural
8 gas service in Rhode Island. I also direct the development of the Company's sales
9 and revenue forecasts.

10 **Q. WHAT IS YOUR PROFESSIONAL AND EDUCATIONAL**
11 **BACKGROUND?**

12 A. I was first employed by Providence Gas Company ("ProvGas") in January 1995
13 as a Pricing Analyst with responsibilities for assisting in rate design, tariff
14 administration and other regulatory activities. I was promoted to Director of
15 Pricing in March 1998 and retained that position with the acquisition of ProvGas
16 by Southern Union Company in October 2000. Subsequent to the sale of the
17 Rhode Island natural gas operation to National Grid in August 2006 and the
18 merger with KeySpan Energy in August 2007, my current position is Manager –
19 Pricing. I have previously testified in numerous proceedings before this

1 Commission, including: (1) Docket No. 3401, the New England Gas Company's
2 most recent rate case proceeding; (2) Docket Nos. 3696, 3436, 3760 and 3868 the
3 Gas Cost Recovery filings; (3) Docket Nos. 1673 and 1736, the former ProvGas
4 and Valley Gas cost of gas adjustment filings; (4) Docket No. 2902,
5 enhancements to the Business Choice Program (5) in the Docket Nos. 3459, 3548,
6 3690, 3766 and 3859 in support of the Distribution Adjustment Charge; (6)
7 Docket No 3790 the Gas Energy Efficiency Program; and (7) Docket No. 3804
8 the Affordable Energy Plan. I have also testified before the Massachusetts
9 Department of Telecommunications and Energy on behalf of New England Gas
10 Company's North Attleboro service area in Dockets D.T.E. 01-17 and D.T.E. 01-
11 47 and New England Gas Company's Fall River Gas service area in Docket
12 D.T.E. 04-06.

13 Prior to joining Providence Gas Company, I was employed by NYNEX (now
14 Verizon) for 24 years where I held various positions in the Regulatory,
15 Government Relations and Marketing departments. While part of the Regulatory
16 department at NYNEX, I prepared and filed testimony and testified in various
17 dockets before the Rhode Island, Massachusetts and Vermont regulatory
18 commissions on matters related to rate design, pricing and cost issues.

1 My educational background includes a Bachelor of Science degree in Electrical
2 Engineering from Brown University. In addition, during my career at NYNEX, I
3 completed a variety of business and management courses.

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A. The purpose of my testimony is to explain and describe the adjustments to the test
6 year billing determinants and revenues that produce the rate year billing
7 determinants. In addition, my testimony describes the proposed tariff changes.

8 **Q. HOW IS YOUR TESTIMONY ORGANIZED?**

9 A. My testimony is organized into three general sections. The first section of my
10 testimony is a general introduction. The second section explains the test year
11 weather normalization of billing determinants and revenues as well as the
12 calculation of adjustments for the projected rate year. The third section will
13 describe the proposed changes to the National Grid gas tariff in the following
14 categories: 1) introduction of a low income residential rate; 2) changes to the Gas
15 Cost Recovery tariff; 3); introduction of a Revenue Decoupling Mechanism; 4)
16 changes to the Distribution Adjustment Charge tariff; 5) changes to the Non-Firm
17 Service offerings and, 6) other miscellaneous changes.

18 **Q. ARE THERE ANY ATTACHMENTS ACCOMPANYING YOUR**
19 **TESTIMONY?**

20 A. Yes. Included with my testimony are the following Attachments:

1	Attachment NG-PCC-1	Normal Degree Days
2	Attachment NG-PCC-2	Summary of Billing Determinants and Base
3		Revenue
4	Attachment NG-PCC-3	Summary of Firm Base Revenue by Rate
5		Element
6	Attachment NG-PCC-4	“Marked” Tariff
7	Attachment NG-PCC-5	“Clean” Tariff
8	Attachment NG-PCC-6	Illustrative Example of Revenue Per
9		Customer Reconciliation
10	Attachment NG-PCC-7	Revenue Decoupling Targets
11	Attachment NG-PCC-8	Telemetry Requirements

II. DEVELOPMENT OF THE RATE YEAR BILLING DETERMINANTS

12 **Q. PLEASE DESCRIBE IN BROAD TERMS THE NATURE OF THE**
13 **ADJUSTMENTS REFLECTED IN THE RATE YEAR BILLING**
14 **DETERMINANTS.**

15 A. The adjustments reflected in the rate year billing determinants fall into two
16 general categories: adjustments for impacts of weather and adjustments for
17 growth. Adjustments for the impacts of weather recognize the correlation
18 between temperature and gas consumption. In cold weather, customers use more
19 gas and when it is warm they use less. The weatherization adjustment
20 compensates for the difference in temperatures during the October 2006 through
21 September 2007 test year compared to a historic normal. The adjustments for
22 growth acknowledge the change in numbers of customers and associated usage

1 that are expected to occur between the test year and the end of the rate year which
2 is the first year that the new rates will be in effect (October 2008 through
3 September 2009) as well as projections for the two subsequent years.

A. WEATHER NORMALIZATION

4 **Q. WHAT ARE THE HISTORICAL NORMAL HEATING DEGREE DAYS**
5 **USED FOR PURPOSES OF WEATHER NORMALIZATION?**

6 A. The historical normal heating degree days used for purposes of weather
7 normalization are 5,442 (5,472 including leap year). This normal is based on
8 NOAA reported heating degree days at T.F. Green airport, Providence and
9 represents the 10-year average for the period ending October 31, 2007. A
10 breakdown by month with the 10-year average for each day is shown on
11 Attachment NG-PCC-1, page 1. The historic daily heating degree days are on
12 pages 2 through 13.

13 **Q. HOW DOES THIS NORMAL COMPARE WITH WHAT HAD BEEN**
14 **PREVIOUSLY USED?**

15 A. The previous normal used by National Grid for weather normalization was 5,463
16 heating degree days (5,492 including leap year). This standard was established at
17 the time of the Company's last rate case and was based on the 10-year average
18 ending September 30, 2000. The more recent 10-year average is 21 degree days
19 warmer than the previous normal.

1 **Q. HOW WERE THE ACTUAL QUANTITIES OF GAS USED BY**
2 **CUSTOMERS NORMALIZED FOR WEATHER?**

3 A. The first step in the normalization process was to establish a base-load usage or
4 non-weather sensitive level of usage by rate class. The base-load usage is
5 calculated as the lower of the average use per day per customer (1) in July and
6 August or (2) in August and September. This base-load factor is then multiplied
7 by the number of customers and billing days in each month to calculate the
8 monthly base-load usage. The July through September billing period is generally
9 the warmest period of the year and any gas consumption is considered to be for
10 non-heating purposes. Consumption over and above the base-load level is
11 considered weather sensitive and subject to variation with changes in temperature.
12 For the test-year normalization, the weather sensitive component was normalized
13 by applying the ratio of the normal billing degree days to actual billing degree
14 days. For example, if the actual weather sensitive consumption in the May billing
15 period was 2,000 therms and actual billing degree days was 100 but normal
16 weather would have been 110 billing degree days, then the normalized weather
17 sensitive consumption is calculated to be 2,200 therms. The combination of the
18 base-load and normalized weather sensitive consumption provide total weather
19 normalized consumption. The actual test year delivery quantities were
20 33,613,181 dekatherms (Dt) with billing degree days of 5,223, and the weather
21 normalized delivery quantities were 34,268,853 Dt using normal degree days of

1 5,442. The weather adjusted volumes and the revenue impact of these volumes
2 are shown on Attachment NG-PCC-2, column (d).

B. GROWTH ADJUSTMENTS

3 **Q. HOW WERE THE DELIVERY QUANTITIES ADJUSTED TO ACCOUNT**
4 **FOR GROWTH?**

5 A. The historical pattern of customer growth formed the basis of forecasted customer
6 growth through the rate year for all but the large and extra large rate classes.
7 Relying on the same analysis and review of different scenarios and sensitivities
8 that was undertaken for the long range supply plan, the forecasted customer
9 growth was based on the monthly pattern of change over the past three years. For
10 example, if the change in number of residential non-heat customers between
11 January and February over the same months in each of the past three years was an
12 average reduction of 100 customers, then that reduction of 100 customers was
13 used to arrive at the February customer count in the forecasted year. The
14 forecasted consumption was projected on the basis of the average use per
15 customer in the same month over the two most recent years. In the case of
16 residential and small C&I rate classes, the average use per customer was adjusted
17 to incorporate a one-percent decline per year. This was in recognition of
18 additional conservation and increased use of more energy efficient equipment and
19 appliances as promoted by the recently implemented National Grid energy

1 efficiency program. An expected decline in average use per customer is also
2 consistent with what the Company used in its most recent Distribution
3 Adjustment Charge filing and for the Long Range Supply Plan filing.

4 **Q. HOW WAS THE FORECAST DEVELOPED FOR THE LARGE AND**
5 **EXTRA LARGE RATE CLASS?**

6 A. The Revenue Decoupling Mechanism discussed in the testimony of Company
7 witness Simpson excludes new customers in the large and extra large rate classes.
8 Accordingly, the forecast of rate year billing determinants for these rate classes is
9 based on the number of customers as of the end of the test year plus any
10 customers that switched from non-firm to firm service between October 2007 and
11 January 2008. The impact of these changes is reflected in column (e) on
12 Attachment NG-PCC-2.

13 **Q. IS THIS FORECAST DIFFERENT THAN THAT DEVELOPED FOR USE**
14 **IN THE LONG RANGE SUPPLY PLAN?**

15 A. This forecast is updated from that developed for use in the long range supply plan.
16 First, this forecast used historical data weather normalized on the basis of the new
17 normalization standard described above. Second, an additional six months of
18 actual usage data (June 2007 through November 2007) was available and used in
19 the calculation of the month-to-month change in number of customers and for the
20 monthly average use per customer. This updated monthly average use per

1 customer was applied to the forecasted monthly count of customers to arrive at
2 the forecasted delivery quantities. Third, the forecast for the large and extra large
3 rate classes excludes any projections of new customers and was adjusted just to
4 reflect the effect of customers that switched from non-firm to firm service from
5 the end of the test year to January 2008.

6 **Q. HOW WAS THE MARKETING PROGRAM DESCRIBED BY COMPANY**
7 **WITNESS MONGAN INCORPORATED IN THE FORECAST?**

8 A. The incremental customers and associated delivery quantities for the residential,
9 small C&I and medium C&I rate classes were added to the forecast described
10 above and are reflected in the rate year billing determinates and revenues shown
11 on Attachment NG-PCC-2, column (f).

12 **Q. PLEASE EXPLAIN THE DERIVATION OF THE NORMALIZATION**
13 **REVENUE ADJUSTMENTS SHOWN ON ATTACHMENT NG-PCC-2.**

14 A. The normalization revenue adjustments shown on page 2 of Attachment NG-
15 PCC-2 were derived by using the numbers of customers and associated usage for
16 each rate class to calculate the base revenues with both the normalized and test-
17 year usage. Base revenues are those revenues associated with the customer
18 charge, the variable distribution charge and any demand charges. Excluded from
19 the base revenue calculation are the Gas Cost Recovery (GCR) charge,
20 Distribution Adjustment Charge (DAC), the Energy Efficiency Surcharge and

1 Gross Earnings Tax (GET). A summary of the revenues broken down by the
2 various components is provided on Attachment NG-PCC-3.

3 **Q. WHY ARE ONLY THE BASE REVENUES SHOWN?**

4 A. The base revenues and other miscellaneous revenues shown on Attachment NG-
5 PCC-2 are those used in Company Witness Laflamme's revenue requirement
6 calculations.

7 **Q. ARE THE RATE YEAR REVENUES CALCULATED IN A SIMILAR**
8 **MANNER?**

9 A. Yes. The rate year revenues reflected on Attachment NG-PCC-2 and PCC-3 are
10 calculated in a similar manner to the normalized and test-year revenues described
11 above.

III. PROPOSED TARIFF CHANGES

A. LOW INCOME DISCOUNT RATE

12 **Q. IS NATIONAL GRID PROPOSING THE INTRODUCTION OF LOW-**
13 **INCOME RESIDENTIAL RATES?**

14 A. Yes. National Grid is proposing the introduction of a residential low-income non-
15 heating rate and a residential low-income heating rate. These rate offerings are
16 similar to current residential service offerings found in RIPUC NG No. 101,
17 Section 4, Schedules A and B with the benefit of a ten percent (10%) discount

1 being reflected in both the customer charge and the per therm distribution charge.
2 A customer will be eligible for this rate upon verification of the customer's
3 participation in the low income home energy assistance program ("LIHEAP") or
4 its successor program. It is the responsibility of the customer to annually certify
5 through forms provided by the utility, the continued compliance with the
6 foregoing qualifications. Copies of the proposed tariff pages can be found in
7 Section 4, Schedules B and D of the "Marked" or "Clean" tariffs in Attachment
8 NG-PCC-4 and Attachment NG-PCC-5 respectively.

9 **Q. IS THIS THE SAME SERVICE PROVIDED FOR IN THE**
10 **AFFORDABILITY ACT OF 2006?**

11 A. Conceptually this service is the same as provided for in the Affordability Act of
12 2006 in that it provides low income households with discounted customer charges
13 and distribution rates. However, unlike the program established in the
14 Affordability Act of 2006, the proposed discount rate included in this filing is not
15 dependent upon State funding through the State Office of Energy Resources
16 ("OER").

17 **Q. WHY IS THE SERVICE RESTRICTED TO PARTICIPANTS IN LIHEAP?**

18 A. The discounted service is restricted to participants in LIHEAP because this group
19 of low income customers is easy to identify and there are established processes

1 for coordinating with OER. National Grid does not have information regarding
2 customers' incomes and therefore is dependent upon established programs that
3 have income eligibility requirements.

4 **Q. HOW MANY CUSTOMERS DOES NATIONAL GRID ANTICIPATE**
5 **WILL SUBSCRIBE TO THE DISCOUNT RATE?**

6 A. National Grid anticipates that approximately 16,000 customers will subscribe to
7 the Low Income Residential Heating discount rate. This estimate is based on the
8 average number of residential gas customers that received LIHEAP grants over
9 the past two years. In the case of the Low Income Residential Non-heating rate
10 class, the Company has assumed that the percentage of the rate class customers
11 will be the same as for the general residential heating rate class.

B. GAS COST RECOVERY

12 **Q. HOW IS THIS GAS RECOVERY CLAUSE (“GCR”) DIFFERENT FROM**
13 **PROVISIONS IN THE CURRENT TARIFFS?**

14 A. The primary change reflected in the proposed GCR Clause from the currently
15 effective tariff is the consolidation of the six gas cost factors into just two. As
16 described in the testimony of Company witness Heintz, this change is intended to
17 simplify the GCR calculations and associated monthly reporting of deferred gas
18 cost account balances. A second change is including a description of the Natural
19 Gas Vehicle gas charge which has historically been calculated as part of the

1 Company's GCR calculation. A third change reflected in the GCR Clause is
2 reconciling the estimated uncollectibles billed through the GCR to actual gas-
3 related net write-offs on an annual basis to reflect the most recent actual
4 experience of net write-offs. Section 2, Schedule A in the "Marked" tariff
5 Attachment NG-PCC-4 shows all the changes to the GCR.

6 **Q. PLEASE EXPLAIN THE GCR UNCOLLECTIBLE ANNUAL**
7 **ADJUSTMENT.**

8 A. The annual GCR uncollectible adjustment provides the mechanism for
9 recognizing the impacts of annual variations in National Grid's uncollectible
10 expense as it impacts a significant component of customer's bills. Whereas the
11 level of uncollectible expense incorporated in rates at the time of a rate case is
12 based on a five-year average, the level of uncollectible expense or net bad debt
13 write-offs fluctuates year-to-year. This fluctuation is based on various factors
14 outside National Grid's control such as general economic conditions, the costs of
15 energy, etc., as well as being impacted by National Grid's collections efforts.
16 With the proposed GCR tariff change, the Company's annual GCR filing will
17 include an updated calculation of the average net write-offs as a percent of
18 revenue for the most recent five-year period ended June 30th. There will also be
19 an additional adjustment to provide either a credit or a surcharge for the variance
20 between the actual gas related net write-offs and the estimated net write-offs
21 billed through the Company's GCR

1 **Q. IS NATIONAL GRID PROPOSING NEW GCR RATES AS PART OF**
2 **THIS FILING?**

3 A. No. As part of this filing, National Grid is proposing a change to the GCR tariff.
4 New GCR rates will be filed in September under the terms of the revised GCR
5 Tariff. This will allow the GCR rates to better reflect the projected gas costs for
6 the November 2008 through October 2009 period. The rates shown in the
7 testimony of Company Witness Heintz are for purposes of identifying the impact
8 of the proposed tariff change and not to project recovery of gas costs during the
9 rate year.

C. DISTRIBUTION ADJUSTMENT CLAUSE

10 **Q. WHAT CHANGES ARE INCLUDED IN THE DISTRIBUTION**
11 **ADJUSTMENT CLAUSE?**

12 A. Changes in the Distribution Adjustment Charge (“DAC”) clause include the
13 introduction of a Revenue Decoupling Mechanism (“RDM”) factor, the
14 introduction of a Pension and Post-retirement Benefits Other than Pensions
15 (“P&PBOP”) Adjustment factor, introduction of Capital Expenditure (“CapX”)
16 tracker, an annual uncollectible adjustment, elimination of the Weather
17 Normalization Adjustment, changes to the Deferred Distribution Adjustment Cost
18 Account, elimination of the Consolidation Mitigation Adjustment provision, and
19 elimination of the ERI Adjustment.

1 **Q. PLEASE EXPLAIN THE PROPOSED REVENUE DECOUPLING**
2 **MECHANISM FACTOR.**

3 A. The testimony of Company witness Simpson describes the concept of Revenue
4 Decoupling and the Company’s proposed Revenue Decoupling Mechanism
5 (“RDM”). The RDM factor is the means of crediting or surcharging customers
6 for variances between established Revenue Per Customer (“RPC”) Targets and
7 actual billed revenue. On a monthly basis, the RPC Target for each rate class will
8 be compared to the actual billed RPC for the rate class which will be calculated as
9 base revenues billed for that rate class divided by the number of customers. The
10 difference multiplied by the actual number of customers in the rate class will be
11 the RDM variance for the month. That variance will be added to an interest
12 bearing deferred account whose June 30th ending balance will be incorporated
13 into the DAC as part of National Grid’s August 1st annual DAC filing. An
14 illustrative example of the RDM variance calculations is provided on Attachment
15 NG-PCC-6. The tariff reference to Revenue Decoupling is found in Section 3,
16 Schedule A Item 3.6 of either the “Marked” or “Clean” versions of the tariff
17 provided as Attachment NG-PCC-4 and Attachment NG-PCC-5 respectively.

18 **Q. WHAT ARE THE RPC TARGET LEVELS?**

19 A. The RPC target levels are the average monthly base revenues projected in this
20 filing for the rate year divided by the projected number of monthly customers.
21 The base revenues are the sum of the customer charges, variable distribution

1 charges and any demand charges for each firm service rate class. For the rate
2 classes that have the option of transportation service or sales service, the RPC
3 target is for the rate class and is based on a combination of both sales and
4 transportation so that the Company is indifferent to migration between sales and
5 transportation. The RPC target levels under a single year revenue requirement
6 rate case decision are shown on page 1 of Attachment NG-PCC-7.

7 **Q. PLEASE EXPLAIN THE PENSION AND POST-RETIREMENT**
8 **BENEFITS OTHER THAN PENSIONS (“P&PBOP”) FACTOR THAT IS**
9 **BEING ADDED TO THE DAC.**

10 A. As described in the testimony of Company witness Laflamme, the Company will
11 track any differences between the actual amounts of P&PBOP expenses and the
12 amount included in the pro forma test year. The P&PBOP factor will be the
13 mechanism for crediting or collecting from customers the June 30th balance of the
14 account. The tariff reference to the proposed P&PBOP mechanism is found in
15 Section 3, Schedule A Item 3.5 of either the “Marked” or “Clean” versions of the
16 tariff included here as Attachment NG-PCC-4 and Attachment NG-PCC-5
17 respectively

18 **Q. PLEASE EXPLAIN THE INTRODUCTION OF A CAPITAL**
19 **EXPENDITURE TRACKER FACTOR TO THE DAC.**

1 A. The Capital Expenditure (CapX) tracker factor is added to the DAC to serve as
2 the mechanism for refunding or collecting from customers the revenue
3 requirement impact associated with variations in the level of the National Grid's
4 capital spending programs including the Accelerated Pipeline Replacement
5 Program ("APRP"), or the complete capital tracker being proposed in conjunction
6 with the alternative three year rate plan. The target levels and the details of the
7 capital tracker are described in the testimony of Company witness Laflamme.

8 **Q. WHAT IS THE PROPOSED ANNUAL UNCOLLECTIBLE**
9 **ADJUSTMENT?**

10 A. The proposed annual uncollectible adjustment for the DAC is identical to the
11 uncollectible adjustment described earlier for the GCR. The Company's annual
12 DAC filing will include an updated calculation of the average net write-offs as a
13 percent of revenue for the most recent five-year period ended June 30th and that
14 percentage will be applied to the rates established in the current filing. There will
15 also be an adjustment to provide either a credit or a surcharge for the variance
16 between the actual DAC related net write-offs and the estimated net write-offs
17 billed through the Company's DAC.

18 **Q. WHY IS NATIONAL GRID ELIMINATING THE WEATHER**
19 **NORMALIZATION ADJUSTMENT?**

1 A. As described in the testimony of Company witness Simpson, the introduction of
2 Revenue Decoupling and the associated RDM include recognition of the impact
3 that variations in weather have on the Company's ability to earn its authorized
4 rate of return. Accordingly, with the adoption of a RDM, the Weather
5 Normalization Adjustment component of the DAC is being eliminated. Should
6 the RDM not be approved, the Company would retain the current Weather
7 Normalization Adjustment.

8 **Q. WHY IS NATIONAL GRID ELIMINATING THE CONSOLIDATION**
9 **MITIGATION AND ERI ADJUSTMENT COMPONENTS OF THE DAC?**

10 A. The consolidation mitigation adjustment and ERI adjustment are no longer
11 relevant. These components related to adjustments associated with previous
12 Commission orders that have long since been concluded.

D. NON-FIRM SERVICES

13 **Q. WHAT HAS THE COMPANY DONE TO ADDRESS THE ISSUES AND**
14 **CONCERNS RELATED TO NON-FIRM SERVICES THAT WERE**
15 **RAISED IN DOCKET NO. 3887?**

16 A. The Company is proposing a number of changes to the Non-Firm Service
17 offerings. These changes include, establishment of a cap or maximum
18 distribution rate, the reintroduction of the Flexible Firm Service offering,

elimination of the non-firm sales offering, and increasing the timeframe for a customer to evaluate their options.

Q. PLEASE EXPLAIN THE ESTABLISHMENT OF A CAP OR MAXIMUM DISTRIBUTION RATE.

A. The existing non-firm tariff establishes the distribution rate on a monthly basis priced so that the sum of the cost of natural gas and National Grid's distribution rate provides the customer with a discount off the cost of the customer's alternative fuel. The distribution rate in this calculation is subject to a floor price but there is no cap or maximum charge. In the recent past, because of the relatively low price of natural gas compared to most notably number 2 oil, the distribution rate for a number of months has been in the \$0.60 to \$0.80 per therm range which was a key issue raised in Docket No. 3887. To address this concern, the proposed non-firm transportation tariff includes a cap or maximum for the per therm distribution rate that may apply in any month. This cap is being calculated as fifty percent above the target RPC discussed earlier except it will be stated on a per therm basis. For those customers with the potential to consume less than 25,000 therms per month, the cap will be \$0.4279 per therm. For those customers with the potential to consume 25,000 therms or more per month, the corresponding cap will be \$0.1701 per therm. Additionally, in conjunction with the introduction of a cap, the existing provision for sharing of margins greater than \$0.85 per therm is being eliminated.

1 **Q. WHAT ABOUT THE COMMISSION’S DIRECTIVE IN DOCKET NO.**
2 **3887 TO INCLUDE A COST OF SERVICE BASED RATE FOR NON-**
3 **FIRM SERVICE CUSTOMERS?**

4 A. As described above, the Company is relying on the cost of service based rate
5 established for firm-service customers to establish the proposed cap for non-firm
6 service. This has the benefit of establishing a firm maximum rate while providing
7 the opportunity for the rate to be much lower which benefits both the non-firm
8 service and firm service customer. The firm service customers benefit by
9 establishing a rate structure that enhances the chances that the non-firm service
10 customer will utilize natural gas, an environmentally cleaner fuel, and generate
11 margin that will flow back to the firm service customers through the DAC.

12 **Q. PLEASE EXPLAIN THE RE-INTRODUCTION OF THE FLEXIBLE**
13 **FIRM SERVICE OFFERING.**

14 A. The re-introduction of the Flexible Firm Service offering provides customers that
15 have alternative fuel capability and are currently subscribing to non-firm service
16 an additional option that allows them a more secure level of service under a
17 negotiated special contract rate. The Company previously offered this service in
18 the 1990’s but eliminated it as part of the last rate case in 2001/2002 due to a
19 perceived lack of interest. The marketplace has changed since then and as
20 reflected in Docket No. 3887, customers are looking for more options and the
21 ability to lock in distribution rates. The Flexible Firm Service will enable the

1 Company to better tailor the service to the operational needs of the individual
2 customer and to promote the use of clean burning natural gas versus a less
3 environmentally friendly alternative fuel.

4 **Q. DESCRIBE THE FLEXIBLE FIRM SERVICE OFFERING.**

5 A. Flexible Firm Service is a firm transportation service based on negotiated,
6 individual service agreements with Commercial and Industrial customers that
7 have dual fuel capability, are currently non-firm service customers and that have
8 annual usage equal to or greater than 150,000 therms. The service agreement will
9 spell out load restrictions, minimum usage levels and any other negotiated
10 conditions. The Company is required to conduct a financial and engineering
11 analysis to demonstrate a net margin above incremental costs. As had previously
12 been the established streamlined review procedure, the Company will notify the
13 Division by letter of having entered into a Flexible Firm Service agreement and
14 provide a copy of the service agreement along with the financial and engineering
15 analysis subject to suitable protective measures to safeguard Company and
16 customer proprietary information. The Division will review within 30 days the
17 items submitted while reserving the right to a more detailed review of the
18 supporting analysis between the contract execution and the Company's
19 subsequent base rate proceeding.

1 **Q. WHY HAS NATIONAL GRID ELIMINATED THE NON-FIRM SALES**
2 **TARIFF?**

3 A. The pricing of natural gas under the Company's non-firm sales tariff requires the
4 quoting of a price in advance of when an actual cost of gas is known, it provides a
5 very limited timeframe for customers to evaluate their options and make a
6 decision, and it creates a complicated administrative process for the Company.
7 Given that the marketplace has changed over the years and given that all
8 customers eligible for this service are able to purchase their commodity service
9 from competitive gas marketers while obtaining delivery service from National
10 Grid, the Company has decided to eliminate this option.

11 **Q. WHAT IS THE TIMELINE CHANGE BEING PROPOSED FOR THE**
12 **NON-FIRM TRANSPORTATION TARIFF?**

13 A. With the elimination of the non-firm sales service offering the Company will
14 provide customers with a distribution rate quote for the upcoming month ten (10)
15 business days prior to the commencement of that month. This doubles the current
16 timeline that provides customers with the distribution rate five (5) business days
17 prior the start of the month and will provide customers with more time to evaluate
18 their options and negotiate with competitive gas marketers to obtain fuel for the
19 upcoming month.

1 **Q. ARE THERE ANY OTHER CHANGES TO THE NON-FIRM**
2 **TRANSPORTATION TARIFF?**

3 A. Yes. Whereas the existing non-firm transportation tariff references the non-firm
4 sales service rate for calculation of the monthly distribution charge, the language
5 in the non-firm transportation tariff has been expanded to incorporate the
6 calculation. Additional changes include updating the conversion factors
7 associated with the various alternative fuels, and updating the reference for
8 alternative fuel prices.

 E. OTHER CHANGES

9 **Q. WHAT CHANGES ARE REFLECTED IN THE UPDATED**
10 **TELEMETERING REQUIREMENTS SHEET?**

11 A. The charges for the telemetering equipment have been updated to reflect current
12 costs for such equipment. The previous charges were established more than ten
13 years ago with the introduction of the firm transportation service tariff. A copy of
14 the updated telemetering requirements sheet is provided as Attachment NG-PCC-
15 8.

16 **Q. ARE THERE ANY OTHER CHANGES IN THE PROPOSED TARIFF?**

17 A. Yes. Consistent with the testimony of Company witness Heintz, the rates and
18 charges for the various services have been changed. In addition, there are

1 changes to the Natural Gas Vehicle (“NGV”) section of the tariff, miscellaneous
2 changes in the Definitions section of the tariff, and the deposits provision in
3 Section 1 of the tariff has been expanded to provide further details on the
4 application of interest to customer deposits. This last change just puts in the tariff
5 what has been the Company practice.

6 **Q. WHAT IS CHANGING IN THE NGV SECTION OF THE TARIFF?**

7 A. The option for interruptible NGV service is being eliminated. This option is not
8 and has not been used by any customers.

9 **Q. WHAT ARE THE CHANGES MADE TO THE DEFINITIONS SECTION?**

10 A. There are a number of changes being made to clarify or update definitions and to
11 reflect changes being made in other sections of the tariff. An example of the
12 latter is eliminating the definition of non-firm sales margin. Changes to all
13 sections of the tariff are clearly marked in the “Marked” version of the tariff
14 found as Attachment NG-PCC-4.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 A. Yes.

Index of Attachments

Attachment NG-PCC-1	Normal Degree Days
Attachment NG-PCC-2	Summary of Billing Determinants and Base Revenue
Attachment NG-PCC-3	Summary of Firm Base Revenue by Rate Element
Attachment NG-PCC-4	“Marked” Tariff
Attachment NG-PCC-5	“Clean” Tariff
Attachment NG-PCC-6	Illustrative Example of Revenue Per Customer Reconciliation
Attachment NG-PCC-7	Revenue Decoupling Targets
Attachment NG-PCC-8	Telemetry Requirements

National Grid - RI Gas
Normal Degree Days (DD)

Daily Average Based on 10 Years Ending October 2007

Day	January	February	March	April	May	June	July	August	September	October	November	December	Total
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	32	33	30	18	9	3	0	0	1	7	11	21	
2	32	32	28	18	9	2	0	0	1	6	13	27	
3	26	30	29	19	10	3	0	0	0	5	15	29	
4	27	31	30	21	9	5	0	0	0	5	19	31	
5	30	33	30	24	9	2	0	0	1	7	18	28	
6	30	34	30	22	9	4	0	0	1	10	16	26	
7	33	33	32	19	8	5	0	0	1	10	18	30	
8	34	36	31	19	9	2	1	0	0	9	19	30	
9	30	32	29	17	8	2	0	0	0	8	19	34	
10	33	30	28	18	8	1	0	0	1	8	18	30	
11	33	33	30	21	7	2	0	0	1	7	18	26	
12	31	34	28	18	8	3	0	0	1	8	20	28	
13	30	35	28	15	10	3	0	0	1	9	21	30	
14	36	35	26	15	9	2	0	0	1	10	20	30	
15	39	36	24	12	8	3	0	0	2	11	19	30	
16	38	34	24	12	8	2	0	0	2	11	20	27	
17	38	33	27	16	8	1	0	0	2	12	23	27	
18	38	35	29	13	8	1	0	0	1	10	23	30	
19	37	36	29	12	7	1	0	0	2	13	22	30	
20	36	30	28	11	7	1	0	0	1	12	20	29	
21	40	28	26	14	8	0	0	1	1	12	22	31	
22	40	32	25	13	9	1	0	0	2	15	22	31	
23	39	32	24	14	8	0	0	0	2	16	24	28	
24	34	32	23	13	6	0	0	0	2	13	22	29	
25	37	32	24	16	7	0	0	0	3	14	25	33	
26	38	31	21	17	6	0	0	0	3	14	22	32	
27	40	30	18	13	3	0	0	0	3	13	21	34	
28	38	30	19	14	3	0	0	0	3	17	21	35	
29	35	30	17	12	2	0	0	0	7	19	21	31	
30	34		16	9	3	0	0	0	8	16	19	30	
31	34		17		3		0	0		13		33	
Total	1072	942	800	475	226	49	1	1	55	340	591	920	5,472

National Grid - RI Gas
Normal Degree Days (DD)

**Historic Daily Degree Days
January**

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
1		44	46	30	39	38	24	26	21	35	21	32
2		28	53	21	40	36	32	33	29	28	23	32
3		18	29	9	43	36	33	22	16	31	26	26
4		15	34	13	40	38	31	20	23	34	17	27
5		22	42	27	40	30	36	29	29	29	11	30
6		16	42	35	31	30	37	36	35	31	6	30
7		22	42	28	33	28	42	44	32	37	17	33
8		22	46	33	35	38	35	45	33	33	16	34
9		25	21	21	37	31	26	56	34	23	27	30
10		25	41	17	44	22	31	57	28	27	33	33
11		28	43	17	37	27	38	50	31	21	35	33
12		32	32	28	39	28	35	36	32	19	21	31
13		31	31	40	39	29	35	37	19	25	18	30
14		39	51	53	31	30	43	58	17	13	27	36
15		39	33	53	33	30	42	61	36	36	25	39
16		34	32	39	30	31	42	61	38	45	31	38
17		38	26	53	29	30	42	40	43	33	46	38
18		36	23	52	38	32	54	34	54	18	35	38
19		34	26	49	30	39	48	43	49	27	26	37
20		30	30	49	32	36	40	48	41	18	39	36
21		30	28	53	43	36	48	44	54	17	44	40
22		37	23	56	42	31	51	40	52	29	40	40
23		28	25	51	41	28	54	48	48	30	36	39
24		21	14	38	36	22	46	52	51	31	33	34
25		30	29	36	33	29	42	55	44	26	42	37
26		33	31	38	37	23	35	50	42	32	56	38
27		37	31	50	35	23	46	45	53	33	47	40
28		32	37	52	34	21	54	41	53	21	40	38
29		26	43	41	38	13	40	43	46	23	41	35
30		33	42	37	28	22	38	46	33	22	42	34
31		31	46	29	24	31	31	45	41	29	37	34
Total	915	1072	1148	1111	918	1231	1345	1157	856	948	1072	

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days
February

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
1	31	34	33	26	26	26	31	42	42	27	35	33
2	31	24	41	31	31	34	28	37	40	27	31	32
3	20	22	41	38	38	38	23	33	35	18	36	30
4	27	27	37	41	41	32	23	28	31	22	44	31
5	32	26	37	34	34	40	35	34	24	18	50	33
6	33	33	36	28	28	35	40	33	28	27	45	34
7	34	30	31	29	29	32	39	28	25	31	46	33
8	32	31	43	32	32	25	45	42	31	36	43	36
9	31	33	32	24	24	32	38	31	21	36	42	32
10	30	24	26	26	26	29	36	23	29	39	41	30
11	23	24	27	43	42	30	42	32	33	37	40	33
12	17	15	38	46	46	35	42	37	32	42	35	34
13	27	29	39	28	28	32	53	29	31	41	44	35
14	38	37	21	30	30	40	52	28	34	32	36	35
15	44	37	31	28	28	29	53	42	22	24	46	36
16	39	29	29	34	34	20	55	43	22	23	42	34
17	32	27	34	36	36	28	44	40	31	22	36	33
18	23	24	39	42	42	30	41	35	40	41	36	35
19	25	25	35	38	38	30	37	30	44	45	47	36
20	24	28	32	19	19	25	28	32	39	40	29	30
21	23	31	31	33	33	14	27	26	36	33	25	28
22	23	44	32	47	47	23	28	26	35	32	31	32
23	28	46	29	36	36	28	30	27	34	29	37	32
24	25	36	14	38	38	29	35	33	41	33	38	32
25	24	37	24	26	26	28	43	31	40	39	31	32
26	18	29	26	24	24	17	51	28	41	44	32	31
27	23	27	15	28	28	23	44	27	37	47	31	30
28	19	28	18	37	37	35	37	22	38	43	26	30
29			21					22				
30												
31												
Total	776	837	892	922	922	819	1080	921	936	928	1055	912

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days
March

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
1		24	21	23	39	33	36	17	35	37	31	30
2		21	29	23	39	30	26	15	35	39	25	28
3		24	26	25	35	17	41	19	41	41	23	29
4		23	21	22	35	30	44	21	40	37	28	30
5		25	30	20	35	39	27	24	35	29	34	30
6		25	31	23	32	27	36	16	31	33	50	30
7		26	40	20	37	22	46	22	25	31	49	32
8		25	42	18	37	21	31	32	35	29	44	31
9		17	35	14	31	11	29	33	47	25	46	29
10		22	34	20	28	21	44	31	43	11	29	28
11		39	32	26	29	33	39	24	40	14	21	30
12		42	33	24	30	28	23	25	31	19	23	28
13		40	23	30	29	27	33	29	31	17	18	28
14		31	26	27	28	12	40	34	31	15	11	26
15		29	32	17	25	22	30	18	28	26	17	24
16		31	26	7	20	21	18	30	27	27	33	24
17		30	17	30	20	30	14	36	28	31	32	27
18		33	11	40	24	32	18	35	28	33	34	29
19		27	22	31	22	29	30	35	26	34	31	29
20		28	25	25	22	30	28	35	27	34	26	28
21		31	28	26	24	23	14	23	29	30	34	26
22		34	18	22	22	38	8	36	24	27	20	25
23		28	22	19	24	32	17	36	27	21	17	24
24		28	23	16	21	22	19	25	29	24	22	23
25		28	21	18	27	27	25	18	24	26	23	24
26		20	25	9	30	21	13	15	27	21	25	21
27		3	24	19	34	17	14	12	28	17	7	18
28		0	25	14	27	21	17	25	22	24	14	19
29		0	10	14	29	21	9	24	18	20	21	17
30		4	13	19	23	12	20	27	15	13	16	16
31		0	8	18	25	13	29	24	21	12	21	17
Total		738	773	659	883	762	818	796	928	797	825	800

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days

April	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
Day												
1		13	5	17	26	14	30	21	20	8	22	18
2		19	16	12	26	18	21	24	17	8	23	18
3		17	18	14	23	14	25	24	17	19	23	19
4		24	18	8	21	24	31	21	17	23	26	21
5		24	19	20	20	27	31	27	15	29	25	24
6		18	20	19	20	25	27	24	16	23	30	22
7		13	6	13	20	29	32	19	9	19	30	19
8		15	6	4	26	18	33	20	15	19	29	19
9		19	16	19	7	7	30	16	15	21	23	17
10		21	17	20	15	9	24	17	15	18	24	18
11		18	24	27	21	16	26	22	19	16	25	21
12		19	18	22	17	17	13	17	22	12	25	18
13		17	17	24	10	1	16	16	22	7	21	15
14		17	15	23	12	2	20	9	19	11	18	15
15		12	14	13	15	3	4	17	20	6	20	12
16		15	20	5	17	3	0	19	19	9	17	12
17		10	17	21	20	0	29	12	16	13	24	16
18		10	12	22	21	0	24	8	6	7	22	13
19		11	11	22	22	2	18	2	12	4	17	12
20		14	16	13	19	2	15	7	0	5	16	11
21		13	13	20	10	12	15	16	15	15	6	14
22		11	14	17	0	22	19	4	18	20	7	13
23		16	18	20	6	23	17	14	10	16	4	14
24		11	17	15	2	18	20	11	14	17	2	13
25		13	13	19	15	20	19	20	18	9	11	16
26		21	10	26	15	20	15	17	12	17	15	17
27		15	13	21	11	18	9	6	12	13	14	13
28		15	12	20	13	18	6	16	12	15	10	14
29		9	13	16	15	22	1	11	13	16	8	12
30		1	13	12	8	20	10	0	13	12	4	9
31												
Total		451	441	524	473	424	580	457	448	427	541	475

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days

May	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
Day												
1		4	14	16	0	14	13	3	11	11	6	9
2		6	10	8	0	18	4	5	14	18	7	9
3		6	11	15	0	14	10	10	15	15	8	10
4		5	14	10	0	10	13	15	17	1	8	9
5		6	7	0	5	11	15	14	16	0	12	9
6		6	1	0	15	7	14	10	18	3	17	9
7		3	5	0	18	4	3	0	20	9	17	8
8		4	6	0	12	6	14	14	17	10	8	9
9		11	0	0	11	12	8	14	13	14	0	8
10		14	3	16	2	2	8	10	7	14	0	8
11		15	10	8	0	7	9	0	12	7	2	7
12		14	6	8	0	13	11	0	9	9	6	8
13		17	9	10	5	19	9	4	13	11	5	10
14		9	11	1	7	12	7	9	10	13	8	9
15		8	10	10	10	11	8	0	8	11	1	8
16		0	10	10	15	4	16	1	10	10	0	8
17		9	7	3	10	0	15	9	8	5	13	8
18		0	3	3	10	18	12	0	10	4	21	8
19		0	1	12	1	17	3	2	9	6	16	7
20		1	2	14	6	16	6	5	11	6	3	7
21		0	2	12	7	16	8	2	14	8	7	8
22		4	4	12	7	11	13	7	12	10	7	9
23		2	8	10	7	7	15	3	14	12	6	8
24		0	4	2	9	0	15	8	17	5	0	6
25		3	6	0	5	9	12	9	19	5	0	7
26		0	4	2	5	10	15	13	14	0	0	6
27		2	3	1	1	0	10	4	7	0	0	3
28		0	1	8	4	0	6	6	0	0	0	3
29		0	0	10	3	0	1	8	0	0	0	2
30		0	0	10	8	0	2	6	1	0	0	3
31		0	0	8	10	0	2	6	6	0	0	3
Total	149	172	219	193	268	297	197	352	217	178	226	

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days

June	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
Day												
1		0	0	0	10	0	7	12	5	0	0	3
2		4	0	0	3	0	4	0	8	0	0	2
3		8	0	2	0	4	4	1	1	7	1	3
4		8	0	5	2	6	9	5	0	6	4	5
5		4	1	3	0	0	7	5	0	1	0	2
6		4	0	11	0	12	0	11	0	0	3	4
7		8	0	5	0	8	6	6	0	8	5	5
8		8	0	3	0	0	1	0	0	8	0	2
9		5	0	0	0	0	5	0	0	3	3	2
10		0	4	0	0	0	0	0	0	5	0	1
11		3	2	0	0	8	0	2	0	0	0	2
12		5	0	11	0	8	0	4	0	0	0	3
13		2	0	6	0	8	5	3	0	0	7	3
14		1	0	7	0	6	0	1	0	0	6	2
15		0	0	5	0	10	0	0	10	0	2	3
16		0	1	0	0	5	7	0	6	0	1	2
17		0	5	0	0	0	7	0	0	0	0	1
18		0	0	0	0	0	6	0	3	0	0	1
19		0	1	1	0	0	0	0	5	0	0	1
20		0	0	0	0	0	0	0	4	0	0	1
21		0	0	0	0	0	2	0	0	0	0	0
22		0	0	0	0	0	7	0	0	0	0	1
23		0	0	0	0	0	0	0	0	0	1	0
24		0	0	0	0	0	0	0	0	0	0	0
25		0	0	0	0	0	0	0	0	0	0	0
26		0	0	0	0	0	0	0	0	0	0	0
27		0	0	0	0	0	0	0	0	0	0	0
28		1	0	0	0	0	0	0	0	0	0	0
29		0	0	0	0	0	0	0	0	0	0	0
30		0	0	0	0	0	0	0	0	0	0	0
31		0	0	0	0	0	0	0	0	0	0	0
Total	61	14	59	15	75	77	51	42	38	33	49	

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days

July	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
Day												
1	0	0	0	0	0	0	0	0	0	0	0	0
2	0	0	0	0	1	0	0	0	0	0	0	0
3	0	0	0	0	1	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	0	1	0	0	0
8	0	0	0	0	0	0	0	0	5	0	0	1
9	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0	0	0	0
12	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	1	0	0	0	0	1	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	0	0	0	0	0	0	0	0	0
19	0	0	0	2	0	0	0	0	0	0	0	0
20	0	0	0	0	0	0	0	0	0	0	0	0
21	0	0	0	0	0	0	0	0	0	0	0	0
22	0	0	0	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	0	0	0	0	0
26	0	0	0	0	0	0	0	0	0	0	0	0
27	0	0	0	0	1	0	0	0	0	0	0	0
28	0	0	0	0	0	0	0	1	0	0	0	0
29	0	0	0	0	0	0	0	0	0	0	0	0
30	0	0	0	0	0	0	0	0	0	0	0	0
31	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	1	2	3	0	0	0	2	6	0	0	1

National Grid - RI Gas
Normal Degree Days (DD)

**Historic Daily Degree Days
August**

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
1	0	0	0	0	0	0	0	0	0	0	0	0
2	0	0	0	0	0	0	0	0	0	0	0	0
3	0	0	0	0	0	0	0	0	0	0	0	0
4	0	0	0	0	0	0	0	0	0	0	0	0
5	0	0	0	0	0	0	0	0	0	0	0	0
6	0	0	0	0	0	0	0	0	0	0	0	0
7	0	0	0	0	0	0	0	1	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0	0	0	0	0	0
11	0	0	0	0	0	0	0	0	0	0	4	0
12	0	0	0	0	0	0	0	0	0	0	0	0
13	0	0	0	0	0	0	0	0	0	0	0	0
14	0	0	0	0	0	0	0	0	0	0	0	0
15	0	0	0	0	0	0	0	0	0	0	0	0
16	0	0	0	0	0	0	0	0	0	0	0	0
17	0	0	0	0	0	0	0	0	0	0	0	0
18	0	0	0	4	0	0	0	0	0	0	0	0
19	0	0	0	0	0	0	0	0	0	0	2	0
20	0	0	0	2	0	0	0	0	0	0	0	0
21	0	0	2	1	0	0	0	0	0	0	2	1
22	0	0	2	0	0	0	0	0	0	0	0	0
23	0	0	0	0	0	0	0	0	0	0	0	0
24	0	0	0	0	0	0	0	0	0	0	0	0
25	0	0	0	0	0	0	0	1	0	0	0	0
26	0	0	0	0	0	0	0	2	0	0	0	0
27	0	0	0	0	0	0	0	0	0	3	0	0
28	0	0	0	0	0	0	0	0	0	0	0	0
29	0	0	0	0	0	0	0	0	0	2	0	0
30	0	0	1	0	0	0	0	0	0	0	0	0
31	0	0	0	0	0	2	1	0	0	0	0	0
Total	0	5	7	0	2	1	4	0	0	5	8	1

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days
September

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
1		0	0	0	0	3	2	0	0	1	0	1
2		0	0	0	4	0	4	0	0	0	0	1
3		0	0	0	2	0	0	0	0	0	0	0
4		0	0	0	0	0	0	0	0	0	0	0
5		0	0	7	1	0	0	3	0	0	0	1
6		0	0	7	2	0	0	4	0	0	0	1
7		0	0	5	0	0	0	0	0	0	0	1
8		0	0	0	0	0	0	0	0	0	0	0
9		4	0	0	0	0	6	0	0	0	0	1
10		2	0	0	0	0	5	0	0	0	0	1
11		1	0	0	0	0	0	0	2	6	0	1
12		0	0	0	0	3	1	2	0	6	0	1
13		0	0	0	0	0	0	0	0	7	2	1
14		0	0	0	5	0	0	3	0	0	1	1
15		0	0	1	8	0	0	4	0	0	4	2
16		0	0	6	6	0	0	0	0	0	7	2
17		0	3	8	4	0	0	0	0	0	7	2
18		1	2	0	1	0	0	2	0	0	7	1
19		0	5	0	0	0	0	10	0	0	6	2
20		0	2	0	0	0	0	6	0	0	0	1
21		0	0	0	0	0	0	2	0	6	0	1
22		0	6	5	0	0	0	0	0	1	0	2
23		10	4	7	0	0	0	0	0	7	0	2
24		11	0	0	0	2	1	1	6	0	0	2
25		6	0	9	0	0	0	2	8	4	0	3
26		0	5	13	6	3	0	0	0	4	0	3
27		0	6	8	7	0	0	1	2	7	0	3
28		0	4	11	5	0	0	1	6	4	0	3
29		8	0	18	9	7	4	9	3	8	0	7
30		2	6	15	12	5	8	7	12	12	4	8
31												
Total	45	43	120	72	23	31	57	39	77	38	55	

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days
October

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1998-2007 10 Year Average
1		3	8	11	14	0	11	3	9	6	8	7
2		13	7	6	7	0	12	4	3	5	5	6
3		11	0	1	1	0	17	9	3	4	0	5
4		13	13	3	0	3	13	9	0	0	0	5
5		11	18	7	0	0	15	16	0	5	0	7
6		17	15	5	7	8	17	16	0	11	0	10
7		17	21	10	17	3	16	8	0	9	2	10
8		0	16	17	20	11	7	6	0	12	1	9
9		5	1	23	19	14	2	2	3	4	5	8
10		5	6	22	11	9	6	5	10	2	7	8
11		3	5	11	4	8	5	9	7	9	4	7
12		10	12	12	5	6	8	8	10	1	12	8
13		11	9	6	10	6	5	8	7	17	15	9
14		10	13	0	9	15	11	13	4	17	12	10
15		10	20	0	7	19	7	6	6	17	13	11
16		10	11	15	10	8	12	9	8	16	9	11
17		15	2	14	11	11	16	16	11	16	10	12
18		2	14	8	18	16	17	15	10	2	0	10
19		4	21	10	18	15	25	17	9	7	0	13
20		11	13	11	8	14	23	14	14	10	2	12
21		16	16	5	8	17	8	17	18	16	2	12
22		20	16	14	2	21	18	16	22	19	0	15
23		17	15	17	7	24	26	18	18	15	0	16
24		4	15	11	0	22	26	16	21	17	2	13
25		2	19	7	3	21	23	17	19	16	15	14
26		14	14	9	15	16	8	17	20	18	13	14
27		17	14	7	18	13	4	13	22	21	2	13
28		15	21	16	23	19	12	20	22	9	15	17
29		15	10	28	22	25	6	18	24	16	22	19
30		15	14	26	17	25	14	12	11	14	15	16
31		13	5	23	23	23	13	1	10	11	12	13
Total		329	384	355	334	392	403	358	321	342	203	340

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days

November	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-2006 10 Year Average
Day												
1	8	18	11	15	5	21	1	14	10	8		11
2	7	18	11	10	3	29	2	18	14	19		13
3	13	24	11	13	7	29	0	17	17	23		15
4	11	27	21	13	15	25	16	23	10	24		19
5	17	25	14	18	20	22	16	16	6	27		18
6	19	25	9	18	17	19	8	17	6	21		16
7	15	23	24	15	19	28	14	14	14	18		18
8	16	24	28	14	22	21	26	19	14	8		19
9	17	28	19	18	19	10	32	29	16	3		19
10	20	26	0	15	22	5	29	33	16	11		18
11	23	12	18	14	26	1	26	21	27	14		18
12	29	20	27	14	31	11	13	26	25	8		20
13	30	21	18	18	30	18	15	30	18	10		21
14	31	25	19	17	18	20	27	30	10	7		20
15	31	15	25	22	13	13	27	19	18	6		19
16	32	21	29	24	6	23	29	25	6	3		20
17	31	23	28	18	26	23	23	25	23	8		23
18	30	25	24	25	22	24	21	16	29	18		23
19	31	26	18	27	14	28	13	11	30	20		22
20	28	11	11	28	18	21	12	23	21	25		20
21	24	21	12	28	29	23	17	21	19	27		22
22	23	24	18	34	24	18	17	19	22	25		22
23	32	18	7	36	23	25	20	24	35	19		24
24	30	16	6	39	16	25	24	17	29	16		22
25	34	24	11	40	15	24	24	15	37	23		25
26	18	19	10	25	7	22	28	30	35	21		22
27	26	20	13	16	14	34	21	27	24	13		21
28	31	19	21	19	12	41	11	16	16	19		21
29	27	21	24	22	16	34	15	21	9	18		21
30	29	17	32	27	6	22	22	23	11	5		19
31												
Total	713	636	519	642	515	659	549	639	567	467	0	591

National Grid - RI Gas
Normal Degree Days (DD)

Historic Daily Degree Days
December

Day	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-2006 10 Year Average
1	30	17	36	29	5	33	22	15	21	1		21
2	30	15	28	38	18	34	37	26	26	16		27
3	25	12	21	38	22	40	42	28	31	27		29
4	25	40	18	32	17	42	34	31	36	30		31
5	26	21	18	31	6	41	39	23	38	37		28
6	29	11	10	36	5	36	36	36	34	30		26
7	31	41	19	37	15	40	36	26	39	19		30
8	29	21	23	43	27	30	35	17	38	39		30
9	32	27	26	42	33	43	38	27	34	34		34
10	30	28	23	42	31	37	29	22	36	21		30
11	35	26	26	27	21	34	18	18	33	23		26
12	33	31	25	25	25	28	30	25	33	24		28
13	32	25	27	40	20	29	37	24	45	16		30
14	33	30	24	32	17	21	36	37	47	18		30
15	37	27	22	34	25	24	29	40	44	17		30
16	28	25	21	25	30	32	31	36	24	20		27
17	24	25	28	16	31	39	23	29	32	21		27
18	27	33	31	32	26	36	28	37	36	17		30
19	26	28	34	33	26	31	32	30	36	26		30
20	26	20	25	35	26	14	32	43	37	30		29
21	39	19	17	38	29	25	35	45	39	21		31
22	40	23	34	37	32	20	20	30	37	30		31
23	32	43	35	43	31	26	15	19	25	14		28
24	33	40	41	40	24	28	17	24	23	23		29
25	27	42	46	47	32	30	21	37	25	27		33
26	21	41	37	47	34	32	29	38	19	18		32
27	31	37	35	38	37	34	23	45	29	27		34
28	39	28	42	43	36	34	25	46	30	28		35
29	35	28	36	40	33	31	23	29	18	33		31
30	23	38	24	37	37	34	20	32	25	31		30
31	40	47	34	38	39	23	21	28	34	30		33
Total	948	889	866	1115	790	984	893	943	1004	748	0	920

National Grid - RI Gas
Summary of Billing Determinants and Base Revenue

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April 1, 2008

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Line No.	Description (a)	Actual (Oct 06 - Sep 07) (b)	Adjustment (c)	Normal (d)	Proforma Adjustment (e)	Rate Year - Oct 08-Sep 09 (f)	Line No.
1	<u>Firm Throughput (Dt)</u>						1
2	Sales Service						2
3	Residential Non-Heating	616,585	3,297	619,882	-94,957	524,925	3
4	Low Income Residential Non-Heating	0		0	46,811	46,811	
5	Residential Heating	17,335,325	416,065	17,751,390	-1,201,640	16,549,749	5
6	Low Income Residential Heating	0		0	1,462,132	1,462,132	
7	Small C&I	2,250,237	71,830	2,322,067	43,125	2,365,191	7
8	Medium C&I	3,903,210	90,724	3,993,934	89,059	4,082,993	8
9	Large LLF	1,314,703	40,901	1,355,604	-65,523	1,290,082	9
10	Large HLF	415,493	4,766	420,259	62,907	483,166	10
11	Extra Large LLF	100,295	4,201	104,496	28,590	133,086	11
12	Extra Large HLF	406,673	0	406,673	-133,770	272,903	12
13	Subtotal Firm Sales	26,342,521	631,783	26,974,304	236,733	27,211,037	13
14	Transportation Service						14
15	Medium C&I	1,137,579	9,974	1,147,553	42,199	1,189,752	15
16	Large LLF	1,356,943	13,985	1,370,928	-5,364	1,365,564	16
17	Large HLF	549,081	154	549,235	1,998	551,234	17
18	Extra Large LLF	622,893	-224	622,669	450,902	1,073,571	18
19	Extra Large HLF	3,587,934	0	3,587,934	1,087,143	4,675,077	19
20	Subtotal Firm Transportation	7,254,430	23,890	7,278,319	1,576,879	8,855,198	20
21	Miscellaneous Services						21
22	NGV	12,664	0	12,664	0	12,664	22
23	Gas Lights	3,566	0	3,566	0	3,566	23
24	Manchester St	0	0	0	0	0	24
25	Marketers	0	0	0	0	0	25
26	Subtotal Miscellaneous	16,230	0	16,230	0	16,230	26
27	Total Firm Base Quantities (Dt)	33,613,181	655,673	34,268,853	1,813,611	36,082,465	27

National Grid - RI Gas
Summary of Billing Determinants and Base Revenue

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Line No.	Description (a)	Actual (Oct 06 - Sep 07) (b)	Adjustment (c)	Normal (d)	Proforma Adjustment (e)	Rate Year - Oct 08-Sep 09 (f)	Line No.
28	<u>Firm Base Revenue (net of GET) [1]</u>						28
29	Sales Service						29
30	Residential Non-Heating	\$ 5,510,373	\$ 13,933	\$ 5,524,306	\$ (811,592)	\$ 4,712,714	30
31	Low Income Residential Non-Heating	\$ -	\$ -	\$ -	\$ 420,579	\$ 420,579	
32	Residential Heating	\$ 79,374,304	\$ 1,378,089	\$ 80,752,393	\$ (5,267,864)	\$ 75,484,529	32
33	Low Income Residential Heating	\$ -	\$ -	\$ -	\$ 6,680,256	\$ 6,680,256	
34	Small C&I	\$ 10,029,893	\$ 230,620	\$ 10,260,513	\$ 230,651	\$ 10,491,164	34
35	Medium C&I	\$ 11,070,708	\$ 155,590	\$ 11,226,298	\$ 267,941	\$ 11,494,239	35
36	Large LLF	\$ 3,362,780	\$ 69,328	\$ 3,432,108	\$ (142,956)	\$ 3,289,152	36
37	Large HLF	\$ 752,438	\$ 4,593	\$ 757,031	\$ 88,361	\$ 845,392	37
38	Extra Large LLF	\$ 140,111	\$ 1,463	\$ 141,574	\$ 20,961	\$ 162,535	38
39	Extra Large HLF	\$ 399,744	\$ -	\$ 399,744	\$ (112,923)	\$ 286,821	39
40	Subtotal Firm Sales	\$ 110,640,351	\$ 1,853,616	\$ 112,493,967	\$ 1,373,414	\$ 113,867,381	40
41	Transportation Service						41
42	Medium C&I	\$ 3,028,730	\$ 17,104	\$ 3,045,834	\$ 110,168	\$ 3,156,002	42
43	Large LLF	\$ 3,373,357	\$ 23,708	\$ 3,397,065	\$ 44,716	\$ 3,441,781	43
44	Large HLF	\$ 959,292	\$ 149	\$ 959,441	\$ 7,848	\$ 967,289	44
45	Extra Large LLF	\$ 710,274	\$ (78)	\$ 710,196	\$ 236,051	\$ 946,247	45
46	Extra Large HLF	\$ 2,503,732	\$ -	\$ 2,503,732	\$ 683,120	\$ 3,186,852	46
47	Subtotal Firm Transportation	\$ 10,575,385	\$ 40,883	\$ 10,616,268	\$ 1,081,903	\$ 11,698,171	47
48	Miscellaneous Services						48
49	NGV	\$ 22,738	\$ -	\$ 22,738	\$ -	\$ 22,738	49
50	Gas Lights	\$ 18,423	\$ -	\$ 18,423	\$ -	\$ 18,423	50
51	Manchester St	\$ 247,712	\$ -	\$ 247,712	\$ -	\$ 247,712	51
52	Marketers	\$ 228,266	\$ -	\$ 228,266	\$ -	\$ 228,266	52
53	Subtotal Miscellaneous	\$ 517,138	\$ -	\$ 517,138	\$ -	\$ 517,138	53
	Subtotal Firm Base Revenue (net of GET)	\$ 121,732,874	\$ 1,894,499	\$ 123,627,373	\$ 2,455,317	\$ 126,082,690	54
55	<u>Non-Firm Margin [2]</u>						55
56	Component supporting base rates	\$1,600,000	\$0	\$1,600,000	\$0	\$1,600,000	56
57	NET Base Revenue						57
58	(net of GET)	\$ 123,332,874	\$ 1,894,499	\$ 125,227,373	\$ 2,455,317	\$ 127,682,690	58

Note

[1] Base Revenue excludes GET, DAC, GCR, Energy Efficiency Surcharge

[2] 75% of Non-firm margin in excess of \$1.6 million is refunded to customers and 25% is retained by the Company

National Grid - RI Gas
Summary of Firm Base Revenue By Rate Element
(Net of Gross Earnings Tax)

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April 1, 2008

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Description	Test Year	Weather Adjustment	Weather Normalized	Proforma Adjustment	Rate Year - Oct 08 - Sep 09
Residential Non-Heat					
Customer Charge	\$ 2,904,686	\$ -	\$ 2,904,686	\$ (410,304)	\$ 2,494,382
Variable Distribution	\$ 2,605,687	\$ 13,933	\$ 2,619,620	\$ (401,288)	\$ 2,218,332
sub-total	\$ 5,510,373	\$ 13,933	\$ 5,524,306	\$ (811,592)	\$ 4,712,714
Low Income Residential Non-Heat					
Customer Charge	\$ -	\$ -	\$ -	\$ 222,756	\$ 222,756
Variable Distribution	\$ -	\$ -	\$ -	\$ 197,823	\$ 197,823
sub-total	\$ -	\$ -	\$ -	\$ 420,579	\$ 420,579
Residential Heating					
Customer Charge	\$ 20,638,071	\$ -	\$ 20,638,071	\$ (1,203,507)	\$ 19,434,564
Variable Distribution	\$ 58,736,233	\$ 1,378,089	\$ 60,114,322	\$ (4,064,357)	\$ 56,049,965
sub-total	\$ 79,374,304	\$ 1,378,089	\$ 80,752,393	\$ (5,267,864)	\$ 75,484,529
Low Income Residential Heating					
Customer Charge	\$ -	\$ -	\$ -	\$ 1,728,000	\$ 1,728,000
Variable Distribution	\$ -	\$ -	\$ -	\$ 4,952,256	\$ 4,952,256
sub-total	\$ -	\$ -	\$ -	\$ 6,680,256	\$ 6,680,256
Small					
Customer Charge	\$ 3,030,734	\$ -	\$ 3,030,734	\$ 92,232	\$ 3,122,966
Variable Distribution	\$ 6,999,159	\$ 230,620	\$ 7,229,779	\$ 138,419	\$ 7,368,198
sub-total	\$ 10,029,893	\$ 230,620	\$ 10,260,513	\$ 230,651	\$ 10,491,164
Medium C&I					
Customer Charge	\$ 2,371,725	\$ -	\$ 2,371,725	\$ 67,590	\$ 2,439,315
Variable Distribution	\$ 8,644,956	\$ 172,694	\$ 8,817,650	\$ 225,109	\$ 9,042,759
Demand Charge	\$ 3,082,757	\$ -	\$ 3,082,757	\$ 85,410	\$ 3,168,167
sub-total	\$ 14,099,438	\$ 172,694	\$ 14,272,132	\$ 378,109	\$ 14,650,241
Large Low Load C&I					
Customer Charge	\$ 484,020	\$ -	\$ 484,020	\$ (7,740)	\$ 476,280
Variable Distribution	\$ 4,528,439	\$ 93,036	\$ 4,621,475	\$ (120,155)	\$ 4,501,320
Demand Charge	\$ 1,723,678	\$ -	\$ 1,723,678	\$ 29,655	\$ 1,753,333
sub-total	\$ 6,736,137	\$ 93,036	\$ 6,829,173	\$ (98,240)	\$ 6,730,933
Large High Load C&I					
Customer Charge	\$ 167,760	\$ -	\$ 167,760	\$ 8,280	\$ 176,040
Variable Distribution	\$ 929,852	\$ 4,742	\$ 934,594	\$ 62,566	\$ 997,160
Demand Charge	\$ 614,118	\$ -	\$ 614,118	\$ 25,363	\$ 639,481
sub-total	\$ 1,711,730	\$ 4,742	\$ 1,716,472	\$ 96,209	\$ 1,812,681
Extra Large Low Load C&I					
Customer Charge	\$ 119,100	\$ -	\$ 119,100	\$ 17,700	\$ 136,800
Variable Distribution	\$ 251,669	\$ 1,385	\$ 253,054	\$ 166,861	\$ 419,915
Demand Charge	\$ 479,616	\$ -	\$ 479,616	\$ 72,451	\$ 552,067
sub-total	\$ 850,385	\$ 1,385	\$ 851,770	\$ 257,012	\$ 1,108,782
Extra Large High Load C&I					
Customer Charge	\$ 234,300	\$ -	\$ 234,300	\$ 32,100	\$ 266,400
Variable Distribution	\$ 1,078,543	\$ -	\$ 1,078,543	\$ 257,412	\$ 1,335,955
Demand Charge	\$ 1,590,633	\$ -	\$ 1,590,633	\$ 280,685	\$ 1,871,318
sub-total	\$ 2,903,476	\$ -	\$ 2,903,476	\$ 570,197	\$ 3,473,673
TOTAL FIRM SALES AND TRANSPORTATION					
Customer Charge	\$ 29,950,396	\$ -	\$ 29,950,396	\$ 547,107	\$ 30,497,503
Variable Distribution	\$ 83,774,538	\$ 1,894,499	\$ 85,669,037	\$ 1,414,646	\$ 87,083,683
Demand Charge	\$ 7,490,802	\$ -	\$ 7,490,802	\$ 493,564	\$ 7,984,366
TOTAL	\$ 121,215,736	\$ 1,894,499	\$ 123,110,235	\$ 2,455,317	\$ 125,565,552

THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

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Rhode Island Public Utilities Commission Tariff

RIPUC NG-GAS No. 101

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC NG-GAS No. 101

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Issued: [April 1, 2008](#)

Effective: [May 1, 2008](#)

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GENERAL TERMS AND CONDITIONS

- 1.0 APPLICABILITY:** The following terms and conditions shall apply to and be a part of each Rate Classification now or hereafter in effect except as they may be expressly modified or superseded by Rhode Island Public Utilities Commission order.
- 2.0 RATES AND TARIFFS:** The Company furnishes natural gas service under rates and/or special contracts ("Schedule of Rates") promulgated in accordance with the provisions of the Rhode Island General Laws and the regulations of the Rhode Island Public Utilities Commission ("RIPUC") and the Rhode Island Division of Public Utilities and Carriers ("RIDPUC"), all as may be in effect from time to time. Such Schedule of Rates, which includes these Terms and Conditions, is available for public inspection during normal business hours at the administrative offices of the Company and at the offices of the RIPUC and the RIDPUC or on the Company's website.
- The Schedule of Rates may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in the General Laws and the RIPUC regulations. When effective, all such revisions, amendments, supplements or replacements will appropriately supersede the present Schedule of Rates. In case of conflict between these Terms and Conditions and any orders or regulations of the RIPUC or the RIDPUC, said orders or regulations shall govern.
- The provisions of these Terms and Conditions apply on a non-discriminatory and non-preferential basis to all persons, partnerships, corporations or others (hereinafter "customers" or the "customer") who obtain natural gas distribution service from the Company pursuant to the Schedule of Rates.
- No representative of the Company has the authority to modify orally any provision or rate contained in the Schedule of Rates or to bind the Company to any promise or representation contrary thereto. Any such modification to the Schedule of Rates or these Terms and Conditions shall be in writing, duly executed by an authorized officer of the Company and made

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in accordance with the provisions of the General Laws and pursuant to regulations of the RIPUC and RIDPUC.

The Company will advise all new residential customers as to the least expensive rate available for the service based on the information in our records. Non-residential customers will be advised of the applicable rate based on a review of the available information in our existing records or as a result of a field inspection by the Company when the customer provides information which is inconsistent with Company records. The customer is responsible for accurately describing its gas burning equipment and updating the Company as changes occur.

A customer is entitled to change its customer account from one rate classification to another upon written application to the Company; provided, however that the customer account's use complies with the conditions specified in the requested rate classification. Once an election to change rate classifications has been made by the customer, the customer account must remain on that rate for a period of not less than twelve months. In cases where the customer requests a rate reclassification, no rebate will be granted for service rendered during the period the customer account was served under the previous rate classification, except in instances where the previous rate classification was due to an error by the Company.

3.0 OBTAINING SERVICE

FROM THE COMPANY:

The Company shall furnish service to applicants under the filed rates and in accordance with these Terms and Conditions and the rules and regulations of the RIPUC and RIDPUC. The furnishing of service and acceptance by the customer constitutes a contract under these provisions. The Company may require at least one person on behalf of all parties who will receive service to sign an application or contract. Application for gas service within the territory served by the Company will be received through any duly authorized representative of the Company.

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The Company may accept oral or written application for residential service. Residential service may commence upon receipt by the Company of oral application, except that the Company reserves the right to require residential customers to show identification and proof of residency before commencing service. If residential service is commenced upon the receipt of oral application, then all residents at that address who have attained the age of majority may choose to execute a written application, thereby becoming parties to the contract. Non-residential service may commence upon oral application for an interim period pending the receipt of a duly executed written application and security deposit.

The Company reserves the right to refuse service, at any location, to an individual who is indebted to the Company for any service not in dispute before the RIDPUC, furnished to such individual at any location, or to such applicant or customer under another name. The Company will commence service if a reasonable payment plan for said indebtedness made in accordance with RIPUC and RIDPUC regulations is agreed to by the customer and the Company. The Company reserves the right to refuse service to any non-residential applicant who has not paid a deposit as required by the Company.

A customer shall be and remain the customer of record and shall be liable for service taken until such time as the customer requests termination of service and a final meter reading is recorded by the Company. The bill rendered by the Company based on such final meter reading shall be payable upon receipt. Such meter reading and final bill shall not be unduly delayed by the Company. In the event that the customer of record fails to give notice of termination of service to the Company or fails to provide access to the meter, the customer of record shall continue to be liable for service taken until the Company either disconnects the meter or a new party becomes a customer of the Company by taking service at such service location. Failure to make application for service shall not relieve a party from the obligation to apply and/or pay for service previously used.

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The Company shall undertake to furnish service to the customer for use only for his/her own purposes and only on the premises occupied through ownership or lease by the customer, except as provided below. In cases where the customer is a condominium association or the owner or manager of a commercial or residential rental property with over six (6) units, the customer may allocate the Company charges for gas service to other gas users on the premises through any reasonable means, including properly installed submetering. In such situations where the customer is allocating the Company charges for service to others, the burden is on the customer, when requested by the Company, to demonstrate that the allocated charges are no greater than the customer's bill from the Company. When allocating such charges, the customer may separately include reasonable administrative fees. Natural gas sold by the Company to authorized natural gas vehicle filling stations may be remetered or submetered by the customer for resale to another or others.

On an annual basis the Company may notify all customers that if they are the owners of property and their tenants move out, the owner must provide written notification in advance that he/she wants gas left on at that premises in his/her name. If the Company does not receive advance written notice, the service may be terminated, and the Company will not be liable for any damages to the premises resulting from the termination of gas service.

- 4.0 SECURITY DEPOSITS:** Security deposits, letters of credit or bonds may be required and taken in accordance with rules and procedures promulgated by the Rhode Island Public Utilities Commission or other body having authority to regulate the Company. The Company reserves the right to refuse service to an applicant who has not paid a deposit as required by the Company. [The rate of interest paid on deposits shall be adjusted annually on March 1st. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year](#)

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[constant maturity Treasury Bonds as reported by the Federal Reserve Board.](#)

5.0 SERVICE SUPPLIED:

The Company shall take reasonable care in providing regular and uninterrupted service to its firm customers, but whenever the Company deems that the situation warrants any interruption or limitation in the service to be rendered, such interruption or limitation shall not constitute a breach of the contract, and shall not render the Company liable for any damages suffered thereby by any person, or excuse the customer from further fulfillment of the contract.

The Company may refuse to supply service to loads of unusual characteristics which, in its sole judgment, might adversely affect the quality of service supplied to other customers, the public safety or the safety of the Company's personnel. In lieu of such refusal, the Company may require a customer to install any necessary regulating and protective equipment in accordance with the requirements and specifications of the Company.

Whenever the estimated expenditures necessary to supply gas to a customer(s) or to resume service to a customer following relocation of Company equipment for reasons other than the needs of the Company shall be of such an amount that the income to be derived from gas service at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditure, the Company will require the customer(s) to pay a Contribution in Aid of Construction ("CIAC") for meter relocation or for main and service extension. The level of the CIAC will be based on an economic analysis looking at appropriate impacts associated with the capital expenditures. A detailed written cost estimate will be provided to the customer upon request.

The Company shall make application in a reasonable time for any necessary locations or other street permits required by public bodies for its pipes, mains and other apparatus, and shall not be required to supply service until a reasonable time after such approvals are obtained. The applicant for service

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shall obtain all other permits, certificates, licenses, easements and the like necessary to give the Company access to the applicant's equipment and to enable its pipes to be connected thereto.

The customer shall notify the Company in writing before making any significant change in the customer's gas equipment which would affect the capacity or other characteristics of the Company's facilities required to serve the customer. The customer shall be liable for any damage to the Company's property caused by customer's additional or changed installation if made without prior notification to the Company.

All piping, equipment and apparatus on the premises of the customer, excepting meters, underground service pipe, and governors, shall be furnished and put in place by the customer, and shall conform to the requirements and regulations of the Company, and the Company shall not be required to supply gas unless such piping, equipment and apparatus at all times conform to the requirements and regulations of the State, City, and Town ordinances and laws and policies of the Company. The Company shall be under no obligation to make any inspection to ascertain whether the foregoing condition has been conformed with and shall be under no liability for any damages occasioned by any defect in such piping, equipment or apparatus or other property on the premises.

If temporary service is rendered, the customer shall pay the cost of service under the rate plus the cost of installing and removing all equipment and connections.

6.0 INSTALLATION OF METERS:

The Company will furnish, install, connect and maintain such meter(s) as are necessary for metering gas service for Company billing purposes.

All gas service to be provided under a single service classification to a customer in a building will be rendered

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through a single meter except in the instances described in (1) and (2) below:

(1) The Company may elect to install more than one meter for gas service provided under a single service classification:

- i. when the use of more than one meter is necessary to provide safe gas service;
- ii. when the use of more than one meter is required by a municipal ordinance;
- iii. when one meter cannot correctly measure the total gas service rendered;
- iv. when the characteristics of gas service of the customer are such that at the time the service line was installed there was no single meter commercially available to measure the gas service correctly;
- v. when more than one meter is required in order to render proper and reliable gas service without interruption;
- vi. in other comparable circumstances where service cannot practically be rendered through a single meter.

Pursuant to (i) through (vi), when more than one meter is installed to measure the gas service of a single customer at a premises or building under a single service classification under the above listed circumstances, the registrations of the meters will be combined under one customer account and the bill computed as if all service had been rendered through a single meter.

(2) At the customer's written request and at the customer's expense, the Company will install more than one meter for a building or premises under a single service classification, in which case the quantity of gas supplied through each

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meter will be measured separately and the bills for each computed separately under the appropriate service classification(s).

Gas service provided for use by emergency back-up natural gas generators of more than 12 kw shall be separately metered and billed.

7.0 BILLING AND READING OF METERS:

Bills are calculated and rendered on the basis of a customer account which shall have a unique identification number established for the billing of service provided through an individual meter, except for multiple metered customer accounts established pursuant to section (1) of Item 6.0 above, or aggregation pools established pursuant to the Company's Transportation Terms and Conditions in Section 6, Schedule C of the tariff. A single customer may have more than one customer account.

All bills are due within 25 days from the date of the bill. A late payment charge shall accrue on non-residential bills after 25 days in accordance with regulations of the RIPUC and RIDPUC.

Whenever a check or draft presented for payment of service is not accepted by the institution on which it is written, a returned check charge of \$15 applies, per check or draft written. Such returned check charge shall be waived for customers eligible for low-income assistance programs.

The customer shall be responsible for all charges for distribution and gas service furnished by the Company under the applicable rates as filed from time to time with the RIPUC, from the time service is commenced until it is terminated.

Annually in August the Company will review the gas consumption of each non-residential firm customer account for the just ended September through August period to determine if any customer account qualifies for a different rate

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class. If any such customer account does qualify for a different rate class based on this billing information, then commencing with the September billing month that customer account will be billed under that new rate class.

Properly authorized representatives of the Company shall have the right to access the customer's premises at all reasonable times and intervals for the purpose of reading, installing, examining, repairing, replacing or removing the Company's meters, meter reading devices, pipes and other gas equipment and appliances, in accordance with the General Laws, public regulations and Company policy in effect from time to time. The customer shall be responsible for providing accessibility to the above metering and equipment belonging to the Company.

Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

The Company shall maintain the accuracy of all metering equipment installed pursuant hereto by regular testing and calibration in comparison to recognized standards and in accordance with RIPUC and RIDPUC regulations. A meter shall be deemed to be registering correctly if it appears from examination or test that it does not vary more than two percent (2%) from the standard approved by the RIDPUC.

In the event that the Company obtains inaccurate meter readings for any reason or in case any meter shall for any reason fail to register the full amount of gas supplied or the maximum demand of any customer account for any period of time, the amount of the bill of such customer account shall be estimated by the Company from available data. Such estimated bills shall be payable as rendered unless a customer disputes such estimate in accordance with procedures established by the RIDPUC.

The Company will notify the customer whenever it obtains information indicating that gas is being diverted from the customer's service or that the meter has been tampered with.

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The customer will be held responsible to the Company for any leakage or other use of gas which may occur beyond the point of the meter installation.

8.0 DISCONTINUANCE OF SERVICE:

Subject to the applicable regulations of the RIPUC and RIDPUC, the Company shall have the right to discontinue gas service to the customer and to remove or disconnect its meters and piping for nonpayment of bills for gas service. The customer shall be responsible for paying the cost of reconnecting gas service if the service is disconnected for nonpayment of bills or a \$25 account restoration charge in the case of a turn-on after a shut-off for nonpayment of bills. Such account restoration charge shall be waived for customers eligible for low-income assistance programs.

The Company reserves the right to disconnect its service at any time without notice or to refuse to connect its service if to its knowledge and in its judgment the customer's installation has become or is unsafe, defective or in violation of the Company's policies or any ordinances, laws, codes or regulations.

In the event that any action by the customer or others shall cause a condition in the premises occupied by any customer whereby life or property is endangered, the Company may discontinue service to said premises regardless of the number of occupants or tenants of said premises.

Whenever the Company shall have proof that any customer is diverting and/or stealing service, the Company may discontinue its service to such customer and remove the meter.

9.0 COMPANY INSTALLATION AND PROPERTY:

All meters, services and other gas equipment owned by the Company shall be and will remain the property of the Company and no one other than an employee or authorized agent of the Company shall be permitted to remove, operate, or maintain, such property. The customer shall be responsible

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for all damage to, or loss of, such property unless occasioned by circumstances beyond the customer's control. Such property shall be installed at points most convenient for the Company's access and service and in conformance with public regulations in force from time to time. The costs of relocating such property shall be borne by the customer when done at the customer's request, or for his convenience, or if necessary to remedy any violation of public law or regulation caused by the customer.

The Company shall provide and maintain the necessary housing, fencing, barriers and foundations for the protection of the equipment to be installed upon the customer's premises. Such space, housing, fencing, barriers and foundations shall be in conformity with applicable laws and regulations and subject to the Company's specifications and approval.

10.0 SUPPLY OF GAS:

The Company shall make every reasonable effort to maintain an uninterrupted supply of gas for all firm customers, but it shall not be liable for loss or damage caused by reason of any interruption or reduction of the supply, or by reason of any abnormal pressure or quality of the gas, whether as a result of accident, labor difficulties, condition of fuel supply, the actions of any public authority, failure to receive any gas for which in any manner it has contracted, the implementation in accordance with good utility practice of an emergency load reduction program by the Company or one with whom it has contracted for a supply of gas, or inability for any other reason beyond the Company's control to maintain normal pressure or quality, or uninterrupted and continuous service.

Whenever the integrity of the Company's system or the supply of gas is believed to be threatened by conditions on its system or upon the systems with which it is directly or indirectly interconnected, the Company may, in its sole judgment, curtail or interrupt gas service or reduce pressure and such action shall not be construed to constitute a default nor shall the Company be liable therefore in any respect. The Company will use reasonable efforts under the circumstances to

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overcome the cause of such curtailment, interruption or reduction and to resume full performance.

The Company shall be excused from performing under the Schedule of Rates and shall not be liable in damages or otherwise if and to the extent that it shall be unable to do so or prevented from doing so by statute or regulation or by action of any court or public authority having or purporting to have jurisdiction in the premises; or by loss, diminution or impairment of gas supply from its suppliers or the systems of others with which it is interconnected; or by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, act of God or public enemy, failure of any supplier to perform, restraint by any court or regulatory agency, or any other intervening cause, whether or not similar thereto; the Company shall use reasonable efforts under the circumstances to overcome such cause and to resume full performance.

The foregoing shall not alter the Company's liability under applicable legal standards for damages in the case of its negligent or intentionally wrongful conduct with respect to any act or failure to act by the Company.

11.0 COMPANY LIABILITY: The Company shall not be liable for any loss or damage resulting from the use of gas or the presence of the Company's appliances and equipment on the customer's premises unless such loss or damage results directly and solely from the Company's negligence.

The Company shall not, in any event except that of its own negligent acts or omissions, be liable to any party for any direct, consequential, indirect or special damages, whether arising in tort, contract or otherwise, by reason of any services performed, or undertaken to be performed, or actions taken by the Company, or its agents or employees, under the Schedule of Rates or in accordance with or required by law, including, without limitation, termination of the customer's service.

The customer assumes full responsibility for the proper use of gas furnished by the Company and for the condition,

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suitability and safety of any and all equipment on the customer's premises, or owned or controlled by the customer which is not the Company's property. The customer shall indemnify and save harmless the Company from and against any and all claims, expenses, legal fees, losses, suits, awards or judgments for injuries to or deaths of persons or damage of any kind, whether to property or otherwise, arising directly or indirectly by reason of (1) the routine presence in or use of gas from pipes owned or controlled by the customer; or (2) the failure of the customer to perform any of his or her duties and obligations as set forth in the Schedule of Rates where such failure creates safety hazards; or (3) the customer's improper use of gas or gas appliances. Except as otherwise provided by law, the Company shall be liable for damages claimed to have resulted from the Company's conduct of its business only when the Company, its employees or agents have acted in a negligent, or intentionally wrongful manner.

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Actual Transportation
Quantity:

The quantity of gas actually received during the Gas Day as measured by the metering equipment at the Point(s) of Receipt, adjusted for the applicable Company Fuel Allowance.

Aggregation Pool:

One or more transportation Customer accounts whose gas usage is aggregated into a Marketer's account for operational purposes, including but not limited to nominating, scheduling and balancing gas deliveries to specified Point(s) of Receipt.

AGT Costs:

Advanced Gas Technology program costs as approved by the Rhode Island Public Utilities Commission.

Average Normalized
Winter Day Usage:

A customer's average normal winter day's usage, based on their actual gas usage during the most recent November through March period, adjusted for normal degree days, as approved in the most recent rate case proceeding.

[Base Revenue](#)

[Base Revenue is the sum of the customer charge, variable distribution charges and demand charges for firm service rate classes. Base Revenue is net of GET.](#)

BTU content factor:

One British thermal unit, i.e., the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sixty degrees (60°) Fahrenheit. A Therm is one hundred thousand Btus. The BTU content factor for a given volume, shall be calculated by the Company on a seasonal basis at the end of October and the end of April based upon an average of the Transporting Pipeline's prior six-month experience of recorded BTU factors.

Capacity Release
Revenues:

Revenues derived from the sale of capacity upstream of the city-gate.

Company Fuel
Allowance:

The quantity in Therms (as calculated on a percentage basis) by which the gross amount of gas received for Customer's

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account at the Point(s) of Receipt is reduced in kind in order to compensate the Company for gas loss and unaccounted for, Company use or similar quantity-based adjustment.

Consumption
Algorithm:

A mathematical formula used to calculate a Customer's daily consumption based on the Customer's historical base load and heat use per heating degree day factor.

Critical Day:

Defined as any day where supply resource constraints are expected to adversely impact the operation of the Company's distribution system. Generally, this occurs at) forty-four (44) Degree Days or colder. A Critical Day may also occur under other conditions, such as pipeline emergencies, malfunctions or unusual, out-of-season weather conditions.

Customer:

Any party(s) that has obtained service from the Company pursuant to the General Terms and Conditions or pursuant to the Transportation Terms and Conditions

Daily Index:

The mid-point of the range of prices for the respective New England Citygates as published by [Gas Daily](#) under the heading "Daily Price Survey, Midpoint, Citygates, Algonquin citygates" and "Daily Price Survey, Midpoint, Citygates Tennessee/Zone 6 (delivered)" for the relevant Gas Day listed under "Flow date(s)." In the event that the [Gas Daily](#) index becomes unavailable, the Company shall apply its daily marginal cost of gas as the basis for this calculation until such time that RIPUC approves a suitable replacement.

Deferred Balance:

The difference between incurred costs and revenues received.

Deferred Gas Cost
Balance:

The difference between gas costs incurred and gas revenues received.

Dekatherm (Dt):

Ten Therms or one million Btu's (MMBtu)

Design Winter Sales:

Sales of Residential Non-Heating, Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and

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Extra Large Low and High Load C&I during November through March based on design winter temperatures.

Electronic Bulletin Board:

An internet web site which allows both the Company and Marketers to electronically post nominations and other transportation-related information.

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Environmental Response Costs:

All reasonable and prudently incurred costs associated with evaluation, remediation, clean-up, litigation, claims, judgments, insurance recovery (net of proceeds), and settlements arising out of the company's utility-related ownership, operation, or use of: (1) manufactured gas production and storage facilities and disposal sites where wastes and materials from such facilities were deposited; (2) mercury regulators; and (3) meter disposal. Also included are the reasonable and prudently incurred costs for acquiring plant, property and equipment to facilitate remediation and other appropriate environmental management objectives in connection with the above sites, properties, and activities. The Company will use its best efforts to minimize Environmental Response Costs consistent with applicable regulatory requirements and sound environmental management policies and practices.

Forecasted Daily Usage (FDU):

Customer's estimated daily consumption for the next gas day as calculated by the Company based upon a forecast of heating degree days and the consumption algorithm.

Gas Day:

A period of twenty-four (24) consecutive hours beginning at 10:00 am (EST) and ending at 10:00 am (EST) the next calendar day.

Gas Usage:

The actual quantity of gas used by the Customer as measured by the Company's metering equipment at the Point of Delivery and converted to Therms.

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Imbalance:	The difference between the Actual Transportation Quantity and Gas Usage.
Interest on Deferred Balance:	Interest revenue/expense required to finance the deferred balance based on the Bank of America Prime Rate less 200 basis points (2%) as in effect from time to time.
Inventory Finance Charge:	Finance charges associated with the storage of natural gas as calculated using a working capital calculation .
Local Storage Costs:	Costs associated with the investment, operations and maintenance of natural gas storage downstream of the city-gate.
Low Income Assistance Programs:	Programs for assisting low income customers with their energy bills including, but not limited to, Low Income Heating Assistance (LIHEAP) and Low Income Weatherization, as in effect from time to time.
Marginal Gas Cost:	The variable cost of the Company's marginal source of supply for the Gas Day. Incremental Cost is a synonymous term.
Marketer:	An entity meeting the eligibility requirements of Section 6 Schedule C, Item 5.03 that is designated in a Transportation Service Application by the Customer to act on its behalf for nomination, notification, scheduling, balancing and receipt of communications, and which has executed a Marketer Aggregation Pool Service Agreement. A Customer may designate itself as the Marketer provided that they have an executed service agreement with the Transporting Pipeline or provide proof of contract to purchase the gas at the Company's city gate.
Maximum Daily Quantity:	The maximum quantity of gas a customer is authorized to use during the gas day.

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Monthly Index:	The simple average of the Daily Indices for the applicable month.
Net Insurance Recoveries:	Proceeds recovered from insurance providers and third parties for Environmental Response Costs, less the cost of obtaining such proceeds through claims, settlements, and litigation.
New Customer:	A Customer taking a supply of gas at a Point of Delivery that has not been previously served on a firm sales service basis by the Company.
Non-Firm Transportation Margin:	Margins derived from the transportation of natural gas to non-firm customers downstream of the city gate.
Off-System Sales Margins:	Margins derived from the sale of natural gas upstream of the city-gate.
Pipeline Costs:	Costs associated with the entitlement and transmission of natural gas on the interstate pipeline system.
Pipeline Shipper(s):	The party(s) from whom Marketer has purchased gas to be delivered to and transported by the Company.
Point of Delivery:	A location at which the Company's distribution facilities are interconnected with the Customer's facility.
Point(s) of Receipt:	Outlet side of the measuring station at the interconnection between the Transporting Pipeline and the Company's distribution facilities where gas will be received by the Company for transportation service in its service territory.
Pool Balancing Revenues:	Revenues associated with Pool Balancing service, as derived in Section 2, Schedule A, Item 4.0.
Purchased Gas Working Capital:	Working capital required to finance gas costs.

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Margin: Margins derived from the sale of natural gas to non-firm customers downstream of the city gate. ¶

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Reconciliation Amount:	The Deferred balance at the end of September.
Refunds:	Refunds from pipeline, storage and suppliers.
Scheduled Transportation Quantity:	The quantity of gas scheduled by the Marketer to be received by the Company for Customer's account during the Gas Day at the Point of Receipt, including the applicable Company Fuel Allowance.
Service Quality Performance Fund:	Deferred account containing accumulated Service Quality adjustments.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Target Revenue per Customer	A target average dollar amount per customer established for each month for each firm service rate class at the time of the most recent rate case.
Therm:	An amount of gas having a thermal content of 100,000 Btus.
Transportation Imbalance Revenues:	Revenues associated with daily and monthly imbalances for transportation customers, as included in the Company's Terms and Conditions of Firm Transportation.
Transporting Pipeline:	The party(s) engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which are transporting gas for Marketer to a Point of Receipt of the Company.
Upstream Storage Costs:	Costs associated with the entitlement, injection, withdrawal and storage of natural gas upstream of the city-gate.
Working Capital:	Amounts required to finance the Company's activities prior to the receipt of revenue.

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TAXES AND SURCHARGES

1.0 RHODE ISLAND GROSS EARNINGS TAX:

Unless otherwise indicated, all rates exclude an amount necessary for the payment of Rhode Island Gross Earnings Tax. An amount necessary for the payment of Rhode Island Gross Earnings Tax will be separately identified on bills rendered to customers.

2.0 GROSS EARNINGS TAX REDUCTION FOR MANUFACTURERS:

Consistent with the gross earnings tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be billed the applicable Rhode Island Gross Earnings Tax. The customer is responsible for providing to the Company in writing its tax exemption number and other appropriate documentation. If the Company collected any taxes or assessments from the customer and is later informed by the customer that the customer is exempt from such [taxes](#), it shall be the customer's responsibility to obtain any refund from the appropriate governmental taxing agency.

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Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30 (H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

The Division of Taxation has indicated that it will generally deem 95% of manufacturer's volumes to be for "manufacturing use" eligible for the reduced manufacturer's Gross Earnings Tax (GET) rate. Thus, unless usage is separately metered for manufacturing only, 95% of billed amounts for qualified customers will be deemed to be for manufacturing purposes and eligible for the manufacturer's

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GET credit, whereas the remaining 5% of the billed amount will be subject to the standard GET rate. If usage is separately metered for manufacturing use only, the entire amount will be subject to the reduced manufacturing GET rate.

No other use of gas will be included in this rate for billing purposes.

3.0 OTHER RHODE ISLAND TAXES:

Where applicable at rate or rates in effect from time-to-time.

4.0 GAS ENERGY EFFICIENCY SURCHARGE:

As provided for in Section 39-2-1.2(d) of Rhode Island General Laws, a charge of up to fifteen cents (\$0.15) per dekatherm (Dt) shall be collected for programs including, but not limited to, cost-effective energy efficiency, energy conservation, combined heat and power systems, and weatherization services for low income households.

A Gas Energy Efficiency Program shall be annually filed with the Public Utilities Commission for review and approval. Such filing shall include: (1) a detailed description of the various programs; (2) a projection of costs for the following year; (3) a reconciliation of costs and revenues for the current year with any differential between the actual and authorized amounts collected and or funds expended, with interest, being added or subtracted from the amount to be collected during the following calendar year; and (4) the calculation of an applicable per therm surcharge for the upcoming year. Upon approval by the Commission, such charge (adjusted for gross earnings tax and the uncollectible percentage) shall become effective with usage on or after the effective date. The uncollectible percentage will be based on the average of the most recent five-years ended June 30th and include a credit or surcharge for the variance in the prior year's actual net write offs allocated to Gas Energy Efficiency versus what was reflected in the Energy Efficiency Surcharge.

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GAS COST RECOVERY CLAUSE

1.0 GENERAL:

1.1 Purpose:

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the Rhode Island Public Utilities Commission ("RIPUC"), to annually adjust its rates for firm sales and the weighted average cost of upstream pipeline transportation capacity in order to recover the costs of gas supplies, pipeline and storage capacity, production capacity and storage, purchased gas working capital, and to credit supplier refunds, capacity credits from off-system sales and revenues from capacity release transactions.

The Gas Cost Recovery Clause shall include all costs of firm gas, including, but not limited to, commodity costs, demand charges, local production and storage costs and other gas supply expense incurred to procure and transport supplies, transportation fees, inventory costs, requirements for purchased gas working capital, all applicable taxes, and deferred gas costs. Any costs recovered through the application of the Gas Charge shall be identified and explained fully in the annual filing.

1.2 Applicability:

The Gas Charge shall be calculated separately for the following rate groups:

- (1) Residential Non-Heating, [Low Income Residential Non-Heating, Large C&I High Load Factor, Extra Large C&I High Load Factor](#);
- (2) [Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large C&I Low Load Factor, and Extra Large C&I Low Load Factor](#);
- (3) FT-2 Firm Transportation – Marketers
- (4) [Natural Gas Vehicles](#)

The Company will make annual Gas Charge filings based on forecasts of applicable costs and volumes and annual Reconciliation filings based on actual costs and volumes. The Gas Charge shall become effective with consumption on or after November 1st as designated by the Company. In the event of any change subsequent to the November effective date which would

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<#>Extra Large C&I Low Load Factor,¶
<#>Extra Large C&I High Load Factor,
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GAS COST RECOVERY CLAUSE

cause the estimate of the Deferred Gas Cost Balance to differ from zero by an amount greater than one (1) percent of the Company's gas revenues, the Company may make a Gas Charge filing designed to eliminate that non-zero balance.

Unless otherwise notified by the RIPUC, the Company shall submit the Gas Charge filings no later than 60 days before they are scheduled to take effect. The Annual Reconciliation filing will be made by August 1 of each year containing actual data for the twelve months ending June 30 of that year.

2.0 GAS CHARGE FACTORS

2.1 Gas Charges to Sales

Customers:

The Gas Charge consists of five (5) components: (1) Supply Fixed Costs, (2) Storage Fixed Costs, (3) Supply Variable Costs (4) Storage Variable Product Costs, and (5) Storage Variable Non-product Costs. These components shall be computed using a forecast of applicable costs and volumes for each firm rate schedule based on the following formula:

$$GC_S = FC_S + SFC_S + VC_S + SVC_S + SVNC_S$$

Where:

GC_S Gas Charge applicable to Residential Non-Heating, [Low Income Residential Non-Heating](#), Residential Heating, [Low Income Residential Heating](#), Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I sales.

FC_S Supply Fixed Cost Component for a rate classification. See Item 3.1 for calculation.

SFC_S Storage Fixed Cost Component for a rate classification. See Item 3.2 for calculation.

VC_S Supply Variable Cost Component for a rate classification. See Item 3.3 for calculation.

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SVC_S Storage Variable Product Cost Component for a rate classification. See Item 3.4 for calculation.

SVNC_S Storage Variable Non-product Cost Component for a rate classification. See Item 3.5 for calculation.

This calculation will be adjusted for the uncollectible percentage [based on the average of the most recent five-years ended June 30th and include a credit or surcharge for the variance in the prior year's actual net write offs allocated to GCR versus what was reflected in the GCR rates.](#) The Gas Charges to Sales Customers are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

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2.2 Gas Charge to FT-2

Marketers:

The FT-2 Firm Transportation Marketer Gas Charge (GC_M) recovers costs associated with storage and peaking resources and is calculated as follows:

$$GC_M = SFC_S + SVNC_S$$

Where:

GC_M Gas Charge applicable to Marketers for FT-2 Firm Transportation Service

SFC_S Storage Fixed Cost Component. See Item 3.2 for calculation.

SVNC_S Storage Variable Non-product Cost Component. See Item 3.5 for calculation.

2.3 Gas Charge to Natural

Gas Vehicles:

The Natural Gas Vehicle Gas Charge (GC_{NGV}) recovers costs associated with natural gas distributed to the public at Company owned NGV stations and is calculated as follows:

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$$GC_{NGV} = FC_S + VC_S$$

Where:

GC_{NGV} [Gas Charge applicable to Natural Gas Vehicle \(NGV\) Service](#)

FC_S [Supply Fixed Cost Component. See Item 3.1 for calculation.](#)

VC_S [Supply Variable Cost Component. See Item 3.3 for calculation.](#)

3.0 GAS CHARGE CALCULATIONS

3.1 Supply Fixed Cost

Component:

The Supply Fixed Cost Component shall include all fixed costs related to the purchase of firm gas, including, but not limited to, pipeline and supplier fixed reservation costs, demand charges, and other gas supply expense incurred to transport supplies, transportation fees, and requirements for purchased gas working capital. Any costs recovered through the application of the Supply Fixed Cost Component shall be identified and explained fully in the annual filing.

The Supply Fixed Cost Component is calculated for each applicable rate schedule as follows:

$$FC_S = \frac{DWS_S * (TC_{FC} - TR_{FC} + WC_{FC} + R_{FC})}{Dt_S}$$

Where:

FC_S [Supply Fixed Cost Component for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating.](#)

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	Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or NGV .	Deleted: or
DWS _S	Percent of Design Winter Sales (November - March) for Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or NGV .	Deleted: or
TC _{FC}	Total Supply Fixed Costs, including, but not limited to pipeline and supplier reservation.	
TR _{FC}	Credits to Supply Fixed Costs relating to supply services, including, but not limited to balancing charge revenues, capacity release revenues, off-system sales margins and refunds.	
WC _{FC}	Working Capital requirements associated with Supply Fixed Costs. See Item 5.0 for calculation.	
R _{FC}	Deferred Fixed Cost Account Balance as of October 31, as derived in Item 6.0 plus any Asset Management Incentive associated with the Gas Procurement and Asset Management Incentive Plan.	
Dt _S	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, and NGV .	Deleted: and

3.2 Storage Fixed Cost

Component:

The Storage Fixed Cost Component shall include all fixed costs related to the operations, maintenance and delivery of storage, including, but not limited to, supply related portion of local production and storage costs as determined in the most recent rate case proceeding, taxes on storage, delivery of storage gas to the Company's Distribution System, and requirements for purchased

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gas working capital. Any costs recovered through the application of the Storage Fixed Cost Component shall be identified and explained fully in the annual filing.

The Storage Fixed Cost Component is calculated for each applicable rate schedule as follows:

$$SFC_S = \frac{DWT_S * (TC_{SFC} - TR_{SFC} + WC_{SFC} + R_{SFC})}{Dt_S}$$

Where:

SFC_S	Storage Fixed Cost Component for Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I or FT-2 service.
DWT_S	Percent of Design Winter Throughput (November - March) for Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or FT-2 service.
TC_{SFC}	Total Fixed Storage Costs, all fixed costs, including, but not limited to supply related local production and storage costs, and taxes on storage. The level of supply related local production and storage costs shall be as determined in most recent rate case proceeding.
TR_{SFC}	Total Credits to Storage Fixed Costs
WC_{SFC}	Working Capital requirements associated with Total Storage Fixed Costs. See Item 5.0 for calculation.

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R_{SFC}	Deferred Storage Cost Account Balance as of October 31, as derived in Item 6.0 plus any Asset Management Incentive associated with the Gas Procurement and Asset Management Incentive Plan.
Dt_S	Forecast of annual sales related to Residential Non-Heating, Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I and throughput related to FT-2 service.

3.3 Supply Variable Cost

Component:

The Supply Variable Cost Component shall include all variable costs of firm gas, including, but not limited to, commodity costs, taxes on commodity and other gas supply expense incurred to transport supplies, transportation fees, and requirements for purchased gas working capital. Any costs recovered through the application of the Supply Variable Cost Component shall be identified and explained fully in the annual filing.

The Supply Variable Cost Component is calculated for each applicable rate schedule as follows:

$$VC = \frac{TC_{VC} - TR_{VC} + WC_{VC} + R_V}{Dt_{VC}}$$

Where:

VC	Supply Variable Cost Component for Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or NGV .
TC_{VC}	Total Supply Variable Costs, including, but not limited to pipeline, supplier, and commodity-billed pipeline transition costs.

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TR _{VC}	Total Credits to Supply Variable Costs, including, but not limited to balancing commodity charge revenues and transportation imbalance charges.
WC _{VC}	Working Capital requirements associated with Total Supply Variable Costs. See item 5.0 for calculation.
R _V	Deferred Cost Account Balance as of October 31, as derived in Item 6.0 plus the net of any Gas Procurement Incentives/Penalties associated with the Gas Procurement and Asset Management Incentive Plan.
Dt _{VC}	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, and NGV .

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3.4 Storage Variable Product Cost

Component:

The Storage Variable Product Cost Component shall include all variable storage product costs of firm gas, including, but not limited to, storage commodity costs, taxes on storage commodity and other gas Storage expense incurred to transport supplies, transportation fees, inventory commodity costs, inventory financing costs and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Product Cost Component shall be identified and explained fully in the annual filing.

The Storage Variable Product Cost Component is calculated for each applicable rate schedule as follows:

$$VSC = \frac{TC_{VSC} - TR_{VSC} + WC_{VSC} + R_{VSC}}{Dt_{VSC}}$$

Where:

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VSC	Storage Variable Product Cost Component for Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, or Extra Large Low and High Load C&I.
TC _{VSC}	Total Storage Variable Product Costs, including, but not limited to pipeline, storage, and commodity-billed pipeline transition costs associated with storage delivery.
TR _{VSC}	Total Credits to Storage Variable Product Costs.
WC _{VSC}	Working Capital requirements associated with Total Storage Variable Product Costs. See item 5.0 for calculation.
R _{VSC}	Deferred Cost Account Balance as of October 31, as derived in Item 6.0.
Dt _{VSC}	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating , Residential Heating, Low Income Residential Heating , Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I.

3.5 Storage Variable Non-product Cost

Component:

The Storage Variable Non-product Cost Component shall include all variable costs related to the operations, maintenance and delivery of storage, as determined in the most recent rate case proceeding, injection and withdrawal costs, taxes on storage, delivery of storage gas to the Company's Distribution System, and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Non-Product Cost Component shall be identified and explained fully in the annual filing.

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The Storage Variable Non-product Cost Component is calculated for each applicable rate schedule as follows:

$$\text{SVNC}_S = \frac{\text{TC}_{\text{SVNC}} - \text{TR}_{\text{SVNC}} + \text{WC}_{\text{SVNC}} + \text{R}_{\text{SVNC}}}{\text{Dt}_S}$$

Where:

SVNC_S Storage Variable Non-product Cost Component for Residential Non-Heating, [Low Income Residential Non-Heating](#), Residential Heating, [Low Income Residential Heating](#), Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I or FT-2 service.

TC_{SVNC} Total Storage Variable Non-product Costs, all variable costs, including, but not limited to supply related local production and storage costs, injection and withdrawal costs, and taxes on storage. The level of supply related local production and storage costs shall be as determined in most recent rate case proceeding.

TR_{SVNC} Total Credits to Storage Variable Non-product Costs.

WC_{SVNC} Working Capital requirements associated with Total Storage Variable Non-product Gas Costs. See Item 5.0 for calculation.

R_{SVNC} Deferred Storage Variable Non-product Cost Account Balance as of October 31, as derived in Item 6.0.

Dt_X Forecast of annual sales related to Residential Non-Heating, [Low Income Residential Non-Heating](#).

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Residential Heating, [Low Income Residential Heating](#),
Small C&I, Medium C&I, Large Low and High Load
C&I, Extra Large Low and High Load C&I and
throughput related to FT-2 service.

4.0 POOL BALANCING

4.1 Purpose: This section establishes a procedure to allow the Company,
subject to the jurisdiction of the RIPUC, to adjust on an annual
basis its rates for firm pool balancing service set forth in Section
6, Schedule C, Item 5.04 of RIPUC [NG-GAS No. 101](#)

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4.2 Calculation:
$$BAL = (FC + SFC + SVC) * 1\%$$

Where:

BAL Balancing Charge for Pool Balancing Service
applicable to Marketer pool throughput per percent of
balancing service elected.

FC Fixed Cost Component as calculated in Item 3.1
above.

SFC Storage Fixed Cost Component as calculated in Item
3.2 above.

SVC Storage Variable Product Cost Component as
calculated in Item 3.4 above.

5.0 WORKING CAPITAL REQUIREMENT:

$$WC_M = WCA_M * [DL / 365] * COC$$

Where:

WC_M Working Capital requirements of Supply Fixed
(WC_{FC}), Storage Fixed (WC_{SFC}), Supply Variable
(WC_{SV}), Storage Variable Product (WC_{SVC}) or

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Storage Variable Non-product (WC_{SVNC}) Cost Components.

WCA_M Working Capital Allowed in the Supply Fixed, Storage Fixed, Supply Variable, Storage Variable Product, or Storage Variable Non-product Cost component calculations.

DL Days Lag approved in the most recent rate case proceeding.

COC Weighted Pre-tax Cost of Capital, consisting of [three](#) components: Short-term Debt, Long-term Debt, and Common Equity. The [Common Equity](#) components shall reflect the rates approved in the most recent rate case proceeding. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended June as presented in the Company's annual Distribution Adjustment Clause (DAC) filing in support of the Earnings Sharing Mechanism (ESM). [The long-term debt component will be based on the Company's actual long-term borrowing rate as presented in the Company's annual DAC filing.](#)

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6.0 DEFERRED GAS COST ACCOUNT:

The Company shall maintain five (5) separate Deferred [Gas](#) Cost Accounts: (1) Supply Fixed Costs and revenues, (2) Storage Fixed Costs and revenues, (3) Supply Variable Costs and revenues, (4) Storage Variable Product Costs and revenues, and (5) Storage Variable Non-product Costs and revenues. Entries shall be made to each of these accounts at the end of each month as follows:

An amount equal to the allowable costs incurred, less:

1. Gas Revenues collected adjusted for the RIGET and uncollectible % [for the most recent twelve months ended June 30th as presented in the Company's annual GCR filing;](#)

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2. Credits to costs, including but not limited to GCR Deferred Responsibility surcharge/credits and Transitional Sales Service (TSS) surcharge revenues.
3. Monthly interest based on a monthly rate of the current [Bank of America](#) prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning-of-the-month balance and the balance after entries 1. and 2. above.

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7.0 REFUNDS

7.1 During Refund Period

If the Company receives a cash refund resulting from gas supply overcharges during a historical "refund period," where the historical "refund period" is the most recent 60-month period, and the amount of the refund equals or exceeds 2% of the Company's total gas costs for the prior fiscal year, the amount to be refunded to any firm customer who used gas during the refund period and who is not on the suspended debt file shall be equal to:

The customers' billed usage during Refund Period X

Amount to be Refunded
Firm Sales during Refund Period

where the Amount to be Refunded equals Total Amount of Refund minus the incremental costs incurred by the Company in effecting the distribution of the supplier refund.

The customer shall receive this amount in the form of:

1. A lump-sum bill credit if the customer's account is active or if the customer's final bill has not been paid; or
2. A personal check if the customers account is closed and paid in full and the amount of the check exceeds \$25; or
3. A combination bill credit/personal check if the amount of the credit exceeds the unpaid balance of the customer's final bill.

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The total amount of individually calculated refunds of \$2 or less to have been paid by check will be credited to the Deferred Gas Cost Account. Checks which are not deliverable or paid within 90 days of the mailing shall be canceled and also credited to the Deferred Gas Cost Account.

Should any canceled refund checks later become a liability of the Company, the cost shall be debited to the Deferred Gas Cost Account.

7.2 Prior To Refund Period:

If the Company receives a cash refund resulting from gas supply overcharges during periods prior to the historical refund period, then the refund shall be credited to the appropriate Deferred Cost Account.

7.3 Less Than 2%

If the amount of the refund is less than 2% of the Company's total gas cost for the prior fiscal year, it shall be credited to the appropriate Deferred Cost Account.

8.0 WEIGHTED AVERAGE UPSTREAM PIPELINE TRANSPORTATION COST

On or about June 1, the Company shall provide to marketers and the Division a preliminary update of its pipeline path costs and weighted system-wide average costs including supporting schedules that show the assumptions and methodologies used to develop the rates. Concurrent with the annual GCR filing, the Company shall calculate the final weighted average cost of upstream pipeline transportation capacity. The cost shall be applicable to capacity release under the Transportation Terms and Conditions effective November 1 of each year.

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DISTRIBUTION ADJUSTMENT CLAUSE

1.0 GENERAL

1.1 Purpose:

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the RIPUC, to annually adjust its rates for firm sales and transportation in order to recover the costs of system balancing, Low Income Assistance, Advanced Gas Technology, Environmental Response, [Pension costs and Post-retirement Benefits Other than Pensions, Revenue Decoupling, Capital Expenditures Tracker](#), to credit margins from on-system non-firm transportation and on-system non-traditional firm sales and transportation, [and Service Quality Performance](#). Any costs recovered through the application of the Distribution Adjustment Charge shall be identified and explained fully in the annual [Distribution Adjustment Charge](#) filing.

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Weather Normalization over or under
collections

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1.2 Applicability:

The distribution adjustment charge [for each rate class](#) will be uniformly applied to sales and transportation volumes under any of the Company's firm rate schedules.

The Company will make annual Distribution Adjustment Charge filings based on forecasts of applicable costs and volumes and annual Reconciliation filings based on actual costs and volumes. The Distribution Adjustment Charge shall become effective with consumption as of November 1st each year.

Unless otherwise notified by the RIPUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take effect. The Annual Reconciliation filing will be made by August 1 of each year containing actual data for the twelve months ending June 30 of that year.

2.0 DISTRIBUTION ADJUSTMENT

CHARGE:

The distribution adjustment charge will consist of an annual System Pressure factor, an Advanced Gas Technology factor, a Low Income Assistance factor, an Environmental Response factor, [a Pension and Post-retirement Benefits Other than Pensions adjustment factor, a Revenue Decoupling Mechanism factor, a Capital Expenditures Tracker factor](#), an on-system credit factor, a

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DISTRIBUTION ADJUSTMENT CLAUSE

[Service Quality Performance factor](#), and a deferred cost factor calculated as follows:

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$$DAC = SP + AGT + LIAP + ERCF + \text{P\&PBOP} + RDM + \text{CapX} - MC - \text{SQP} + R$$

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Where:

DAC	Distribution Adjustment Charge applicable to all firm throughput
SP	System Pressure factor. See Item 3.1 for calculation.
AGT	Advanced Gas Technology factor. See Item 3.2 for calculation.
LIAP	Low Income Assistance Programs factor. See Item 3.3 for calculation.
ERCF	Environmental Response cost factor. See Item 3.4 for calculation.
P\&PBOP	Pension and Post-retirement Benefits Other than Pensions (PBOP) adjustment factor. See Item 3.5 for calculation.
RDM	Revenue Decoupling Mechanism factor. See Item 3.6 for calculation.
CapX	Capital Expenditures Tracker factor. See Item 3.7 for calculation
MC	On-system margin credits related to non-firm transportation and non-traditional sales and transportation. See Item 3 8 for calculation.
SQP	Service Quality Performance Factor. See Item 3.9 for calculation

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DISTRIBUTION ADJUSTMENT CLAUSE

R Reconciliation of deferred account balance as of
October 31. See Item [4.0](#) for calculation.

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[This calculation will be adjusted for the uncollectible percentage based on the average of the most recent five-years ended June 30th and include a credit or surcharge for the variance in the prior year's actual net write offs allocated to DAC versus what was reflected in the DAC rates. The Distribution Adjustment Charges are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.](#)

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3.0 DISTRIBUTION ADJUSTMENT CALCULATIONS

3.1 System Pressure

Factor:

The System Pressure factor shall be computed on an annual basis utilizing a forecast of Liquefied Natural Gas (LNG) sendout and the projected average inventory cost of LNG based on the following formula:

$$SP = \frac{[Dt_{LNG} * INV_{LNG}] * SP\%}{Dt_T}$$

Where:

SP System Pressure Amount

Dt_{LNG} Forecast of LNG sendout in dekatherms

INV_{LNG} Average inventory cost of LNG per dekatherm

SP% Percent of local storage used to maintain system pressures, as established in the most recent rate case proceeding.

Dt_T Forecasted annual firm throughput in dekatherms

3.2 AGT Factor:

The Advanced Gas Technology factor will be computed on an annual basis utilizing the approved budget for AGT programs based on the following formula:

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DISTRIBUTION ADJUSTMENT CLAUSE

$$AGT = \frac{AGT_B - AGT_{EMB}}{Dt_T}$$

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Where:

AGT AGT Factor

AGT_B Approved AGT budget

Dt_T Forecasted annual firm throughput in dekatherms

AGT_{EMB} AGT funding embedded in base rates, [\\$300,000](#)

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3.3 LIAP Factor:

The Low Income Assistance factor shall be computed on [an](#) annual basis utilizing the approved funding for low income programs, such as Low Income Heating Assistance and Low Income Weatherization, based on the following formula:

$$LIAP = \frac{LIAP_B - LIAP_{EMB}}{Dt_T}$$

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Where:

LIAP LIAP Factor

LIAP_B Approved low income program funding(s)

Dt_T Forecasted annual firm throughput in dekatherms

LIAP_{EMB} LIAP funding embedded in base rates, [\\$1,785,000](#)

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3.4 Environmental Response Cost Factor (ERCF):

$$ERCF = \frac{ERC_{95-01}}{10} + \frac{\sum_{x=n-9}^n ERC_{yr}}{10} - ERC_{EMB}$$

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DISTRIBUTION ADJUSTMENT CLAUSE

Dt_T

Where:

ERC Environmental Response Costs as defined in
Section 1, Schedule B Definitions

$\frac{ERC_{95-01}}{10}$ Unamortized Environmental Response Costs at
the end of fiscal year 2001 to be amortized over
ten years.

$\sum_{x=n-9}^n ERC_{yr_x}$ The sum of Environmental Response Costs,
incurred in the most recent fiscal year ("n"), and in
the prior nine fiscal years, but no earlier than fiscal
year 2002. Therefore, until fiscal year 2011, n-9 is
equal to fiscal year 2002.

ERC_{EMB} Environmental Response Costs funding embedded
in base rates, \$1,310,000.

Dt_T Forecasted annual firm throughput in dekatherms

In order to limit the bill impacts that could potentially result from the incurrence of environmental remediation costs, the ERC factor, calculated as described above, shall be limited to an increase of no more than \$0.10 per dekatherm in any annual DAC filing. If this limitation results in the Company recovering less than the amount that would otherwise be eligible for recovery in a particular year, then beginning on the date that the proposed ERC factor becomes effective, carrying costs shall accrue to the Company on the portion of the environmental remediation costs not included in the ERC factor as a result of this limitation. Such carrying costs shall accrue through the year in which such amount, together with accumulated carrying costs, are recovered from ratepayers. Any amounts so deferred shall be incorporated into the ERC factor in succeeding years consistent with the \$0.10 per dekatherm ERC

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DISTRIBUTION ADJUSTMENT CLAUSE

factor annual increase limitation. Such carrying charges shall accrue at the Interest on Deferred Balance rate specified in Section 1 Schedule C of the Company's General Rules and Regulations.

3.5 P&PBOP Adjustment

Factor The P&PBOP adjustment factor shall recover or refund the prior year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension ("PBOP") expenses to the Company's Pension and PBOB expense allowance included in Base rates. The adjustment factor will be computed on an annual basis for the twelve months ended June 30th and will be based on the difference in the Company's actual Pension and PBOP expense for the prior twelve month period ended June 30th and the Company's most recently approved Pension and PBOP expense base rate allowance.

3.6 Revenue Decoupling Mechanism

Factor The Revenue Decoupling Mechanism (RDM) Factor shall be a credit or surcharge determined for each rate class as the June 30th ending balance divided by the forecasted annual firm throughput for the respective rate class. The June 30th RDM rate class ending balance shall result from the monthly calculation of the variance between a target revenue per customer and the actual revenue per customer based on the following formulas:

$$RDMB_{RC} = AEB_{M-1} + VR_M + INT_M$$

Where:

RDMB_{RC} Revenue Decoupling Mechanism Balance for each of the following rate classes: Residential Non-heat, Low Income Residential Non-heat, Residential Heat, Low Income Residential Heat, Small C&I, Medium C&I, Large Low Load C&I, Large High Load C&I, Extra Large Low Load C&I and Extra Large High Load C&I (note: new Large and Extra Large C&I customers after November 1, 2007 are excluded)

AEB_{M-1} Account Ending Balance for prior month

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DISTRIBUTION ADJUSTMENT CLAUSE

VR_M Current month Variance

$$= \frac{(\text{RPC}_{\text{TM}} - \text{RPC}_{\text{AM}}) \times \text{CUST}_{\text{M}}}{\text{RPC}_{\text{TM}}}$$

RPC_{TM} = Revenue Per Customer
Target for current month as
established at time of the
most recent rate case

RPC_{AM} = Actual Revenue Per
Customer for current month
calculated as actual base
revenues divided by number
of customers in the current
month

CUST_M = Number of customers in
current month

INT_M Interest on average monthly balance

$$= \frac{\text{AEB}_{\text{M-1}} + \text{VR}_{\text{M}} \times \text{BAM}}{2}$$

BAM Bank of America Prime minus 200
basis points

3.7 Capital Expenditure

Tracker Factor - The Capital Expenditure ("CapX") Tracker Factor will be computed annually and is the mechanism for refunding or collecting from customers the revenue requirement impact associated with variations in capital spending to the extent allowed by the Commission.

3.8 On-System Credits:

Each year the Company will calculate the total non-firm transportation margins, exclusive of Rhode Island Gross Earnings Tax for the twelve month period ending June 30. If that total exceeds \$1,600,000, the On-System Credit shall be 75% of the

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DISTRIBUTION ADJUSTMENT CLAUSE

amount in excess of \$1,600,000. If the total non-firm margins, exclusive of Rhode Island Gross Earnings Tax, for the twelve-month period ending June 30 are less than \$1,600,000, the On-System Credit shall be negative.

$$MC = \frac{(NFTM - \$1,600,000) * Pct}{D_{T}}$$

Where:

MC	On-System margin credit factor
NFTM	The non-firm transportation margins for the 12 months ending June 30.
Pct	If (NFSM+NFTM-\$1,600,000) > 0, then Pct = 75% If (NFSM+NFTM-\$1,600,000) ≤ 0, then Pct = 100%
D _T	Forecasted annual firm throughput in dekatherms

3.9 Service Quality Performance

Factor - The Service Quality Performance ("SQP") Factor will be used for crediting to customers any penalties reflected in the Company's annual Service Quality Report.

4.0 DEFERRED DISTRIBUTION ADJUSTMENT COST ACCOUNT:

The Company shall maintain separate Deferred Cost Accounts for AGT costs and revenues, LIAP costs and revenues, Environmental Response costs and revenues, [Revenue Decoupling monthly variances](#), and the On-System credit costs and revenues. Entries shall be made to each of these accounts at the end of each month as follows:

- (1) An amount equal to the allowable costs incurred, less revenues collected adjusted for the RIGET and the uncollectible percentage approved in the most recent rate case proceeding;

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Deleted: NFSM . The non-firm sales margins for the 12 months ending June 30.

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Normalization: . The Company shall compare actual heating degree days ("DD") to normal heating degree days at the end of each peak season (November through April). For each DD greater than 4,874 (2% colder than normal), the Company shall credit the Weather Normalization Account an amount equal to \$9,000 per DD. For each DD less than 4,682 (2% warmer than normal), the Company shall debit the Weather Normalization Account at \$9,000 per DD.¶

Deleted: 4.0 WORKING CAPITAL REQUIREMENT OF THE DISTRIBUTION ADJUSTMENT CLAUSE¶

$$WC_{DA} = . WCA_{DA} * [DL / 365] * COC¶$$

Where:¶

WC_{DA}. Working Capital requirements of AGT and LIAP factors.¶

WCA_{DA} . Working Capital Allowed in the AGT and LIAP calculations.¶

DL . Days Lag approved in the most recent rate case proceeding¶

COC . Weighted Pre-tax Cost of Capital, consisting of three components: Short-term Debt, Long-term Debt, and C ... [1]

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DISTRIBUTION ADJUSTMENT CLAUSE

(2) Credits to costs, and;

(3) Monthly rate based on a monthly rate of the current [Bank of America](#) prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning and ending balance after entries for (1) and (2) above.

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With respect to Environmental Response Costs, the monthly deferred cost shall be the variance between actual and forecasted monthly firm throughput, multiplied by the ERC Factor.

[With respect to Revenue Decoupling, the monthly deferred cost shall be the variance between the Revenue Per Customer Target and the actual Revenue Per Customer multiplied by the number of customers](#)

6.0 Earnings Sharing Mechanism:

The [annual](#) Earnings Sharing Mechanism (ESM) [established in](#) Docket No. 3401 will remain in place. [The](#) Earnings Sharing Mechanism Credit (ESMC) will be included with the August 1st DAC filing and will be updated with the final EMSC calculation by September 1st. [For purposes of calculating earnings to be shared, the Company will be allowed to include its 50% share of net merger synergies resulting from the National Grid/Southern Union and the National Grid/KeySpan transactions, or \\$3,590,601.](#) Calculation of the ESMC is as follows:

$$\text{ESMC} = \frac{\text{ESMF}}{\text{Dt}_T}$$

Where:

ESMF Earnings Sharing Mechanism Fund is defined as the earnings subject to sharing based on a return on equity of 11.50%. Annual earnings over this return on equity, up to and including 100 basis points,

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Provisions in this Section are subject to modifications as ordered by the Commission in approval of a Settlement Agreement in Docket No. 3401. Such modifications include the following:¶

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DISTRIBUTION ADJUSTMENT CLAUSE

being shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of this return on equity shall be shared 75% to customers and 25% to the Company.▼

Dt_T

Forecasted annual firm throughput in dekatherms

Deleted: The return on equity will remain at 11.25% until modified by the Commission in a ratemaking proceeding for rates to be effective subsequent to June 20, 2005. ¶

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Adjustment: For the billing periods starting with July 1, 2002 through and including consumption on June 30, 2003, the otherwise approved DAC calculated as described above, will be adjusted to reflect the following Consolidation Mitigation Adjustments:¶

¶
Residential Non-Heating¶
Former Valley Gas Customers . \$-0.2700/therm¶
Former ProvGas Customers . \$+0.0675/therm¶
Residential Heating¶
Former Valley Gas Customers . \$-0.0848/therm¶
Former ProvGas Customers . \$+0.0290/therm¶
Small C&I¶
Former Valley Gas Customers . \$-0.0953/therm¶
Former ProvGas Customers . \$+0.0348/therm¶
¶

For the consumption starting July 1, 2003 through and including June 30, 2004, the otherwise approved DAC calculated as described above, will be adjusted to reflect the following Consolidation Mitigation Adjustments:¶

¶
Residential Non-Heating¶
Former Valley Gas Customers . \$-0.1350/therm¶
Former ProvGas Customers . \$+0.0337/therm¶
Residential Heating¶
Former Valley Gas Customers . \$-0.0424/therm¶
Former ProvGas Customers . \$+0.0145/therm¶
Small C&I¶
Former Valley Gas Customers . \$-0.0476/therm¶
Former ProvGas ... [2]

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RESIDENTIAL NON-HEATING
RATE 10

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- | | |
|----------------------|------------------------------------|
| Customer Charge: | \$ 11.00 per month |
| Distribution Charge: | \$0 4035 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 8.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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RESIDENTIAL NON-HEATING
RATE 10

9.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas Energy
Efficiency provisions in Section 1, Schedule C.

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RIPUC NG No. 101

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Residential Services
Schedule C, Sheet 1

**LOW INCOME RESIDENTIAL NON-HEATING
RATE 11**

1.0 AVAILABILITY: Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.

It is the responsibility of the customer to annually certify by forms provided by the utility, the continued compliance with the foregoing qualifications.

**2.0 CHARACTER OF
SERVICE:**

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES: Customer Charge: \$ 9.90 per month

Distribution Charge: \$0.3632 per Therm

4.0 MINIMUM CHARGE: Customer Charge per month.

**5.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**6.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

**7.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

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d/b/a National Grid¶
RIPUC NG No. 101

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Residential Services¶
Schedule C, Sheet 1¶

LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

8.0 DISTRIBUTION
ADJUSTMENT

CLAUSE: The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

9.0 GAS ENERGY

EFFICIENCY: The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C..

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RESIDENTIAL HEATING
RATE 12

1.0 AVAILABILITY:

Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

Customer Charge: [\\$16.00](#) per month

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Distribution Charge:

On-Peak Period (November ~~=~~ April)

First 125 Therms @ [\\$0.3485](#) per Therm

Over 125 Therms @ [\\$0.2500](#) per Therm

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Off-Peak Period (May ~~=~~ October)

First 30 Therms @ [\\$0.3485](#) per Therm

Over 30 Therms @ [\\$0.2500](#) per Therm

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4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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6.0 RHODE ISLAND GROSS EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

7.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

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RESIDENTIAL HEATING
RATE 12

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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LOW INCOME RESIDENTIAL HEATING
RATE 13

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.
-
- It is the responsibility of the customer to annually certify by forms provided by the utility, the continued compliance with the foregoing qualifications.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** Customer Charge: \$14.40 per month
- Distribution Charge:
- On-Peak Period (November – April)
- First 125 Therms @ \$0.3137 per Therm
- Over 125 Therms @ \$0.2250 per Therm
- Off-Peak Period (May – October)
- First 30 Therms @ \$0.3137 per Therm
- Over 30 Therms @ \$0.2250 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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LOW INCOME RESIDENTIAL HEATING
RATE 13

6.0 RHODE ISLAND GROSS

EARNINGS TAX: The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

10.0 GAS COST RECOVERY

CLAUSE: The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

11.0 DISTRIBUTION
ADJUSTMENT

CLAUSE: The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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C&I SMALL
RATE 21

1.0 AVAILABILITY:

Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or less than 5,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

Customer Charge: [\\$30.00](#) per month

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Distribution Charge:

On-Peak Period (November - April)

First 135 Therms @ \$0 [3120](#) per Therm

Over 135 Therms @ \$0 [2000](#) per Therm

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Off-Peak Period (May - October)

First 20 Therms @ \$0 [3120](#) per Therm

Over 20 Therms @ \$0 [2000](#) per Therm

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4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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6.0 RHODE ISLAND GROSS EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

7.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

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C&I SMALL
RATE 21

8.0 [DISTRIBUTION](#)
[ADJUSTMENT](#)
CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

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9.0 [GAS ENERGY](#)
EFFICIENCY:

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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C&I MEDIUM
RATE 22

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 5,000 Therms, but less than or equal to 35,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC [NG-GAS No. 101](#) are applicable as in effect from time-to-time.

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4.0 RATES:

Customer Charge: [\\$75.00](#) per month

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Demand Charge: [\\$1.5000](#) per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.

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Distribution Charge: \$0 [.1352](#) per Therm

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5.0 MINIMUM CHARGE:

Customer Charge and Demand Charge per month.

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C&I MEDIUM
RATE 22

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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C&I LARGE HIGH LOAD FACTOR USE
RATE 23

1.0 AVAILABILITY: Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE: A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS: For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC [NG-GAS No. 101](#) are applicable as in effect from time-to-time.

4.0 RATES:

Customer Charge: \$[135](#).00 per month

Demand Charge: \$[2.0000](#) per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.

Distribution Charge: \$0.[0781](#) per Therm

5.0 MINIMUM CHARGE: Customer Charge and Demand Charge per month.

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C&I LARGE HIGH LOAD FACTOR USE
RATE 23

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**[10.0](#) GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

1.0 AVAILABILITY: Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE: A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS: For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC [NG-GAS No. 101](#) are applicable as in effect from time-to-time.

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4.0 RATES:

Customer Charge: \$300.00 per month

Demand Charge: [\\$2.0000](#) per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.

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Distribution Charge: \$0.[0213](#) per Therm

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5.0 MINIMUM CHARGE: Customer Charge plus Demand Charge per month.

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C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NGC No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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C&I LARGE LOW LOAD FACTOR USE
RATE 33

1.0 AVAILABILITY: Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the off-peak and annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE: A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS: For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC [NG-GAS No. 101](#) are applicable as in effect from time-to-time.

4.0 RATES:

Customer Charge: \$[135](#).00 per month

Demand Charge: \$[1.5000](#) per Therm, of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.

Distribution Charge: \$0.[1483](#) per Therm

5.0 MINIMUM CHARGE: Customer Charge and Demand Charge per month.

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C&I LARGE LOW LOAD FACTOR USE
RATE 33

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service, the Transportation Service provisions found in Section 5 of RIPUC [NG-GAS No. 101](#) are applicable as in effect from time-to-time.

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4.0 RATES:

Customer Charge: \$300.00 per month

Demand Charge: [\\$1.5000](#) per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.

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Distribution Charge: \$0 [.0258](#) per [Therm](#)

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5.0 MINIMUM CHARGE:

Customer Charge plus Demand Charge per month.

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C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#) as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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FLEXIBLE FIRM SERVICE
RATE XX

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1.0 AVAILABILITY: This Schedule is for firm transportation service on the basis of negotiated, individual service agreements, with Commercial and Industrial customers meeting the following eligibility requirements.

(1) Customers must have dual fuel capability for the period when gas is not available under this Schedule.

(2) Customers must be non-firm service customers with annual gas usage equal to or greater than 150,000 Therms.

2.0 CHARACTER OF SERVICE:

Firm transportation service for less than 365 days per year, based on a degree day threshold, pursuant to a service agreement negotiated between the Company and the Customer. The Company may offer value-added services in conjunction with such service agreement. In all cases, all service attributes agreed to between the Company and the Customer shall be included in the service agreement.

3.0 TERM OF AGREEMENT:

The minimum term for all service agreements negotiated under this tariff is one year. In all cases, a stipulated notice period will be required for termination and penalties may apply.

4.0 RATES:

Specific rates will be subject to negotiation and are required to provide a net margin above incremental costs which may include incremental distribution system costs. The final arrangements between the Company and Customer shall be included in the customer service agreement.

5.0 REGULATORY JURISDICTION:

National Grid is a public utility subject to regulation by the Rhode Island Public Utilities Commission (PUC). Any service agreement entered into under this Section will be made available to the PUC and/or the Division of Public Utilities for review under streamlined regulatory review procedures to

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FLEXIBLE FIRM SERVICE
RATE XX

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confirm compliance with provisions of the Schedule and established regulations.

6.0 CONFIDENTIALITY

The agreement shall be considered a confidential document between the Company and Customer. By signing the service agreement, the Customer and the Company agree not to share the agreement or the information contained within the agreement with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party.

Deleted: **1.0 AVAILABILITY:** For any non-residential customer with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas is not available under this Tariff. ¶

¶ **2.0 RATES:** Non-firm Sales (NFS) service rates shall be set for the upcoming month, no later than 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the NFS service rate, if the Company obtains a new, lower cost gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take NFS service, and must provide a reasonable estimate of natural gas expected to be used for the month.¶

¶ Customer charges will be determined as follows:¶

¶ 1. For those customers who can potentially consume more than 100,000 Therms per month:¶

¶ - \$625 per month, per customer¶

¶ 2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:¶ ... [3]

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7.0 TRANSPORTATION
TERMS AND
CONDITIONS:

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101.

8.0 GENERAL RULES AND
REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

9.0 RHODE ISLAND GROSS

EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

10.0 DISTRIBUTION ADJUSTMENT

CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

11.0 GAS ENERGY

EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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TRANSITION SALES SERVICE

TSS

1.0 AVAILABILITY:

Transitional Sales Service (TSS) shall apply to customers subject to the Transportation Service Term and Conditions. The Company's General Terms and Conditions will govern this Service to the extent not consistent herewith.

TSS is not available to customers eligible for, or enrolled in, the Company's Non-Firm Transportation Service (NFT), and the Default Transportation Service.

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The Company reserves the right to restrict the availability of this service if the Company determines that the integrity of the distribution system is at risk.

2.0 GENERAL CONDITIONS:

TSS is provided by the Company to Customers switching from supplier service to firm sales service. TSS is available to customers (a) who terminate supplier service, (b) who receive a termination notice from a designated supplier, or (c) for whom a designated supplier becomes ineligible to serve the customer.

All customers transferring to firm sales service from either FT-1 service or FT-2 service will be subject to the provisions of this rate schedule in addition to the provisions of the Company's applicable firm sales service rate schedules.

3.0 TERM:

For each customer who transfers to firm sales service from FT-1 service, TSS will be applicable to all firm sales service provided to the Customer through the first April 30th after the customer starts taking firm sales service or until the Customer enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year.

For each customer transferring to firm sales service from FT-2 service, TSS will be applicable to all firm sales service provided to the Customer through the end of the Customer's first billing cycle subsequent to the first April 30th after the customer starts taking firm sales service or until the

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TRANSITION SALES SERVICE

TSS

Customer enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year.

4.0 SURCHARGE:

Each Customer utilizing TSS will be subject to a monthly surcharge. The TSS monthly surcharge is designed to charge a market-based price reflecting the cost of gas supplies in the marketplace at the time consumption is occurring for the incremental amount of gas that the Company must purchase over and above the quantities of gas procured for firm sales customers under the provisions of the Company's Gas Procurement Incentive Plan (GPIP). The surcharge will reflect any positive difference between the GPIP cost of gas for the month in which gas is supplied and a market-based gas price for the same month. This surcharge shall apply to all firm sales service consumption of customers switching from firm transportation service subsequent to April 30th of each year.

4.1 Calculation:

The surcharge for customers who switch to firm sales service from FT-1 or FT-2 service shall be computed as follows:

IF

$$\{ [(NYMEX_M - GPIP_M) (GPIP_{QM}/Dt_M)] \} - R_{GCR} \text{ is } > 0,$$

THEN:

$$TSS = \{ [(NYMEX_M - GPIP_M) (GPIP_{QM}/Dt_M)] \} - R_{GCR}$$

OTHERWISE:

$$TSS = 0$$

Where:

TSS = Transitional Sales Service monthly surcharge for customers transferring from FT-1 or FT-2 service.

NYMEX_M = The NYMEX closing price for month M.

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TRANSITION SALES SERVICE

TSS

- $GPIP_M$ = Average cost of gas purchased under the GPIP for month M.
- $GPIP_{QM}$ = The Total Quantity of GPIP purchases for month M.
- Dt_M = Total forecasted sales for month M underlying the GPIP.
- R_{GCR} = The per Dt Deferred Gas Cost Reconciliation reflected in the current GCR charge.

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TSS surcharges will be calculated monthly. Supporting calculations for all components of the applicable surcharges will be posted on the Company's website by the second business day of each month. In addition, supporting workpapers shall be submitted to the Public Utilities Commission and the Division of Public Utilities and Carriers simultaneously with the posting on the Company's website.

**5.0 STORAGE AND
PEAKING:**

FT-1 customers who transfer to firm sales service will be subject to a Storage and Peaking charge for recovery of Storage and Peaking costs. Such charge will be calculated at the time the FT-1 customer transfers to firm sales service based on the customer's actual consumption as an FT-1 transportation customer since the most recent April 1st, multiplied by the currently effective FT-2 Firm Transportation Marketer Gas Charge (Section 2, Schedule A, Item 2.2)

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NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability:
(1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas transportation is not available under this Tariff.

This rate is available to any customer who has, without the assistance of the Company or the use of its facilities or dedicated pipeline capacity, arranged for the acquisition and transportation of gas supplies to the Company's gate stations, has executed a Transportation Service Application, has designated on such Application a Marketer as required under the Transportation Terms and Conditions in Section 6, Schedule C and who meets the following additional criteria:

- A. The customer must have telemetering equipment in place.
- B. The customer agrees to discontinue service, when in the sole discretion of the Company, such discontinuance is necessary in order to continue to serve the needs of firm customers at such time. The Company will attempt to give three (3) working days' notice of such action except in the event of emergency, when at least one hour's notice will be given.

Any gas consumed during a requested discontinuance, whether authorized or unauthorized, shall be provided by the Company and not a third party supplier or Marketer of record.

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NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

2.0 RATE:

[Non-Firm Transportation \(NFT\) service rates shall be set for the upcoming month, no later than 10:30 a.m. ten \(10\) business days prior to the commencement of that month. The customer must notify the Company by 9:00 a.m. two \(2\) business days prior to the commencement of that month of any change in gas marketer.](#)

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Customer Charge will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:

- \$715 per month, per customer.
2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:

- \$485 per month, per customer
3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:

- \$275 per month, per customer

Distribution Charge:

In the absence of an effective agreement between Company and customer adopting a rate for an extended term of non-firm transportation service, the rate per Therm of gas transported by Company to customer hereunder will be calculated for each billing month as follows:

$$TR = \text{ACF} - \text{MGC}$$

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Where:

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NON-FIRM TRANSPORTATION (NTS) SERVICE

RATE 61

TR = the [distribution](#) rate for non-firm
transportation service

[ACF](#) = the [Alternative Commodity Factor](#)

[MGC](#) = [Marginal Gas Cost](#)

[Calculations to derive the Alternative Commodity Factor will be as follows:](#)

$$\text{ACF} = P / C \times D$$

[Where:](#)

[ACF](#) = [Alternative Commodity Factor](#)

[P](#) = [Posted price for #6, 1% sulphur oil, #4 oil, #2 oil, or propane](#)

[C](#) = [A conversion factor for customer's alternative fuel, as follows:](#)

[#6 oil](#) - [1.50 Therms/gallon](#)

[#4 oil](#) - [1.45 Therms/gallon](#)

[#2 oil](#) - [1.39 Therms/gallon](#)

[Propane](#) - [0.916 Therms/gallon](#)

[D](#) = [Discount factor determined as follows:](#)

[#6 Oil: For those customers whose alternative fuel is #6 oil 1% sulfur, the commodity factor will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under DAILY PETROLEUM PRICES, ten \(10\) days prior to the commencement of that month.](#)

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NON-FIRM TRANSPORTATION (NTS) SERVICE

RATE 61

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the commodity factor will reflect a 22% discount from the posted oil price.
- b. For those customers who have the potential to consume between 25,000 Therms and 100,000 Therms per month, the factor will reflect an 11% discount from the posted price.
- c. For those customers who have the potential to consume less than 25,000 Therms per month, the factor will reflect a 7% discount from the posted oil price.

#4 Oil: For those customers whose alternative fuel is #4 oil, the commodity factor will be based upon 55% of the posted #6 oil price, and 45% of the posted #2 oil price calculated herein.

- a. For those customers who have the potential to consume 25,000 or more Therms per month, the factor will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 25,000 Therms per month, the factor will reflect a 2.25% discount from the posted oil price.

#2 Oil: For those customers whose alternative fuel is #2 oil, the commodity factor will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under PETROLEUM PRICES, ten (10) days prior to the commencement of that month.

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NON-FIRM TRANSPORTATION (NTS) SERVICE

RATE 61

- a. [For those customers who have the potential to consume 100,000 or more Therms per month, the factor will reflect a 7% discount from the posted oil price.](#)
- b. [For those customers who have the potential to consume less than 100,000 Therms per month, the factor will reflect a 2.25% discount from the posted price.](#)

[Propane: For those customers whose alternative fuel is propane, the commodity factor will be based upon the Selkirk average propane price taken from the most recent edition of the "Weekly Propane Newsletter" published by Butane Propane News.](#)

- a. [For those customers who have the potential to consume 100,000 or more Therms per month, the factor will reflect a 7% discount from the posted propane price.](#)
- b. [For those customers who have the potential to consume less than 100,000 Therms per month, the factor will reflect a 2.25% discount from the posted price.](#)

[Other Alternate Fuels: As other alternative fuels become available on the market an appropriate pricing source will be determined as needed with discounts comparable to those applicable to #2 Oil.](#)

3.0 MAXIMUM RATE
PER MONTH

[The maximum per therm distribution rate for non-firm transportation service shall be as follows:](#)

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NON-FIRM TRANSPORTATION (NTS) SERVICE

RATE 61

- a.) [For those customers with the potential to consume less than 25,000 therms per month, the cap will be \\$0.4279 per Therm effective October 1, 2008](#)
- b.) [For those customers with the potential to consume 25,000 or more therms per month, the cap will be \\$0.1701 per Therm effective October 1, 2008](#)

4.0 MINIMUM RATE

PER MONTH:

[The floor price for non-firm transportation service shall, under no circumstances, be less than \\$.016/Therm for the period November 1 through March 31, and no less than \\$.010/Therm for the period April 1 through October 31 for each year, adjusted for GET.](#)

5.0 CONTRACT OPTION:

The Company, in its discretion, may enter into contracts to provide non-firm transportation service with terms one month or longer, where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire negotiated non-firm transportation tariffs via a standardized contract will be subject to an administrative charge of \$50 each time a non-firm transportation rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly non-firm margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities,

Deleted: For any non-firm transportation customer whose alternative fuel is No. 6 oil, 1% sulphur: Any positive difference between (1) the figured transportation rate; and (2) \$.085/Therm shall be apportioned in equal shares to the transportation customer and firm customers. ¶

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RATE 61

unless given written consent from the other party or required by law or administrative order to do so.

**6.0 TRANSPORTATION
TERMS AND
CONDITIONS:**

The Company's Transportation Terms and Conditions in Section 6, Schedule C of RIPUC [NG-GAS No. 101](#), as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**7.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1, of RIPUC [NG-GAS No. 101](#), as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**8.0 TELEMETERING
EQUIPMENT:**

Telemetry equipment is required. The customer may have access to the telemetry equipment for data gathering and transmission.

**9.0 NON-FIRM
SALES SERVICE:**

[Non-firm sales service is not available from the Company](#)

**10.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC [NG-GAS No. 101](#).

**11.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**12.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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3.1 Three-Year Contract¶

Option Customers may enter into a long term contract of at least three years. Such contract will enable the customer to receive gas transportation service with the transportation component of \$0.070/Therm. The gas services provided under such contracts shall be attributed higher priority than service for other non-firm sales and transportation customers.¶

¶

4.0 MINIMUM RATE¶

PER MONTH: The floor price for non-firm transportation service shall, under no circumstances, be less than \$0.16/Therm for the period November 1 through March 31, and no less than \$0.10/Therm for the period April 1 through October 31 for each year, adjusted for GET.¶

¶

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6.0 RETURN TO NON-FIRM¶

SALES SERVICE: A transportation customer may, at the end of the life of a service contract, petition to return to non-firm sales service. If the customer requests interruptible sales service under the Company's Non-firm Sales Service Schedule the Company will be obliged to provide such service.¶

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FIRM TRANSPORTATION SERVICE

1.0 AVAILABILITY:

Firm Transportation Service is available to any Commercial and Industrial customer account who:

- (1) is classified as Medium, Large, or Extra Large pursuant to RIPUC [NG-GAS No. 101](#), Section 5, Schedule B, C, and D: and,
- (2) elects to purchase gas supplies from a supplier other than the Company through the execution of a Transportation Service Application pursuant to RIPUC [NG-GAS No. 101](#), Section 6, Schedule C.

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2.0 CHARACTER OF SERVICE:

Firm Transportation Service provides for the transportation of gas supplies purchased on a customer's behalf from a supplier other than the Company on a firm 365 days per year basis. Service is classified as either Firm Transportation Service FT-1 or Firm Transportation Service FT-2 as follows:

- FT-1 This service provides firm transportation of Customer purchased gas supplies to customers electing to have Gas Usage recorded on a daily basis at the Point of Delivery.
- FT-2 This service provides firm transportation of Customer purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery

Also refer to Section 6, Schedule C Items 2.0 and 3.0 for additional information.

3.0 RATES:

Specific rates billable by the Company to the customer are those applicable under the customer's service classification as provided for in RIPUC NG No.101, Section 5, Schedule B, C, or D. For Customers electing FT-1 Service, a one-time charge associated with the installation of telemetering equipment may also apply as provided for under Section 6, Schedule C, Item 2.0.

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FIRM TRANSPORTATION SERVICE

Rates associated with Firm Transportation Service which are billable to Marketers are those applicable under the Section 6, Schedule C as in effect from time-to-time.

4.0 TRANSPORTATION TERMS AND CONDITIONS:

The Transportation Terms and Conditions in Section 6, Schedule C of RIPUC [NG-GAS No. 101](#), as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of the Schedule.

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5.0 GENERAL RULES AND REGULATIONS:

Firm Transportation service will also be governed by the Company's General Terms and Conditions of Service to the extent not inconsistent herewith.

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TRANSPORTATION TERMS AND CONDITIONS

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These terms and conditions apply to those Commercial and Industrial customers classified as Medium, Large, Extra Large, or Non-firm who purchase gas supplies from sources other than the Company for transportation service by the Company pursuant to RIPUC NG No.101, Section 5, Schedule B, C, and D, and Section 6, Schedule A, as well as to any Marketers designated to act on the Customer's behalf pursuant to a Transportation Service Application and executing a Marketer Aggregation Pool Service Agreement. Transportation service will also be governed by the Company's General Terms and Conditions of Service to the extent not inconsistent herewith.

The Company reserves the right to restrict the availability of Transportation Service should the number of customers exceed the capability of the Company to reliably administer the service or if the integrity of the distribution system is put at risk.

If a Customer requesting service hereunder has been a sales service customer of the Company at the same service location within the preceding twelve month period, any underrecovered or overrecovered gas costs attributable to such prior service under the Gas Cost Recovery Clause in Section 2, Schedule A, shall be determined and paid by Customer or credited to Customer's account. The calculation of such underrecovered or overrecovered gas costs shall be in accordance with the Customer Deferred Gas Cost Calculation Guideline as on file with the Commission from time to time.

1.01.0 TERM OF SERVICE:

1.01.1 FT-1 Transportation Service:

FT-1 Transportation Service will commence on the first day of a calendar month subject to satisfying the Company's Transportation Terms and Conditions and be for an initial term of up to one year to reflect a common anniversary of November 1st. Service shall continue thereafter on a year-to-year basis, unless terminated by Customer, marketer or the Company, effective with the

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Customer's next billing cycle, upon at least thirty (30) days' advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each customer account being added to its FT-1 Aggregation Pool no less than thirty (30) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the thirty (30) day notice period.

1.01.2 FT-2 Transportation Service:

FT-2 Transportation Service will commence on the first day of a Customer's billing cycle subject to satisfying the Company's Transportation Terms and Conditions. Service shall continue thereafter on a year-to-year basis unless terminated by Customer, marketer or the Company, effective with the Customer's next billing cycle, upon at least fifteen (15) days advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each Customer being added to its FT-2 Aggregation Pool no less than fifteen (15) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the fifteen (15) day notice period.

1.02.0 Designation Of Marketer:

1.02.1 Firm Transportation:

Customers wishing to switch Marketers will be allowed to do so at the start of a calendar month, in the case of FT-1 [and Flexible Firm](#) Service, or at the start of a customer's billing cycle, in the case of FT-2 Service. The Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer. The Company must receive the new Transportation Service Application at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-1 [or Flexible Firm](#) Service customer without a capacity assignment from the Company, see Item 1.07 below, the Company must be notified of such change by 9 a.m. at least two (2) business

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1.01.3 Non-Firm Transportation (NFT)¶

Service: Customers classified as Non-Firm Sales (NFS) will be able to commence transportation as of the first (1st) of any calendar month subject to meeting the nomination requirements established in Item 1.03 following and having submitted to the Company an executed Transportation Service Application. ¶

¶
NFT Customers may switch to NFS Service as of the first (1st) of any calendar month upon advance notification to the Company. The Company must be notified of such change by 9 a.m. at least two (2) business days before the start of the calendar month. ¶

¶
A Customer's designation as NFS or NFT shall remain in effect until the Company is notified of a further change. Such notice is required by 9 a.m. two (2) business days before the start of the calendar month when such change is to take effect. Switching to or initiating transportation service mid-month is generally not allowed. ¶

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days before the start of the calendar month The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement. If a Customer switches marketers, switches transportation services and/or switches to sales service more than once in a twelve month period, an administrative charge of \$50 shall be billed to the Customer to cover the processing of the request.

If the Company receives more than one Transportation Service Application for the same customer account with different designations of Marketer, the Company will contact the Customer for clarification and confirmation.

The Company will notify the Marketer of record in the event that a customer account assigned to the Marketer's Aggregation Pool is terminated.

Marketer must provide the Company with (30) days advance notice in the event that the Marketer terminates service to a Customer in its Aggregation Pool.

Customers not subject to Default Transportation Service in Item 2.04 below, may return to sales service with at least thirty (30) days advance notice, subject to availability, in the Company's sole discretion, of adequate gas transmission, gas supply and/or gas storage capability, and subject to the Company's Transitional Sales Service Rate, Section 5 Schedule H, of the Commercial and Industrial Services.

These provisions for switching marketers or returning to Sales Service do not excuse the performance of any contractual obligations between the customer and a marketer, including the potential requirement of paying damages to the marketer for a breach of any such contractual obligation.

1.02.2 Non-Firm Transportation:

Switching Marketers is allowed at the start of any calendar month with the provision that the Company receive the Customer's Transportation Service Application designating

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the effective Marketer by 9 a.m. at least two (2) business days before the start of the month for which the switch is effective.

These provisions for switching marketers do not excuse the performance of any contractual obligations between the customer and a marketer, including the potential requirement of paying damages to the marketer for a breach of any such contractual obligation.

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If the Company receives more than one Transportation Service Application for the same customer account with different designations of Marketer, the Company will contact the Customer for clarification and confirmation.

1.03.0 Nominations:

1.03.1 General:

Marketer shall provide notice via the Company's Electronic Bulletin Board the required information relative to Shipper and Transporting Pipeline names and contract number(s) on which deliveries will be made and the specified quantity of gas that Marketer will deliver to the Point(s) of Receipt on each day of the calendar month. Marketer is required to have separate nomination names and contract numbers for each of Marketer's Aggregation Pools. Additional information may be required by the Company.

**1.03.2 Dispatch
Communication:**

All nomination information shall be communicated to the Company's Gas Supply Operations Department via the Company's Electronic Bulletin Board. Any nominations submitted via facsimile are due two (2) hours earlier than times indicated for the EBB and can be sent to (401) 333-3527. Marketer shall be responsible for having a contact person available by telephone and facsimile 24 hours per day, seven days per week for dispatch purposes. In the event that the contact person is not available when Company attempts to contact them, Company may take any action it deems necessary to maintain system integrity as otherwise outlined in the General Terms and Conditions.

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1.03.3 Initial

Nominations:

The Nomination terms for FT-1, [Flexible Firm](#) and NFT Service for deliveries to commence service on the first day of any calendar month will be submitted to the Company not later than the initial nomination deadline of the upstream Transporting Pipeline(s) transporting gas for Marketer. Such nominations will specify the quantity to be scheduled on each day of the month. The nomination requirements for FT-2 Service are described in Item 3.03 below.

As a condition of confirming any nomination, Company may direct Marketer to have gas delivered to an alternate Point of Receipt on the same Transporting Pipeline. Upon receipt of such directions, Marketer will arrange with the Transporting Pipeline to have gas delivered to the Point of Receipt designated by Company. Such alternate point of Receipt will remain the Point of Receipt for Marketer's gas for the period stated by the Company in its instructions until Company directs Marketer otherwise.

1.03.4 Subsequent

Nominations:

After the first day of the calendar month, Marketer may alter its nomination, provided that the revised nomination for delivery on any day is submitted to Company not later than 1:00 PM, in the case of FT-1, [Flexible Firm](#) and NFT Service, of the prior gas day. Any nomination submitted after the initial monthly nomination will include Marketer's anticipated quantities for the remainder of the calendar month. For FT-2 Service, the nomination requirements are described in Item 3.03 below.

1.03.5 Intra-Day

Nominations:

For daily metered Aggregation Pools, the Company will accept and implement, on a best efforts basis, an intra-day nomination submitted after the nomination deadline for the following gas day but before the start of the following gas day. An intra-day nomination within the gas day will be accepted at the Company's sole discretion.

One (1) such nomination per gas day shall be accepted subject to confirmation by the Transporting Pipeline.

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1.03.6 Scheduling of Service:

Company will attempt to confirm with Transporting Pipeline(s) that the nominated quantities equal the Scheduled Transportation Quantity. If such nomination is confirmed, the Company will schedule said quantities to the Marketer at the designated Point of Receipt(s).

If Marketer is purchasing gas at the Company's citygate, they are responsible for identifying the original delivering contract number, Shipper and any additional title transfers.

If Marketer's nominations on the Company's Electronic Bulletin Board are not consistent with nominations on Transporting Pipeline, then the smaller of the two nominations shall prevail, and all associated balancing and penalty assessments shall be based on the smaller nomination.

1.04.0 Protection Of System Operations:

1.04.1 Company Operational Flow Order (OFO):

Service hereunder may be limited as provided in the Company's General Terms and Conditions. Further, in the event that the Company determines in its sole judgment that it must take prompt action in order to maintain system integrity or to ensure Company's continued ability to provide service to its firm customers, the Company may declare a Critical Day or issue an OFO. In addition to the OFOs listed below, the Company shall have the right to issue any other OFO reasonably intended to serve the above stated purpose. The Company may take any one or more of the following actions:

- (1) declare a Critical Day which would require Marketer to fully utilize upstream capacity that it received from Company through Capacity Release; and require Marketer to fully schedule storage resources allocated as part of FT-2 Service, i.e., up to the MDQ-U, prior to relying on peaking resources to the extent they are needed to meet their customer's demands;

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- (2) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess receipts; and
- (3) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess takes.

An OFO will likely be issued at forty four (44) Degree Days or colder.

1.04.2 Pipeline Operational Flow Order:

If, at any time, an immediate upstream pipeline issues an order changing the requirements at the Point(s) of Receipt, then Company may so notify Marketer and direct Marketer to modify requirements at the Point(s) of Receipt to the extent necessary for Company to comply with the pipeline's order. Marketer will be responsible for coordinating with their customers regarding any necessary change to Customer's quantity of Gas Usage.

1.04.3 Marketer Responsibility:

In the event Company takes action to alleviate excess imbalances it will nonetheless remain the obligation of Marketer to make such further adjustments to nominations, both to Company, Shipper, and to Transporting Pipeline, during the remainder of the month to resolve accumulated imbalances or to account for subsequent changes in actual deliveries. Company's exercise of its authority under this section will have no effect on Marketer's liability for unauthorized overrun or imbalance penalties that apply to Marketer under this tariff or any similar charge, including scheduling penalties, imposed by any upstream Transporting Pipeline(s).

An operational flow order may be issued by the Company as a blanket order to all transportation customers, or to individual Marketer's Aggregation Pools, whose actions are determined by the Company to jeopardize system integrity.

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For Critical Days or OFO's aggravated by underdelivery, the Marketer will be charged a penalty of 5 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceed 102% of the Marketer's aggregate actual receipts on the Transporting Pipeline at the Point of Receipt. The Marketer will be charged a penalty of 0.1 times the Daily Index for the differences between said receipts and said usage that exceed 20% of said receipts [(Receipts – Usage) > (20% x Receipts)].

For Critical Days or OFO's aggravated by overdelivery, the Marketer will be charged a penalty of 0.1 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceed 120% of the Marketer's aggregate actual receipts on the Transporting Pipeline at the Point of Receipt. The Marketer will be charged a penalty of 5 times the Daily Index for the differences between said receipts and said usage that exceed 2% of said receipts [(Receipts – Usage) > (2% x Receipts)].

1.05.0 Unauthorized Use:

In the event the Company provides a Marketer with as much notice as Company deems practicable of an Operational Flow Order per Item 1 [04.0](#) or other curtailment of service and thereby reduces the Scheduled Transportation Quantity for delivery, the total Gas Usage by the Customer may not exceed the revised Scheduled Transportation Quantity. If, on any Gas Day, after notice of curtailment, the quantity of gas taken by Marketer's Customers in an Aggregation Pool, exclusive of NFT customers whose use under a curtailment is covered in Item 4.04 below, exceeds Marketer's Scheduled Transportation Quantity as so revised for the Aggregation Pool, and the Company has not authorized such excess quantity, then all such Gas Usage constitutes Unauthorized Use and is subject to an overrun penalty for each Dekatherm not delivered of 5 times the Daily Index. Such charges will be billed to the Marketer's account.

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1.06.0 Shipper And Transporting Pipeline Requirements:

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Marketer warrants with respect to each Aggregation Pool, that it has entered into the necessary agreements for the purchase and delivery of a gas supply to the Point of Receipt which it wants Company to transport and that it has entered into the necessary transportation agreements for the delivery of gas supply to the Point of Receipt. Marketer acknowledges that it must arrange for the delivery of Actual Transportation Quantities to the Company sufficient to include both the Scheduled Transportation Quantities and the applicable Company Fuel Adjustments.

In addition, Marketer warrants that at the time of delivery of its gas supply to the Point of Receipt, Marketer shall have good title to such gas, free of all liens, encumbrances and claims whatsoever. Marketer shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damage, costs, losses and expenses arising from or out of any adverse legal claims of third parties to or against said gas supply.

1.07.0 Capacity Release:

Each Marketer serving any Customer migrating from Non-Firm Transportation, [Flexible Firm](#) or Firm Sales Service to FT-1 or FT-2 Transportation Service or from another Marketer's Aggregation Pool where they were previously assigned pipeline capacity by the Company, will be required to accept, for each such Customer account, an assignment of a portion of Company's firm interstate pipeline transportation capacity at maximum rates for an initial term of up to one year. The Company shall determine the quantity to be released, based on a pro-rata percentage of the customer account's Average Normalized Winter Day Usage to the system total, and the pipeline on which such capacity will be released. The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Medium, Large or Extra-Large this quantity will be reviewed annually against the Customer's most recent usage patterns. Any change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1st. In the event that a marketer stops delivering gas on behalf of

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an existing capacity exempt customer, the customer will be prohibited from taking firm Company sales service. Such customers may select default transportation service as described in Item 2.04.0 below.

Marketer shall be required to execute a Capacity Assignment Agreement at the time a Marketer establishes an Aggregation Pool or any other instruments reasonably required by Company or interstate pipeline necessary to effectuate such assignment. Marketer is responsible for utilizing and paying for the assigned capacity consistent with the terms and conditions of the interstate pipeline's tariffs and this tariff. Marketer is responsible for payment of all upstream pipeline charges associated with the assigned firm transportation capacity, including but not limited to demand and commodity charges, shrinkage, GRI charges, cash outs, transition costs, pipeline overrun charges, annual change adjustments and all other applicable charges. These charges will be billed directly to the Marketer by the interstate pipeline.

All Capacity Assignments for FT-1 Transportation Service will be effective with the commencement of service. Capacity Assignments for FT-2 Customers will be effective the 1st of the upcoming month for Transportation Service Applications received prior to the 10th. For FT-2 Transportation Service Applications received on or after the 10th of the month, the capacity release will not be effective until the 1st of the month subsequent to the upcoming month.

Capacity assignments will be effective for an initial term of up to one year through the following November 1st. The capacity assignments shall be reviewed and re-released each November 1st and be subject to annual adjustment as described above. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) at the Company's option, whenever the Marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other

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conditions set forth in the capacity release transaction between the Marketer and the Company.

The Company shall assess a surcharge/credit to marketers based on the difference between the charges of the upstream pipeline transportation capacity and the weighted average of the Company's upstream pipeline transportation capacity charges as calculated by the Company. To the extent that the charges of such released pipeline capacity are greater than the weighted average charges, the marketer shall receive credit for such difference in charges based on the total quantity of capacity released by the Company to the Marketer. The per Dt charge is calculated by subtracting the charge per Dt for the released pipeline capacity from the Company's weighted average Upstream Transportation charges as identified in the Company's annual Gas Cost Recovery Filing. To the extent that the cost of such released pipeline capacity is less than the weighted average cost, the marketer shall be surcharged for such difference.

On or before August 1 each year, the Company shall calculate and provide to marketers, as defined in Section 6, Schedule C, Item 5.00, its best estimate of: (1) the over (under) recovery balance in its deferred gas cost account; and (2) the anticipated fixed costs for interstate pipeline capacity, storage and peaking supplies.

During the calendar month of September, each Marketer will be required to submit a new Capacity Assignment Agreement indicating pipeline capacity path preferences based on the available paths identified in the Company's annual Gas Cost Recovery Filing. Each Marketer shall identify pipeline capacity preferences for: (1) existing customers, and (2) any new customers. Marketer shall have the right to retain capacity released on existing paths if such paths remain available. Any changes from the Marketer's previous election will be effective November 1st in conjunction with the updating of customer capacity quantities described above. Subject to availability, Marketers may change path preferences for assignment of pipeline capacity during the year for any new customers

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added to their Aggregation Pool by filing with the Company a new Capacity Assignment Agreement with at least 30 days advance notice.

The capacity released to a Marketer stays with the customer account on which it is based and as such, will be reassigned at such time that a Customer terminates their contract with a Marketer or reverts back to the Company as of the date of the customer's service termination.

Each Marketer's capacity assignment associated with Customers in an aggregation pool shall be reviewed on a monthly basis prior to the tenth (10th) calendar day of the month, and adjusted to reflect any net changes resulting from the addition and deletion of customers to the pool.

1.07.1 New Loads:

New Customers classified as Large or Extra-Large electing FT-1 transportation service will not be required to take assignment of the Company's capacity resources as described in 1.07.0 above. The consumption of such Customers may be subject to annual review and confirmation by the Company. Customers who fail to meet the minimum requirement for the Large classification shall be required to take assignment of the Company's capacity resources after no less than 60 days notice. Marketers for such customers may be responsible for obtaining citygate capacity at a specific citygate on the Company's system as determined by the Company. Such determination will be based on the customer's location, load characteristics and distribution system requirements.

In the event that a marketer stops delivering gas on behalf of a customer without Company assigned pipeline capacity, the customer will be prohibited from taking firm Company sales service. Such customers may select default transportation service as described in Item 2.04.0 below.

1.08.0 Facilities:

Company shall own, operate and maintain, at its expense, its gas distribution facilities to the Point of Delivery. Customer shall furnish, maintain and operate the facilities required between Company's Point of Delivery and Customer's equipment.

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- 1.9.0 Quality:** Marketer is responsible for insuring that all gas received, transported and delivered hereunder to the Point of Receipt meets the quality specifications and standards outlined in the General Terms and Conditions of the Transporting Pipeline's FERC Gas Tariff.
- 1.10.0 Possession of Gas:** Company shall be deemed to be in control and possession of transportation gas to be delivered in accordance with this service from receipt at the Point(s) of Receipt until it shall have been delivered to Customer at the Point of Delivery. Marketer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and Customer shall be deemed to be in control and possession of transportation gas after such delivery by the Company to the Point of Delivery. Company shall have no responsibility with respect to such gas before it passes the Point of Receipt or after it passes such Point of Delivery or on account of anything which may be done, happen or arise with respect to such gas after Point of Delivery.
- 1.11.0 Provision of Future Taxes, Surcharges Fees, Etc.:** In the event a tax of any kind is imposed or removed by any government authority upon the sale or transportation of gas or upon the gross revenues derived therefrom (exclusive, however, of taxes based on Company's net income), the rate for service to Customer and/or Marketer, as the Company deems appropriate, shall be adjusted by an amount equal to or otherwise properly reflecting said tax. Similarly, the effective rate for service hereunder shall be adjusted to reflect any refund or imposition of any surcharges or penalties applicable to service hereunder which are imposed or authorized by any governmental authority.
- 1.12.0 Retention of Pipeline Fuel Adjustment:** The Company shall retain in kind, from the quantities of gas actually delivered to the Point(s) of Receipt for Marketers' accounts, the amount thereof equal to the applicable Company Fuel Allowance. Such Company Fuel Allowance shall be calculated by the Company based upon

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an average of the Company's most recent five (5) years experience, fuel loss and unaccounted for or similar quantity based adjustments.

1.13.0 Limitations of Liability:

The liability of the Company shall be limited in accordance with the provisions of the Company's General Terms and Conditions.

1.14.0 Force Majeure:

Neither Company nor Marketer shall be liable to the other or to Customer for delays or interruptions in performing their respective obligations hereunder arising from any acts, delays or failure to act on the part of, or compliance by Marketer or Company with any operating standard imposed by any governmental authority, or by reason of an act of God, accident or disruption, including without limit, strikes or equipment failures, or any other reason beyond Marketer's or Company's control, provided, however, in the event of an occurrence of one or more of the foregoing events, reasonable diligence shall be used to overcome such event. The party claiming force majeure shall, on request, provide the other party with a detailed written explanation thereof, and of the remedy being undertaken.

2.0 FT-1 TRANSPORTATION SERVICE:

2.01.0 Character of Service:

This service provides firm, 365 day transportation of Customer purchased gas supplies to customers electing to have Gas Usage recorded on a daily basis at the Point of Delivery. The Customer shall identify on the Transportation Service Application a Marketer that it has designated to perform initial and subsequent nominations, to receive scheduling and other notices from the Company, and to do balancing. Such Marketer shall assign Customer to an Aggregation Pool with other Customers electing FT-1, [Flexible Firm](#) or NFT service or establish a one-customer Aggregation Pool and execute an appropriate Marketer Aggregation Pool Service Agreement. Specific Marketer requirements and obligations are described in Item 5.0 below.

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2.02.0 Telemetering:

The Company will provide at the Customer's expense, at the Point of Delivery to the Customer, a device that the Company will attach to its metering equipment for the purpose of monitoring the Gas Usage. The Customer shall be responsible to supply a dedicated electrical supply and a telephone line at a location acceptable to Company and capable of transmitting information collected from the monitoring device to the Company's computer system. The Customer shall be responsible for the maintenance and service of the telephone line. Should a dedicated phone line be required, it is the responsibility of the Customer to schedule the installation, to notify Company when such installation has been completed, and the Customer is responsible for any associated charges. FT-1, [Flexible Firm and NFT](#) transportation service shall not commence until the telemetering equipment is in place and operational.

2.03.0 Balancing:

FT-1, [Flexible Firm and NFT](#) Service is subject to both Daily and Monthly balancing provisions. It will be the Marketer's responsibility to provide accurate and timely nominations of quantities proposed to be received and delivered by Company under this service and to maintain as nearly as possible, equality between the Gas Usage and the Actual Transportation Quantity. Marketer shall be solely responsible for securing faithful performance by Shipper and Transporting Pipeline, and the Company shall not be responsible as a result of any failure of Shipper or Transporting Pipeline to perform. Charges and Penalties associated with FT-1, [Flexible Firm and NFT](#) balancing are billed to the Marketer.

2.03.1 Daily Imbalances:

The Marketer must maintain a balance between daily receipts and daily usage within the following tolerances:

Off-Peak Season: The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 15% of said receipts. The Marketer shall be charged a penalty of 0.1 times the Daily

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Index for all differences not within the 15% tolerance.

Peak Season: The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 10% of said receipts. The Marketer shall be charged a penalty of 0.5 times the Daily Index for all differences not within the 10% tolerance.

Critical Day(s): The Company will determine if the Critical Day will be aggravated by an underdelivery or an overdelivery, and so notify the Marketer when a Critical Day is declared pursuant to Item 1.05 above.

If the Marketer has an accumulated imbalance within a month, the Marketer may nominate to reconcile such imbalance, subject to the Company's approval, which approval shall not be unreasonably withheld.

2.03.2 Monthly Imbalances: For each Aggregation Pool, the Marketer must maintain total Actual Transportation Quantities within a reasonable tolerance of total monthly Gas Usage. Any differences between total Monthly Transportation Quantities for an Aggregation Pool and the aggregated Gas Usage of Customers in the Aggregation Pool, expressed as a percentage of total Monthly Transportation Quantities will be cashed out according to the following schedule:

<u>Imbalance Tier</u>	<u>Overdeliveries</u>	<u>Underdeliveries</u>
0% ≤ 5%	The average of the Daily Indices for the relevant Month.	The highest average of seven consecutive Daily Indices for the relevant Month.

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> 5% ≤ 10%	0.85 times the above stated rate	1.15 times the above stated rate
> 10% ≤ 15%	0.60 times the above stated rate	1.4 times the above stated rate
> 15%	0.25 times the above stated rate.	1.75 times the above stated rate.

For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to volumes within a tier. For example, if there is a 7% Underdelivery on a Delivering Pipeline, volumes that make up the first 5% of the imbalance are priced at the highest average of the seven consecutive Daily Indices. Volumes making up the remaining 2% of the imbalance are priced at 1.15 times the average of the seven consecutive Daily Indices.

All cash-out charges or credits, as determined above, will be applied to the Marketer's monthly invoice for the Aggregation Pool.

Designated Marketers may arrange with another of Company's Marketers providing service to the same Point of Receipt to exchange, purchase or sell daily or monthly imbalance gas. The Company will notify each Marketer of its monthly imbalance following the close of the billing month in which the imbalance occurs. Marketers will have three business days following such notification to notify Company of any imbalance exchange or sale and to confirm such transaction.

**2.03.3 Pass-Through of
Upstream Imbalance
Charges:**

In addition to other charges provided for in this Section, Marketer will be responsible for any imbalance charge or penalty imposed on Company by an upstream pipeline as a direct result of an imbalance, scheduling error, unauthorized overrun or other similar charges caused by Marketer. The Company shall assign imbalance penalties

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assessed to the Company by upstream pipelines to sales and transportation customers based on the extent that each group caused such penalties, as determined by the Company. The portion of any such penalty assigned to transportation service shall be further assigned to individual Marketers based on the extent to which each Marketer's Aggregation caused such penalties, as determined by the Company.

2.04.0 Default Transportation Service:

Default Transportation Service is available to any Commercial or Industrial customer account classified as Large or Extra Large that subscribes to FT-1 Transportation Service and that does not have pipeline capacity assignment from the Company. Customers electing this service must provide written notice to the Company via mail, FAX or E-mail that their marketer will no longer be delivering gas on their behalf and that they wish to avail themselves of the service. Such service will continue in effect until either service is established with a new marketer through the execution of a new Transportation Application per Item 1.03.1 above or service is terminated.

This service provides for a continuous supply of gas of not less than 1,000 Btu per cubic foot, and is provided on a best efforts basis with as little as 24 hours advance notice. Where notification is at least 24 hours in advance but less than three business days before the start of a calendar month, the service provided will be Short-Notice Default Transportation Service. Where notice is provided at least three business days prior to the start of a calendar month, the service provided will be Advance-Notice Default Transportation Service. Short-Notice Default Transportation Service will be switched to Advance-Notice Default Transportation Service at the start of a subsequent month once the service has been in effect for the three business day period before the start of such month.

Default Transportation Service is a temporary surrogate for provision of gas to a customer that would otherwise be

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provided by a marketer, hence it includes nominating and balancing. Customer must maintain an operational telemetering device as required in Item 2.02.0 above.

2.04.1 Rates:

Pricing for Default Transportation Services shall be set forth in a Price Sheet filed with the Commission. The Company and Default Transportation Service supplier shall review the pricing of these services annually and file necessary revisions with the Commission concurrent with the Company's annual Gas Cost Recovery Filing.

3.0 FT-2 TRANSPORTATION SERVICE:

3.01.0 Character of Service:

This service provides firm, 365 day transportation of Customer purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery. Daily Nominations are calculated by the Company on the basis of a consumption algorithm, the marketer is obligated to deliver to the citygate such quantities, and any imbalances are netted against storage resources allocated to the Marketer on the Customer's behalf.

The Customer's designated Marketer, as identified on the Customer's Transportation Service Application, shall be allocated a quantity of Company contracted underground storage and peaking resources sufficient to meet the Customer's design winter supplemental supply requirements as determined by the Company. These resources are assigned to the Marketer pursuant to a written agreement with the Company, for the purpose of meeting the Company forecasted daily usage under the operational parameters described below. Additional Marketer requirements and obligations are described in Item 5.0 below.

3.02.0 Storage And Peaking Resources:

Annually, the Company will calculate a Customer's total storage and peaking resource requirements under design winter conditions based on the Customer's most recent

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historical usage. The result of the calculations will establish the Maximum Storage Quantity-Underground (MSQ-U) and Peaking (MSQ-P) allocated for Marketer's use. The calculations will also establish a Maximum Daily Quantity-Underground (MDQ-U) and Peaking (MDQ-P) to set operational parameters for daily withdrawals and injections.

3.02.1 Maximum Storage Quantity (MSQ):

The MSQ for a Customer is the difference between their weather normalized total consumption under design winter conditions for the November through March period, minus the quantity of gas that could be delivered with their pipeline capacity assignment. The MSQ is allocated between underground storage (MSQ-U) and Peaking (MSQ-P) in the same percentage as is available on a Company-wide basis. These quantities represent the maximum storage and peaking inventories available to the Marketer for meeting the Customer's Gas Usage needs and are key components in the operational parameters regarding management of the resources.

3.02.2 Maximum Daily Quantity - Storage (MDQ-S):

The Customer's MDQ-S is calculated by the Company as the difference between the Customer's peak day usage under design winter conditions and the Customer's pipeline capacity assignment. This MDQ-S requirement in MMBtu is then allocated between underground storage (MDQ-U) and Peaking (MDQ-P) in the same percentage as is available on a Company-wide basis. These quantities serve to define the maximum quantities that can be nominated for withdrawal by a Marketer and are a component of the operational parameters for the service.

3.02.3 Operational Parameters:

The storage resources inventory balance for the Underground Storage and Peaking accounts shall be tracked by the Company and made available to the Marketers via electronic means. These balances will be updated each Gas Day to reflect Marketer nominations for either injections or withdrawals. The balances will also be updated continuously to reflect imbalances identified at the

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time of the Customer's billing cycle which will be netted against the Underground Storage Account.

The Company will establish Maximum and Minimum inventory levels reflective of the Company's available resources. There will be separate inventory levels for both Underground Storage and Peaking Resources. Such levels will be as provided in the annual Gas Cost Recovery Filing.

In addition to operational parameters for overall inventory levels, there are both Daily and Monthly maximums established for the quantities which the Marketer can nominate for withdrawal or for injection. These factors vary by month and as the marketer's inventory level changes. Such factors will be as provided in conjunction with the annual Gas Cost Recovery Filing.

3.02.4 Inventory Purchases:

To meet the revised required minimum storage balance levels resulting from the addition of new customers to an Aggregation Pool, Marketer may trade or purchase storage supplies from another Marketer, make injections to underground storage or purchase inventory from SU, subject to availability. The Company will update an FT-2 aggregation pool's MSQ assignments concurrent with the Customer's initiation of transportation service with the designated marketer.

At the time that a Customer migrates to FT-2 Transportation Service or switches Marketers, the new designated Marketer will have a one-time opportunity to purchase an amount of inventory, from the Company, based on the MSQ requirement of Customers being added to the aggregation pool and the month when transportation service will commence. The Company will calculate the amount of storage inventory to be made available and provide such information to the Marketer upon receipt of a completed Transportation Service Application. The Marketer will have 5 business days to respond to the Company's offer. For Customers migrating during the April through October period, the maximum amount of

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storage inventory sold to a Marketer will be calculated as follows:

$$\text{Inventory Sold} = (x/7) * \text{Customer's MSQ}$$

where:

Inventory Sold = the maximum amount of inventory the Company will sell to a Marketer

x = the number of off peak months since April 1st.

7 = the total number of off peak/storage injection months

Customer's MSQ = the Customer's total storage requirements under design winter conditions

Thus, for a Customer migrating to FT-2 service effective July 1, the Marketer would be able to purchase up to three-sevenths (3/7) of the Customer's MSQ from the Company to account for injections to storage during the months of April, May and June. The marketer would then be responsible for nominating sufficient injections during the July to October period to ensure that the inventory in storage for the FT-2 aggregation pool was at the minimum level identified in the Company's operational parameters

For Customers migrating during the peak period of November through March, the inventory sold will be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount of inventory required to bring the Marketer's pool in compliance with the minimum requirement. For example, if the customer were to start transporting in February, the Marketer would have the option to purchase storage inventory from the Company in the amount equal to the February minimum inventory level of the Customer's MSQ. Marketer may purchase such amount from the Company at a rate calculated as indicated below.

The Company shall develop a price for the inventory based on the published NYMEX price, and adjusted for transportation, storage and carrying charges.

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The price per Dt at the Company's citygate shall be calculated using the following formula:

$$$/Dt = NY + BS + TR + ST + CC$$

where:

\$/Dt	=	cost per MMBtu charged to Marketers for storage inventory at the Company's citygate
NY	=	NYMEX Settlement Price
BS	=	Basis Differential for East Louisiana
TS	=	Transportation Cost
ST	=	Storage Cost
CC	=	Carrying Cost

In the event that a Marketer fails to nominate or obtain sufficient storage inventory for its Customers such that the Aggregation Pool's inventory is below the operational parameter minimum, the Marketer will be unable to nominate storage or peaking quantities to satisfy the FDU.

For Customers commencing FT-2 transportation service during off-peak months (April - October), Marketer will receive an assignment of peaking inventory during the following October for a November 1st effective date. For Customers migrating to FT-2 during peak months (November - March), Marketer will receive an assignment of peaking inventory concurrent with the commencement of service. The amount of peaking inventory assigned shall be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount required to bring the Marketer's pool in compliance with the minimum requirement. Marketers would be able to purchase peaking inventory from NG at the Company's weighted cost of LNG inventory. All transactions are subject to authorization by NG.

Marketers needing to sell underground storage inventory as a result of customers switching to other marketers would be able to sell the inventory to another marketer, subject to

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authorization by NG, nominate withdrawal of supplies, or sell the inventory in excess of the Maximum Storage Quantity to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, they could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resources to NG at the price the inventory was originally purchased from NG.

3.02.5 Rates:

The Marketer is responsible for procuring and maintaining inventory levels associated with the underground storage and peaking resources allocated by the Company as part of FT-2 Service. The following charges are for the recovery of the fixed costs and other miscellaneous costs associated with the provision of the underground storage and peaking resources and are billed to the Marketer:

FT-2 Throughput: \$ per Therm Gas Usage . The rate is as calculated in the Company's most recent Gas Cost Recovery Filing.

3.03.0 Nominations:

The Company shall calculate the Forecasted Daily Usage (FDU) of the aggregation pool using a Consumption Algorithm for each of the customers in the aggregation pool. The Company shall have sole responsibility for such Consumption Algorithm and by selecting FT-2 service, Marketer agrees to abide by the results of such algorithm. The algorithm is:

$$\text{FDU} = \text{Base Load} + (\text{HU factor} * \text{FDD})$$

where:

FDU = an individual customer account's forecasted daily usage for the next gas day

Base Load = average daily consumption for the most recent July and August billing cycles

HU Factor = most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle

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FDD = forecasted heating degree days for the gas day
starting at 10:00 AM the next day

FDU will be adjusted for any Company fuel allowance.

The Company will provide to the Marketer no later than 9:30 AM each day using an electronic posting or via facsimile the FDU for the next gas day which would start at 10:00 AM the next day. If the Company is unable to provide to the Marketer the FDU using an electronic posting or via facsimile before 9:30 AM, the default FDU will be the prior day's FDU. The Marketer shall be obligated to nominate any combination of pipeline, underground storage or peaking equal to the FDU for the next gas day. Such nomination is to be posted on the Company's Electronic Bulletin Board no later than 1:00 PM before the start of the next gas day. The Company shall not accept or confirm any nominations that are greater than the FDU of the aggregation pool and any nominations for storage and peaking resources must be in accordance with the applicable operational parameters. Quantities nominated for injection into storage are over and above quantities to meet the FDU. Any nominations to inject supplies into storage or nominate supplies from storage must be separately identified and made to the Company's citygate. If storage inventory is below the minimums established above, Marketer will not be able to nominate storage or peaking quantities to satisfy the FDU nomination requirement.

3.03.1 Critical Days:

To satisfy the FDU nomination requirement on Critical Days, the Marketer is required to fully utilize upstream capacity that it received from Company through Capacity Release so as to help avoid restricting the Company's ability to provide efficient and reliable firm transportation and sales service. Notice of Critical Days will be posted on the EBB no later than concurrent with the posting of the FDU nomination requirement.

3.03.2 Under-deliveries:

Any under-deliveries of the aggregation pool's gas requirements, up to the FDU, will be treated as

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Unauthorized Use and subject to penalty charges as provided in Item 1.06.0 above.

3.04.0 Balancing:

Imbalances between customer Gas Usage and the Forecasted Daily Usage (FDU) will be netted out against the underground storage inventory at the time of a customer's billing cycle. Quantities used in excess of FDU will be subtracted from the underground storage inventory level. If Gas Usage is less than FDU, the difference will be treated as an injection to underground storage and added to the inventory level. All quantities will be adjusted for Company Fuel Allowance.

4.0 NFT SERVICE:

4.01.0 Character Of Service:

This service provides interruptible transportation of Customer purchased gas supplies to customers with telemetering equipment and that are eligible to be classified under Section 6, Schedule A of the Company's Tariff. The Customer shall identify on the Transportation Service Application a Marketer that it has designated to perform initial and subsequent nominations, to receive scheduling and other notices from the Company, and to do balancing. Such Marketer may assign Customer to an Aggregation Pool with other Customers electing NFT, [Flexible Firm](#) or FT-1 transportation service or establish a one-customer Aggregation Pool. Specific Marketer requirements and obligations are described in Item 5.0 below.

4.02.0 Nominations:

The nomination requirements in Item 1.04.0 above apply to the provision of NFT Service.

4.03.0 Imbalances:

The Daily and Monthly Imbalance provisions in Items 2.03 above apply equally here.

4.04.0 Curtailments:

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the customer and customer's marketer three (3) working days' notice of such

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curtailment, except in emergency situations, when at least one hour's notice shall be given.

For any period that a customer fails to curtail the use of gas as requested by the Company, the charge for gas consumption will be equal to the non-firm transportation service customer charge plus Gas Usage at a penalty of 5 times the Daily Index. Such use of gas under these circumstances shall be considered an "unauthorized use" of gas purchased from the Company, and billed to the customer's account.

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In the event where the Company, in its sole discretion, grants the customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period and will be purchased from the Company. The charge for gas consumed under these conditions will be billed to the customer and based on the non-firm transportation service customer charge plus the Company's highest cost gas required to meet demand during the applicable curtailment period, plus the current firm sales service rate excluding the firm customer charges. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

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5.00 MARKETER AGGREGATION SERVICE:

5.01.0 Character of Service:

This service allows Marketers to aggregate customer accounts and form Aggregation Pools for the purpose of making initial and subsequent nominations, making delivery to a designated Point of Receipt, and for balancing of Actual Transportation Quantity with Gas Usage on Customer's behalf. The Company will transport gas, owned by the Customers of the Aggregation Pool, to the Point(s) of Delivery for each Customer included in such pool. A Marketer shall be designated by each Customer on

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the Transportation Service Application, and each such customer must be assigned by the Marketer to an Aggregation Pool of one or more customers. Changing the designated Marketer is allowed under the conditions in Item 1.02 above and is accomplished through the execution of a new Transportation Service Application. Once so designated, the Company will rely on information provided by the Customer's Marketer for nomination, balancing and scheduling purposes and all notices provided by the Company to Customer's Marketer shall be deemed to have been provided to the Customer.

5.02.0 Aggregation Pools:

The aggregation of Customer accounts into an aggregation pool is limited by the transportation service of the respective Customers.

The Customer's transportation service restriction requires that Customers subscribing to non-daily metered FT-2 Service must be aggregated in a separate pool from Customers subscribing to daily metered FT-1, [Flexible Firm](#) or NFT Service. Customers subscribing to FT-1, [Flexible Firm](#) or NFT can be combined in a single Aggregation Pool. A separate Marketer Account will be established for each Marketer Aggregation Pool.

A further restriction on daily metered Aggregation Pools is that the election of a supplemental service such as Pool Balancing Service, shall apply to the entire Aggregation Pool and not just an individual customer in the Aggregation Pool. Separate Aggregation Pools are required for FT-1, [Flexible Firm](#) or NFT Service with Pool Balancing Service versus FT-1, [Flexible Firm](#) or NFT Service without the supplemental service.

The Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall have an initial term through the following November 1st. Thereafter, the Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall be automatically renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before

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October 1st or if the Company has terminated the agreement under its collection procedures. Marketers may assign their Aggregation Pool Service Agreements to another certified Marketer with the Company's consent.

5.02.1 Rates:

The monthly aggregation pool charge is applicable only during months when Customers assigned to the pool are transporting.

Monthly Charge:

Daily Metered Pool	\$ 150.00 per
Non-Daily Metered Pool	\$ 450.00 per

5.03.0 Marketer Qualifications:

In order to be designated hereunder as a Marketer, the Marketer must meet the following qualifications:

- (1) The Marketer must be authorized by the Rhode Island Public Utilities Commission in accordance with Commission Regulations for Utility Interaction with Gas Marketers;
- (2) The Marketer must demonstrate to the Company that it meets the creditworthiness standards established by either Algonquin Gas Transmission Company in Section 3.1 of their FERC Gas Tariff General Terms and Conditions, as in effect from time to time or by Tennessee Gas Pipeline in Section 11.5 of their FERC Gas Tariff General Terms and Conditions, as in effect from time to time. If Marketer is required to satisfy the Algonquin Gas Transmission Company's credit evaluation via the posting of a financial vehicle, as provided for under Section 3.2 of its tariff or if marketer has not met Tennessee's first tier credit standards, then the Marketer must so notify the Company and the Marketer will be required to use one of the following financial vehicles to satisfy the Company's credit standards:
 - An advance deposit (interest on the deposit would be as applies to deposits under the Company's General Terms and Conditions);
 - A standby irrevocable letter of credit; or

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- A guarantee, acceptable by the Company, by another person or entity which satisfied creditworthiness.

The Company shall base a Marketer's financial liability as three times the highest month's gas usage of the Aggregation Pool at the firm sales rates applicable to the upcoming peak period. This amount may be updated at the Company's discretion. The Marketer agrees that the Company has the right to access and apply the deposit, letter of credit or other financial vehicle to any payment obligations, not in dispute, which are deemed by the Company to be late. The Company may review and determine the status of a Marketer's creditworthiness at its sole discretion. If Marketer is unable to maintain the Company's credit approval or otherwise ceases to meet the Marketer Qualifications, the Company may terminate the Marketer Aggregation Pool Agreement as of the first day of the month following written notice to Marketer.

(3) Marketers must have an executed Marketer Aggregation Pool Service Agreement with the Company and accepted its designation as the marketer for each customer by countersigning the applicable Transportation Service Application.

(4) Marketers must provide the Company with a copy of their GET exemption certificate, state sales tax exemption certificate or other appropriate exemption certificate(s) in order to be exempt from the applicable taxes.

5.04 Pool Balancing Service:

Service is available for daily metered Marketer Aggregation Pools concurrent with the term of the Aggregation Pool.

The intent of this service is to accommodate minor, unintentional imbalances between an Aggregation Pool's Customer's daily usage at the Point(s) of Delivery and Actual Transportation Quantities delivered to the Company's distribution system at the Point of Receipt. Marketer must notify the Company by October 1st to elect Pool Balancing Service commencing November 1st or at

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least thirty (30) days prior to establishment of an Aggregation Pool.

Under the Pool Balancing Service, the Company agrees to provide a daily balancing service for imbalances up to a Marketer designated Maximum Daily Balancing Entitlement. Such entitlement is expressed as a percentage of the Aggregation Pool's Gas Usage and includes the 10% tolerance described in Item 2.03.1 above. Daily imbalances greater than the Marketer designated Maximum Daily Balancing Entitlement will remain subject to the balancing provisions outline in the Company's Terms and Conditions of Transportation Service.

The Company reserves the right to limit service offered under this schedule, subject to availability, in the Company's sole discretion, of adequate gas transmission, gas supply and/or gas storage capability or force majeure, or as otherwise provided in the Company's Terms and Conditions.

5.04.1 Pool Balancing Rate:

Variable Charge: \$ per Therm Gas Usage per percent elected (Maximum Daily Balancing Entitlement % net of 10% standard tolerance)

- Where:
- The rate is as calculated in the Company's annual Gas Cost Recovery Filing.
 - Gas Usage is total of all Aggregation Pool Customers.
 - Maximum Daily Balancing Entitlement % is specified in Marketer Aggregation Pool Agreement and includes the 10% standard tolerance.

5.05 Billing:

Billing for monthly customer charges and transportation charges for quantities actually delivered shall be based on the readings at each individual meter for the Customer and billed on a billing cycle basis to the Customer. The Customers and Marketers shall be liable for all rates, charges and surcharges allowed for in the Company's Rate Schedules related to transportation services provided to each customer individually.

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Calculation of charges applicable to the Aggregation Pool will be based on aggregated Gas Usage, MDQ's, etc. of all Customers in the Aggregation Pool. Billing for charges applicable to an Aggregation Pool, e.g., imbalance charges, credits or penalties, and FT-2 Throughput charges shall be billed to the Marketer on a calendar month basis.

All bills rendered to the Marketer are due within 10 days from the date of the invoice. A late payment charge, in accordance with regulations of the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers, shall accrue after 10 days.

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

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The Narragansett Electric Company, Transportation Service Application

This Transportation Service Application ("Application") must be completed by the customer and the marketer prior to the commencement of the requested Transportation Service.

NG: The Narragansett Electric Company
d/b/a National Grid
P.O. Box 7900
Cumberland, Rhode Island 02864
(401) 335-8652

Customer:

Notice to: Customer Choice Services:
(401) 335-8652

Notice to:

The Customer hereby requests Transportation Service subject to the NG General Terms and Conditions, Section 1 of RIPUC NG-GAS No. 101, its Transportation Terms and Conditions, Section 6, Schedule C and, under the terms and conditions set forth herein. NG shall review this Application and notify the Customer of its approval or rejection by way of a Confirmation Letter that shall set forth the terms and conditions of the Customer's Transportation Service. Upon Customer's and Marketer's fulfillment of all conditions set forth in the Confirmation Letter, such Confirmation shall represent an Agreement by NG to provide Transportation Service consistent with this Application and the Transportation Terms and Conditions set forth in Section 6, Schedule C of RIPUC NG-GAS No. 101.

Account Number	Meter Number	Service Address	FT-1	Flex	NFT	FT-2
1)						
2)						
3)						

- Transportation Service shall commence in accordance with Item 1.02, Section 6, Schedule C of RIPUC NG-GAS No. 101.
- FT-1, Flexible Firm and NFT Services require telemetry. A telemetering device and related equipment installed by NG shall remain NG property at all times. The Customer shall provide NG with access to a phone line that meets NG specifications for telemetering purposes. The customer is financially obligated for the costs to acquire, install and operate the telemetering device and related equipment.
- Provision of transportation service based on this Application shall have an initial term through the following November 1st, unless sooner terminated in accordance with the terms and conditions of NG's Tariff, and shall continue thereafter from year to year unless terminated by customer, marketer, or NG upon not less than 30 days prior written notice.

Public Regulation

The Narragansett Electric Company is a public utility subject to regulation by the Rhode Island Public Utilities Commission ("Commission"). The provision of transportation service as a result of this Application is subject to any limitations, modifications or amendments ordered by the Commission, regardless of whether said order resulted from a petition, request or other solicitation directed to the Commission by a party to this Application. Compliance by NG with any order, rule, regulation or policy statement of the Commission, or of any other federal, state or local governmental authority, whether issued before or after the commencement of transportation service, shall relieve NG of its obligations hereunder as a result of such compliance. In the event of the issuance of any order of the Commission which materially modifies the provisions of such service, either NG, the customer, or the marketer shall have the option to terminate transportation service by giving written notice of termination to the other party at any time within thirty (30) days after the issuance of said order.

Customer Signature

Title

Print or Type Name

Date

Phone #

This section to be filled out by the Marketer

By signing below and pursuant to its separate Marketer Aggregation Pool Service Agreement, the Marketer (i) accepts the designation as the customer's marketer and (ii) agrees to pay all applicable marketer charges in accordance with NG's tariff, including its Transportation Terms and Conditions

Marketer

Marketer Signature

Title

Phone #

Print or Type Name

Date

Issued: April 1, 2008

Effective: May 1, 2008

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**THE NARRAGANSETT ELECTRIC COMPANY
MARKETER AGGREGATION POOL SERVICE AGREEMENT**

This Agreement ("Agreement") is entered into this _____ day of _____, 200____, by and between The Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

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WITNESSETH THAT:

WHEREAS, the Company's tariff, RIPUC NG-GAS No. 101, Section 6, Schedule C, provides for and establishes terms and conditions for a Marketer Aggregation Pool; and

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WHEREAS; Marketer desires to establish an Aggregation Pool and desires Company to provide pool aggregation services pursuant to such Schedule C and to transport quantities of gas delivered by Marketer for use at the locations of customers belonging to the Aggregation Pool (hereafter called "Points of Delivery"); and

WHEREAS: Company, is willing to provide such service to Marketer.

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 200____, will transport and deliver to customers of Marketer's Aggregation Pool such quantities of Marketer's gas delivered by Transporting Pipeline to Company's distribution facilities (hereafter called "Point of Receipt").

1.0 AGGREGATION POOL:

1.1 Marketer is establishing a single Aggregation Pool as indicated by an X:

Daily Metered _____
Non-daily Metered _____

1.2 Marketer hereby subscribes to Company's Marketer Aggregation Service pursuant to Item 5.00 of the Company's Transportation Terms and Conditions, Section 6, Schedule C.

1.3 Marketer elects to subscribe to Company's Aggregation Pool Balancing Service pursuant to Item 5.04 of Company's Transportation Terms and Conditions, Section 6, Schedule C, NO _____ YES _____ with a Maximum Daily Balancing Entitlement of _____% (which % includes the standard 10% tolerance).

1.4 Marketer represents and warrants that Marketer has met and will continue to meet the Marketer qualifications in Item 5.03 of Company's Transportation Terms and Conditions, Section 6, Schedule C.

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Issued: April 1, 2008

Effective: May 1, 2008

1.5 Marketer agrees to provide to Company no later than 30 days before the above identified commencement date Transportation Service Applications for all end user customers in Marketer's Aggregation Pool identified in 1.1 above. Such list is to include: Customer Name; Billing Address; NG account #; and, name and telephone number of customer contact person.

1.6 Marketer agrees to notify Company in writing of any changes in the makeup of an Aggregation Pool as provided in the Company's Transportation Terms and Conditions.

1.7 Marketer represents and warrants that it has accepted the designation as the Marketer of each customer of the Aggregation Pool and agrees in each case to be bound by, perform, and pay all charges applicable to transportation service to the Customer's account in accordance with the provisions of the Company's tariff.

2.0 PIPELINE CAPACITY RELEASE:

2.1 Company agrees to provide to Marketer no later than 15 days before the above identified commencement date, the quantity of interstate pipeline capacity allocated for Marketer's FT-1 and FT-2 Aggregation Pool(s) broken down by individual customer.

2.2 Marketer agrees to accept assignment of such firm interstate pipeline capacity in accordance with the Company's Transportation Terms and Conditions, Schedule C, Item 1.07.

2.3 Company agrees to update the calculation of the quantity of interstate pipeline capacity annually based on customers' most recent historical usage in accordance with the Company's Transportation Terms and Conditions, Schedule C, Item 1.07.

3.0 PUBLIC REGULATION:

3.1 Company is a public utility subject to regulation by Rhode Island Public Utilities Commission ("Commission"). This Agreement is subject to any limitations, modifications or amendments ordered by the Commission, regardless of whether said order resulted from a petition, request or other solicitation directed to the Commission by a party to the Agreement. Compliance by Company with any order, rule, regulation or policy statement of the Commission, or of any other federal, state or local governmental authority, whether issued before or after the effective date of this Agreement, shall relieve Company of any liability for its failure to perform any of its obligations hereunder as a result of such compliance. In the event of the issuance of any order of the Commission which materially modifies the provisions of this Agreement, either Company or Marketer shall have the option to terminate this Agreement by giving written notice of termination to the other party at any time within thirty (30) days after the issuance of said order.

3.2 This Agreement shall be subject to Company's General Terms and Conditions and Transportation Terms and Conditions on file with the Commission to the extent those Terms and Conditions are not inconsistent with the provisions of this Agreement.

Issued: [April 1, 2008](#)

Effective: [May 1, 2008](#)

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4.0 GOVERNING LAW:

This Agreement is entered into and shall be construed in accordance with the laws of the State of Rhode Island and any actions hereunder shall be brought in the appropriate forum within the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Agreement by their duly authorized officers:

By _____
Signature: _____
Name: _____
Title: _____
Date: _____

Witness

By The Narragansett Electric Company

Signature: _____
Name: _____
Title: _____
Date: _____

Witness

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Issued: [April 1, 2008](#)

Effective: [May 1, 2008](#)

**THE NARRAGANSETT ELECTRIC COMPANY
STORAGE AND PEAKING RESOURCE AGREEMENT**

This Agreement ("Agreement") is entered into this _____ day of _____, 200____, by and between the Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

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WITNESSETH THAT:

WHEREAS, Marketer seeks to obtain service respecting a quantity of the Company's contracted underground storage and peaking resources pursuant to the terms and conditions for FT-2 Transportation Service in the Company's tariff, RIPUC NG-GAS No. 101, Section 6, Schedule C; and

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WHEREAS; Marketer desires that the Company transport quantities of gas delivered by Marketer for use at the locations of customers belonging to an FT-2 Aggregation Pool (hereafter called "Points of Delivery"); and

WHEREAS: Company, is willing to provide such storage and transportation service to Marketer.

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 200____, will provide to Marketer storage and peaking services in association with Marketer account number _____ under the terms and conditions set forth below.

1.0 SCOPE OF AGREEMENT:

1.1 The Company will calculate the Maximum Storage Quantities for both Underground Storage and for Peaking services ("MSQ-U" and "MSQ-P" respectively) as well as the Maximum Daily Quantities for both Underground Storage and Peaking services ("MDQ-U" and "MDQ-P" respectively) in accordance with Item 3.02 in Section 6, Schedule C of the Company's tariff. Such calculated quantities can change during the term of the agreement to the extent that the makeup of the Marketer's FT-2 Aggregation Pool changes.

1.2 Marketer hereby agrees to utilize and manage such services and inventories attributed to its account in accordance with the Operational Parameters described in Item 3.02.3 of the Company's Transportation Terms and Conditions, Section 6, Schedule C and as on file with the Public Utilities Commission as part of the Company's annual Gas Cost Recovery filing.

2.0 INVENTORY SERVICES:

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Effective: May 1, 2008

2.1 All nominations for either withdrawals from or injections to storage will take place at the Company's citygate.

2.2 Purchases of inventory service from the Company will be at the Company's weighted average storage commodity cost of gas at the time of purchase or as otherwise stated in the Company's currently effective tariff.

2.3 Purchase of any storage inventory service from the Company will require payment via electronic transfer of funds within ten days of invoice unless the Marketer and Company mutually agree to payment over a 3 month period, which would include a monthly finance charge based on a monthly rate using the latest published Fleet Prime less 200 basis points (2%).

2.4 Notwithstanding any provisions to the contrary, Marketer acknowledges and warrants that sale and marketable title to any storage gas injected into the Company's system shall thereupon transfer to the Company, and that Marketer's interests shall thereafter be limited to the contractual rights to service as provided by this Agreement. Marketer further acknowledges that it shall bear no ownership interest in any other storage or peaking assets or inventory of the Company.

2.5 If Marketer needs to sell or assign its service rights representing underground storage inventory attributed to its account as a result of customers switching to other marketers, it may, subject to authorization by NG, sell the inventory rights to another marketer, nominate withdrawal of supplies, or sell the inventory to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, it could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resource rights to NG at the price the inventory was originally purchased from NG.

3.0 SUCCESSORS AND ASSIGNS:

3.1 This Agreement shall be binding on the parties hereto and their respective successors and assigns. This Agreement may not be assigned by Marketer without the prior written consent of the Company.

4.0 PUBLIC REGULATION:

4.1 Company is a public utility subject to regulation by Rhode Island Public Utilities Commission ("Commission"). This Agreement is subject to any limitations, modifications or amendments ordered by the Commission, regardless of whether said order resulted from a petition, request or other solicitation directed to the Commission by a party to the Agreement. Compliance by Company with any order, rule, regulation or policy statement of the Commission, or of any other federal, state or local governmental authority, whether issued before or after the effective date of this Agreement, shall relieve Company of any liability for its failure to perform any of its obligations hereunder as a result of such compliance. In the event of the issuance of

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Effective: [May 1, 2008](#)

any order of the Commission which materially modifies the provisions of this Agreement, either Company or Marketer shall have the option to terminate this Agreement by giving written notice of termination to the other party at any time within thirty (30) days after the issuance of said order.

4.2 This Agreement shall be subject to Company's General Terms and Conditions and Transportation Terms and Conditions on file with the Commission, including provision thereof limiting the Company's liability, to the extent those Terms and Conditions are not inconsistent with the provisions of this Agreement. Upon request of the Marketer, Company shall provide the Marketer with a copy of Company's complete filed Tariff and Terms and Conditions.

5.0 GOVERNING LAW:

This Agreement is entered into and shall be construed in accordance with the laws of the State of Rhode Island and any actions hereunder shall be brought in the appropriate forum within the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Agreement by their duly authorized officers:

	By	_____
	Signature:	_____
	Name:	_____
	Title:	_____
Witness _____	Date:	_____

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	By	The Narragansett Electric Company
	Signature:	_____
	Name:	_____
	Title:	_____
Witness _____	Date:	_____

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NATURAL GAS VEHICLE SERVICE
RATE 70

1.0 NATURAL GAS VEHICLE SERVICE

1.1 AVAILABILITY: This rate is available for compressed natural gas dispensed at Company-owned fueling stations for the purpose of fueling natural gas vehicles.

No other use of gas will be included in this rate for billing purposes.

1.2 RATES:

Customer Charge:	\$5.00 per month
Energy Charge:	
Distribution Charge:	\$0.2049 per Therm
Commodity Charge:	\$0.7901 Therm

1.3 MINIMUM RATE: Customer Charge

1.4 GENERAL RULES AND REGULATIONS: The Company's General Rules and Regulations in Section 1 of RIPUC [NG-GAS No. 101](#), as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

1.5 RHODE ISLAND GROSS EARNINGS TAX: The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

1.6 GAS ENERGY EFFICIENCY: The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

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Deleted: **2.0 INTERRUPTIBLE NATURAL GAS VEHICLE SERVICE**

2.1 AVAILABILITY: Gas service is available under this rate to any customer requiring natural gas as a motor fuel for motor vehicle operations.

Customer must have dual-fuel capability for the use of an alternate fuel which may be substituted for gas when gas is not available under this tariff, or customer must have use of a vehicle powered by an alternate fuel which may be substituted for the NGV vehicle when gas is not available under this tariff.

2.2 RATES: The interruptible rate shall be set for the upcoming month after 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the non-firm service rate, if the Company obtains a new, lower gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take Interruptible Natural Gas Vehicle Service.

Customer Charge: \$5.00 per month

Energy Charge:

The rate for interruptible service will be equal to the Company's incremental gas cost, \$.085/Therm margin, plus \$.15/Therm for the cost of compression.

2.3 MINIMUM RATE: Customer Charge

2.4 GENERAL RULES AND REGULATIONS: The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

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Issued: [April 1, 2008](#)

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GAS LAMPS
RATE 80

- 1.0 AVAILABILITY:** This service is available for gas lamps, without meters, to customers of record on July 1, 2002 throughout the Company's service territory and is not available to new commercial accounts.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** On a monthly basis: \$8.29 per lamp Deleted: 7.15
- 4.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations, in Section 1 of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule. Deleted: NG No. 101
- 5.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D

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OPTIONAL CREDIT CARD PAYMENT PROVISION

1.0 AVAILABILITY:

Customers of National Grid (“National Grid” or “Company”) have the option of paying their bills issued by National Grid through the use of a payment-processing agent (“Third Party Vendor”). Residential and non-residential customers, as determined by the Company’s rate schedule designations, have the option to make payments by telephone or web page. The availability of this option will be subject to the Company’s ability to arrange for such an option. This payment option is available to all of the Company’s customers choosing to make payments to the Company through use of the Third Party Vendor-sponsored telephone or web page system. If there is a conflict between the Commission’s Rules Governing the Acceptance of Credit Card Payments (the “Rules”) and this provision, the Rules shall govern.

2.0 PAYMENT TYPES:

The following payment methods shall be accepted under this provision:

1. Visa;
2. Mastercard;
3. Automatic Clearing House transfers;
4. Debit Cards; and
5. Electronic Checks

3.0 FEES:

Customers choosing to make payments under this option will be assessed a fee directly by the Third Party Vendor for each payment the customer initiates. The fee to be charged by the Third Party Vendor is based on whether the customer making the payment is a residential customer or a non-residential customer and the number of payment transactions made. The customer must initiate each payment transaction. Initiating one payment transaction does not establish future payment transactions for a customer.

Residential Fees:

The residential fee per payment transaction, up to a maximum transaction amount of \$500 is \$4.25. The Third Party Vendor will assess a fee of \$4.25 per transaction for any additional payment transactions up to \$500 each.

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OPTIONAL CREDIT CARD PAYMENT PROVISION

Non-Residential Fees:

The non-residential fee per payment transaction, up to a maximum transaction amount of \$1,000, is \$10.50. The Third Party Vendor will assess a fee of \$10.50 per transaction for any additional payment transactions up to \$1,000 each.

- 4.0 PAYMENT AMOUNT:** Customers who choose to make payments under this provision shall have the ability to make partial payments. Additionally, the Company shall not deny a customer's use of these payment options because the customer's account with the Company is past due.

- 5.0 COMPANY OBLIGATION:** The payment transaction shall occur between the customer and the Third Party Vendor. The Company shall provide information regarding the Third Party Vendor's payment systems to assist its customers who choose to make payments by telephone or web page. The Company shall assist its customers in the resolution of any disputes between customers and the Third Party Vendor involving the credits posted by the Company to customers' accounts as a result of the processing of customer payments under this provision. The Company has no obligation, however, to participate in any dispute involving matters strictly between the customer and the Third Party Vendor or the customer's bank or card issuer.

- 6.0 TERMS & CONDITIONS:** The Company's Terms & Conditions, as may be amended from time to time, where not inconsistent with any specific provisions hereof, are a part of this provision.

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4.0 **WORKING CAPITAL REQUIREMENT OF THE DISTRIBUTION ADJUSTMENT CLAUSE**

$$WC_{DA} = WCA_{DA} * [DL / 365] * COC$$

Where:

WC_{DA} Working Capital requirements of AGT and LIAP factors.

WCA_{DA} Working Capital Allowed in the AGT and LIAP calculations.

DL Days Lag approved in the most recent rate case proceeding

COC Weighted Pre-tax Cost of Capital, consisting of three components: Short-term Debt, Long-term Debt, and Common Equity. The Common Equity component shall reflect the rates approved in the most recent rate case proceeding. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended June as presented in the Company's annual DAC filing in support of the Earnings Sharing Mechanism (ESM). The long-term debt component will be based on the Company's actual long-term borrowing rate as presented in the Company's annual DAC filing.

Consolidation Mitigation

Adjustment:

For the billing periods starting with July 1, 2002 through and including consumption on June 30, 2003, the otherwise approved DAC calculated as described above, will be adjusted to reflect the following Consolidation Mitigation Adjustments:

Residential Non-Heating		
Former Valley Gas Customers		\$-
0.2700/therm		
Former ProvGas Customers		\$+0.0675/t
herm		
Residential Heating		
Former Valley Gas Customers		\$-
0.0848/therm		
Former ProvGas Customers		\$+0.0290/t
herm		
Small C&I		

Former Valley Gas Customers	\$-
0.0953/therm	
Former ProvGas Customers	\$+0.0348/t
herm	

For the consumption starting July 1, 2003 through and including June 30, 2004, the otherwise approved DAC calculated as described above, will be adjusted to reflect the following Consolidation Mitigation Adjustments:

Residential Non-Heating	
Former Valley Gas Customers	\$-
0.1350/therm	
Former ProvGas Customers	\$+0.0337/t
herm	
Residential Heating	
Former Valley Gas Customers	\$-
0.0424/therm	
Former ProvGas Customers	\$+0.0145/t
herm	
Small C&I	
Former Valley Gas Customers	\$-
0.0476/therm	
Former ProvGas Customers	\$+0.0174/t
herm	

6.3 ERI

Adjustment:

As ordered by the Commission in Docket No. 3459, the reconciliation of certain elements of the Energize RI Extension Settlement Agreement (ERI-2) approved by the Commission in Docket No. 2581 shall be refunded to former ProvGas customers as an adjustment to the DAC. Such adjustment is to reflect the following:

Winter 2001-2002 Weather Mitigation
\$4,516,200
2001-2002 Non-Firm Margin Sharing
(237,789)
ERI-2 Excess Earnings
(5,227,000)

Total Adjustment (\$
948,589)

Actual amount of refund over the July 2003 through June 30, 2004 period shall be tracked and reconciled with the above amount as a credit/debit in the August 2004 annual DAC filing.

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1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas is not available under this Tariff.

2.0 RATES:

Non-firm Sales (NFS) service rates shall be set for the upcoming month, no later than 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the NFS service rate, if the Company obtains a new, lower cost gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take NFS service, and must provide a reasonable estimate of natural gas expected to be used for the month.

Customer charges will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:
 - \$625 per month, per customer
2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:
 - \$405 per month, per customer

3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:

- \$185 per month, per customer

Commodity Charge is based on the alternative fuel used by the customer as follows:

#6 Oil: For those customers whose alternative fuel is #6 oil 1% sulfur, the NFS service rate will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under DAILY PETROLEUM PRICES, six (6) business days prior to the commencement of that month.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 22% discount from the posted oil price.
- b. For those customers who have the potential to consume between 25,000 Therms and 100,000 Therms per month, the rate will reflect an 11% discount from the posted price.
- c. For those customers who have the potential to consume less than 25,000 Therms per month, the rate will reflect a 7% discount from the posted oil price.

#4 Oil: For those customers whose alternative fuel is #4 oil, the NFS service rate will be based upon 55% of the posted #6 oil price, and 45% of the posted #2 oil price calculated herein.

- a. For those customers who have the potential to consume 25,000 or more Therms per month, the rate will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 25,000 Therms per

month, the rate will reflect a 2.25% discount from the posted oil price.

#2 Oil: For those customers whose alternative fuel is #2 oil, the NFS service rate will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under PETROLEUM PRICES, six (6) business days prior to the commencement of that month.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the rate will reflect a 2.25% discount from the posted price.

Propane: For those customers whose alternative fuel is propane, the NFS service rate will be based upon the Selkirk average propane price taken from the most recent edition of the "Weekly Propane Newsletter" published by Butane Propane News.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the rate will reflect a 7% discount from the posted propane price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the rate will reflect a 2.25% discount from the posted price.

Rate Calculations to derive the sales rate will be as follows:

$$SR = P / C \times D$$

Where:

SR = Sales rate

P = Posted price for #6, 1% sulphur oil, #4 oil, #2

oil, or propane

D = Discount factor

C = A conversion factor for customer's alternative fuel, as follows:

#6 oil - 1.48 Therms/gallon
#4 oil - 1.44 Therms/gallon
#2 oil - 1.39 Therms/gallon
Propane - 0.916 Therms/gallon

For any customer whose alternative fuel is No. 6 oil, 1% sulphur: If the sales margin is greater than \$.085/Therms, then any positive difference between 1) the figured NFS gas sales rate less the least cost incremental gas supply; and 2) \$.085/Therm shall be apportioned in equal shares to the NFS gas customer and firm customers.

3.0 MINIMUM CHARGE:

Under no circumstances shall the NFS gas sales rate be less than the incremental supply available to the Company, adjusted for the Company's Fuel Allowance, plus the following amounts:

<u>Period</u>	<u>Amount</u>
November 1 - March 31	\$.016/Therm
April 1 - October 31	\$.010/Therm

4.0 NOTIFICATION OF INTERRUPTION/ CURTAILMENT:

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

5.0 FAILURE TO

CURTAIL:

For any period that a customer fails to curtail the use of gas as requested by the Company, the charge for gas consumption will be equal to the NFS service customer charge plus Gas Usage at a penalty of 5 times the Daily Index. Such use of gas under these circumstances shall be considered an "unauthorized use" of gas.

In the event where the Company, in its sole discretion, grants the customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period. The charge for gas consumed under these conditions will be the NFS service customer charge plus the highest cost gas required to meet demand during the applicable curtailment period, plus the current firm sales service rate excluding the firm customer charges. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

6.0 METER TEST:

Users will receive the results of periodic calibration tests performed by the Company on the meters installed on their premises. Meters will be deemed unacceptable if these tests show an error greater than +/-1%. Meters will also be deemed unacceptable, no matter what their error, if the results of three successive tests are consistently high or low. Meters will measure gas flow rates corrected to 60° F gas.

7.0 TELEMETERING:

Telemetry equipment is required for those customers who wish to avail themselves of this service.

8.0 CONTRACT OPTION:

The Company, in its discretion, may enter into contracts to provide NFS service with terms one month or longer where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire a negotiated NFS sales tariff via a standardized contract will be subject

to an administrative charge of \$50 each time an NFS rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly NFS margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party or required by law or administrative order to do so.

8.1 THEE-YEAR CONTRACT OPTION

Customers may enter into a long term contract of at least three years. Such contract will enable the customer to receive gas sales and transportation service with the transportation rate of \$0.070/Therm. The gas services provided under such contracts shall be attributed higher priority than service for other NFS and transportation customers

9.0 NON-FIRM TRANSPORTATION SERVICE OPTION:

The Company will also offer, during the winter months, limited NFS and non-firm transportation (NFT) service for customers on a "best efforts" basis. If a customer buying gas under this rate schedule opts to directly arrange for the acquisition of wellhead gas supplies, and the transportation of those wellhead gas supplies to the Company's gate stations, then the Company will transport, subject to available capacity, such directly acquired gas to the customer's facilities. Rates and conditions for such transportation service are included in the Company's Non-Firm Transportation (NFT) Service Schedule RIPUC NG 101, Section 6.

10.0 RHODE ISLAND GROSS

EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

11.0 GAS ENERGY

EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C

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2.0 INTERRUPTIBLE NATURAL GAS VEHICLE SERVICE

2.1 AVAILABILITY:

Gas service is available under this rate to any customer requiring natural gas as a motor fuel for motor vehicle operations.

Customer must have dual-fuel capability for the use of an alternate fuel which may be substituted for gas when gas is not available under this tariff, or customer must have use of a vehicle powered by an alternate fuel which may be substituted for the NGV vehicle when gas is not available under this tariff.

2.2 RATES:

The interruptible rate shall be set for the upcoming month after 10:30 a.m. five (5) business days prior to the commencement of that month. Upon setting the non-firm service rate, if the Company obtains a new, lower gas supply, the rate may be reduced prior to the first calendar day of the month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take Interruptible Natural Gas Vehicle Service.

Customer Charge: \$5.00 per month

Energy Charge:

The rate for interruptible service will be equal to the Company's incremental gas cost, \$.085/Therm margin, plus \$.15/Therm for the cost of compression.

2.3 MINIMUM RATE:

Customer Charge

2.4 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC NG No. 101, as in effect from

time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

2.5 RHODE ISLAND GROSS

EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

2.6 GAS ENERGY

EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

**2.7 NOTIFICATION OF
INTERRUPTION/**

CURTAILMENT:

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time.

2.8 FAILURE TO

CURTAIN:

For any period that a customer fails to curtail the use of gas as requested by the Company, the rate for gas consumption will be equal to the highest cost gas required to meet demand during the curtailment period, plus \$1.55 per Therm.

THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

Rhode Island Public Utilities Commission Tariff

RIPUC NG-GAS No. 101

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC NG-GAS No. 101

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GENERAL TERMS AND CONDITIONS

1.0 APPLICABILITY:

The following terms and conditions shall apply to and be a part of each Rate Classification now or hereafter in effect except as they may be expressly modified or superseded by Rhode Island Public Utilities Commission order.

2.0 RATES AND TARIFFS:

The Company furnishes natural gas service under rates and/or special contracts ("Schedule of Rates") promulgated in accordance with the provisions of the Rhode Island General Laws and the regulations of the Rhode Island Public Utilities Commission ("RIPUC") and the Rhode Island Division of Public Utilities and Carriers ("RIDPUC"), all as may be in effect from time to time. Such Schedule of Rates, which includes these Terms and Conditions, is available for public inspection during normal business hours at the administrative offices of the Company and at the offices of the RIPUC and the RIDPUC or on the Company's website.

The Schedule of Rates may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in the General Laws and the RIPUC regulations. When effective, all such revisions, amendments, supplements or replacements will appropriately supersede the present Schedule of Rates. In case of conflict between these Terms and Conditions and any orders or regulations of the RIPUC or the RIDPUC, said orders or regulations shall govern.

The provisions of these Terms and Conditions apply on a non-discriminatory and non-preferential basis to all persons, partnerships, corporations or others (hereinafter "customers" or the "customer") who obtain natural gas distribution service from the Company pursuant to the Schedule of Rates.

No representative of the Company has the authority to modify orally any provision or rate contained in the Schedule of Rates or to bind the Company to any promise or representation contrary thereto. Any such modification to the Schedule of Rates or these Terms and Conditions shall be in writing, duly executed by an authorized officer of the Company and made

GENERAL TERMS AND CONDITIONS

in accordance with the provisions of the General Laws and pursuant to regulations of the RIPUC and RIDPUC.

The Company will advise all new residential customers as to the least expensive rate available for the service based on the information in our records. Non-residential customers will be advised of the applicable rate based on a review of the available information in our existing records or as a result of a field inspection by the Company when the customer provides information which is inconsistent with Company records. The customer is responsible for accurately describing its gas burning equipment and updating the Company as changes occur.

A customer is entitled to change its customer account from one rate classification to another upon written application to the Company; provided, however that the customer account's use complies with the conditions specified in the requested rate classification. Once an election to change rate classifications has been made by the customer, the customer account must remain on that rate for a period of not less than twelve months. In cases where the customer requests a rate reclassification, no rebate will be granted for service rendered during the period the customer account was served under the previous rate classification, except in instances where the previous rate classification was due to an error by the Company.

3.0 OBTAINING SERVICE

FROM THE COMPANY: The Company shall furnish service to applicants under the filed rates and in accordance with these Terms and Conditions and the rules and regulations of the RIPUC and RIDPUC. The furnishing of service and acceptance by the customer constitutes a contract under these provisions. The Company may require at least one person on behalf of all parties who will receive service to sign an application or contract. Application for gas service within the territory served by the Company will be received through any duly authorized representative of the Company.

GENERAL TERMS AND CONDITIONS

The Company may accept oral or written application for residential service. Residential service may commence upon receipt by the Company of oral application, except that the Company reserves the right to require residential customers to show identification and proof of residency before commencing service. If residential service is commenced upon the receipt of oral application, then all residents at that address who have attained the age of majority may choose to execute a written application, thereby becoming parties to the contract. Non-residential service may commence upon oral application for an interim period pending the receipt of a duly executed written application and security deposit.

The Company reserves the right to refuse service, at any location, to an individual who is indebted to the Company for any service not in dispute before the RIDPUC, furnished to such individual at any location, or to such applicant or customer under another name. The Company will commence service if a reasonable payment plan for said indebtedness made in accordance with RIPUC and RIDPUC regulations is agreed to by the customer and the Company. The Company reserves the right to refuse service to any non-residential applicant who has not paid a deposit as required by the Company.

A customer shall be and remain the customer of record and shall be liable for service taken until such time as the customer requests termination of service and a final meter reading is recorded by the Company. The bill rendered by the Company based on such final meter reading shall be payable upon receipt. Such meter reading and final bill shall not be unduly delayed by the Company. In the event that the customer of record fails to give notice of termination of service to the Company or fails to provide access to the meter, the customer of record shall continue to be liable for service taken until the Company either disconnects the meter or a new party becomes a customer of the Company by taking service at such service location. Failure to make application for service shall not relieve a party from the obligation to apply and/or pay for service previously used.

GENERAL TERMS AND CONDITIONS

The Company shall undertake to furnish service to the customer for use only for his/her own purposes and only on the premises occupied through ownership or lease by the customer, except as provided below. In cases where the customer is a condominium association or the owner or manager of a commercial or residential rental property with over six (6) units, the customer may allocate the Company charges for gas service to other gas users on the premises through any reasonable means, including properly installed submetering. In such situations where the customer is allocating the Company charges for service to others, the burden is on the customer, when requested by the Company, to demonstrate that the allocated charges are no greater than the customer's bill from the Company. When allocating such charges, the customer may separately include reasonable administrative fees. Natural gas sold by the Company to authorized natural gas vehicle filling stations may be remetered or submetered by the customer for resale to another or others.

On an annual basis the Company may notify all customers that if they are the owners of property and their tenants move out, the owner must provide written notification in advance that he/she wants gas left on at that premises in his/her name. If the Company does not receive advance written notice, the service may be terminated, and the Company will not be liable for any damages to the premises resulting from the termination of gas service.

- 4.0 SECURITY DEPOSITS:** Security deposits, letters of credit or bonds may be required and taken in accordance with rules and procedures promulgated by the Rhode Island Public Utilities Commission or other body having authority to regulate the Company. The Company reserves the right to refuse service to an applicant who has not paid a deposit as required by the Company. The rate of interest paid on deposits shall be adjusted annually on March 1st. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year

GENERAL TERMS AND CONDITIONS

constant maturity Treasury Bonds as reported by the Federal Reserve Board.

5.0 SERVICE SUPPLIED:

The Company shall take reasonable care in providing regular and uninterrupted service to its firm customers, but whenever the Company deems that the situation warrants any interruption or limitation in the service to be rendered, such interruption or limitation shall not constitute a breach of the contract, and shall not render the Company liable for any damages suffered thereby by any person, or excuse the customer from further fulfillment of the contract.

The Company may refuse to supply service to loads of unusual characteristics which, in its sole judgment, might adversely affect the quality of service supplied to other customers, the public safety or the safety of the Company's personnel. In lieu of such refusal, the Company may require a customer to install any necessary regulating and protective equipment in accordance with the requirements and specifications of the Company.

Whenever the estimated expenditures necessary to supply gas to a customer(s) or to resume service to a customer following relocation of Company equipment for reasons other than the needs of the Company shall be of such an amount that the income to be derived from gas service at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditure, the Company will require the customer(s) to pay a Contribution in Aid of Construction ("CIAC") for meter relocation or for main and service extension. The level of the CIAC will be based on an economic analysis looking at appropriate impacts associated with the capital expenditures. A detailed written cost estimate will be provided to the customer upon request.

The Company shall make application in a reasonable time for any necessary locations or other street permits required by public bodies for its pipes, mains and other apparatus, and shall not be required to supply service until a reasonable time after such approvals are obtained. The applicant for service

GENERAL TERMS AND CONDITIONS

shall obtain all other permits, certificates, licenses, easements and the like necessary to give the Company access to the applicant's equipment and to enable its pipes to be connected thereto.

The customer shall notify the Company in writing before making any significant change in the customer's gas equipment which would affect the capacity or other characteristics of the Company's facilities required to serve the customer. The customer shall be liable for any damage to the Company's property caused by customer's additional or changed installation if made without prior notification to the Company.

All piping, equipment and apparatus on the premises of the customer, excepting meters, underground service pipe, and governors, shall be furnished and put in place by the customer, and shall conform to the requirements and regulations of the Company, and the Company shall not be required to supply gas unless such piping, equipment and apparatus at all times conform to the requirements and regulations of the State, City, and Town ordinances and laws and policies of the Company. The Company shall be under no obligation to make any inspection to ascertain whether the foregoing condition has been conformed with and shall be under no liability for any damages occasioned by any defect in such piping, equipment or apparatus or other property on the premises.

If temporary service is rendered, the customer shall pay the cost of service under the rate plus the cost of installing and removing all equipment and connections.

6.0 INSTALLATION OF METERS:

The Company will furnish, install, connect and maintain such meter(s) as are necessary for metering gas service for Company billing purposes.

All gas service to be provided under a single service classification to a customer in a building will be rendered

GENERAL TERMS AND CONDITIONS

through a single meter except in the instances described in (1) and (2) below:

(1) The Company may elect to install more than one meter for gas service provided under a single service classification:

- i. when the use of more than one meter is necessary to provide safe gas service;
- ii. when the use of more than one meter is required by a municipal ordinance;
- iii. when one meter cannot correctly measure the total gas service rendered;
- iv. when the characteristics of gas service of the customer are such that at the time the service line was installed there was no single meter commercially available to measure the gas service correctly;
- v. when more than one meter is required in order to render proper and reliable gas service without interruption;
- vi. in other comparable circumstances where service cannot practically be rendered through a single meter.

Pursuant to (i) through (vi), when more than one meter is installed to measure the gas service of a single customer at a premises or building under a single service classification under the above listed circumstances, the registrations of the meters will be combined under one customer account and the bill computed as if all service had been rendered through a single meter.

(2) At the customer's written request and at the customer's expense, the Company will install more than one meter for a building or premises under a single service classification, in which case the quantity of gas supplied through each

GENERAL TERMS AND CONDITIONS

meter will be measured separately and the bills for each computed separately under the appropriate service classification(s).

Gas service provided for use by emergency back-up natural gas generators of more than 12 kw shall be separately metered and billed.

7.0 BILLING AND READING OF METERS:

Bills are calculated and rendered on the basis of a customer account which shall have a unique identification number established for the billing of service provided through an individual meter, except for multiple metered customer accounts established pursuant to section (1) of Item 6.0 above, or aggregation pools established pursuant to the Company's Transportation Terms and Conditions in Section 6, Schedule C of the tariff. A single customer may have more than one customer account.

All bills are due within 25 days from the date of the bill. A late payment charge shall accrue on non-residential bills after 25 days in accordance with regulations of the RIPUC and RIDPUC.

Whenever a check or draft presented for payment of service is not accepted by the institution on which it is written, a returned check charge of \$15 applies, per check or draft written. Such returned check charge shall be waived for customers eligible for low-income assistance programs.

The customer shall be responsible for all charges for distribution and gas service furnished by the Company under the applicable rates as filed from time to time with the RIPUC, from the time service is commenced until it is terminated.

Annually in August the Company will review the gas consumption of each non-residential firm customer account for the just ended September through August period to determine if any customer account qualifies for a different rate

GENERAL TERMS AND CONDITIONS

class. If any such customer account does qualify for a different rate class based on this billing information, then commencing with the September billing month that customer account will be billed under that new rate class.

Properly authorized representatives of the Company shall have the right to access the customer's premises at all reasonable times and intervals for the purpose of reading, installing, examining, repairing, replacing or removing the Company's meters, meter reading devices, pipes and other gas equipment and appliances, in accordance with the General Laws, public regulations and Company policy in effect from time to time. The customer shall be responsible for providing accessibility to the above metering and equipment belonging to the Company.

Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

The Company shall maintain the accuracy of all metering equipment installed pursuant hereto by regular testing and calibration in comparison to recognized standards and in accordance with RIPUC and RIDPUC regulations. A meter shall be deemed to be registering correctly if it appears from examination or test that it does not vary more than two percent (2%) from the standard approved by the RIDPUC.

In the event that the Company obtains inaccurate meter readings for any reason or in case any meter shall for any reason fail to register the full amount of gas supplied or the maximum demand of any customer account for any period of time, the amount of the bill of such customer account shall be estimated by the Company from available data. Such estimated bills shall be payable as rendered unless a customer disputes such estimate in accordance with procedures established by the RIDPUC.

The Company will notify the customer whenever it obtains information indicating that gas is being diverted from the customer's service or that the meter has been tampered with.

GENERAL TERMS AND CONDITIONS

The customer will be held responsible to the Company for any leakage or other use of gas which may occur beyond the point of the meter installation.

8.0 DISCONTINUANCE OF SERVICE:

Subject to the applicable regulations of the RIPUC and RIDPUC, the Company shall have the right to discontinue gas service to the customer and to remove or disconnect its meters and piping for nonpayment of bills for gas service. The customer shall be responsible for paying the cost of reconnecting gas service if the service is disconnected for nonpayment of bills or a \$25 account restoration charge in the case of a turn-on after a shut-off for nonpayment of bills. Such account restoration charge shall be waived for customers eligible for low-income assistance programs.

The Company reserves the right to disconnect its service at any time without notice or to refuse to connect its service if to its knowledge and in its judgment the customer's installation has become or is unsafe, defective or in violation of the Company's policies or any ordinances, laws, codes or regulations.

In the event that any action by the customer or others shall cause a condition in the premises occupied by any customer whereby life or property is endangered, the Company may discontinue service to said premises regardless of the number of occupants or tenants of said premises.

Whenever the Company shall have proof that any customer is diverting and/or stealing service, the Company may discontinue its service to such customer and remove the meter.

9.0 COMPANY INSTALLATION AND PROPERTY:

All meters, services and other gas equipment owned by the Company shall be and will remain the property of the Company and no one other than an employee or authorized agent of the Company shall be permitted to remove, operate, or maintain, such property. The customer shall be responsible

GENERAL TERMS AND CONDITIONS

for all damage to, or loss of, such property unless occasioned by circumstances beyond the customer's control. Such property shall be installed at points most convenient for the Company's access and service and in conformance with public regulations in force from time to time. The costs of relocating such property shall be borne by the customer when done at the customer's request, or for his convenience, or if necessary to remedy any violation of public law or regulation caused by the customer.

The Company shall provide and maintain the necessary housing, fencing, barriers and foundations for the protection of the equipment to be installed upon the customer's premises. Such space, housing, fencing, barriers and foundations shall be in conformity with applicable laws and regulations and subject to the Company's specifications and approval.

10.0 SUPPLY OF GAS:

The Company shall make every reasonable effort to maintain an uninterrupted supply of gas for all firm customers, but it shall not be liable for loss or damage caused by reason of any interruption or reduction of the supply, or by reason of any abnormal pressure or quality of the gas, whether as a result of accident, labor difficulties, condition of fuel supply, the actions of any public authority, failure to receive any gas for which in any manner it has contracted, the implementation in accordance with good utility practice of an emergency load reduction program by the Company or one with whom it has contracted for a supply of gas, or inability for any other reason beyond the Company's control to maintain normal pressure or quality, or uninterrupted and continuous service.

Whenever the integrity of the Company's system or the supply of gas is believed to be threatened by conditions on its system or upon the systems with which it is directly or indirectly interconnected, the Company may, in its sole judgment, curtail or interrupt gas service or reduce pressure and such action shall not be construed to constitute a default nor shall the Company be liable therefore in any respect. The Company will use reasonable efforts under the circumstances to

GENERAL TERMS AND CONDITIONS

overcome the cause of such curtailment, interruption or reduction and to resume full performance.

The Company shall be excused from performing under the Schedule of Rates and shall not be liable in damages or otherwise if and to the extent that it shall be unable to do so or prevented from doing so by statute or regulation or by action of any court or public authority having or purporting to have jurisdiction in the premises; or by loss, diminution or impairment of gas supply from its suppliers or the systems of others with which it is interconnected; or by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, act of God or public enemy, failure of any supplier to perform, restraint by any court or regulatory agency, or any other intervening cause, whether or not similar thereto; the Company shall use reasonable efforts under the circumstances to overcome such cause and to resume full performance.

The foregoing shall not alter the Company's liability under applicable legal standards for damages in the case of its negligent or intentionally wrongful conduct with respect to any act or failure to act by the Company.

11.0 COMPANY LIABILITY: The Company shall not be liable for any loss or damage resulting from the use of gas or the presence of the Company's appliances and equipment on the customer's premises unless such loss or damage results directly and solely from the Company's negligence.

The Company shall not, in any event except that of its own negligent acts or omissions, be liable to any party for any direct, consequential, indirect or special damages, whether arising in tort, contract or otherwise, by reason of any services performed, or undertaken to be performed, or actions taken by the Company, or its agents or employees, under the Schedule of Rates or in accordance with or required by law, including, without limitation, termination of the customer's service.

The customer assumes full responsibility for the proper use of gas furnished by the Company and for the condition,

GENERAL TERMS AND CONDITIONS

suitability and safety of any and all equipment on the customer's premises, or owned or controlled by the customer which is not the Company's property. The customer shall indemnify and save harmless the Company from and against any and all claims, expenses, legal fees, losses, suits, awards or judgments for injuries to or deaths of persons or damage of any kind, whether to property or otherwise, arising directly or indirectly by reason of (1) the routine presence in or use of gas from pipes owned or controlled by the customer; or (2) the failure of the customer to perform any of his or her duties and obligations as set forth in the Schedule of Rates where such failure creates safety hazards; or (3) the customer's improper use of gas or gas appliances. Except as otherwise provided by law, the Company shall be liable for damages claimed to have resulted from the Company's conduct of its business only when the Company, its employees or agents have acted in a negligent, or intentionally wrongful manner.

DEFINITIONS

Actual Transportation Quantity:	The quantity of gas actually received during the Gas Day as measured by the metering equipment at the Point(s) of Receipt, adjusted for the applicable Company Fuel Allowance.
Aggregation Pool:	One or more transportation Customer accounts whose gas usage is aggregated into a Marketer's account for operational purposes, including but not limited to nominating, scheduling and balancing gas deliveries to specified Point(s) of Receipt.
AGT Costs:	Advanced Gas Technology program costs as approved by the Rhode Island Public Utilities Commission.
Average Normalized Winter Day Usage:	A customer's average normal winter day's usage, based on their actual gas usage during the most recent November through March period, adjusted for normal degree days, as approved in the most recent rate case proceeding.
Base Revenue	Base Revenue is the sum of the customer charge, variable distribution charges and demand charges for firm service rate classes. Base Revenue is net of GET.
BTU content factor:	One British thermal unit, i.e., the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sixty degrees (60°) Fahrenheit. A Therm is one hundred thousand Btus. The BTU content factor for a given volume, shall be calculated by the Company on a seasonal basis at the end of October and the end of April based upon an average of the Transporting Pipeline's prior six-month experience of recorded BTU factors.
Capacity Release Revenues:	Revenues derived from the sale of capacity upstream of the city-gate.
Company Fuel Allowance:	The quantity in Therms (as calculated on a percentage basis) by which the gross amount of gas received for Customer's

DEFINITIONS

account at the Point(s) of Receipt is reduced in kind in order to compensate the Company for gas loss and unaccounted for, Company use or similar quantity-based adjustment.

Consumption
Algorithm:

A mathematical formula used to calculate a Customer's daily consumption based on the Customer's historical base load and heat use per heating degree day factor.

Critical Day:

Defined as any day where supply resource constraints are expected to adversely impact the operation of the Company's distribution system. Generally, this occurs at) forty-four (44) Degree Days or colder. A Critical Day may also occur under other conditions, such as pipeline emergencies, malfunctions or unusual, out-of-season weather conditions.

Customer:

Any party(s) that has obtained service from the Company pursuant to the General Terms and Conditions or pursuant to the Transportation Terms and Conditions

Daily Index:

The mid-point of the range of prices for the respective New England Citygates as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Algonquin citygates" and "Daily Price Survey, Midpoint, Citygates Tennessee/Zone 6 (delivered)" for the relevant Gas Day listed under "Flow date(s)." In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of gas as the basis for this calculation until such time that RIPUC approves a suitable replacement.

Deferred Balance:

The difference between incurred costs and revenues received.

Deferred Gas Cost
Balance:

The difference between gas costs incurred and gas revenues received.

Dekatherm (Dt):

Ten Therms or one million Btu's (MMBtu)

Design Winter Sales:

Sales of Residential Non-Heating, Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and

DEFINITIONS

Extra Large Low and High Load C&I during November through March based on design winter temperatures.

Electronic Bulletin
Board:

An internet web site which allows both the Company and Marketers to electronically post nominations and other transportation-related information.

Environmental Response
Costs:

All reasonable and prudently incurred costs associated with evaluation, remediation, clean-up, litigation, claims, judgments, insurance recovery (net of proceeds), and settlements arising out of the company's utility-related ownership, operation, or use of: (1) manufactured gas production and storage facilities and disposal sites where wastes and materials from such facilities were deposited; (2) mercury regulators; and (3) meter disposal. Also included are the reasonable and prudently incurred costs for acquiring plant, property and equipment to facilitate remediation and other appropriate environmental management objectives in connection with the above sites, properties, and activities. The Company will use its best efforts to minimize Environmental Response Costs consistent with applicable regulatory requirements and sound environmental management policies and practices.

Forecasted Daily
Usage (FDU):

Customer's estimated daily consumption for the next gas day as calculated by the Company based upon a forecast of heating degree days and the consumption algorithm.

Gas Day:

A period of twenty-four (24) consecutive hours beginning at 10:00 am (EST) and ending at 10:00 am (EST) the next calendar day.

Gas Usage:

The actual quantity of gas used by the Customer as measured by the Company's metering equipment at the Point of Delivery and converted to Therms.

DEFINITIONS

Imbalance:	The difference between the Actual Transportation Quantity and Gas Usage.
Interest on Deferred Balance:	Interest revenue/expense required to finance the deferred balance based on the Bank of America Prime Rate less 200 basis points (2%) as in effect from time to time.
Inventory Finance Charge:	Finance charges associated with the storage of natural gas as calculated using a working capital calculation.
Local Storage Costs:	Costs associated with the investment, operations and maintenance of natural gas storage downstream of the city-gate.
Low Income Assistance Programs:	Programs for assisting low income customers with their energy bills including, but not limited to, Low Income Heating Assistance (LIHEAP) and Low Income Weatherization, as in effect from time to time.
Marginal Gas Cost:	The variable cost of the Company's marginal source of supply for the Gas Day. Incremental Cost is a synonymous term.
Marketer:	An entity meeting the eligibility requirements of Section 6 Schedule C, Item 5.03 that is designated in a Transportation Service Application by the Customer to act on its behalf for nomination, notification, scheduling, balancing and receipt of communications, and which has executed a Marketer Aggregation Pool Service Agreement. A Customer may designate itself as the Marketer provided that they have an executed service agreement with the Transporting Pipeline or provide proof of contract to purchase the gas at the Company's city gate.
Maximum Daily Quantity:	The maximum quantity of gas a customer is authorized to use during the gas day.

DEFINITIONS

Monthly Index:	The simple average of the Daily Indices for the applicable month.
Net Insurance Recoveries:	Proceeds recovered from insurance providers and third parties for Environmental Response Costs, less the cost of obtaining such proceeds through claims, settlements, and litigation.
New Customer:	A Customer taking a supply of gas at a Point of Delivery that has not been previously served on a firm sales service basis by the Company.
Non-Firm Transportation Margin:	Margins derived from the transportation of natural gas to non-firm customers downstream of the city gate.
Off-System Sales Margins:	Margins derived from the sale of natural gas upstream of the city-gate.
Pipeline Costs:	Costs associated with the entitlement and transmission of natural gas on the interstate pipeline system.
Pipeline Shipper(s):	The party(s) from whom Marketer has purchased gas to be delivered to and transported by the Company.
Point of Delivery:	A location at which the Company's distribution facilities are interconnected with the Customer's facility.
Point(s) of Receipt:	Outlet side of the measuring station at the interconnection between the Transporting Pipeline and the Company's distribution facilities where gas will be received by the Company for transportation service in its service territory.
Pool Balancing Revenues:	Revenues associated with Pool Balancing service, as derived in Section 2, Schedule A, Item 4.0.
Purchased Gas Working Capital:	Working capital required to finance gas costs.

DEFINITIONS

Reconciliation Amount:	The Deferred balance at the end of September.
Refunds:	Refunds from pipeline, storage and suppliers.
Scheduled Transportation Quantity:	The quantity of gas scheduled by the Marketer to be received by the Company for Customer's account during the Gas Day at the Point of Receipt, including the applicable Company Fuel Allowance.
Service Quality Performance Fund:	Deferred account containing accumulated Service Quality adjustments.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Target Revenue per Customer	A target average dollar amount per customer established for each month for each firm service rate class at the time of the most recent rate case.
Therm:	An amount of gas having a thermal content of 100,000 Btus.
Transportation Imbalance Revenues:	Revenues associated with daily and monthly imbalances for transportation customers, as included in the Company's Terms and Conditions of Firm Transportation.
Transporting Pipeline:	The party(s) engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which are transporting gas for Marketer to a Point of Receipt of the Company.
Upstream Storage Costs:	Costs associated with the entitlement, injection, withdrawal and storage of natural gas upstream of the city-gate.
Working Capital:	Amounts required to finance the Company's activities prior to the receipt of revenue.

TAXES AND SURCHARGES

1.0 RHODE ISLAND GROSS EARNINGS TAX:

Unless otherwise indicated, all rates exclude an amount necessary for the payment of Rhode Island Gross Earnings Tax. An amount necessary for the payment of Rhode Island Gross Earnings Tax will be separately identified on bills rendered to customers.

2.0 GROSS EARNINGS TAX REDUCTION FOR MANUFACTURERS:

Consistent with the gross earnings tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be billed the applicable Rhode Island Gross Earnings Tax. The customer is responsible for providing to the Company in writing its tax exemption number and other appropriate documentation. If the Company collected any taxes or assessments from the customer and is later informed by the customer that the customer is exempt from such taxes, it shall be the customer's responsibility to obtain any refund from the appropriate governmental taxing agency.

Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30 (H) of Rhode Island General Laws) indicating the customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a customer, the customer will be required to reimburse the Company in the amount of the credits provided to such customer which were disallowed, including any interest required to be paid by the Company to such authority.

The Division of Taxation has indicated that it will generally deem 95% of manufacturer's volumes to be for "manufacturing use" eligible for the reduced manufacturer's Gross Earnings Tax (GET) rate. Thus, unless usage is separately metered for manufacturing only, 95% of billed amounts for qualified customers will be deemed to be for manufacturing purposes and eligible for the manufacturer's

TAXES AND SURCHARGES

GET credit, whereas the remaining 5% of the billed amount will be subject to the standard GET rate. If usage is separately metered for manufacturing use only, the entire amount will be subject to the reduced manufacturing GET rate.

No other use of gas will be included in this rate for billing purposes.

3.0 OTHER RHODE ISLAND TAXES:

Where applicable at rate or rates in effect from time-to-time.

4.0 GAS ENERGY EFFICIENCY SURCHARGE:

As provided for in Section 39-2-1.2(d) of Rhode Island General Laws, a charge of up to fifteen cents (\$0.15) per dekatherm (Dt) shall be collected for programs including, but not limited to, cost-effective energy efficiency, energy conservation, combined heat and power systems, and weatherization services for low income households.

A Gas Energy Efficiency Program shall be annually filed with the Public Utilities Commission for review and approval. Such filing shall include: (1) a detailed description of the various programs; (2) a projection of costs for the following year; (3) a reconciliation of costs and revenues for the current year with any differential between the actual and authorized amounts collected and or funds expended, with interest, being added or subtracted from the amount to be collected during the following calendar year; and (4) the calculation of an applicable per therm surcharge for the upcoming year. Upon approval by the Commission, such charge (adjusted for gross earnings tax and the uncollectible percentage) shall become effective with usage on or after the effective date. The uncollectible percentage will be based on the average of the most recent five-years ended June 30th and include a credit or surcharge for the variance in the prior year's actual net write offs allocated to Gas Energy Efficiency versus what was reflected in the Energy Efficiency Surcharge.

GAS COST RECOVERY CLAUSE

1.0 GENERAL:

1.1 Purpose:

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the Rhode Island Public Utilities Commission ("RIPUC"), to annually adjust its rates for firm sales and the weighted average cost of upstream pipeline transportation capacity in order to recover the costs of gas supplies, pipeline and storage capacity, production capacity and storage, purchased gas working capital, and to credit supplier refunds, capacity credits from off-system sales and revenues from capacity release transactions.

The Gas Cost Recovery Clause shall include all costs of firm gas, including, but not limited to, commodity costs, demand charges, local production and storage costs and other gas supply expense incurred to procure and transport supplies, transportation fees, inventory costs, requirements for purchased gas working capital, all applicable taxes, and deferred gas costs. Any costs recovered through the application of the Gas Charge shall be identified and explained fully in the annual filing.

1.2 Applicability:

The Gas Charge shall be calculated separately for the following rate groups:

- (1) Residential Non-Heating, Low Income Residential Non-Heating, Large C&I High Load Factor, Extra Large C&I High Load Factor ;
- (2) Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large C&I Low Load Factor, and Extra Large C&I Low Load Factor;
- (3) ;FT-2 Firm Transportation – Marketers
- (4) Natural Gas Vehicles

The Company will make annual Gas Charge filings based on forecasts of applicable costs and volumes and annual Reconciliation filings based on actual costs and volumes. The Gas Charge shall become effective with consumption on or after November 1st as designated by the Company. In the event of any change subsequent to the November effective date which would

GAS COST RECOVERY CLAUSE

cause the estimate of the Deferred Gas Cost Balance to differ from zero by an amount greater than one (1) percent of the Company's gas revenues, the Company may make a Gas Charge filing designed to eliminate that non-zero balance.

Unless otherwise notified by the RIPUC, the Company shall submit the Gas Charge filings no later than 60 days before they are scheduled to take effect. The Annual Reconciliation filing will be made by August 1 of each year containing actual data for the twelve months ending June 30 of that year.

2.0 GAS CHARGE FACTORS

2.1 Gas Charges to Sales

Customers:

The Gas Charge consists of five (5) components: (1) Supply Fixed Costs, (2) Storage Fixed Costs, (3) Supply Variable Costs (4) Storage Variable Product Costs, and (5) Storage Variable Non-product Costs. These components shall be computed using a forecast of applicable costs and volumes for each firm rate schedule based on the following formula:

$$GC_S = FC_S + SFC_S + VC_S + SVC_S + SVNC_S$$

Where:

GC_S	Gas Charge applicable to Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I sales.
FC_S	Supply Fixed Cost Component for a rate classification. See Item 3.1 for calculation.
SFC_S	Storage Fixed Cost Component for a rate classification. See Item 3.2 for calculation.
VC_S	Supply Variable Cost Component for a rate classification. See Item 3.3 for calculation.

GAS COST RECOVERY CLAUSE

SVC_S Storage Variable Product Cost Component for a rate classification. See Item 3.4 for calculation.

SVNC_S Storage Variable Non-product Cost Component for a rate classification. See Item 3.5 for calculation.

This calculation will be adjusted for the uncollectible percentage based on the average of the most recent five-years ended June 30th and include a credit or surcharge for the variance in the prior year's actual net write offs allocated to GCR versus what was reflected in the GCR rates. The Gas Charges to Sales Customers are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

2.2 Gas Charge to FT-2

Marketers:

The FT-2 Firm Transportation Marketer Gas Charge (GC_M) recovers costs associated with storage and peaking resources and is calculated as follows:

$$GC_M = SFC_S + SVNC_S$$

Where:

GC_M Gas Charge applicable to Marketers for FT-2 Firm Transportation Service

SFC_S Storage Fixed Cost Component. See Item 3.2 for calculation.

SVNC_S Storage Variable Non-product Cost Component. See Item 3.5 for calculation.

2.3 Gas Charge to Natural

Gas Vehicles:

The Natural Gas Vehicle Gas Charge (GC_{NGV}) recovers costs associated with natural gas distributed to the public at Company owned NGV stations and is calculated as follows:

GAS COST RECOVERY CLAUSE

$$GC_{NGV} = FC_S + VC_S$$

Where:

GC_{NGV} Gas Charge applicable to Natural Gas Vehicle (NGV) Service

FC_S Supply Fixed Cost Component. See Item 3.1 for calculation.

VC_S Supply Variable Cost Component. See Item 3.3 for calculation.

3.0 GAS CHARGE CALCULATIONS

3.1 Supply Fixed Cost

Component:

The Supply Fixed Cost Component shall include all fixed costs related to the purchase of firm gas, including, but not limited to, pipeline and supplier fixed reservation costs, demand charges, and other gas supply expense incurred to transport supplies, transportation fees, and requirements for purchased gas working capital. Any costs recovered through the application of the Supply Fixed Cost Component shall be identified and explained fully in the annual filing.

The Supply Fixed Cost Component is calculated for each applicable rate schedule as follows:

$$FC_S = \frac{DWS_S * (TC_{FC} - TR_{FC} + WC_{FC} + R_{FC})}{Dt_S}$$

Where:

FC_S Supply Fixed Cost Component for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating,

GAS COST RECOVERY CLAUSE

	Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or NGV.
DWS _S	Percent of Design Winter Sales (November - March) for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or NGV.
TC _{FC}	Total Supply Fixed Costs, including, but not limited to pipeline and supplier reservation.
TR _{FC}	Credits to Supply Fixed Costs relating to supply services, including, but not limited to balancing charge revenues, capacity release revenues, off-system sales margins and refunds.
WC _{FC}	Working Capital requirements associated with Supply Fixed Costs. See Item 5.0 for calculation.
R _{FC}	Deferred Fixed Cost Account Balance as of October 31, as derived in Item 6.0 plus any Asset Management Incentive associated with the Gas Procurement and Asset Management Incentive Plan.
Dt _S	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, and NGV.

3.2 Storage Fixed Cost

Component:

The Storage Fixed Cost Component shall include all fixed costs related to the operations, maintenance and delivery of storage, including, but not limited to, supply related portion of local production and storage costs as determined in the most recent rate case proceeding, taxes on storage, delivery of storage gas to the Company's Distribution System, and requirements for purchased

GAS COST RECOVERY CLAUSE

gas working capital. Any costs recovered through the application of the Storage Fixed Cost Component shall be identified and explained fully in the annual filing.

The Storage Fixed Cost Component is calculated for each applicable rate schedule as follows:

$$SFC_S = \frac{DWT_S * (TC_{SFC} - TR_{SFC} + WC_{SFC} + R_{SFC})}{Dt_S}$$

Where:

SFC_S	Storage Fixed Cost Component for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I or FT-2 service.
DWT_S	Percent of Design Winter Throughput (November - March) for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or FT-2 service.
TC_{SFC}	Total Fixed Storage Costs, all fixed costs, including, but not limited to supply related local production and storage costs, and taxes on storage. The level of supply related local production and storage costs shall be as determined in most recent rate case proceeding.
TR_{SFC}	Total Credits to Storage Fixed Costs
WC_{SFC}	Working Capital requirements associated with Total Storage Fixed Costs. See Item 5.0 for calculation.

GAS COST RECOVERY CLAUSE

R_{SFC} Deferred Storage Cost Account Balance as of October 31, as derived in Item 6.0 plus any Asset Management Incentive associated with the Gas Procurement and Asset Management Incentive Plan.

Dt_S Forecast of annual sales related to Residential Non-Heating, Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I and throughput related to FT-2 service.

**3.3 Supply Variable Cost
Component:**

The Supply Variable Cost Component shall include all variable costs of firm gas, including, but not limited to, commodity costs, taxes on commodity and other gas supply expense incurred to transport supplies, transportation fees, and requirements for purchased gas working capital. Any costs recovered through the application of the Supply Variable Cost Component shall be identified and explained fully in the annual filing.

The Supply Variable Cost Component is calculated for each applicable rate schedule as follows:

$$VC = \frac{TC_{VC} - TR_{VC} + WC_{VC} + R_V}{Dt_{VC}}$$

Where:

VC Supply Variable Cost Component for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, or NGV.

TC_{VC} Total Supply Variable Costs, including, but not limited to pipeline, supplier, and commodity-billed pipeline transition costs.

GAS COST RECOVERY CLAUSE

TR _{VC}	Total Credits to Supply Variable Costs, including, but not limited to balancing commodity charge revenues and transportation imbalance charges.
WC _{VC}	Working Capital requirements associated with Total Supply Variable Costs. See item 5.0 for calculation.
R _V	Deferred Cost Account Balance as of October 31, as derived in Item 6.0 plus the net of any Gas Procurement Incentives/Penalties associated with the Gas Procurement and Asset Management Incentive Plan.
Dt _{VC}	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I, and NGV.

3.4 Storage Variable Product Cost

Component:

The Storage Variable Product Cost Component shall include all variable storage product costs of firm gas, including, but not limited to, storage commodity costs, taxes on storage commodity and other gas Storage expense incurred to transport supplies, transportation fees, inventory commodity costs, inventory financing costs and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Product Cost Component shall be identified and explained fully in the annual filing.

The Storage Variable Product Cost Component is calculated for each applicable rate schedule as follows:

$$VSC = \frac{TC_{VSC} - TR_{VSC} + WC_{VSC} + R_{VSC}}{Dt_{VSC}}$$

Where:

GAS COST RECOVERY CLAUSE

VSC	Storage Variable Product Cost Component for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, or Extra Large Low and High Load C&I.
TC _{VSC}	Total Storage Variable Product Costs, including, but not limited to pipeline, storage, and commodity-billed pipeline transition costs associated with storage delivery.
TR _{VSC}	Total Credits to Storage Variable Product Costs.
WC _{VSC}	Working Capital requirements associated with Total Storage Variable Product Costs. See item 5.0 for calculation.
R _{VSC}	Deferred Cost Account Balance as of October 31, as derived in Item 6.0.
Dt _{VSC}	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I.

3.5 Storage Variable Non-product Cost

Component:

The Storage Variable Non-product Cost Component shall include all variable costs related to the operations, maintenance and delivery of storage, as determined in the most recent rate case proceeding, injection and withdrawal costs, taxes on storage, delivery of storage gas to the Company's Distribution System, and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Non-Product Cost Component shall be identified and explained fully in the annual filing.

GAS COST RECOVERY CLAUSE

The Storage Variable Non-product Cost Component is calculated for each applicable rate schedule as follows:

$$SVNC_S = \frac{TC_{SVNC} - TR_{SVNC} + WC_{SVNC} + R_{SVNC}}{Dt_S}$$

Where:

SVNC _S	Storage Variable Non-product Cost Component for Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I or FT-2 service.
TC _{SVNC}	Total Storage Variable Non-product Costs, all variable costs, including, but not limited to supply related local production and storage costs, injection and withdrawal costs, and taxes on storage. The level of supply related local production and storage costs shall be as determined in most recent rate case proceeding.
TR _{SVNC}	Total Credits to Storage Variable Non-product Costs.
WC _{SVNC}	Working Capital requirements associated with Total Storage Variable Non-product Gas Costs. See Item 5.0 for calculation.
R _{SVNC}	Deferred Storage Variable Non-product Cost Account Balance as of October 31, as derived in Item 6.0.
Dt _x	Forecast of annual sales related to Residential Non-Heating, Low Income Residential Non-Heating,

GAS COST RECOVERY CLAUSE

Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, Extra Large Low and High Load C&I and throughput related to FT-2 service.

4.0 POOL BALANCING

4.1 Purpose: This section establishes a procedure to allow the Company, subject to the jurisdiction of the RIPUC, to adjust on an annual basis its rates for firm pool balancing service set forth in Section 6, Schedule C, Item 5.04 of RIPUC NG-GAS No. 101

4.2 Calculation: $BAL = (FC + SFC + SVC) * 1\%$

Where:

BAL Balancing Charge for Pool Balancing Service applicable to Marketer pool throughput per percent of balancing service elected.

FC Fixed Cost Component as calculated in Item 3.1 above.

SFC Storage Fixed Cost Component as calculated in Item 3.2 above.

SVC Storage Variable Product Cost Component as calculated in Item 3.4 above.

5.0 WORKING CAPITAL REQUIREMENT:

$WC_M = WCA_M * [DL / 365] * COC$

Where:

WC_M Working Capital requirements of Supply Fixed (WC_{FC}), Storage Fixed (WC_{SFC}), Supply Variable (WC_{SV}), Storage Variable Product (WC_{SVC}) or

GAS COST RECOVERY CLAUSE

Storage Variable Non-product (WC_{SVNC}) Cost Components.

WCA_M	Working Capital Allowed in the Supply Fixed, Storage Fixed, Supply Variable, Storage Variable Product, or Storage Variable Non-product Cost component calculations.
DL	Days Lag approved in the most recent rate case proceeding.
COC	Weighted Pre-tax Cost of Capital, consisting of three components: Short-term Debt, Long-term Debt, and Common Equity. The Common Equity components shall reflect the rates approved in the most recent rate case proceeding. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended June as presented in the Company's annual Distribution Adjustment Clause (DAC) filing in support of the Earnings Sharing Mechanism (ESM). The long-term debt component will be based on the Company's actual long-term borrowing rate as presented in the Company's annual DAC filing.

**6.0 DEFERRED GAS
COST ACCOUNT:**

The Company shall maintain five (5) separate Deferred Gas Cost Accounts: (1) Supply Fixed Costs and revenues, (2) Storage Fixed Costs and revenues, (3) Supply Variable Costs and revenues, (4) Storage Variable Product Costs and revenues, and (5) Storage Variable Non-product Costs and revenues. Entries shall be made to each of these accounts at the end of each month as follows:

An amount equal to the allowable costs incurred, less:

1. Gas Revenues collected adjusted for the RIGET and uncollectible % for the most recent twelve months ended June 30th as presented in the Company's annual GCR filing;

GAS COST RECOVERY CLAUSE

2. Credits to costs, including but not limited to GCR Deferred Responsibility surcharge/credits and Transitional Sales Service (TSS) surcharge revenues.
3. Monthly interest based on a monthly rate of the current Bank of America prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning-of-the-month balance and the balance after entries 1. and 2. above.

7.0 REFUNDS

**7.1 During Refund
Period**

If the Company receives a cash refund resulting from gas supply overcharges during a historical "refund period," where the historical "refund period" is the most recent 60-month period, and the amount of the refund equals or exceeds 2% of the Company's total gas costs for the prior fiscal year, the amount to be refunded to any firm customer who used gas during the refund period and who is not on the suspended debt file shall be equal to:

The customers' billed usage during Refund Period X

Amount to be Refunded

Firm Sales during Refund Period

where the Amount to be Refunded equals Total Amount of Refund minus the incremental costs incurred by the Company in effecting the distribution of the supplier refund.

The customer shall receive this amount in the form of:

1. A lump-sum bill credit if the customer's account is active or if the customer's final bill has not been paid; or
2. A personal check if the customers account is closed and paid in full and the amount of the check exceeds \$25; or
3. A combination bill credit/personal check if the amount of the credit exceeds the unpaid balance of the customer's final bill.

GAS COST RECOVERY CLAUSE

The total amount of individually calculated refunds of \$2 or less to have been paid by check will be credited to the Deferred Gas Cost Account. Checks which are not deliverable or paid within 90 days of the mailing shall be canceled and also credited to the Deferred Gas Cost Account.

Should any canceled refund checks later become a liability of the Company, the cost shall be debited to the Deferred Gas Cost Account.

**7.2 Prior To Refund
Period:**

If the Company receives a cash refund resulting from gas supply overcharges during periods prior to the historical refund period, then the refund shall be credited to the appropriate Deferred Cost Account.

7.3 Less Than 2%

If the amount of the refund is less than 2% of the Company's total gas cost for the prior fiscal year, it shall be credited to the appropriate Deferred Cost Account.

8.0 WEIGHTED AVERAGE UPSTREAM PIPELINE TRANSPORTATION COST

On or about June 1, the Company shall provide to marketers and the Division a preliminary update of its pipeline path costs and weighted system-wide average costs including supporting schedules that show the assumptions and methodologies used to develop the rates. Concurrent with the annual GCR filing, the Company shall calculate the final weighted average cost of upstream pipeline transportation capacity. The cost shall be applicable to capacity release under the Transportation Terms and Conditions effective November 1 of each year.

DISTRIBUTION ADJUSTMENT CLAUSE

1.0 GENERAL

1.1 Purpose:

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the RIPUC, to annually adjust its rates for firm sales and transportation in order to recover the costs of system balancing, Low Income Assistance, Advanced Gas Technology, Environmental Response, Pension costs and Post-retirement Benefits Other than Pensions, Revenue Decoupling, Capital Expenditures Tracker, to credit margins from on-system non-firm transportation and on-system non-traditional firm sales and transportation, and Service Quality Performance. Any costs recovered through the application of the Distribution Adjustment Charge shall be identified and explained fully in the annual Distribution Adjustment Charge filing.

1.2 Applicability:

The distribution adjustment charge for each rate class will be uniformly applied to sales and transportation volumes under any of the Company's firm rate schedules.

The Company will make annual Distribution Adjustment Charge filings based on forecasts of applicable costs and volumes and annual Reconciliation filings based on actual costs and volumes. The Distribution Adjustment Charge shall become effective with consumption as of November 1st each year.

Unless otherwise notified by the RIPUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take effect. The Annual Reconciliation filing will be made by August 1 of each year containing actual data for the twelve months ending June 30 of that year.

2.0 DISTRIBUTION ADJUSTMENT

CHARGE:

The distribution adjustment charge will consist of an annual System Pressure factor, an Advanced Gas Technology factor, a Low Income Assistance factor, an Environmental Response factor, a Pension and Post-retirement Benefits Other than Pensions adjustment factor, a Revenue Decoupling Mechanism factor, a Capital Expenditures Tracker factor, an on-system credit factor, a

DISTRIBUTION ADJUSTMENT CLAUSE

Service Quality Performance factor, and a deferred cost factor
calculated as follows:

$$DAC = SP + AGT + LIAP + ERCF + P\&PBOP + RDM + CapX - MC - SQP + R$$

Where:

DAC	Distribution Adjustment Charge applicable to all firm throughput
SP	System Pressure factor. See Item 3.1 for calculation.
AGT	Advanced Gas Technology factor. See Item 3.2 for calculation.
LIAP	Low Income Assistance Programs factor. See Item 3.3 for calculation.
ERCF	Environmental Response cost factor. See Item 3.4 for calculation.
P&PBOP	Pension and Post-retirement Benefits Other than Pensions (PBOP) adjustment factor. See Item 3.5 for calculation.
RDM	Revenue Decoupling Mechanism factor. See Item 3.6 for calculation.
CapX	Capital ExpendituresTracker factor. See Item 3.7 for calculation
MC	On-system margin credits related to non-firm transportation and non-traditional sales and transportation. See Item 3.8 for calculation.
SQP	Service Quality Performance Factor. See Item 3.9 for calculation

DISTRIBUTION ADJUSTMENT CLAUSE

R Reconciliation of deferred account balance as of October 31. See Item 4.0 for calculation.

This calculation will be adjusted for the uncollectible percentage based on the average of the most recent five-years ended June 30th and include a credit or surcharge for the variance in the prior year's actual net write offs allocated to DAC versus what was reflected in the DAC rates. The Distribution Adjustment Charges are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

3.0 DISTRIBUTION ADJUSTMENT CALCULATIONS

3.1 System Pressure

Factor:

The System Pressure factor shall be computed on an annual basis utilizing a forecast of Liquefied Natural Gas (LNG) sendout and the projected average inventory cost of LNG based on the following formula:

$$SP = \frac{[D_{t_{LNG}} * INV_{LNG}] * SP\%}{D_{t_T}}$$

Where:

SP	System Pressure Amount
$D_{t_{LNG}}$	Forecast of LNG sendout in dekatherms
INV_{LNG}	Average inventory cost of LNG per dekatherm
SP%	Percent of local storage used to maintain system pressures, as established in the most recent rate case proceeding.
D_{t_T}	Forecasted annual firm throughput in dekatherms

3.2 AGT Factor:

The Advanced Gas Technology factor will be computed on an annual basis utilizing the approved budget for AGT programs based on the following formula:

DISTRIBUTION ADJUSTMENT CLAUSE

$$AGT = \frac{AGT_B - AGT_{EMB}}{Dt_T}$$

Where:

AGT	AGT Factor
AGT _B	Approved AGT budget
Dt _T	Forecasted annual firm throughput in dekatherms
AGT _{EMB}	AGT funding embedded in base rates, \$300,000

3.3 LIAP Factor:

The Low Income Assistance factor shall be computed on an annual basis utilizing the approved funding for low income programs, such as Low Income Heating Assistance and Low Income Weatherization, based on the following formula:

$$LIAP = \frac{LIAP_B - LIAP_{EMB}}{Dt_T}$$

Where:

LIAP	LIAP Factor
LIAP _B	Approved low income program funding(s)
Dt _T	Forecasted annual firm throughput in dekatherms
LIAP _{EMB}	LIAP funding embedded in base rates, \$1,785,000

3.4 Environmental Response Cost Factor (ERCF):

$$ERCF = \frac{ERC_{95-01}}{10} + \frac{\sum_{x=n-9}^n ERC_{yr}}{10} - ERC_{EMB}$$

DISTRIBUTION ADJUSTMENT CLAUSE

Dt_T

Where:

ERC Environmental Response Costs as defined in
Section 1, Schedule B Definitions

$\frac{ERC_{95-01}}{10}$ Unamortized Environmental Response Costs at
the end of fiscal year 2001 to be amortized over
ten years.

$\sum_{x=n-9}^n ERC_{yr_x}$ The sum of Environmental Response Costs,
incurred in the most recent fiscal year (“n”), and in
the prior nine fiscal years, but no earlier than fiscal
year 2002. Therefore, until fiscal year 2011, n-9 is
equal to fiscal year 2002.

ERC_{EMB} Environmental Response Costs funding embedded
in base rates, \$1,310,000.

Dt_T Forecasted annual firm throughput in dekatherms

In order to limit the bill impacts that could potentially result from the incurrence of environmental remediation costs, the ERC factor, calculated as described above, shall be limited to an increase of no more than \$0.10 per dekatherm in any annual DAC filing. If this limitation results in the Company recovering less than the amount that would otherwise be eligible for recovery in a particular year, then beginning on the date that the proposed ERC factor becomes effective, carrying costs shall accrue to the Company on the portion of the environmental remediation costs not included in the ERC factor as a result of this limitation. Such carrying costs shall accrue through the year in which such amount, together with accumulated carrying costs, are recovered from ratepayers. Any amounts so deferred shall be incorporated into the ERC factor in succeeding years consistent with the \$0.10 per dekatherm ERC

DISTRIBUTION ADJUSTMENT CLAUSE

factor annual increase limitation. Such carrying charges shall accrue at the Interest on Deferred Balance rate specified in Section 1 Schedule C of the Company's General Rules and Regulations.

3.5 P&PBOP Adjustment

Factor

The P&PBOP adjustment factor shall recover or refund the prior year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension ("PBOP") expenses to the Company's Pension and PBOB expense allowance included in Base rates. The adjustment factor will be computed on an annual basis for the twelve months ended June 30th and will be based on the difference in the Company's actual Pension and PBOP expense for the prior twelve month period ended June 30th and the Company's most recently approved Pension and PBOP expense base rate allowance.

3.6 Revenue Decoupling Mechanism

Factor

The Revenue Decoupling Mechanism (RDM) Factor shall be a credit or surcharge determined for each rate class as the June 30th ending balance divided by the forecasted annual firm throughput for the respective rate class. The June 30th RDM rate class ending balance shall result from the monthly calculation of the variance between a target revenue per customer and the actual revenue per customer based on the following formulas:

$$RDMB_{RC} = AEB_{M-1} + VR_M + INT_M$$

Where:

$RDMB_{RC}$ Revenue Decoupling Mechanism Balance for each of the following rate classes: Residential Non-heat, Low Income Residential Non-heat, Residential Heat, Low Income Residential Heat, Small C&I, Medium C&I, Large Low Load C&I, Large High Load C&I, Extra Large Low Load C&I and Extra Large High Load C&I (note: new Large and Extra Large C&I customers after November 1, 2007 are excluded)

AEB_{M-1} Account Ending Balance for prior month

DISTRIBUTION ADJUSTMENT CLAUSE

VR_M Current month Variance

$$= (RPC_{TM} - RPC_{AM}) \times CUST_M$$

RPC_{TM} = Revenue Per Customer
Target for current month as
established at time of the
most recent rate case

RPC_{AM} = Actual Revenue Per
Customer for current month
calculated as actual base
revenues divided by number
of customers in the current
month

$CUST_M$ = Number of customers in
current month

INT_M Interest on average monthly balance

$$= \frac{AEB_{M-1} + VR_M}{2} \times BAM$$

BAM Bank of America Prime minus 200
basis points

3.7 Capital Expenditure

Tracker Factor - The Capital Expenditure (“CapX”) Tracker Factor will be computed annually and is the mechanism for refunding or collecting from customers the revenue requirement impact associated with variations in capital spending to the extent allowed by the Commission.

**3.8 On-System
Credits:**

Each year the Company will calculate the total non-firm transportation margins, exclusive of Rhode Island Gross Earnings Tax for the twelve month period ending June 30. If that total exceeds \$1,600,000, the On-System Credit shall be 75% of the

DISTRIBUTION ADJUSTMENT CLAUSE

amount in excess of \$1,600,000. If the total non-firm margins, exclusive of Rhode Island Gross Earnings Tax, for the twelve-month period ending June 30 are less than \$1,600,000, the On-System Credit shall be negative.

$$MC = \frac{(NFTM - \$1,600,000) * Pct}{Dt_T}$$

Where:

MC	On-System margin credit factor
NFTM	The non-firm transportation margins for the 12 months ending June 30.
Pct	If (NFTM+\$1,600,000) > 0, then Pct = 75% If (NFTM+\$1,600,000) ≤ 0, then Pct = 100%
Dt _T	Forecasted annual firm throughput in dekatherms

3.9 Service Quality Performance

Factor -

The Service Quality Performance (“SQP”) Factor will be used for crediting to customers any penalties reflected in the Company’s annual Service Quality Report.

**4.0 DEFERRED DISTRIBUTION
ADJUSTMENT
COST ACCOUNT:**

The Company shall maintain separate Deferred Cost Accounts for AGT costs and revenues, LIAP costs and revenues, Environmental Response costs and revenues, Revenue Decoupling monthly variances, and the On-System credit costs and revenues. Entries shall be made to each of these accounts at the end of each month as follows:

- (1) An amount equal to the allowable costs incurred, less revenues collected adjusted for the RIGET and the uncollectible percentage approved in the most recent rate case proceeding;

DISTRIBUTION ADJUSTMENT CLAUSE

- (2) Credits to costs, and;
- (3) Monthly rate based on a monthly rate of the current Bank of America prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning and ending balance after entries for (1) and (2) above.

With respect to Environmental Response Costs, the monthly deferred cost shall be the variance between actual and forecasted monthly firm throughput, multiplied by the ERC Factor.

With respect to Revenue Decoupling, the monthly deferred cost shall be the variance between the Revenue Per Customer Target and the actual Revenue Per Customer multiplied by the number of customers

**6.0 Earnings Sharing
Mechanism:**

The annual Earnings Sharing Mechanism (ESM) established in Docket No. 3401 will remain in place. The Earnings Sharing Mechanism Credit (ESMC) will be included with the August 1st DAC filing and will be updated with the final EMSC calculation by September 1st. For purposes of calculating earnings to be shared, the Company will be allowed to include its 50% share of net merger synergies resulting from the National Grid/Southern Union and the National Grid/KeySpan transactions, or \$3,590,601. Calculation of the ESMC is as follows:

$$\text{ESMC} = \frac{\text{ESMF}}{\text{Dt}_r}$$

Where:

ESMF Earnings Sharing Mechanism Fund is defined as the earnings subject to sharing based on a return on equity of 11.50%. Annual earnings over this return on equity, up to and including 100 basis points,

DISTRIBUTION ADJUSTMENT CLAUSE

being shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of this return on equity shall be shared 75% to customers and 25% to the Company.

Dt_T Forecasted annual firm throughput in dekatherms

RESIDENTIAL NON-HEATING
RATE 10

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- | | |
|----------------------|--------------------|
| Customer Charge: | \$ 11.00 per month |
| Distribution Charge: | \$0.4035 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 8.0 DISTRIBUTION ADJUSTMENT CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

RESIDENTIAL NON-HEATING
RATE 10

9.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.
- It is the responsibility of the customer to annually certify by forms provided by the utility, the continued compliance with the foregoing qualifications.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- | | |
|----------------------|--------------------|
| Customer Charge: | \$ 9.90 per month |
| Distribution Charge: | \$0.3632 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C..

RESIDENTIAL HEATING
RATE 12

- 1.0 AVAILABILITY:** Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- Customer Charge: \$16.00 per month
- Distribution Charge:
- On-Peak Period (November – April)
- First 125 Therms @ \$0.3485 per Therm
- Over 125 Therms @ \$0.2500 per Therm
- Off-Peak Period (May – October)
- First 30 Therms @ \$0.3485 per Therm
- Over 30 Therms @ \$0.2500 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

RESIDENTIAL HEATING
RATE 12

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

LOW INCOME RESIDENTIAL HEATING
RATE 13

1.0 AVAILABILITY:

Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.

It is the responsibility of the customer to annually certify by forms provided by the utility, the continued compliance with the foregoing qualifications.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

Customer Charge: \$14.40 per month

Distribution Charge:

On-Peak Period (November – April)

First 125 Therms @ \$0.3137 per Therm

Over 125 Therms @ \$0.2250 per Therm

Off-Peak Period (May – October)

First 30 Therms @ \$0.3137 per Therm

Over 30 Therms @ \$0.2250 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

LOW INCOME RESIDENTIAL HEATING
RATE 13

**6.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

**10.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**11.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

C&I SMALL
RATE 21

- 1.0 AVAILABILITY:** Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or less than 5,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- Customer Charge: \$30.00 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 135 Therms @ \$0.3120 per Therm
- Over 135 Therms @ \$0.2000 per Therm
- Off-Peak Period (May - October)
- First 20 Therms @ \$0.3120 per Therm
- Over 20 Therms @ \$0.2000 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 7.0 GAS COST RECOVERY CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

C&I SMALL
RATE 21

**8.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**9.0 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I MEDIUM
RATE 22

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 5,000 Therms, but less than or equal to 35,000 Therms as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$75.00 per month
- Demand Charge: \$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.1352 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

C&I MEDIUM
RATE 22

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$135.00 per month
- Demand Charge: \$2.0000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.0781 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$300.00 per month
- Demand Charge: \$2.0000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.0213 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

- 6.0 GENERAL RULES AND
REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NGC No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS
EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY
CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY
EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I LARGE LOW LOAD FACTOR USE
RATE 33

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the off-peak and annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$135.00 per month
- Demand Charge: \$1.5000 per Therm of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer.
- Distribution Charge: \$0.1483 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

C&I LARGE LOW LOAD FACTOR USE
RATE 33

- 6.0 GENERAL RULES AND
REGULATIONS:** The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 7.0 RHODE ISLAND GROSS
EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 8.0 GAS COST RECOVERY
CLAUSE:** The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.
- 9.0 DISTRIBUTION
ADJUSTMENT
CLAUSE:** The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.
- 10.0 GAS ENERGY
EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

- 1.0 AVAILABILITY:** Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a new customer, or a customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the customer.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 TRANSPORTATION SERVICE PROVISIONS:** For Customers selecting transportation service, the Transportation Service provisions found in Section 5 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- | | |
|----------------------|--|
| Customer Charge: | \$300.00 per month |
| Demand Charge: | \$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the customer. |
| Distribution Charge: | \$0.0258 per Therm |
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101 as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**8.0 GAS COST RECOVERY
CLAUSE:**

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

**9.0 DISTRIBUTION ADJUSTMENT
CLAUSE:**

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

**10.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

FLEXIBLE FIRM SERVICE
RATE XX

1.0 AVAILABILITY:

This Schedule is for firm transportation service on the basis of negotiated, individual service agreements, with Commercial and Industrial customers meeting the following eligibility requirements.

(1) Customers must have dual fuel capability for the period when gas is not available under this Schedule.

(2) Customers must be non-firm service customers with annual gas usage equal to or greater than 150,000 Therms.

2.0 CHARACTER OF SERVICE:

Firm transportation service for less than 365 days per year, based on a degree day threshold, pursuant to a service agreement negotiated between the Company and the Customer. The Company may offer value-added services in conjunction with such service agreement. In all cases, all service attributes agreed to between the Company and the Customer shall be included in the service agreement.

3.0 TERM OF AGREEMENT:

The minimum term for all service agreements negotiated under this tariff is one year. In all cases, a stipulated notice period will be required for termination and penalties may apply.

4.0 RATES:

Specific rates will be subject to negotiation and are required to provide a net margin above incremental costs which may include incremental distribution system costs. The final arrangements between the Company and Customer shall be included in the customer service agreement.

5.0 REGULATORY JURISDICTION:

National Grid is a public utility subject to regulation by the Rhode Island Public Utilities Commission (PUC). Any service agreement entered into under this Section will be made available to the PUC and/or the Division of Public Utilities for review under streamlined regulatory review procedures to

FLEXIBLE FIRM SERVICE
RATE XX

confirm compliance with provisions of the Schedule and established regulations.

6.0 CONFIDENTIALITY

The agreement shall be considered a confidential document between the Company and Customer. By signing the service agreement, the Customer and the Company agree not to share the agreement or the information contained within the agreement with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities, unless given written consent from the other party.

7.0 TRANSPORTATION
TERMS AND
CONDITIONS:

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101.

8.0 GENERAL RULES AND
REGULATIONS:

The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

9.0 RHODE ISLAND GROSS
EARNINGS TAX:

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

10.0 DISTRIBUTION ADJUSTMENT
CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

11.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

TRANSITION SALES SERVICE

TSS

1.0 AVAILABILITY:

Transitional Sales Service (TSS) shall apply to customers subject to the Transportation Service Term and Conditions. The Company's General Terms and Conditions will govern this Service to the extent not consistent herewith.

TSS is not available to customers eligible for, or enrolled in, the Company's Non-Firm Transportation Service (NFT), and the Default Transportation Service.

The Company reserves the right to restrict the availability of this service if the Company determines that the integrity of the distribution system is at risk.

2.0 GENERAL CONDITIONS:

TSS is provided by the Company to Customers switching from supplier service to firm sales service. TSS is available to customers (a) who terminate supplier service, (b) who receive a termination notice from a designated supplier, or (c) for whom a designated supplier becomes ineligible to serve the customer.

All customers transferring to firm sales service from either FT-1 service or FT-2 service will be subject to the provisions of this rate schedule in addition to the provisions of the Company's applicable firm sales service rate schedules.

3.0 TERM:

For each customer who transfers to firm sales service from FT-1 service, TSS will be applicable to all firm sales service provided to the Customer through the first April 30th after the customer starts taking firm sales service or until the Customer enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year.

For each customer transferring to firm sales service from FT-2 service, TSS will be applicable to all firm sales service provided to the Customer through the end of the Customer's first billing cycle subsequent to the first April 30th after the customer starts taking firm sales service or until the

TRANSITION SALES SERVICE

TSS

Customer enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year.

4.0 SURCHARGE:

Each Customer utilizing TSS will be subject to a monthly surcharge. The TSS monthly surcharge is designed to charge a market-based price reflecting the cost of gas supplies in the marketplace at the time consumption is occurring for the incremental amount of gas that the Company must purchase over and above the quantities of gas procured for firm sales customers under the provisions of the Company's Gas Procurement Incentive Plan (GPIP). The surcharge will reflect any positive difference between the GPIP cost of gas for the month in which gas is supplied and a market-based gas price for the same month. This surcharge shall apply to all firm sales service consumption of customers switching from firm transportation service subsequent to April 30th of each year.

4.1 Calculation:

The surcharge for customers who switch to firm sales service from FT-1 or FT-2 service shall be computed as follows:

IF

$$\{ [(NYMEX_M - GPIP_M) (GPIP_{QM}/Dt_M)] \} - R_{GCR} \text{ is } > 0,$$

THEN:

$$TSS = \{ [(NYMEX_M - GPIP_M) (GPIP_{QM}/Dt_M)] \} - R_{GCR}$$

OTHERWISE:

$$\underline{TSS = 0}$$

Where:

TSS = Transitional Sales Service monthly surcharge for customers transferring from FT-1 or FT-2 service.

NYMEX_M = The NYMEX closing price for month M.

TRANSITION SALES SERVICE

TSS

$GPIP_M$ = Average cost of gas purchased under the GPIP for month M.

$GPIP_{QM}$ = The Total Quantity of GPIP purchases for month M.

Dt_M = Total forecasted sales for month M underlying the GPIP.

R_{GCR} = The per Dt Deferred Gas Cost Reconciliation reflected in the current GCR charge.

TSS surcharges will be calculated monthly. Supporting calculations for all components of the applicable surcharges will be posted on the Company's website by the second business day of each month. In addition, supporting workpapers shall be submitted to the Public Utilities Commission and the Division of Public Utilities and Carriers simultaneously with the posting on the Company's website.

**5.0 STORAGE AND
PEAKING:**

FT-1 customers who transfer to firm sales service will be subject to a Storage and Peaking charge for recovery of Storage and Peaking costs. Such charge will be calculated at the time the FT-1 customer transfers to firm sales service based on the customer's actual consumption as an FT-1 transportation customer since the most recent April 1st, multiplied by the currently effective FT-2 Firm Transportation Marketer Gas Charge (Section 2, Schedule A, Item 2.2)

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

1.0 AVAILABILITY:

For any non-residential customer with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas transportation is not available under this Tariff.

This rate is available to any customer who has, without the assistance of the Company or the use of its facilities or dedicated pipeline capacity, arranged for the acquisition and transportation of gas supplies to the Company's gate stations, has executed a Transportation Service Application, has designated on such Application a Marketer as required under the Transportation Terms and Conditions in Section 6, Schedule C and who meets the following additional criteria:

- A. The customer must have telemetering equipment in place.
- B. The customer agrees to discontinue service, when in the sole discretion of the Company, such discontinuance is necessary in order to continue to serve the needs of firm customers at such time. The Company will attempt to give three (3) working days' notice of such action except in the event of emergency, when at least one hour's notice will be given.

Any gas consumed during a requested discontinuance, whether authorized or unauthorized, shall be provided by the Company and not a third party supplier or Marketer of record.

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

2.0 RATE:

Non-Firm Transportation (NFT) service rates shall be set for the upcoming month, no later than 10:30 a.m. ten (10) business days prior to the commencement of that month. The customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of any change in gas marketer.

Customer Charge will be determined as follows:

1. For those customers who can potentially consume more than 100,000 Therms per month:

- \$715 per month, per customer.
2. For those customers who can potentially consume more than 25,000 Therms, but less than 100,000 Therms per month:

- \$485 per month, per customer
3. For those customers whose potential monthly consumption is less than 25,000 Therms per month:

- \$275 per month, per customer

Distribution Charge:

In the absence of an effective agreement between Company and customer adopting a rate for an extended term of non-firm transportation service, the rate per Therm of gas transported by Company to customer hereunder will be calculated for each billing month as follows:

$$TR = ACF - MGC$$

Where:

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

TR = the distribution rate for non-firm
transportation service

ACF = the Alternative Commodity Factor

MGC = Marginal Gas Cost

Calculations to derive the Alternative Commodity Factor will be as follows:

$$ACF = P / C \times D$$

Where:

ACF = Alternative Commodity Factor

P = Posted price for #6, 1% sulphur oil, #4 oil, #2 oil, or propane

C = A conversion factor for customer's alternative fuel, as follows:

#6 oil - 1.50 Therms/gallon
#4 oil - 1.45 Therms/gallon
#2 oil - 1.39 Therms/gallon
Propane - 0.916 Therms/gallon

D = Discount factor determined as follows:

#6 Oil: For those customers whose alternative fuel is #6 oil 1% sulfur, the commodity factor will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under DAILY PETROLEUM PRICES, ten (10) days prior to the commencement of that month.

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the commodity factor will reflect a 22% discount from the posted oil price.
- b. For those customers who have the potential to consume between 25,000 Therms and 100,000 Therms per month, the factor will reflect an 11% discount from the posted price.
- c. For those customers who have the potential to consume less than 25,000 Therms per month, the factor will reflect a 7% discount from the posted oil price.

#4 Oil: For those customers whose alternative fuel is #4 oil, the commodity factor will be based upon 55% of the posted #6 oil price, and 45% of the posted #2 oil price calculated herein.

- a. For those customers who have the potential to consume 25,000 or more Therms per month, the factor will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 25,000 Therms per month, the factor will reflect a 2.25% discount from the posted oil price.

#2 Oil: For those customers whose alternative fuel is #2 oil, the commodity factor will be based upon the average of the high/low posted oil price as published in the "Journal of Commerce" under PETROLEUM PRICES, ten (10) days prior to the commencement of that month.

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the factor will reflect a 7% discount from the posted oil price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the factor will reflect a 2.25% discount from the posted price.

Propane: For those customers whose alternative fuel is propane, the commodity factor will be based upon the Selkirk average propane price taken from the most recent edition of the "Weekly Propane Newsletter" published by Butane Propane News.

- a. For those customers who have the potential to consume 100,000 or more Therms per month, the factor will reflect a 7% discount from the posted propane price.
- b. For those customers who have the potential to consume less than 100,000 Therms per month, the factor will reflect a 2.25% discount from the posted price.

Other Alternate Fuels: As other alternative fuels become available on the market an appropriate pricing source will be determined as needed with discounts comparable to those applicable to #2 Oil.

3.0 MAXIMUM RATE
PER MONTH

The maximum per therm distribution rate for non-firm transportation service shall be as follows:

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

- a.) For those customers with the potential to consume less than 25,000 therms per month, the cap will be \$0.4279 per Therm effective October 1, 2008
- b.) For those customers with the potential to consume 25,000 or more therms per month, the cap will be \$0.1701 per Therm effective October 1, 2008

**4.0 MINIMUM RATE
PER MONTH:**

The floor price for non-firm transportation service shall, under no circumstances, be less than \$.016/Therm for the period November 1 through March 31, and no less than \$.010/Therm for the period April 1 through October 31 for each year, adjusted for GET.

**5.0 CONTRACT
OPTION:**

The Company, in its discretion, may enter into contracts to provide non-firm transportation service with terms one month or longer, where, in the Company's determination, such contracts are necessary to maximize benefits to the Company and its customers. Said contracts may supplement or vary the terms contained in this rate schedule. Customers that desire negotiated non-firm transportation tariffs via a standardized contract will be subject to an administrative charge of \$50 each time a non-firm transportation rate is negotiated.

The Division will be notified of any such contracts entered into. The associated volumes, revenues, and margin shall be included in the quarterly non-firm margin reports filed with the Commission.

The contract shall be considered a confidential document between the Company and Customer. By signing the contract, the Customer and the Company agree not to share the contract or the information contained within the contract with anyone except the parties to the contract and the Rhode Island Public Utilities Commission and/or the Division of Public Utilities,

NON-FIRM TRANSPORTATION (NTS) SERVICE
RATE 61

unless given written consent from the other party or required by law or administrative order to do so.

**6.0 TRANSPORTATION
TERMS AND
CONDITIONS:**

The Company's Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**7.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1, of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**8.0 TELEMETERING
EQUIPMENT:**

Telemetry equipment is required. The customer may have access to the telemetry equipment for data gathering and transmission.

**9.0 NON-FIRM
SALES SERVICE:**

Non-firm sales service is not available from the Company

**10.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101.

**11.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

**12.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

FIRM TRANSPORTATION SERVICE

1.0 AVAILABILITY:

Firm Transportation Service is available to any Commercial and Industrial customer account who:

- (1) is classified as Medium, Large, or Extra Large pursuant to RIPUC NG-GAS No. 101, Section 5, Schedule B, C, and D: and,
- (2) elects to purchase gas supplies from a supplier other than the Company through the execution of a Transportation Service Application pursuant to RIPUC NG-GAS No. 101, Section 6, Schedule C.

2.0 CHARACTER OF SERVICE:

Firm Transportation Service provides for the transportation of gas supplies purchased on a customer's behalf from a supplier other than the Company on a firm 365 days per year basis. Service is classified as either Firm Transportation Service FT-1 or Firm Transportation Service FT-2 as follows:

FT-1 This service provides firm transportation of Customer purchased gas supplies to customers electing to have Gas Usage recorded on a daily basis at the Point of Delivery.

FT-2 This service provides firm transportation of Customer purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery

Also refer to Section 6, Schedule C Items 2.0 and 3.0 for additional information.

3.0 RATES:

Specific rates billable by the Company to the customer are those applicable under the customer's service classification as provided for in RIPUC NG No.101, Section 5, Schedule B, C, or D. For Customers electing FT-1 Service, a one-time charge associated with the installation of telemetering equipment may also apply as provided for under Section 6, Schedule C, Item 2.0.

FIRM TRANSPORTATION SERVICE

Rates associated with Firm Transportation Service which are billable to Marketers are those applicable under the Section 6, Schedule C as in effect from time-to-time.

**4.0 TRANSPORTATION
TERMS AND
CONDITIONS:**

The Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of the Schedule.

**5.0 GENERAL RULES AND
REGULATIONS:**

Firm Transportation service will also be governed by the Company's General Terms and Conditions of Service to the extent not inconsistent herewith.

TRANSPORTATION TERMS AND CONDITIONS

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1.0 GENERAL:

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These terms and conditions apply to those Commercial and Industrial customers classified as Medium, Large, Extra Large, or Non-firm who purchase gas supplies from sources other than the Company for transportation service by the Company pursuant to RIPUC NG No.101, Section 5, Schedule B, C, and D, and Section 6, Schedule A, as well as to any Marketers designated to act on the Customer's behalf pursuant to a Transportation Service Application and executing a Marketer Aggregation Pool Service Agreement. Transportation service will also be governed by the Company's General Terms and Conditions of Service to the extent not inconsistent herewith.

The Company reserves the right to restrict the availability of Transportation Service should the number of customers exceed the capability of the Company to reliably administer the service or if the integrity of the distribution system is put at risk.

If a Customer requesting service hereunder has been a sales service customer of the Company at the same service location within the preceding twelve month period, any underrecovered or overrecovered gas costs attributable to such prior service under the Gas Cost Recovery Clause in Section 2, Schedule A, shall be determined and paid by Customer or credited to Customer's account. The calculation of such underrecovered or overrecovered gas costs shall be in accordance with the Customer Deferred Gas Cost Calculation Guideline as on file with the Commission from time to time.

1.01.0 TERM OF SERVICE:

1.01.1 FT-1 Transportation Service:

FT-1 Transportation Service will commence on the first day of a calendar month subject to satisfying the Company's Transportation Terms and Conditions and be for an initial term of up to one year to reflect a common anniversary of November 1st. Service shall continue thereafter on a year-to-year basis, unless terminated by Customer, marketer or the Company, effective with the

TRANSPORTATION TERMS AND CONDITIONS

Customer's next billing cycle, upon at least thirty (30) days' advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each customer account being added to its FT-1 Aggregation Pool no less than thirty (30) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the thirty (30) day notice period.

1.01.2 FT-2 Transportation Service:

FT-2 Transportation Service will commence on the first day of a Customer's billing cycle subject to satisfying the Company's Transportation Terms and Conditions. Service shall continue thereafter on a year-to-year basis unless terminated by Customer, marketer or the Company, effective with the Customer's next billing cycle, upon at least fifteen (15) days advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each Customer being added to its FT-2 Aggregation Pool no less than fifteen (15) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the fifteen (15) day notice period.

1.02.0 Designation Of Marketer:

1.02.1 Firm Transportation:

Customers wishing to switch Marketers will be allowed to do so at the start of a calendar month, in the case of FT-1 and Flexible Firm Service, or at the start of a customer's billing cycle, in the case of FT-2 Service. The Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer. The Company must receive the new Transportation Service Application at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-1 or Flexible Firm Service customer without a capacity assignment from the Company, see Item 1.07 below, the Company must be notified of such change by 9 a.m. at least two (2) business

TRANSPORTATION TERMS AND CONDITIONS

days before the start of the calendar month The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement. If a Customer switches marketers, switches transportation services and/or switches to sales service more than once in a twelve month period, an administrative charge of \$50 shall be billed to the Customer to cover the processing of the request.

If the Company receives more than one Transportation Service Application for the same customer account with different designations of Marketer, the Company will contact the Customer for clarification and confirmation.

The Company will notify the Marketer of record in the event that a customer account assigned to the Marketer's Aggregation Pool is terminated.

Marketer must provide the Company with (30) days advance notice in the event that the Marketer terminates service to a Customer in its Aggregation Pool.

Customers not subject to Default Transportation Service in Item 2.04 below, may return to sales service with at least thirty (30) days advance notice, subject to availability, in the Company's sole discretion, of adequate gas transmission, gas supply and/or gas storage capability, and subject to the Company's Transitional Sales Service Rate, Section 5 Schedule H, of the Commercial and Industrial Services.

These provisions for switching marketers or returning to Sales Service do not excuse the performance of any contractual obligations between the customer and a marketer, including the potential requirement of paying damages to the marketer for a breach of any such contractual obligation.

1.02.2 Non-Firm Transportation:

Switching Marketers is allowed at the start of any calendar month with the provision that the Company receive the Customer's Transportation Service Application designating

TRANSPORTATION TERMS AND CONDITIONS

the effective Marketer by 9 a.m. at least two (2) business days before the start of the month for which the switch is effective.

These provisions for switching marketers do not excuse the performance of any contractual obligations between the customer and a marketer, including the potential requirement of paying damages to the marketer for a breach of any such contractual obligation.

If the Company receives more than one Transportation Service Application for the same customer account with different designations of Marketer, the Company will contact the Customer for clarification and confirmation.

1.03.0 Nominations:

1.03.1 General:

Marketer shall provide notice via the Company's Electronic Bulletin Board the required information relative to Shipper and Transporting Pipeline names and contract number(s) on which deliveries will be made and the specified quantity of gas that Marketer will deliver to the Point(s) of Receipt on each day of the calendar month. Marketer is required to have separate nomination names and contract numbers for each of Marketer's Aggregation Pools. Additional information may be required by the Company.

1.03.2 Dispatch Communication:

All nomination information shall be communicated to the Company's Gas Supply Operations Department via the Company's Electronic Bulletin Board. Any nominations submitted via facsimile are due two (2) hours earlier than times indicated for the EBB and can be sent to (401) 333-3527. Marketer shall be responsible for having a contact person available by telephone and facsimile 24 hours per day, seven days per week for dispatch purposes. In the event that the contact person is not available when Company attempts to contact them, Company may take any action it deems necessary to maintain system integrity as otherwise outlined in the General Terms and Conditions.

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1.03.3 Initial

Nominations:

The Nomination terms for FT-1, Flexible Firm and NFT Service for deliveries to commence service on the first day of any calendar month will be submitted to the Company not later than the initial nomination deadline of the upstream Transporting Pipeline(s) transporting gas for Marketer. Such nominations will specify the quantity to be scheduled on each day of the month. The nomination requirements for FT-2 Service are described in Item 3.03 below.

As a condition of confirming any nomination, Company may direct Marketer to have gas delivered to an alternate Point of Receipt on the same Transporting Pipeline. Upon receipt of such directions, Marketer will arrange with the Transporting Pipeline to have gas delivered to the Point of Receipt designated by Company. Such alternate point of Receipt will remain the Point of Receipt for Marketer's gas for the period stated by the Company in its instructions until Company directs Marketer otherwise.

1.03.4 Subsequent

Nominations:

After the first day of the calendar month, Marketer may alter its nomination, provided that the revised nomination for delivery on any day is submitted to Company not later than 1:00 PM, in the case of FT-1, Flexible Firm and NFT Service, of the prior gas day. Any nomination submitted after the initial monthly nomination will include Marketer's anticipated quantities for the remainder of the calendar month. For FT-2 Service, the nomination requirements are described in Item 3.03 below.

1.03.5 Intra-Day

Nominations:

For daily metered Aggregation Pools, the Company will accept and implement, on a best efforts basis, an intra-day nomination submitted after the nomination deadline for the following gas day but before the start of the following gas day. An intra-day nomination within the gas day will be accepted at the Company's sole discretion.

One (1) such nomination per gas day shall be accepted subject to confirmation by the Transporting Pipeline.

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1.03.6 Scheduling of Service:

Company will attempt to confirm with Transporting Pipeline(s) that the nominated quantities equal the Scheduled Transportation Quantity. If such nomination is confirmed, the Company will schedule said quantities to the Marketer at the designated Point of Receipt(s).

If Marketer is purchasing gas at the Company's citygate, they are responsible for identifying the original delivering contract number, Shipper and any additional title transfers.

If Marketer's nominations on the Company's Electronic Bulletin Board are not consistent with nominations on Transporting Pipeline, then the smaller of the two nominations shall prevail, and all associated balancing and penalty assessments shall be based on the smaller nomination.

1.04.0 Protection Of System Operations:

1.04.1 Company Operational Flow Order (OFO):

Service hereunder may be limited as provided in the Company's General Terms and Conditions. Further, in the event that the Company determines in its sole judgment that it must take prompt action in order to maintain system integrity or to ensure Company's continued ability to provide service to its firm customers, the Company may declare a Critical Day or issue an OFO. In addition to the OFOs listed below, the Company shall have the right to issue any other OFO reasonably intended to serve the above stated purpose. The Company may take any one or more of the following actions:

- (1) declare a Critical Day which would require Marketer to fully utilize upstream capacity that it received from Company through Capacity Release; and require Marketer to fully schedule storage resources allocated as part of FT-2 Service, i.e., up to the MDQ-U, prior to relying on peaking resources to the extent they are needed to meet their customer's demands;

TRANSPORTATION TERMS AND CONDITIONS

- (2) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess receipts; and
- (3) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess takes.

An OFO will likely be issued at forty four (44) Degree Days or colder.

1.04.2 Pipeline Operational Flow Order:

If, at any time, an immediate upstream pipeline issues an order changing the requirements at the Point(s) of Receipt, then Company may so notify Marketer and direct Marketer to modify requirements at the Point(s) of Receipt to the extent necessary for Company to comply with the pipeline's order. Marketer will be responsible for coordinating with their customers regarding any necessary change to Customer's quantity of Gas Usage.

1.04.3 Marketer Responsibility:

In the event Company takes action to alleviate excess imbalances it will nonetheless remain the obligation of Marketer to make such further adjustments to nominations, both to Company, Shipper, and to Transporting Pipeline, during the remainder of the month to resolve accumulated imbalances or to account for subsequent changes in actual deliveries. Company's exercise of its authority under this section will have no effect on Marketer's liability for unauthorized overrun or imbalance penalties that apply to Marketer under this tariff or any similar charge, including scheduling penalties, imposed by any upstream Transporting Pipeline(s).

An operational flow order may be issued by the Company as a blanket order to all transportation customers, or to individual Marketer's Aggregation Pools, whose actions are determined by the Company to jeopardize system integrity.

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For Critical Days or OFO's aggravated by underdelivery, the Marketer will be charged a penalty of 5 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceed 102% of the Marketer's aggregate actual receipts on the Transporting Pipeline at the Point of Receipt. The Marketer will be charged a penalty of 0.1 times the Daily Index for the differences between said receipts and said usage that exceed 20% of said receipts $[(\text{Receipts} - \text{Usage}) > (20\% \times \text{Receipts})]$.

For Critical Days or OFO's aggravated by overdelivery, the Marketer will be charged a penalty of 0.1 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceed 120% of the Marketer's aggregate actual receipts on the Transporting Pipeline at the Point of Receipt. The Marketer will be charged a penalty of 5 times the Daily Index for the differences between said receipts and said usage that exceed 2% of said receipts $[(\text{Receipts} - \text{Usage}) > (2\% \times \text{Receipts})]$.

1.05.0 Unauthorized Use:

In the event the Company provides a Marketer with as much notice as Company deems practicable of an Operational Flow Order per Item 1.04.0 or other curtailment of service and thereby reduces the Scheduled Transportation Quantity for delivery, the total Gas Usage by the Customer may not exceed the revised Scheduled Transportation Quantity. If, on any Gas Day, after notice of curtailment, the quantity of gas taken by Marketer's Customers in an Aggregation Pool, exclusive of NFT customers whose use under a curtailment is covered in Item 4.04 below, exceeds Marketer's Scheduled Transportation Quantity as so revised for the Aggregation Pool, and the Company has not authorized such excess quantity, then all such Gas Usage constitutes Unauthorized Use and is subject to an overrun penalty for each Dekatherm not delivered of 5 times the Daily Index. Such charges will be billed to the Marketer's account.

1.06.0 Shipper And Transporting Pipeline Requirements:

TRANSPORTATION TERMS AND CONDITIONS

Marketer warrants with respect to each Aggregation Pool, that it has entered into the necessary agreements for the purchase and delivery of a gas supply to the Point of Receipt which it wants Company to transport and that it has entered into the necessary transportation agreements for the delivery of gas supply to the Point of Receipt. Marketer acknowledges that it must arrange for the delivery of Actual Transportation Quantities to the Company sufficient to include both the Scheduled Transportation Quantities and the applicable Company Fuel Adjustments.

In addition, Marketer warrants that at the time of delivery of its gas supply to the Point of Receipt, Marketer shall have good title to such gas, free of all liens, encumbrances and claims whatsoever. Marketer shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damage, costs, losses and expenses arising from or out of any adverse legal claims of third parties to or against said gas supply.

1.07.0 Capacity Release:

Each Marketer serving any Customer migrating from Non-Firm Transportation, Flexible Firm or Firm Sales Service to FT-1 or FT-2 Transportation Service or from another Marketer's Aggregation Pool where they were previously assigned pipeline capacity by the Company, will be required to accept, for each such Customer account, an assignment of a portion of Company's firm interstate pipeline transportation capacity at maximum rates for an initial term of up to one year. The Company shall determine the quantity to be released, based on a pro-rata percentage of the customer account's Average Normalized Winter Day Usage to the system total, and the pipeline on which such capacity will be released. The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Medium, Large or Extra-Large this quantity will be reviewed annually against the Customer's most recent usage patterns. Any change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1st. In the event that a marketer stops delivering gas on behalf of

TRANSPORTATION TERMS AND CONDITIONS

an existing capacity exempt customer, the customer will be prohibited from taking firm Company sales service. Such customers may select default transportation service as described in Item 2.04.0 below.

Marketer shall be required to execute a Capacity Assignment Agreement at the time a Marketer establishes an Aggregation Pool or any other instruments reasonably required by Company or interstate pipeline necessary to effectuate such assignment. Marketer is responsible for utilizing and paying for the assigned capacity consistent with the terms and conditions of the interstate pipeline's tariffs and this tariff. Marketer is responsible for payment of all upstream pipeline charges associated with the assigned firm transportation capacity, including but not limited to demand and commodity charges, shrinkage, GRI charges, cash outs, transition costs, pipeline overrun charges, annual change adjustments and all other applicable charges. These charges will be billed directly to the Marketer by the interstate pipeline.

All Capacity Assignments for FT-1 Transportation Service will be effective with the commencement of service. Capacity Assignments for FT-2 Customers will be effective the 1st of the upcoming month for Transportation Service Applications received prior to the 10th. For FT-2 Transportation Service Applications received on or after the 10th of the month, the capacity release will not be effective until the 1st of the month subsequent to the upcoming month.

Capacity assignments will be effective for an initial term of up to one year through the following November 1st. The capacity assignments shall be reviewed and re-released each November 1st and be subject to annual adjustment as described above. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) at the Company's option, whenever the Marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other

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conditions set forth in the capacity release transaction between the Marketer and the Company.

The Company shall assess a surcharge/credit to marketers based on the difference between the charges of the upstream pipeline transportation capacity and the weighted average of the Company's upstream pipeline transportation capacity charges as calculated by the Company. To the extent that the charges of such released pipeline capacity are greater than the weighted average charges, the marketer shall receive credit for such difference in charges based on the total quantity of capacity released by the Company to the Marketer. The per Dt charge is calculated by subtracting the charge per Dt for the released pipeline capacity from the Company's weighted average Upstream Transportation charges as identified in the Company's annual Gas Cost Recovery Filing. To the extent that the cost of such released pipeline capacity is less than the weighted average cost, the marketer shall be surcharged for such difference.

On or before August 1 each year, the Company shall calculate and provide to marketers, as defined in Section 6, Schedule C, Item 5.00, its best estimate of: (1) the over (under) recovery balance in its deferred gas cost account; and (2) the anticipated fixed costs for interstate pipeline capacity, storage and peaking supplies.

During the calendar month of September, each Marketer will be required to submit a new Capacity Assignment Agreement indicating pipeline capacity path preferences based on the available paths identified in the Company's annual Gas Cost Recovery Filing. Each Marketer shall identify pipeline capacity preferences for: (1) existing customers, and (2) any new customers. Marketer shall have the right to retain capacity released on existing paths if such paths remain available. Any changes from the Marketer's previous election will be effective November 1st in conjunction with the updating of customer capacity quantities described above. Subject to availability, Marketers may change path preferences for assignment of pipeline capacity during the year for any new customers

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added to their Aggregation Pool by filing with the Company a new Capacity Assignment Agreement with at least 30 days advance notice.

The capacity released to a Marketer stays with the customer account on which it is based and as such, will be reassigned at such time that a Customer terminates their contract with a Marketer or reverts back to the Company as of the date of the customer's service termination.

Each Marketer's capacity assignment associated with Customers in an aggregation pool shall be reviewed on a monthly basis prior to the tenth (10th) calendar day of the month, and adjusted to reflect any net changes resulting from the addition and deletion of customers to the pool.

1.07.1 New Loads:

New Customers classified as Large or Extra-Large electing FT-1 transportation service will not be required to take assignment of the Company's capacity resources as described in 1.07.0 above. The consumption of such Customers may be subject to annual review and confirmation by the Company. Customers who fail to meet the minimum requirement for the Large classification shall be required to take assignment of the Company's capacity resources after no less than 60 days notice. Marketers for such customers may be responsible for obtaining citygate capacity at a specific citygate on the Company's system as determined by the Company. Such determination will be based on the customer's location, load characteristics and distribution system requirements.

In the event that a marketer stops delivering gas on behalf of a customer without Company assigned pipeline capacity, the customer will be prohibited from taking firm Company sales service. Such customers may select default transportation service as described in Item 2.04.0 below.

1.08.0 Facilities:

Company shall own, operate and maintain, at its expense, its gas distribution facilities to the Point of Delivery. Customer shall furnish, maintain and operate the facilities required between Company's Point of Delivery and Customer's equipment.

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1.9.0 Quality:

Marketer is responsible for insuring that all gas received, transported and delivered hereunder to the Point of Receipt meets the quality specifications and standards outlined in the General Terms and Conditions of the Transporting Pipeline's FERC Gas Tariff.

1.10.0 Possession of Gas:

Company shall be deemed to be in control and possession of transportation gas to be delivered in accordance with this service from receipt at the Point(s) of Receipt until it shall have been delivered to Customer at the Point of Delivery. Marketer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and Customer shall be deemed to be in control and possession of transportation gas after such delivery by the Company to the Point of Delivery. Company shall have no responsibility with respect to such gas before it passes the Point of Receipt or after it passes such Point of Delivery or on account of anything which may be done, happen or arise with respect to such gas after Point of Delivery.

**1.11.0 Provision of Future
Taxes, Surcharges
Fees, Etc.:**

In the event a tax of any kind is imposed or removed by any government authority upon the sale or transportation of gas or upon the gross revenues derived therefrom (exclusive, however, of taxes based on Company's net income), the rate for service to Customer and/or Marketer, as the Company deems appropriate, shall be adjusted by an amount equal to or otherwise properly reflecting said tax. Similarly, the effective rate for service hereunder shall be adjusted to reflect any refund or imposition of any surcharges or penalties applicable to service hereunder which are imposed or authorized by any governmental authority.

**1.12.0 Retention of Pipeline
Fuel Adjustment:**

The Company shall retain in kind, from the quantities of gas actually delivered to the Point(s) of Receipt for Marketers' accounts, the amount thereof equal to the applicable Company Fuel Allowance. Such Company Fuel Allowance shall be calculated by the Company based upon

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an average of the Company's most recent five (5) years experience, fuel loss and unaccounted for or similar quantity based adjustments.

1.13.0 Limitations of Liability:

The liability of the Company shall be limited in accordance with the provisions of the Company's General Terms and Conditions.

1.14.0 Force Majeure:

Neither Company nor Marketer shall be liable to the other or to Customer for delays or interruptions in performing their respective obligations hereunder arising from any acts, delays or failure to act on the part of, or compliance by Marketer or Company with any operating standard imposed by any governmental authority, or by reason of an act of God, accident or disruption, including without limit, strikes or equipment failures, or any other reason beyond Marketer's or Company's control, provided, however, in the event of an occurrence of one or more of the foregoing events, reasonable diligence shall be used to overcome such event. The party claiming force majeure shall, on request, provide the other party with a detailed written explanation thereof, and of the remedy being undertaken.

2.0 FT-1 TRANSPORTATION SERVICE:

2.01.0 Character of Service:

This service provides firm, 365 day transportation of Customer purchased gas supplies to customers electing to have Gas Usage recorded on a daily basis at the Point of Delivery. The Customer shall identify on the Transportation Service Application a Marketer that it has designated to perform initial and subsequent nominations, to receive scheduling and other notices from the Company, and to do balancing. Such Marketer shall assign Customer to an Aggregation Pool with other Customers electing FT-1, Flexible Firm or NFT service or establish a one-customer Aggregation Pool and execute an appropriate Marketer Aggregation Pool Service Agreement. Specific Marketer requirements and obligations are described in Item 5.0 below.

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2.02.0 Telemetry:

The Company will provide at the Customer's expense, at the Point of Delivery to the Customer, a device that the Company will attach to its metering equipment for the purpose of monitoring the Gas Usage. The Customer shall be responsible to supply a dedicated electrical supply and a telephone line at a location acceptable to Company and capable of transmitting information collected from the monitoring device to the Company's computer system. The Customer shall be responsible for the maintenance and service of the telephone line. Should a dedicated phone line be required, it is the responsibility of the Customer to schedule the installation, to notify Company when such installation has been completed, and the Customer is responsible for any associated charges. FT-1, Flexible Firm and NFT transportation service shall not commence until the telemetry equipment is in place and operational.

2.03.0 Balancing:

FT-1, Flexible Firm and NFT Service is subject to both Daily and Monthly balancing provisions. It will be the Marketer's responsibility to provide accurate and timely nominations of quantities proposed to be received and delivered by Company under this service and to maintain as nearly as possible, equality between the Gas Usage and the Actual Transportation Quantity. Marketer shall be solely responsible for securing faithful performance by Shipper and Transporting Pipeline, and the Company shall not be responsible as a result of any failure of Shipper or Transporting Pipeline to perform. Charges and Penalties associated with FT-1, Flexible Firm and NFT balancing are billed to the Marketer.

2.03.1 Daily Imbalances:

The Marketer must maintain a balance between daily receipts and daily usage within the following tolerances:

Off-Peak Season: The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 15% of said receipts. The Marketer shall be charged a penalty of 0.1 times the Daily

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Index for all differences not within the 15% tolerance.

Peak Season: The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 10% of said receipts. The Marketer shall be charged a penalty of 0.5 times the Daily Index for all differences not within the 10% tolerance.

Critical Day(s): The Company will determine if the Critical Day will be aggravated by an underdelivery or an overdelivery, and so notify the Marketer when a Critical Day is declared pursuant to Item 1.05 above.

If the Marketer has an accumulated imbalance within a month, the Marketer may nominate to reconcile such imbalance, subject to the Company's approval, which approval shall not be unreasonably withheld.

2.03.2 Monthly Imbalances: For each Aggregation Pool, the Marketer must maintain total Actual Transportation Quantities within a reasonable tolerance of total monthly Gas Usage. Any differences between total Monthly Transportation Quantities for an Aggregation Pool and the aggregated Gas Usage of Customers in the Aggregation Pool, expressed as a percentage of total Monthly Transportation Quantities will be cashed out according to the following schedule:

<u>Imbalance Tier</u>	<u>Overdeliveries</u>	<u>Underdeliveries</u>
0% ≤ 5%	The average of the Daily Indices for the relevant Month.	The highest average of seven consecutive Daily Indices for the relevant Month.

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> 5% ≤ 10%	0.85 times the above stated rate	1.15 times the above stated rate
> 10% ≤ 15%	0.60 times the above stated rate	1.4 times the above stated rate
> 15%	0.25 times the above stated rate.	1.75 times the above stated rate.

For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to volumes within a tier. For example, if there is a 7% Underdelivery on a Delivering Pipeline, volumes that make up the first 5% of the imbalance are priced at the highest average of the seven consecutive Daily Indices. Volumes making up the remaining 2% of the imbalance are priced at 1.15 times the average of the seven consecutive Daily Indices.

All cash-out charges or credits, as determined above, will be applied to the Marketer's monthly invoice for the Aggregation Pool.

Designated Marketers may arrange with another of Company's Marketers providing service to the same Point of Receipt to exchange, purchase or sell daily or monthly imbalance gas. The Company will notify each Marketer of its monthly imbalance following the close of the billing month in which the imbalance occurs. Marketers will have three business days following such notification to notify Company of any imbalance exchange or sale and to confirm such transaction.

**2.03.3 Pass-Through of
Upstream Imbalance
Charges:**

In addition to other charges provided for in this Section, Marketer will be responsible for any imbalance charge or penalty imposed on Company by an upstream pipeline as a direct result of an imbalance, scheduling error, unauthorized overrun or other similar charges caused by Marketer. The Company shall assign imbalance penalties

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assessed to the Company by upstream pipelines to sales and transportation customers based on the extent that each group caused such penalties, as determined by the Company. The portion of any such penalty assigned to transportation service shall be further assigned to individual Marketers based on the extent to which each Marketer's Aggregation caused such penalties, as determined by the Company.

2.04.0 Default Transportation Service:

Default Transportation Service is available to any Commercial or Industrial customer account classified as Large or Extra Large that subscribes to FT-1 Transportation Service and that does not have pipeline capacity assignment from the Company. Customers electing this service must provide written notice to the Company via mail, FAX or E-mail that their marketer will no longer be delivering gas on their behalf and that they wish to avail themselves of the service. Such service will continue in effect until either service is established with a new marketer through the execution of a new Transportation Application per Item 1.03.1 above or service is terminated.

This service provides for a continuous supply of gas of not less than 1,000 Btu per cubic foot, and is provided on a best efforts basis with as little as 24 hours advance notice. Where notification is at least 24 hours in advance but less than three business days before the start of a calendar month, the service provided will be Short-Notice Default Transportation Service. Where notice is provided at least three business days prior to the start of a calendar month, the service provided will be Advance-Notice Default Transportation Service. Short-Notice Default Transportation Service will be switched to Advance-Notice Default Transportation Service at the start of a subsequent month once the service has been in effect for the three business day period before the start of such month.

Default Transportation Service is a temporary surrogate for provision of gas to a customer that would otherwise be

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provided by a marketer, hence it includes nominating and balancing. Customer must maintain an operational telemetering device as required in Item 2.02.0 above.

2.04.1 Rates:

Pricing for Default Transportation Services shall be set forth in a Price Sheet filed with the Commission. The Company and Default Transportation Service supplier shall review the pricing of these services annually and file necessary revisions with the Commission concurrent with the Company's annual Gas Cost Recovery Filing.

3.0 FT-2 TRANSPORTATION SERVICE:

3.01.0 Character of Service:

This service provides firm, 365 day transportation of Customer purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery. Daily Nominations are calculated by the Company on the basis of a consumption algorithm, the marketer is obligated to deliver to the citygate such quantities, and any imbalances are netted against storage resources allocated to the Marketer on the Customer's behalf.

The Customer's designated Marketer, as identified on the Customer's Transportation Service Application, shall be allocated a quantity of Company contracted underground storage and peaking resources sufficient to meet the Customer's design winter supplemental supply requirements as determined by the Company. These resources are assigned to the Marketer pursuant to a written agreement with the Company, for the purpose of meeting the Company forecasted daily usage under the operational parameters described below. Additional Marketer requirements and obligations are described in Item 5.0 below.

3.02.0 Storage And Peaking Resources:

Annually, the Company will calculate a Customer's total storage and peaking resource requirements under design winter conditions based on the Customer's most recent

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historical usage. The result of the calculations will establish the Maximum Storage Quantity-Underground (MSQ-U) and Peaking (MSQ-P) allocated for Marketer's use. The calculations will also establish a Maximum Daily Quantity-Underground (MDQ-U) and Peaking (MDQ-P) to set operational parameters for daily withdrawals and injections.

**3.02.1 Maximum Storage
Quantity (MSQ):**

The MSQ for a Customer is the difference between their weather normalized total consumption under design winter conditions for the November through March period, minus the quantity of gas that could be delivered with their pipeline capacity assignment. The MSQ is allocated between underground storage (MSQ-U) and Peaking (MSQ-P) in the same percentage as is available on a Company-wide basis. These quantities represent the maximum storage and peaking inventories available to the Marketer for meeting the Customer's Gas Usage needs and are key components in the operational parameters regarding management of the resources.

**3.02.2 Maximum Daily Quantity -
Storage (MDQ-S):**

The Customer's MDQ-S is calculated by the Company as the difference between the Customer's peak day usage under design winter conditions and the Customer's pipeline capacity assignment. This MDQ-S requirement in MMBtu is then allocated between underground storage (MDQ-U) and Peaking (MDQ-P) in the same percentage as is available on a Company-wide basis. These quantities serve to define the maximum quantities that can be nominated for withdrawal by a Marketer and are a component of the operational parameters for the service.

**3.02.3 Operational
Parameters:**

The storage resources inventory balance for the Underground Storage and Peaking accounts shall be tracked by the Company and made available to the Marketers via electronic means. These balances will be updated each Gas Day to reflect Marketer nominations for either injections or withdrawals. The balances will also be updated continuously to reflect imbalances identified at the

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time of the Customer's billing cycle which will be netted against the Underground Storage Account.

The Company will establish Maximum and Minimum inventory levels reflective of the Company's available resources. There will be separate inventory levels for both Underground Storage and Peaking Resources. Such levels will be as provided in the annual Gas Cost Recovery Filing.

In addition to operational parameters for overall inventory levels, there are both Daily and Monthly maximums established for the quantities which the Marketer can nominate for withdrawal or for injection. These factors vary by month and as the marketer's inventory level changes. Such factors will be as provided in conjunction with the annual Gas Cost Recovery Filing.

3.02.4 Inventory Purchases:

To meet the revised required minimum storage balance levels resulting from the addition of new customers to an Aggregation Pool, Marketer may trade or purchase storage supplies from another Marketer, make injections to underground storage or purchase inventory from SU, subject to availability. The Company will update an FT-2 aggregation pool's MSQ assignments concurrent with the Customer's initiation of transportation service with the designated marketer.

At the time that a Customer migrates to FT-2 Transportation Service or switches Marketers, the new designated Marketer will have a one-time opportunity to purchase an amount of inventory, from the Company, based on the MSQ requirement of Customers being added to the aggregation pool and the month when transportation service will commence. The Company will calculate the amount of storage inventory to be made available and provide such information to the Marketer upon receipt of a completed Transportation Service Application. The Marketer will have 5 business days to respond to the Company's offer. For Customers migrating during the April through October period, the maximum amount of

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storage inventory sold to a Marketer will be calculated as follows:

$$\text{Inventory Sold} = (x/7) * \text{Customer's MSQ}$$

where:

Inventory Sold = the maximum amount of inventory the Company will sell to a Marketer

x = the number of off peak months since April 1st.

7 = the total number of off peak/storage injection months

Customer's MSQ = the Customer's total storage requirements under design winter conditions

Thus, for a Customer migrating to FT-2 service effective July 1, the Marketer would be able to purchase up to three-sevenths (3/7) of the Customer's MSQ from the Company to account for injections to storage during the months of April, May and June. The marketer would then be responsible for nominating sufficient injections during the July to October period to ensure that the inventory in storage for the FT-2 aggregation pool was at the minimum level identified in the Company's operational parameters

For Customers migrating during the peak period of November through March, the inventory sold will be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount of inventory required to bring the Marketer's pool in compliance with the minimum requirement. For example, if the customer were to start transporting in February, the Marketer would have the option to purchase storage inventory from the Company in the amount equal to the February minimum inventory level of the Customer's MSQ. Marketer may purchase such amount from the Company at a rate calculated as indicated below.

The Company shall develop a price for the inventory based on the published NYMEX price, and adjusted for transportation, storage and carrying charges.

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The price per Dt at the Company's citygate shall be calculated using the following formula:

$$$/Dt = NY + BS + TR + ST + CC$$

where:

\$/Dt	=	cost per MMBtu charged to Marketers for storage inventory at the Company's citygate
NY	=	NYMEX Settlement Price
BS	=	Basis Differential for East Louisiana
TS	=	Transportation Cost
ST	=	Storage Cost
CC	=	Carrying Cost

In the event that a Marketer fails to nominate or obtain sufficient storage inventory for its Customers such that the Aggregation Pool's inventory is below the operational parameter minimum, the Marketer will be unable to nominate storage or peaking quantities to satisfy the FDU.

For Customers commencing FT-2 transportation service during off-peak months (April - October), Marketer will receive an assignment of peaking inventory during the following October for a November 1st effective date. For Customers migrating to FT-2 during peak months (November - March), Marketer will receive an assignment of peaking inventory concurrent with the commencement of service. The amount of peaking inventory assigned shall be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount required to bring the Marketer's pool in compliance with the minimum requirement. Marketers would be able to purchase peaking inventory from NG at the Company's weighted cost of LNG inventory. All transactions are subject to authorization by NG.

Marketers needing to sell underground storage inventory as a result of customers switching to other marketers would be able to sell the inventory to another marketer, subject to

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authorization by NG, nominate withdrawal of supplies, or sell the inventory in excess of the Maximum Storage Quantity to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, they could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resources to NG at the price the inventory was originally purchased from NG.

3.02.5 Rates:

The Marketer is responsible for procuring and maintaining inventory levels associated with the underground storage and peaking resources allocated by the Company as part of FT-2 Service. The following charges are for the recovery of the fixed costs and other miscellaneous costs associated with the provision of the underground storage and peaking resources and are billed to the Marketer:

FT-2 Throughput: \$ per Therm Gas Usage . The rate is as calculated in the Company's most recent Gas Cost Recovery Filing.

3.03.0 Nominations:

The Company shall calculate the Forecasted Daily Usage (FDU) of the aggregation pool using a Consumption Algorithm for each of the customers in the aggregation pool. The Company shall have sole responsibility for such Consumption Algorithm and by selecting FT-2 service, Marketer agrees to abide by the results of such algorithm. The algorithm is:

$$\text{FDU} = \text{Base Load} + (\text{HU factor} * \text{FDD})$$

where:

FDU = an individual customer account's forecasted daily usage for the next gas day

Base Load = average daily consumption for the most recent July and August billing cycles

HU Factor = most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle

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FDD = forecasted heating degree days for the gas day
starting at 10:00 AM the next day

FDU will be adjusted for any Company fuel allowance.

The Company will provide to the Marketer no later than 9:30 AM each day using an electronic posting or via facsimile the FDU for the next gas day which would start at 10:00 AM the next day. If the Company is unable to provide to the Marketer the FDU using an electronic posting or via facsimile before 9:30 AM, the default FDU will be the prior day's FDU. The Marketer shall be obligated to nominate any combination of pipeline, underground storage or peaking equal to the FDU for the next gas day. Such nomination is to be posted on the Company's Electronic Bulletin Board no later than 1:00 PM before the start of the next gas day. The Company shall not accept or confirm any nominations that are greater than the FDU of the aggregation pool and any nominations for storage and peaking resources must be in accordance with the applicable operational parameters. Quantities nominated for injection into storage are over and above quantities to meet the FDU. Any nominations to inject supplies into storage or nominate supplies from storage must be separately identified and made to the Company's citygate. If storage inventory is below the minimums established above, Marketer will not be able to nominate storage or peaking quantities to satisfy the FDU nomination requirement.

3.03.1 Critical Days:

To satisfy the FDU nomination requirement on Critical Days, the Marketer is required to fully utilize upstream capacity that it received from Company through Capacity Release so as to help avoid restricting the Company's ability to provide efficient and reliable firm transportation and sales service. Notice of Critical Days will be posted on the EBB no later than concurrent with the posting of the FDU nomination requirement.

3.03.2 Under-deliveries:

Any under-deliveries of the aggregation pool's gas requirements, up to the FDU, will be treated as

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Unauthorized Use and subject to penalty charges as provided in Item 1.06.0 above.

3.04.0 Balancing:

Imbalances between customer Gas Usage and the Forecasted Daily Usage (FDU) will be netted out against the underground storage inventory at the time of a customer's billing cycle. Quantities used in excess of FDU will be subtracted from the underground storage inventory level. If Gas Usage is less than FDU, the difference will be treated as an injection to underground storage and added to the inventory level. All quantities will be adjusted for Company Fuel Allowance.

4.0 NFT SERVICE:

4.01.0 Character Of Service:

This service provides interruptible transportation of Customer purchased gas supplies to customers with telemetering equipment and that are eligible to be classified under Section 6, Schedule A of the Company's Tariff. The Customer shall identify on the Transportation Service Application a Marketer that it has designated to perform initial and subsequent nominations, to receive scheduling and other notices from the Company, and to do balancing. Such Marketer may assign Customer to an Aggregation Pool with other Customers electing NFT, Flexible Firm or FT-1 transportation service or establish a one-customer Aggregation Pool. Specific Marketer requirements and obligations are described in Item 5.0 below.

4.02.0 Nominations:

The nomination requirements in Item 1.04.0 above apply to the provision of NFT Service.

4.03.0 Imbalances:

The Daily and Monthly Imbalance provisions in Items 2.03 above apply equally here.

4.04.0 Curtailments:

Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the customer and customer's marketer three (3) working days' notice of such

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curtailment, except in emergency situations, when at least one hour's notice shall be given.

For any period that a customer fails to curtail the use of gas as requested by the Company, the charge for gas consumption will be equal to the non-firm transportation service customer charge plus Gas Usage at a penalty of 5 times the Daily Index. Such use of gas under these circumstances shall be considered an "unauthorized use" of gas purchased from the Company, and billed to the customer's account.

In the event where the Company, in its sole discretion, grants the customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period and will be purchased from the Company. The charge for gas consumed under these conditions will be billed to the customer and based on the non-firm transportation service customer charge plus the Company's highest cost gas required to meet demand during the applicable curtailment period, plus the current firm sales service rate excluding the firm customer charges. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

5.00 MARKETER AGGREGATION SERVICE:

5.01.0 Character of Service:

This service allows Marketers to aggregate customer accounts and form Aggregation Pools for the purpose of making initial and subsequent nominations, making delivery to a designated Point of Receipt, and for balancing of Actual Transportation Quantity with Gas Usage on Customer's behalf. The Company will transport gas, owned by the Customers of the Aggregation Pool, to the Point(s) of Delivery for each Customer included in such pool. A Marketer shall be designated by each Customer on

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the Transportation Service Application, and each such customer must be assigned by the Marketer to an Aggregation Pool of one or more customers. Changing the designated Marketer is allowed under the conditions in Item 1.02 above and is accomplished through the execution of a new Transportation Service Application. Once so designated, the Company will rely on information provided by the Customer's Marketer for nomination, balancing and scheduling purposes and all notices provided by the Company to Customer's Marketer shall be deemed to have been provided to the Customer.

5.02.0 Aggregation Pools:

The aggregation of Customer accounts into an aggregation pool is limited by the transportation service of the respective Customers.

The Customer's transportation service restriction requires that Customers subscribing to non-daily metered FT-2 Service must be aggregated in a separate pool from Customers subscribing to daily metered FT-1, Flexible Firm or NFT Service. Customers subscribing to FT-1, Flexible Firm or NFT can be combined in a single Aggregation Pool. A separate Marketer Account will be established for each Marketer Aggregation Pool.

A further restriction on daily metered Aggregation Pools is that the election of a supplemental service such as Pool Balancing Service, shall apply to the entire Aggregation Pool and not just an individual customer in the Aggregation Pool. Separate Aggregation Pools are required for FT-1, Flexible Firm or NFT Service with Pool Balancing Service versus FT-1, Flexible Firm or NFT Service without the supplemental service.

The Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall have an initial term through the following November 1st. Thereafter, the Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall be automatically renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before

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October 1st or if the Company has terminated the agreement under its collection procedures. Marketers may assign their Aggregation Pool Service Agreements to another certified Marketer with the Company's consent.

5.02.1 Rates:

The monthly aggregation pool charge is applicable only during months when Customers assigned to the pool are transporting.

Monthly Charge:

Daily Metered Pool	\$ 150.00 per
Non-Daily Metered Pool	\$ 450.00 per

**5.03.0 Marketer
Qualifications:**

In order to be designated hereunder as a Marketer, the Marketer must meet the following qualifications:

(1) The Marketer must be authorized by the Rhode Island Public Utilities Commission in accordance with Commission Regulations for Utility Interaction with Gas Marketers;

(2) The Marketer must demonstrate to the Company that it meets the creditworthiness standards established by either Algonquin Gas Transmission Company in Section 3.1 of their FERC Gas Tariff General Terms and Conditions, as in effect from time to time or by Tennessee Gas Pipeline in Section 11.5 of their FERC Gas Tariff General Terms and Conditions, as in effect from time to time. If Marketer is required to satisfy the Algonquin Gas Transmission Company's credit evaluation via the posting of a financial vehicle, as provided for under Section 3.2 of its tariff or if marketer has not met Tennessee's first tier credit standards, then the Marketer must so notify the Company and the Marketer will be required to use one of the following financial vehicles to satisfy the Company's credit standards:

- An advance deposit (interest on the deposit would be as applies to deposits under the Company's General Terms and Conditions);
- A standby irrevocable letter of credit; or

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- A guarantee, acceptable by the Company, by another person or entity which satisfied creditworthiness.

The Company shall base a Marketer's financial liability as three times the highest month's gas usage of the Aggregation Pool at the firm sales rates applicable to the upcoming peak period. This amount may be updated at the Company's discretion. The Marketer agrees that the Company has the right to access and apply the deposit, letter of credit or other financial vehicle to any payment obligations, not in dispute, which are deemed by the Company to be late. The Company may review and determine the status of a Marketer's creditworthiness at its sole discretion. If Marketer is unable to maintain the Company's credit approval or otherwise ceases to meet the Marketer Qualifications, the Company may terminate the Marketer Aggregation Pool Agreement as of the first day of the month following written notice to Marketer.

(3) Marketers must have an executed Marketer Aggregation Pool Service Agreement with the Company and accepted its designation as the marketer for each customer by countersigning the applicable Transportation Service Application.

(4) Marketers must provide the Company with a copy of their GET exemption certificate, state sales tax exemption certificate or other appropriate exemption certificate(s) in order to be exempt from the applicable taxes.

5.04 Pool Balancing Service:

Service is available for daily metered Marketer Aggregation Pools concurrent with the term of the Aggregation Pool.

The intent of this service is to accommodate minor, unintentional imbalances between an Aggregation Pool's Customer's daily usage at the Point(s) of Delivery and Actual Transportation Quantities delivered to the Company's distribution system at the Point of Receipt. Marketer must notify the Company by October 1st to elect Pool Balancing Service commencing November 1st or at

TRANSPORTATION TERMS AND CONDITIONS

least thirty (30) days prior to establishment of an Aggregation Pool.

Under the Pool Balancing Service, the Company agrees to provide a daily balancing service for imbalances up to a Marketer designated Maximum Daily Balancing Entitlement. Such entitlement is expressed as a percentage of the Aggregation Pool's Gas Usage and includes the 10% tolerance described in Item 2.03.1 above. Daily imbalances greater than the Marketer designated Maximum Daily Balancing Entitlement will remain subject to the balancing provisions outline in the Company's Terms and Conditions of Transportation Service.

The Company reserves the right to limit service offered under this schedule, subject to availability, in the Company's sole discretion, of adequate gas transmission, gas supply and/or gas storage capability or force majeure, or as otherwise provided in the Company's Terms and Conditions.

5.04.1 Pool Balancing Rate:

Variable Charge: \$ per Therm Gas Usage per percent elected (Maximum Daily Balancing Entitlement % net of 10% standard tolerance)

- Where:
- The rate is as calculated in the Company's annual Gas Cost Recovery Filing.
 - Gas Usage is total of all Aggregation Pool Customers.
 - Maximum Daily Balancing Entitlement % is specified in Marketer Aggregation Pool Agreement and includes the 10% standard tolerance.

5.05 Billing:

Billing for monthly customer charges and transportation charges for quantities actually delivered shall be based on the readings at each individual meter for the Customer and billed on a billing cycle basis to the Customer. The Customers and Marketers shall be liable for all rates, charges and surcharges allowed for in the Company's Rate Schedules related to transportation services provided to each customer individually.

TRANSPORTATION TERMS AND CONDITIONS

Calculation of charges applicable to the Aggregation Pool will be based on aggregated Gas Usage, MDQ's, etc. of all Customers in the Aggregation Pool. Billing for charges applicable to an Aggregation Pool, e.g., imbalance charges, credits or penalties, and FT-2 Throughput charges shall be billed to the Marketer on a calendar month basis.

All bills rendered to the Marketer are due within 10 days from the date of the invoice. A late payment charge, in accordance with regulations of the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers, shall accrue after 10 days.

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

The Narragansett Electric Company, Transportation Service Application

This Transportation Service Application ("Application") must be completed by the customer and the marketer prior to the commencement of the requested Transportation Service.

NG: The Narragansett Electric Company Customer:
d/b/a National Grid
P.O.Box 7900
Cumberland, Rhode Island 02864
(401) 335-8652
Notice to: Customer Choice Services: Notice to:
(401) 335-8652

The Customer hereby requests Transportation Service subject to the NG General Terms and Conditions, Section 1 of RIPUC NG-GAS No. 101, its Transportation Terms and Conditions, Section 6, Schedule C and, under the terms and conditions set forth herein. NG shall review this Application and notify the Customer of its approval or rejection by way of a Confirmation Letter that shall set forth the terms and conditions of the Customer's Transportation Service. Upon Customer's and Marketer's fulfillment of all conditions set forth in the Confirmation Letter, such Confirmation shall represent an Agreement by NG to provide Transportation Service consistent with this Application and the Transportation Terms and Conditions set forth in Section 6, Schedule C of RIPUC NG-GAS No. 101.

Account Number	Meter Number	Service Address	FT-1	Flex	NFT	FT-2
1)						
2)						
3)						

1. Transportation Service shall commence in accordance with Item 1.02, Section 6, Schedule C of RIPUC NG-GAS No. 101
2. FT-1, Flexible Firm and NFT Services require telemetry. A telemetering device and related equipment installed by NG shall remain NG property at all times. The Customer shall provide NG with access to a phone line that meets NG specifications for telemetering purposes. The customer is financially obligated for the costs to acquire, install and operate the telemetering device and related equipment.
3. Provision of transportation service based on this Application shall have an initial term through the following November 1st, unless sooner terminated in accordance with the terms and conditions of NG's Tariff, and shall continue thereafter from year to year unless terminated by customer, marketer, or NG upon not less than 30 days prior written notice.

Public Regulation

The Narragansett Electric Company is a public utility subject to regulation by the Rhode Island Public Utilities Commission ("Commission"). The provision of transportation service as a result of this Application is subject to any limitations, modifications or amendments ordered by the Commission, regardless of whether said order resulted from a petition, request or other solicitation directed to the Commission by a party to this Application. Compliance by NG with any order, rule, regulation or policy statement of the Commission, or of any other federal, state or local governmental authority, whether issued before or after the commencement of transportation service, shall relieve NG of its obligations hereunder as a result of such compliance. In the event of the issuance of any order of the Commission which materially modifies the provisions of such service, either NG, the customer, or the marketer shall have the option to terminate transportation service by giving written notice of termination to the other party at any time within thirty (30) days after the issuance of said order.

Customer Signature

Title

Print or Type Name

Date

Phone #

This section to be filled out by the Marketer

By signing below and pursuant to its separate Marketer Aggregation Pool Service Agreement, the Marketer (i) accepts the designation as the customer's marketer and (ii) agrees to pay all applicable marketer charges in accordance with NG's tariff, including its Transportation Terms and Conditions

Marketer

Marketer Signature

Title

Phone #

Print or Type Name

Date

**THE NARRAGANSETT ELECTRIC COMPANY
MARKETER AGGREGATION POOL SERVICE AGREEMENT**

This Agreement ("Agreement") is entered into this _____ day of _____, 200__, by and between The Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

WITNESSETH THAT:

WHEREAS, the Company's tariff, RIPUC NG-GAS No. 101, Section 6, Schedule C, provides for and establishes terms and conditions for a Marketer Aggregation Pool; and

WHEREAS; Marketer desires to establish an Aggregation Pool and desires Company to provide pool aggregation services pursuant to such Schedule C and to transport quantities of gas delivered by Marketer for use at the locations of customers belonging to the Aggregation Pool (hereafter called "Points of Delivery"); and

WHEREAS: Company, is willing to provide such service to Marketer.

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 200__, will transport and deliver to customers of Marketer's Aggregation Pool such quantities of Marketer's gas delivered by Transporting Pipeline to Company's distribution facilities (hereafter called "Point of Receipt").

1.0 AGGREGATION POOL:

1.1 Marketer is establishing a single Aggregation Pool as indicated by an X:

Daily Metered _____
Non-daily Metered _____

1.2 Marketer hereby subscribes to Company's Marketer Aggregation Service pursuant to Item 5.00 of the Company's Transportation Terms and Conditions, Section 6, Schedule C.

1.3 Marketer elects to subscribe to Company's Aggregation Pool Balancing Service pursuant to Item 5.04 of Company's Transportation Terms and Conditions, Section 6, Schedule C, NO _____ YES _____ with a Maximum Daily Balancing Entitlement of _____% (which % includes the standard 10% tolerance).

1.4 Marketer represents and warrants that Marketer has met and will continue to meet the Marketer qualifications in Item 5.03 of Company's Transportation Terms and Conditions, Section 6, Schedule C.

1.5 Marketer agrees to provide to Company no later than 30 days before the above identified commencement date Transportation Service Applications for all end user customers in Marketer's Aggregation Pool identified in 1.1 above. Such list is to include: Customer Name; Billing Address; NG account #; and, name and telephone number of customer contact person.

1.6 Marketer agrees to notify Company in writing of any changes in the makeup of an Aggregation Pool as provided in the Company's Transportation Terms and Conditions.

1.7 Marketer represents and warrants that it has accepted the designation as the Marketer of each customer of the Aggregation Pool and agrees in each case to be bound by, perform, and pay all charges applicable to transportation service to the Customer's account in accordance with the provisions of the Company's tariff.

2.0 PIPELINE CAPACITY RELEASE:

2.1 Company agrees to provide to Marketer no later than 15 days before the above identified commencement date, the quantity of interstate pipeline capacity allocated for Marketer's FT-1 and FT-2 Aggregation Pool(s) broken down by individual customer.

2.2 Marketer agrees to accept assignment of such firm interstate pipeline capacity in accordance with the Company's Transportation Terms and Conditions, Schedule C, Item 1.07.

2.3 Company agrees to update the calculation of the quantity of interstate pipeline capacity annually based on customers' most recent historical usage in accordance with the Company's Transportation Terms and Conditions, Schedule C, Item 1.07.

3.0 PUBLIC REGULATION:

3.1 Company is a public utility subject to regulation by Rhode Island Public Utilities Commission ("Commission"). This Agreement is subject to any limitations, modifications or amendments ordered by the Commission, regardless of whether said order resulted from a petition, request or other solicitation directed to the Commission by a party to the Agreement. Compliance by Company with any order, rule, regulation or policy statement of the Commission, or of any other federal, state or local governmental authority, whether issued before or after the effective date of this Agreement, shall relieve Company of any liability for its failure to perform any of its obligations hereunder as a result of such compliance. In the event of the issuance of any order of the Commission which materially modifies the provisions of this Agreement, either Company or Marketer shall have the option to terminate this Agreement by giving written notice of termination to the other party at any time within thirty (30) days after the issuance of said order.

3.2 This Agreement shall be subject to Company's General Terms and Conditions and Transportation Terms and Conditions on file with the Commission to the extent those Terms and Conditions are not inconsistent with the provisions of this Agreement.

4.0 GOVERNING LAW:

This Agreement is entered into and shall be construed in accordance with the laws of the State of Rhode Island and any actions hereunder shall be brought in the appropriate forum within the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Agreement by their duly authorized officers:

By _____

Signature: _____

Name: _____

Title: _____

Date: _____

Witness

By The Narragansett Electric Company

Signature: _____

Name: _____

Title: _____

Date: _____

Witness

**THE NARRAGANSETT ELECTRIC COMPANY
STORAGE AND PEAKING RESOURCE AGREEMENT**

This Agreement ("Agreement") is entered into this _____ day of _____, 200__, by and between the Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

WITNESSETH THAT:

WHEREAS, Marketer seeks to obtain service respecting a quantity of the Company's contracted underground storage and peaking resources pursuant to the terms and conditions for FT-2 Transportation Service in the Company's tariff, RIPUC NG-GAS No. 101, Section 6, Schedule C; and

WHEREAS; Marketer desires that the Company transport quantities of gas delivered by Marketer for use at the locations of customers belonging to an FT-2 Aggregation Pool (hereafter called "Points of Delivery"); and

WHEREAS: Company, is willing to provide such storage and transportation service to Marketer.

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 200__, will provide to Marketer storage and peaking services in association with Marketer account number _____ under the terms and conditions set forth below.

1.0 SCOPE OF AGREEMENT:

1.1 The Company will calculate the Maximum Storage Quantities for both Underground Storage and for Peaking services ("MSQ-U" and "MSQ-P" respectively) as well as the Maximum Daily Quantities for both Underground Storage and Peaking services ("MDQ-U" and "MDQ-P" respectively) in accordance with Item 3.02 in Section 6, Schedule C of the Company's tariff. Such calculated quantities can change during the term of the agreement to the extent that the makeup of the Marketer's FT-2 Aggregation Pool changes.

1.2 Marketer hereby agrees to utilize and manage such services and inventories attributed to its account in accordance with the Operational Parameters described in Item 3.02.3 of the Company's Transportation Terms and Conditions, Section 6, Schedule C and as on file with the Public Utilities Commission as part of the Company's annual Gas Cost Recovery filing.

2.0 INVENTORY SERVICES:

2.1 All nominations for either withdrawals from or injections to storage will take place at the Company's citygate.

2.2 Purchases of inventory service from the Company will be at the Company's weighted average storage commodity cost of gas at the time of purchase or as otherwise stated in the Company's currently effective tariff.

2.3 Purchase of any storage inventory service from the Company will require payment via electronic transfer of funds within ten days of invoice unless the Marketer and Company mutually agree to payment over a 3 month period, which would include a monthly finance charge based on a monthly rate using the latest published Fleet Prime less 200 basis points (2%).

2.4 Notwithstanding any provisions to the contrary, Marketer acknowledges and warrants that sale and marketable title to any storage gas injected into the Company's system shall thereupon transfer to the Company, and that Marketer's interests shall thereafter be limited to the contractual rights to service as provided by this Agreement. Marketer further acknowledges that it shall bear no ownership interest in any other storage or peaking assets or inventory of the Company.

2.5 If Marketer needs to sell or assign its service rights representing underground storage inventory attributed to its account as a result of customers switching to other marketers, it may, subject to authorization by NG, sell the inventory rights to another marketer, nominate withdrawal of supplies, or sell the inventory to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, it could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resource rights to NG at the price the inventory was originally purchased from NG.

3.0 SUCCESSORS AND ASSIGNS:

3.1 This Agreement shall be binding on the parties hereto and their respective successors and assigns. This Agreement may not be assigned by Marketer without the prior written consent of the Company.

4.0 PUBLIC REGULATION:

4.1 Company is a public utility subject to regulation by Rhode Island Public Utilities Commission ("Commission"). This Agreement is subject to any limitations, modifications or amendments ordered by the Commission, regardless of whether said order resulted from a petition, request or other solicitation directed to the Commission by a party to the Agreement. Compliance by Company with any order, rule, regulation or policy statement of the Commission, or of any other federal, state or local governmental authority, whether issued before or after the effective date of this Agreement, shall relieve Company of any liability for its failure to perform any of its obligations hereunder as a result of such compliance. In the event of the issuance of

any order of the Commission which materially modifies the provisions of this Agreement, either Company or Marketer shall have the option to terminate this Agreement by giving written notice of termination to the other party at any time within thirty (30) days after the issuance of said order.

4.2 This Agreement shall be subject to Company's General Terms and Conditions and Transportation Terms and Conditions on file with the Commission, including provision thereof limiting the Company's liability, to the extent those Terms and Conditions are not inconsistent with the provisions of this Agreement. Upon request of the Marketer, Company shall provide the Marketer with a copy of Company's complete filed Tariff and Terms and Conditions.

5.0 GOVERNING LAW:

This Agreement is entered into and shall be construed in accordance with the laws of the State of Rhode Island and any actions hereunder shall be brought in the appropriate forum within the State of Rhode Island.

IN WITNESS WHEREOF, the parties hereto have signed and sealed this Agreement by their duly authorized officers:

By _____

Signature: _____

Name: _____

Title: _____

Witness _____ Date: _____

By The Narragansett Electric Company

Signature: _____

Name: _____

Title: _____

Witness _____ Date: _____

NATURAL GAS VEHICLE SERVICE
RATE 70

1.0 NATURAL GAS VEHICLE SERVICE

1.1 AVAILABILITY: This rate is available for compressed natural gas dispensed at Company-owned fueling stations for the purpose of fueling natural gas vehicles.

No other use of gas will be included in this rate for billing purposes.

1.2 RATES:

Customer Charge:	\$5.00 per month
Energy Charge:	
Distribution Charge:	\$0.2049 per Therm
Commodity Charge:	\$0.7901 Therm

1.3 MINIMUM RATE: Customer Charge

1.4 GENERAL RULES AND REGULATIONS: The Company's General Rules and Regulations in Section 1 of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

1.5 RHODE ISLAND GROSS EARNINGS TAX: The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D.

1.6 GAS ENERGY EFFICIENCY: The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

GAS LAMPS
RATE 80

- 1.0 AVAILABILITY:** This service is available for gas lamps, without meters, to customers of record on July 1, 2002 throughout the Company's service territory and is not available to new commercial accounts.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** On a monthly basis: \$8.29 per lamp
- 4.0 GENERAL RULES AND REGULATIONS:** The Company's General Rules and Regulations, in Section 1 of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.
- 5.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule D

OPTIONAL CREDIT CARD PAYMENT PROVISION

1.0 AVAILABILITY:

Customers of National Grid (“National Grid” or “Company”) have the option of paying their bills issued by National Grid through the use of a payment-processing agent (“Third Party Vendor”). Residential and non-residential customers, as determined by the Company’s rate schedule designations, have the option to make payments by telephone or web page. The availability of this option will be subject to the Company’s ability to arrange for such an option. This payment option is available to all of the Company’s customers choosing to make payments to the Company through use of the Third Party Vendor-sponsored telephone or web page system. If there is a conflict between the Commission’s Rules Governing the Acceptance of Credit Card Payments (the “Rules”) and this provision, the Rules shall govern.

2.0 PAYMENT TYPES:

The following payment methods shall be accepted under this provision:

1. Visa;
2. Mastercard;
3. Automatic Clearing House transfers;
4. Debit Cards; and
5. Electronic Checks

3.0 FEES:

Customers choosing to make payments under this option will be assessed a fee directly by the Third Party Vendor for each payment the customer initiates. The fee to be charged by the Third Party Vendor is based on whether the customer making the payment is a residential customer or a non-residential customer and the number of payment transactions made. The customer must initiate each payment transaction. Initiating one payment transaction does not establish future payment transactions for a customer.

Residential Fees:

The residential fee per payment transaction, up to a maximum transaction amount of \$500 is \$4.25. The Third Party Vendor will assess a fee of \$4.25 per transaction for any additional payment transactions up to \$500 each.

OPTIONAL CREDIT CARD PAYMENT PROVISION

Non-Residential Fees:

The non-residential fee per payment transaction, up to a maximum transaction amount of \$1,000, is \$10.50. The Third Party Vendor will assess a fee of \$10.50 per transaction for any additional payment transactions up to \$1,000 each.

4.0 PAYMENT AMOUNT:

Customers who choose to make payments under this provision shall have the ability to make partial payments. Additionally, the Company shall not deny a customer's use of these payment options because the customer's account with the Company is past due.

5.0 COMPANY OBLIGATION:

The payment transaction shall occur between the customer and the Third Party Vendor. The Company shall provide information regarding the Third Party Vendor's payment systems to assist its customers who choose to make payments by telephone or web page. The Company shall assist its customers in the resolution of any disputes between customers and the Third Party Vendor involving the credits posted by the Company to customers' accounts as a result of the processing of customer payments under this provision. The Company has no obligation, however, to participate in any dispute involving matters strictly between the customer and the Third Party Vendor or the customer's bank or card issuer.

6.0 TERMS & CONDITIONS:

The Company's Terms & Conditions, as may be amended from time to time, where not inconsistent with any specific provisions hereof, are a part of this provision.

**National Grid - RI Gas
Illustrative Example
Revenue Per Customer (RPC) Fiscal Year Reconciliation**

Line No.	Description	RPC Deferred Balance June 30, 2009	Firm Throughput Forecast Nov 2009 - Oct 2010 (therm)	RPC Factor (\$ per therm)
1	Residential Non-Heat	\$376,157	4,897,891	\$0.0768
2	Low Income Residential Non-Heat	\$0	462,759	\$0.0000
3	Residential Heating	\$1,170,396	166,913,538	\$0.0070
4	Low Income Residential Heating	\$0	14,474,697	\$0.0000
5	Small C&I	\$235,353	23,924,102	\$0.0098
6	Medium C&I	\$38,508	54,000,562	\$0.0007
7	Large Low Load C&I	(\$31,099)	26,556,458	(\$0.0012)
8	Large High Load C&I	(\$10,438)	10,344,001	(\$0.0010)
9	Extra Large Low Load C&I	(\$1,372)	12,066,568	(\$0.0001)
10	Extra Large High Load C&I	(\$3,353)	49,503,978	(\$0.0001)
11	Total	\$1,774,152	363,144,554	

National Grid - RI Gas
Illustrative Example
Revenue Per Customer (RPC) Fiscal Year Reconciliation

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	12-mth end
	31	31	30	31	30	31	31	28	31	30	31	30	June-09
Residential Non-Heat													
Target Revenue Per Customer (RPC)	\$15,991	\$15,107	\$15,721	\$15,616	\$17,034	\$18,384	\$19,518	\$19,000	\$18,763	\$18,463	\$17,739	\$16,979	
RPC Factor Acct Beg. Bal.	\$0	\$12,759	\$22,429	\$35,441	\$72,343	\$116,670	\$139,784	\$164,409	\$195,808	\$223,683	\$253,173	\$280,092	
Actual Number of Customers	31,973	31,956	31,984	32,693	32,658	32,638	32,503	32,315	32,267	32,171	32,102	32,031	32,274
Actual Base Revenue	\$498,536	\$473,138	\$489,897	\$473,829	\$512,288	\$577,334	\$610,285	\$583,144	\$578,270	\$565,272	\$543,441	\$448,872	\$6,354,306
Actual Base Revenue Per Customer	\$15,592	\$14,806	\$15,317	\$14,493	\$15,686	\$17,689	\$18,776	\$18,046	\$17,921	\$17,571	\$16,929	\$14,014	
RPC Variance (Target- Actual)	\$0,398	\$0,301	\$0,404	\$1,123	\$1,348	\$0,695	\$0,742	\$0,955	\$0,842	\$0,892	\$0,810	\$2,966	
Monthly Variance	\$12,738	\$9,610	\$12,917	\$36,720	\$44,016	\$22,680	\$24,109	\$30,847	\$27,164	\$28,707	\$26,015	\$94,988	
Preliminary End Balance	\$12,738	\$22,369	\$35,346	\$72,161	\$116,360	\$139,350	\$163,894	\$195,256	\$222,972	\$252,390	\$279,188	\$375,080	
Average Balance	\$6,369	\$17,564	\$28,887	\$53,801	\$94,351	\$128,010	\$151,839	\$179,833	\$209,390	\$238,037	\$266,180	\$327,586	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$22	\$60	\$95	\$183	\$310	\$435	\$516	\$552	\$711	\$783	\$904	\$1,077	\$5,647
RPC Factor Account End Balance	\$12,759	\$22,429	\$35,441	\$72,343	\$116,670	\$139,784	\$164,409	\$195,808	\$223,683	\$253,173	\$280,092	\$376,157	
Under/(Over) Recovery	\$12,759	\$9,669	\$13,012	\$184	\$312	\$436	\$517	\$553	\$712	\$783	\$905	\$1,080	
Low Income Residential Non-Heat													
Target Revenue Per Customer (RPC)	\$14,393	\$13,597	\$14,149	\$14,056	\$15,332	\$16,547	\$17,568	\$17,101	\$16,888	\$16,618	\$15,966	\$15,282	
RPC Factor Acct Beg. Bal.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0
Actual Number of Customers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Actual Base Revenue	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0
Actual Base Revenue Per Customer	\$14,393	\$13,597	\$14,149	\$14,056	\$15,332	\$16,547	\$17,568	\$17,101	\$16,888	\$16,618	\$15,966	\$15,282	
RPC Variance (Target- Actual)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Monthly Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Preliminary End Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Average Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RPC Factor Account End Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Under/(Over) Recovery	\$0	\$0	\$0	\$14	\$15	\$17	\$18	\$17	\$17	\$17	\$16	\$15	
Residential Heating													
Target Revenue Per Customer (RPC)	\$24,058	\$22,560	\$23,597	\$24,846	\$36,116	\$51,893	\$62,749	\$64,607	\$61,583	\$52,330	\$33,995	\$28,171	
RPC Factor Acct Beg. Bal.	\$0	\$9,120	\$21,947	\$21,573	\$20,188	\$18,112	\$38,175	\$34,540	\$22,134	\$10,273	\$213	(\$6,290)	
Actual Number of Customers	189,224	188,747	189,081	188,985	190,988	192,389	193,198	193,367	193,505	192,556	191,007	190,072	191,093
Actual Base Revenue	\$4,543,248	\$4,245,385	\$4,462,234	\$4,697,052	\$6,899,780	\$9,963,707	\$12,126,647	\$12,505,411	\$11,928,476	\$10,086,579	\$6,499,814	\$4,179,815	\$92,138,147
Actual Base Revenue Per Customer	\$24,010	\$22,492	\$23,600	\$24,854	\$36,127	\$51,789	\$62,768	\$64,672	\$61,644	\$52,383	\$34,029	\$21,991	
RPC Variance (Target- Actual)	\$0,048	\$0,068	(\$0,002)	(\$0,008)	(\$0,011)	\$0,104	(\$0,019)	(\$0,065)	(\$0,062)	(\$0,052)	(\$0,034)	\$6,181	
Monthly Variance	\$9,105	\$12,774	(\$446)	(\$1,456)	(\$2,138)	\$19,967	(\$3,758)	(\$12,493)	(\$11,917)	(\$10,077)	(\$6,493)	\$1,174,775	
Preliminary End Balance	\$9,105	\$21,895	\$21,501	\$20,117	\$18,049	\$38,080	\$34,417	\$22,047	\$10,218	\$196	(\$6,280)	\$1,168,485	
Average Balance	\$4,552	\$15,507	\$21,724	\$20,845	\$19,119	\$28,096	\$36,296	\$28,294	\$16,176	\$5,234	(\$3,033)	\$581,097	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$15	\$53	\$71	\$71	\$63	\$95	\$123	\$87	\$55	\$17	(\$10)	\$1,910	\$2,551
RPC Factor Account End Balance	\$9,120	\$21,947	\$21,573	\$20,188	\$18,112	\$38,175	\$34,540	\$22,134	\$10,273	\$213	(\$6,290)	\$1,170,396	

**National Grid - RI Gas
Illustrative Example
Revenue Per Customer (RPC) Fiscal Year Reconciliation**

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	12-mth end June-09
	31	31	30	31	30	31	31	28	31	30	31	30	
	\$9,120	\$12,827	(\$375)	(\$1,385)	(\$2,075)	\$20,063	(\$3,635)	(\$12,406)	(\$11,862)	(\$10,059)	(\$6,504)	\$1,176,686	
Under/(Over) Recovery													

National Grid - RI Gas
Illustrative Example
Revenue Per Customer (RPC) Fiscal Year Reconciliation

	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	12-mth end
	31	31	30	31	30	31	31	28	31	30	31	30	June-09

Low Income Residential Heating

Target Revenue Per Customer (RPC)	\$21,653	\$20,305	\$21,238	\$22,363	\$32,507	\$46,708	\$56,479	\$58,152	\$55,430	\$47,102	\$30,597	\$25,356	
RPC Factor Acct Beg. Bal.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Actual Number of Customers	-	-	-	-	-	-	-	-	-	-	-	-	0
Actual Base Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Actual Base Revenue Per Customer	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
RPC Variance (Target-Actual)	\$21,653	\$20,305	\$21,238	\$22,363	\$32,507	\$46,708	\$56,479	\$58,152	\$55,430	\$47,102	\$30,597	\$25,356	
Monthly Variance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Preliminary End Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Average Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
RPC Factor Account End Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Under/(Over) Recovery	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Small C&I

Target Revenue Per Customer (RPC)	\$36,603	\$35,875	\$36,581	\$38,116	\$50,130	\$69,035	\$82,541	\$88,267	\$82,966	\$70,124	\$46,169	\$40,270	
RPC Factor Acct Beg. Bal.	\$0	\$1,303	\$3,214	\$3,160	\$2,962	\$2,693	\$5,221	\$4,768	\$3,157	\$1,634	\$356	\$482	
Actual Number of Customers	17,771	17,683	17,683	17,648	17,912	18,213	18,368	18,382	18,454	18,276	18,137	17,954	18,040
Actual Base Revenue	\$649,176	\$632,479	\$646,924	\$672,881	\$898,201	\$1,254,826	\$1,516,586	\$1,624,146	\$1,532,586	\$1,282,870	\$838,200	\$487,567	\$12,036,442
Actual Base Revenue Per Customer	\$36,530	\$35,768	\$36,584	\$38,128	\$50,145	\$68,897	\$82,567	\$88,355	\$83,049	\$70,194	\$46,215	\$27,156	
RPC Variance (Target-Actual)	\$0,073	\$0,108	\$0,004	\$0,012	\$0,016	\$0,138	\$0,026	\$0,088	\$0,083	\$0,070	\$0,046	\$13,114	
Monthly Variance	\$1,301	\$1,903	(\$65)	(\$209)	(\$278)	\$2,515	(\$470)	(\$1,623)	(\$1,531)	(\$1,282)	(\$837)	\$236,449	
Preliminary End Balance	\$1,301	\$3,206	\$2,683	\$2,951	\$2,683	\$5,207	\$4,751	\$3,145	\$1,626	\$353	(\$481)	\$234,967	
Average Balance	\$650	\$2,255	\$3,182	\$3,055	\$2,822	\$3,950	\$4,986	\$3,956	\$3,392	\$993	(\$63)	\$117,243	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$2	\$8	\$10	\$10	\$9	\$13	\$17	\$12	\$8	\$3	(\$0)	\$385	\$479
RPC Factor Account End Balance	\$1,303	\$3,214	\$3,160	\$2,962	\$2,693	\$5,221	\$4,768	\$3,157	\$1,634	\$356	(\$482)	\$235,353	
Under/(Over) Recovery	\$1,303	\$1,911	(\$54)	(\$198)	(\$269)	\$2,528	(\$453)	(\$1,610)	(\$1,523)	(\$1,278)	(\$838)	\$235,834	

Medium C&I

Target Revenue Per Customer (RPC)	\$182,868	\$178,203	\$186,577	\$235,338	\$244,626	\$321,974	\$368,839	\$384,898	\$363,448	\$303,954	\$238,599	\$205,774	
RPC Factor Acct Beg. Bal.	\$0	\$1,603	\$3,953	\$3,884	\$3,579	\$3,258	\$6,111	\$5,625	\$3,939	\$2,343	\$1,010	(\$31)	
Actual Number of Customers	4,375	4,378	4,387	4,351	4,387	4,406	4,418	4,420	4,421	4,403	4,371	4,388	4,392
Actual Base Revenue	\$798,447	\$777,833	\$818,594	\$1,024,274	\$1,073,505	\$1,415,779	\$1,630,037	\$1,702,952	\$1,608,408	\$1,339,649	\$1,043,959	\$864,461	\$14,097,898
Actual Base Revenue Per Customer	\$182,502	\$177,669	\$186,595	\$235,411	\$244,702	\$321,330	\$368,954	\$385,283	\$363,811	\$304,258	\$238,838	\$197,006	
RPC Variance (Target-Actual)	\$0,366	\$0,535	\$0,019	(\$0,073)	(\$0,076)	\$0,644	(\$0,114)	(\$0,386)	(\$0,363)	(\$0,304)	(\$0,239)	\$8,768	
Monthly Variance	\$1,600	\$2,341	(\$82)	(\$333)	(\$505)	\$2,837	(\$1,701)	(\$1,701)	(\$1,607)	(\$1,338)	(\$1,043)	\$38,476	
Preliminary End Balance	\$1,600	\$3,943	\$3,871	\$3,566	\$3,246	\$6,095	\$5,605	\$3,924	\$2,332	\$1,004	(\$33)	\$38,445	
Average Balance	\$800	\$2,773	\$3,912	\$3,725	\$3,413	\$4,676	\$5,858	\$4,775	\$3,135	\$1,673	\$488	\$19,207	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$3	\$9	\$13	\$13	\$11	\$16	\$20	\$15	\$11	\$6	\$2	\$63	\$180
RPC Factor Account End Balance	\$1,603	\$3,953	\$3,884	\$3,579	\$3,258	\$6,111	\$5,625	\$3,939	\$2,343	\$1,010	(\$31)	\$38,508	
Under/(Over) Recovery	\$1,603	\$2,350	(\$69)	(\$305)	(\$321)	\$2,853	(\$485)	(\$1,687)	(\$1,596)	(\$1,333)	(\$1,041)	\$38,539	

National Grid - RI Gas
Illustrative Example
Revenue Per Customer (RPC) Fiscal Year Reconciliation

		Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	12-mth end
		31	31	30	31	30	31	31	28	31	30	31	30	June-09
Large Low Load C&I														
Target Revenue Per Customer (RPC)		\$623,136	\$597,973	\$643,168	\$1,025,644	\$1,198,857	\$1,722,272	\$1,972,719	\$2,000,143	\$1,891,662	\$1,383,063	\$965,968	\$730,440	
RPC Factor Acct Beg. Bal.		\$0	\$556	\$1,353	\$1,330	\$1,193	\$1,029	\$2,599	\$2,331	\$1,430	\$577	(\$47)	(\$481)	
Actual Number of Customers		445	443	437	445	449	454	453	453	453	452	448	446	
Actual Base Revenue		\$276,741	\$264,107	\$281,092	\$456,553	\$538,454	\$780,348	\$893,919	\$906,971	\$857,780	\$625,770	\$433,187	\$356,342	448
Actual Base Revenue Per Customer		\$621,890	\$596,179	\$643,232	\$1,025,962	\$1,199,229	\$1,718,828	\$1,973,330	\$2,002,143	\$1,893,554	\$1,384,447	\$966,934	\$798,973	\$6,671,263
RPC Variance (Target-Actual)		\$1,246	\$1,794	(\$0,064)	(\$0,318)	(\$0,372)	\$3,445	(\$0,612)	(\$2,000)	(\$1,892)	(\$1,383)	(\$0,966)	(\$0,966)	
Monthly Variance		\$555	\$795	(\$28)	(\$141)	(\$167)	\$1,564	(\$277)	(\$906)	(\$857)	(\$625)	(\$433)	(\$30,566)	
Preliminary End Balance		\$555	\$1,350	\$1,325	\$1,188	\$1,026	\$2,593	\$2,322	\$1,425	\$573	(\$48)	(\$31,047)	(\$30,566)	
Average Balance		\$277	\$953	\$1,339	\$1,259	\$1,109	\$1,811	\$2,461	\$1,878	\$1,002	\$264	(\$264)	(\$15,764)	
Bk America Rate less 200 Basis Points		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied		\$1	\$3	\$4	\$4	\$4	\$6	\$8	\$6	\$3	\$1	(\$1)	(\$52)	(\$12)
RPC Factor Account End Balance		\$556	\$1,353	\$1,330	\$1,193	\$1,029	\$2,599	\$2,331	\$1,430	\$577	(\$47)	(\$481)	(\$31,099)	
Under/(Over) Recovery		\$556	\$798	(\$24)	(\$137)	(\$163)	\$1,570	(\$269)	(\$900)	(\$854)	(\$624)	(\$434)	(\$30,618)	
Large High Load C&I														
Target Revenue Per Customer (RPC)		\$549,865	\$541,313	\$550,037	\$697,969	\$629,706	\$647,571	\$643,362	\$659,147	\$676,178	\$619,503	\$591,865	\$599,601	
RPC Factor Acct Beg. Bal.		\$0	\$169	\$433	\$425	\$393	\$364	\$566	\$537	\$335	\$241	\$241	\$150	
Actual Number of Customers		153	162	162	155	156	155	153	153	154	154	154	153	155
Actual Base Revenue		\$83,961	\$87,430	\$89,115	\$108,219	\$98,265	\$100,173	\$98,465	\$100,950	\$104,236	\$95,499	\$91,238	\$102,310	\$1,159,860
Actual Base Revenue Per Customer		\$548,765	\$539,689	\$550,092	\$698,186	\$629,901	\$646,275	\$643,561	\$659,806	\$676,854	\$620,123	\$592,457	\$668,693	
RPC Variance (Target-Actual)		\$1,100	\$1,624	(\$0,055)	(\$0,216)	(\$0,195)	\$1,295	(\$0,199)	(\$0,659)	(\$0,676)	(\$0,620)	(\$0,592)	(\$69,092)	
Monthly Variance		\$168	\$263	(\$9)	(\$34)	(\$30)	\$201	(\$31)	(\$101)	(\$104)	(\$95)	(\$91)	(\$10,571)	
Preliminary End Balance		\$168	\$432	\$424	\$392	\$363	\$565	\$536	\$437	\$334	\$240	\$150	(\$10,421)	
Average Balance		\$84	\$300	\$428	\$408	\$378	\$464	\$551	\$487	\$386	\$288	\$195	(\$5,135)	
Bk America Rate less 200 Basis Points		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied		\$0	\$1	\$1	\$1	\$1	\$2	\$2	\$1	\$1	\$1	\$1	(\$17)	(\$4)
RPC Factor Account End Balance		\$169	\$433	\$425	\$393	\$364	\$566	\$537	\$438	\$335	\$241	\$150	(\$10,438)	
Under/(Over) Recovery		\$169	\$264	(\$8)	(\$32)	(\$29)	\$202	(\$29)	(\$99)	(\$103)	(\$94)	(\$90)	(\$10,588)	
Extra Large Low Load C&I														
Target Revenue Per Customer (RPC)		\$1,659	\$1,670	\$1,592	\$2,945	\$2,208	\$2,620	\$2,840	\$2,808	\$2,695	\$2,256	\$1,942	\$1,696	
RPC Factor Acct Beg. Bal.		\$0	(\$113)	(\$284)	(\$279)	(\$251)	(\$230)	(\$399)	(\$371)	(\$279)	(\$191)	(\$117)	(\$54)	
Actual Number of Customers		34	34	34	32	32	32	33	33	33	33	33	34	33
Actual Base Revenue		\$56,282	\$56,597	\$54,117	\$94,274	\$70,668	\$83,687	\$93,760	\$92,749	\$89,014	\$74,512	\$64,152	\$56,342	\$886,155
Actual Base Revenue Per Customer		\$1,655,341	\$1,664,623	\$1,591,685	\$2,946,071	\$2,208,369	\$2,615,233	\$2,841,223	\$2,810,571	\$2,697,405	\$2,257,940	\$1,943,995	\$1,657,118	
RPC Variance (Target-Actual)		(\$3,317)	(\$5,009)	\$0,159	\$0,913	\$0,684	(\$5,241)	\$0,881	\$2,808	\$2,695	\$2,256	\$1,942	(\$38,698)	
Monthly Variance		(\$113)	(\$170)	\$5	\$29	\$22	(\$168)	\$89	\$93	\$89	\$74	\$64	(\$1,316)	
Preliminary End Balance		(\$113)	(\$283)	(\$279)	(\$250)	(\$229)	(\$398)	(\$370)	(\$278)	(\$190)	(\$117)	(\$53)	(\$1,369)	
Average Balance		(\$56)	(\$198)	(\$284)	(\$265)	(\$240)	(\$314)	(\$384)	(\$325)	(\$235)	(\$154)	(\$86)	(\$711)	
Bk America Rate less 200 Basis Points		4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied		(\$0)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$0)	(\$2)	(\$11)
RPC Factor Account End Balance		(\$113)	(\$284)	(\$279)	(\$251)	(\$230)	(\$399)	(\$371)	(\$279)	(\$191)	(\$117)	(\$54)	(\$1,372)	
Under/(Over) Recovery		(\$113)	(\$171)	\$4	\$28	\$21	(\$169)	\$28	\$92	\$88	\$74	\$64	(\$1,318)	

**National Grid - RI Gas
Illustrative Example
Revenue Per Customer (RPC) Fiscal Year Reconciliation**

	Jul-08 31	Aug-08 31	Sep-08 30	Oct-08 31	Nov-08 30	Dec-08 31	Jan-09 31	Feb-09 28	Mar-09 31	Apr-09 30	May-09 31	Jun-09 30	12-mth end June-09
Extra Large High Load C&I													
Target Revenue Per Customer (RPC)	\$3,388	\$3,438	\$3,267	\$5,150	\$3,653	\$3,706	\$3,860	\$3,709	\$3,766	\$3,688	\$3,508	\$3,395	
RPC Factor Acct Beg. Bal.	\$0	\$455	\$1,118	\$1,099	\$1,002	\$933	\$1,412	\$1,341	\$1,104	\$862	\$625	\$395	
Actual Number of Customers	67	64	69	63	63	64	63	65	65	65	66	67	65
Actual Base Revenue	\$226,552	\$219,372	\$225,473	\$324,568	\$230,235	\$236,738	\$243,251	\$241,305	\$245,056	\$239,946	\$231,777	\$231,191	\$2,895,464
Actual Base Revenue Per Customer	\$3,381	\$3,428	\$3,268	\$5,152	\$3,655	\$3,699	\$3,861	\$3,712	\$3,770	\$3,691	\$3,512	\$3,451	
RPC Variance (Target- Actual)	\$6,776	\$10,314	(\$0,327)	(\$1,597)	(\$1,133)	\$7,413	(\$1,197)	(\$3,709)	(\$3,766)	(\$3,688)	(\$3,508)	(\$55,869)	
Monthly Variance	\$454	\$660	(\$23)	(\$101)	(\$71)	\$474	(\$75)	(\$241)	(\$245)	(\$240)	(\$232)	(\$3,743)	
Preliminary End Balance	\$454	\$1,115	\$1,095	\$998	\$930	\$1,408	\$1,336	\$1,100	\$859	\$623	\$394	(\$3,348)	
Average Balance	\$227	\$785	\$1,106	\$1,048	\$966	\$1,171	\$1,374	\$1,221	\$981	\$742	\$509	(\$1,476)	
Bk America Rate less 200 Basis Points	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	
Interest Applied	\$1	\$3	\$4	\$4	\$3	\$4	\$5	\$4	\$3	\$2	\$2	(\$5)	\$29
RPC Factor Account End Balance	\$455	\$1,118	\$1,099	\$1,002	\$933	\$1,412	\$1,341	\$1,104	\$862	\$625	\$395	(\$3,353)	
Under/(Over) Recovery	\$455	\$663	(\$19)	(\$97)	(\$68)	\$478	(\$71)	(\$237)	(\$241)	(\$237)	(\$230)	(\$3,748)	

National Grid - RI Gas
REVENUE DECOUPLING TARGETS
(Based on Proposed Rates and Rate Year billing determinants)

**Revenue Per Customer (RPC)
Calculations**

	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Total Oct 08 - Sep 09
Residential Non-Heat													
Number of Customers	28,552	28,533	28,502	28,109	27,840	27,645	27,462	27,343	27,240	27,156	27,092	27,110	27,715
Base Revenue	\$ 445,881	\$ 486,038	\$ 523,978	\$ 548,632	\$ 528,965	\$ 518,710	\$ 507,036	\$ 485,036	\$ 462,513	\$ 434,246	\$ 409,269	\$ 426,191	\$ 5,776,495
RPC	\$ 15.62	\$ 17.03	\$ 18.38	\$ 19.52	\$ 19.00	\$ 18.76	\$ 18.46	\$ 17.74	\$ 16.98	\$ 15.99	\$ 15.11	\$ 15.72	\$ 208.32
Low Income Residential Non-Heat													
Number of Customers	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475	2,475
Base Revenue	\$ 34,788	\$ 37,946	\$ 40,953	\$ 43,480	\$ 42,326	\$ 41,798	\$ 41,130	\$ 39,516	\$ 37,823	\$ 35,622	\$ 33,652	\$ 35,020	\$ 464,054
RPC	\$ 14.06	\$ 15.33	\$ 16.55	\$ 17.57	\$ 17.10	\$ 16.89	\$ 16.62	\$ 15.97	\$ 15.28	\$ 14.39	\$ 13.60	\$ 14.15	\$ 187.50
Residential Heating													
Number of Customers	176,609	179,078	180,855	181,813	182,363	182,542	181,716	180,361	179,287	178,462	177,863	178,447	179,950
Base Revenue	\$ 4,388,097	\$ 6,467,505	\$ 9,385,139	\$ 11,408,497	\$ 11,781,979	\$ 11,241,428	\$ 9,509,243	\$ 6,131,408	\$ 5,050,762	\$ 4,293,440	\$ 4,012,615	\$ 4,210,855	\$ 87,880,968
RPC	\$ 24.85	\$ 36.12	\$ 51.89	\$ 62.75	\$ 64.61	\$ 61.58	\$ 52.33	\$ 34.00	\$ 28.17	\$ 24.06	\$ 22.56	\$ 23.60	\$ 486.51
Low Income Residential Heating													
Number of Customers	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Base Revenue	\$ 357,805	\$ 520,109	\$ 747,330	\$ 903,659	\$ 930,425	\$ 886,874	\$ 753,630	\$ 489,552	\$ 405,690	\$ 346,452	\$ 324,880	\$ 339,815	\$ 7,006,221
RPC	\$ 22.36	\$ 32.51	\$ 46.71	\$ 56.48	\$ 58.15	\$ 55.43	\$ 47.10	\$ 30.60	\$ 25.36	\$ 21.65	\$ 20.31	\$ 21.24	\$ 437.89
Small													
Number of Customers	18,084	18,500	18,765	18,879	18,950	18,967	18,813	18,657	18,491	18,343	18,286	18,334	18,589
Base Revenue	\$ 689,291	\$ 927,399	\$ 1,295,448	\$ 1,558,295	\$ 1,672,659	\$ 1,573,617	\$ 1,319,245	\$ 861,370	\$ 744,641	\$ 671,414	\$ 656,015	\$ 670,673	\$ 12,640,067
RPC	\$ 38.12	\$ 50.13	\$ 69.04	\$ 82.54	\$ 88.27	\$ 82.97	\$ 70.12	\$ 46.17	\$ 40.27	\$ 36.60	\$ 35.88	\$ 36.58	\$ 676.68
Medium C&I													
Number of Customers	4,435	4,496	4,522	4,529	4,553	4,558	4,543	4,526	4,521	4,509	4,498	4,517	4,517
Base Revenue	\$ 1,043,725	\$ 1,099,837	\$ 1,455,965	\$ 1,670,473	\$ 1,752,442	\$ 1,656,594	\$ 1,380,864	\$ 1,079,899	\$ 930,305	\$ 824,551	\$ 801,558	\$ 842,767	\$ 14,538,980
RPC	\$ 235.34	\$ 244.63	\$ 321.97	\$ 368.84	\$ 384.90	\$ 363.45	\$ 303.95	\$ 238.60	\$ 205.77	\$ 182.87	\$ 178.20	\$ 186.58	\$ 3,215.10
Large Low Load C&I													
Number of Customers	441	441	441	441	441	441	441	441	441	441	441	441	441
Base Revenue	\$ 452,309	\$ 528,696	\$ 759,522	\$ 869,969	\$ 882,063	\$ 834,223	\$ 609,931	\$ 425,992	\$ 322,124	\$ 274,803	\$ 263,706	\$ 283,637	\$ 6,506,975
RPC	\$ 1,025.64	\$ 1,198.86	\$ 1,722.27	\$ 1,972.72	\$ 2,000.14	\$ 1,891.66	\$ 1,383.06	\$ 965.97	\$ 730.44	\$ 623.14	\$ 597.97	\$ 643.17	\$ 14,755.05
Large High Load C&I													
Number of Customers	163	163	163	163	163	163	163	163	163	163	163	163	163
Base Revenue	\$ 113,769	\$ 102,642	\$ 105,554	\$ 104,868	\$ 107,441	\$ 110,217	\$ 100,979	\$ 96,474	\$ 97,735	\$ 89,628	\$ 88,234	\$ 89,656	\$ 1,207,197
RPC	\$ 697.97	\$ 629.71	\$ 647.57	\$ 643.36	\$ 659.15	\$ 676.18	\$ 619.50	\$ 591.87	\$ 599.60	\$ 549.87	\$ 541.31	\$ 550.04	\$ 7,406.12
Extra Large Low Load C&I													
Number of Customers	38	38	38	38	38	38	38	38	38	38	38	38	38
Base Revenue	\$ 111,916	\$ 83,892	\$ 99,578	\$ 107,933	\$ 106,695	\$ 102,399	\$ 85,716	\$ 73,798	\$ 64,441	\$ 63,029	\$ 63,446	\$ 60,478	\$ 1,023,321
RPC	\$ 2,945.16	\$ 2,207.68	\$ 2,620.47	\$ 2,840.34	\$ 2,807.76	\$ 2,694.71	\$ 2,255.68	\$ 1,942.05	\$ 1,695.82	\$ 1,658.66	\$ 1,669.63	\$ 1,591.53	\$ 26,929.50
Extra Large High Load C&I													
Number of Customers	74	74	74	74	74	74	74	74	74	74	74	74	74
Base Revenue	\$ 381,121	\$ 270,351	\$ 274,277	\$ 285,635	\$ 274,442	\$ 278,708	\$ 272,896	\$ 259,612	\$ 251,211	\$ 250,723	\$ 254,412	\$ 241,787	\$ 3,295,175
RPC	\$ 5,150.28	\$ 3,653.39	\$ 3,706.45	\$ 3,859.93	\$ 3,708.68	\$ 3,766.32	\$ 3,687.78	\$ 3,508.27	\$ 3,394.74	\$ 3,388.15	\$ 3,438.00	\$ 3,267.39	\$ 44,529.39

National Grid – RI Gas Business Choice Program

Telemetry Requirements for Firm Transportation (FT-1) and Non-Firm Transportation (NFT) Service

General Requirements

All Business Choice FT-1, Flexible Firm and NFT transportation accounts require telemetry; customers will not be allowed to commence FT-1, Flexible Firm or NFT transportation service until telemetry is in place and operational. Telemetry is operational when the National Grid can receive daily usage information.

Customers must provide the National Grid with the name and phone number of a facilities contact person who is responsible for maintenance of the phone line.

- ◇ Customers may submit a Transportation Service Application without having first installed an Analog phone line, provided that an operational Analog phone line is in place and the National Grid has been notified no later than the tenth day of the second month prior to the commencement of transportation (i.e., by October 10 for transportation beginning on December 1).

Phone Line Connection

An operational **Analog 24 gauge AWG Interior/Exterior Telephone Cable** must be installed on the same side of the wall where the gas meter is located, and should have a 4-6 foot wire coil for interconnection purposes.

- ◇ National Grid recommends that customers install a telephone network interface device (NID) along with the phone line. This will allow customers and National Grid to verify that the line has a dial tone and may avoid unnecessary calls for phone line repair.
- ◇ In the event that a phone line is either not installed or is non-operational when the National Grid arrives at the customer's premise to install the telemetry device, the customer will be charged a standard service fee of \$40. Additionally, the customer will be returned to the bottom of the installation queue.

Extra-Large FT-1, Flexible Firm and all Non-firm (NFT) customers must install a dedicated phone line (telephone line not used for any other purpose). A dedicated line is preferred for all customers, but is not required for customers in other rate classes.

For safety reasons, phone lines connected to telemetry devices should not be shared by a phone line connected to any emergency related equipment if an interruption to the operation of such equipment would pose a threat to public safety — i.e., fire or security alarms, emergency phone lines, back-up boiler equipment, etc.

Telemetry Equipment

Telemetry will be installed by the National Grid on a first-come, first-served basis

National Grid may stagger installations if the number of Business Choice customers requiring telemetry exceeds 200 per month. A month shall be a rolling thirty (30) day period from the 10th of one month to the 10th of the following month.

Customers who choose FT-1, Flexible Firm or NFT transportation service assume financial responsibility for monthly telephone charges and phone line repairs associated with telemetering.

The customer will reimburse the National Grid for standard telemetering equipment and associated installation costs at the rates listed below.

Telemetering Costs

Diaphragm Meter or

Rotary Meter without Corrector

Meteretek IMU or equivalent	\$540
Pulser	\$228
Labor (\$31 x 1.5 x 4 hrs)	\$186
Total	\$954

Diaphragm Meter with Corrector

Meteretek IMU or equivalent	\$540
Labor (\$31 x 1.5 x 6 hrs)	\$279
Total	\$819

Rotary Meter with Corrector

Meteretek IMU or equivalent	\$540
Instrument Drive	\$458
Labor (\$31 x 1.5 x 7 hrs)	\$325
Total	\$1,323

Repair Policies

In the event that the telemetering device fails, the National Grid will make an initial repair visit to the customer's location.

- ◇ National Grid will repair any faulty device at no charge.
- ◇ National Grid will advise the customer of any phone line problem. This initial assessment will be free of charge; however, the customer is responsible for repairing the line within twenty (20) days of the last call in date.
- ◇ Any subsequent visits for a phone line problem will result in the customer being billed for a standard service charge (\$40).
- ◇ Repeated service calls for phone line problems associated with non-dedicated (shared) lines will result in the National Grid requiring the customer to install a dedicated phone line for the telemetering device.

- ◇ If a phone line is non-operational for more than twenty (20) days, the customer will be required to return to sales service on the first of the following month.
- ◇ The marketer will be contacted as soon as a telemetering problem is detected; the National Grid and the marketer will agree on an estimated nomination amount to be used until the phone line and/or telemetry problem is corrected, pursuant to Item 7.0 of the General Terms and Conditions.

National Grid

Customer Check List for Telemetering Installation

- ☐ Carefully review the attached “Telemetering Requirements for FT-1, Flexible Firm and NFT Service”
- ☐ When your phone line has been installed and is operational (**has dial tone at the meter**), contact Susan Damian at (401) 335-8652 or e-mail to susan.damian@us.ngrid.com to arrange for telemetry to be installed.
- ☐ When you call to arrange for installation, please have the following information available:
 - Account number
 - Facility location
 - On-site, facility contact phone number, cell number, fax number and e-mail address
 - Is the phone line for the device dedicated or shared?
 - Phone number of line
 - **Dialing sequence ---how does the line dial out to the National Grid?
 - e.g., must dial 9 first

** The dial sequence is critical since the device will call the National Grid on a daily basis.