

June 29, 2009

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 4056 – Tariff Advice Filing to Amend R.I.P.U.C. NG-GAS No. 101
To Eliminate Non-Firm Sales Service and Update Transportation
Service Agreement**

Enclosed for filing is an original and nine (9) copies of National Grid's¹ Compliance Tariff in the above referenced docket.

This filing is based on National Grid's letter dated May 28, 2009 agreeing to amend its original filing and the Commission's ruling during the Open Meeting on June 25, 2009. The Compliance Tariff provides that any non-firm sales customer as of July 1, 2009 will be grandfathered until such time that the non-firm sales customer decides to change to firm service or obtain transportation service from a third-party marketer. Both a "marked" copy of the tariff pages showing changes from the currently effective tariff and a "clean" copy of the revised tariff pages are attached as Compliance Attachment PCC-1 and PCC-2 respectively.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosures

cc: Docket 4056 Service List
Docket 3943 Service List (electronically)

¹ The Narragansett Electric Company d/b/a National Grid ("Company")

**National Grid Gas (NGrid) – Tariff Advice to Amend RIPUC NG-Gas No. 101, NFS
Docket No. 4056 - Service List as of 5/6/09**

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“MARKED” TARRIF PAGES

THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

Rhode Island Public Utilities Commission Tariff

RIPUC NG-GAS No. 101

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NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

Non-firm sales service is grandfathered as of July 1, 2009 and will no longer be offered to any customer, except that any non-firm sales customer as of that date will be able to continue the service until such time that the non-firm sales customer decides to change to firm service or obtain non-firm transportation service and purchase natural gas from a third-party marketer. Such customers are non-residential customers 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.

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2.0 RATES:

Non-firm Sales (NFS) 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 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

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NON-FIRM SALES (NFS) SERVICE

RATE 60

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

- \$185 per month, per customer

The Distribution Charge applicable to a non-firm sales service customer shall be based on the customer's annual usage in accordance with the following:

≤ 35,000 therms	\$0.1923 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2015 per therm
Off-peak usage > 31%	\$0.1372 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.0766 per therm
Off-peak usage > 31%	\$0.0616 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. 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. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

Commodity Charge shall be based on 110% of the sum of the NYMEX closing price on the eleventh business day prior to the start of the month and a publicly available forward basis for gas supply delivered to the Northeastern US. The forward basis will be the Transco Zone 6 Basis Swap (based on the Platts IFERC basis swap obtained from the NYMEX), or a publicly traded forward basis for supply delivered to the Company's city gate (should one become available) or such other publicly available traded basis for supply delivered to

NON-FIRM SALES (NFS) SERVICE

RATE 60

the Northeastern U.S. should the Transco Zone 6 Basis Swap become unavailable.

3.0 MINIMUM CHARGE: Under no circumstances shall the NFS commodity charge be less than the cost of the incremental supply available to the Company for the month, adjusted for the Company's Fuel Allowance.

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.

NON-FIRM SALES (NFS) SERVICE
RATE 60

- 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:** Telemetering equipment is required for those customers who wish to avail themselves of this service.
- 8.0 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 in Section 6, Schedule A of RIPUC NG 101.
- 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 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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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

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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 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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RATE 61

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2.0 RATE:

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:

The Distribution Charge applicable to a non-firm transportation service customer shall be based on the customer's annual usage in accordance with the following:

≤ 35,000 therms	\$0.1923 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2015 per therm
Off-peak usage > 31%	\$0.1372 per therm
> 150,000 therms and:	

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Off-peak usage ≤ 31%	\$0.0766 per therm
Off-peak usage > 31%	\$0.0616 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. 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. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

**3.0 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.

**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 provisions hereof, are a part of this Schedule.

**5.0 TELEMETERING
EQUIPMENT:**

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

**6.0 NON-FIRM
CUSTOMER USE
OF GAS:**

A Non-Firm customer that elects to use gas from the Company shall pay the transportation default rate as set forth in the Transportation Terms and Conditions in Section 6, Schedule

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C. Item 2.04.0 for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in Transportation Terms and Conditions in Section 6, Schedule C, Item 1.05.0 for all additional months.

**7.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

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

**8.0 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.

**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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TRANSPORTATION TERMS AND CONDITIONS

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TRANSPORTATION TERMS AND CONDITIONS

1.0 GENERAL:

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

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Customer, marketer or the Company, effective with the 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.

1.01.3 Non-Firm Transportation (NFT)

Service:

Customers classified as Non-Firm ~~Transportation~~ (NFT) 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.

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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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1.02.0 Designation Of Marketer:

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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 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 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 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

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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 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.

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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.

1.03.3 Initial

Nominations:

The Nomination terms for FT-1 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 and NFT Service, of the prior gas day. Any nomination submitted after the initial monthly nomination will include Marketer's anticipated

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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.

**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

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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;
- (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

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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.

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

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Issued: June 29, 2009

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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:

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 Sales, Non-Firm Transportation 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

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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 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

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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 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.

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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 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

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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.

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,

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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 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

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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 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.

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 and NFT transportation service shall not commence until the telemetry equipment is in place and operational.

2.03.0 Balancing: FT-1 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

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associated with FT-1 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 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

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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.
> 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

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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 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

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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 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

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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 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

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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 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 the Company, 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

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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 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,

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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.

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'

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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 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:

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

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

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

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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 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 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.

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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 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

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Effective: July 1, 2009

Deleted: November 26, 2008

Deleted: December 1, 2008

TRANSPORTATION TERMS AND CONDITIONS

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 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 or NFT Service. Customers subscribing to FT-1 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 or NFT Service with Pool Balancing Service versus FT-1 or NFT Service without the supplemental service.

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TRANSPORTATION TERMS AND CONDITIONS

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 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,

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TRANSPORTATION TERMS AND CONDITIONS

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
- 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.

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TRANSPORTATION TERMS AND CONDITIONS

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 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.

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TRANSPORTATION TERMS AND CONDITIONS

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.

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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Effective: July 1, 2009

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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 Customer:
 d/b/a National Grid
175 East Old Country Road
Hicksville, NY 11801
Attn: Supplier Services
 Notice to: Customer Contact Center: Notice to:
1-800-870-1664

Deleted: P.O.Box 7900
Deleted: Cumberland, Rhode Island 02864
Deleted: (401) 335-8652
Deleted: Choice Services
Deleted: (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	NFT	FT-2
1)					
2)					
3)					

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- Transportation Service shall commence in accordance with Item 1.02, Section 6, Schedule C of RIPUC NG-GAS No. 101
- FT-1 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 # _____
Contact in event of telecommunications issue : Print or Type Name _____ 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 _____

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Issued: June 29, 2009 Effective: July 1, 2009

**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).

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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.

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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

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Effective: July 1, 2009

**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.

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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

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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: _____

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THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

Rhode Island Public Utilities Commission Tariff

RIPUC NG-GAS No. 101

NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

Non-firm sales service is grandfathered as of July 1, 2009 and will no longer be offered to any customer, except that any non-firm sales customer as of that date will be able to continue the service until such time that the non-firm sales customer decides to change to firm service or obtain non-firm transportation service and purchase natural gas from a third-party marketer. Such customers are non-residential customers 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. 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 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

NON-FIRM SALES (NFS) SERVICE
RATE 60

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

- \$185 per month, per customer

The Distribution Charge applicable to a non-firm sales service customer shall be based on the customer's annual usage in accordance with the following:

≤ 35,000 therms	\$0.1923 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2015 per therm
Off-peak usage > 31%	\$0.1372 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.0766 per therm
Off-peak usage > 31%	\$0.0616 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. 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. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

Commodity Charge shall be based on 110% of the sum of the NYMEX closing price on the eleventh business day prior to the start of the month and a publicly available forward basis for gas supply delivered to the Northeastern US. The forward basis will be the Transco Zone 6 Basis Swap (based on the Platts IFERC basis swap obtained from the NYMEX), or a publicly traded forward basis for supply delivered to the Company's city gate (should one become available) or such other publicly available traded basis for supply delivered to

NON-FIRM SALES (NFS) SERVICE
RATE 60

the Northeastern U.S. should the Transco Zone 6 Basis Swap become unavailable.

3.0 MINIMUM CHARGE:

Under no circumstances shall the NFS commodity charge be less than the cost of the incremental supply available to the Company for the month, adjusted for the Company's Fuel Allowance.

**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.

NON-FIRM SALES (NFS) SERVICE
RATE 60

- 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:** Telemetering equipment is required for those customers who wish to avail themselves of this service.
- 8.0 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 in Section 6, Schedule A of RIPUC NG 101.
- 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 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

NON-FIRM TRANSPORTATION (NFT) 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 (NFT) SERVICE
RATE 61

2.0 RATE:

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:

The Distribution Charge applicable to a non-firm transportation service customer shall be based on the customer's annual usage in accordance with the following:

≤ 35,000 therms	\$0.1923 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2015 per therm
Off-peak usage > 31%	\$0.1372 per therm
> 150,000 therms and:	

NON-FIRM TRANSPORTATION (NFT) SERVICE

RATE 61

Off-peak usage \leq 31%	\$0.0766 per therm
Off-peak usage $>$ 31%	\$0.0616 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. 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. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

**3.0 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.

**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 provisions hereof, are a part of this Schedule.

**5.0 TELEMETERING
EQUIPMENT:**

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

**6.0 NON-FIRM
CUSTOMER USE
OF GAS:**

A Non-Firm customer that elects to use gas from the Company shall pay the transportation default rate as set forth in the Transportation Terms and Conditions in Section 6, Schedule

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

C, Item 2.04.0 for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in Transportation Terms and Conditions in Section 6, Schedule C, Item 1.05.0 for all additional months.

**7.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

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

**8.0 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.

**9.0 GAS ENERGY
EFFICIENCY:**

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

TRANSPORTATION TERMS AND CONDITIONS

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TRANSPORTATION TERMS AND CONDITIONS

1.0 GENERAL:

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

TRANSPORTATION TERMS AND CONDITIONS

Customer, marketer or the Company, effective with the 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.

1.01.3 Non-Firm Transportation (NFT)

Service:

Customers classified as Non-Firm Transportation (NFT) 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.

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.

1.02.0 Designation Of Marketer:

TRANSPORTATION TERMS AND CONDITIONS

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 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 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 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

TRANSPORTATION TERMS AND CONDITIONS

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 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.

TRANSPORTATION TERMS AND CONDITIONS

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.

1.03.3 Initial

Nominations:

The Nomination terms for FT-1 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 and NFT Service, of the prior gas day. Any nomination submitted after the initial monthly nomination will include Marketer's anticipated

TRANSPORTATION TERMS AND CONDITIONS

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.

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

TRANSPORTATION TERMS AND CONDITIONS

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;
- (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

TRANSPORTATION TERMS AND CONDITIONS

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.

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 TERMS AND CONDITIONS

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:

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 Sales, Non-Firm Transportation 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

TRANSPORTATION TERMS AND CONDITIONS

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 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

TRANSPORTATION TERMS AND CONDITIONS

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 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.

TRANSPORTATION TERMS AND CONDITIONS

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 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

TRANSPORTATION TERMS AND CONDITIONS

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.

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,

TRANSPORTATION TERMS AND CONDITIONS

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 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

TRANSPORTATION TERMS AND CONDITIONS

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 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.

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 and NFT transportation service shall not commence until the telemetry equipment is in place and operational.

2.03.0 Balancing:

FT-1 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

TRANSPORTATION TERMS AND CONDITIONS

associated with FT-1 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 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

TRANSPORTATION TERMS AND CONDITIONS

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.
> 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

TRANSPORTATION TERMS AND CONDITIONS

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 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

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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 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

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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 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

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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 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 the Company, 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

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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 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,

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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.

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'

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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 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:

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

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

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

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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 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 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.

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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 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

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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 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 or NFT Service. Customers subscribing to FT-1 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 or NFT Service with Pool Balancing Service versus FT-1 or NFT Service without the supplemental service.

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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 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,

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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
- 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.

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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 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.

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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.

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 d/b/a National Grid 175 East Old Country Road Hicksville, NY 11801 Attn: Supplier Services	Customer:	_____

			()
Notice to:	Customer Contact Center: 1-800-870-1664	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	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 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 #
Contact in event of telecommunications issue : Print or Type Name		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: _____