

April 20, 2012

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket Nos. 4251 & 4252 - The Narragansett Electric Company d/b/a National Grid  
R.I.P.U.C. No. NG-GAS No. 101 and R.I.P.U.C. No. 2072  
Settlement Agreement**

Dear Ms. Massaro:

Enclosed are ten (10) copies of a Settlement Agreement between National Grid<sup>1</sup> and the Rhode Island Division of Public Utilities and Carriers (“Division”) with respect to the Company’s Tariff Advice Filing dated May 24, 2011, as modified on January 31, 2012, to amend its gas and electric tariffs to reflect inclusion of the Company’s current Soft-Off billing termination policy.

Under the Settlement Agreement, effective on the later of May 1, 2012 or the date on which the Commission approves the Settlement Agreement, the Company and the Division will participate in a one-year pilot program (the “Pilot”), during which the parties will collect data relating to the Company’s Soft-Off program. The Company has agreed to a gas penalty threshold of \$200,000 and an electric penalty threshold of \$100,000 during the Pilot, such that the Company will be responsible for the balance of the unbilled gas and electric consumption in excess of these thresholds, which has accumulated and remains at the end of the Pilot and has been in a Soft-Off status for over four (4) months. At the end of the Pilot, the parties will review the appropriateness of these thresholds based on the data collected, as well as the overall economics and viability of continuing with the Soft-Off program. In addition, the Company will not permit a landlord to obtain service on an account in a Soft-Off status with any unbilled gas or electric consumption unless the Company has received a signed authorization from that landlord authorizing the Company to establish the account in the landlord’s name. The Company may continue to permit the landlord to orally establish service in his/her name (i.e. over the phone) where there is no unbilled consumption on an account.

The Company is also enclosing an amended gas tariff, R.I.P.U.C. NG-GAS No. 101, and an amended electric tariff, R.I.P.U.C. No. 2072, to effectuate the Settlement Agreement as referenced above. The amended tariffs are otherwise consistent with the Company’s modified tariff filing submitted on January 31, 2012. A clean copy of the amended gas tariff is attached to this letter as Attachment 1A and a redlined version of the document marked to identify the changes to the tariff currently in effect is attached as Attachment 1B. A clean copy of the amended electric tariff is attached to this letter as Attachment 2A and a redlined version of the document marked to identify the changes to the tariff currently in effect is attached as Attachment 2B.

National Grid and the Division are hereby filing the enclosed Settlement Agreement with the Commission for its review and approval.

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”).

Luly Massaro  
Docket Nos. 4251 and 4252  
Soft-Off Settlement Agreement  
April 19, 2012  
Page 2 of 2

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,

A handwritten signature in black ink, appearing to read "Jennifer Brooks Hutchinson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jennifer Brooks Hutchinson

Enclosure

cc: Dockets 4251 and 4252 Service Lists  
James Lanni  
Leo Wold, Esq.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

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In Re: The Narragansett Electric Company d/b/a National Grid Tariff Advice  
Filing to Approve R.I.P.U.C. NG-GAS No. 101 and R.I.P.U.C. 2072

Dockets 4251 and 4252

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This Settlement Agreement ("Agreement") is entered into this 18<sup>th</sup> day of April, between The Narragansett Electric Company d/b/a National Grid (the "Company") and the Rhode Island Division of Public Utilities and Carriers ("Division") (collectively the "Parties").

WHEREAS, on May 24, 2011, the Company filed by tariff advice requests to approve the Company's gas tariff, entitled General Terms and Conditions, RIPUC NG-GAS No. 101, Section 1, Schedule A, Sheets 4 and 5, Third Revision and the Definitions contained in Section 1, Schedule B, Sheet 1, Fifth Revision, and the Company's electric tariff, entitled Terms and Conditions for Distribution Service, RIPUC No. 2072, to reflect inclusion of the Company's existing "Soft-Off" billing termination policy in its gas and electric tariffs as directed by the Division in its Order in Docket No. D-10-110;

WHEREAS, on or around June 10, 2011, the Rhode Island Public Utilities Commission (the "Commission") suspended the tariff advice upon request by the Division, pending an investigation, following which the Company responded to various data requests issued by the Division and the Commission;

WHEREAS, on October 24, 2011 and on November 22, 2011, the Division filed its comments and supplemental comments, respectively;

WHEREAS, on January 31, 2012, the Company filed its reply comments and revised tariffs with the Commission; and

WHEREAS, the Parties have engaged in a series of discussions and negotiations and wish to resolve through settlement the remaining issues in these dockets relating to the Company's Soft-Off policy.

NOW THEREFORE, the Parties agree as follows:

1. The Parties will participate in a one-year pilot program (the "Pilot") with a start date of (i) May 1, 2012 or (ii) the date on which the Commission approves this Agreement, whichever occurs later (the "Start Date"), and ending on the one-year anniversary of the Start Date (the "Pilot Period").
2. The Company will be responsible for the cost of the balance of un-billed gas consumption and electric consumption that exceeds \$200,000 (the "Gas Penalty Threshold") and \$100,000 (the "Electric Penalty Threshold"), respectively, that has accumulated over the Pilot Period and remains at the end of the Pilot Period, and that has been in a Soft-Off status for over four (4) months.
3. The Pilot will be a study period for the Parties to collect data relating to the Company's Soft-Off program. At the end of the Pilot Period, the Parties will review the appropriateness of the Gas Penalty Threshold and the Electric Penalty Threshold that were established for the Pilot Period, as well as the overall economics and viability of continuing the Soft-Off program.
4. The Company will not permit a landlord to obtain service on an account in the

Soft-Off status with any unbilled gas or electric consumption until the Company has received a signed authorization from that landlord authorizing the Company to establish the account in the landlord's name. Where there is no unbilled consumption on an account, the Company may permit a landlord to orally establish that service in his/her name. Simultaneously with this Agreement, the Company will file with the Commission revised tariffs to reflect the landlord provisions set forth in this Paragraph 4.

5. All prior discussions and agreements between the parties with respect to the subject matter hereof are merged in this Agreement, which alone constitutes the entire agreement between the Parties as to its subject matter. This Agreement may not be amended, modified or terminated except by a written agreement signed by all the Parties.

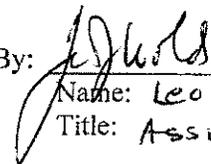
**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective representatives as of the day and year first above written.

The Narragansett Electric Company  
d/b/a National Grid

By:   
Name: Jennifer Brooks Hutchinson  
Title: Attorney for National Grid

Rhode Island Division of Public Utilities  
and Carriers

By:   
Name: Leo J. Wold  
Title: Assistant Attorney General

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC NG-GAS No. 101

Section 1  
General Rules and Regulations  
Schedule B, Sheet 1  
Fifth Revision

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### **DEFINITIONS**

Service Quality Performance Fund:	Deferred account containing accumulated Service Quality adjustments.
Soft-Off	The termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of gas to the premise is not disconnected.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Therm:	An amount of gas having a thermal content of 100,000 Btus.
Transportation Imbalance Revenues:	Revenues associated with daily and monthly imbalances for transportation customers, as included in the Company's Terms and Conditions of Firm Transportation.
Transporting Pipeline:	The party(s) engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which are transporting gas for Marketer to a Point of Receipt of the Company.
Upstream Storage Costs:	Costs associated with the entitlement, injection, withdrawal and storage of natural gas upstream of the city-gate.
Working Capital:	Amounts required to finance the Company's activities prior to the receipt of revenue.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC NG-GAS No. 101

Section 1  
General Rules and Regulations  
Schedule A, Sheet 5  
Third Revision

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### **GENERAL TERMS AND CONDITIONS**

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

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

#### **3.1 BILLING TERMINATION ("Soft-Off")**

The Company and the Rhode Island Division of Public Utilities and Carriers (the "Division") have agreed to participate in a one-year pilot program (the "Pilot") with respect to the Company's "Soft-Off" termination policy, pursuant to a Settlement Agreement between the Company and the Division, as approved by the Rhode Island Public Utilities Commission on \_\_\_\_\_, 2012. During the Pilot, where a customer has

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC NG-GAS No. 101

Section 1  
General Rules and Regulations  
Schedule A, Sheet 5  
Third Revision

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### **GENERAL TERMS AND CONDITIONS**

requested termination of service and an estimated or actual final meter reading is recorded, and the account is not subject to a shut-off order or request, the Company may choose to utilize a “Soft-Off” termination.

In the event of a termination of an account for which there is no unbilled consumption, a landlord may initiate an application for service in the landlord’s name at that premise by either oral or written request in accordance with Section 1, Schedule A, Paragraph 3.0 of this tariff; provided however, that in the event of a termination of an account for which there is any unbilled consumption, a landlord may initiate an application for service in the landlord’s name only upon providing the Company with a signed authorization. In addition, where the landlord has previously provided the Company a signed agreement, the Company may record the landlord as the customer of record for that account without further authorization.

When gas consumption at a premise where a Soft Off termination has been implemented exceeds 13ccf in a month the Company will send a notification to the premise indicating that service will be terminated pursuant to the Commission’s and Division’s rules and regulations governing the termination of service if an account is not established.

Once metered gas consumption at that premise exceeds an aggregate of 35 ccf or the account is still in a “Soft-Off” status for a consecutive period of 90 days, whichever occurs first, the Company will commence a termination action for the account, provided however that where such a termination action would affect the statutory and/or termination rights of other gas customers at that location, service will be terminated at the Soft Off premise as soon as the Company is able to accomplish the termination so as not to conflict with the rights provided under the Commission and Division’s rules and regulations governing the termination of service for the other customers.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC NG-GAS No. 101

Section 1  
General Rules and Regulations  
Schedule B, Sheet 1  
Fifth Revision

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### DEFINITIONS

Service Quality Performance

Fund: Deferred account containing accumulated Service Quality adjustments.

Soft-Off The termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of gas to the premise is not disconnected.

Supplier Costs: Costs associated with the entitlement and purchase of natural gas.

Therm: An amount of gas having a thermal content of 100,000 Btus.

Transportation

Imbalance Revenues: Revenues associated with daily and monthly imbalances for transportation customers, as included in the Company's Terms and Conditions of Firm Transportation.

Transporting Pipeline: The party(s) engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which are transporting gas for Marketer to a Point of Receipt of the Company.

Upstream Storage

Costs: Costs associated with the entitlement, injection, withdrawal and storage of natural gas upstream of the city-gate.

Working Capital: Amounts required to finance the Company's activities prior to the receipt of revenue.

Issued: May, 2012

Effective: \_\_\_\_\_, 2012

▼ The Narragansett Electric Company  
d/b/a National Grid  
RIPUC NG-GAS No. 101

Section 1  
General Rules and Regulations  
Schedule A, Sheet 5  
Third Revision

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**DEFINITIONS**¶

## **GENERAL TERMS AND CONDITIONS**

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

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Issued: May \_\_\_\_\_, 2012

Effective: \_\_\_\_\_, 2012

▼ The Narragansett Electric Company  
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Section 1  
General Rules and Regulations  
Schedule A, Sheet 5  
Third Revision

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**DEFINITIONS**¶

## **GENERAL TERMS AND CONDITIONS**

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In the event of a termination of an account for which there is no unbilled consumption, a landlord may initiate an application for service in the landlord’s name at that premise by either oral or written request in accordance with Section 1, Schedule A, Paragraph 3.0 of this tariff; provided however, that in the event of a termination of an account for which there is any unbilled consumption, a landlord may initiate an application for service in the landlord’s name only upon providing the Company with a signed authorization. In addition, where the landlord has previously provided the Company a signed agreement, the Company may record the landlord as the customer of record for that account without further authorization.

When gas consumption at a premise where a Soft Off termination has been implemented exceeds 13ccf in a month the Company will send a notification to the premise indicating that service will be terminated pursuant to the Commission’s and Division’s rules and regulations governing the termination of service if an account is not established.

Once metered gas consumption at that premise exceeds an aggregate of 35 ccf or the account is still in a “Soft-Off” status for a consecutive period of 90 days, whichever occurs first, the Company will commence a termination action for the account, provided however that where such a termination action would affect the statutory and/or termination rights of other gas customers at that location, service will be terminated at the Soft Off premise as soon as the Company is able to accomplish the termination so as not to conflict with the rights provided under the Commission and Division’s rules and regulations governing the termination of service for the other customers.

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R.I.P.U.C. No. 2072  
Sheet 1  
Canceling R.I.P.U.C. No. 2040

**THE NARRAGANSETT ELECTRIC COMPANY**  
**TERMS AND CONDITIONS FOR DISTRIBUTION SERVICE**

The following Terms and Conditions where not inconsistent with the rates are a part of all rates. The provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others (the Customer) who obtain local distribution service from The Narragansett Electric Company (the Company) and to companies that are nonregulated power producers, as defined in Rhode Island General Laws. All policies, standards, specifications, and documents referred to herein have been filed with the Rhode Island Public Utilities Commission (Commission) and Division, and such documents and any revisions have been filed at least 30 days before becoming effective. Compliance by the Customer and nonregulated power producer is a condition precedent to the initial and continuing delivery of electricity by the Company.

Service Connection

1. The Company shall furnish on request detailed information on the method and manner of making service connections. Such detailed information may include a copy of the Company's Specifications for Electrical Installations booklet, as may be amended from time to time, a description of the service available, connections necessary between the Company's facilities and the Customer's premises, location and access of service connection facilities and metering equipment, and Customer and Company responsibilities for installation of facilities.

The Customer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Customer's facilities shall comply with any reasonable construction and equipment standards required by the Company for safe, reliable, and cost efficient service. For a service meeting Company requirements (which requirements are set forth on the Company's website at [www.nationalgridus.connects](http://www.nationalgridus.connects)), the Company may also permit this connection to be made by a licensed electrician in good standing with the authority having jurisdiction, as required by applicable law, and who is registered with the Company, provided, however, that the Company gives no warranty to the Customer, express or implied, as to the knowledge, training, reliability, honesty, fitness, or performance of any electrician registered with the Company for this purpose, and the Company shall not be liable for any damages or injuries caused by any electrician who may be used for such purpose.

Application for Service

2. Application for new service or alteration to an existing service should be made as far in advance as possible to assure time for engineering, ordering of material, and construction. Upon the Company's reasonable request, the Customer shall provide to the Company all data and plans reasonably needed to process this application.

R.I.P.U.C. No. 2072  
Sheet 2  
Canceling R.I.P.U.C. No. 2040

### Line Extensions [Overhead (OH) & Underground (UG)]

3. The Company shall construct or install overhead or underground distribution facilities or other equipment determined by the Company to be appropriate under the following policies: Line Extension Policy for Residential Developments, Line Extension Policy for Individual Residential Customers, and Line Extension and Construction Advance Policy for Commercial, Industrial and Existing Residential Customers. Whenever it is necessary to provide service and a Customer requests the Company to extend or install poles, distribution lines or other service equipment to the Customer's home, premises or facility in order to supply service, the Company will furnish the necessary poles, wires, or equipment in accordance with the Company's "Line Extension and Construction Advance Policies" on file with the Commission. Except as provided in the "Policies", all such equipment, poles, and wires shall remain the property of the Company and be maintained by it in accordance with the "Policies". To the extent that any Company property needs to be located on private property, the Company will require the Customer to furnish a permanent easement.

### Attachments

4. Any individual or organization who requests an attachment to distribution facilities, utility poles, or along any span between such poles, shall comply with the Company's specifications and policies governing the type of construction, metering, attachment fees, easements, permissions and electrical inspections required.

### Outside Basic Local Distribution Services

5. Customers requesting the Company to arrange for Customer facility outages or additional maintenance or construction not normally part of basic local distribution service will be notified in a reasonable timely manner by the Company that the customer shall be required to pay these the Company's costs of reasonably meeting the request.

### Acquisition of Necessary Permits

6. The Company shall make, or cause to be made, application for any necessary street permits, and shall not be required to supply service until a reasonable time after such permits are granted. The Customer shall obtain or cause to be obtained all permits or certificates, except street permits, necessary to give the Company or its agents' access to the Customer's equipment and to enable its conductors to be connected with the Customer's equipment.

### Service to "Out-Building"

7. The Company shall not be required to install service or meter for a garage, barn or other out-building, so located that it may be supplied with electricity through a service and meter in the main building.

### Customer Furnished Equipment

8. The Customer shall furnish and install upon its premises such service conductors, service equipment, including circuit breaker if used, and meter mounting device as shall conform with specifications issued from time to time by the Company, and the Company will seal such service equipment and meter mounting device, and adjust, set and seal such circuit breaker, and such seals shall not be broken and such adjustments or settings shall not be changed or in any way interfered with by the Customer.

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, and foundations for all equipment that is installed on its premises in order to supply the Customer with local distribution service, whether such equipment is furnished by the Customer or the Company. Such space, housing, fencing, and foundations shall be in conformity with the Company's specifications and subject to its approval.

### Up-Keep of Customer Equipment

9. The Customer's wiring, piping, apparatus and equipment shall, at all times, conform to the requirements of any legally constituted authorities and to those of the Company, and the Customer shall keep such wiring, piping, apparatus and equipment in proper repair.

### Installation of Meters

10. Meters of either the indoor or outdoor type shall be installed by the Company at locations to be designated by the Company. The Company may at any time change any meter installed by it. The Company may also change the location of any meter or change from an indoor type to an outdoor type, provided that the cost of the change shall be borne by the Company except when such change is pursuant to the provisions of Paragraph 11. Upon the reading of the Company's meter all bills shall be computed. If more than one meter is installed, unless it is installed at the Company's option, the monthly charge for local distribution service delivered through each meter shall be computed separately under the applicable rates.

### Unauthorized and Unmetered Use

11. Whenever the Company determines that an unauthorized and unmetered use of electricity is being made on the premises of a Customer and is causing a loss of revenue to the Company, the Company may, at the Customer's expense, make such changes in the location of its meters, appliance and equipment on said premises as will, in the opinion of the Company, prevent such unauthorized and unmetered use from being made.

### Definition of Month

12. Whenever reference is made to "month" in connection with electricity delivered or payments to be made, it shall mean the period between two successive regular monthly meter readings or estimated meter readings, the second of which occurs in the month to which reference is made.

If the Company is unable to read the meter when scheduled, the necessary billing determinants may be estimated. Bills may be rendered on such estimated basis and will be payable as so rendered.

#### Payment Due Date -- Interest Charge

13. All bills shall be due and payable upon receipt. Bills rendered to customers, other than individually metered residential customers, on which payment has not been received by the "Avoid Interest Date" as shown on the bill, shall bear interest, at the rate of 1¼% per month on any unpaid balance, including any outstanding interest charges, from the date of receipt until the date of payment. The "Avoid Interest Date" corresponds to the next normal bill preparation date. Bills disputed in good faith by a Customer will not be subject to the late payment charge until after the dispute is resolved.

Customer payment responsibilities with their nonregulated power producer will be governed by the particular Customer/nonregulated power producer contract. Payments made through the Company for electricity purchased from a nonregulated power supplier will be applied first to any Narragansett charges or arrearages.

#### Returned Check Fee

14. A \$15.00 Fee shall be charged to the Customer for each check presented to the Company that is not honored by the financial institution. This fee shall be applicable only where the check has been dishonored after being deposited for a second time.

#### Seasonal Customers

15. Seasonal Customers are those using local distribution services between June 1st and September 30th only, or those using local distribution services principally between June 1st and September 30th and incidentally or intermittently during the rest of the year.

#### Deposit and Security

16. The Company may require a cash deposit or other collateral satisfactory to it as security for prompt payment of the Customer's indebtedness to the Company. The rate of interest shall be adjusted on March 1st annually. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board.

#### Payments for Line Extensions

17. The Company may require a Customer to pay for all or a portion of the cost of extending or installing poles, distribution lines, or equipment to the Customer's home, premises or facility, consistent with the terms of the Company's "Line Extension and Construction Advance Policies" on file with the Commission.

### Lighting Service Charge

18. The Company may assess a Lighting Service Charge of \$130.00 for Company services rendered in response to a Customer request in support of Customer equipment where the condition, service or connection is unrelated to the performance of facilities owned by the Company. A Lighting Service Charge per each occurrence will be assessed to the Customer on their subsequent bill.

### Determining Customer's Demand

19. The demand is the maximum rate of taking electricity. Under ordinary load conditions it will be based upon one or more fifteen-minute peaks as herein defined. A fifteen-minute peak is the average rate of delivery of electricity during any fifteen-minute period as determined by any suitable instrument chosen by the Company. In the case of extremely fluctuating load, however, where the demand based on the average over fifteen minutes does not fairly represent the maximum demand imposed by the Customer, the demand will be based upon the instantaneous peak or the peak for a shorter period than fifteen minutes. Such measurements will be made by any suitable instrument chosen by the Company. The demand which is billed to the Customer is determined according to the terms of the appropriate tariffs approved by the PUC from time to time.

### Customer Changing Rates

20. The Customer may change from the rate under which he is purchasing electricity to any other rate applicable to a class of service which he is receiving. Any change, however, shall not be retroactive, nor reduce, eliminate or modify any contract period, provision or guarantee made in respect to any line extension or other special condition. Nor shall such change cause such service to be billed at any rate for a period less than that specified in such rate except during the first year of electric service to any Customer. A Customer having changed from one rate to another may not again change within twelve months or within any longer contract period specified in the rate under which he is receiving electric service.

### Discontinuance of Service

21. Subject to the Rules and Regulations of the Commission, the Company shall have the right to discontinue its service upon due notice and to remove its property from the premises in case the Customer fails to pay any bill due the Company for such service, or fails to perform any of its obligations to the Company. For restoration of service after such discontinuance, a reconnection charge of \$38.00 will be made.

### Right of Access

22. The Company shall have the right of access to the Customer's premises at all reasonable times for the purpose of examining or removing the Company's meters, and other appliances and equipment. During emergency conditions, the Company shall have the right of access to the

Customer's premises at all hours of the day to make conditions safe and/or to restore service.

#### Safeguarding Company Equipment

23. The Customer shall not permit access for any purpose whatsoever, except by authorized employees of the Company, to the meter or other appliances and equipment of the Company, or interfere with the same, and shall provide for their safe keeping. In case of loss or damage of the Company's property, the Customer shall pay to the Company the value of such property or the cost of making good the same.

#### Temporary Service

24. A temporary connection is local distribution service which does not continue for a sufficient period to yield the Company adequate revenue at its regular local distribution service rates to justify the expenditures necessary to provide such a connection. The Company may require a Customer requesting a temporary connection to pay the full amount of the estimated cost of installing and removing the requested connection, less estimated salvage value, in advance of the installation of the connection by the Company. In addition, the customer shall pay the applicable regular local distribution service and, if applicable, basic or standard offer service rates.

#### Limitation of Liability for Service Problems

25. The Company shall not be liable for any damage to equipment or facilities using electricity which damage is a result of Service Problems, or any economic losses which are a consequence of Service Problems. For purposes of this paragraph, the term "Service Problems" means any service interruption, power outage, voltage or amperage, fluctuations, discontinuance of service, reversal of its service, or irregular service caused by accident, labor difficulties, condition of fuel supply or equipment, federal or state agency order, failure to receive any electricity for which the Company has contracted, or any other causes beyond the Company's immediate control.

However, if the Company is unable for any reason to supply electricity for a continuous period of two days or more, then upon the request of the Customer, the Demand Charge, if any, shall be suspended for the duration of such inability.

The Company shall not be liable for damage to the person or property of the Customer or any other persons resulting from the use of electricity or the presence of the Company's appliances and equipment on the Customer's premises.

#### Limitation on Use of Electricity - Auxiliary & Temporary Local Distribution Service

26. Local distribution service supplied by the Company shall not be used to supplement or relay, or as standby or back up to any other electrical source or service except under the provisions of the Back-Up Service Rate, unless the Customer shall makes such guarantees with respect to the payment for such local distribution service as shall be just and reasonable in each case. Where such local distribution service is supplied, the Customer shall not operate its generation in

parallel with the Company's system without the consent of the Company, and then only under such conditions as the Company may specify from time to time.

#### Company Right to Place Facilities on Customer Property

27. The Company has the right to place on a Customer's property facilities to provide and meter electric service to the Customer.

#### Company Right to Request a Guarantee

28. Whenever the estimated expenditures for the services or equipment necessary to deliver electricity to a Customer's premises shall be of such an amount that the income to be derived there at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditures, the Company may require a Customer to guarantee a minimum annual payment or commitment for a term of years, or to pay the whole or a part of the cost of such equipment.

#### Fluctuating Load & Harmonic Distortion

29. In certain instances, extreme fluctuating loads or harmonic distortions which are created by a Customer's machinery or equipment may impair service to other Customers. If the fluctuating load or harmonic distortion causes a deterioration of the Company's service to other customers, the Company shall specify a service arrangement that avoids the deterioration and the Customer owning or operating the equipment that causes the fluctuation or distortion shall pay the cost to implement the new service arrangement together with applicable taxes.

#### Customer Tax Liability

30. The Company shall collect taxes imposed by governmental authorities on services provided or products sold by the Company. It shall be the Customer's responsibility to identify and request any exemption from the collection of the tax by filing appropriate documentation with the Company.

#### Customer/Supplier Relationship

31. For electricity supplied by nonregulated power producers, the Company is a local distribution service provider of electricity supplied by others. When such electricity is supplied and delivered to the Company's local distribution supply point, the Company then performs a delivery service for the electricity. Ownership of such electricity lies with either the non-regulated power producer or Customer, as per the specific agreement between the Customer and the nonregulated power producer. In no case shall the Company be liable for loss of electricity.

#### Customer Notice and Right to Appeal

32. Where practicable, the Company will give the Customer reasonable notice of actions taken pursuant to these Terms & Conditions. The Customer shall have the right to appeal, pursuant to the

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Division's Rules of Practice and Procedure, all action taken by the Company hereunder.

Billing Termination ("Soft-Off")

33. The Company and the Rhode Island Division of Public Utilities and Carriers (the "Division") have agreed to participate in a one-year pilot program (the "Pilot") with respect to the Company's "Soft-Off" termination policy pursuant to a Settlement Agreement between the Company and the Division, as approved by the Rhode Island Public Utilities Commission on \_\_\_\_\_, 2012. During the Pilot, where a customer has requested termination of service and an estimated or actual final meter reading is recorded, and the account is not subject to a shut-off order or request, the Company may choose to utilize a "Soft-Off" termination, defined as the termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of electricity to the premise is not disconnected.

In the event of a termination of an account for which there is no unbilled consumption, a landlord may initiate an application for service in the landlord's name at that premise by either oral or written request in accordance with Section 2 of this tariff; provided however, that in the event of a termination of an account for which there is any unbilled consumption, a landlord may initiate an application for service in the landlord's name only upon providing the Company with a signed authorization. In addition, where the landlord has previously provided the Company a signed agreement, the Company may record the landlord as the customer of record for that account without further authorization.

When metered consumption at a premise where a Soft Off termination has been implemented exceeds 100 kilowatt-hours in a month, the Company will send notification to the premise indicating that service shall be terminated pursuant to the Commission and Division's rules and regulations governing the termination of service if an account is not established. When metered consumption at the location exceeds an aggregate of 250 kilowatt-hours, service to the location will be terminated; provided however that where such a termination would affect the statutory and/or termination rights of other electric customers at that location, service will be terminated at the Soft Off premise as soon as the Company is able to accomplish the termination so as not to conflict with the rights provided under the Commission and Division's rules and regulations governing the termination of service for the other customers.

Effective: May \_\_\_, 2012

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## THE NARRAGANSETT ELECTRIC COMPANY

### TERMS AND CONDITIONS FOR DISTRIBUTION SERVICE

The following Terms and Conditions where not inconsistent with the rates are a part of all rates. The provisions of these Terms and Conditions apply to all persons, partnerships, corporations or others (the Customer) who obtain local distribution service from The Narragansett Electric Company (the Company) and to companies that are nonregulated power producers, as defined in Rhode Island General Laws. All policies, standards, specifications, and documents referred to herein have been filed with the Rhode Island Public Utilities Commission (Commission) and Division, and such documents and any revisions have been filed at least 30 days before becoming effective. Compliance by the Customer and nonregulated power producer is a condition precedent to the initial and continuing delivery of electricity by the Company.

#### Service Connection

1. The Company shall furnish on request detailed information on the method and manner of making service connections. Such detailed information may include a copy of the Company's Specifications for Electrical Installations booklet, as may be amended from time to time, a description of the service available, connections necessary between the Company's facilities and the Customer's premises, location and access of service connection facilities and metering equipment, and Customer and Company responsibilities for installation of facilities.

The Customer shall wire to the point designated by the Company, at which point the Company will connect its facilities. In addition, the Customer's facilities shall comply with any reasonable construction and equipment standards required by the Company for safe, reliable, and cost efficient service. For a service meeting Company requirements (which requirements are set forth on the Company's website at [www.nationalgridus.connects](http://www.nationalgridus.connects)), the Company may also permit this connection to be made by a licensed electrician in good standing with the authority having jurisdiction, as required by applicable law, and who is registered with the Company, provided, however, that the Company gives no warranty to the Customer, express or implied, as to the knowledge, training, reliability, honesty, fitness, or performance of any electrician registered with the Company for this purpose, and the Company shall not be liable for any damages or injuries caused by any electrician who may be used for such purpose.

#### Application for Service

2. Application for new service or alteration to an existing service should be made as far in advance as possible to assure time for engineering, ordering of material, and construction. Upon the Company's reasonable request, the Customer shall provide to the Company all data and plans reasonably needed to process this application.

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### Line Extensions [Overhead (OH) & Underground (UG)]

3. The Company shall construct or install overhead or underground distribution facilities or other equipment determined by the Company to be appropriate under the following policies: Line Extension Policy for Residential Developments, Line Extension Policy for Individual Residential Customers, and Line Extension and Construction Advance Policy for Commercial, Industrial and Existing Residential Customers. Whenever it is necessary to provide service and a Customer requests the Company to extend or install poles, distribution lines or other service equipment to the Customer's home, premises or facility in order to supply service, the Company will furnish the necessary poles, wires, or equipment in accordance with the Company's "Line Extension and Construction Advance Policies" on file with the Commission. Except as provided in the "Policies", all such equipment, poles, and wires shall remain the property of the Company and be maintained by it in accordance with the "Policies". To the extent that any Company property needs to be located on private property, the Company will require the Customer to furnish a permanent easement.

### Attachments

4. Any individual or organization who requests an attachment to distribution facilities, utility poles, or along any span between such poles, shall comply with the Company's specifications and policies governing the type of construction, metering, attachment fees, easements, permissions and electrical inspections required.

### Outside Basic Local Distribution Services

5. Customers requesting the Company to arrange for Customer facility outages or additional maintenance or construction not normally part of basic local distribution service will be notified in a reasonable timely manner by the Company that the customer shall be required to pay these the Company's costs of reasonably meeting the request.

### Acquisition of Necessary Permits

6. The Company shall make, or cause to be made, application for any necessary street permits, and shall not be required to supply service until a reasonable time after such permits are granted. The Customer shall obtain or cause to be obtained all permits or certificates, except street permits, necessary to give the Company or its agents' access to the Customer's equipment and to enable its conductors to be connected with the Customer's equipment.

### Service to "Out-Building"

7. The Company shall not be required to install service or meter for a garage, barn or other out-building, so located that it may be supplied with electricity through a service and meter in the main building.

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### Customer Furnished Equipment

8. The Customer shall furnish and install upon its premises such service conductors, service equipment, including circuit breaker if used, and meter mounting device as shall conform with specifications issued from time to time by the Company, and the Company will seal such service equipment and meter mounting device, and adjust, set and seal such circuit breaker, and such seals shall not be broken and such adjustments or settings shall not be changed or in any way interfered with by the Customer.

The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, and foundations for all equipment that is installed on its premises in order to supply the Customer with local distribution service, whether such equipment is furnished by the Customer or the Company. Such space, housing, fencing, and foundations shall be in conformity with the Company's specifications and subject to its approval.

### Up-Keep of Customer Equipment

9. The Customer's wiring, piping, apparatus and equipment shall, at all times, conform to the requirements of any legally constituted authorities and to those of the Company, and the Customer shall keep such wiring, piping, apparatus and equipment in proper repair.

### Installation of Meters

10. Meters of either the indoor or outdoor type shall be installed by the Company at locations to be designated by the Company. The Company may at any time change any meter installed by it. The Company may also change the location of any meter or change from an indoor type to an outdoor type, provided that the cost of the change shall be borne by the Company except when such change is pursuant to the provisions of Paragraph 11. Upon the reading of the Company's meter all bills shall be computed. If more than one meter is installed, unless it is installed at the Company's option, the monthly charge for local distribution service delivered through each meter shall be computed separately under the applicable rates.

### Unauthorized and Unmetered Use

11. Whenever the Company determines that an unauthorized and unmetered use of electricity is being made on the premises of a Customer and is causing a loss of revenue to the Company, the Company may, at the Customer's expense, make such changes in the location of its meters, appliance and equipment on said premises as will, in the opinion of the Company, prevent such unauthorized and unmetered use from being made.

### Definition of Month

12. Whenever reference is made to "month" in connection with electricity delivered or payments to be made, it shall mean the period between two successive regular monthly meter readings or estimated meter readings, the second of which occurs in the month to which reference is made.

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If the Company is unable to read the meter when scheduled, the necessary billing determinants may be estimated. Bills may be rendered on such estimated basis and will be payable as so rendered.

#### Payment Due Date -- Interest Charge

13. All bills shall be due and payable upon receipt. Bills rendered to customers, other than individually metered residential customers, on which payment has not been received by the "Avoid Interest Date" as shown on the bill, shall bear interest, at the rate of 1¼% per month on any unpaid balance, including any outstanding interest charges, from the date of receipt until the date of payment. The "Avoid Interest Date" corresponds to the next normal bill preparation date. Bills disputed in good faith by a Customer will not be subject to the late payment charge until after the dispute is resolved.

Customer payment responsibilities with their nonregulated power producer will be governed by the particular Customer/nonregulated power producer contract. Payments made through the Company for electricity purchased from a nonregulated power supplier will be applied first to any Narragansett charges or arrearages.

#### Returned Check Fee

14. A \$15.00 Fee shall be charged to the Customer for each check presented to the Company that is not honored by the financial institution. This fee shall be applicable only where the check has been dishonored after being deposited for a second time.

#### Seasonal Customers

15. Seasonal Customers are those using local distribution services between June 1st and September 30th only, or those using local distribution services principally between June 1st and September 30th and incidentally or intermittently during the rest of the year.

#### Deposit and Security

16. The Company may require a cash deposit or other collateral satisfactory to it as security for prompt payment of the Customer's indebtedness to the Company. The rate of interest shall be adjusted on March 1st annually. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board.

#### Payments for Line Extensions

17. The Company may require a Customer to pay for all or a portion of the cost of extending or installing poles, distribution lines, or equipment to the Customer's home, premises or facility, consistent with the terms of the Company's "Line Extension and Construction Advance Policies" on file with the Commission.

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### Lighting Service Charge

18. The Company may assess a Lighting Service Charge of \$130.00 for Company services rendered in response to a Customer request in support of Customer equipment where the condition, service or connection is unrelated to the performance of facilities owned by the Company. A Lighting Service Charge per each occurrence will be assessed to the Customer on their subsequent bill.

### Determining Customer's Demand

19. The demand is the maximum rate of taking electricity. Under ordinary load conditions it will be based upon one or more fifteen-minute peaks as herein defined. A fifteen-minute peak is the average rate of delivery of electricity during any fifteen-minute period as determined by any suitable instrument chosen by the Company. In the case of extremely fluctuating load, however, where the demand based on the average over fifteen minutes does not fairly represent the maximum demand imposed by the Customer, the demand will be based upon the instantaneous peak or the peak for a shorter period than fifteen minutes. Such measurements will be made by any suitable instrument chosen by the Company. The demand which is billed to the Customer is determined according to the terms of the appropriate tariffs approved by the PUC from time to time.

### Customer Changing Rates

20. The Customer may change from the rate under which he is purchasing electricity to any other rate applicable to a class of service which he is receiving. Any change, however, shall not be retroactive, nor reduce, eliminate or modify any contract period, provision or guarantee made in respect to any line extension or other special condition. Nor shall such change cause such service to be billed at any rate for a period less than that specified in such rate except during the first year of electric service to any Customer. A Customer having changed from one rate to another may not again change within twelve months or within any longer contract period specified in the rate under which he is receiving electric service.

### Discontinuance of Service

21. Subject to the Rules and Regulations of the Commission, the Company shall have the right to discontinue its service upon due notice and to remove its property from the premises in case the Customer fails to pay any bill due the Company for such service, or fails to perform any of its obligations to the Company. For restoration of service after such discontinuance, a reconnection charge of \$38.00 will be made.

### Right of Access

22. The Company shall have the right of access to the Customer's premises at all reasonable times for the purpose of examining or removing the Company's meters, and other appliances and equipment. During emergency conditions, the Company shall have the right of access to the

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Customer's premises at all hours of the day to make conditions safe and/or to restore service.

#### Safeguarding Company Equipment

23. The Customer shall not permit access for any purpose whatsoever, except by authorized employees of the Company, to the meter or other appliances and equipment of the Company, or interfere with the same, and shall provide for their safe keeping. In case of loss or damage of the Company's property, the Customer shall pay to the Company the value of such property or the cost of making good the same.

#### Temporary Service

24. A temporary connection is local distribution service which does not continue for a sufficient period to yield the Company adequate revenue at its regular local distribution service rates to justify the expenditures necessary to provide such a connection. The Company may require a Customer requesting a temporary connection to pay the full amount of the estimated cost of installing and removing the requested connection, less estimated salvage value, in advance of the installation of the connection by the Company. In addition, the customer shall pay the applicable regular local distribution service and, if applicable, basic or standard offer service rates.

#### Limitation of Liability for Service Problems

25. The Company shall not be liable for any damage to equipment or facilities using electricity which damage is a result of Service Problems, or any economic losses which are a consequence of Service Problems. For purposes of this paragraph, the term "Service Problems" means any service interruption, power outage, voltage or amperage, fluctuations, discontinuance of service, reversal of its service, or irregular service caused by accident, labor difficulties, condition of fuel supply or equipment, federal or state agency order, failure to receive any electricity for which the Company has contracted, or any other causes beyond the Company's immediate control.

However, if the Company is unable for any reason to supply electricity for a continuous period of two days or more, then upon the request of the Customer, the Demand Charge, if any, shall be suspended for the duration of such inability.

The Company shall not be liable for damage to the person or property of the Customer or any other persons resulting from the use of electricity or the presence of the Company's appliances and equipment on the Customer's premises.

#### Limitation on Use of Electricity - Auxiliary & Temporary Local Distribution Service

26. Local distribution service supplied by the Company shall not be used to supplement or relay, or as standby or back up to any other electrical source or service except under the provisions of the Back-Up Service Rate, unless the Customer shall make such guarantees with respect to the payment for such local distribution service as shall be just and reasonable in each case. Where such local distribution service is supplied, the Customer shall not operate its generation in

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parallel with the Company's system without the consent of the Company, and then only under such conditions as the Company may specify from time to time.

#### Company Right to Place Facilities on Customer Property

27. The Company has the right to place on a Customer's property facilities to provide and meter electric service to the Customer.

#### Company Right to Request a Guarantee

28. Whenever the estimated expenditures for the services or equipment necessary to deliver electricity to a Customer's premises shall be of such an amount that the income to be derived there at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditures, the Company may require a Customer to guarantee a minimum annual payment or commitment for a term of years, or to pay the whole or a part of the cost of such equipment.

#### Fluctuating Load & Harmonic Distortion

29. In certain instances, extreme fluctuating loads or harmonic distortions which are created by a Customer's machinery or equipment may impair service to other Customers. If the fluctuating load or harmonic distortion causes a deterioration of the Company's service to other customers, the Company shall specify a service arrangement that avoids the deterioration and the Customer owning or operating the equipment that causes the fluctuation or distortion shall pay the cost to implement the new service arrangement together with applicable taxes.

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Division's Rules of Practice and Procedure, all action taken by the Company hereunder.

### Billing Termination ("Soft-Off")

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33. The Company and the Rhode Island Division of Public Utilities and Carriers (the "Division") have agreed to participate in a one-year pilot program (the "Pilot") with respect to the Company's "Soft-Off" termination policy pursuant to a Settlement Agreement between the Company and the Division, as approved by the Rhode Island Public Utilities Commission on \_\_\_\_\_, 2012. During the Pilot, where a customer has requested termination of service and an estimated or actual final meter reading is recorded, and the account is not subject to a shut-off order or request, the Company may choose to utilize a "Soft-Off" termination, defined as the termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of electricity to the premise is not disconnected.

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Effective: May \_\_\_\_\_, 2012

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