Thomas R. Teehan
Senior Counsel

October 10, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

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

RE: Docket 4346 - 2012 Gas Cost Recovery Filing ("GCR")
Responses to Division Data Requests – Set 1

Dear Ms. Massaro:

Enclosed are National Grid's responses to the Division's First Set of Data Requests issued in the above-referenced proceeding.

The Company is seeking protective treatment of its response to Attachment DIV 1-2(c)-3, Division 1-3 and Attachment DIV 1-3-2, Division 1-5 and Attachment DIV 1-5 (c)-2, and Attachment DIV 1-5 (c)-3, Division 1-6 and Attachment DIV 1-6(c)-2, and Division 1-8 and Attachments DIV 1-8(a)-1, DIV 1-8(a)-2, and DIV 1-8(a)-3 as permitted by Commission Rule 1.2(g) and by R.I.G.L. § 38-2-2(5)(i)(B). The Company has submitted a Motion for Protective Treatment under separate cover along with one (1) copy of the confidential materials to the Commission pending a determination on the Company's Motion. The Company has submitted redacted versions of these documents for the public record.

Please be advised that the due to the voluminous nature and large electronic sizes associated with the some of the attachments to this set, the Company is providing the Commission with three (3) CD-ROMs. In addition, the Company is providing a copy of the confidential responses and attachments and including the CD-ROM to the Division and its consultant.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7685.

Very truly yours,

Thomas R. Teehan

Enclosure

cc: Docket 4346 Service List
Leo Wold, Esq.
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STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RHODE ISLAND PUBLIC UTILITIES COMMISSION

Annual Gas Cost Recovery Filing 2012
Docket No. 4346

NATIONAL GRID'S REQUEST FOR PROTECTIVE TREATMENT OF CONFIDENTIAL INFORMATION

National Grid[1] hereby requests that the Rhode Island Public Utilities Commission ("Commission") provide confidential treatment and grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by Commission Rule 1.2(g) and R.I.G.L. § 38-2-2(5)(i)(B). National Grid also hereby requests that, pending entry of that finding, the Commission preliminarily grant National Grid's request for confidential treatment pursuant to Rule 1.2 (g)(2).

I. BACKGROUND

On October 10, 2012, National Grid filed with the Commission its responses to the Division's first set of data requests in this docket. This filing included information relative to bidding and pricing information for which the Company seeks confidential treatment. Specifically, the Company seeks confidential treatment relative to pricing information with respect to the Company's assessment of the impact of the changes in long-haul and short haul capacity (Att. DIV-1-2(c)-3); names of bidding parties and pricing arrangements under the Asset Management and Gas Supply Agreement resulting from the September 23, 2011 RFP (DIV 1-3 and Att. DIV 1-3-2); names of bidding parties and pricing arrangements under the Asset Management and Gas Supply Agreement resulting from the July 16, 2012 RFP (DIV 1-5 and Att. DIV 1-5 (c)-2, and Att. DIV 1-5 (c)-3); names of bidding parties and pricing arrangements under the Asset Management Agreement resulting from the July 9, 2012 RFP (DIV 1-6 and Att. DIV 1-6(c) -2); pricing arrangements under the Distrigas firm liquids supply contract for the winter of 2011-2012 (DIV 1-8 and Att. DIV 1-8 (a)-1, Att. DIV (a)-2, and Att. DIV (a)-3), which are being provided on CD-ROM.

I. LEGAL STANDARD

The Commission's Rule 1.2(g) provides that access to public records shall be granted in accordance with the Access to Public Records Act ("APRA"), R.I.G.L. §38-2-1, *et seq.* Under APRA, all documents and materials submitted in connection with the transaction of official business by an agency is deemed to be a "public record," unless the information contained in such documents and materials falls within one of the exceptions specifically identified in R.I.G.L. §38-2-2(4). Therefore, to the extent that information provided to the Commission falls within one of the designated exceptions to the public records law, the Commission has the authority under the terms of APRA to deem such information to be confidential and to protect that information from public disclosure.

In that regard, R.I.G.L. §38-2-2(4)(i)(B) provides that the following types of records shall not be deemed public:

[1] The Narragansett Electric Company d/b/a National Grid ("National Grid or "the Company").

> Trade secrets and commercial or financial information obtained from a person, firm, or corporation which is of a privileged or confidential nature.

The Rhode Island Supreme Court has held that this confidential information exemption applies where disclosure of information would be likely either (1) to impair the Government's ability to obtain necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. Providence Journal Company v. Convention Center Authority, 774 A.2d 40 (R.I.2001).

The first prong of the test is satisfied when information is voluntarily provided to the governmental agency and that information is of a kind that would customarily not be released to the public by the person from whom it was obtained. Providence Journal, 774 A.2d at 47.

In addition, the Court has held that the agencies making determinations as to the disclosure of information under APRA may apply the balancing test established in Providence Journal v. Kane, 577 A.2d 661 (R.I.1990). Under that balancing test, the Commission may protect information from public disclosure if the benefit of such protection outweighs the public interest inherent in disclosure of information pending before regulatory agencies.

II. BASIS FOR CONFIDENTIALITY

The Company has redacted contractual pricing information and the identity of RFP bidders that appear in its responses to the Division data requests that have been identified above. This information is confidential and proprietary both to the contracting/bidding parties and to the Company. It is the kind of information that the

Company would customarily release to the public. Public release of this information would negatively impact those contracting/bidding parties, and it would hurt the Company's ability to obtain the lowest bids possible in the future.

III. CONCLUSION

Accordingly, the Company respectfully requests that the Commission grant its Motion for Protective Treatment as stated herein.

Respectfully submitted,

NATIONAL GRID

By its attorney,

Thomas R. Teehan

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Thomas R. Teehan, Esq. (RI Bar #4698)
National Grid
280 Melrose Street
Providence, RI 02907
(401) 784-7667

Dated: October 10, 2012

Division 1-1

Request:

In Docket 4283, witness Arangio's Direct Testimony at page 14, lines 13 through 21, discussed a pending settlement in the Tennessee Gas Pipeline Section 4 rate case before FERC. Please update the status of that proceeding including, but not limited to:

a. A copy of the settlement agreement,

b. The date the settlement was approved,

c. The date that new rates, if any, went into effect,

d. A detailed assessment of the impact from the resolution of that case on:

   i. The Company's costs for Rhode Island gas service during the reconciliation period for this proceeding (i.e. the twelve months ended June 30, 2012),
   ii. The Company's projected costs for Rhode Island gas service for the November 1, 2012 though October 31, 2013 period, and
   iii. The Company's ability to access new supplies under existing transportation contracts.

Response:

a. Please see Attachment DIV 1-1(a)-1 for a copy of the settlement agreement filed on September 30, 2011.

b. The Tennessee Gas Pipeline settlement was approved by The Federal Energy Regulatory Commission ("FERC") on December 5, 2011.

c. Interim settlement rates went into effect on November 1, 2011.

d.

   i. For the period July 2011 through June 2012, Tennessee gas costs were based on Interim Motion rates for the period July 2011 through October 2011, final approved settlement rates for the period November 2011 through June 2012, and a refund recorded in March 2012 for the reconciliation between the Motion and Final approved settlement rates billed during June 2011 through

October 2011. Therefore, the Tennessee gas costs included in the Company's reconciliation for the period July 2011 through June 2012 reflect the actual approved Settlement rates and a refund for the month of June 2011 in the amount of $219,782. In Attachment DIV 1-1(d)i-2 the Company has provided the Tennessee Demand costs for the period July 2011 through June 2012. In this attachment, the Company has also broken down the Tennessee Refund and identified that portion of the refund associated with June 2011.

ii. The Company's projected total Tennessee Gas Pipeline costs for Rhode Island gas service is $13.8 million for Rhode Island gas service as shown in Attachment DIV 1-1(d)ii-3.

iii. The Company's existing transportation contracts allow access to supplies along the contractual path from the Gulf of Mexico to the Company's citygates, including the market area where much of the Marcellus Shale gas is received into Tennessee's system.

Prepared by or under the supervision of: Elizabeth D. Arangio

Division 1-1, page 2

October 2011. Therefore, the Tennessee gas costs included in the Company's reconciliation for the period July 2011 through June 2012 reflect the actual approved Settlement rates and a refund for the month of June 2011 in the amount of $219,782. In Attachment DIV 1-1(d)i-2 the Company has provided the Tennessee Demand costs for the period July 2011 through June 2012. In this attachment, the Company has also broken down the Tennessee Refund and identified that portion of the refund associated with June 2011.

ii. The Company's projected total Tennessee Gas Pipeline costs for Rhode Island gas service is $13.8 million for Rhode Island gas service as shown in Attachment DIV 1-1(d)ii-3.

iii. The Company's existing transportation contracts allow access to supplies along the contractual path from the Gulf of Mexico to the Company's citygates, including the market area, where much of the Marcellus Shale gas is received into Tennessee's system.

Prepared by or under the supervision of: Elizabeth D. Arangio

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Tennessee Gas Pipeline Company	)	Docket Nos.	RP11-1566-
	)		RP11-2066-
			(consolidated)

OFFER OF SETTLEMENT AND EXPLANATORY STATEMENT

Tennessee Gas Pipeline Company ("TGP" or "Tennessee"), pursuant to Rule 602 of the Commission's Rules of Practice and Procedure,[1] hereby submits this Offer of Settlement and Explanatory Statement , including a Stipulation and Agreement ("S&A") and Appendices (together with the S&A, "Settlement"). Except for certain specified requests for rehearing and protests to a compliance filing, all pertaining to outstanding tariff issues as provided in the Settlement, the Settlement resolves all issues set for hearing and technical conference in this proceeding. The Settlement provides significant benefits to TGP's shippers, including foremost:

- The Settlement Rates reflect significant adjustments to the cost of service and billing determinants filed with TGP's case-in-chief that have the effect of lowering the overall rates below the Motion Rates now in effect. The participants have agreed to Settlement Rates that, for TGP's market area in Zones 4, 5 and 6, are designed on a non-straight fixed/variable ("SFV") methodology reflecting the classification of $100 million in annual total cost of service to the commodity rates. This accommodation reduces the impact of the rate changes on the reservation charges of market-area shippers while using the SFV methodology for the other portions of TGP's system as preferred by the active parties that comprise the shippers in those markets.

- The Settlement provides for the filing of a request to implement Interim Relief in the form of the Settlement Rates for Supporting and Non-Opposing Parties as early as November 1, 2011, during the pendency of Commission action on the Settlement.

[1] 18 C.F.R. § 385.602 (2011),

- The Settlement provides for substantial refunds retroactive to June 1, 2011, for Supporting and Non-Opposing Parties.
- The Settlement includes a Rate Moratorium that provides certainty to TGP and shippers until the effective date of TGP's next general rate proceeding.
- The Settlement provides for the sharing of "General System Revenues" in excess of a specified annual threshold while the Settlement is in effect.

TGP urges the Commission promptly to issue an order approving this Settlement.

I. Background

On November 30, 2010, TGP filed, in Docket No. RP11-1566, a general rate case under Section 4 of the Natural Gas Act ("NGA").[2] There TGP proposed to change its rates for transportation and storage services and to change other, non-rate provisions of TGP's FERC Gas Tariff ("Tariff") (the "November 30 Filing"). This was TGP's first NGA Section 4 general rate case since its last rate case filed on December 30, 1994, in Docket No. RP95-112. By order issued October 30, 1996, the Commission approved a comprehensive settlement in Docket No. RP95-112 that resolved all cost of service, cost classification, cost allocation, and rate design issues.[3] This comprehensive settlement established both base tariff rates and fixed fuel and loss percentages. In the November 30 Filing in this proceeding, TGP filed to increase its base tariff rates, and proposed a new gas fuel and electric power costs rate (EPCR) tracking mechanism. TGP also stated its intention to make another filing to significantly reduce its fuel retention rates to be effective at the same time its increased base tariff rates went into effect, subject to refund, after a five month suspension period.

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[2] 15 U.S.C. § 717c.

[3] *Tennessee Gas Pipeline Co.*, 77 FERC ¶ 61,083 (1996), *reh'g denied*, 78 FERC ¶ 61,069 (1997), *remanded*, *NorAm Gas Transmission Company v. FERC*, 148 F.3d 1158 (D.C. Cir. 1998), *Tennessee Gas Pipeline Co.,* 94 FERC ¶ 61,117 (2001), *amended*, 133 FERC ¶ 61,134 (2010).

By order issued December 29, 2010, the Commission set TGP's November 30 Filing for hearing and technical conference.[4] The Suspension Order accepted and suspended the rate changes for five months, to be effective June 1, 2011, subject to refund and the outcome of a hearing. The Suspension Order also accepted, to take effect June 1, 2011, certain Tariff records that reflected changes to non-rate provisions and the general terms and conditions ("GT&C") of TGP's Tariff. The Suspension Order set for technical conference other proposed Tariff records that also reflected changes to the GT&C. Several parties requested rehearing of the Suspension Order. On February 22, 2011, the Commission granted rehearing for further consideration.

On April 29, 2011, TGP filed, in Docket No. RP11-2066, Tariff records to update its fuel and loss retention ("F&LR") percentages calculated consistent with the new F&LR mechanism TGP proposed in Docket No. RP11-1566-000. As stated above, TGP proposed to place the updated F&LR percentages into effect simultaneously with the effectiveness of its base rates on June 1, 2011. On May 27, 2011, the Commission accepted and suspended the proposed Tariff records, effective June 1, 2011, subject to the outcome of a hearing.[5] On June 10, 2011, the Chief Judge consolidated the fuel-related issues set for hearing in the May 27, 2011 Order in Docket No. RP11-2066-000 with the issues set for hearing in the general rate proceedings in Docket No. RP11-1566-000.

On May 31, 2011, the Commission issued an order on the technical conference held on February 15 and 16, 2011.[6] The Order on Technical Conference accepted certain Tariff records, as modified by TGP, that were addressed at the technical conference pursuant to the

[4] *Tennessee Gas Pipeline Co.*, 133 FERC ¶ 61,266 ("Suspension Order").

[5] *Tennessee Gas Pipeline Co.*, 135 FERC ¶ 61,194 ("May 27 Order").

[6] *Tennessee Gas Pipeline Co.*, 135 FERC ¶ 61,208 ("Order on Technical Conference").

Suspension Order. On June 30, 2011, TGP made a filing in compliance with the Order on Technical Conference ("TGP's Compliance Filing") and several parties, including TGP, requested rehearing of the Order on Technical Conference. On July 28, 2011, the Commission granted rehearing for further consideration. Thus, the rehearing requests, as well as protests to TGP's June 30 compliance filing, remain pending.

By motion on May 27, 2011, TGP moved to place the filed rates into effect as of June 1, 2011, subject to refund and as adjusted ("Motion Rates"). The Commission granted TGP's motion by an unpublished order dated August 8, 2011.

During the course of these events, the participants have engaged in substantial discovery and have also participated in several settlement conferences at the Commission from May 2011 through September 2011. The parties have met in several other informal settlement gatherings, all toward the goal of achieving a negotiated resolution of the issues raised in the proceedings. These efforts have culminated in the instant Settlement.

II. Explanatory Statement

The participants have invested a significant amount of time and resources to reach the negotiated resolution that is reflected in the Settlement. This Explanatory Statement provides a brief overview for the convenience of the Presiding Judge and Commission and is not intended to alter or interpret the Settlement. In the event of any conflict between the Explanatory Statement and the Settlement, the provisions of the Settlement shall govern. If not defined in this Explanatory Statement, capitalized terms shall have the meaning ascribed to them in the S&A.

A. Summary of the Settlement

The Settlement resolves all issues set for hearing and technical conferences in the captioned dockets as provided therein. The parties have agreed to a resolution of most traditional cost of service, cost allocation and rate design issues on a "black box" basis. As discussed below, the Settlement provides for Settlement Rates for a term that ends the earlier of the effective date of TGP's next NGA Section 4 general rate proceeding, which can be no earlier than April 1, 2014 or later than November 1, 2015. During the Effective Date of the Settlement until the end of its term, a Rate Moratorium with certain limited exceptions will be in effect that prohibits any changes to, or proposals to change, Settled Matters.

B. Specific Provisions of the Settlement

Article I sets out the Purpose and Scope of the Settlement, which is to resolve all issues set for hearing or technical conference in the captioned dockets and subdockets, with the exception of certain requests for rehearing of the Commission's Order on Technical Conference as well as the protests to TGP's Compliance Filing, which the parties request that the Commission resolve. The Settlement is a unified document embodying numerous compromises. No portion of the Settlement can be severed without destroying the balance of interests and compromises embodied in the Settlement.

Article II is an introduction describing the factual and procedural background of these proceedings.

Article III defines the Effective Date of the Settlement, and procedures to be followed if the Commission modifies the Settlement or attaches conditions to the Settlement. Any modifications or conditions present significant risks that the Settlement may be rejected by one or more parties and withdrawn by TGP, resulting in the potential for protracted litigation to achieve resolution of the issues set for hearing and technical conference in the proceedings.

Article IV provides for the "Settlement Rates," which, together with other Settlement tariff provisions, are the "Settlement Rate Provisions." Article IV sets out when the Settlement Rates will take effect and provides that they will cease to be effective when supplanted by new rates at the end of the Rate Moratorium as defined under Article XVI.

Article V provides that Supporting Parties and Non-Opposing Parties shall be entitled to the Settlement Rates on an interim basis prior to the contemplated approval of the Settlement. Pursuant to this provision, TGP has agreed to file to implement the Settlement Rates during the "Interim Period," as defined in Article V to run from the later of: (i) November 1, 2011; or (ii) the first day of the month following acceptance by the Commission of the Settlement Rates for the Interim Period; and until the earlier of: (i) the Effective Date; (ii) the date the Settlement is rejected by the Commission or terminates; or (iii) December 31, 2012. Article V, Paragraph 2 provides that if the Settlement is rejected by the Commission, TGP will have the right to surcharge parties paying Settlement Rates during the Interim Period (the "Interim Rate Reduction Make-Up Charge"), in order to restore the parties to the position each would have been in absent placing the Settlement Rates into effect during the pendency of Commission action on the Settlement. Paragraph 3 provides that Contesting Parties are not entitled to the Settlement Rates during the Interim Period and any party that paid the Interim Rates that becomes a Contesting Party during the Interim Period will be subject to the Interim Rate Reduction Make-Up Charge. Paragraph 4 provides that as part of the interim relief TGP shall post a waiver of the storage cycling requirement in Section 3.5 of Rate Schedule FS and the

October 20 Storage Election provision in Section 3.4 of Rate Schedule FS. This waiver shall be irrevocably effective until April 2, 2012.

Article VI sets out the parties' agreement with respect to refunds. Paragraph 1 describes the means by which TGP will make refunds to each Supporting or Non-Opposing Party and the manner by which TGP will compute those refunds. Paragraph 2 prescribes that primary capacity holders shall receive refunds attributable to demand charges and that shippers that actually paid commodity charges to TGP (i.e., either primary contract holders or replacement shippers) shall receive refunds attributable to such charges. Paragraph 3 provides that the SFV rates specified in Appendix A shall be the refund floor in TGP's next NGA Section 4 general rate case. Paragraph 4 provides that if parties are severed, then pending Commission resolution of the ultimate rates applicable to such parties, they shall pay the Motion Rates (*i.e.*, the filed-for rates moved into effect by TGP at the end of the Suspension Period in this docket) and that the rates ultimately established for those parties will be the refund floor for such parties.

Article VII, Paragraph A provides that the Settlement Rates have been established on a "black box" basis subject to the qualification, set out in Article VII, Paragraph B, that costs attributable to the Rate Schedule NET and the Boundary expansion projects will be rolled into TGP's system cost of service in this and future proceedings. TGP shall maintain separate books and records for the facilities and services associates with the ConneXion New England Project. Article VII, Paragraph C provides that a Final Commission Order approving the Settlement shall constitute all necessary authority under NGA Section 9 for TGP to apply the depreciation and negative salvage rates set forth in Appendix H, effective June 1, 2011. Article VII, Paragraph D provides that for purposes of determining cost of service levels in TGP's certificate applications and for purposes of calculating Allowance for Funds used During Construction for new facilities, TGP shall utilize the same pre-tax rate of return as that approved in the 1996 Settlement.

Article VIII, Paragraph A provides for the elimination of certain regulatory asset and liability balances relating to FAS 106. The Settlement Rates do not provide for any recovery of Post-Retirement Benefits Other than Pensions ("PBOP") costs or for any amounts to be funded to an external irrevocable VEBA Trust ("FAS 106 VEBA Trust") pursuant to Section 501(c)(9) of the Internal Revenue Code of 1986. The Settlement does not require TGP to make any cash contributions to the FAS 106 VEBA Trust because it is currently overfunded. Article VIII.A. also sets out procedures and the rights of Supporting and Non-Opposing Parties should TGP, notwithstanding the fund's current status, elect to make a cash contribution to the FAS 106 VEBA Trust during the term of the Settlement. Also, should the funds in the FAS 106 VEBA Trust exceed that necessary to pay for applicable post-retirement benefits ("Excess Assets"), Article VIII, Paragraph A establishes current employee welfare costs as a "Permitted Use" and sets out the rights of the parties should the funds be so used or if there is no Permitted Use available to TGP and there are funds remaining in the FAS 106 VEBA Trust.

Article VIII, Paragraph B.1 provides for the elimination of FAS 109 regulatory asset and liability balances. Article VIII.B.1. provides that TGP shall establish regulatory asset or liability balances to record any change in income tax rates occurring during the term of the Settlement and sets out the rights of the parties in any subsequent NGA Section 4 general rate case should TGP do so. The Settlement Rates reflect no amortization of a "South Georgia"-type adjustment but the lack of such amortization is not intended to affect TGP's right to use accelerated depreciation for tax purposes. Article VIII, Paragraph B.2 sets out circumstances under which TGP will be allowed to amend its books of account to comply with the normalization requirements of the Internal Revenue Code and allows TGP to make a NGA Section 4 limited rate filing to revise its rates to continue to qualify for accelerated depreciation if there is a Tax Claim or Change in Law, as described in that paragraph.

Article IX, Paragraph 1 requires parties to certain listed contracts specified on Appendix C of the S&A ("Appendix C Customers") to extend the primary terms of these contracts to October 31, 2014 (or, at the party's option, later) as a condition to each party's entitlement to the Settlement Rate Provisions and any other benefit under the settlement. Article IX, Paragraphs 2 and 3 describe the procedures and timelines to be followed for executing contract extensions. Any Appendix C Customer that does not follow the required procedures for obtaining necessary approvals and executing the contract extensions shall be deemed to be a Contesting Party and shall not be entitled to the benefit of the Settlement Rate Provisions and shall pay the Motion Rates. Paragraph 4 describes procedures for any Appendix C Customer that has already provided a notice of termination.

Article X provides for the sharing of "General System Revenues" between TGP and "Eligible Customers" (*i.e.*, a primary firm recourse rate contract customer that is not a Contesting Party) in excess of a specified annual threshold of $885 million, as may be adjusted, during the term of the Settlement. Article X, Paragraph A.1 defines General System Revenues and specifies certain categories of revenue that shall be excluded from General System Revenues. Paragraph B.1 describes the Revenue Crediting Threshold and how it may be adjusted. Paragraph C.1 defines the term "Eligible Customers" and Paragraph C.2 describes the procedure for distributing General System Revenues in excess of the Revenue Crediting Threshold. Paragraph D provides that TGP shall file an annual report detailing the implementation of the Revenue Crediting provisions in Article X.

Article XI provides for TGP's recovery of Pipeline Safety and Greenhouse Gas Costs, if any, pursuant to the terms and conditions specified in the Tariff records attached as Appendix E.

Article XII requires TGP to make certain specified modifications to its Fuel Adjustment Mechanism as detailed in Appendix F of the Settlement. The Fuel Adjustment Mechanism shall consist of both Fuel and Loss Retention ("F&LR") percentages as well as the Electric Power Cost Rate ("EPCR") recovery mechanism.

Article XIII provides for rate adjustments for certain possible sales of facilities during the term of the Settlement.

Article XIV addresses certain Tariff issues. Paragraph A bars TGP and the Supporting and Non-Opposing Parties from filing a proposal for TGP to assess a charge for pooling. Paragraph B requires TGP to meet with customers no later than 45 days from the Effective Date to address a proposal to elevate the priority of secondary receipts to primary deliveries and further requires TGP to file to support that proposal. Paragraph C requires TGP to file to remove from its Rate Schedule FS the October 20 Storage Election provision. Paragraph D requires TGP to meet with customers no later than 45 days from the Effective Date to address a proposal to establish a pooling point at Station 319, but does not require TGP to file to implement that proposal. Paragraph E requires TGP to withdraw its storage cycling requirement and hurricane cost recovery mechanism proposals and to remove from TGP's tariff any such requirement or mechanism that is currently in effect subject to refund. Paragraph E also allows TGP to file for such changes to take effect at the end of the Rate Moratorium. Paragraph F requires TGP to file the rate and non-rate tariff changes set out in Appendix G to the Settlement within 30 days of the Effective Date.

Article XV defines “Contesting Parties” and “Supporting and Non-Opposing Parties.” Paragraph A provides that a Supporting or Non-Opposing Party is any party that is not a Contesting Party. Paragraph B.1 describes the actions that shall cause a Supporting and Non-Opposing Party to become a Contesting Party. Paragraph B.2. sets out the circumstances under which Contesting Parties will be subject to the Motion Rates. In Paragraph B.3, the Supporting and Non-Opposing Parties and TGP request that, if the Commission finds that a Contesting Party cannot be bound by the settlement, that such Contesting Party be severed and that the provisions of the Settlement (other than Article XV) not apply to that Contesting Party.

Article XVI, Paragraph A.1 provides for a Rate Moratorium during which neither TGP nor any Supporting or Non-Opposing Party can take prohibited action with respect to Settled Matters. The Rate Moratorium ends on the effective date of the next general rate proceeding to be no earlier than April 1, 2014, nor later than November 1, 2015. At that time, the Settlement expires. .

Article XVI, Paragraph B.1 provides that the standard applicable to any change in the “Settled Matters” (generally any of TGP’s rate, non-rate and other provisions addressed by this Settlement, including the terms, conditions, and provisions of the Settlement itself) shall be the “public interest” standard pursuant to the “*Mobile-Sierra*” doctrine.[7] Paragraph B.1prohibits Supporting and Non-Opposing Parties from supporting any change to the Settled Matters during the Rate Moratorium. Paragraph B.2 provides that changes proposed by non-settling third parties and by the Commission acting *sua sponte* shall be the just and reasonable standard.

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[7] *See United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956).

Article XVI, Paragraph C.1 prohibits TGP and the Supporting and Non-Opposing Parties from seeking to modify any Settled Matter during the period of the Rate Moratorium. TGP and the Supporting and Non-Opposing Parties waive their rights under the NGA to do so. Under Paragraph C.2, no Supporting or Non-Opposing Party, during the Rate Moratorium, can assert that TGP cannot collect from, or that the Commission cannot impose on, a Contesting Party the Motion Rates.

Article XVI, Paragraph D.1 permits TGP to make a general Section 4 filing to take effect on or after April 1, 2014, and to make certain limited Section 4 filings during the Rate Moratorium (*e.g.*, fuel, recovery of Pipeline Safety and Greenhouse Gas Costs, FAS 109). Paragraph D.2 permits TGP and Supporting and Non-Opposing Parties to take action to enforce and uphold the Settlement or to participate in proceedings relative to any other entity to the extent that the proceedings will not impact the Settled Matters during the Rate Moratorium. Paragraph D.3 permits TGP and the Supporting and Non-Opposing Parties to participate in rulemakings, legislative, and other industry-wide proceedings, including judicial review of any Commission order issued in those proceedings. Paragraph D.4 permits TGP to file and collect rates and surcharges as permitted by Commission policy, tariff or contractual right (*e.g.*, ACA or other industry-wide surcharge) while reserving the right of Supporting and Non-Opposing Parties to challenge any such filing; provided however, TGP shall be precluded from filing to recover hurricane costs to be effective prior to the end of the moratorium. Paragraph D.5 permits TGP to establish rates for new facilities or services or for tariff changes not part of the Settled Matters. Supporting and Non-Opposing Parties can challenge any such filing by TGP as long as they take no position that would alter any Settled Matter.

Article XVI, Paragraph E requires TGP to file, to be effective no later than November 1, 2015, a NGA Section 4 general rate case unless TGP has previously made such a filing pursuant to the terms of the Settlement.

Article XVII waives the deadline in Rate Schedule FT-GS for the limited purpose of allowing the Cities of Casey, Marshall, and Martinsville, Illinois to convert certain contracts from Rate Schedule FT-G to Rate Schedule FT-GS effective June 1, 2011.

Article XVIII requires TGP to convene a meeting with all customers to discuss cost allocation and rate design alternatives prior to filing its next NGA Section 4 general rate case.

Article XIX deems all requests for rehearing or clarification of the Suspension Order withdrawn and of no effect. Paragraph A also deems all requests for rehearing or clarification of the Order on Technical Conference withdrawn and of no effect subject to specific exceptions in Paragraph B. The protests to TGP’s Compliance Filing would not be deemed withdrawn.

Article XX provides that no resolution in this Settlement is a “settled practice” with the exception of the rolled-in treatment of TGP’s NET and Boundary expansion projects.

Article XXI and Article XXII set out certain reservations, implementing and miscellaneous provisions.

C. Information To Be Provided With Settlement Agreement.

In accordance with the order of the Chief ALJ issued on October 15, 2003, which directed parties to address the following five questions in their Explanatory Statement, TGP states as follows:[8]

1. What are the issues underlying the settlement and what are the major implications?

The issues underlying the Settlement involve many of the issues that typically arise in a NGA Section 4 general rate case. The major implications of the Settlement are that it will provide rate certainty which, in turn, will allow the parties to devote their resources to doing business.

2. Do any of the issues raise policy implications?

TGP does not believe that the Settlement itself raises any policy implications. In particular, the participants have taken great care to avoid any need for the Commission to modify or condition approval of the Settlement with respect to proposed changes to any Settled Matter sought by non-settling third parties or the Commission acting *sua sponte*, in which case Article XVI, Paragraph B.2 states that the standard of review shall be the just and reasonable standard as provided in the most current Commission precedent.[9]

3. Are there other pending cases that may be affected?

TGP does not believe any other pending cases will be affected by the Settlement.

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[8] *See* Notice to the Public, issued October 15, 2003 by the Chief ALJ (http://www.ferc.gov/legal/admin-lit/rev-errata.pdf).

[9] *See Petal Gas Storage, LLC,* 135 FERC ¶ 61,152 (2011).

4. Does the settlement involve issues of first impression, or are there any previous reversals on the issues involved?

TGP does not believe that the Settlement involves any issues of first impression or previous reversals on the issues involved.

5. Is the proceeding subject to the just and reasonable standard or is there *Mobile-Sierra* language making it the standard, *i.e.*, the applicable standard of review?

Consistent with Commission policy,[10] the Settlement is subject to the just and reasonable standard with respect to changes proposed by non-settling third parties or the Commission acting *sua sponte*. With respect to parties other than non-settling third parties and the Commission acting *sua sponte*, any changes to the Settlement shall be subject to the *Mobile-Sierra*[11] public interest standard of review.

III. Request for Approval

TGP requests that the Offer of Settlement be approved without any condition or modification, because any such change will require acceptance of the parties and will alter the balance of the negotiated terms among the different interests involved. TGP also asks the Commission to grant such waivers and permissions regarding the Commission's orders and regulations to the extent necessary to effectuate all of the provisions contained in the Stipulation.

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[10] *Id.*

[11] *United Gas Pipe Line Co. v. Mobile Gas Serv. Corp.*, 350 U.S. 332 (1956) (*Mobile*); *FPC v. Sierra Pac. Power Co.*, 350 U.S. 348 (1956) (*Sierra*) ("*Mobile-Sierra*").

IV. Conclusion

WHEREFORE, TGP respectfully asks that the Commission promptly issue an order approving this Offer of Settlement without condition or modification. Any condition or modification by the Commission has the potential under the terms of the Settlement to deprive the participants of the benefits agreed upon in the Settlement and impose on the participants the uncertainty and expense of additional proceedings.

Respectfully submitted,

/s/ James D. Johnston
James D. Johnston
Associate General Counsel

Craig V. Richardson
Vice President and General Counsel
James D. Johnston
Associate General Counsel
C. Todd Piczak
Senior Counsel
Tennessee Gas Pipeline Company
1001 Louisiana
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Greenberg Traurig, LLP
2101 L Street, N.W.
Suite 1000
Washington, DC 20037
(202) 331-3100

Counsel for Tennessee Gas Pipeline Company

September 30, 2011

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Tennessee Gas Pipeline Company	)	Docket Nos.	RP11-1566-
	)		RP11-2066

STATEMENT OF REFERENCES

In accordance with the provisions of Rule 602(c)(1)(iii) of the Federal Energy Regulatory Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602(c)(1)(iii) (2011), Tennessee Gas Pipeline Company ("TGP") hereby submits in summary form this Statement of References to documents relevant to the Offer of Settlement that accompanies this submission. TGP states that the documents supporting this Offer of Settlement are: (1) TGP's filings in the above-captioned dockets dated November 30, 2010 ("November 30 Filing"), and April 29, 2011 ("April 29 Filing"); (2) the comments and protests on the November 30 Filing and the April 29 Filing; (3) TGP's Answers to the comments and protests; (4) the attached Offer of Settlement, including Appendices; (5) the Explanatory Statement; (6) the comments filed on the Offer of Settlement; (7) and any other record evidence to the extent it is relevant to this Offer of Settlement.

Respectfully submitted,

/s/ James D. Johnston
James D. Johnston
Associate General Counsel

Craig V. Richardson
Vice President and General Counsel
James D. Johnston
Associate General Counsel
C. Todd Piczak
Senior Counsel
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(202) 331-3100

Counsel for Tennessee Gas Pipeline Company

September 30, 2011

Tennessee actual demand gas cost

	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul 11-Jun 12	Jul-Jun Refund	Net
Supply Fixed	$ 1,188,401	$ 1,210,419	$ 1,296,626	$ 1,450,301	$ 1,028,887	$ 891,113	$ 1,140,018	$ 1,085,702	$ 941,329	$ 984,807	$ 1,116,884	$ 530,724	$ 12,865,211	(682,056)	$ 12,183,154
Storage Fixed - Facilities	$ 90,926	$ 47,558	$ 34,943	$ 58,699	$ 49,804	$ 43,128	$ 56,480	$ 49,804	$ 32,600	$ 49,804	$ 43,128	$ 54,891	$ 611,765	(40,462)	$ 571,303
Storage Fixed - Delivery	$ 98,066	$ 131,854	$ 131,854	$ 131,854	$ 118,854	$ 66,208	$ 91,993	$ 91,993	$ 92,038	$ 91,993	$ 91,993	$ 91,993	$ 1,230,693	(122,470)	$ 1,108,223
Capacity Release	$ (193,736)	$ (279,943)	$ (279,943)	$ (279,943)	$ (289,609)	$ (206,092)	$ (206,049)	$ (115,399)	$ (206,287)	$ (393,884)	($182,195)	($259,985)	$ (2,893,065)		$ (2,893,065)
Commodity													$ -	(58,083)	$ (58,083)
Tennessee Rate case refund									$ (1,122,552)				$ (1,122,552)		
Interest associated Tennessee Rate case refund									$ (19,160)				$ (19,160)		
TOTAL	$ 1,183,656	$ 1,109,887	$ 1,183,479	$ 1,360,911	$ 907,936	$ 794,357	$ 1,082,443	$ 1,112,100	$ (282,032)	$ 732,721	$ 1,069,810	$ 417,623	$ 10,672,890	(903,070)	10,911,533

Total Projected Tennessee Gas Pipeline Costs for Rhode Island ~ November 2012 - October 2013

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	TOTAL
TGP Variable Costs													
Total Transportation Costs	$118,847	$291,467	$266,376	$284,948	$214,514	$196,606	$134,028	$104,156	$55,157	$55,471	$53,682	$55,741	$1,830,994
Total Storage Delivery Costs	$0	$7,535	$31,692	$13,877	$884	$0	$0	$0	$0	$0	$0	$2,546	$56,536
Total Variable Costs	$118,847	$299,003	$298,069	$298,825	$215,398	$196,606	$134,028	$104,156	$55,157	$55,471	$53,682	$58,287	$1,887,529
TGP Fixed Costs													
Total Pipeline Demand Costs	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$1,015,024	$12,180,286
Total Storage Facility Costs	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$49,804	$597,648
Total Storage Delivery Costs	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$91,993	$1,103,920
Total Fixed Costs	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$1,156,821	$13,881,854
Capacity Release Credits	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$161,551	$1,938,610
Total Net Fixed Costs	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$995,270	$11,943,243
Total TGP Gas Costs	$1,114,117	$1,294,273	$1,293,339	$1,294,095	$1,210,669	$1,191,877	$1,129,298	$1,099,426	$1,050,427	$1,050,742	$1,048,952	$1,053,558	$13,830,773

Division 1-2

Request:

Re: witness Arangio's Direct Testimony in this proceeding at page 11, lines 11 through 16, please provide:

a. A map identifying the pipeline segments affected by the changes in the Company's long-haul and short-haul pipeline capacity commitments and the other pipeline capacity with which those commitments interconnect;

b. The workpapers (including electronic spreadsheet files with all cell references and cell formulae, calculations, studies, and other documents) supporting the "*approximately $500,000 a year in pipeline demand charges*" that the Company expects to save; and

c. The workpapers (including electronic spreadsheet files with all cell references and cell formulae, calculations, studies, and other documents) supporting the Company's assessment of the impact of the changes in long-haul and short-haul capacity on its projected commodity costs of gas

   i. Under normal weather winter conditions
   ii. Under design winter conditions

d. Copies of the contracts, rate schedules, sales agreements, and other documents that relate to the conversion of the TransCanada long-haul capacity to short-haul capacity and the assessment of the impacts of those changes on the Company's operations and costs.

e. Identification of any and all changes in TransCanada Pipeline ("TCPL") rates pending before the National Energy Board ("NEB") in Canada or approved by the NEB Since September 1, 2011, and the Company's assessment of the impacts of those proposed and/or approved rate changes for TCPL on its Rhode Island gas costs.

Response:

a. Please see Attachment DIV 1-2(a)-1 for a map identifying the pipeline segments affected by the changes in the Company's long-haul and short-haul pipeline capacity.

Prepared by or under the supervision of: Elizabeth D. Arangio

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Division 1-2, page 2

b. Please see Attachment DIV 1-2(b)-2 for the work papers supporting the Company's dollar amount of "*approximately $500,000 a year in pipeline demand charges*" that the Company expects to save.

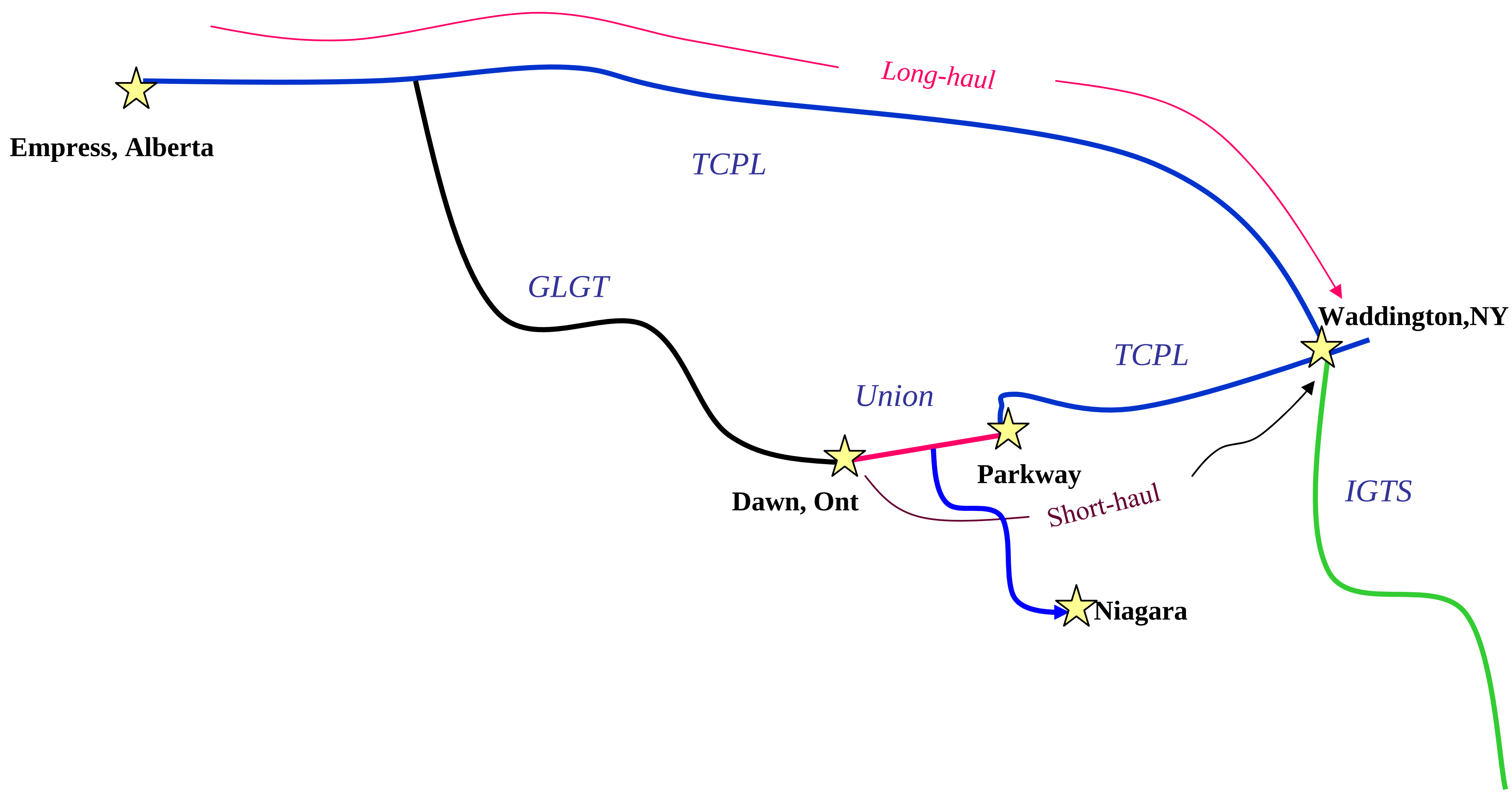
c. Please see Attachment DIV 1-2(c)-3 for the work papers supporting the Company's assessment of the impact of the changes in long-haul and short-haul capacity on its projected commodity costs of gas under both normal weather winter conditions and design weather winter conditions. The dispatch of these assets is the same for both normal and design weather conditions.

d. Please see Attachments DIV 1-2(d)-4, Attachment DIV 1-2(d)-5 and Attachment DIV 1-2(d)-6 for copies of the Company's short-haul capacity contracts with both Union Gas and TransCanada. See response to Division 1-2(b) and Division 1-2(c) above regarding the impacts of the change from long-haul to short-haul on the Company's operations and costs. **Due to the large electronic size of Attachment DIV 1-2(d)-4, Attachment DIV 1-2(d)-5, and Attachment DIV 1-2(d)-6, the Company is providing the referenced attachments on CD-ROM.**

e. Please see Attachment DIV 1-2(e)-7 for a copy of the TransCanada Pipeline ("TCPL") Executive Summary. Included, is the Executive Summary from the initial filing in September 2011, which discussed the drivers for the rate case (pp. 1-21), information from the updated filing on June 29, 2012 (pp. 22-26), and the rates from the updated filing used to calculate the costs to the Narragansett contract (pp. 27-28, highlighted). Please see Attachment DIV 1-2(b)-2 for the estimated savings for the Company's Rhode Island customers.

Prepared by or under the supervision of: Elizabeth D. Arangio

Union and TransCanada Pipeline Schematic



ANE II Long-Haul		Dth			Monthly $US			Yearly $US
TCPL	Demand	1,012			$ 48,378.97	12	$	580,547.64
	Pressure	1,012			$ 824.31	12	$	9,891.72
	NOVA FT-D	1,012			$ 5,938.00	12	$	71,256.00
					$ 55,141.28		**$**	**661,695.36**

Short-Haul		Dth	$/Dth	Per Day $US	Monthly $US			Yearly $US
UNION	Demand	1,025	$ 0.0799	$ 81.90	$ 2,491.05	365	$	29,892.59
TCPL	Demand	1,012	$ 0.3481	$ 352.28	$ 10,715.10	365	$	128,581.18
	Pressure	1,012	$ 0.0355	$ 35.93	$ 1,092.75	365	$	13,112.99
				$ 470.10	**$ 14,298.90**		**$**	**171,586.76**

	Monthly $US		Yearly $US
Approximate yearly demand savings.	**$ 40,842.38**	**$**	**490,108.60**

Attachment DIV 1-2(c)-3 (Redacted)
R.I.P.U.C. Docket No. 4346
In Re: 2012 Gas Cost Recovery Filing

REDACTED

DAWN TO TENNESSEE - ANE II	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013
Short Haul												
08/01/2012 NYMEX	$3.297	$3.540	$3.653	$3.664	$3.637	$3.607	$3.629	$3.665	$3.708	$3.729	$3.734	$3.762
Basis	[redacted]											
Transcanada usage	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184	$0.0184
Transcanada pressure chg	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352
Iroquois usage	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048
Tenn usage	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829
Fuel on Union	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%	1.305%
Fuel on TCPL	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%	1.360%
Fuel on Iroquois	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Fuel on Tenn	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%
Total Delivered	[redacted]											
Delivered Mmbtu	30,000	31,000	31,000	28,000	31,000	0	0	0	0	0	0	0
Delivered $/Mmbtu	[redacted]											
Total Delivered Cost												

AECO TO TENNESSEE - ANE II	NOV 2012	DEC 2012	JAN 2013	FEB 2013	MAR 2013	APR 2013	MAY 2013	JUN 2013	JUL 2013	AUG 2013	SEP 2013	OCT 2013
Long Haul												
08/01/2012 NYMEX	$3.297	$3.540	$3.653	$3.664	$3.637	$3.607	$3.629	$3.665	$3.708	$3.729	$3.734	$3.762
Basis	[redacted]											
Transcanada usage	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460	$0.1460
Transcanada pressure chg	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352	$0.0352
Iroquois usage	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048
Tenn usage	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829	$0.0829
Fuel on TCPL	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%	2.010%
Fuel on Iroquois	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Fuel on Tenn	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%
Total Delivered	[redacted]											
Delivered Mmbtu	30,000	31,000	31,000	28,000	31,000	0	0	0	0	0	0	0
Delivered $/Mmbtu	[redacted]											
Total Delivered Cost												

Short Haul	[redacted]
Long Haul	

unionGas
A Spectra Energy Company

October 1, 2008

The Narragansett Electric Company
d/b/a National Grid
100 East Old Country Road
Hicksville, NY
11801

Attention: John Allocca

Re: The M12 Firm Transportation Contract between Union Gas Limited ("Union") and The Narragansett Electric Company ("Shipper") dated October 1, 2008, Contract No. M12164 (the "Contract")

Dear John:

Union will give notice to Shipper when the conditions precedent specified in Section 3.01 of this Contract have been satisfied or waived.

For purposes of valuation, Union has determined that the credit required for this Agreement is Thirty Thousand, Five Hundred Thirty-Six Dollars Canadian currency ($30,536 Cdn). Union has reviewed the credit available to Shipper and has determined that no further credit support is required at this time.

Union hereby gives notice that the conditions precedent specified in Section 3.01 (d) and (e) have been satisfied or waived.

Furthermore, please acknowledge that Shipper has satisfied or waived the condition precedent under Section 3.02 (a) by signing in the space indicated below and returning an executed original to my attention.

Yours truly,

Carol Cameron
Account Manager, Storage and Transportation
Union Gas Limited

Shipper acknowledges satisfaction or waiver of all conditions precedent of the Contract under Section 3.02 (a). Shipper will provide a subsequent notice for the satisfaction or waiver of all conditions precedent of the Contract under Section 3.02 (b) and (c).

This 4th day of November, 2008

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID

P.O. Box 2001, 50 Keil Drive North, Chatham, ON, N7M 5M1 www.uniongas.com
Union Gas Limited

Contract No. M12164

FIRM TRANSPORTATION CONTRACT

DAWN TO PARKWAY

BETWEEN

UNION GAS LIMITED

AND

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID

DATED OCTOBER 1, 2008

Schedule 1 Points and Receipt and Delivery Pressures

uniongas
A Spectra Energy Company

FIRM

TRANSPORTATION CONTRACT

DAWN TO PARKWAY

CONTENTS

THIS FIRM TRANSPORTATION CONTRACT dated as of the 1st day of October, 2008,

BETWEEN:

UNION GAS LIMITED, a company existing under the laws of the Province of Ontario,
(hereinafter referred to as "Union")

- and -

THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID, a company incorporated under the laws of the State of Delaware,
(hereinafter referred to as "Shipper")

WHEREAS, Union owns and operates a natural gas transmission system in southwestern Ontario, through which Union offers "Transportation Services", as defined in Article V herein;

AND WHEREAS, Shipper wishes to retain Union to provide such Transportation Services, as set out herein, and Union has agreed, subject to the terms and conditions of this Contract, to provide the Transportation Services requested;

NOW THEREFORE, this Contract witnesses that, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I - INTERPRETATION AND DEFINITIONS

1.01 Divisions, Headings and Index: The division of this Contract into Articles, Sections and Subsections, and the insertion of headings and any table of contents or index provided are for convenience of reference only, and shall not affect the construction or interpretation hereof.

1.02 Industry Usage: Words, phrases or expressions which are not defined herein and which, in the usage or custom of the business of the transportation, storage, and distribution or sale of natural gas have an accepted meaning shall have that meaning.

1.03 Extended Meaning: Unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders. The words "herein" and "hereunder" and words of similar import refer to the entirety of this Contract, including the Schedules incorporated into this Contract, and not only to the Section in which such use occurs.

1.04 Conflict: In the event of any conflict between the provisions of this Contract and Union's M12 Rate Schedule, as defined below, the provisions of Union's M12 Rate Schedule shall prevail over this Contract.

1.05 Measurements: Units set out in SI (metric) measurement are the governing units for the purpose of this Contract. Units set out in Imperial measurement in parentheses beside their SI (metric) equivalent are for reference only and in the event of a conflict between SI (metric) and Imperial measurement herein, SI (metric) shall prevail.

1.06 Currency: All reference to dollars in this Contract shall mean Canadian dollars.

1.07 Schedules: Refers to the schedules attached hereto which are specifically included as part of this Contract, and include:
Schedule 1- Points and Receipt and Delivery Pressures

1.08 Rate Schedule: "Union's M12 Rate Schedule" or the "M12 Rate Schedule" or "M12" shall mean Union's M12 Rate Schedule, (including the Storage and Transportation Rates, Schedule "A" - General Terms and Conditions, Schedule "B", and Schedule "C"), or such other replacement rate schedule which may be applicable to the Transportation Services provided hereunder as approved by the Ontario Energy Board, and shall apply hereto, as amended from time to time, as if incorporated into this Contract.

1.09 Definitions: Capitalized terms and certain other terms used in this Contract and not specifically defined shall have the meaning set forth in Union's M12 Rate Schedule unless the context hereof otherwise clearly requires. The following definitions shall be read and interpreted as though included in the aforementioned:

(a) "Authorized Overrun" shall mean the amount by which Shipper's Authorized Quantity exceeds the Contract Demand.

(b) "Contract Year" shall mean a period of three hundred and sixty-five (365) consecutive days provided however, that any such period which contains a date of February 29 shall consist of three hundred and sixty-six (366) consecutive days) commencing on November 1 of each year; except for the first Contract Year which shall commence on the Commencement Date and end on the first October 31 that follows such date.

ARTICLE II

Intentionally blank

ARTICLE III - CONDITIONS PRECEDENT

3.01 The obligations of Union to provide Transportation Services hereunder are subject to the following conditions precedent, which are for the sole benefit of Union and which may be waived or extended in whole or in part in the manner provided in this Contract:

(a) Union shall have obtained, in form and substance satisfactory to Union, and all conditions shall have been satisfied under, for all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required to:

i) provide the Transportation Services; and,
ii) construct any facilities necessary to provide the Transportation Services (the "Expansion Facilities"); and,

(b) Union shall have obtained all internal approvals that are necessary or appropriate to:

i) provide the Transportation Services; and,
ii) construct the Expansion Facilities; and,

(c) Union shall have completed and placed into service the Expansion Facilities; and,

(d) Union shall have received from Shipper the requisite financial assurances reasonably necessary to ensure Shipper's ability to honour the provisions of this Contract (the "Initial Financial Assurances"). The Initial Financial Assurances, if required, will be as determined solely by Union; and,

(e) Union shall have received from Shipper an executed Financial Backstopping Agreement, in form and substance reasonably acceptable to the parties; and,

(f) Shipper and Union shall have entered into the Limited Balancing Agreement or Interruptible HUB Service Contract (the "Facilitating Agreement") with Union.

3.02 The obligations of Shipper hereunder are subject to the following conditions precedent, which are for the sole benefit of Shipper and which may be waived or extended in whole or in part in the manner provided in this Contract:

(a) Shipper shall, as required, have entered into the necessary contracts with Union and/or others to facilitate the Transportation Services contemplated herein, including contracts for upstream and downstream transportation, and shall specifically have an executed and valid Facilitating Agreement; and shall, as required, have entered into the necessary contracts to purchase the gas quantities handled under this Contract; and,

(b) Shipper shall have obtained, in form and substance satisfactory to Shipper, and all conditions shall have been satisfied under, all governmental, regulatory and other third party approvals, consents, orders and authorizations, that are required from federal, state, or provincial authorities for the gas quantities handled under this Contract; and,

(c) Shipper shall have obtained all internal approvals that are necessary or appropriate for the Shipper to execute this Contract.

3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Section 3.01 (a), (c), (d), (e), (f) and Section 3.02 (a) and (b). Each party shall notify the other forthwith in writing of their respective satisfaction or waiver of each condition precedent for such party's benefit. If a party concludes that it will not be able to satisfy a condition precedent that is for its benefit, such party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder.

3.04 If any of the conditions precedent in 3.01 (d) or 3.02 are not satisfied or waived by the party entitled to the benefit of that condition,

(a) in the case of Section 3.01 (d), by October 31, 2008; and,

(b) in the case of any condition precedent under Section 3.02 (a), by November 28, 2008; and,

(c) in the case of the conditions precedent in Section 3.02 (b) and (c), by December 31, 2008, then either party may, upon written notice to the other party, terminate this Contract and upon the giving of such notice, this Contract shall be of no further force and effect and each of the parties shall be released from all further obligations hereunder, provided that any rights or remedies that a party may have for breaches of this Contract prior to such termination and any liability a party may have incurred before such termination shall not thereby be released.

ARTICLE IV - TERM OF CONTRACT

4.01 This Contract shall be effective as of the date of execution hereof; however, the Transportation Service obligations, terms and conditions hereunder shall commence on the later of:

(a) November 1, 2010 (the "Reference Date"); and

(b) the day following the date that all of the conditions precedent set out in Sections 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof;

(such later date being referred to as the "Commencement Date"), and shall continue in full force and effect until October 31, 2020 (the "Initial Term").

4.02 If this Contract requires Expansion Facilities to satisfy any Transportation Service,

(a) then to the extent that such Expansion Facilities are only partially completed and placed in service by the Reference Date or at any time thereafter, then any firm capacity available on such partially completed Expansion Facilities (the "Partial Expansion Capacity") will be allocated in accordance with this Section 4 to all Contracts: (a) which require the same Expansion Facilities for the Contract Demand; and (b) under which all conditions precedent have been satisfied or waived except for such conditions precedent that relate to the completion and placing in-service of the Expansion Facilities.

(b) Such allocation shall be made in priority of the "Contract Value", such that the Contract with the greatest Contract Value is allocated the entirety of the Contract Demand under such Contract, the Contract with the next greatest Contract Value is allocated the entirety of the Contract Demand under that Contract, and so forth until all the Partial Expansion Capacity has been allocated; provided that if there remains Partial Expansion Capacity that is less than the entirety of the Contract Demand under a Contract, then such Contract shall only receive such lesser remaining Partial Expansion Capacity. If any two or more Contracts have an equivalent Contract Value and insufficient Partial Expansion Capacity remains to satisfy all such Contracts, then the remaining Partial Expansion Capacity will be allocated pro-rata based on the contract demand among all such Contracts. For purposes of this Section, "Contract Value" means an amount determined by calculating the monthly demand charges per GJ (as determined in accordance with Section 8.01) multiplied by the Initial Term in months.

(c) If, pursuant to this Section, a Contract is allocated any portion of Partial Expansion Capacity, then the conditions precedent that relate to the completion and placing in-service of the Expansion Facilities shall be deemed to have been waived such that the Initial Term under the Contract will commence. If a Contract is not allocated the entirety of the Contract Demand under such Contract, then such Contract Demand shall be deemed to be such lower allocated amount (and for greater certainty, the Initial Term shall nevertheless be deemed to have commenced) until such time as the Contract is allocated additional Partial Expansion

Capacity pursuant to this Section or until the entirety of the Expansion Facilities are completed and placed in-service.

(d) The procedure contemplated by this Section will be applicable from time to time on each occasion that the Expansion Facilities are incrementally completed and placed in service.

4.03 This Contract will continue in full force and effect beyond the Initial Term, automatically renewing for a period of one (1) year, and every one (1) year thereafter, subject to notice in writing by Shipper of termination at least two (2) years prior to the expiration thereof.

4.04 For the purpose of completing a final determination of the actual quantities of gas handled in any of the Transportation Services to Shipper, the parties shall have the right to amend their statements for a period equal to the time during which the Interconnecting Pipeline retains the right to amend their statements, which period shall not exceed three (3) years from the date of termination of this Contract.

ARTICLE V - TRANSPORTATION SERVICES

5.01 Transportation Services: Union shall, on a firm basis and subject to the terms and conditions herein, transport Shipper's gas on Union's system (the "Transportation Services"). Shipper agrees to the following upon nomination to Union for the provision of the Transportation Services:

(a) Contract Demand:

Union shall transport, on a firm basis, a quantity of gas on any one day, of up to 1,081 GJ (1,025 MMBtu) (the "Contract Demand").

(b) Receipt and Delivery Point:

i) "Receipt Point" shall mean the point(s) where Union shall receive gas from Shipper as follows:

- Dawn (TCPL)
- Dawn (Facilities)
- Dawn (Vector)

ii) "Delivery Point" shall mean the point(s) where Union shall deliver gas to Shipper as follows:

- Parkway (TCPL)

which points are more particularly described in Schedule 1.

(c) Gas Transported by Union:

i) Union agrees, on any day, and subject to Sections 5.01 (c) ii) and (c) iii), to receive on Shipper's behalf at the Receipt Point, any quantity of gas which Shipper nominates and which Union has authorized for Transportation Service and to deliver that quantity of gas to Shipper at the Delivery Point;

ii) Under no circumstances shall Union be required to transport a quantity of gas in excess of the Contract Demand; and,

iii) Union agrees that it shall, upon the request of Shipper, use reasonable efforts to transport gas in excess of the Contract Demand, on an interruptible basis.

(d) Fuel:

Shipper shall provide the fuel requirements per the M12 Rate.

5.02 Accounting for Transportation Services: All quantities of gas delivered to/by Union shall be accounted for on a daily basis.

5.03 Commingling: Union shall have the right to commingle the quantity of gas referenced herein with gas owned by Union or gas being stored and/or transported by Union for third parties.

5.04 Imbalances: The parties hereto recognize that with respect to Section 5.01, on any day, receipts of gas by Union and deliveries of gas by Union may not always be exactly equal, but each party shall cooperate with the other in order to balance as nearly as possible the quantities transacted on a daily basis, and any imbalances arising shall be allocated to the Facilitating Agreements and shall be subject to the respective terms and charges contained therein, and shall be resolved in a timely manner.

ARTICLE VI - FORCE MAJEURE

6.01 An event of force majeure on Union's system will excuse the failure to deliver gas by Union or the failure to accept gas by Union hereunder, and both parties shall be excused from performance of their obligations hereunder, except for payment obligations, to the extent of and for the duration of the force majeure.

6.02 Upstream or Downstream Force Majeure: An event of force majeure upstream or downstream of Union's system shall not relieve Shipper of any payment obligations.

6.03 Delay of Firm Transportation Services: Despite Section 6.02, if Union is prevented, by reason of an event of force majeure on Union's system from delivering gas on the day or days upon which Union has accepted gas from Shipper, Union shall thereafter make all reasonable efforts to deliver such quantities as soon as practicable and on such day or days as are agreed to by Shipper and Union. If Union accepts such gas on this basis, Shipper shall not receive any demand charge relief as contemplated under Section 6.04 herein.

6.04 Demand Charge Relief for Firm Transportation Services: Despite Section 6.02, if on any day Union fails to accept gas from Shipper by reason of an event of force majeure on Union's system and fails to deliver the quantity of gas nominated hereunder by Shipper up to the Contract Demand, then for that day the monthly demand charge shall be reduced by an amount equal to the applicable Daily Demand Rate, as defined in this paragraph, multiplied by the difference between the quantity of gas actually delivered by Union during such day and the quantity of gas which Shipper in good faith nominated on such day. The term "Daily Demand Rate" shall mean the monthly demand charge or equivalent (as stipulated in Section 8) divided by the number of days in the month for which such rate is being calculated.

6.05 If due to the occurrence of an event of force majeure as outlined above, the capacity for gas deliveries by Union is impaired, making it necessary for Union to curtail Shipper's gas receipts to Union hereunder, then Union agrees that the Contract Demand for Transportation Service under this Contract shall be combined with the firm contract demand set out in other Union contracts then in effect with Union's customers utilizing such facilities as well as quantities set out in Union's peak day requirements for such facilities, and Shipper's service entitlement during such period of impairment, shall be pro rated.

This pro rationing shall be determined by multiplying the daily capability of such facilities, as available downstream of the impairment, by a fraction, the numerator of which is Shipper's Contract Demand and the denominator of which is the total of all such firm contract demands, including the Contract Demand hereunder and Union's said peak day requirements downstream of the impairment. For the purposes of this Section, firm contract demand shall mean all firm services provided by Union , including firm service under Rate Schedules M2, M4, M5A, M6A, M7, M9, M10, M12, C1, T1, T3, U2, U5, and U7, plus any new firm service that may be created in the future.

ARTICLE VII – SERVICE CURTAILMENT

7.01 Capacity Sharing: Where requests for interruptible Transportation Services hereunder exceed the capacity available for such Transportation Services, Union will accept nominations from shippers and allocate capacity in the order of pricing for Transportation Services and prior quantities moved, and shippers shall be so advised. Any interruptible services provided herein are subordinate to any and all firm services supplied by Union.

7.02 Capacity Procedures: Union reserves the right to change its procedures for sharing interruptible capacity and will provide Shipper with two (2) months prior notice of any such change.

7.03 Maintenance: Union's facilities from time to time may require maintenance or construction. If such maintenance or construction is required, and in Union's sole opinion, acting reasonably, such maintenance or construction may impact Union's ability to meet Shipper's requirements, Union shall provide at least ten (10) days notice to Shipper, except in the case of an emergency. In the event the maintenance impacts on Union's ability to meet Shipper's requirements, Union shall not be liable for any damages and shall not be deemed in breach of this Contract.

To the extent that Union's ability to accept and/or deliver Shipper's gas is impaired, the monthly demand charge shall be reduced in accordance with Section 6.04 and available capacity allocated in accordance with Section 6.05 herein.

Union shall use reasonable efforts to determine a mutually acceptable period during which such maintenance or construction will occur and also to limit the extent and duration of any impairments. Union will endeavour to schedule and complete the maintenance and construction, which would normally be expected to impact on Union's ability to meet Shipper's requirements, during the period from April 1 through to November 1.

ARTICLE VIII - CHARGES AND RATES

8.01 Except as otherwise stated herein, the charges and rates to be billed by Union and paid by Shipper for the Transportation Services provided under this Contract will be those specified in Union's M12 Rate Schedule.

8.02 In addition to the charges and rates, Shipper is responsible for any applicable Goods and Services Tax or other taxes, royalties or levies imposed currently or subsequent to the commencement of this Contract.

8.03 Set Off: If either party shall, at any time, be in arrears under any of its payment obligations to the other party, then the party not in arrears shall be entitled to reduce the amount payable by it to the other party in arrears under the Contract, or any other contract, by an amount equal to the amount of such arrears or other indebtedness to the other party. In addition to the foregoing remedy, Union may, upon forty-eight (48) hours verbal notice, to be followed by written notice, take possession of any or all of Shipper's gas under this Contract and any enhancements to this Contract, which shall be deemed to have been assigned to Union, to reduce such arrears or other indebtedness to Union.

ARTICLE IX - PRESSURES

9.01 Schedule 1 of this Contract shall govern receipt and delivery pressures which may be revised from time to time by Union upon written notice to Shipper.
Under no circumstances shall Union be obligated to receive or deliver gas hereunder at pressures exceeding the maximum allowable operating pressures prescribed under any applicable governmental regulations; nor shall Union be required to make any physical deliveries or to accept any physical receipts which its existing facilities cannot accommodate.

ARTICLE X - QUALITY AND MEASUREMENT

10.01 For Transportation Services provided pursuant to Section 5 hereof:

(a) The quality of the gas and the measurement of the gas to be received by Union hereunder is to be of a merchantable quality and in accordance with the quality standards and measurement standards as set out by Union in the M12 Rate Schedule, but, Union will also accept gas of a quality as set out in any other Interconnecting Pipeline's general terms and conditions, provided that all Interconnecting Pipelines accept such quality of gas. In addition to any other right or remedy of a party, each party shall be entitled to refuse to accept delivery of any gas which does not conform to any of the specifications set out in Union's M12 Rate Schedule.

(b) Upon request by Union, Shipper shall obtain measurement of the total quantity of gas received by Union hereunder from the Interconnecting Pipeline. Such measurement shall be done in accordance with established practices between Union and the Interconnecting Pipeline.

10.02 In the event of an error in metering or a meter failure, (such error or failure being determined through check measurement by Union or any other available method), then Shipper shall enforce its rights as Shipper with the Interconnecting Pipeline(s) to remedy such error or failure including enforcing any inspection and/or verification rights and procedures .

ARTICLE XI - NOMINATIONS

11.01 Services provided hereunder shall be in accordance with the prescribed nominations procedure as set out in Schedule "B" of Union's M12 Rate Schedule.

ARTICLE XII - SHIPPER'S REPRESENTATIONS AND WARRANTIES

12.01 Shipper's Warranty: Shipper warrants that it will, if required, maintain, or have maintained on its behalf, all external approvals including the governmental, regulatory, import/export permits and other approvals or authorizations that are required from any federal, state or provincial authorities for the gas quantities to be handled under this Contract. Shipper further warrants that it shall maintain in effect the Facilitating Agreements.

12.02 Financial Representations: Shipper represents and warrants that the financial assurances (including the Initial Financial Assurances and Security) (if any) shall remain in place throughout the term hereof, unless Shipper and Union agree otherwise. Shipper shall notify Union in the event of any changes to the financial assurances throughout the term hereof. Should Union have reasonable grounds to believe that Shipper will not be able to perform or continue to perform any of its obligations under this Contract as a result of one of the following events ("Material Event");

(a) Shipper is in default, which default has not been remedied, of this Contract or is in default of any other material contract with Union or another party; or,

(b) Shipper's corporate or debt rating falls below investment grade according to at least one nationally recognized rating agency; or,

(c) Shipper ceases to be rated by a nationally recognized agency; or,

(d) Shipper has exceeded credit available as determined by Union from time to time,

then Shipper shall within fourteen (14) days of receipt of such written notice by Union, obtain and provide to Union a letter of credit or other security in the form and amount reasonably required by Union (the "Security"). The Security plus the Initial Financial Assurances shall not exceed twelve (12) months of monthly demand charges (in accordance with Section 8) multiplied by Contract Demand. In the event that Shipper does not provide to Union such Security within such fourteen (14) day period, Union may deem a default under the Default and Termination provisions of Section XII of the General Terms & Conditions.

In the event that Shipper in good faith, reasonably believes that it should be entitled to reduce the amount of or value of the Security previously provided, it may request such a reduction from Union and to the extent that the Material Event has been mitigated or eliminated, Union shall return all or a portion of the Security to Shipper within fourteen (14) business days after receipt of the request.

12.03 Point of Consumption Warranty: Shipper represents and warrants that, throughout the term of this Contract, all quantities of gas received by Union hereunder at the Receipt Point and/or all Loaned Quantities will be consumed in the U.S.A. Should any quantities of gas hereunder be directed to an end user in Canada, Shipper shall immediately notify Union that such quantities of gas will be consumed in Canada, as failure to do so will make Shipper liable to Union for any government taxes or levies and related interest and penalties thereon, made as a result of such change.

12.04 Tax Registration re GST: Shipper warrants and represents that it is unregistered and a Non-Resident for purposes of the GST. Shipper agrees to notify Union within ten (10) working days if it becomes registered. GST shall mean The Government of Canada's Goods and Services Tax as legislated under The Excise Tax Act, as may be amended from time to time.

ARTICLE XIII - MISCELLANEOUS PROVISIONS

13.01 (a) Permanent Assignment: Shipper may assign this Contract to a third party ("Assignee"), up to the Contract Demand, (the "Capacity Assigned"). Such assignment shall require the prior written consent of Union and release of obligations by Union for the Capacity Assigned from the date of assignment. Such consent and release shall not be unreasonably withheld and shall be conditional upon the Assignee providing, amongst other things, financial assurances as per Subsection 3.01 (d), herein. Any such assignment will be for the full rights, obligations and remaining term of this Contract as relates to the Capacity Assigned.

(b) Temporary Assignment: Shipper may, upon notice to Union, assign all or a part of its service entitlement under this Contract (the "Assigned Quantity") and the corresponding rights and obligations to an Assignee on a temporary basis for not less than one calendar month. Notwithstanding such assignment, Shipper shall remain obligated to Union to perform and observe the covenants and obligations contained herein in regard to the Assigned Quantity to the extent that Assignee fails to do so.

13.02 Notices: All communications provided for or permitted hereunder shall be in writing, personally delivered to an officer or other responsible employee of the addressee or sent by registered mail, charges prepaid, or by facsimile or other means of recorded telecommunication, charges prepaid, to the applicable address set forth below or to such other address as either party hereto may from time to time designate to the other in such manner, provided that no communication shall be sent by mail pending any threatened, or during any actual, postal strike or other disruption of the postal service. Any communication personally delivered shall be deemed to have been validly and effectively received on the date of such delivery. Any communication so sent by facsimile or other means of telecommunication shall be deemed to have been validly and effectively received on the business day following the day on which it is sent. Any communication so sent by mail shall be deemed to have been validly and effectively received on the seventh business day following the day on which it is postmarked.

Communications to the parties hereto shall be directed as follows:

IF TO SHIPPER:	The Narragansett Electric Company 100 East Old Country Road Hicksville, NY 11801
Nominations: Attention:	John Metress, Manager, Gas Scheduling Telephone: (516) 545-5425 Facsimile: (516) 545-5468
Secondary Contact: Attention:	John Allocca Telephone: (718) 403-2009 Facsimile: (718) 643-6306
IF TO UNION:	Union Gas Limited, 50 Keil Drive North, CHATHAM, Ontario N7M 5M1
Nominations: Attention:	Manager, Gas Control Telephone: 519-436-5217 Facsimile: 519-436-4635
Secondary Contact: Attention:	Director, Acquisitions Telephone: 519-436-4527 Facsimile: 519-436-4643

Notwithstanding the above, nominations shall be made by facsimile or other recorded electronic means, subject to execution of the "Agreement for Use of the Secured Portion of Union Gas Limited's Website," or such other agreement, satisfactory to Union, and will be deemed to be received on the same day and same time as sent. Each party may from time to time change its address for the purpose of this Section by giving notice of such change to the other party in accordance with this Section.

13.03 Law of Contract: Union and Shipper agree that this Contract is made in the Province of Ontario and that, subject to Article X of the General Terms and Conditions, the courts of the Province of Ontario shall have exclusive jurisdiction in all matters contained herein. The parties further agree this Contract shall be construed exclusively in accordance with the laws of the Province of Ontario.

13.04 Possession of Gas:

(a) Union accepts no responsibility for any gas prior to such gas being delivered to Union at the Receipt Point or after its delivery by Union at the Delivery Point. As between the parties hereto, Union shall be deemed to be in control and possession of and responsible for all such gas from the time that such gas enters Union's system until such gas is delivered to Shipper.

(b) Shipper agrees that Union is not a common carrier and is not an insurer of Shipper's gas, and that Union shall not be liable to Shipper or any third party for loss of gas in Union's possession, except to the extent such loss is caused entirely by Union's negligence or wilful misconduct.

13.05 Title to Gas: Shipper represents and warrants to Union that Shipper shall have good and marketable title to, or legal authority to deliver to Union, all gas delivered to Union hereunder. Furthermore, Shipper hereby agrees to indemnify and save Union harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses arising from or out of claims of any or all third parties to such gas or on account of royalties, taxes, license fees, or other charges thereon.

13.06 Entire Contract: This Contract (including the schedules attached hereto and Union's M12 Rate Schedule) constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof. This Contract supersedes any prior or contemporaneous agreements, understandings, negotiations or discussions, whether oral or written, of the parties in respect of the subject matter hereof.

13.07 Time of Essence: Time shall be of the essence hereof.

13.08 Counterparts: This Contract may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original but all of which together shall constitute one and the same agreement. This Contract may be executed by facsimile.

13.09 Amendments and Waivers: Subject to Union's M12 Rate Schedule, Schedule A, Article XV and the ability of Union to amend the M12 Rate Schedule with the approval of the OEB, no amendment or modification of this Contract shall be effective unless the same shall be in writing and signed by each of the Shipper and Union. No waiver of any provision of this Contract shall be effective unless the same shall be in writing and signed by the party entitled to the benefit of such provision and then such waiver shall be effective only in the specific instance and for the specified purpose for which it was given. No failure on the part of Shipper or Union to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy under this Contract shall operate as a waiver thereof.

13.10 Severability: If any provision hereof is invalid or unenforceable in any jurisdiction, to the fullest extent permitted by law, (a) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be construed in order to carry out the intention of the parties as nearly as possible and (b) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any provision in any other jurisdiction.

13.11 General Liability: The liability of the parties hereunder is limited to direct damages only and all other remedies or damages are waived. In no event shall either party be liable for consequential, incidental, punitive, or indirect damages, in tort, contract or otherwise.

THIS CONTRACT SHALL BE BINDING UPON and shall enure to the benefit of the parties hereto and their respective successors and permitted and lawful assigns.

IN WITNESS WHEREOF this Contract has been properly executed by the parties hereto by their duly authorized officers as of the date first above written.

UNION GAS LIMITED

By: ____________________

By: ____________________

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID

____
Title: AUTHORIZED SIGNATORY

____
Title:

Contract No. M12164

SCHEDULE 1
Page 1 of 2
Contract No. M12164

POINTS AND PRESSURES

The following defines each Receipt Point and/or Delivery Point:

DAWN (TCPL): At the junction of Union's and TCPL's facilities, at or adjacent to Dawn (Facilities).

DAWN (FACILITIES): Union's Compressor Station site situated in the northwest corner of Lot Twenty-Five (25), Concession II, in the Township of Dawn-Euphemia, in the County of Lambton. This point is applicable for quantities of gas that have been previously transported or stored under other contracts that Shipper may have in place with Union.

DAWN (TECUMSEH): At the junction of Union's and Tecumseh Gas Storage's, a division of Enbridge Gas Distribution Inc. ("Enbridge") facilities, at or adjacent to Dawn (Facilities).

DAWN (VECTOR): At the junction of Union's and Vector pipeline Limited Partnership ("Vector") facilities, at or adjacent to Dawn (Facilities).

PARKWAY (TCPL): At the junction of Union's and TCPL's facilities, at or adjacent to Union's facilities situated in the Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton.

KIRKWALL: At the junction of Union's and TCPL's facilities at or adjacent to Union's facilities situated in Part Lot Twenty-Five (25), Concession 7, Town of Flamborough.

PARKWAY (CONSUMERS): At the junction of the facilities of Union and Enbridge, at or adjacent to Union's facilities situated in Part Lot 9 and Part Lot 10, Concession IX, New Survey, Town of Milton, Regional Municipality of Halton.

LISGAR: At the junction of the facilities of Union and Enbridge situated at 6620 Winston Churchill Boulevard, City of Mississauga.

Dated: October 1, 2008

RECEIPT PRESSURES

DAWN (TCPL):	Receipts by Union shall be at a pressure of not less than 4,825 kPa.
DAWN (FACILITIES):	Receipts by Union shall be at a pressure of not less than 4,825 kPa.
DAWN (TECUMSEH):	Receipts by Union shall be at a pressure of not less than 4,825 kPa.
DAWN (VECTOR):	Receipts by Union shall be at a pressure of not less than 4,930 kPa.

DELIVERY PRESSURES

PARKWAY (TCPL):	Deliveries by Union to TCPL shall be made at a pressure in accordance with the Parkway Operating Agreement between TCPL and Union dated October 1, 1993, as amended or restated from time to time (the "Parkway Operating Agreement").
KIRKWALL:	Deliveries by Union to TCPL shall be made at Union's prevailing line pressure which shall be in accordance with the Parkway Operating Agreement.
PARKWAY (CONSUMERS):	Delivery pressures shall be as stated in the Enbridge Operating Agreement between Enbridge (under its former corporate name) and Union dated March 9, 1998 (accepted March 16, 1998), as amended or restated from time to time (the "Enbridge Operating Agreement").
LISGAR:	Delivery pressures shall be as stated in the Enbridge Operating Agreement as it may be amended from time to time.

Dated: October 1, 2008

AMENDING AGREEMENT #1

THIS AGREEMENT effective as of March 23, 2010 between The Narragansett Electric Company d/b/a National Grid ("**Shipper**") and Union Gas Limited ("**Union**").

WHEREAS the parties have executed the Transportation Contract No. M12164 dated October 9, 2009 (the "**Contract**");

AND WHEREAS the parties have agreed to amend Section 3.01 and Section 4.01 of the Contract;

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Amendment**. The Contract is hereby amended as follows:

1.1 At the end of Section 3.01 (f) add "**; and,**" and add Section 3.01 (g) as follows:

3.01 (g) Shipper shall have received and executed transportation contracts from TCPL, with a Parkway or Kirkwall receipt point, for the same term and essentially the same quantity as outlined in this Contract (the "Related Contract"). In the event that the term of Shipper's Related Contract is greater than the term of this Contract, then the October 31, 2016 date in Section 4.01 hereof shall be deemed to be superseded and replaced with the end date of the Related Contract, without the necessity of any further notice, action or documentation.

1.2 First sentence of Section 3.03 is hereby deleted and replaced with the following:

3.03 Union and Shipper shall each use due diligence and reasonable efforts to satisfy and fulfil the conditions precedent specified in Section 3.01 (a), (c), (d), (e), (f) and (g) and Section 3.02 (a) and (b).

1.3 Section 4.01 is hereby deleted and replaced with the following:

4.01 This Contract shall be effective as of the date of execution hereof; however, the Transportation Service obligations, terms and conditions hereunder shall commence on the later of:

(a) November 1, 2011 (the "Reference Date"); and

(b) the day following the date that all of the conditions precedent set out in Sections 3.01 and 3.02 have been satisfied or waived by the party entitled to the benefit thereof;

(such later date being referred to as the "Commencement Date"), and shall continue in full force and effect until October 31, 2016 (the "Initial Term").

2. **Acknowledgement**. The parties acknowledge that save as otherwise indicated herein, the Contract shall continue unamended, is in all respects confirmed, ratified and preserved.

3. **Further Assurances**. The parties shall, at all times hereafter at the reasonable request of the other, execute and deliver to the other all such further documents and instruments and shall do and perform such acts as may be necessary to give full effect to the intent and meaning of this Agreement.

4. **Governing Law**. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario, without regard to the principles governing the conflict of laws.

5. **Counterparts.** This Agreement may be executed in any number of counterparts. Each executed counterpart shall be deemed to be an original. All executed counterparts taken together shall constitute one agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID	**UNION GAS LIMITED**
By: ____________________	By: ____________________
Authorized Signatory	*Authorized Signatory*
John V. Vaughn Authorized Signatory	____________________

CONTRACT SUMMARY

TransCanada PipeLines Limited

Shipper:	**THE NARRAGANSETT ELECTRIC COMPANY**
Class of Service:	**Firm Transportation (FT)**
Contract Date:	18th day of March, 2010
Contract Demand:	1,068 GJ' s per day
Contract Number:	TBD 42386
Date of Commencement:	1st day of November, 2011
Date of Expiry:	31st day of October, 2016
Receipt Point(s) and Interconnecting Pipeline(s):	Union Parkway Belt - Union Gas Limited
Delivery Point(s) and Interconnecting Pipeline(s);	Iroquois – Iroquois Gas Transmission System, L.P.
Domestic/Export Contract:	Export
Note:	FT as a result of New Capacity Open Season, September 24, 2008
Prepared by:	Norma Marchet / Amelia Cheung

FIRM TRANSPORTATION SERVICE CONTRACT

THIS FIRM TRANSPORTATION SERVICE CONTRACT, made as of the 18th day of March, 2010.

BETWEEN:

TRANSCANADA PIPELINES LIMITED
a Canadian corporation
("TransCanada")

OF THE FIRST PART

AND:

THE NARRAGANSETT ELECTRIC COMPANY
a Corporation incorporated under the laws of
the State of Rhode Island
("Shipper")

OF THE SECOND PART

WITNESSES THAT:

WHEREAS TransCanada owns and operates a natural gas pipeline system extending from a point near the Alberta/Saskatchewan border where TransCanada's facilities interconnect with the facilities of NOVA Gas Transmission Ltd. easterly to the Province of Quebec with branch lines extending to various points on the Canada/United States of America International Border; and

WHEREAS Shipper has satisfied in full, or TransCanada has waived, each of the conditions precedent set out in Sections 1.1 (b) and (c) of TransCanada's Firm Transportation Service Toll Schedule referred to in Section 7.1 hereof (the "FT Toll Schedule"); and

WHEREAS Shipper has requested and TransCanada has agreed to transport quantities of gas, that are delivered by Shipper or Shipper's agent to TransCanada at the Receipt Point(s) referred to in Section 3.2 hereof (the "Receipt Point(s)"), to the Delivery Point(s) referred to in Section 3.1 hereof (the "Delivery Point(s)") pursuant to the terms and conditions of this Contract; and

WHEREAS the parties hereto have heretofore entered into an agreement dated as of the 15th day of October, 2008, (the “Precedent Agreement”) which bound them, subject to fulfillment or waiver of the conditions precedent therein set forth, to enter into a Contract substantially upon the terms and conditions hereinafter described; and

WHEREAS the conditions precedent of the Precedent Agreement have been satisfied or waived; and

WHEREAS the quantities of gas delivered hereunder by Shipper or Shipper's agent to TransCanada are to be removed from the province of production of such gas by Shipper and/or Shipper's suppliers and/or its (their) designated agent(s) pursuant to valid and subsisting permits and/or such other authorizations in respect thereof.

NOW THEREFORE THIS CONTRACT WITNESSES THAT, in consideration of the covenants and agreement herein contained, the parties hereto covenant and agree as follows:

ARTICLE 1 - COMMENCEMENT OF SERVICE

1.1 TransCanada shall use reasonable efforts to have the additional facilities (and/or obtain such transportation arrangements on other gas transmission systems) as may be required to effect the transportation of the gas hereunder (the "Necessary Capacity") in place by the 1st day of November, 2011, or as soon as possible thereafter. TransCanada's ability to provide service by the 1st day of November, 2011, will be subject to, inter alia:

a) the timing of the receipt by Shipper and TransCanada of the authorizations referred to in paragraphs 2 and 3 of the Precedent Agreement which are required prior to the commencement of construction of TransCanada's facilities and the timing of the commencement of the services required by TransCanada (if any) on the systems of Great Lakes Gas Transmission Limited Partnership, TransQuebec and Maritimes Pipeline Inc., and Union Gas Limited; and

b) the lead time required for the acquisition, construction and installation of those facilities required by TransCanada.

TransCanada shall use reasonable efforts to provide Shipper with ten (10) days advance Notice of the anticipated availability of the Necessary Capacity (the "Advance Notice"). TransCanada shall give Shipper Notice of the actual date of availability of the Necessary Capacity ("TransCanada's Notice), and service hereunder shall not commence prior to the actual date of availability of the Necessary Capacity.

1.2 The date of commencement of service hereunder (the "Date of Commencement") shall be the earlier of :

a) the date for which Shipper first nominates and TransCanada authorizes service hereunder; or

b) the tenth (10th) day following the day on which Shipper received TransCanada's Notice;

PROVIDED that Shipper shall not be obligated to a Date of Commencement which is earlier than the 1st day of November, 2011, unless mutually agreed upon by both parties.

ARTICLE II - GAS TO BE TRANSPORTED

2.1 Subject to the provisions of this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions referred to in Section 7.1 hereof, TransCanada shall provide transportation service hereunder for Shipper in respect of a quantity of gas which, in any one day from the Date of Commencement until the 31st day of October, 2016, shall not exceed 1,068 GJ (the "Contract Demand").

ARTICLE III - DELIVERY POINT(S) AND RECEIPT POINT(S)

3.1 The Delivery Point(s) hereunder are those points specified as such in Exhibit "1" which is attached hereto and made a part hereof.

3.2 The Receipt Point(s) hereunder are those points specified as such in Exhibit "1" hereof.

ARTICLE IV - TOLLS

4.1 Shipper shall pay for all transportation service hereunder from the Date of Commencement in accordance with TransCanada's FT Toll Schedule, List of Tolls, and General Terms and Conditions set out in TransCanada's Transportation Tariff as the same may be amended or approved from time to time by the National Energy Board ("NEB").

4.2 Shipper shall pay for all delivery pressure service hereunder from the Date of Commencement in accordance with TransCanada's FT Toll Schedule, List of Tolls and General Terms and Conditions set out in TransCanada's Transportation Tariff as the same may be amended or approved from time to time by the NEB.

ARTICLE V - TERM OF CONTRACT

5.1 This Contract shall be effective from the date hereof and shall continue until the 31st day of October, 2016.

ARTICLE VI - NOTICES

6.1 Any notice, request, demand, statement or bill (for the purpose of this paragraph, collectively referred to as "Notice") to or upon the respective parties hereto shall be in writing and shall be directed as follows:

IN THE CASE OF TRANSCANADA:		TRANSCANADA PIPELINES LIMITED	
(i)	mailing address:	P.O. Box 1000 Station M Calgary, Alberta T2P 4K5	
(ii)	delivery address:	TransCanada Tower 450 - 1st Street S.W. Calgary, Alberta T2P 5H1	
		Attention: Telecopy:	Director, Customer Service (403) 920 - 2446
(iii)	nominations:	Attention: Telecopy:	Manager, Nominations and Allocations (403) 920 - 2446
(iv)	bills:	Attention: Telecopy:	Manager, Contracts and Billing (403) 920 - 2446
(v)	other matters:	Attention: Telecopy:	Director, Customer Service (403) 920 - 2446

IN THE CASE OF SHIPPER:		THE NARRAGANSETT ELECTRIC COMPANY
(i)	mailing address:	100 Weybossett Street Providence, Rhode Island USA 02903
(ii)	delivery address:	same as above
(iii)	nominations:	Attention: Gary Beland Telecopy: (401) 751-0698
(iv)	invoices:	Attention: Krishe Maharajh Telecopy: (516) 545-5469
(v)	other matters:	Attention: Gary Beland Telecopy: (401) 751-0698

Notice may be given by telecopier or other telecommunication device and any such Notice shall be deemed to be given four (4) hours after transmission. Notice may also be given by personal delivery or by courier and any such Notice shall be deemed to be given at the time of delivery. Any Notice may also be given by prepaid mail and any such Notice shall be deemed to be given four (4) days after mailing, Saturdays, Sundays and statutory holidays excepted. In the event regular mail service, courier service, telecopier or other telecommunication service shall be interrupted by a cause beyond the control of the parties hereto, then the party sending the Notice shall utilize any service that has not been so interrupted to deliver such Notice. Each party shall provide Notice to the other of any change of address for the purposes hereof. Any Notice may also be given by telephone followed immediately by personal delivery, courier, prepaid mail, telecopier or other telecommunication, and any Notice so given shall be deemed to be given as of the date and time of the telephone notice.

ARTICLE VII - MISCELLANEOUS PROVISIONS

7.1 The FT Toll Schedule, the List of Tolls, and the General Terms and Conditions set out in TransCanada's Transportation Tariff as amended or approved from time to time by the NEB are all by reference made a part of this Contract and operations hereunder shall, in addition to the terms and conditions of this Contract, be subject to the provisions thereof. TransCanada shall notify Shipper at any time that TransCanada files with the NEB revisions to the FT Toll Schedule, the List of Tolls, and/or the General Terms and Conditions (the "Revisions") and shall provide Shipper with a copy of the Revisions.

7.2 The headings used throughout this Contract, the FT Toll Schedule, the List of Tolls, and the General Terms and Conditions are inserted for convenience of reference only and are not to be considered or taken into account in construing the terms or provisions thereof nor to be deemed in any way to qualify, modify or explain the effect of any such provisions or terms.

7.3 This Contract shall be construed and applied, and be subject to the laws of the Province of Alberta, and, when applicable, the laws of Canada, and shall be subject to the rules, regulations and orders of any regulatory or legislative authority having jurisdiction.

ARTICLE VIII - DELIVERY PRESSURE

8.1 TransCanada shall increase the line pressure of the gas it delivers to Shipper at the Delivery Point to the pressure necessary for Shipper to have Iroquois Gas Transmission System, L.P. accept receipt of such gas from Shipper for transportation from the Delivery Point, provided that, from the Date of Commencement until the termination of this Contract, such pressure is not greater than 9 895 kPa (g).

IN WITNESS WHEREOF, the duly authorized parties hereto have executed this Contract as of the date first above written.

THE NARRAGANSETT ELECTRIC COMPANY

Per: JVVaughn
Name: John V. Vaughn
Title: Authorized Signatory

Per:
Name:
Title:

TRANSCANADA PIPELINES LIMITED

Per: Pohlod
Name: Steve Pohlod
Title: Vice President, Commercial-East Canadian Pipelines

Per: D Bell
Name: Don Bell
Title: Director, Commercial East

Contract Approval	
Customer Service Leader	
Customer Representative	AC
Legal Review	PROFORMA APPROVED

EXHIBIT "1"

This is EXHIBIT "1" to the FIRM TRANSPORTATION SERVICE CONTRACT made as of the 18th day of March, 2010 between TRANSCANADA PIPELINES LIMITED ("TransCanada") and THE NARRAGANSETT ELECTRIC COMPANY ("Shipper").

The Delivery Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and Iroquois Gas Transmission System, L.P. which is located at:

Iroquois

The Receipt Point(s) hereunder is the point(s) of interconnection between the pipeline facilities of TransCanada and Union Gas Limited which is located at:

Union Parkway Belt

TRANSCANADA PIPELINES LIMITED

BUSINESS AND SERVICES RESTRUCTURING AND MAINLINE 2012 – 2013 TOLLS APPLICATION

PART A:
EXECUTIVE SUMMARY

Section 1.0:
Introduction and Executive Summary

SEPTEMBER 1, 2011

1.0 INTRODUCTION AND EXECUTIVE SUMMARY

1.1 The Application

Recent and dramatic changes in the business environment of natural gas supply, demand and transportation in North America have raised significant issues that impact the long term economic viability of existing pipeline infrastructure and supply basins.

TransCanada has developed a comprehensive response to the new market reality. The Restructuring Proposal is a suite of cost allocation, toll design and service changes that is intended to enhance the long term economic viability of the Mainline and the WCSB as a whole through material reductions in the cost of transportation from NIT to ex-Basin markets served through TransCanada infrastructure, and the implementation of service enhancements and economic efficiencies consistent with established regulatory principles, practices and expectations.

The Restructuring Proposal impacts not only the TransCanada Mainline and its stakeholders but also the TransCanada Alberta System and the TransCanada Foothills System and their stakeholders. The Alberta System is owned by NGTL and the Foothills System is owned by three subsidiaries of Foothills.[1] TransCanada is the owner of both NGTL and Foothills, and is the operator of the three systems. Consequently, TransCanada, NGTL and Foothills jointly request Board approval of the Restructuring Proposal.

TransCanada also requests approval of Mainline Final Tolls for 2012 and 2013. Elements of the Restructuring Proposal directly affect components of the Mainline revenue requirement and the allocation of costs and revenues to the tolls for services.

[1] Foothills Pipe Lines (Alta.) Ltd., Foothills Pipe Lines (Sask.) Ltd. and Foothills Pipe Lines (South B.C.) Ltd.

The determination of Mainline Final Tolls is directly dependent on the Board's decision on the Restructuring Proposal.

Tolls for the Alberta System and the Foothills System are currently subject to settlements. Revenue requirements and tolls for periods commencing with the expiry of those settlements, to be determined either through further settlement or regulatory litigation, will be the subject of different and subsequent NEB proceedings.

The requests for approval of the Restructuring Proposal and Mainline Final Tolls are collectively referred to as the Application.

1.2 Background to the Application

It is in the public interest that utilities, as providers of essential services, be both economically viable and sustainable. Sustainability requires a predictable regulatory and commercial regime under which the industry and markets can function. Economic viability means that the regulatory regime provides the utility with the opportunity to collect sufficient revenue to support its ongoing operations.

TransCanada believes that it is in the public interest that:

- the Mainline continue as a long term, economically viable natural gas pipeline system connecting the WCSB to domestic and export markets;
- investors in the Mainline be allowed a reasonable opportunity to recover their investment in the Mainline and earn a fair return on that investment, in accordance with the fundamental principles of the regulatory compact;
- stakeholders benefit from lower tolls that better reflect the use of the pipeline systems;
- lower tolls be achieved in a manner that is equitable among TransCanada and its stakeholders, and that is consistent with the regulatory principles and expectations

of all parties and the Board pursuant to which investments in facilities were made and the facilities continue to operate;

- the WCSB has a better opportunity to compete with other sources of supply and other pipeline systems; and
- the Canadian national regulator ensures that conditions exist that enable Canadian consumers to maintain economic access to Canadian gas supplies.

The Restructuring Proposal has been designed by TransCanada to enhance the long term economic viability and sustainability of the Mainline, the Alberta System, the Foothills System and the WCSB as a whole, to the benefit of all stakeholders, including TransCanada, producers, shippers, marketers, consumers and investors. Approval and implementation of the Restructuring Proposal and the proposed Mainline Final Tolls for 2012 and 2013 will result, among other benefits, in a significant reduction in the cost of transportation on the TransCanada Pipeline Systems from the WCSB to ex-Basin markets.

TransCanada believes that approval of the Application is in the overall Canadian public interest.

1.3 Changes in the Business Environment

In the late 1980s and in the 1990s, TransCanada faced considerable pressure from producers and markets to expand its system. There were queues for long haul firm service that at times exceeded the ability of TransCanada to source pipe and construct capacity. Supported by shipper requests, TransCanada was authorized by the Board to over-build in certain years, relative to firm service contracts, in an effort to avoid the constant catch-up process it found itself in as new demand outpaced the construction of capacity.[2]

[2] See discussion in Section 2.0.

Notwithstanding the substantial capacity expansions, it became increasingly apparent that the average term of Mainline contracts was reducing, and that TransCanada was no longer assured of the historical and largely captive markets upon which its expansions had been premised. TransCanada applied to the Board over a course of years for a number of measures that were designed to retain and improve firm long haul load on the Mainline. Some of those proposals were approved by the Board (e.g. FT-RAM, Southwest Zone (RH-1-2002), North Bay Junction (RH-3-2004)) and others were not (e.g. pricing discretion (RH-1-99), term-differentiated rates (RH-4-93), changes to contract renewal policies (RH-4-93)), having been opposed by some stakeholders as unnecessary to preserve firm long haul throughput on the Mainline. An inability to achieve consensus among TransCanada and stakeholders or Board approval for contested proposals resulted in TransCanada only being able to implement a few measures to respond to evolving throughput risks.

Recently, rapid and dramatic developments in natural gas supply, markets and contracting practices have had a significant impact on WCSB production and Mainline receipts and deliveries:

- Supply:
  - WCSB production has fallen by 3 billion cubic feet per day (Bcf/d) over the last several years, and is currently at a level that is below the bottom of the range forecast by TransCanada in 2004. Notwithstanding an anticipated mid-term recovery from non-conventional gas, forecasts of production show a decline in supply over the long term;
  - New infrastructure has made Rockies gas and liquefied natural gas (LNG) available in markets traditionally served by the Mainline;
  - New shale gas production in the US has emerged more quickly and strongly than anticipated, and there are now robust forecasts of future US shale gas

supply in proximity to domestic and export markets historically served by the Mainline; and

- Shale gas is being developed in Canada in proximity to eastern markets that have historically been served exclusively or predominantly through WCSB sources and Mainline services.

- Markets:
  - Export markets in the US Northeast that have been served in part through long haul contracts on the Mainline have been dramatically eroded by new supplies located in closer proximity to those markets;
  - Increasing intra-Alberta market demand continues to reduce the WCSB supply that is available for transportation on the Mainline. This trend is forecast to continue in the long term; and
  - Potential Pacific coast LNG exports would absorb a substantial amount of WCSB supply.
- Contracting practices:
  - Annual firm contracts are not being renewed. Shippers are using discretionary services, which are essentially firm for most of the year due to available capacity, in their place; and
  - Two-thirds of remaining contracts are short-haul, which generates significantly fewer billing determinants.

The combination of supply, market and contracting developments resulted in Mainline WCSB receipts dropping from 6.0 Bcf/d in 2007 to 3.4 Bcf/d in 2010. The effect has been an increase in the annualized Southwest Zone toll from 0.86 $/GJ in 2007 to 2.07 $/GJ in 2011.[3] Absent restructuring, Mainline toll increases are

[3] As included in the TransCanada Application for Approval of Mainline Final 2011 Tolls, page 1 of 16.

projected to continue in the near term under the status quo cost allocation, toll design and services.

Given the current and evolving circumstances, TransCanada believes it is in the public interest to implement changes that will enhance the economic viability of the Mainline and the WCSB, and that will improve the efficiency and operating effectiveness of its pipeline systems. The Restructuring Proposal will achieve these results.

1.4 Development of the Restructuring Proposal

In October 2009 TransCanada initiated a consultative process within the Mainline Tolls Task Force (TTF) to address throughput and system utilization developments and to discuss possible rate design, cost allocation and service responses. Informed by its discussions with stakeholders, TransCanada developed a comprehensive Mainline Competitiveness Package that included toll, tariff, service, and cost allocation changes. The Mainline Competitiveness Package was presented to stakeholders in March 2010 with the objective of reaching a negotiated resolution. Discussions with the TTF and its Alberta System counterpart, the Tolls, Tariff, Facilities and Procedures Committee (TTFP), did not result in a settlement.

TransCanada undertook further consultations through 2010, ultimately reaching an agreement with some stakeholders that formed the basis of the TransCanada December 2010 application for 2011 Mainline interim tolls. That application was opposed by other stakeholders and was not approved by the Board, with the result that the agreement was not implemented.

In early 2011 TransCanada undertook further consultations, and while another agreement was reached with some stakeholders, it too was opposed, with the consequence that it could not be implemented either.

TransCanada remains open to further settlement discussions. However, it is important that the critical issues facing TransCanada as a result of the recent and unanticipated changes in the business environment are directly addressed in a timely manner and that proposals to ensure the long term economic viability of the pipeline systems are advanced, fairly considered, approved and implemented. In the result, TransCanada determined that it is necessary to proceed with the current Application.

The Restructuring Proposal, as presented, incorporates various elements that TransCanada or stakeholders identified as desirable in the course of the consultation and negotiation processes. TransCanada has included other elements that it believes are necessary and integral parts of a comprehensive package that appropriately and effectively addresses the existing circumstances and, in aggregate, fairly balances stakeholder interests.

1.5 The Restructuring Proposal

The Restructuring Proposal has the primary objective of enhancing the long term economic viability of the Mainline and the WCSB overall through the provision of service at tolls materially reduced from existing levels.

The proposed modifications to service offerings are responsive to continuing trends and recent shifts in usage and contracting practices on the Mainline.

Cost allocation and toll design changes are intended to result in prices that are more appropriate given the current and anticipated usage of the system, the cost of transportation, the responsibility for system costs, the benefits of the system, and the value of services.

TransCanada seeks to facilitate customer contracting decisions by promoting toll certainty and stability while obtaining flexibility to optimize revenues in a manner that will result in lower tolls and will respond more effectively to current and potential new competition.

There are four basic components of the Proposal:

- Depreciation: the Depreciation Proposal includes continued utilization of segmented depreciation and the allocation of accumulated depreciation among the three primary segments of the Mainline;[4]
- Alberta System Extension: the extension of Alberta System service (Alberta System Extension or Extension) through the acquisition by NGTL of annual firm service on the Mainline and on Zones 8 and 9 of the Foothills System;[5]
- Toll Design: proposed modifications to the Mainline toll design;[6] and
- Services and Pricing: Mainline services and pricing proposals.[7]

1.5.1 Depreciation Proposal

TransCanada's depreciation proposal consists of two components.

First, TransCanada proposes to continue the segmented approach used throughout the term of the Mainline 2007-2011 Settlement (Settlement) to calculate depreciation for the three main geographical segments of the Mainline, the Prairies Line (Prairies), the Northern Ontario Line (NOL), and the Eastern Triangle, and to establish appropriate economic planning horizons for each segment. TransCanada will continue its present practice of determining depreciation expense by segment but utilizing total depreciation expense for tolls on the integrated system.

Second, TransCanada proposes to reallocate accumulated depreciation from the Prairies and Eastern Triangle segments to the NOL segment. The change in allocation of accumulated depreciation by segment is a significant feature of the Restructuring Proposal, and will result in closer alignment of accumulated

[4] See Application, Section 5.0.
[5] See Application, Section 6.0.
[6] See Application, Section 7.0.
[7] See Application, Section 8.0.

depreciation and actual consumed service value for each of the three segments. A consequence of this allocation is that the overall Mainline depreciation rate will be approximately 1% lower than the rate that would be applicable without the change.

The Depreciation Proposal is intended to achieve a better alignment between accumulated depreciation and consumed service value at the segment level. The total accumulated depreciation for the Mainline will not change. Further, the segmentation and allocation of accumulated depreciation do not change the fact that the Mainline continues to be operated, administered, and regulated as a single integrated system with tolls reflective of a system-wide composite depreciation rate.

The Depreciation Proposal advances the public interest objectives of lower tolls and an economically viable Mainline while more accurately reflecting the accumulated depreciation of each segment with that segment's consumed service value and the economic planning horizon of each segment and the system overall.

1.5.2 Alberta System Extension

TransCanada proposes to extend Alberta System service:

- to the Saskatchewan/Manitoba border (SMB) on the Mainline;
- to Kingsgate, BC on the Foothills System Zone 8; and
- to Monchy, Saskatchewan on the Foothills System Zone 9.

To accomplish the Extension, NGTL will contract for standard annual firm service on the Mainline and on the Foothills System.

The primary reason for extending the Alberta System is to enhance the economic viability of the Mainline and the WCSB by reducing the transportation costs between the WCSB and downstream markets on TransCanada's Canadian pipeline systems.

The Extension reduces the transportation costs on all TransCanada paths out of the Basin, but the greatest reductions, especially in combination with the other components of this Application, will be to transportation paths from NIT to Mainline markets. This will improve the competitiveness of WCSB gas in downstream markets relative to other supply basins.

As a result of the extension of Alberta System service onto both Foothills and the Mainline, all WCSB gas connected to the TransCanada Pipeline Systems will have the opportunity to directly enter the NIT market and all export paths from the WCSB on the TransCanada Pipeline Systems will have the opportunity to use the same delivery service out of the Basin.

While the Extension results in an increase in receipt tolls on the Alberta System, it and other elements of the Restructuring Proposal will result in an increase in the price of gas at NIT that should more than offset the toll impact.

The Extension is a key element of the Restructuring Proposal. Within the existing regulatory framework and principles that govern the Board's regulation of TransCanada, the Extension effects an allocation of costs that will advance the public interest by enhancing the long term economic viability of all of the existing TransCanada infrastructure and the WCSB as a whole. This allocation of costs to Alberta System users is appropriate, given the benefits that the Alberta System users will derive from the Restructuring Proposal, and the associated cost responsibility of Alberta System users for the TransCanada Pipeline Systems.

Under the Alberta Extension proposal, NGTL will contract for the amount of capacity between Empress and SMB that is required for the majority of forecast flows on the Mainline. NGTL will also contract for the amount of capacity between ABC and Kingsgate and between McNeill and Monchy that is required for the majority of forecast flows on Foothills. Appropriately, this makes the cost impact of the Extension commensurate to the extent to which the Mainline and Foothills are actually used by NGTL to provide Alberta System service. A benefit of this approach is that it leaves capacity on the Mainline and Foothills available to shippers who prefer to hold that capacity themselves and take delivery of their gas at Empress, McNeill or ABC.

As with the Depreciation Proposal, the Alberta Extension advances the public interest by lowering tolls and enhancing the economic viability of the Mainline and the WCSB in challenging circumstances, while being balanced among stakeholders and consistent with the principles that continue to govern the regulation of the Mainline.

1.5.3 Toll Design Proposals

TransCanada's proposed changes to the existing Mainline toll design will improve cost accountability, promote economic efficiency, eliminate free-riding opportunities, and simplify and improve the transparency of many aspects of the toll design. Measures include:

- the elimination of toll zones;
- improvements to cost allocation;
- changes to the allocation of TQM TBO costs;
- changes to the delivery pressure toll methodology; and
- other revisions and simplifications in toll design.

Toll certainty and stability will also be enhanced by implementing two adjustment accounts: one that will amortize certain costs at the Mainline composite depreciation rate (Long Term Adjustment Account), and one that will amortize the total deferral account balance in a given year over a five year period (Short Term Adjustment Account).

1.5.4 Mainline Service and Pricing Proposals

TransCanada is proposing a number of service and pricing proposals in this Application. Changes include:

- raising the bid floors for the pricing of Interruptible Transportation Service (IT) to 160% of the FT toll, and permitting discretion on the part of TransCanada to lower the bid floors for any given path and period to a level no lower than 100% of the FT toll;
- corresponding changes for STFT and Short Term Short Notice Service (ST-SN), but with bid floors of 140%, 150% or 160% of the corresponding FT toll or Firm Transportation Short Notice (FT-SN) toll depending on the term of the contract;
- establishing the bidding mechanism for STFT and ST-SN services as a percentage of the FT or FT-SN toll at the time the service is provided rather than as a fixed price at the time the service is contracted;
- the elimination of the RAM; and
- the introduction of a new MFP service.

The Application also addresses the tolling methodology for FT-SN service and the elimination of services that are not necessary in the current environment.[8]

The proposed changes to the Mainline suite of services align with established regulatory principles and are intended to:

- reduce Mainline toll levels;
- promote long term firm contracting through greater toll certainty and stability;
- provide sufficient flexibility for TransCanada to optimize revenues to further reduce firm service tolls;

- respond to current and potential competition; and
- ensure the suite of services and tolls reflect the ongoing shifts in system usage and contracting practices.

1.6 Public Interest

The Board has a responsibility to regulate tolls in the public interest.[9] While there is no precise definition of "public interest", it is clear that it refers to a balance of economic, environmental and social issues that changes as society's values and preferences evolve over time,[10] and that it includes the concepts of economic efficiency[11] and "the greatest good for the greatest number."[12]

TransCanada believes that its Restructuring Proposal is in the public interest because it will lower tolls, promote economic efficiency and enhance the economic viability of the Mainline and the WCSB in a manner that balances the benefits and burdens of the restructuring among its stakeholders in an equitable manner.

TransCanada will benefit from the enhanced long term economic viability, sustainability and competitiveness of the TransCanada pipeline infrastructure. Producers will benefit from enhanced competitiveness of the WCSB, improved connectivity to markets, higher NIT prices and higher netbacks. Shippers and marketers will benefit from lower and more stable Mainline tolls achieved in a balanced manner through improvements to cost allocation, rate design and the pricing of services in a manner that is consistent with established regulatory principles.

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[8] Firm Service Tendered (FST), Long-Term Winter Firm Service (LTWFS), Firm Backhaul Transportation Service (FBT), and Interruptible Transportation Backhaul (ITB).
[9] *RH-1-88, Phase 1, Tolls,* November 1988, at p. 7; *RH-4-91, Tolls,* March 1992, at PDF Page 54 of 85;, *RH-1*-2005; see also *National Energy Board Strategic Plan 2010-2013* (www.neb-one.gc.ca), *National Energy Board Filing Manual* (NEB Filing Manual), Chapter 1, Section 1.1, *Energy Regulation in Canada, 50 Years in the Public Interest,* Gaétan Caron, Chair, speech to Alaska Resource Development Council Annual Meeting, November 19, 2009.
[10] See, e.g. NEB Filing Manual; *GH-1-2006*, page 10.
[11] NEB Filing Manual, Chapter 1, section 1.1.
[12] *The Regulator's Role—Promoting the Public Interest.* Notes for a Presentation by Mr. Kenneth Vollman, Chairman, National Energy Board, World Forum on Energy Regulation, May 24, 2000, Montreal, at pages 1-2.

Consumers will benefit from lower Mainline tolls, lower gas costs at Dawn, and continued competitive access to Canadian gas supplies. It is important for the Canadian national regulator to ensure that conditions exist that will enable Canadian consumers to maintain economic access to Canadian gas supplies. Investors will benefit from the mitigation of impacts of the sudden change in the North American gas transportation business environment on utility cost of capital. Industry and financial market confidence in the regulatory model and the relatively lower level of regulatory risk will be maintained. All system users will benefit from a cost of capital that will be lower than it would be under the status quo methodology.

Economic efficiency is an aspect of the public interest. In the context of Canadian long distance gas transmission pipelines, "economic efficiency" has been described by the NEB to mean the promotion of the development of an efficient natural gas transmission system that meets shippers' needs and benefits gas users. It means that, to the extent possible, prices reflect the competitive market value of services, a mix of service options is provided that meets shippers' needs, and that adequate pipeline capacity is in place over time. It also means that pipeline customers are treated fairly (no unjust discrimination) and that service providers have a fair opportunity to recover their invested capital.[13] The TransCanada Restructuring Proposal reflects the aspects of "economic efficiency" as the term has been used by the NEB.

1.7 Just and Reasonable Tolls

Under cost of service toll methodology, the Mainline is entitled to the opportunity to recover all prudently incurred costs. Tolls that are just and reasonable necessarily include all such prudently incurred costs.

[13] *Ibid*, at page 3.

All costs included in the Mainline rate base were incurred prudently with the approval of the Board. Similarly, all costs included in the rate bases of the Foothills System and the Alberta System were incurred prudently with the approval of the regulator.

Having incurred the costs of its system prudently, TransCanada has acted prudently in the physical operation and commercial management of its pipeline systems. Accordingly, no disallowance or non-recovery of its investment in its pipeline systems is warranted. All Mainline, Alberta System and Foothills System facilities remain used and useful in the integrated operation of the TransCanada Pipeline Systems for the benefit of all shippers.

The Proposal seeks to achieve an equitable balancing of economic interests within the regulatory paradigm of established NEB toll principles and cost of service toll methodology. TransCanada believes that the Mainline Final Tolls, and the tolls on the Alberta System and the Foothills System, that will result from the implementation of the Restructuring Proposal will be just and reasonable and not unjustly discriminatory.

1.8 2012 and 2013 Revenue Requirements

TransCanada is seeking approval of final 2012 and 2013 tolls for the Mainline. The request for approval of those tolls requires that the Application incorporate all elements of a complete cost-of-service application, including rate base, revenue requirement, operating, maintenance and administrative expenses, taxes, depreciation, cost of capital, and tolls and tariffs.

1.8.1 Cost of Capital

TransCanada seeks in the Application a determination by the Board of an overall fair return on capital to be included in the tolls of the Mainline for 2012 and 2013. Specifically, based on the corporate and expert evidence that is filed as part of the Application, and assuming acceptance of the Restructuring Proposal by the Board, TransCanada seeks approval of an ATWACC of 7.0 % for the Mainline for each of 2012 and 2013, adjusted in each year for the embedded cost of debt of TransCanada related to the Mainline. The amount of the adjustment for 2012 and 2013 will be calculated and presented in the October 2011 Supplement, but is presently estimated at 1.2 %.

TransCanada believes that, given acceptance of the Restructuring Proposal, an overall return on capital reflecting an ATWACC of 7.0 % (adjusted for embedded cost of debt), would be reasonable, fair to direct and indirect investors in the Mainline, and sufficient to maintain financial integrity and allow attraction of capital on reasonable terms and conditions.

1.8.2 Context of the Fair Return Request

The legal requirement is that the NEB determine an overall return on capital for the Mainline that meets the three requirements of the fair return standard, comparable investment, financial integrity and capital attraction, without regard for any resulting toll impact.

The NEB last considered elements of the cost of capital of the Mainline in the RH-2-2004 Phase II proceeding, held in 2004 and 2005. In the RH-2-2004 Phase II Decision, the Board held that, under its traditional methodology, a fair return for the Mainline for 2004 would result from the application of the RH-2-94 Formula Rate of Return on Equity (then 9.56%[14]) to a 36% deemed equity component of the pipeline capital structure.[15]

Since 2004, the return for the Mainline has been the subject of negotiated settlements that have been approved by the NEB. The existing five-year settlement, which

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[14] NEB letter dated November 28, 2003 re “Rate of Return on Common Equity (ROE) for 2004.

[15] *National Energy Board Reasons for Decision TransCanada PipeLines Limited RH-2-2004 Phase II, Cost of Capital*, April 2005 (RH-2-2004 Phase II Decision), at, *inter* alia, Chapter 7 Capital Structure, pages 79-80, Chapter 9, Disposition, page 86; Chapter 1, Introduction, at pages 5-6 (RH-2-94 Formula ROE of 9.56% for 2004).

expires at the end of 2011, stipulates a Mainline cost of capital comprised of the NEB Formula rate of return on equity (ROE) on a 40% deemed equity component.[16]

In the RH-1-2008 Decision issued in March 2009, the NEB accepted and applied the ATWACC approach to the determination of the fair return for TQM for 2008 and 2009.[17]

In October 2009, after a review of the RH-2-94 Decision,[18] the Board issued the RH-R-2-94 Decision in which it determined that the RH-2-94 Decision would not continue to be in effect.[19] Given reference to the RH-2-94 Formula in some then-current settlements, the Board indicated that, for the convenience of parties, it would continue to publish the return on equity resulting from the Formula for 2009 (2010 result) and 2010 (2011 result), and beyond 2010 if requested. The Formula return for 2011 was 8.08 %[20] which is reflected in the tolls of the Mainline for 2011, the last year of the current settlement. Currently, Mainline tolls are interim pursuant to NEB Order AO-1-TGI-04-2010, subject to an application for final 2011 tolls that was filed by TransCanada on April 29, 2011 that awaits a Board decision.

The changes in business risk, developments in financial markets, and changes in regulatory approach all warrant an increase in return for the Mainline for 2012 and 2013, and determination of a fair return using the ATWACC methodology.

The Restructuring Proposal that is advanced in the Application is intended to enhance the long term economic viability of the Mainline and the WCSB. In doing so, the Proposal enhances the competitiveness of the Mainline and reduces the business risk from the level that would exist if the status quo were to be retained. The reduction in

[16] TransCanada PipeLines Limited 2007 Mainline Tolls Settlement Application, page 4 of 13, paragraph 17.
[17] *RH-1-2008 Decision, Cost of Capital*, March 2009 at, e.g. Chapter 4 Implementation of the ATWACC Methodology, pages 26-29.
[18] *RH-2-94 Decision, March 1995, Cost of Capital* (RH-2-94 Decision).
[19] *RH-R-2-94, Review of RH-2-94 Cost of Capital*, October 2009, at page 2.
[20] NEB letter dated November 29, 2010 re 2011 Rate of Return on Common Equity (ROE) per Discontinued RH-2-94 Formula.

business risk would justify a lower ATWACC than would be warranted by continuation of the status quo.

The corporate and expert evidence filed by TransCanada indicates that the status quo (no acceptance by the Board of the Restructuring Proposal or other changes to mitigate Mainline business risk) fair return would be an ATWACC of 7.625 %,[21] adjusted for the embedded cost of debt.

1.8.3 TransCanada Contribution to Revenue Requirement

As part of the package of proposals in this Application, TransCanada proposes to make a voluntary contribution of $25 million to reduce the Mainline revenue requirement for each of 2012 and 2013 (TransCanada Contribution). The TransCanada Contribution will not be specific to any category of the revenue requirement, but will simply result in a reduction of the total revenue requirement of $25 million for each year.

In light of the reasons that TransCanada is making this voluntary contribution, it is contingent on the approval of the Restructuring Proposal.

In this Application, TransCanada has emphasized that it has attempted to balance its restructuring proposals in a manner that reflects both traditional regulatory principles, such as cost causation, and the reality that those principles need to be applied in innovative ways that balance the benefits and burdens among stakeholders. The primary objective of this Application is to enhance the viability of the Mainline and the WCSB in a manner that benefits the greatest number of stakeholders and is in the public interest. TransCanada proposes to voluntarily make the TransCanada Contribution, as part of the package of restructuring proposals, as a direct corporate contribution towards achieving an objective that is, in addition to being in the public interest, in TransCanada's own interest.

[21] Reflects the mid-point of the estimated range.

1.8.4 Comparative Revenue Requirements and Tolls

The Application, as filed, includes illustrative tolls and full transportation costs that are intended to show the impact of the Restructuring Proposal relative to a continuation of the existing tolling methodology (i.e., Status Quo) for 2012. The illustrative Status Quo and Restructuring Proposal tolls are based on the final annualized 2011 revenue requirement, as proposed in the TransCanada application for approval of Mainline Final 2011 Tolls dated April 29, 2011. The Illustrative Restructuring Proposal and Status Quo tolls also reflect updated information for certain costs directly impacted by the Restructuring Proposal, such as depreciation, return, income taxes, and the Long Term Adjustment Account.

The anticipated revenue requirement and cost allocation under the Restructuring Proposal are provided to show a comparison of tolls under the Status Quo and under the Restructuring Proposal. The illustrative tolls have been calculated based on the information available and in order to meet the Board direction on the filing date for this Application.[22]

Schedule 1.0, attached to this Executive Summary, compares the revenue requirement underpinning the illustrative Status Quo and Restructuring Proposal tolls. In addition, a comparison of the illustrative tolls and total transportation costs and changes in system throughput under the Status Quo and the Restructuring Proposal are included as Attachment 9.1, which is attached to Section 9.0: Impacts of the Restructuring Proposal. Attachment 9.1 also includes impact information for the Mainline, the Alberta System, and the Foothills System.

1.8.5 October 31, 2011 Supplement

Schedule 1.0 is based on preliminary information.

[22] See letter from TransCanada counsel to the Board dated June 24, 2011 re TransCanada Application for Mainline Final 2011 Tolls, pages 3-4.

Due to the timing of the availability of detailed cost and budget information,[23] the Application presently includes representative information and illustrative tolls for 2012. The Application will be supplemented on October 31, 2011, with an overview of major costs included in the Mainline cost of service for 2012 and 2013 and explanatories and supporting schedules for each item of the revenue requirement and the proposed tolls for 2012 and 2013.

1.9 Conclusion

The Board has a responsibility to regulate tolls in the public interest. Further, the statutory requirements of the NEB Act are that the Board determine tolls for the Mainline that are just and reasonable,[24] and that are not unjustly discriminatory.[25]

The Canadian public interest is served by the enhancement of the long term economic viability of the Mainline through lower tolls achieved in a manner that is equitable among all stakeholders. The Restructuring Proposal advances the public interest in a manner that is equitable and balanced among TransCanada and stakeholders, while adhering to the regulatory principles that continue to govern the NEB regulation of the TransCanada pipeline systems.

Approval of the Application, both the Restructuring Proposal and the Mainline Final Tolls, will be in the Canadian public interest and will result in just and reasonable, non-discriminatory tolls.

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[23] *Ibid.*
[24] *National Energy Board Act*, c. N-7 C.S.C., section 62.
[25] *National Energy Board Act*, section 67.

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June 29, 2012

National Energy Board
444 Seventh Avenue S.W.
Calgary, Alberta
T2P 0X8

Filed Electronically

Attention: **Ms. Sheri Young**
Secretary of the Board

Dear Madam:

Re: TransCanada PipeLines Limited, NOVA Gas Transmission Ltd., and Foothills Pipe Lines Ltd. (TransCanada)
Application for Approval of the Business and Services Restructuring Proposal and Mainline Final Tolls for 2012 and 2013 (Application)
National Energy Board Hearing Order RH-003-2011
NEB File OF-Tolls-Group1-T211-2011-04 01
Revisions to Reflect TransCanada's 2012 Throughput Forecast

On June 6, 2012, TransCanada informed the Board it would update certain exhibits based on TransCanada's 2012 Throughput Forecast.[1] The 2012 Throughput Forecast, which is based on the results of the TransCanada 2012 Strategic Outlook, provides a basis for a revised forecast of Mainline throughput and tolls for 2013.

Enclosed for filing are updates to certain exhibits impacted by the 2012 Throughput Forecast, as outlined below. The attached exhibits include those TransCanada committed to provide in response to a request by Union Gas Limited (Union) on behalf of the Market Area Shippers (MAS).[2]

In addition, TransCanada responds to subsequent requests for clarification made by Union pertaining to the level of forecast throughput change and to anticipated 2012 deferral account balances.[3]

---

[1] RH-003-2011, 3T2028 to 3T2046 and further in response to the MAS information request 15T16268-16311.
[2] See Exhibit C64-13 for the request and RH-003-2011, 15T16268-16311 for TransCanada's submission.
[3] RH-003-2011, 16T17500-17513.

Updated Throughput Forecast

TransCanada provides a set of updates to certain of the throughput cases presented in Appendix C1: Throughput Study.[4]

TransCanada has updated the schedules related to Case 1 (Base Case Restructuring Proposal) and Case 2 (Base Case Status Quo), including the Alberta and Foothills System balances.[5] In order to provide additional relevant information TransCanada also provides an update of the NYMEX and Alberta Plant Gate gas price forecast, and an update of the Mainline throughput reduction associated with Case 3, relative to the updated Cases 1 and 2.

The following table summarizes the updated portions of the study, including the identification of the specific page of the throughput study being revised.

Case	Description	Throughput Study Page
1	Western Canada Flow Balance – Part A	52
1	WCSB Exports – Part B	53
1	TransCanada Alberta and Foothills System Balance – Part C	54
1	TransCanada Eastern Market Flows – Part D	55
2	Western Canada Flow Balance – Part A	60
2	WCSB Exports – Part B	61
2	TransCanada Alberta and Foothills System Balance – Part C	62
2	TransCanada Eastern Market Flows – Part D	63
3	Mainline Throughput Reduction	64
	Price Forecast	

These tables are in the same format as that in the original Throughput Study and are provided as Attachment 1: Throughput Update. With respect to Case 3, a discussion of the basis for the derivation of this case is provided in the Throughput Study, pages 7 to 9 (of 79).

As part of this exercise, TransCanada updated its assessment of the impact of the Restructuring Proposal on the NIT price and the Alberta System Netback price. TransCanada anticipates that the NIT price under 2012 Throughput Forecast for the Restructuring Proposal will still be higher than under the Status Quo. In fact, the results show that the impact of the Restructuring Proposal on the NIT price is greater than it was in the previous assessment. The assessed average impact over the 2012-2017 period is 0.17 \$/GJ, compared to a previous assessment of 0.13 \$/GJ.[6]

[4] Exhibit B5-13 filed October 31, 2011.
[5] The Alberta System and Foothills System Balances were not enumerated as schedules that were to be updated, but have been included in this filing.
[6] Exhibit B5-13, page 10 of 19, Figure 2.1.

Union Request for Clarification

Level of Forecast Throughput Change

TransCanada has indicated that the updated forecast Mainline Western Receipts were expected to be, on average, approximately 1 Bcf/d lower than under the Base Cases (Cases 1 and 2) filed as part of the Throughput Study. [7] The updated Cases 1 and 2 provided as part of this update reflect an approximate 1 Bcf/d reduction in flows relative to Cases 1 and 2 filed in the Throughput Study.

In response to NEB 6.8[8] TransCanada indicated that Mainline Western Receipts were expected to drop 2 to 3 Bcf/d in the Low Cases (Cases 4 and 5) relative to the Base Cases (Cases 1 and 2) filed in the Throughout Study. The relative Base Case and Low Case flows filed in the Throughput Study remain unchanged.

As part of NEB 6.8, TransCanada was asked to provide its assessment of impact on flows and effectiveness of the Restructuring Proposal assuming: 1) natural gas prices remained at or near the current level;[9] and 2) the NEB low WCSB supply scenario was realized.[10]

TransCanada stated in the response to NEB 6.8:

> … [P]rices sustained at "current" levels can be expected to reduce WCSB supply levels from the TransCanada low case supply path. However, there are several factors (LNG development, the growing importance of liquids-rich plays) *that suggest the reduction from the TransCanada's low case supply may not be substantial*. [emphasis added]
>
> and
>
> The WCSB gas supply level described in the response to (a) i above could be somewhat lower than TransCanada's low supply case for the 2012-2020 forecast period. As such, MWR could also be somewhat lower than in Cases 4 and 5 in the Study. However, *given that this supply scenario is similar to the one used in Cases 4 and 5 of the Study*, TransCanada expects the Restructuring Proposal to be of benefit here too." [emphasis added]

TransCanada has determined that the Low Cases (Cases 4 and 5) filed as part of the Throughout Study remain reasonable assessments of low case flow outcomes; and in particular under the conditions TransCanada was asked to evaluate as part of its response to NEB 6.8.

[7] RH-003-2011, 8T7947-48.
[8] Exhibit B27-1.
[9] NEB Information Request 6.8 (a).
[10] NEB Information Request 6.8 (d)

2012 Deferral Account Balances

Through representation by counsel, Union sought further information on the effects of the throughput changes on deferral account balances for 2012.[11]

As previously stated, TransCanada expects that it will derive revenues in the range of $1.5 to $1.6 billion assuming 2012 interim tolls remain in place for the entire year and factoring in the most current flow forecast.[12] These revenues are in line with the aggregate 2012 costs forecast in the Restructuring Proposal Revenue Requirement. Consequently, TransCanada is not expecting a significant change to the cumulative deferral accounts balances for 2012.

Updated 2013 Tolls

TransCanada also provides consequential updates from the 2012 throughput forecasts to the 2013 tolls contained in the Application. Specifically, within Attachment 2—Updated 2013 Tolls—TransCanada is providing the following information:

- 2013 Restructuring Proposal Toll Design Schedules;[13]
- 2013 Status Quo Toll Design Schedules;[14] and
- Attachment 9.4: Total Transportation Cost Comparison of 2013 Status Quo vs. Restructuring Proposal.

Attachment 9.4 is a new attachment to Section 9.0—Impacts of the Restructuring Proposal—that provides comparisons between the Status Quo and the Restructuring Proposal for 2013 in the same format provided for 2012 in Attachment 9.1.[15]

Implementation of the Restructuring Proposal would result in a 2013 Firm Transportation toll from NIT to Dawn of $1.47/GJ[16] in 2013, a reduction of $0.59/GJ or approximately 30% relative to 2012 interim tolls currently in effect. In contrast, the Status Quo under the revised throughput forecast would result in a 2013 Firm Transportation toll from NIT to Dawn of $2.74/GJ.[17]

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[11] RH-003-2011, 16T17511-17512.
[12] RH-003-2011, 15T16296.
[13] This information revises the corresponding schedules previously provided in Attachment 12.3, Tab 3 of the October Supplement (Exhibit B52).
[14] This information revises the corresponding schedules previously attached to the response to EGD 2-1.1h (Exhibit B10-17).
[15] Exhibit B5-12.
[16] Toll is via SMB and includes applicable delivery pressure charge.
[17] Toll is via Empress and includes applicable delivery pressure charge.

Although the lower than anticipated throughput results in higher 2013 tolls than those previously forecast in the Application, the benefits of the Restructuring Proposal relative to the Status Quo remain significant.

Yours truly,

TransCanada PipeLines Limited
NOVA Gas Transmission Ltd.
Foothills Pipe Lines Ltd.

Original Signed by

Kristine Delkus
Senior Vice-President,
Pipelines Law and Regulatory Affairs

Enclosures

cc: Parties to RH-003-2011

Transportation Tolls
Mainline 2013 Tolls effective January 1, 2013

System Average Unit Cost of Transportation

Line No	Particulars	Net Revenue Requirement ($000's)	Daily Allocation Base		Annual Unit Cost		Daily Unit Cost	
	(a)	(b)	(c)		(d)		(e)	
1	Energy	162,457	6,831,425	GJ	23.7808394984	$/GJ	0.0651529849	$/GJ
2	Energy Distance	941,463	4,665,306,690	GJ-KM	0.2018008914	$/GJ-Km	0.0005528792	$/GJ-Km
3	TQM Charge	68,428	550,951	GJ	124.2004064917	$/GJ	0.3402750863	$/GJ

Storage Transportation Service

Line No	Particulars	Monthly Toll ($/GJ/MO)	Daily Equivalent ($/GJ)
	(a)	(b)	(c)
4	Centram MDA	4.60633	0.15144
5	Union WDA	26.85185	0.88280
6	Union NDA	11.21362	0.36867
7	Union EDA	7.49998	0.24657
8	KPUC EDA	7.09251	0.23318
9	GMIT EDA	11.69845	0.38461
10	GMIT TQM EDA	21.23976	0.69829
11	Enbridge CDA	3.26267	0.10727
12	Enbridge EDA	9.76150	0.32093
13	Cornwall	9.87333	0.32460
14	Philipsburg	12.75067	0.41920

Firm Transportation - Short Notice

Line No	Particulars	Monthly Toll ($/GJ/MO)	Daily Equivalent ($/GJ)	STSN Minimum Bid Floor (100% FT-SN) ($/GJ)	STSN Maximum Bid Floor (160% FT-SN) ($/GJ)
	(a)	(b)	(c)	(c)	(d)
15	Kirkwall to Thorold CDA	3.94281	0.12963	0.1296	0.2074
16	Union Parkway Belt to Goreway CDA	2.70249	0.08885	0.0889	0.1422
17	Union Parkway Belt to Victoria Square #2 CDA	3.35678	0.11036	0.1104	0.1766
18	Union Parkway Belt to Schomberg #2 CDA	3.31405	0.10895	0.1090	0.1743

Delivery Pressure

Line No	Particulars	Monthly Toll ($/GJ/MO)	Daily Equivalent ($/GJ)	Fuel Ratio (%)
	(a)	(b)	(c)	(d)
19	Average Delivery Pressure Toll	0.49701	0.01634	0.19%

Note: Delivery Pressure toll applies to the following locations: Emerson 1 , Emerson 2, Union SWDA, Enbridge SWDA, Dawn Export, Niagara Falls, Iroquois, Chippawa and East Hereford
The Daily Equivalent Toll is only applicable to STS Injections, IT, Diversions and STFT.

Union Dawn Receipt Point Surcharge

Line No	Particulars	Monthly Toll ($/GJ/MO)	Daily Equivalent ($/GJ)	Fuel Ratio (%)
	(a)	(b)	(c)	(d)
20	Union Dawn Receipt Point Surcharge	0.14984	0.00493	0.00%

Line No.	Receipt Point	Delivery Point	FT Toll ($/GJ/MO)	Daily Equivalent FT Toll ($/GJ)	IT / STFT Minimum Bid Floor (100% FT) ($/GJ)	IT / STFT Maximum Bid Floor (160% FT) ($/GJ)
1	Union NDA	SMB	-	-	1.0480	1.6768
2	Union Parkway Belt	Empress	49.74515	1.63546	1.6355	2.6168
3	Union Parkway Belt	TransGas SSDA	42.41221	1.39437	1.3944	2.2310
4	Union Parkway Belt	Centram SSDA	39.46053	1.29733	1.2973	2.0757
5	Union Parkway Belt	Centram MDA	35.16066	1.15597	1.1560	1.8496
6	Union Parkway Belt	Centrat MDA	34.58755	1.13712	1.1371	1.8194
7	Union Parkway Belt	Union WDA	26.85185	0.88280	0.8828	1.4125
8	Union Parkway Belt	Nipigon WDA	23.59596	0.77576	0.7758	1.2413
9	Union Parkway Belt	Union NDA	11.21362	0.36867	0.3687	0.5899
10	Union Parkway Belt	Calstock NDA	18.03382	0.59289	0.5929	0.9486
11	Union Parkway Belt	Tunis NDA	13.65474	0.44892	0.4489	0.7182
12	Union Parkway Belt	GMIT NDA	10.26903	0.33761	0.3376	0.5402
13	Union Parkway Belt	Union SSMDA	16.03044	0.52703	0.5270	0.8432
14	Union Parkway Belt	Union NCDA	5.10494	0.16783	0.1678	0.2685
15	Union Parkway Belt	Union CDA	2.65037	0.08714	0.0871	0.1394
16	Union Parkway Belt	Enbridge CDA	3.26267	0.10727	0.1073	0.1717
17	Union Parkway Belt	Union EDA	7.49998	0.24657	0.2466	0.3946
18	Union Parkway Belt	Enbridge EDA	9.76150	0.32093	0.3209	0.5134
19	Union Parkway Belt	GMIT EDA	11.69845	0.38461	0.3846	0.6154
20	Union Parkway Belt	GMIT TQM EDA	21.23976	0.69829	0.6983	1.1173
21	Union Parkway Belt	KPUC EDA	7.09251	0.23318	0.2332	0.3731
22	Union Parkway Belt	North Bay Junction	8.02702	0.26390	0.2639	0.4222
23	Union Parkway Belt	Kirkwall	2.62430	0.08628	0.0863	0.1381
24	Union Parkway Belt	Enbridge SWDA	5.79712	0.19059	0.1906	0.3050
25	Union Parkway Belt	Union SWDA	5.98849	0.19688	0.1969	0.3150
26	Union Parkway Belt	Spruce	34.58755	1.13712	1.1371	1.8194
27	Union Parkway Belt	Emerson 1	32.53624	1.06968	1.0697	1.7115
28	Union Parkway Belt	Emerson 2	32.53624	1.06968	1.0697	1.7115
29	Union Parkway Belt	St. Clair	6.19786	0.20377	0.2038	0.3261
30	Union Parkway Belt	Dawn Export	5.79712	0.19059	0.1906	0.3050
31	Union Parkway Belt	Niagara Falls	4.21349	0.13853	0.1385	0.2216
32	Union Parkway Belt	Chippawa	4.25368	0.13985	0.1399	0.2238
33	Union Parkway Belt	Iroquois	9.16097	0.30118	0.3012	0.4819
34	Union Parkway Belt	Cornwall	9.87333	0.32460	0.3246	0.5194
35	Union Parkway Belt	Napierville	12.45705	0.40955	0.4096	0.6554
36	Union Parkway Belt	Philipsburg	12.75067	0.41920	0.4192	0.6707
37	Union Parkway Belt	East Hereford	21.23976	0.69829	0.6983	1.1173
38	Union Parkway Belt	Welwyn	39.46053	1.29733	1.2973	2.0757
39	Union Parkway Belt	SMB	39.41109	1.29571	1.2957	2.0731
40	Union SSMDA	Empress	-	-	1.2642	2.0227
41	Union SSMDA	TransGas SSDA	-	-	1.0231	1.6370
42	Union SSMDA	Centram SSDA	-	-	0.9261	1.4818
43	Union SSMDA	Centram MDA	-	-	0.7847	1.2555
44	Union SSMDA	Centrat MDA	-	-	0.7769	1.2430
45	Union SSMDA	Union WDA	-	-	1.0529	1.6846
46	Union SSMDA	Nipigon WDA	-	-	1.1382	1.8211
47	Union SSMDA	Union NDA	-	-	0.8305	1.3288
48	Union SSMDA	Calstock NDA	-	-	1.0548	1.6877
49	Union SSMDA	Tunis NDA	-	-	0.9108	1.4573
50	Union SSMDA	GMIT NDA	-	-	0.7995	1.2792
51	Union SSMDA	Union SSMDA	-	-	0.0652	0.1043
52	Union SSMDA	Union NCDA	-	-	0.6297	1.0075
53	Union SSMDA	Union CDA	-	-	0.5284	0.8454
54	Union SSMDA	Enbridge CDA	-	-	0.5640	0.9024
55	Union SSMDA	Union EDA	-	-	0.7085	1.1336
56	Union SSMDA	Enbridge EDA	-	-	0.7828	1.2525
57	Union SSMDA	GMIT EDA	-	-	0.8465	1.3544
58	Union SSMDA	GMIT TQM EDA	-	-	1.1602	1.8563
59	Union SSMDA	KPUC EDA	-	-	0.6951	1.1122
60	Union SSMDA	North Bay Junction	-	-	0.7258	1.1613
61	Union SSMDA	Kirkwall	-	-	0.5059	0.8094
62	Union SSMDA	Enbridge SWDA	-	-	0.4016	0.6426
63	Union SSMDA	Union SWDA	-	-	0.3953	0.6325
64	Union SSMDA	Spruce	-	-	0.7769	1.2430
65	Union SSMDA	Emerson 1	-	-	0.6984	1.1174
66	Union SSMDA	Emerson 2	-	-	0.6984	1.1174
67	Union SSMDA	St. Clair	-	-	0.3884	0.6214
68	Union SSMDA	Dawn Export	-	-	0.4016	0.6426
69	Union SSMDA	Niagara Falls	-	-	0.5675	0.9080
70	Union SSMDA	Chippawa	-	-	0.5688	0.9101
71	Union SSMDA	Iroquois	-	-	0.7631	1.2210
72	Union SSMDA	Cornwall	-	-	0.7865	1.2584
73	Union SSMDA	Napierville	-	-	0.8714	1.3942
74	Union SSMDA	Philipsburg	-	-	0.8811	1.4098
75	Union SSMDA	East Hereford	-	-	1.1602	1.8563
76	Union SSMDA	Welwyn	-	-	0.9261	1.4818
77	Union SSMDA	SMB	-	-	0.9244	1.4790
78	Union WDA	Empress	-	-	0.8964	1.4342
79	Union WDA	TransGas SSDA	-	-	0.6553	1.0485
80	Union WDA	Centram SSDA	-	-	0.5582	0.8931
81	Union WDA	Centram MDA	-	-	0.4179	0.6686
82	Union WDA	Centrat MDA	-	-	0.3423	0.5477
83	Union WDA	Union WDA	-	-	0.0652	0.1043
84	Union WDA	Nipigon WDA	-	-	0.1756	0.2810

Redacted

Division 1-3

Request:

Re: witness Arangio's Direct Testimony page 12, lines 13 though 15, please provide:

a. A complete copy of the Request for Proposal ("RFP") issued September 23, 2011;
b. A list of the companies that submitted bids in response to the RFP.
c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2011;
d. The Company's rationale for turning to a third-party to manage its gas assets;
e. The amount each month the contractor has paid to of the optimization contractor pays to the Company: and
f. The expected amount of revenue to be derived from the optimization fees.

Response:

a. Please see Attachment DIV 1-3-1 for the Request for Proposal ("RFP") that was issued on September 23, 2011.

b. The following Companies submitted bids in response to the RFP: [redacted]

c. Please see Attachment DIV 1-3-2 for the Asset Management and Gas Supply Agreement, effective November 1, 2011.

d. The Company periodically contracts with third-party Asset Managers to manage a portion of the interstate pipeline transportation and storage contracts required to serve the needs of its firm gas customers. The reasons for contracting with third-party Asset Managers can vary depending on the assets involved. In the case of the Request for Proposal (RFP) dated September 23, 2011 the Company entered into an Asset Management and Gas Supply Agreement (AMA) with BG Energy Merchants, LLC (BG) to manage the Company's Union Gas Limited (Union) and TransCanada Gas Pipeline (TCPL) firm transportation contracts effective November 1, 2011 for a term of one year. The capacity path for the Union contract originates at Dawn, Ontario Canada and delivers into TCPL at Parkway. The capacity path for the TCPL contract originates at the interconnection with Union at Parkway and delivers into Iroquois Gas Transmission (Iroquois) at Waddington, New York. Since the Company is not actively trading in Canada at the present time, the Company believes that

Prepared by or under the supervision of: Elizabeth D. Arangio

Redacted

Division 1-3, page 2

the selection of BG to manage these assets and provide the Company with deliveries at the Canadian-US border at Waddington, New York was in the best interest of its firm gas customers.

e. The arrangement is for the third party to pay the Company is $[redacted] per month.

f. The expected amount in optimization revenue for the term of the agreement is $[redacted].

Prepared by or under the supervision of: Elizabeth D. Arangio

National Grid
Request for Proposals ("RFP") for
Asset Management Arrangements
September 23, 2011

EnergyNorth Natural Gas Inc. ("EnergyNorth" or "Buyer"), The Narragansett Electric Company d/b/a National Grid ("Narragansett" or "Buyer") and Niagara Mohawk Power Corporation d/b/a National Grid ("NiMo" or "Buyer") are seeking proposals ("Proposals") for Asset Management Arrangements ("AMAs") as more fully set forth below. The specific gas supply requirements and the assets to be assigned for each AMA are set forth in Attachments 1(a), 2(a), 3(a) and 4(a). The successful bidders ("Seller(s)") shall have the right to optimize the assigned assets ("Assets") subject to satisfying Buyer's gas supply requirements. Bidders may bid on any one or all of the AMAs.

Provisions Applicable to All AMAs

Term: November 1, 2011 through October 31, 2012.

Release of Assets: The Assets to be assigned for each AMA are set forth in Attachments 1(a), 2(a), 3(a) and 4(a). The Assets shall be assigned by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs in connection with the Assets during the Term. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the assignment of the Assets from Buyer to Seller. All assignments shall be subject to recall in the event that the Seller fails to meet its gas supply obligation to Buyer.

Gas Supply Requirements: The Gas Supply Requirements associated with each AMA are set forth in Attachments 1(a), 2(a), 3(a) and 4(a).

Delivery Point: The Delivery Point(s) for each AMA are set forth in Attachments 1(a), 2(a), 3(a) and 4(a).

Price: The Price for gas delivered by Seller to Buyer under each AMA is specified in Attachments 1(a), 2(a), 3(a) and 4(a) .

Asset Management Fee: Subject to satisfying the Gas Supply Requirements associated with each AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In exchange for such right, Seller shall pay Buyer an Asset Management Fee. **As part of their Proposal(s), Bidders**

should specify the total proposed Asset Management Fee to be paid to Buyer for each AMA. Bidders may submit proposals for one or more of the AMAs but must submit a separate proposed Asset Management Fee for each AMA.

Form of Agreement: Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Included in the Attachment for each AMA is the form of Transaction Confirmation (Attachments 1(b) through 4(b)) that National Grid proposes for execution. **As part of their Proposal(s), Bidders should clearly identify any proposed exceptions to the Transaction Confirmation.**

Submission of Proposals:

Proposals must be submitted by the date specified in the Schedule below. Proposals should include: **(a) Seller's proposed Asset Management Payment for each AMA and (b) any proposed exceptions to the Transaction Confirmation(s).**

Proposals should be sent via email to both email addresses below:

epmgassupply@us.ngrid.com;

and

Janet Prag
Contract Specialist
100 East Old Country Road
Hicksville, NY 11801
Telephone: 516-545-5463
E-mail address: janet.prag@us.ngrid.com

Any questions in connection with this RFP should be sent by email to *both* email addresses listed above.

Schedule (all times are Eastern Time):

September 30, 2011	All questions must be submitted in writing by 5 p.m.
October 5, 2011	National Grid will respond to Bidders' questions in writing by 5 p.m.
October 7, 2011	Proposals must be received by National Grid by 10 a.m.

October 11, 2011	National Grid will endeavor to select Proposal(s) and parties will confirm deal(s) in writing by 5 p.m. Such confirmation(s) will reflect agreement of parties to execute the applicable Transaction Confirmation attached hereto along with any exceptions that were proposed by Bidder and accepted by Buyer.
October 14, 2011	Target date for execution of Transaction Confirmation.

Impending Sale to Liberty Utilities

In December 2010, National Grid USA announced that it had entered into an agreement with Liberty Energy Utilities Co. ("Liberty"), a subsidiary of Algonquin Power and Utilities Corp., pursuant to which Liberty will acquire EnergyNorth Natural Gas Inc. The sale is expected to close during the Term, subject to receipt of necessary regulatory approvals.

Credit Requirements:

Buyer's supplemental credit requirements are set forth in the attached form of Transaction Confirmation.

Miscellaneous:

National Grid will consider Proposals only from Bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, including, but not limited to, a letter of intent or any other preliminary agreement or any other written agreement or offer. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

John Allocca,
Director of Gas Contracting & Compliance

Attachment 1(a)

AMA Package No. 1

Buyer: EnergyNorth Natural Gas Inc.

Term: November 1, 2011 through October 31, 2012.

Gas Supply Requirements: Firm Base-Load Supplies - each day during the months of November 2011 through and including March 31, 2012, Seller shall deliver a firm base-load quantity of 4,047 dt at the Delivery Point.

Delivery Point: The interconnection between the facilities of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Price: The Price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Released Assets: During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited ("Union Gas")
TransCanada Pipelines Limited ("TransCanada")

Please see table below for contract details.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	4,092		Dawn	Parkway
TransCanada	4,047		Parkway	Waddington

Attachment 1(b)

Exhibit A – AMA Package No. 1
Transaction Confirmation
EnergyNorth Natural Gas Inc.

TRANSACTION CONFIRMATION

Date: ____________

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _________. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	BUYER:
______________________________	EnergyNorth Natural Gas Inc. 100 East Old County Road Hicksville, New York 11801
Attn:______________________________	Attn: Contract Administration
Phone:______________________________	Phone: (516) 545-6068
Fax:______________________________	Fax: (516) 545-5466
Base Contract No. ______________________	Base Contract No. ______________________
Transporters: ______________________	Transporters: Union Gas Limited, TransCanada Pipelines Limited
Transporters Contract Number: ______________	Transporters Contract Number:______________
Trader: ______________________	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2011 **End:** October 31, 2012

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements set forth on Exhibit A.

"Credit Support Provider" means__________________________.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

B. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Buyer shall be responsible for the payment of all demand charges related to the Assets. Notwithstanding the foregoing, in the case of TransCanada Pipelines Limited ("TransCanada") Assets, Seller shall initially pay the demand charges to TransCanada and Buyer will reimburse Seller for such charges.
2. **Firm Base-load Supplies:** Each Day during the period from November 1, 2011 through and including March 31, 2012, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 4,047 dt/Day. Such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.
3. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets.

C. Price

The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of $_________ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

E. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus

(iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by

(iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

F. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: By: ______________________________________ Name: Title: Date:	Buyer: EnergyNorth Natural Gas Inc. By:____________________________________ Name: John V. Vaughn Title: Authorized Signatory Date:

Attachment 2(a)

AMA Package No. 2

Buyer: The Narragansett Electric Company

Term: November 1, 2011 through October 31, 2012.

Gas Supply Requirements: Firm Base-Load Supplies - Each day during the period from November 1, 2011 through and including March 31, 2012, Seller shall deliver a firm base-load quantity of 1,012 dt at the Delivery Point.

Delivery Point: The interconnection between the facilities of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Price: The Price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Released Assets: During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited ("Union Gas")
TransCanada Pipelines Limited ("TransCanada")

Please see table below for contract details.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	1,025		Dawn	Parkway
TransCanada	1,012		Parkway	Waddington

Attachment 2(b)

Exhibit A – AMA Package No. 2
Transaction Confirmation
The Narragansett Electric Company d/b/a National Grid

TRANSACTION CONFIRMATION

Date: ____________

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _________. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	**BUYER:**
____________________	The Narragansett Electric Company d/b/a National Grid
	100 East Old County Road
	Hicksville, New York 11801
Attn: ____________________	Attn: Contract Administration
Phone: ____________________	Phone: (516) 545-6068
Fax: ____________________	Fax: (516) 545-5466
Base Contract No. ____________________	Base Contract No. ____________________
Transporters: ____________________	Transporters: Union Gas Limited, TransCanada Pipelines Limited
Transporters Contract Number: ____________________	Transporters Contract Number: ____________________
Trader: ____________________	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2011 **End:** October 31, 2012

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements set forth on Exhibit A.

"Credit Support Provider" means__________________________.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

C. Gas Service and Capacity Release

4. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Buyer shall be responsible for the payment of all demand charges related to the Assets. Notwithstanding the foregoing, in the case of TransCanada Pipelines Limited ("TransCanada") Assets, Seller shall initially pay the demand charges to TransCanada and Buyer will reimburse Seller for such charges.
5. **Firm Base-load Supplies:** Each Day during the period from November 1, 2011 through and including March 31, 2012, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 1,012 dt/Day . Such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.
6. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets.

B. Price

The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of $_________ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

E. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation;

(iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by

(iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

F. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: By: ____________________________________ Name: Title: Date:	Buyer: The Narragansett Electric Company By:__________________________________ Name: John V. Vaughn Title: Authorized Signatory Date:

Attachment 3(a)

AMA Package No. 3

Buyer: Niagara Mohawk Power Corporation

Term: November 1, 2011 through October 31, 2012.

Gas Supply Requirements: Firm Base-Load Supplies - Each day during the Term, Seller shall deliver a firm base-load quantity of 25,000 dt at the Delivery Point.

Delivery Point: The interconnection between the facilities of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Price: The Price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Released Assets: During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited ("Union Gas")
TransCanada Pipelines Limited ("TransCanada")

Please see table below for contract details.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	25,315		Dawn	Parkway
TransCanada	25,000		Parkway	Waddington

Attachment 3(b)

Exhibit A – AMA Package No. 3
Transaction Confirmation
Niagara Mohawk Power Corporation d/b/a National Grid

TRANSACTION CONFIRMATION

Date: ____________

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _________. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	BUYER:
______________________	Niagara Mohawk Power Corporation d/b/a National Grid
	100 East Old County Road
	Hicksville, New York 11801
Attn:______________________	Attn: Contract Administration
Phone:______________________	Phone: (516) 545-6068
Fax:______________________	Fax: (516) 545-5466
Base Contract No. ______________	Base Contract No. ______________
Transporters: ______________	Transporters: Union Gas Limited, TransCanada Pipelines Limited
Transporters Contract Number: ______________	Transporters Contract Number:______________
Trader: ______________	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2011 **End:** October 31, 2012

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements set forth on Exhibit A.

"Credit Support Provider" means__________________________.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

D. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Buyer shall be responsible for the payment of all demand charges related to the Assets. Notwithstanding the foregoing, in the case of TransCanada Pipelines Limited ("TransCanada") Assets, Seller shall initially pay the demand charges to TransCanada and Buyer will reimburse Seller for such charges.
2. **Firm Base-load Supplies:** Each Day during the Term, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 25,000 dt/Day. Such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.
3. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets.

C. Price

The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of $_________ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

E. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(v) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(vi) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus

(vii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by

(viii) the Independent Amount, if any, previously provided by the Seller to the Buyer.

F. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: By: ______________________________ Name: Title: Date:	Buyer: Niagara Mohawk Power Corporation By:______________________________ Name: John V. Vaughn Title: Authorized Signatory Date:

Attachment 4(a)

AMA Package No. 4

Buyer: Niagara Mohawk Power Corporation

Term: November 1, 2011 through October 31, 2012.

Gas Supply Requirements: Winter Base-Load Supplies: Each day during the period from November 1, 2011 through and including March 31, 2012, Seller shall deliver a firm base-load quantity of 26,596 dt at the Delivery Point.

Daily Call: On any 30 days during the period from April 1, 2012 through and including October 31, 2012, Buyer shall have the right to call on a quantity up to 15,000 dt at the Delivery Point.

Delivery Point: The interconnection between the facilities of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Price: Winter Base-Load Supplies: The Price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Daily Call: The Price shall be equal to Platts Gas Daily Price Survey, Midpoint for day of flow, Dawn, Ontario plus imputed variable costs (including fuel) to transport such quantity from Dawn to the Delivery Point.

Released Assets: During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited ("Union Gas")
TransCanada Pipelines Limited ("TransCanada")

Please see table below for contract details.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	26,932		Dawn	Parkway
TransCanada	26,596		Parkway	Waddington

Attachment 4(b)

Exhibit A – AMA Package No. 4
Transaction Confirmation
Niagara Mohawk Power Corporation d/b/a National Grid

TRANSACTION CONFIRMATION

Date: ____________

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _________. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	BUYER:
______________________________	Niagara Mohawk Power Corporation d/b/a National Grid
Attn:______________________	100 East Old County Road
Phone:______________________	Hicksville, New York 11801
Fax:______________________	Attn: Contract Administration
Base Contract No. ______________	Phone: (516) 545-6068
Transporters: ______________	Fax: (516) 545-5466
Transporters Contract Number: ______________	Base Contract No. ______________
Trader: ______________	Transporters: Union Gas Limited, TransCanada Pipelines Limited
	Transporters Contract Number:______________
	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2011 **End: October** 31, 2012

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements set forth on Exhibit A.

"Credit Support Provider" means__________________________.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

E. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Buyer shall be responsible for the payment of all demand charges related to the Assets. Notwithstanding the foregoing, in the case of TransCanada Pipelines Limited ("TransCanada") Assets, Seller shall initially pay the demand charges to TransCanada and Buyer will reimburse Seller for such charges.
2. **(a) Firm Base-load Supplies:** Each Day during the period from November 1, 2011 through and including March 31, 2012, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 26,596 dt/Day. Such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.

   (b) Daily Call: On any 30 days during the period from April 1, 2012 through and including October 31, 2012, Buyer shall have the right to call on a quantity up to 15,000 dt at the Delivery Point.

3. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets.

D. Price

Baseload Supplies: The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Daily Call: The Price shall be equal to Platts Gas Daily Price Survey, Midpoint for day of flow, Dawn, Ontario plus imputed variable costs (including fuel) to transport such quantity from Dawn to the Delivery Point

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of $_________ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

E. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit

Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(ix) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus

(x) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus

(xi) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by

(xii) the Independent Amount, if any, previously provided by the Seller to the Buyer.

F. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: By: ________________________________ Name: Title: Date:	Buyer: Niagara Mohawk Power Corporation By:________________________________ Name: John V. Vaughn Title: Authorized Signatory Date:

REDACTED

AMA Package No. 2
Transaction Confirmation
The Narragansett Electric Company d/b/a National Grid

TRANSACTION CONFIRMATION

Date: October 19, 2011

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated November 5, 2009. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	BUYER:
BG Energy Merchants, LLC ("BGEM")	The Narragansett Electric Company d/b/a National Grid ("Narragansett")
BG Group Place, 811 Main Street, Suite 3400	100 East Old County Road
Houston, Texas 77002	Hicksville, New York 11801
Attn: Confirmations Analyst	Attn: Contract Administration
Phone: (713) 599-4000	Phone: (516) 545-6068
Fax: (713) 599-3931	Fax: (516) 545-5466
Base Contract No.	Base Contract No.
Transporters:	Transporters: Union Gas Limited, TransCanada Pipelines Limited
Transporters Contract Number:	Transporters Contract Number:
Trader:	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2011 **End:** October 31, 2012

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. **Definitions**

"Assets" means the Agreements set forth on Exhibit A.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A" by S&P and "A2" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

REDACTED

B. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Buyer shall be responsible for the payment of all demand charges related to the Assets. Notwithstanding the foregoing, in the case of TransCanada Pipelines Limited ("TransCanada") Assets, Seller shall initially pay the demand charges to TransCanada and Buyer will reimburse Seller for such charges.
2. **Firm Base-load Supplies:** Each Day during the period from November 1, 2011 through and including March 31, 2012, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 1,012 dt/Day. Such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.
3. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder (a "Delivery Failure"), unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets. For the purposes of this Transaction Confirmation, a Delivery Failure shall be either (i) three (3) consecutive days on which the amount delivered by Seller is 1,000 dt or more below the amount nominated by Buyer, or (ii) over the Term, the amount delivered by Seller is 25,000 dt or more under the amount nominated by Buyer.

C. Price

The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

E. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB from S&P and/or Baa2 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a Guarantee from its Guarantor rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a Guarantee from its Guarantor rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

For the avoidance of doubt, the Collateral Requirement shall only be required to the extent the rights of a party to request Adequate Assurance has been triggered in accordance with Section 10.1 of the Base Contract and such Collateral Requirement shall be "Adequate Assurance" for the purpose of this Transaction Confirmation.

"Exposure" shall be calculated as the sum of:

(i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
(iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
(iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

REDACTED

F. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

G. Modifications to Special Provisions to Base Contract

1. The parties agree that Special Provision number 9 to the Base Contract is modified to revise subsection (iii) as follows:

   "(iii) a standby irrevocable letter of credit issued by a United States commercial bank with at least ten (10) billion dollars in assets, and a Credit Rating of at least A2 by Moody's and A by S&P;"

2. The parties agree that Special Provision number 11 to the Base Contract is modified to read as follows:

   Section 11.1 is modified by adding at the end thereof:

   "In an event of Force Majeure the party claiming excuse shall have no obligation to seek alternate Gas supplies in order to satisfy any obligation hereunder."

3. The parties agree that Special Provision number 12 to the Base Contract shall not apply to this transaction.

Seller: BG Energy Merchants, LLC	Buyer: The Narragansett Electric Company d/b/a National Grid
By:	By:
Name: Matthew Schatzman	Name: John V. Vaughn
Title: President	Title: Authorized Signatory
Date:	Date: 10/21/2011

Exhibit A
Assigned Assets

Assigned Assets. Narragansett will assign the following Assets to BGEM (to the extent such Assets are located in the United States) or its Canadian affiliate, BG Energy Merchants Canada, Limited (to the extent such Assets are located in Canada) and further represents and warrants that Narragansett owns the Assets and has authority to effectuate such an assignment for its own business purposes.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	1,025	1,081	Dawn	Parkway
TransCanada	1,012	1,068	Parkway	Waddington

Division 1-4

Request:

Re: witness Arangio's Direct Testimony page 12, lines 13 though 15, please provide:

a. A complete copy of the Request for Proposal ("RFP") issued September 23, 2011;

b. A list of the companies that submitted bids in response to the September 23, 2011 RFP;

c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2011;

d. The Company's rationale for turning to a third-party to manage the identified gas assets;

e. The dollar amount each month the selected contractor has actually paid to the Company under the terms of the AMA which became effective November 1, 2011; and

f. The dollar amounts that the Company expects to receive for each remaining month of the AMA which became effective November 1, 2011.

Response:

Please see the Company's response to Division 1-3.

Prepared by or under the supervision of: Elizabeth D. Arangio

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Redacted

Division 1-5

Request:

Re: witness Arangio's Direct Testimony page 13, lines 8 though 10, please provide:

a. A complete copy of the Request for Proposal ("RFP") issued July 16, 2012 for an Asset management and Gas Supply Agreement ("AMA);

b. A list of the companies that submitted bids in response to the July 16, 2012 RFP;

c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2012, based on the July 16, RFP;

d. The data, analyses, and studies upon which the Company has relied to determine the maximum daily quantity ("MDQ") of base load for the months of November 2012 through March 2013; and

e. The dollar amounts that the Company expects to receive form the contractor ("Shell") for each month of the AMA which becomes effective November 1, 2012:

   i. Under normal weather winter conditions
   ii. Under design winter conditions

Response:

a. Please see Attachment DIV 1-5(a)-1 for a complete copy of the Request for Proposal ("RFP") issued on July 16, 2012 for an Asset management and Gas Supply Agreement ("AMA").

b. Bids were submitted to the Company by [redacted].

c. Please see Attachment DIV 1-5(c)-2 and DIV 1-5(c)-3 for a copy of the Asset Management and Supply Agreement to be effective on November 1, 2012.

Prepared by or under the supervision of: Elizabeth D. Arangio

Redacted

Division 1-5, page 2

d. Please see Attachment DIV 1-5(d)-4 for the output data from the Company's SENDOUT® model which supports the Company's decision to baseload the maximum daily quantity ("MDQ") for the months of November 2012 through March 2013.

e. The Company expects to receive $_[redacted] each month of the AMA. This is a fixed payment that will be the same under normal weather conditions and design winter conditions.

Prepared by or under the supervision of: Elizabeth D. Arangio

National Grid
Request for Proposals ("RFP") for
Asset Management Arrangement
July 16, 2012

The Narragansett Electric Company d/b/a National Grid ("Narragansett" or "Buyer") is seeking proposals ("Proposals") for an Asset Management Arrangement ("AMA") as more fully set forth below. The successful bidder ("Seller") shall have the right to optimize the assigned assets ("Assets") subject to satisfying Buyer's gas supply requirements set forth below.

Provisions

Term: November 1, 2012 through October 31, 2013.

Release of Assets: The Assets to be assigned are set forth below. The Assets shall be assigned by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets. Seller shall be responsible for all variable charges in connection with the Assets during the Term. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the assignment of the Assets from Buyer to Seller. All assignments shall be subject to recall in the event that the Seller fails to meet its gas supply obligation to Buyer.

Released Assets: During the Term, Buyer shall assign firm transportation capacity on the following pipelines:

Union Gas Limited ("Union Gas")
TransCanada Pipelines Limited ("TransCanada")

Please see table below for contract details.

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union	1,025	1,081	Dawn	Parkway
TransCanada	1,012	1,068	Parkway	Waddington

Gas Supply Requirements: Firm Base-Load Supplies - Each day during the period from November 1, 2012 through and including March 31, 2013, Seller shall deliver, at the Delivery Point, a firm base-load quantity of 1,000 dt (plus the quantity of fuel required by Iroquois Gas Transmission System, L.P. to transport 1,000 dt from the Delivery Point to the interconnection with Tennessee Gas Pipeline at Wright, New York pursuant to Rate Schedule RTS-1.

Delivery Point: The interconnection between the facilities of TransCanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY.

Price: The Price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s).

Asset Management Fee: Subject to satisfying the Gas Supply Requirements associated with the AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In exchange for such right, Seller shall pay Buyer an Asset Management Fee. **As part of their Proposal, Bidders should specify the total proposed Asset Management Fee to be paid to Buyer for the AMA.**

Form of Agreement: Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex. Included with this RFP is the form of Transaction Confirmation (Attachment 1) that National Grid proposes for execution. **As part of their Proposal, Bidders should clearly identify any proposed exceptions to the Transaction Confirmation.**

Submission of Proposals:

Proposals must be submitted by the date specified in the Schedule below. Proposals should include: **(a) Seller's proposed Asset Management Payment and (b) any proposed exceptions to the Transaction Confirmation.**

Proposals should be sent via email to *all* email addresses listed below:

john.allocca@nationalgrid.com
elizabeth.arangio@nationalgrid.com
nancy.culliford@nationalgrid.com
brian.spencer@nationalgrid.com
janet.prag@nationalgrid.com

Any questions in connection with this RFP should be sent by email to *all* email addresses listed above.

Schedule (all times are Eastern Time):

July 20	All questions must be submitted in writing by 5 p.m.
July 24	National Grid will respond to Bidders' questions in writing by 5 p.m.
August 1	Proposals must be received by National Grid by 5 p.m.
August 3	National Grid will endeavor to select Proposal and party will confirm deal in writing by 5 p.m. Such confirmation will reflect agreement of party to execute the Transaction Confirmation attached hereto along with any exceptions that were proposed by Bidder and accepted by Buyer.
August 10	Target date for execution of Transaction Confirmation.

Credit Requirements:

Buyer's supplemental credit requirements are set forth in the attached form of Transaction Confirmation.

Miscellaneous:

National Grid will consider Proposals only from Bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, including, but not limited to, a letter of intent or any other preliminary agreement or any other written agreement or offer. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

John Allocca,
Director of FERC Compliance and Contracting

Attachment 1

Exhibit A
Transaction Confirmation
The Narragansett Electric Company d/b/a National Grid

TRANSACTION CONFIRMATION

Date: ____________

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _________. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	BUYER:
______________________	The Narragansett Electric Company d/b/a National Grid
Attn: ______________________	100 East Old County Road
Phone: ______________________	Hicksville, New York 11801
Fax: ______________________	Attn: Contract Administration
Base Contract No. ______________________	Phone: (516) 545-6068
Transporters: ______________________	Fax: (516) 545-5466
Transporters Contract Number: ______________________	Base Contract No. ______________________
Trader: ______________________	Transporters: Union Gas Limited, TransCanada Pipelines Limited ("TransCanada")
	Transporters Contract Number: ______________________
	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2012 **End:** October 31, 2013

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the interconnection between the facilities of TransCanada and Iroquois Gas Transmission System at Waddington, NY.

Special Conditions:

A. Definitions

"Assets" means the Agreements set forth on Exhibit A.

"Credit Support Provider" means__________________________.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

B. Gas Service and Capacity Release

1. **Assignment of Assets:** During the Term, Buyer will assign the Assets to Seller. Buyer shall be responsible for the payment of all demand charges related to the Assets. Notwithstanding the foregoing, in the case of TransCanada Assets, Seller shall initially pay the demand charges to TransCanada and Buyer will reimburse Seller for such charges. Seller shall use the Bank of Canada's monthly Average of Exchange Rates for the production month.
2. **Firm Base-load Supplies:** Each Day during the period from November 1, 2012 through and including March 31, 2013, Seller shall deliver and sell, and Buyer shall receive and purchase, Firm Base-load supplies of 1,012 dt/Day . Such quantity may be modified during the Term to account for changes in fuel retention percentages related to the Assets.
3. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Assets.

B. Price

The price shall be equal to the price posted as the "Index" for Canadian Gas, "Dawn, Ontario" as published in Inside FERC's Gas Market Report for the month of delivery, plus imputed variable costs to transport Gas from Dawn to the Delivery Point(s) based on the Assets.

D. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the assigned capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of $_________ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

E. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
(iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
(iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

F. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: By: ______________________________ Name: Title: Date:	Buyer: The Narragansett Electric Company By:______________________________ Name: John V. Vaughn Title: Authorized Signatory Date:

REDACTED

Shell Energy North America (US), L.P.

Contract Number:	010-NG-BS-12018	Trade Date:	
Contract Date:	11-1-2006	Deal Number:	
Deal Maker:	Robert Moore	Endur Number:	

TRANSACTION CONFIRMATION

The Narragansett Electric Company
d/b/a National Grid
Attn: Contract Administration
100 East Old County Road
Hicksville, NY11801

Date: September 18, 2012
Fax: 516-545-5466
Phone: 516-545-6068

This Transaction Confirmation is subject to that certain Base Contract for Sale and Purchase of Natural Gas, between Shell Energy North America (US), L.P. (successor in interest to Coral Energy Resources, L.P.) ("Shell Energy" or "Seller") and The Narragansett Electric Company d/b/a National Grid ("Buyer" or "Counterparty") dated as of November 1, 2006 (the "Contract"). This Transaction Confirmation shall confirm and effectuate the agreement between Buyer and Seller regarding the purchase and sale of Gas under the following terms. Defined terms used but not defined herein shall have the meaning ascribed to them in the Contract.

Seller: Shell Energy **Buyer: Counterparty**

Delivery Period (Term)	Delivery Point/Transporter	Level of Service	Contract Quantity (MMBtu Per Day)	Contract Price (USD Per MMBtu)
November 1, 2012 through October 31, 2013 - See Special Conditions Below	Interconnection of Transcanada Gas Pipeline and Iroquois Gas Transmission System at Waddington, NY	Firm	See Special Conditions Below	See Special Conditions Below

Special Conditions:

1. **Condition Precedent:**
It shall be a condition precedent to the obligations of the parties under this Transaction Confirmation that Counterparty shall enter into the **Letter Agreement for Temporary Assignment of Firm Canadian Transportation Capacity** (the "Letter Agreement") dated of even date herewith, between Counterparty and **Shell Energy North America (Canada) Inc.** ("Shell Energy Canada"), an affiliate of Shell Energy, and complete such temporary assignment of the following Canadian firm transportation capacity to Shell Energy Canada:

Pipeline	Quantity Dt/day	Quantity Gj/day	Receipt Point	Delivery Point
Union Gas Limited ("Union")	1,025	1,081	Dawn	Parkway
TransCanada Pipelines Limited ("TransCanada")	1,012	1,068	Parkway	Waddington

(the "Canadian Capacity"). If the foregoing condition precedent is not satisfied by November 1, 2012, then Shell Energy may terminate this Transaction Confirmation upon written notice to Counterparty and such termination shall be deemed to be an Event of Default under Section 10.2 of the Contract with Shell Energy as the Non-Defaulting Party. Counterparty agrees to use commercially reasonable efforts to take, or cause to be taken, all actions and all things necessary, proper or advisable for Counterparty to satisfy the condition precedent set forth in this Section 1 by November 1, 2012. Counterparty agrees that Shell Energy shall not have any liability with respect to the Canadian Capacity.

2. **Delivery Period:**
Start Date: November 1, 2012 subject to the Condition Precedent specified immediately above.
End Date: October 31, 2013.

3. Contract Quantity; Maximum Daily Quantity:

Contract Quantity. Each Day during the period from November 1, 2012 through and including March 31, 2013, Shell Energy shall deliver and sell, and Counterparty shall receive and purchase, Firm Base-load supplies of 1,000 dt, plus the quantity of fuel required by Iroquois Gas Transmission System, L.P. to transport 1,000 dt from the Delivery Point to the interconnection with Tennessee Gas Pipeline at Wright, New York pursuant to Rate Schedule RTS-1.

Maximum Daily Quantity. Notwithstanding anything to the contrary herein, the Contract Quantity for any Day, shall not exceed the amount that may be transported using the Canadian Capacity (the "Maximum Daily Quantity"); provided, however, Shell Energy at its sole option, may agree to sell and deliver Contract Quantities in excess of the Maximum Daily Quantity, if Counterparty and Shell Energy agree to terms for such additional quantities.

4. Contract Price; Transportation Charges; Management Fee:

Contract Price. [redacted]

Transportation Charges. For the avoidance of doubt, Counterparty shall be responsible for all demand charges related to the Canadian Capacity. Counterparty shall pay all Union demand charges directly while TransCanada demand charges shall initially be paid by Shell Energy Canada under the Letter Agreement. As long as Shell Energy is paid in full the Contract Price herein, Counterparty's obligation to reimburse Shell Energy Canada for such charges shall be deemed satisfied. In addition, Counterparty will be responsible for any toll increases should they occur during the Delivery Period and any subsequent and/or remaining accounting periods.

Management Fee. In consideration of the temporary assignment of the Canadian Capacity to Shell Energy Canada and Shell Energy Canada's right to use the Canadian Capacity for its own account, Counterparty shall be paid a management fee of [redacted] Such fee shall be paid by Shell Energy as agent for Shell Energy Canada under this Transaction Confirmation. For avoidance of doubt, such fee shall be reflected as a credit on Shell Energy's invoice each Month and shall be netted against the other amounts arising under the Contract as provided by Section 7.7 of the Contract.

For avoidance of doubt, for purposes of calculating Exposure under Section 10.1 of the Contract, all amounts that would be due and owing under this Section 4 (whether as part of the Contract Price, or as a separate reimbursement or fee) shall be included.

5. Events of Default; Termination:

If at any time during the Delivery Period, Shell Energy fails to deliver Gas required to be delivered hereunder for any continuous period in excess of three Days, unless such failure is excused by the Counterparty's non-performance or caused by Force Majeure, Counterparty shall have the right to terminate this Transaction Confirmation and recall (or revoke assignment of) the Canadian Capacity.

It shall be an Event of Default under the Contract with Counterparty as the Defaulting Party if the Canadian Capacity is recalled or the assignment is revoked by Counterparty for any reason other than an Event of Default by Shell Energy hereunder and termination of this Transaction Confirmation.

In the event either Party terminates the Transaction Confirmation, Counterparty shall immediately recall (or revoke assignment of) and be responsible for, and assume all rights and obligations for, the Canadian Capacity as of such date of termination.

6. Other Matters:

Replacement Index. If the Contract Price is based on a published index (the "Index Price") and during the term of this Contract (i) the applicable publication is no longer published and no successor is named, or (ii) the applicable publication ceases to publish or update a price report providing the information specified in the definition of the Index Price, or (iii) the applicable publication materially alters the basis upon which the Index Price is determined and reported (the date that the first of such events occurs being herein called the "Redetermination Date"), then the parties shall promptly meet, following the request of either party, to negotiate in good faith in or to agree upon an alternate publication for the purposes of determining the Index Price. If the parties fail to agree on an alternative price or reference publication within thirty (30) days of the Redetermination Date, then the Index Price will be determined with each party obtaining a good faith quote from a leading, investment grade, non-affiliated dealer in the relevant market and averaging the two quotes.

Change in Law. If either Shell Energy's or Counterparty's activities hereunder become subject to law or regulation of any kind which renders the purchase and sale of Gas at the Delivery Point provided under this Transaction Confirmation illegal, unenforceable or uneconomic (a "Change in Law"), then either party shall at such time have the right to deliver a notice of its intent to terminate this Transaction Confirmation based on the Change in Law to the other party, subject to Section 12 of the Contract and the satisfaction of the obligation to negotiate a new agreement under this Special Condition. Upon delivery of a Notice pursuant to this Special Condition

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by one party to the other, Shell Energy and Counterparty shall negotiate in good faith a new agreement resulting in substantially the same economic benefits as this Transaction Confirmation and if such negotiations do not result in a new agreement within thirty (30) Days of the start of such negotiations (or such longer time period to which the parties may agree), either party may terminate this Transaction Confirmation upon ten (10) Days advance written notice to the other party. A Change in Law for purposes of the terms and conditions of the Letter Agreement shall also be deemed to be a Change in Law for purposes of this Transaction Confirmation, and a termination of the Letter Agreement based on a Change in Law shall also result in termination of this Transaction Confirmation.

Relationship of Parties. National Grid acknowledges that Shell Energy US neither has nor undertakes any fiduciary or other special duty to National Grid hereunder. The rights, liabilities, responsibilities and remedies of the parties with respect to the subject matter of this Transaction Confirmation shall be exclusively those expressly set forth herein and in the Contract. Neither party is, or will represent itself as being, a partner of, or agent or fiduciary for, the other party with respect to the Canadian Capacity or otherwise.

Conflicts. To the extent there are conflicts between this Transaction Confirmation and the Base Contract, such conflicts will be resolved in favor of this Transaction Confirmation.

This Transaction Confirmation is being provided pursuant to and in accordance with the above referenced Contract between Shell Energy and Counterparty and constitutes part of and is subject to all of the provisions of the Contract. With respect to the above stated deal identification number (Deal #) identifying this specific "Transaction", this Transaction Confirmation shall supersede any prior confirmations of this specific Transaction.

The Narragansett Electric Company d/b/a National Grid		**Shell Energy North America (US), L.P.**	
Per:	[signature] ja cc	Per:	[signature]
Name/Title:	Authorized Signatory	Name/Title:	M. McComiskey
Date:	8/21/2012	Date:	Senior Vice President

Please return the signed confirmation to FAX: (713) 265-2171

Questions and comments should be directed to Contract Administration at: Phone: (713) 230-7505 Fax: (713) 265-2171.

Shell Energy North America (US), L.P. 1000 Main, Level 12, Houston TX 77002

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September 18, 2012

VIA FACSIMILE: 516-545-5466
The Narragansett Electric Company d/b/a National Grid
Attn: Contract Administration
100 East Old County Road
Hicksville, NY11801

RE: Letter Agreement ("Letter Agreement") for Temporary Assignment of Firm Canadian Transportation Capacity from The Narragansett Electric Company d/b/a National Grid to Shell Energy North America (Canada) Inc.

To whom it may concern:

The Narragansett Electric Company d/b/a National Grid ("National Grid") has the following firm transportation capacity pursuant to the firm transportation agreements attached here as **Exhibit A** and **Exhibit B**:

Pipeline	Quantity Dt/day	Quantity GJ/day	Receipt Point	Delivery Point
Union Gas Limited ("Union")	1,025	1,081	Dawn	Parkway
TransCanada Pipelines Limited ("TransCanada")	1,012	1,068	Parkway	Waddington

(the "Canadian Capacity"). Pursuant to this Letter Agreement, National Grid and Shell Energy North America (Canada) Inc. ("Shell Energy Canada") agree to the following terms and conditions regarding the temporary assignment of the Canadian Capacity to Shell Energy Canada:

(1) Condition Precedent. It shall be a condition precedent to the obligations of the parties under this Letter Agreement that National Grid shall have entered into that Transaction Confirmation, dated of even date herewith, with Shell Energy Canada's affiliate, Shell Energy North America (US) L.P. ("Shell Energy US"), pursuant to which National Grid purchases gas from Shell Energy US under that Base Contract for Sale and Purchase of Natural Gas, dated as of November 1, 2006 (the "Gas Sale"). In the event that such condition precedent is not satisfied by November 1, 2012, unless mutually agreed to be extended in writing, then this Letter Agreement shall automatically terminate without recourse and the parties shall have no further obligations to each other hereunder.

(2) Temporary Assignment. National Grid agrees to temporarily assign, and Shell Energy Canada agrees to accept temporary assignment of, the Canadian Capacity from November 1, 2012 to October 31, 2013 (the "Assignment Term") on the terms and conditions set forth in this Letter Agreement. To the extent that the temporary assignments of the Canadian Capacity to Shell Energy Canada are subject to approval from Union and TransCanada and further documentation requirements, National Grid and Shell Energy Canada shall take such actions and execute such additional documents as may be reasonably necessary to effectuate the temporary assignment of the Canadian Capacity. It is expressly contemplated that Union and TransCanada will issue firm transportation agreements to Shell Energy Canada that will contain similar terms and conditions as those set forth in Exhibit A and Exhibit B, except as such terms are modified by this Letter Agreement. National Grid agrees that Shell Energy Canada shall not have any liability with respect to the Canadian Capacity except as provided in this Letter Agreement and to the extent

such liabilities arise and are attributable to acts or omissions by Shell Energy Canadian under the Canadian Capacity during the Assignment Term.

(3) Transportation Charges. National Grid shall be solely responsible for all demand charges related to the Canadian Capacity during the Assignment Term and otherwise. During the Assignment Term:

(i) National Grid shall continue to be invoiced for and pay all Union demand charges directly; and

(ii) Each Month, TransCanada demand charges shall initially be paid by Shell Energy Canada to TransCanada, and National Grid shall be deemed to reimburse Shell Energy Canada for the demand charges charged by TransCanada to the extent it pays 100% of such charges to Shell Energy US as part of the Contract Price in the Gas Sale.

Variable charges shall also be recouped though the Contract Price in the Gas Sale. To the extent the Gas Sale is terminated or Shell Energy US is otherwise not paid for 100% of the demand and variable charges through the Gas Sale, National Grid agrees to pay and reimburse Shell Energy Canada directly for all such amounts. In addition, National Grid will be responsible for any toll increases should they occur during the Assignment Term and any subsequent and/or remaining accounting periods.

(4) Management Fee. In consideration of the temporary assignment of the Canadian Capacity to Shell Energy Canada and Shell Energy Canada's right to use the Canadian Capacity for its own account, National Grid shall be paid a management fee of [redacted] Such fee shall be paid by Shell Energy US (as agent for Shell Energy Canada) under the Gas Sale. National Grid agrees that Shell Energy Canada shall not be obligated to utilize the Canadian Capacity to supply National Grid or for National Grid's benefit. National Grid also agrees that Shell Energy Canada shall be entitled to utilize the Canadian Capacity during the Assignment Term as Shell Energy Canada in its sole discretion shall determine and for Shell Energy Canada's own benefit and account and that National Grid shall not be entitled to any portion of any profits or income realized by Shell Energy Canada therefrom.

(5) Default and Termination. In the event the Gas Sale is terminated for any reason allowed under its terms and conditions, then this Letter Agreement shall also contemporaneously terminate and the parties shall use commercially reasonable efforts to effectuate a return or reversion of the Canadian Capacity from Shell Energy Canada to National Grid as soon as reasonably possible. In such event, National Grid shall be responsible for, and assume all rights and obligations for, the Canadian Capacity as of such date of termination. Without limiting the foregoing, any Event of Default under the terms and conditions of the Gas Sale shall also be an Event of Default under this Letter Agreement and any right to terminate the Gas Sale shall also be a right to terminate this Letter Agreement. In any event, if this Letter Agreement is terminated, the parties shall use commercially reasonable efforts to effectuate a return or reversion of the Canadian Capacity from Shell Energy Canada to National Grid as soon as reasonably possible, and National Grid shall be responsible for, and assume all rights and obligations for, the Canadian Capacity as of such date of termination.

(6) Survival. The Parties' obligations to make payments due hereunder and the limitation on damages shall survive any termination of this Letter Agreement.

(7) Relationship of Parties. Each party is capable of understanding and evaluating (without assistance from the other party) all activities to be undertaken pursuant to this Letter Agreement. Regardless of any designation to Union or TransCanada in regards to the Canadian Capacity, it is understood and agreed that Shell Energy Canada is not acting as National Grid's agent hereunder and nothing herein shall be construed as creating an agency relationship, but rather it is understood and agreed that Shell Energy Canada is undertaking the obligations hereunder as an independent contractor for all purposes. National Grid acknowledges that Shell Energy Canada neither has nor undertakes any fiduciary or other special duty to National Grid hereunder. The rights, liabilities, responsibilities and remedies of the parties with respect to the subject

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matter of this Letter Agreement shall be exclusively those expressly set forth herein. Neither party is, or will represent itself as being, a partner of, or agent or fiduciary for, the other party with respect to the Canadian Capacity or otherwise. This Letter Agreement shall not be construed as creating any partnership, joint venture, association, or any other type of entity between National Grid and Shell Energy Canada, or between either or both of them and any other party for the sharing of profits and losses for federal income tax or for any other purposes.

(8) Change in Law. If either Shell Energy Canada's or National Grid's activities hereunder become subject to law or regulation of any kind which renders the transactions contemplated by this Letter Agreement illegal, unenforceable or uneconomic (a "Change in Law"), then either party shall at such time have the right to deliver a notice of its intent to terminate this Letter Agreement based on the Change in Law to the other party, subject to the satisfaction of the following obligation to negotiate a new agreement. Upon delivery of a notice pursuant to this Section 8 by one party to the other, Shell Energy and Counterparty shall negotiate in good faith a new agreement resulting in substantially the same economic benefits as this Letter Agreement and if such negotiations do not result in a new agreement within thirty (30) Days of the start of such negotiations (or such longer time period to which the parties may agree), either party may terminate this Letter Agreement upon ten (10) Days advance written notice to the other party. A Change in Law for purposes of the terms and conditions of the Gas Sale shall also be deemed to be a Change in Law for purposes of this Letter Agreement, and a termination of the Gas Sale based on a Change in Law shall also result in termination of this Letter Agreement.

(9) Creditworthiness. If either party has reasonable grounds for insecurity regarding the payment, performance or enforceability of any obligation under this Letter Agreement (whether or not then due), such party may demand security, whether or not the other party has defaulted on any of its obligations, which security shall be provided by the other party by the end of the third business day after the demand is received. For purposes of this provision, (a) "reasonable grounds" shall include, but not be limited to, (i) a decrease in the Credit Rating of a party or its credit support provider to below BBB- by Standard & Poor's Financial Services LLC, a subsidiary of The Mc-Graw-Hill Companies, Inc., or any successor rating agency thereto, or to below Baa3 by Moody's Investors Services, Inc., or any successor rating agency thereto or (ii) if neither of the foregoing rating agencies provides a Credit Rating for a party; and (b) "Credit Rating" shall mean (i) with respect to a party or its credit support provider, as applicable, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its issuer rating by the specified rating agency, and (ii) with respect to a financial institution, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its deposit rating by the specified rating agency. Any security provided under this provision shall be in the form, amount, and term reasonably acceptable to the party requesting the security, including a standby irrevocable letter of credit or a guarantee by an entity acceptable to the party requesting security. Failure by a party to provide the requested security shall constitute an Event of Default under this Letter Agreement and the Gas Sale. Notwithstanding the forgoing, to the extent an obligation under this Letter Agreement was used in calculating Exposure for purposes of the Gas Sale and Adequate Assurance of Performance was provided in connection with the Gas Sale, a party will not be required to provide additional security.

(10) Recordings. The parties agree that each party may electronically record all telephone conversations with respect to this Letter Agreement between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording.

(11) Limitations. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES

REDACTED

SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE.

(12) Choice of Law. THIS LETTER AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE PROVINCE OF ALBERTA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES OR PRINCIPLES.

(13) For the avoidance of doubt, the parties agree and acknowledge that (i) Shell Energy Canada is not a party to the Gas Sale and (ii) that any and all gas quantities being delivered to National Grid are being purchased and sold solely via that certain Gas Sale and such gas purchase/sale obligations, terms and conditions are not in any way covered by this Letter Agreement. The Gas Sale is merely referenced herein for informational purposes.

(14) This Letter Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. Nothing contained in this Letter Agreement, express or implied, is intended to confer upon any other person or entity any benefits, rights or remedies.

(15) The parties shall execute, acknowledge, and deliver, or cause to be executed, acknowledged and delivered, such instruments and take such other action as may be reasonably necessary or advisable to carry out their obligations under this Letter Agreement.

(16) Notices.

(a) All notices, invoices, payments, statements and communications made to National Grid pursuant to this Letter Agreement shall be in writing and made as follows:

THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
Attn: Contract Administration
100 East Old County Road
Hicksville, NY11801
Fax: 516-545-5466
hone: 516-545-6068

(b) All notices, invoices, payments, statements and communications made to Shell Energy Canada pursuant to this Letter Agreement shall be in writing and made as follows:

Notices:

SHELL ENERGY NORTH AMERICA (CANADA) INC.
Attn: Energy Administration
400 – 4th Avenue S.W.
Calgary, Alberta T2P 2H5
Fax: (403) 216-3601

Invoices and Payments:

SHELL ENERGY NORTH AMERICA (CANADA) INC.
Attn: Gas Accounting

REDACTED

Phone: (403) 216-3600
Fax: (877) 653-1272
Wire transfer or ACH numbers:
BANK: Citibank NA Canadian Branch
ABA: Bank #0328
ACCT: Branch: Transit #20012
Beneficiary: Shell Energy North America (Canada) Inc.

Gas Control:
Email: calgarynominations@shell.com
Attention: Gas Control
Phone: (403) 216-3504 Fax: (403) 216-3603

(c) All notices required pursuant to this Agreement may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class certified mail return receipt requested, or hand delivered.

(d) Notice shall be effective when received during business hours on a business day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending Party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is not a business day or is after five p.m. (at the receiving Party's place of business) on a business day, then such facsimile shall be deemed to have been received on the next following business day. Notice by overnight mail or courier shall be deemed to have been received on the next business day after it was sent or such earlier time as is confirmed by the receiving Party. First class mail is deemed delivered five (5) days after mailing.

If the foregoing represents your understanding of the agreement between National Grid and Shell Energy Canada, then please sign where indicated below and return by facsimile to John Pillion at john.pillion@shell.com.

Yours very truly,

SHELL ENERGY NORTH AMERICA (CANADA) INC.

Andrew Harris
Andrew Harris
S.V.P. Shell Energy North America (Canada) Inc

Accepted and agreed to this __ day of September 2012.

The Narragansett Electric Company d/b/a National Grid

By: John Vaughn for CEC

Name: Authorized Signatory

Title: 9/21/2012

REDACTED

Exhibit A to Letter Agreement –
Firm Transportation Contract Dawn to Parkway Between Union Gas Limited and The Narragansett Electric Company d/b/a National Grid Dated October 9, 2009

REDACTED

Exhibit B to Letter Agreement –
TransCanada Pipelines Limited Firm Transportation Service Contract dated March 18, 2010

Ventyx Page 43
- Draw 0 SENDOUT® Version 12 5.5 REP 30 08-Aug-2012
Report 30 10:01:35 Ú□□

Supply: RI Dawn W N SUPPLY DA LY TAKE Units: MDT

Day	Nov-2012	Dec-2012	Jan-2013	Feb-2013	Mar-2013
1	1.02	1.02	1.02	1.02	1 02
2	1.02	1.02	1.02	1.02	1 02
3	1.02	1.02	1.02	1.02	1 02
4	1.02	1.02	1.02	1.02	1 02
5	1.02	1.02	1.02	1.02	1 02
6	1.02	1.02	1.02	1.02	1 02
7	1.02	1.02	1.02	1.02	1 02
8	1.02	1.02	1.02	1 02	1 02
9	1.02	1.02	1.02	1 02	1 02
10	1.02	1.02	1.02	1 02	1 02
11	1.02	1.02	1.02	1 02	1 02
12	1.02	1.02	1.02	1 02	1 02
13	1.02	1.02	1.02	1 02	1 02
14	1.02	1.02	1.02	1 02	1 02
15	1.02	1.02	1.02	1 02	1 02
16	1.02	1.02	1.02	1 02	1 02
17	1.02	1.02	1.02	1 02	1 02
18	1.02	1.02	1.02	1 02	1 02
19	1.02	1.02	1.02	1 02	1 02
20	1.02	1.02	1.02	1 02	1 02
21	1.02	1.02	1.02	1.02	1 02
22	1.02	1.02	1.02	1.02	1 02
23	1.02	1.02	1.02	1.02	1 02
24	1.02	1.02	1.02	1.02	1 02
25	1.02	1.02	1.02	1.02	1 02
26	1.02	1.02	1.02	1.02	1 02
27	1.02	1.02	1.02	1.02	1 02
28	1.02	1.02	1.02	1 02	1 02
29	1.02	1.02	1.02		1 02
30	1.02	1.02	1.02		1 02
31		1.02	1.02		1 02
Total	30.68	31.71	31.71	28.64	31.71

Redacted

Division 1-6

Request:

Re: witness Arangio's Direct Testimony pages 14-15, please provide:

a. A complete copy of the Request for Proposal ("RFP") issued July 9, 2012 for an Asset management and Gas Supply Agreement ("AMA);

b. A list of the companies that submitted bids in response to the July 9, 2012 RFP;

c. A complete copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, **2012** based on the July 9, 2012 RFP;

d. The amount of the optimization fee the seller pays to the Company; and

e. The expected amount of revenue to be derived from the optimization fees.

Response:

a. Please see Attachment DIV 1-6(a)-1 for a copy of the Request for Proposal ("RFP") issued on July 9, 2012.

b. Bids were submitted to the Company by Bids were submitted to the Company by [redacted].

c. Please see Attachment DIV 1-6(c)-2 for a copy of the Asset Management and Gas Supply Agreement ("AMA") effective November 1, 2012.

d. The optimization fee is $[redacted] or the year.

e. Please see response to (d.) above.

Prepared by or under the supervision of: Elizabeth D. Arangio

The Narragansett Electric Company
Request for Proposals ("RFP")
July 9, 2012

The Narragansett Electric Company ("Buyer") is seeking proposals ("Proposals") for an Asset Management Arrangement ("AMA") as more fully set forth below. The specific gas supply requirements and the assets to be released ("Assets") for the AMA is set forth in Attachment 1. The successful bidder ("Seller") shall have the right to optimize the Assets subject to satisfying Buyer's Gas supply requirements.

Generally Applicable Provisions

Term: November 1, 2012 through and including October 31, 2013.

Release of Assets: The Assets to be released for each AMA are set forth in Attachment 1. Assets shall be released by Buyer for the entire Term at no cost to Seller. Buyer shall remain responsible for payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs in connection with the Assets during the Term. Buyer and Seller each agree to take such actions and execute such documents as may be required to effectuate the release of the Assets from Buyer to Seller. The parties intend that any transaction entered into pursuant to this RFP shall be structured as an Asset Management Agreement pursuant to FERC Order 712 and any other applicable rules or regulations. All releases shall be subject to recall in the event that the Seller fails to meet its Gas supply obligation to Buyer.

Gas Supply Requirements: The Gas Supply Requirements associated with the AMA are set forth in Attachments 1.

Delivery Point: The Delivery Point(s) for the AMA are set forth in Attachment 1.

Price: The Price for Gas delivered by Seller to Buyer under each Package is specified in Attachment 1.

Asset Management Fee: Subject to satisfying the Gas Supply Requirements associated with the AMA, Seller shall have the right to utilize and optimize the Assets for its own account. In

	exchange for such right, Seller shall pay Buyer an Asset Management Fee.
Proposals:	**As part of their Proposal, bidders should specify the total proposed Asset Management Fee to be paid to Buyer for the AMA.**
Form of Agreement:	Any transaction entered into as a result of this RFP shall be documented as a transaction under an active NAESB Agreement or ISDA Gas Annex with The Narragansett Electric Company. Included is the form of Transaction Confirmation (Attachment 2) that Buyer proposes for execution. **As part of their Proposal, bidders should clearly identify any proposed exceptions to the Transaction Confirmation.**
Credit Requirements:	Buyer's supplemental credit requirements are set forth in the draft Transaction Confirmation attached hereto as Attachment 2.

Instructions to Bidders:

Proposals must be submitted by the date specified in the Schedule below via email to *all* email addresses as follows:

john.allocca@us.ngrid.com
elizabeth.arangio@us.ngrid
nancy.culliford@us.ngrid.com
brian.spencer@us.ngrid.com
janet.prag@us.ngrid.com.

Any questions in connection with this RFP should be sent by email to *all* email addresses listed above.

Schedule (all times are Eastern Time):

July 12	All questions must be submitted in writing by 10 AM.
July 13	Buyer will respond to Bidders' questions in writing by 5 PM.
July 17	Proposals must be received by Buyer by 5:00 pm. **All proposals shall expressly provide that they will remain binding and in effect, without modification, until 5 PM on July 19, 2012.**
July 19	Buyer expects to award contracts with successful bidder(s) and confirm deal(s) in writing by 5 PM.

July 25	Target date for execution of Transaction Confirmation(s).

Miscellaneous:

National Grid will consider Proposals only from Bidders who have an executed NAESB Base Contract for Sale and Purchase of Natural Gas or an executed ISDA with a Gas Annex with Buyer. Bidders submitting bids in response to this RFP understand and agree that unless and until a definitive Transaction Confirmation has been executed and delivered, no contract or agreement providing for a transaction between such parties shall be deemed to exist between the parties, and neither party will be under any legal obligation of any kind whatsoever with respect to such transaction by virtue of this or any written or oral expression thereof, including, but not limited to, a letter of intent or any other preliminary agreement or any other written agreement or offer. National Grid reserves the right to withdraw or modify this RFP at any time and National Grid shall have the right, in its sole and absolute discretion, to reject any or all Proposals submitted in response to this RFP. Potential Sellers shall be subject to satisfactory credit review by National Grid.

John Allocca,
Director of Gas Contracting & Compliance

Attachment 1

AMA
Narragansett East to West

Buyer: The Narragansett Electric Company

Term: November 1, 2012 through October 31, 2013.

Gas Supply Requirements: Seller shall be obligated to deliver and sell Gas to Buyer at the Delivery Points in the quantities and during the periods specified below. Such Gas supply obligation shall consist of a Base-Load Supply and a Daily Call.

Base-Load Supply – Each Day during the period from December 1, 2012 through and including February 28, 2013, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

Daily Call – Each Day during the Term Seller shall sell and Deliver and Buyer shall purchase and receive the quantity of Gas requested by Buyer up to the Maximum Daily Quantity and subject to the Maximum Monthly Quantity set forth in the table below.

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2012		10,000	200,000
December 2012	3,000	7,000	177,000
January 2013	3,000	7,000	191,000
February 2013	3,000	7,000	182,000
March 2013		10,000	200,000
April 2013		10,000	200,000
May 2013		3,000	39,000
June 2013		0	0
July 2013		0	0
August 2013		0	0
September 2013		0	0
October 2013		10,000	200,000

Additional Call: In addition to the Gas Supply Requirements specified above, on any Day during the period from June 1, 2013 through and including October 31, 2013, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt at the Delivery Point(s). Seller's delivery obligations under this

Additional Call provision and its delivery obligation pursuant to the Gas Supply Requirements provision above shall not be cumulative (i.e., Buyer's right to request Gas pursuant to the Gas Supply Requirements provision shall be reduced by quantities requested pursuant to the Additional Call provision on any Day.

Price: The price paid for Gas hereunder shall be:

Base-Load Supply Price - For the Base-Load Supply, the price shall be the first of Month price posted in Inside FERC's First of Month Report for the applicable Month for Algonquin city-gates.

Daily Call Price - For Gas delivered pursuant to the Daily Call option, the price shall be the Gas Daily, Daily Index for Algonquin, city-gates for the applicable Day.

Additional Call Price - For Gas delivered pursuant to the Supplemental Daily Call option, the price shall be the greater of (a) the Gas Daily, Daily Index for Algonquin, city-gates plus $0.20 per dt or (b) the Base-Load Price set forth above.

Delivery Point(s): The points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the attached Algonquin Transportation Contract No. 510511-R1.

Nominations: Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 9:00 a.m. prevailing eastern time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday.)

Released Assets: During the Term, Buyer shall release 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached)

Attachment 2

AMA
Transaction Confirmation
The Narragansett Electric Company

TRANSACTION CONFIRMATION

Date: ____________

Transaction Confirmation #: ____________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated _________. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	BUYER:
______________________	The Narragansett Electric Company
Attn:______________________	100 East Old County Road
Phone:______________________	Hicksville, New York 11801
Fax:______________________	Attn: Contract Administration
Base Contract No. ______________	Phone: (516) 545-6068
Transporters: ______________	Fax: (516) 545-5466
Transporters Contract Number: ______________	Base Contract No. ______________
Trader: ______________	Transporters: Algonquin Gas Transmission
	Transporters Contract Number:______________
	Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2012 **End:** October 31, 2013

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the Assets.

Special Conditions:

A. Definitions

"Assets" means 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached).

"Credit Support Provider" means__________________________.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

"Moody's" means Moody's Investors Services, Inc. or its successor.

"S&P" means Standard & Poor's Ratings Group (a division of McGraw-Hill, Inc.) or its successor.

B. Gas Service and Capacity Release

1 Release of Assets: During the Term, Buyer will release on a pre-arranged, non-biddable basis, at no cost to Seller the Assets. Buyer shall be responsible for the payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs related to the Assets.

2 Base-Load Supply: Each Day during the period from December 1, 2011 through and including February 29, 2012, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

3 Daily Call: On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2012		10,000	200,000
December 2012	3,000	7,000	177,000
January 2013	3,000	7,000	191,000
February 2013	3,000	7,000	182,000
March 2013		10,000	200,000
April 2013		10,000	200,000
May 2013		3,000	39,000
June 2013		0	0
July 2013		0	0
August 2013		0	0
September 2013		0	0
October 2013		10,000	200,000

4 Additional Call: In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2013 through and including October 31, 2013, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (i.e. Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day.

1. **Termination Option:** If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

C. Price

1. **Base-Load Price**: The price for and Base-Load supplies purchase on any Day pursuant to B.2. shall be the first of Month price posted in Inside FERC's Firs of Month Report for the applicable Month for Algonquin, city-gates.

2. **Daily Call Price:** The price for any Daily Call supplies purchased on any Day pursuant to B.3. above shall be equal to the Gas Daily, Daily Index for Algonquin, city –gates for the applicable Day.

2. **Additional Call Price:** The price for any Additional Call supplies purchased on any Day pursuant to B.4. above shall be the greater of (a) the Gas Daily, Daily Index for Algonquin, city-gates plus $0.20 per dt or (b) the Base-Load Price set forth above.

D. Nominations

Buyer shall make all nominations for delivery of Gas verbally or by telephonic means prior to 9:00 a.m. prevailing eastern time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday.)

E. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the released capacity for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buyer of $_________ per Month. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

F. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "Collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
(iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
(iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

G. Asset Management Arrangement

The Parties agree that the transactions hereunder constitute an Asset Management Arrangement, as defined by FERC in Order No. 712 (as modified and clarified) and in accordance with FERC's rules and regulations, and that Seller is acting as Asset Manager as defined in 18 CFR 284.8(h)(3).

H. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) Days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: By: ____________________ Name: Title: Date:	Buyer: The Narragansett Electric Company By:____________________ Name: John V. Vaughn Title: Authorized Signatory Date:

REDACTED

AMA
Transaction Confirmation
The Narragansett Electric Company

TRANSACTION CONFIRMATION

Date: July 31, 2012
Transaction Confirmation #: ___________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer, dated August 1, 2009. This Transaction Confirmation will not become binding until executed by both parties.

SELLER:	**BUYER:**
EDF Trading North America, LLC 4700 W. Sam Houston Pkwy N., Ste 250 Houston, TX 77041 Attn: Gas Accounting Phone: 281-781-0333 Fax: 281-653-1034 Email: gas.invoicinghouston@edftrading.com Base Contract No. ______ Transporters: Algonquin Gas Transmission Transporters Contract Number: ______ Trader: C. Ben Hadden	The Narragansett Electric Company 100 East Old County Road Hicksville, New York 11801 Attn: Contract Administration Phone: (516) 545-6068 Fax: (516) 545-5466 Base Contract No. ______ Transporters: Algonquin Gas Transmission Transporters Contract Number: ______ Trader: John Allocca

Contract Price: See Special Conditions Section C Below

Term: Begin: November 1, 2012 **End:** October 31, 2013

Performance Obligation and Contract Quantity: See Special Conditions Below

Delivery Point(s): The Delivery Point shall be the points of interconnection between Buyer's facilities and the facilities of Algonquin Gas Transmission as set forth in the Assets.

Special Conditions:

A. Definitions

"Assets" means 10,000 dt/Day of rate schedule AFT-1 firm transportation capacity under Algonquin Contract No. 510511-R1 (attached).

"Credit Support Provider" means EDF Trading Limited.

"Dekatherm" or "Dth" or "dt" means one (1) MMBtu.

"FERC" means the Federal Energy Regulatory Commission.

"Letter of Credit" means an irrevocable, non-transferable, standby letter of credit issued by a major U.S. commercial bank, a U.S. branch office of a foreign bank, or U.S. financial institution, in any case with a credit rating of at least "A-" by S&P and "A3" by Moody's, in a form reasonably acceptable to the Buyer. All costs related to any Letter of Credit shall be for the account of the Seller.

REDACTED

"Moody's" means Moody's Investors Service, Inc. or its successor.

"S&P" means Standard & Poor's Financial Services LLC or its successor.

B. Gas Service and Capacity Release

1 **Release of Assets:** During the Term, Buyer will release on a pre-arranged, non-biddable basis, at no cost to Seller the Assets. Buyer shall be responsible for the payment of all demand charges related to the Assets. Seller shall be responsible for all variable costs related to the Assets.

2 **Base-Load Supply:** Each Day during the period from December 1, 2012 through and including February 28, 2013, Seller shall sell and deliver and Buyer shall receive and purchase 3,000 dt/Day at the Delivery Point(s).

3 **Daily Call:** On any Day during the Term Buyer shall have the right to call on a quantity of Gas up to Maximum Daily Call Quantity, and subject to the Maximum Monthly Quantity limitations, as set forth in the table below. Seller shall deliver the requested quantity at the Delivery Point(s).

Month	Daily Base-Load Quantity (dt/Day)	Maximum Daily Call Quantity (dt/Day)	Maximum Monthly Quantity (dt)
November 2012		10,000	200,000
December 2012	3,000	7,000	177,000
January 2013	3,000	7,000	191,000
February 2013	3,000	7,000	182,000
March 2013		10,000	200,000
April 2013		10,000	200,000
May 2013		3,000	39,000
June 2013		0	0
July 2013		0	0
August 2013		0	0
September 2013		0	0
October 2013		10,000	200,000

4 **Additional Call:** In addition to the Base-Load Supply and Daily Call specified in B.2. and B.3. above, on any Day during the period from June 1, 2013 through and including October 31, 2013, Buyer shall have the right to call on a quantity of Gas up to 10,000 dt/Day at the Delivery Point(s). Seller's delivery obligations under this Additional Call provision and its delivery obligation pursuant to the Daily Call provision above shall not be cumulative (i.e. Buyer's right to request Gas pursuant to the Daily Call provision shall be reduced by any quantities requested by Buyer pursuant to the Additional Call provision on any Day.

5. Termination Option: If at any time during the Term, Seller fails to deliver Gas required to be delivered hereunder, unless such failure is excused by the Buyer's non-performance or caused by Force Majeure, Buyer shall have the right to terminate this Transaction Confirmation and recall the Assets.

C. Price

1. **Base-Load Price:** [redacted]
2. [redacted]
3. **Additional Call Price:** [redacted]

D. Nominations

REDACTED

Buyer shall make all nominations for delivery of Gas verbally in writing or by telephonic means prior to 8:30 a.m. prevailing eastern time on the Business Day prior to the Gas Day on which delivery of Gas is requested. Friday nomination shall be for Saturday through Monday (ratably). Holidays are as determined by ICE and shall be treated the same as weekends (i.e., nominated ratably on Business Day prior to the Holiday.)

E. Asset Management Fee

Subject to the delivery obligations set forth above, Seller shall have the right to optimize the Assets for its own account. In exchange for such right, during the Term, Seller shall make a payment to Buye [redacted]. This payment shall be reflected as a credit to Buyer in Seller's invoice for the applicable Month.

F. Credit Provisions

Independent Amount. In the event Seller (i) has a Credit Rating at or below BBB- from S&P and/or Baa3 from Moody's, or (ii) is unrated, Seller shall provide Buyer with an Independent Amount in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit, in either case, in an amount equal to 10% of the potential mark to market exposure for the transactions hereunder calculated as a function of price volatilities as well as the notional volume; provided however, that the potential mark to market exposure shall be zero (0) when Seller's price is set a the Gas Daily Index.

Collateral Requirement. The "Collateral Requirement' for Seller means the Exposure (as defined below), minus the sum of (i) the amount of cash previously transferred by Seller to Buyer, (ii) the amount of cash held by Buyer as posted collateral as the result of drawing under any Letter of Credit maintained by Seller for the benefit of Buyer, and (iii) the undrawn value of each such Letter of Credit; provided, however that the Collateral Requirement for Seller will be deemed to be zero (0) if (i) Seller has a Credit Rating of at least BBB from S&P and/or Baa2 from Moody's, and (ii) no Event of Default with respect to Seller has occurred an is continuing. Seller may provide the Collateral Requirement in the form of either (a) a guaranty from a Credit Support Provider rated at least BBB by S&P and/or Baa2 by Moody's, (b) cash, or (c) a Letter of Credit. The "Collateral Requirement" for Buyer means zero (0).

"Exposure" shall be calculated as the sum of:

(i) all amounts that have been invoiced, but not yet paid for the transactions under this Transaction Confirmation; plus
(ii) all amounts that have been accrued, but not yet invoiced for the transactions under this Transaction Confirmation; plus
(iii) the mark to market amount for each Day remaining in the term for each transaction under this Transaction Confirmation; reduced by
(iv) the Independent Amount, if any, previously provided by the Seller to the Buyer.

G. Asset Management Arrangement

The Parties agree that the transactions hereunder constitute an Asset Management Arrangement, as defined by FERC in Order No. 712 (as modified and clarified) and in accordance with FERC's rules and regulations, and that Seller is acting as Asset Manager as defined in 18 CFR 284.8(h)(3).

H. Changes in Law

If the FERC or other applicable regulatory body shall implement any change in law, rule, regulation, tariff or practice that is binding on Seller or Buyer and materially and adversely affects such party's ability to perform its obligations hereunder, the parties shall negotiate in good faith an amendment to this Agreement or take other appropriate action the effect of which is to restore each party, as closely as possible, to its same position as prior to such change. If, within sixty (60) Days after the implementation of such change, the parties are unable to agree on such amendment or such other appropriate action, each party will continue to perform its obligations hereunder to the maximum extent possible under the applicable law, rule, regulation, tariff or practice, taking all reasonable steps to mitigate the effect of such change on each other.

Seller: EDF Trading North America, LLC	Buyer: The Narragansett Electric Company
By:	By:
Name: W. Eric Dennison	Name: John V. Vaughn
Title: Senior Vice President	Title: Authorized Signatory

LEGAL ____

CREDIT ____

SETTLEMENTS ____

Division 1-7

Request:

Re: Table 1 on page 14 of witness Arangio's Direct Testimony, please:

a. Verify that, within the constraint of the "Max # of Days" specified for "Daily Call" and "Supplemental Daily Call," the Maximum Daily Quantities shown for Base-Load Supplies, Daily Call, and Supplemental Daily Call are additive, and if not, explain the relationship between the Maximum Daily Quantities shown for Base-Load Supplies, Daily Call, and Supplemental Daily Call for each month; and

b. For each month indicate the number of days the combined use of Base-Load Supplies, Daily Call, and Supplemental Daily Call would be maximized:

   i. Under normal weather winter conditions
   ii. Under design winter conditions

Response:

a. Maximum Daily Quantities shown for Base-Load Supplies, Daily Call, and Supplemental Daily Call are additive.

	Base-Load Supplies		Daily Call			Supplemental Daily Call			TOTAL
Month	Maximum Daily Quantity	Maximum Monthly Quantity	Maximum Daily Quantity	Max. # of Days	Maximum Monthly Quantity	Maximum Daily Quantity	Max. # of Days	Maximum Monthly Quantity	Maximum Monthly Quantity
Nov-2012	0	0	10,000	20	200,000	10,000	10	100,000	300,000
Dec-2012	3,000	93,000	7,000	12	84,000	7,000	19	133,000	310,000
Jan-2013	3,000	93,000	7,000	14	98,000	7,000	17	119,000	310,000
Feb-2013	3,000	84,000	7,000	14	98,000	7,000	14	98,000	280,000
Mar-2013	0	0	10,000	20	200,000	10,000	11	110,000	310,000
Apr-2013	0	0	10,000	20	200,000	0	0	0	200,000
May-2013	0	0	3,000	13	39,000	0	0	0	39,000
Jun-2013	0	0	0	0	0	0	0	0	0
Jul-2013	0	0	0	0	0	0	0	0	0
Aug-2013	0	0	0	0	0	0	0	0	0
Sep-2013	0	0	0	0	0	0	0	0	0
Oct-2013	0	0	10,000	20	200,000	0	0	0	200,000

Prepared by or under the supervision of: Elizabeth D. Arangio

Division 1-7, page 2

b. See below for the number of days East to West AMA will be called on under normal winter and design winter conditions.

		Nov-2012	Dec-2012	Jan-2013	Feb-2013	Mar-2013
	# of Days less <= 10,000 Dth					
i	**Normal Weather Winter**	0	31	31	28	0
ii	**Design Weather Winter**	20	31	31	28	20
	# of Days at 10,000 Dth					
i	**Normal Weather Winter**	0	11	10	9	1
ii	**Design Weather Winter**	0	14	12	11	2

Prepared by or under the supervision of: Elizabeth D. Arangio

Redacted

Division 1-8

Request:

Re: witness Arangio's Direct Testimony page 15, lines 3 though 14, please:

a. Provide a complete copy of each contract the Company has entered into with Distrigas for firm liquid supply for each of the last three winters (i.e. 2009-10, 2010-11, 2011-12;

b. Provide the contracted LNG volumes for each of the last three years;

c. Provide the LNG volumes for which the Company expects to contract in total and by month for the November 1, 2012 to March 31, 2013 period;

d. Provide the volumes of LNG that the Company expects to require for the November 1, 2012 to March 31, 2013 period:

   i. Under normal weather winter conditions
   ii. Under design winter conditions;

e. Provide the actual LNG volumes actually purchased by month for each of the last three winters;

f. Provide the actual LNG volumes actually used by month for each of the last three winters;

g. Identify each alternative to Distrigas for LNG supply (or alternative peaking supply) that the Company has identified and the Company's estimated costs of supply from each identified alternative; and

h. The data, analyses and studies upon which the Company relies to support the reasonableness of the charges it has paid to Distrigas under its firm liquids supply contract for the winter of 2011-2012.

Response:

a. Provided as attachments are copies of the Distrigas firm liquid supply for the past three winters. Provided in Attachment DIV 1-8(a)-1 is the 2009/2010 winter season contract; provided in Attachment DIV 1-8(a)-2 is the 2010/2011 winter

Redacted

Division 1-8, page 2

season contract and provided in Attachment DIV 1-8(a)-3 is the contract for the 2011/2012 winter season.

b. The contracted LNG volumes for each of the last three years are as follows:

Date	Volume
Nov 2009 – Oct 2010	1,510,000 Dths (1,150,000 Vapor | 360,000 Liquid)
Nov 2010 – Mar 2011	125,000 Dths
Apr 2011 – Oct 2011	315,000 Dths
Dec 2011 – Mar 2012	125,000 Dths
Apr 2012 – Oct 2012	552,000 Dths

c. The Company expects to contract for 125,000 MMBtus for the 2012/2013 peak season with a daily maximum quantity of 3,000 MMBtu/day.

d. The amount of LNG that the Company expects to require for the November 1, 2012 to March 31, 2013 under normal and design conditions is provided in the table below (volumes = Mdts).

DESIGN	**Nov-2012**	**Dec-2012**	**Jan-2013**	**Feb-2013**	**Mar-2013**	**TOTAL**
RI NGLNG	11.7	224.6	251.8	158.1	26.4	672.6
RI Cumberland	3.1	3.2	27.8	3.7	3.2	41
RI Newport N	0	0	0	0	0	0
RI ExeterLNG	4	16	12.9	96	93.1	222
	18.8	243.8	292.5	257.8	122.7	935.6
NORMAL	**Nov-2012**	**Dec-2012**	**Jan-2013**	**Feb-2013**	**Mar-2013**	**TOTAL**
RI NGLNG	11.7	83.8	55.2	29.3	12.1	192.1
RI Cumberland	3.1	3.2	3.2	2.9	3.2	15.6
RI Newport N	0	0	0	0	0	0
RI ExeterLNG	4	4.2	4.2	3.8	4.2	20.4
	18.8	91.2	62.6	36	19.5	228.1

Prepared by or under the supervision of: Elizabeth D. Arangio

Redacted

Division 1-8, page 3

e. The LNG liquid volumes actually purchased by month for each of the last three winters are as follows (volumes = dts):

Month	Volume	Month	Volume	Month	Volume
Nov-2009	41,777	Nov-2010	0	Nov-2011	0
Dec-2009	36,742	Dec-2010	0	Dec-2011	0
Jan-2010	55,970	Jan-2011	33,769	Jan-2012	16,785
Feb-2010	0	Feb-2011	19,887	Feb-2012	54,482
Mar-2010	66,315	Mar-2011	64,517	Mar-2012	50,488

f. The LNG liquid volumes actually used by month for each of the last three winters are as follow (volumes = dts):

Month	Volume	Month	Volume	Month	Volume
Nov-2009	54,134	Nov-2010	44,802	Nov-2011	20,351
Dec-2009	162,369	Dec-2010	69,846	Dec-2011	36,342
Jan-2010	173,421	Jan-2011	167,625	Jan-2012	261,348
Feb-2010	58,578	Feb-2011	64,871	Feb-2012	26,941
Mar-2010	59,579	Mar-2011	32,973	Mar-2012	19,238

g. The Company's Distrigas contracts are the source of LNG refill throughout the peak and off peak seasons. There are currently no other permanent suppliers to supply the LNG requirements of the Narragansett portfolio.

However, in the event that the Company should be required to implement a contingency plan to meet an LNG supply deficit, a plan has been developed. The Company would seek to source LNG from other facilities in the Northeast such as; the NSTAR Gas facility in Hopkinton, Massachusetts, the Columbia Gas of Massachusetts facility in Ludlow, Massachusetts, Philadelphia Gas Works in Philadelphia, Pennsylvania, UGI LNG Incorporated in Pennsylvania and Transcontinental Gas Pipeline Company, LLC in Carlsdat, New Jersey. While these facilities could likely provide volumes to the Company, it would not make

Prepared by or under the supervision of: Elizabeth D. Arangio

Redacted

sense to source liquid from most of them on a long-term basis given the physical distance between the respective facilities and the Company's distribution system.

Lastly, as part of its LNG contingency planning, the Company is looking to upgrade and/or install truck loading and unloading facilities at its downstate New York LNG facilities in Holtsville and Greenpoint in order to provide the flexibility to liquefy LNG at either plant and then truck it to the Company's National Grid New England LNG facilities. As part of this plan, the Company would need to seek a waiver with the New York Fire Department as LNG trucking is currently banned in NYC.

h. During the winter of 2011/12, the Company contracted with Distrigas for the months of December through and including March for up to 3,000 dts/day (3 trucks per day) for a total of 125,000 dts during the season. To demonstrate the reasonableness of the fixed charges paid to Distrigas, the Company compared them to the fixed cost of a pipeline alternative (see table below) which represents the Company's alternative to meeting customer requirements with the absence of winter LNG.

Fixed Costs	MDQ	ACQ	Demand	Total
[redacted]				

The total fixed cost for LNG is $[redacted] as compared to the pipeline alternative total fixed cost of $[redacted].

Prepared by or under the supervision of: Elizabeth D. Arangio

REDACTED

. FCS067

SERVICE AGREEMENT

FOR FIRM COMBINATION SALES SERVICE

BETWEEN

DISTRIGAS OF MASSACHUSETTS LLC

AS SELLER

AND

NEW ENGLAND GAS COMPANY, *a division of* SOUTHERN UNION COMPANY AS BUYER

1693

REDACTED

SERVICE AGREEMENT FOR FIRM COMBINATION SALES SERVICE

SEPTEMBER 16, 2005 [initials]

This Service Agreement for Firm Combination Sales Service (No. FCS067), dated as of ~~May 7, 2005~~ ("Agreement"), is made and entered into by and between Distrigas of Massachusetts LLC, a Delaware limited liability company with a principal location at One Liberty Square, 10th Floor, Boston, Massachusetts 02109 ("Seller"), and New England Gas Company, a division of Southern Union Company, a Rhode Island corporation with a principal location at 100 Weybosset Street, Providence, Rhode Island 02903 ("Buyer").

WITNESSETH

WHEREAS, Seller owns and operates a Liquefied Natural Gas ("LNG") terminal in Everett, Massachusetts and is engaged in the purchase, terminalling, and sale of LNG in vaporized and liquid form; and

WHEREAS, Buyer desires to purchase LNG services from Seller; and

WHEREAS, Seller has made or will make transportation arrangements as needed with third-party transporters ("Transporting Pipelines") for the transportation of vaporized LNG.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, together with other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Seller and Buyer do mutually covenant and agree as follows:

ARTICLE I
QUANTITY

1.1 For each Contract Year during the term of this Agreement, Seller agrees to sell and Buyer agrees to purchase, subject to the terms and delivery conditions hereinafter set forth, up to 10,000 MMBtu of LNG in liquid or vapor form on a daily basis ("Maximum Daily Quantity" or "MDQ"), with a total quantity ("Annual Contract Quantity" or "ACQ") not to exceed (i) 1,510,000 MMBtu in each of the first, second, fourth, and fifth Contract Years, and (ii) 1,520,000 MMBtu in the third Contract Year, plus any additional quantities required to fill a final truck to capacity.

1.2 Notwithstanding anything to the contrary in Section 1.1 above, Seller and Buyer hereby mutually agree that deliveries of LNG in liquid form set forth herein shall not exceed a total quantity of 360,000 MMBtu during each Contract Year during the term of this Agreement.

REDACTED

1.3 As used in this Agreement, the term "Contract Year" shall mean each period during the term of this Agreement commencing on November 1st of one calendar year and running through and including October 31st of the following calendar year.

1.4 When requested by Buyer, Seller in its sole discretion and judgment will attempt to provide quantities of LNG in excess of the amount of firm service described in Section 1.1 on an interruptible basis.

1.5 Buyer shall provide to Seller by November 1, 2005, to be updated the first of each month thereafter, a schedule showing the estimated quantities of LNG in liquid or vapor form to be taken each month during the term of this Agreement. Amounts of LNG in liquid or vapor form shall be stated on the basis of MMBtu per month. The schedule to be provided under this Section 1.4 shall not be binding on Buyer but rather shall serve as a guide to aid Seller in planning deliveries of LNG.

ARTICLE II
POINT(S) OF DELIVERY

2.1 The Point(s) of Delivery hereunder shall be at the points described on Exhibit "A" attached hereto and incorporated herein.

ARTICLE III
QUALITY

3.1 The quality of the gas delivered in liquid form hereunder shall be in accordance with the specifications contained in the General Terms and Conditions of Seller's Federal Energy Regulatory Commission ("FERC") Gas Tariff, First Revised Volume No. 1, as revised from time to time ("Seller's FERC Gas Tariff"). For vapor deliveries, the quality specifications shall be as contained in the FERC Gas Tariff(s) of the Transporting Pipeline(s) making deliveries of gas to the Point(s) of Delivery.

ARTICLE IV
DISPATCHING AND DELIVERY

4.1 Liquid Delivery Conditions. Subject to receipt of forty-eight (48) hours' notice from Buyer, Seller shall deliver under the following conditions:

4.1.1 Trucks or trailers arriving at Seller's Terminal to receive LNG shall comply with the following conditions:

(a) Minimum capacity of 6,000 gallons.

REDACTED

(b) Maximum pressure at time of loading of 15 psig.

(c) Precooled to at least -240 degrees Fahrenheit.

(d) Previous cargo shall have been LNG, or documentation shall be provided certifying that inert purge followed by precooling with LNG has been carried out.

(e) Safe operating conditions, including the requirements of all applicable federal, state and local laws and regulations.

Seller has the right to refuse to load any trucks or trailers not meeting all of the above conditions. At Seller's sole option, Seller may make available to Buyer additional LNG for use in cool down, which LNG will be sold to Buyer at the price provided in Article V.

4.1.2 Seller shall use its best efforts to deliver LNG on less than forty-eight (48) hours' notice upon request of Buyer.

4.2 Vapor Delivery Conditions. Buyer and Seller recognize that transportation of LNG in vapor form from Seller's facilities to Buyer's facilities will require the services of one or more Transporting Pipeline(s). Seller and Buyer agree that for any day on which Buyer desires to purchase LNG in vapor form, Buyer shall nominate to Seller's designated representative such quantities of LNG in vapor form as Buyer desires to purchase hereunder at least four (4) hours prior to the nomination deadline(s) established by the Transporting Pipeline(s). Buyer agrees to reimburse Seller for all costs associated with any imbalance penalties incurred by Seller as a result of Buyer's failure to take such nominated quantities of LNG in vapor form when tendered by the Transporting Pipeline(s).

4.3 Seller will make arrangements with the Transporting Pipeline(s) to effectuate delivery at the Point(s) of Delivery hereunder.

4.4 If Buyer fails to nominate pursuant to the procedures of Section 4.2 above, Buyer waives its rights to firm vapor service for that day. However, to the extent practicable, Seller will use its best efforts to accommodate any request for service by Buyer not timely made in accordance with Section 4.2.

ARTICLE V
PRICE

5.1 For each Contract Year during the term of this Agreement, Buyer shall make a non-refundable call payment to Seller as set forth below:

REDACTED

(i)

(ii)

(Each such call payment is hereinafter referred to as "Call Payment").

As to the sales hereunder for resale in interstate commerce, the Call Payment negotiated between Buyer and Seller will not exceed the Call Payment Cap prescribed in Section 3.1 of Seller's Rate Schedules FVSS and FLSS. To the extent that a monthly Call Payment exceeds the applicable Call Payment Cap, Seller will refund such excess with interest, if any, calculated pursuant to Section 154.67(c)(2)(iii) of the FERC's Regulations, 18 C.F.R. §154.67(c)(2)(iii). The Call Payment Cap under this Section 5.1 applies to the price of LNG calculated at the tailgate of Seller's Everett, Massachusetts, marine LNG terminal and does not include any reservation or other charges for transportation incurred by Seller in making deliveries for or on behalf of Buyer under this Agreement.

5.2 For each MMBtu of LNG delivered in liquid or vapor form to Buyer, Buyer will pay to Seller a commodity rate per MMBtu equal to the following:

(i)

(ii)

REDACTED

ARTICLE VI
METERING AND MEASUREMENT

6.1 The metering and measurement of the LNG delivered hereunder in liquid form shall be in accordance with the specifications contained in the General Terms and Conditions of

REDACTED

Seller's FERC Gas Tariff. The metering and measurement of the LNG delivered hereunder in vapor form shall be in accordance with the specifications of the FERC Gas Tariff(s) of the Transporting Pipeline(s) making deliveries at the Point(s) of Delivery hereunder.

ARTICLE VII
GOVERNMENTAL REGULATIONS

7.1 This Agreement is subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

ARTICLE VIII
GENERAL TERMS AND CONDITIONS

8.1 The General Terms and Conditions of Seller's FERC Gas Tariff are incorporated herein for all purposes.

ARTICLE IX
TERM

9.1 Subject to any requisite governmental authorizations, this Agreement shall take effect on November 1, 2005, and shall remain in effect through and including October 31, 2010.

9.2 Buyer and Seller mutually agree and covenant to one another that upon termination or expiration under this Article IX, this Agreement and the service herein provided shall be deemed abandoned for all purposes under the Natural Gas Act.

ARTICLE X
FILING FEES

10.1 Seller shall charge Buyer an amount to recoup any filing or similar fees which Seller incurs in rendering service hereunder.

ARTICLE XI
FORCE MAJEURE AND REMEDIES

11.1 Force majeure and remedies under this Agreement shall be governed by Section 8 of the General Terms and Conditions of Seller's FERC Gas Tariff.

REDACTED

11.2 If Seller, due to force majeure, is unable to deliver on one or more days the quantity of natural gas requested by Buyer, and as to which Buyer has made a Call Payment, then for each such day of the period of such force majeure Seller shall refund to Buyer a pro rata amount of the Call Payment determined by multiplying the percentage of Buyer's MDQ not delivered on each such day times the prorated daily value of the Call Payment.

ARTICLE XII
BILLING AND PAYMENT

12.1 Billing and payment under this Agreement shall be governed by Section 6 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE XIII
CURTAILMENT

13.1 Curtailment of service under this Agreement will be governed by the curtailment plan set out at Section 15 of the General Terms and Conditions of Seller's FERC Gas Tariff.

ARTICLE XIV
NOTICES

14.1 Except as otherwise provided, all notices, requests, demands, statements, or bills provided for in this Agreement, or any notice which either party desires to give to the other, shall be in writing and shall be delivered (i) in person, (ii) by United States Mail, (iii) by a nationally recognized delivery service, or (iv) via facsimile, and shall be considered duly delivered upon receipt at the addresses below or at such other addresses as may be hereafter furnished by one party to the other in writing:

Seller:
(Payments)

<u>If by Check:</u>
Distrigas of Massachusetts LLC
One Liberty Square, 10th Floor
Boston, MA 02109
Attn: Finance Department
Telephone: 617.526.8300
Facsimile: 617.526.8349

<u>If by Wire Transfer:</u>
Bank: JP Morgan Chase Bank
Houston, TX 77002
ACT: 00113321203
ABA: 113000609
REF: Distrigas of Massachusetts LLC

REDACTED

Seller (Notices)	Distrigas of Massachusetts LLC One Liberty Square, 10th Floor Boston, MA 02109 Attn.: Contract Administration Telephone No.: 617.526.8300 Facsimile No.: 617.526.8356
Buyer (Invoices)	New England Gas Company, a division of Southern Union Company 1595 Mendon Road Cumberland, RI 02864 Attn: Accounts Payable Telephone No.: 401.272.5040 Facsimile No.: 401.273.2442
Buyer (Notices)	New England Gas Company, a division of Southern Union Company 1595 Mendon Road Cumberland, RI 02864 Attn: Contract Administration Telephone No.: 401.272.5040 Facsimile No.: 401.421.6760

ARTICLE XV
ASSIGNMENT

15.1 This Agreement shall be freely assignable to any affiliate of a party hereto or to any financing entity and may be assigned to any other unrelated third party upon prior written consent of the other party hereto, such consent not to be unreasonably withheld. For purposes of this Article XV, an affiliate shall mean any entity which controls, is controlled by, or is under common control with a party.

15.2 This Agreement and all rights and obligations hereunder shall be binding upon and inure to the benefit of the respective parties and their respective assigns and successors in interest.

ARTICLE XVI
CONFIDENTIALITY

16.1 Each party agrees that it will maintain this Agreement, and all parts and content hereof, including, but not limited to, the price paid for gas, in strict confidence, and that it will not cause or permit disclosure of same to any unaffiliated third party (other than its attorneys, accountants, and auditors) without the express written consent of the other

REDACTED

party, except as provided below. Such disclosure is permitted in the event and only to the extent that the disclosing party is required by a court or agency exercising jurisdiction over the subject matter hereof, to so disclose. In any such event, the party so disclosing shall make every reasonable effort to ensure compliance with this provision by the court, agency, person or entity to which the information is disclosed.

IN WITNESS WHEREOF, the parties have executed this Agreement in several counterparts by their respective duly authorized officers as of the day and year first above written.

SELLER:

DISTRIGAS OF MASSACHUSETTS LLC

By: _______________

Name: **Robert A. Wilson**

Title: **Senior Vice President**

BUYER:

NEW ENGLAND GAS COMPANY, a division of SOUTHERN UNION COMPANY

By: _______________

Name: Thomas Karam

Title: President & COO

9/16/05

LEGAL APPROVED AS TO FORM

New England Gas Company
Contract Number
1719
Legal Department

REDACTED

EXHIBIT A
POINT(S) OF DELIVERY

Service Agreement for Firm Combination Sales Service (No. FCS067) dated as of May 7, 2005 ("Agreement"), between Distrigas of Massachusetts LLC ("Seller") and New England Gas Company, a division of Southern Union Company ("Buyer").

Points of Delivery:

Liquid:

For firm (and interruptible, if any) liquid service, at the truck loading flange of Seller's marine LNG terminal located in Everett, Massachusetts.

Vapor:

For firm (and interruptible, if any) vapor service, at the point(s) of interconnection between Buyer's facilities and Tennessee Gas Pipeline Company's system on a secondary basis and as mutually agreed upon between Seller and Buyer.

REDACTED

Distrigas

Distrigas of Massachusetts LLC
One Liberty Square 10th Floor Boston, MA 02109 ph: 617.526.8300 fx: 617.526.8344 www.tractebel.com

~~May 7, 2005~~ SEPTEMBER 16, 2005

New England Gas Company, a division of
Southern Union Company
100 Weybosset Street
Providence, RI 02903
Attn: Mr. Gary Beland

Re: **Deliveries of natural gas by Mystic River Energy LLC in lieu of deliveries under that certain Service Agreement for Firm Combination Sales Service (No. FCS067) between Distrigas of Massachusetts LLC as Seller and New England Gas Company, a division of Southern Union Company, as Buyer.**

Dear Sir or Madam:

Reference is herein made to that certain Service Agreement for Firm Combination Sales Service (No. (FCS067) dated as of May 7, 2005 ('Service Agreement"), between Distrigas of Massachusetts LLC as Seller ("DOMAC") and New England Gas Company, a division of Southern Union Company, as Buyer ("Buyer"). DOMAC hereby requests Buyer's consent, for the term of the Service Agreement, to cause DOMAC's affiliate, Mystic River Energy LLC ("Mystic"), to deliver natural gas to Buyer in lieu of vaporized liquefied natural gas ("LNG") to be supplied by DOMAC under the Service Agreement. By signing this letter, Buyer agrees that to the extent that Mystic actually delivers natural gas to Buyer on any day, up to the amount required to be delivered under the Service Agreement, DOMAC shall be correspondingly excused from its obligation, if any, for that day to deliver vaporized LNG under the Service Agreement. Nothing contained herein shall relieve DOMAC of its ultimate obligation, if any, for the delivery of natural gas to Buyer under the Service Agreement in the event of a failure to deliver by Mystic.

Please acknowledge your consent to the aforementioned terms and conditions by signing this letter in two (2) original counterparts, and return one (1) copy to: Distrigas of Massachusetts LLC, One Liberty Square, 10th Floor, Boston, MA 02109, Attn: Contract Administration.

Very truly yours,

Distrigas of Massachusetts LLC

Robert A. Wilson
Senior Vice President

Agreed and accepted as of the date hereabove written.

BUYER:

New England Gas Company, a division of
Southern Union Company

By: ____________________ GB

Its: President & COO

LEGAL APPROVED AS TO FORM

9/16/05

New England Gas Company
Contract Number
1719
Legal Department

REDACTED

Deal Approval Sheet - Distrigas Firm Combination Service Contract

Overview - The contract calls for firm delivery of gas supply service from Distrigas of [redacted] ıpany to [redacted] st, for a [redacted] wing [redacted] the [redacted]

Economic Analysis – The costs related to the purchase and delivery of the LNG is recoverable from customers through the gas recovery mechanism.

Dated: August 2, 2005

Director, Gas Supply

Vice President, Finance

Approvals:

President and COO, New England Gas Company

Chairman and CEO, Southern Union Company

REDACTED

Contract No. FLS182

SERVICE AGREEMENT

FOR FIRM LIQUID SERVICE

BETWEEN

DISTRIGAS OF MASSACHUSETTS LLC

AS SELLER

AND

THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID

AS BUYER

2931

REDACTED

SERVICE AGREEMENT FOR FIRM LIQUID SERVICE

This Service Agreement for Firm Liquid Service, dated as of November 1, 2010 (No. FLS182) ("Service Agreement"), is made and entered into by and between Distrigas of Massachusetts LLC, a Delaware limited liability company with a principal location at 20 City Square, Suite 3, Charlestown, Massachusetts 02129 ("Seller"), and The Narragansett Electric Company d/b/a National Grid, a Rhode Island corporation, with a principal location at 1595 Mendon Road, Cumberland, Rhode Island, 02864 ("Buyer").

WITNESSETH

WHEREAS, Seller owns and operates a Liquefied Natural Gas ("LNG") terminal in Everett, Massachusetts and is engaged in the purchase, terminaling, and sale of LNG; and

WHEREAS, Buyer desires to purchase LNG services from Seller.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, together with other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, Seller and Buyer do mutually covenant and agree as follows:

ARTICLE I
QUANTITY

1.1 Seller agrees to sell and Buyer agrees to purchase, on a firm basis, subject to the terms and delivery conditions hereinafter set forth, a quantity of LNG up to three (3) truckloads (approximately 2,850 MMBtu in total per day) ("Maximum Daily Quantity" or "MDQ") with a total quantity during the term of this Service Agreement not to exceed 125,000 MMBtu ("Total Quantity"), plus any additional quantities required to fill a final truck to capacity.

1.2 When requested by Buyer, Seller, in its sole discretion and judgment, will attempt to provide quantities of LNG in excess of the amount of firm services described in Section 1.1 on an interruptible basis.

1.3 Buyer will provide to Seller, by December 1, 2010, to be updated on the first of each month, a schedule showing the estimated quantities of LNG to be taken in each month during the term of this Service Agreement. Amounts of LNG shall be stated on a basis of MMBtu of liquid per month. The schedule to be provided under this section shall not be binding on Buyer but rather serve as a guide to aid Seller in planning deliveries of LNG.

REDACTED

ARTICLE II
POINT(S) OF DELIVERY

2.1 The Point(s) of Delivery for LNG sold hereunder shall be at the point(s) described on Exhibit "A" attached hereto and incorporated herein.

ARTICLE III
QUALITY

3.1 The quality of the LNG delivered in liquid form shall be in accordance with the specifications contained in Seller's Statement of Terms and Conditions for Liquid Service effective as of August 23, 2008 ("Terms of Liquid Service"). A copy of the Terms of Liquid Service is attached hereto and incorporated herein by reference.

ARTICLE IV
DELIVERY CONDITIONS

4.1 Liquid Delivery Conditions. Subject to receipt of 48 hours' notice from Buyer, Seller shall deliver liquid LNG to Buyer under the following conditions:

4.1.1 Trucks or trailers arriving at Seller's Terminal to receive LNG shall comply with the following specifications:

(a) Minimum capacity of 6,000 gallons.
(b) Maximum pressure at time of loading of 15 psig.
(c) Pre-cooled to at least - 240° Fahrenheit.
(d) Previous cargo shall have been LNG, or documentation shall be provided certifying that inert purge followed by precooling with LNG has been carried out.
(e) Safe operating conditions, including compliance with the requirements of all applicable federal, state and local laws and regulations.

Seller has the right to refuse to load any trucks or trailers not meeting all of the above conditions. At Seller's sole option, Seller may make available to Buyer additional LNG for use in cool down, which LNG will be sold to Buyer at the price provided in Article V.

4.1.2 Seller in its sole discretion may deliver LNG on less than 48 hours' notice upon the request of Buyer.

REDACTED

ARTICLE V
PRICE

5.1

5.2

5.3

5.4

REDACTED

ARTICLE VI
METERING AND MEASUREMENT

6.1 The metering and measurement of the LNG delivered hereunder in liquid form shall be in accordance with Seller's Terms of Liquid Service.

ARTICLE VII
TERMS OF LIQUID SERVICE

7.1 Seller's Terms of Liquid Service are incorporated herein for all purposes. In the event of a conflict between the terms and conditions of this Service Agreement and the terms and conditions of Seller's Terms of Liquid Service, the terms and conditions of this Service Agreement shall govern.

ARTICLE VIII
TERM

8.1 Subject to any requisite governmental authorizations, this Service Agreement shall take effect on November 1, 2010, and shall remain in effect through and including March 31, 2011.

ARTICLE IX
FORCE MAJEURE

9.1 Force majeure under this Service Agreement shall be governed by Section III.E of Seller's Terms of Liquid Service.

ARTICLE X
BILLING AND PAYMENT

10.1 Billing and payment under this Service Agreement shall be governed by Section III.C of Seller's Terms of Liquid Service.

ARTICLE XI
NOTICES

11.1 Except as otherwise provided, all notices, requests, demands, statements, or bills provided for in this Service Agreement, or any notice which either party desires to give to the other, shall be in writing, and shall be delivered (i) in person, (ii) by a nationally

REDACTED

recognized delivery service, (iii) via facsimile or electronic mail, or (iv) by United States Mail, return receipt requested, and shall be considered duly delivered upon receipt at the addresses below or at such other addresses as may be hereafter furnished by one party to the other in writing:

Seller (Payments)	**<u>If by Check</u>:** Distrigas of Massachusetts LLC c/o SUEZ LNG NA LLC 1990 Post Oak Boulevard, Suite 1900 Houston, TX 77056 Attn: Finance Department Telephone: (713) 636-1422 Facsimile: (713) 636-1613 **<u>If by Wire Transfer</u>:** Bank: JP Morgan Chase Bank Houston, TX 77002 ACT No: 00113321203 ABA No: 113000609 REF: Distrigas of Massachusetts LLC
Seller (Notices)	Distrigas of Massachusetts LLC 20 City Square, Suite 3 Charlestown, MA 02129 Attn.: Contract Administration Telephone No.: (617) 886-8700 Facsimile No.: (617) 886-88446 Electronic Mail: greig.whitney@gdfsuezna.com
Buyer (Invoices)	The Narragansett Electric Company d/b/a National Grid c/o National Grid 100 East Old Country Road Hicksville, NY 11801 Attn: Back Office Telephone No.: (516) 545-6032 Facsimile No.: (516) 545-5469
Buyer (Notices)	The Narragansett Electric Company d/b/a National Grid c/o National Grid 40 Sylvan Road, E3/606 Waltham, MA 02451 Attn: Ms. Elizabeth Arangio Telephone No.: (781) 907-1639 Facsimile No.: (781) 907-1647

REDACTED

Electronic Mail: Elizabeth.arangio@us.ngrid.com

ARTICLE XII
ASSIGNMENT

12.1 This Service Agreement shall be freely assignable to any affiliate of a party hereto and to any financing entity and may be assigned to any other third party upon prior written consent of the other party hereto, such consent not to be unreasonably withheld. For purposes of this Article XII, an affiliate shall mean any entity that controls, is controlled by, or is under common control with, a party.

12.2 This Service Agreement and all rights and obligations hereunder shall be binding upon and inure to the benefit of the parties and their respective assigns and successors in interest.

IN WITNESS WHEREOF, the parties have executed this Service Agreement in several counterparts by their respective duly authorized officers as of the day and year first above written.

SELLER:

DISTRIGAS OF MASSACHUSETTS LLC

By:____________________
Name: Joseph P. Murphy
Title: Vice President, Sales & Transportation

BUYER:

THE NARRAGANSETT ELECTRIC COMPANY d/b/a NATIONAL GRID

By:____________________
Name: Elizabeth Arangio
Title: Director, Gas Supply Planning

REDACTED

EXHIBIT A

POINT(S) OF DELIVERY

Service Agreement for Firm Liquid Service dated as of November 1, 2010, between Distrigas of Massachusetts LLC ("Seller") and The Narragansett Electric Company d/b/a National Grid("Buyer").

Points of Delivery:

For firm (and interruptible, if any) liquid service, at the truck loading flange of Seller's marine LNG terminal located in Everett, Massachusetts.

REDACTED

EXHIBIT A

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

GDF SUEZ GAS NA LLC	Date: December 19, 2011 Transaction Confirmation: NSB042-1

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated December 19, 2011. The terms of this Transaction Confirmation are binding unless disputed in writing within two (2) Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	BUYER:
GDF SUEZ Gas NA LLC 20 City Square, Suite 3 Charlestown, MA 02129 Attn: Contract Administration Telephone: (617) 886-8705 Facsimile: (617) 381-8605 Base Contract No.: NSB042	The Narragansett Electric Company d/b/a National Grid c/o National Grid 40 Sylvan Road, E3/608 Waltham, MA 02451 Attn: Director, Gas Contracting & Compliance Telephone: (516) 545-3108 Electronic Mail: john.allocca@us.ngrid.com

Performance Obligation and Contract Quantity: Firm Liquid Service

Firm (Variable) Quantity: Buyer agrees to purchase, on a firm basis, a Maximum Daily Quantity ("MDQ") of LNG up to three (3) truckloads (approximately 2,850 MMBtu) per day with a total Contract Quantity during the Delivery Period not to exceed 125,000 MMBtu, plus any additional quantities required to fill a final truck to capacity.

Delivery Point(s): For firm delivery service of LNG, at the truck loading flange of the Distrigas of Massachusetts LLC marine LNG terminal located in Everett, Massachusetts.

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REDACTED

by any Special Provisions, and the LNG Annex:	
Seller: GDF SUEZ Gas NA LLC: By: [signature] JRW Name: Joseph P. Murphy Title: Vice President, Sales & Marketing, Eastern Region Date:	**Buyer:** The Narragansett Electric Company d/b/a National Grid By: [signature] CEC Name: John V. Vaughan Title: [illegible] Date: Dec. 22, 2011

REDACTED

751

ORIGINAL

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: December 19, 2011.

The parties to this Base Contract are the following:

PARTY A		PARTY B
GDF SUEZ GAS NA LLC	PARTY NAME	THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID
20 City Square, Suite 3 Charlestown, MA 02129	ADDRESS	1595 Mendon Road Cumberland, RI 02864
www.gdfsuez.com	BUSINESS WEBSITE	www.nationalgrid.com
NSB042	CONTRACT NUMBER	
19-671-4414	D-U-N-S® NUMBER	
☒ US FEDERAL: 04-3009638 ☐ OTHER: N/A	TAX ID NUMBERS	☒ US FEDERAL: ☐ OTHER:
Delaware	JURISDICTION OF ORGANIZATION	Rhode Island
☐ Corporation ☒ LLC ☐ Limited Partnership ☐ Partnership ☐ LLP ☐ Other:	COMPANY TYPE	☒ Corporation ☐ LLC ☐ Limited Partnership ☐ Partnership ☐ LLP Other:
	GUARANTOR (IF APPLICABLE)	

CONTACT INFORMATION

20 City Square, Suite 3, Charlestown, MA 02129 ATTN: Vice President, Sales & Marketing TEL#: (617) 886-8700 FAX#: (617) 886-8844 EMAIL: joseph.murphy@gdfsuezna.com	COMMERCIAL	c/o National Grid, 40 Sylvan Road, Waltham, MA 02451 ATTN: Director, Customer Choice/ Gas Resource Mgt TEL#: (781) 907-1639 FAX#: (781) 907-1647 EMAIL: elizabeth.arangio@us.ngrid
1990 Post Oak Boulevard, Houston, TX 77056 ATTN: Manager, Gas Supply Operations TEL#: (713) 636-1528 FAX#: (713) 636-1247 EMAIL: joe.deschamps@gdfsuezna.com	SCHEDULING	c/o National Grid, 40 Sylvan Road, Waltham, MA 02451 ATTN: Director, Customer Choice/ Gas Resource Mgt TEL#: (781) 907-1639 FAX#: (781) 907-1647 EMAIL: elizabeth.arangio@us.ngrid
20 City Square, Suite 3, Charlestown, MA 02129 ATTN: Contract Administration TEL#: (617) 886-8700 FAX#: (617) 886-8844 EMAIL: saundra.guadagno@gdfsuezna.com	CONTRACT AND LEGAL NOTICES	c/o National Grid, 100 East Old Country Rd, Hicksville, NY 11801 ATTN: Director, Gas Contracting & Compliance TEL#: (516) 545-3108 FAX#: (516) 545-5469 EMAIL: john.alloca@us.ngrid
1990 Post Oak Boulevard, Suite 1900, Houston, TX 77056 ATTN: Director, Credit TEL#: (713) 636-1788 FAX#: (713) 636-1695 EMAIL: jane.wilhite@gdfsuezna.com	CREDIT	c/o National Grid, 100 East Old Country Rd, Hicksville, NY 11801 ATTN: Credit Department TEL#: (516) 545-3122 FAX#: (516) 545-5469 EMAIL: eboni.troupe@us.ngrid
20 City Square, Suite 3, Charlestown, MA 02129 ATTN: Contract Administration TEL#: (617) 886-8700 FAX#: (617) 886-8844 EMAIL: saundra.guadagno@gdfsuezna.com	TRANSACTION CONFIRMATIONS	c/o National Grid, 100 East Old Country Rd, Hicksville, NY 11801 ATTN: Director, Gas Contracting & Compliance TEL#: (516) 545-3108 FAX#: (516) 545-5469 EMAIL: john.alloca@us.ngrid

ACCOUNTING INFORMATION

1990 Post Oak Boulevard, Suite 1900, Houston, TX 77056 ATTN: Revenue Analyst TEL#: (713) 636-1422 FAX#: (713) 636-1613 EMAIL: blanca.rios@gdfsuezna.com	INVOICES PAYMENTS SETTLEMENTS	c/o National Grid, 100 East Old Country Rd, Hicksville, NY 11801 ATTN: Back Office TEL#: (516) 545-6032 FAX#: (516) 545-5469 EMAIL:
BANK: JP Morgan Chase Bank ABA: 021000021 ACCT: 00113321179 OTHER DETAILS: For GDF SUEZ Gas NA LLC	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: ABA: ACCT: OTHER DETAILS:
ATTN: ADDRESS:	CHECKS (IF APPLICABLE)	ATTN: ADDRESS:
BANK: ABA: ACCT: OTHER DETAILS:	ACH NUMBERS (IF APPLICABLE)	BANK: ABA: ACCT: OTHER DETAILS:

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Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure	☐ Oral (default) OR ☒ Written
Section 2.7 Confirm Deadline	☒ 2 Business Days after receipt (default) OR ☐ _____ Business Days after receipt
Section 2.8 Confirming Party	☒ Seller (default) OR ☐ Buyer ☐
Section 3.2 Performance Obligation	☒ Cover Standard (default) OR ☐ Spot Price Standard
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication	☒ Gas Daily Midpoint (default) OR ☐
Section 6 Taxes	☒ Buyer Pays At and After Delivery Point (default) OR ☐ Seller Pays Before and At Delivery Point
Section 7.2 Payment Date	☒ 25th Day of Month following Month of delivery (default) OR ☐ Day of Month following Month of delivery
Section 7.2 Method of Payment	☒ Wire transfer (default) ☐ Automated Clearinghouse Credit (ACH) ☐ Check
Section 7.7 Netting	☒ Netting applies (default) OR ☐ Netting does not apply
Section 10.2 Additional Events of Default	☐ No Additional Events of Default (default) ☐ Indebtedness Cross Default ☐ Party A: ______ ☐ Party B: ______ ☒ Transactional Cross Default Specified Transactions: ______
Section 10.3.1 Early Termination Damages	☒ Early Termination Damages Apply (default) OR ☐ Early Termination Damages Do Not Apply
Section 10.3.2 Other Agreement Setoffs	☒ Other Agreement Setoffs Apply (default) ☐ Bilateral (default) ☒ Triangular OR ☐ Other Agreement Setoffs Do Not Apply
Section 15.5 Choice Of Law	State of New York
Section 15.10 Confidentiality	☒ Confidentiality applies (default) OR ☐ Confidentiality does not apply.

☒ Special Provisions: Number of sheets attached: 6 pages
☒ Addendum(s): Liquefied Natural Gas Annex – 8 pages

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

GDF SUEZ Gas NA LLC	PARTY NAME	The Narragansett Electric Company d/b/a National Grid
By: [signature]	SIGNATURE	By: [signature]
Name: Joseph P. Murphy	PRINTED NAME	Name: John V. Vaughn
Its: Vice President, Sales & Marketing, Eastern Region	TITLE	Title: Authorized Signatory

VCW CBC

REDACTED

General Terms and Conditions
Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.
Oral Transaction Procedure:
1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.
Written Transaction Procedure:
1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

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2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.

2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.

2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).

2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.

2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.

2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.

2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.

2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.

2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.

2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.

2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.

2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.

2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.

2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.

2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.

2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.

2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

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2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.

2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.

2.31. "Spot Price " as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.

2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.
Cover Standard:
3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

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Spot Price Standard:
3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.
Buyer Pays At and After Delivery Point:
Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.
Seller Pays Before and At Delivery Point:
Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

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7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is

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not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and

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Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.
Early Termination Damages Do Not Apply:
10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.
The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.
Other Agreement Setoffs Apply:
Bilateral Setoff Option: 10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.
Triangular Setoff Option: 10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.
Other Agreement Setoffs Do Not Apply:
10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

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10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

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SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements; or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract , (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure,

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and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

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TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: ________, ____ Transaction Confirmation #: ________

This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated ________. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.

SELLER:	BUYER:
________	________
Attn: ________	Attn: ________
Phone: ________	Phone: ________
Fax: ________	Fax: ________
Base Contract No. ________	Base Contract No. ________
Transporter: ________	Transporter: ________
Transporter Contract Number: ________	Transporter Contract Number: ________

Contract Price: $______/MMBtu or ________

Delivery Period: Begin: ________, ____ End: ________, ____

Performance Obligation and Contract Quantity: (Select One)

Firm (Fixed Quantity):	Firm (Variable Quantity):	Interruptible:
______ MMBtus/day ☐ EFP	______ MMBtus/day Minimum ______ MMBtus/day Maximum subject to Section 4.2. at election of ☐ Buyer or ☐ Seller	Up to ______ MMBtus/day

Delivery Point(s): ________
(If a pooling point is used, list a specific geographic and pipeline location):

Special Conditions:

Seller: ________	Buyer: ________
By: ________	By: ________
Title: ________	Title: ________
Date: ________	Date: ________

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SPECIAL PROVISIONS

GDF SUEZ Gas NA LLC, Delaware limited liability company ("GSGNA"), and The Narragansett Electric Company d/b/a National Grid ("Narragansett"), a Rhode Island corporation , hereby agree, effective as of December 19, 2011 ("Effective Date"), to the following special provisions ("Special Provisions"), which hereby modify and amend the North American Energy Standards Board, Inc. ("NAESB") Base Contract for Sale and Purchase of Natural Gas, dated and effective between GSGNA and Narragansett as of the Effective Date ("Base Contract"). Unless specifically agreed to otherwise in a Transaction Confirmation by the parties, the Base Contract, as modified by these Special Provisions, shall apply to all transactions for the purchase and sale of Gas and LNG between the parties. All capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Base Contract.

(1) Section 2.6 is amended by replacing "Federal Banking Holidays" with "Federal Reserve Bank holidays".

(2) Section 2.30 is deleted in its entirety and replaced with the following:

"2.30. "Specified Transaction(s)" shall mean any other transaction or ...

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(5)

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REDACTED

(14)

(15)

(16)

(17)

(18) [redacted]

REDACTED

(19)

(20)

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IN WITNESS WHEREOF, the parties hereto have executed these Special Provisions to supplement and, where applicable, to modify and supersede the Base Contract by and between the parties.

GDF SUEZ Gas NA LLC

By: ______________________ N

Name: Joseph P. Murphy

Title: Vice President, Sales & Marketing VEW
Eastern Region

THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID

By: ______________________ CRC

Name: John V. Vaughn

Title: Authorized Signatory

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GDF SUEZ GAS NA LLC

Liquefied Natural Gas Annex
to the
North American Energy Standards Board
Base Contract for Sale and Purchase of Natural Gas

Section 1. Applicability

This Liquefied Natural Gas Annex ("LNG Annex") only applies to the sales of Liquefied Natural Gas by Seller on a firm or interruptible basis pursuant to the 2006 North American Energy Standards Board Base Contract for Sale and Purchase of Natural Gas dated as of December 19, 2011 ("Base Contract"), between GDF SUEZ Gas NA LLC as Seller and The Narragansett Electric Company d/b/a National Grid Buyer. This LNG Annex incorporates by reference the terms of the Base Contract, as amended by any Special Provisions agreed by the parties. This LNG Annex shall not apply to deliveries of Gas as the term is defined in the Base Contract.

Section 2. Definitions

The following terms shall have the meaning ascribed to them below. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Base Contract.

2.1. "Gross Heating Value" means, when applied to vaporized LNG, the number of Btus produced by combustion of one (1) cubic foot of water-free vaporized LNG, measured at 60° Fahrenheit and at a pressure of 14.73 pounds per square inch absolute, with water-free air of the same temperature and pressure, when the products of combustion are cooled to 60° Fahrenheit at a pressure of 14.73 pounds per square inch absolute and water formed by combustion is condensed to a liquid state.

2.2. "Liquefied Natural Gas" or "LNG" means Gas at or below its boiling point at or near atmospheric pressure.

2.3. "LNG Annex" has the meaning set forth in Section 1 hereof.

2.4. "LNG Trucks" has the meaning specified in Section 4.2.ii.

2.5. "Standard Cubic Foot" or "SCF" means a volume of Gas that occupies one (1) cubic foot of volume at a temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 pounds per square inch.

2.6. "Terminal" means any currently existing or future facilities, located either offshore or onshore, and any and all port, marine or other facilities ancillary thereto (including the pilot boarding station and any navigation buoys), that are capable of, or when completed will be capable of, being used for the berthing,

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unberthing, or servicing of LNG vessels and the receiving, storing, regasifying, or transporting of LNG.

Section 3. Quality

3.1. LNG delivered by Seller shall, upon delivery at the Terminal, have a Gross Heating Value, Wobbe Index, and composition when vaporized conforming to the following specifications prior to odorization:

i. a Gross Heating Value of between 967 Btu/SCF and 1,110 Btu/SCF;

ii. a Wobbe Index range of between 1,314 and 1,400;

iii. constituent elements the percentage of which may vary within the following limits (in molecular percentage):

combined nitrogen (N_2) and oxygen (O_2)	not to exceed 2.75
oxygen (O_2)	not to exceed 0.2
carbon dioxide (CO_2)	between 0 and 2.00
ethane and heavier hydrocarbons (C2+)	not to exceed 12.00
butanes and heavier hydrocarbons (C4+)	not to exceed 1.50

iv. An amount of H_2S not to exceed 0.5 grains per hundred cubic feet; and

v. An amount of total sulfur not to exceed 10 grains per hundred cubic feet.

3.2. The quality of the Gas to be derived from LNG delivered to Buyer hereunder is in accordance with those Gas quality and interchangeability standards adopted by Algonquin Gas Transmission, LLC pursuant to an Order on Contested Settlement issued by the Commission on February 19, 2009, in Docket No. RP07-504-000.

3.3. Determination of Gross Heating Value of Liquid LNG

i. Seller shall obtain at least one sample of LNG each Day delivery is made to any Buyer. The composition of each sample shall be determined by Seller by chromatographic analysis, and the Btus per pound of LNG for each sample shall be calculated by reference to the table below:

Component	Molecular Weight (Lb/Lbmol)	Gross Heating Value (Btu/pound)
Methane	16.042	23885.11
Ethane	30.068	22323.40
Propane	44.094	21663.58
Isobutane	58.120	21237.06
Normal Butane	58.120	21298.97
Nitrogen	28.016	0.00

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ii. The Btus per pound of LNG shall be determined each Day LNG is delivered to any Buyer or for any Buyer's account and shall be the weighted average of all samples taken that Day from LNG flowing from each tank at the Terminal. If any sample or the results thereof are determined to be unsatisfactory in the reasonable judgment of Seller, the results of that sample will not be used in the calculation of the average Btus per pound of LNG for such Day. Should such sample be the only sample taken that Day, or if samples should not be taken for any reason, then the average Btus per pound for that Day shall be the most recent Day's Gross Heating Value reasonably satisfactory to Seller.

3.4. Measurement of Quantity of LNG

i. Equipment. Where LNG is delivered at the Terminal to LNG Trucks, Seller shall maintain and operate at its Terminal truck scales for weighing such LNG Trucks. These scales shall be installed, maintained, operated and verified in accordance with the regulations of the Massachusetts Bureau of Weights and Measures.

ii. Delivery to LNG Trucks. Where LNG is delivered at the Terminal to LNG Trucks, the LNG Trucks shall be weighed immediately before and immediately after loading. The difference in the two weights expressed in pounds shall constitute the weight of LNG delivered. The most recent Btu/SCF equivalent of LNG delivered to LNG Trucks shall be shown on each bill of lading.

iii. Calculation of Quantity Delivered. The total Btus delivered each Day shall be calculated by multiplying the average Btus per pound of LNG determined for each delivery Day by the weight of LNG delivered during that Day.

3.5. Verification of Measurement

i. Buyer's Right To Verify Quality or Quantity. Buyer shall have the right, at its own expense, to verify in any reasonable manner with its own equipment or by the use of independent persons or firms the measurements of quality or quantity of LNG specified in Section 3.3 or Section 3.4 of this LNG Annex, and Seller shall cooperate fully with Buyer in any exercise of this right.

ii. Access to Equipment and Records. Each party shall have the right to be present at the time of any installation, reading, cleaning, changing, repair, inspection, testing, calibration, or adjustment done in connection with the other's measurement of deliveries of LNG hereunder.

3.6. Correction of Errors of Meters

The quantity of LNG delivered hereunder during periods when the measuring equipment is out of service or registering inaccurately shall be estimated as follows:

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i. If, upon testing, any equipment for measuring LNG, including recording calorimeters, is found to be in error by not more than two percent (2%), previous recordings of such equipment shall be considered accurate in computing deliveries hereunder but such equipment shall be adjusted at once to record correctly;

ii. If, upon test, measuring equipment shall be found to be inaccurate by an amount exceeding two percent (2%) at a recording corresponding to the average hourly rate of flow while recording for the period since the last preceding test, or if, upon test, a recording calorimeter shall be found to be inaccurate by an amount exceeding two percent (2%), any previous recordings of such equipment shall be corrected to zero error for the period since the last test in which such error is known to have existed or which may be agreed upon by the parties. If the period of such error is not known definitely or agreed upon, such correction shall be for a period of one-half (1/2) of the elapsed time since the date of last test, not to exceed a correction period of sixteen (16) days.

iii. If no tests have been performed to determine the degree of inaccuracy, or if the measuring equipment is out of service, the quantity of LNG delivered shall be estimated as follows:

A. by using the registration of any check meter or meters if installed and accurately registering, or in the absence thereof,

B. by correcting the error, if the quantity or percentage of such error is ascertainable by calibration, test, or mathematical calculation; or if the procedures in neither the preceding subparagraph A. nor this subparagraph B. is available,

C. by relating the quantity of LNG delivered hereunder during periods when the measuring equipment was out of service or registering inaccurately to LNG deliveries that occurred during periods under similar conditions when the measuring equipment was deemed to have been in service and registering accurately.

3.7. Test of Meters

The accuracy of any measuring equipment for LNG, other than recording calorimeters, installed by either party shall be verified at reasonable intervals by the installing party upon notice given to the other party. Either party shall notify the other when it desires a special test of any measuring equipment other than recording calorimeters installed by either party, and the parties shall thereupon cooperate to secure a prompt verification of the accuracy of such equipment; provided that no party shall be required to verify the accuracy of its equipment more frequently than once in any fourteen (14) Day period. Recording calorimeters shall be verified by the installing party not less than once per Day at

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approximately the same hour each Day while in use, and if requested, in the presence of representatives of the other party.

3.8. Preservation of Records

Each party shall preserve all test data, charts, and other similar records relating to the equipment referred to in the preceding paragraphs of this Section 3 for a period of at least two (2) years from the Month to which such data, charts, and other similar records relate.

3.9. Odorization of LNG

LNG delivered as liquid hereunder shall be free of odorant compounds, and Buyer shall indemnify and hold Seller harmless from all claims and damages, including suits, actions, damages, costs, losses and expenses, arising by reason of any failure of Buyer to odorize such LNG after its receipt at the point of delivery.

Section 4. Notices and Nominations

4.1. Each party shall provide the following notices and communications by telephone, electronic mail or facsimile to the other party at the address agreed upon, and such other party shall confirm such notices and communications to the sending party in writing or by telephone at the address agreed upon within twenty-four (24) hours following its receipt of the telephone, electronic mail or facsimile communication:

i. Requests for delivery of LNG, including dispatch instructions, or variations in rate of delivery.

ii. Requests for delivery of LNG to LNG Trucks.

iii. Notices of an emergency nature.

4.2. Subject to Seller's receipt of forty-eight (48) hour's advance notice from Buyer, Seller shall deliver liquid LNG to Buyer under the following conditions:

i. LNG trucks or trailers arriving at Seller's Terminal to receive LNG shall comply with the following specifications:

A. a minimum capacity of six thousand (6,000) gallons;

B. a maximum pressure at time of loading of fifteen (15) psig;

C. pre-cooled to at least negative two hundred forty degrees (- 240°) Fahrenheit;

D. the previous cargo contained in such truck or trailer shall have been LNG, or documentation shall be provided certifying that inert purge followed by pre-cooling with LNG has been carried out; and

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E. safe operating conditions, including compliance with the requirements of all applicable federal, state and local laws and regulations.

ii. Any truck or trailer complying with the conditions of Section 4.2.i shall be a "LNG Truck."

iii. Seller has the right to refuse to load any trucks or trailers not meeting all of the above conditions. At Seller's sole option, Seller may make available to Buyer additional LNG for use in cool-down, which LNG will be sold to Buyer at the price provided in the Transaction Confirmation.

iv. Seller shall use commercially reasonable efforts to deliver LNG on less than forty-eight (48) hours' notice upon the request of Buyer.

Section 5. Amendments to Base Contract

5.1. The following Sections of the Base Contract are amended by inserting "or LNG" after each occurrence of the word Gas: 1.1;1.2; 2.3; 2.10; 2.11; 2.12; 2.27; 2.30; 2.34; 3.2; 4.1; 6; 7.6; 8.1; 8.2; 8.3; 8.5; 11.3; 11.5; 14 and 15.6.

5.2. Section 2.14 of the Base Contract is amended by inserting the following immediately after the word "transaction":

"provided that, for purposes of delivery of LNG, a "Day" mean a period of 24 consecutive hours, commencing at 9:00 a.m. in the central time zone."

5.3 Section 5 of the Base Contract is amended by adding the following sentence to the end of the paragraph:

"Notwithstanding the foregoing, LNG delivered by Seller shall comply with the specifications specified in the LNG Annex."

5.4 Section 7.1 of the Base Contract is amended as follows:

i. insert "or LNG" between "Gas" and "delivered"; and

ii. after the words "Scheduled Gas" add the words, "or, in the case of LNG deliveries, the quantity of LNG delivered, determined in accordance with the LNG Annex".

5.5 Section 10.3.1 ("Early Termination Damages Apply") of the Base Contract is amended by inserting "or LNG" after the word "Gas" in the second line of the first paragraph and the first and second lines of the second paragraph.

5.6 Section 10.3.1 ("Early Termination Damages Do Not Apply") of the Base Contract is amended by inserting "or LNG" after the word "Gas."

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5.7

5.8 [redacted]

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IN WITNESS WHEREOF, the parties hereto have executed this LNG Annex to supplement and, where applicable, to modify and supersede the Base Contract by and between the parties.

GDF SUEZ GAS NA LLC

By: ______________________
Name: Joseph P. Murphy
Title: Vice President, Sales & Marketing, Eastern Region

THE NARRAGANSETT ELECTRIC COMPANY D/B/A NATIONAL GRID

By: ______________________ CRC
Name: John V. Vaughn
Title: Authorized Signatory

Division 1-9

Request:

Re: Witness Arangio's Direct Testimony page 16, lines 12 through 20, please provide:

a. The number of FT-1 customers in each rate classification that have migrated from sales service to transportation service by month for each of the last three years;

b. The number of FT-2 customers in each rate classification that have migrated from sales service to transportation service by month for each of the last three years;

c. The number of customers that the Company expects to migrate from sales service to transportation service during the November 1, 2012 through October 31, 2013 period, as well as the data, analyses, studies, and other documents that support the Company's expectations;

d. All workpapers and documents detailing the Company's proposal for modernization of the GCR process;

e. Reconciliation of the statement on page 16, lines 17-18, which suggests that "*as more customers migrate to transportation, it has become apparent that the process needs to be modernized*" with witness Arangio's testimony at page 9, lines 3-4, that "the volume allocated to marketers remains the same as provided in the 2011/12 GCR filing."; and

f. Identification of each element of the referenced "process" that "needs to be modernized" and explain the justification for the witness' use of the term "modernized" as opposed to "altered," "changed" or "amended."

Response:

a. Please see Attachment DIV-1-9, pages 1-4. The Attachment shows the monthly net change in the customer counts for each commercial/industrial rate class, sales and transportation, for the last three years. The Company's reports of customer counts do not distinguish which customers transfer from one specific rate class to another specific rate class. For example, if the data shows a decrease in the number of sales customers, the reports do not identify how many of those that left that class migrated to transportation service and how many left the system. Similarly, if the data shows an increase in the number of FT-1 or FT-2 customers, they do not identify how many of those migrated from sales service and how many are new customers. Therefore, it can not provide the specific number of customers that migrated from sales service to transportation service.

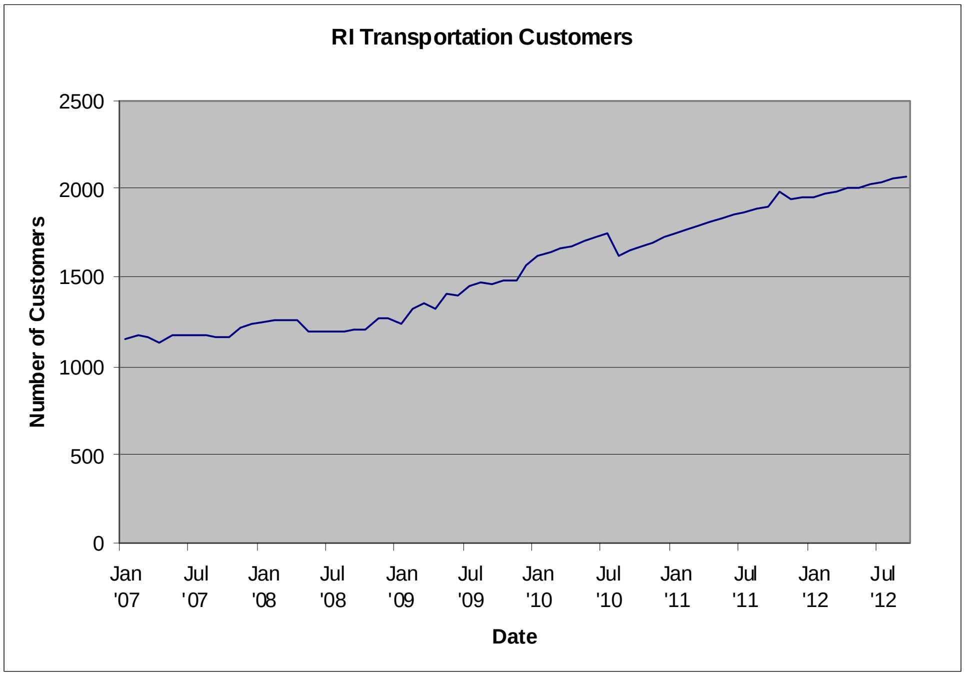
b. Please see Attachment DIV-1-9, pages 1-4, and the response to Part a., above.

c. Please see Attachment DIV-1-9, page 5. The Attachment shows the monthly net change in the customer counts for each commercial/industrial rate class, sales and transportation, for the forecast period. Similar to the actual historical data, the Company's forecasts of customer counts do not distinguish which customers are projected to transfer from one specific rate class to another specific rate class.

d. On March 8, 2012, the Company filed its Long-Range Gas Supply Plan with the Rhode Island Public Utilities Commission. In that filing, the Company included *all* customer requirements, sales and transportation. In other words, the Company did not extract transportation load, because the Long-Range Plan is designed to demonstrate that the Company has adequate resources to meet *total* load requirements regardless of whether customers are sales customers or transportation customers. The Company would propose to explore modifications to the schedules prepared for the GCR filings to include the total load requirements similar to the Long-Range Plan. It would then propose to make adjustments for transportation load which will result in the net load for sales customers only. The Company believes these adjustments should more accurately reflect the nature of how the capacity release program and the operational day-to-day activity actually work.

e. The two statements "*as more customers migrate to transportation, it has become apparent that the process needs to be modernized*" and "*the volume allocated to marketers remains the same as provided in the 2011/12 GCR filing*" are related and influence one another in a 'cause and affect' way. First, consider the level of transportation migration. Over the last five years, the number of customers that have migrated to transportation has almost doubled (see chart below).

Division 1-9, page 3



When customers migrate to transportation, their Marketer is assigned capacity on the customers' behalf. The capacity release program was designed whereby specific capacity paths are made available to Marketers. As more customers have migrated, the Company has had to designate more capacity to the program. In the Company's 2009/10 GCR filing, total available capacity of 25,258 dts was available to the program. In November 2010, the Company increased the total available capacity to 30,258 dts, in December 2010 the total volume increased to 31,258 dts and in April 2011 the total volume increased to 32,758 dts. As of August 2012, 32,414 dts are released to Marketers with 344 dts remaining available for release. Depending on the level of migration during the year, the Company may have to designate more capacity to the program. That being said, additional capacity doesn't need to be added to the program in a one-to-one fashion as customers migrate, it's only once the total available capacity is going to be exceeded.

Division 1-9, page 4

f. The word "modernized" was not used in lieu of "altered", "changed", or "amended" for any particular reason. It was used merely to support the Company's request to relook at the process in which the GCR incorporates customer migration, given the current level of migration and the program design, in order to make certain the Company is not under-estimating its load requirements.

Prepared by or under the supervision of: Leo Silvestrini and Elizabeth D. Arangio

National Grid - Rhode Island Service Area
Customers : Actual per Classified Sales Reports

Commercial/Industrial Customers (Sales, FT-1 & FT-2)	Jan-09 Actual	Feb-09 Actual	Mar-09 Actual	Apr-09 Actual	May-09 Actual	Jun-09 Actual	Jul-09 Actual	Aug-09 Actual	Sep-09 Actual	Oct-09 Actual	Nov-09 Actual	Dec-09 Actual
C & I small (2107)	18530	18524	18356	18203	18060	17879	17773	17777	17832	18093	18283	18582
C & I medium sales (2237+2231)	3530	3537	3502	3503	3466	3418	3384	3215	3231	3254	3214	3218
C & I medium FT-1 (22EN)	393	392	391	393	400	408	414	413	425	427	431	428
C & I medium FT-2 (2221)	472	482	491	504	534	561	581	589	590	602	658	704
LLF large sales (3367)	217	213	206	203	193	182	179	145	141	146	139	136
LLF large FT-1 (33EN)	146	148	150	149	149	151	151	149	145	145	142	145
LLF large FT-2 (3321)	92	94	96	98	108	114	117	104	106	104	117	120
HLF large sales (2367)	82	82	79	79	74	73	74	61	62	64	63	63
HLF large FT-1 (23EN)	66	67	67	68	69	69	68	68	70	70	73	75
HLF large FT-2 (2321)	19	19	19	19	23	25	25	27	31	31	29	28
LLF XL sales (3496)	8	9	8	9	8	8	8	9	8	8	5	5
LLF XL FT-1 (34EN)	22	22	22	22	22	22	22	22	19	19	21	21
LLF XL FT-2 (3421)	1	2	2	1	2	2	2	2	2	3	4	4
HLF XL sales (2496)	12	11	10	10	9	10	11	9	9	9	9	9
HLF XL FT-1 (24EN)	58	59	62	67	67	66	65	66	62	62	63	62
HLF XL FT-2 (2421)	4	6	6	5	5	5	5	3	3	3	2	2
Total	23,652	23,667	23,467	23,333	23,189	22,993	22,879	22,659	22,736	23,040	23,253	23,602
Monthly Variance												
C & I small (2107)		-6	-168	-153	-143	-181	-106	4	55	261	190	299
C & I medium sales (2237+2231)		7	-35	1	-37	-48	-34	-169	16	23	-40	4
C & I medium FT-1 (22EN)		-1	-1	2	7	8	6	-1	12	2	4	-3
C & I medium FT-2 (2221)		10	9	13	30	27	20	8	1	12	56	46
LLF large sales (3367)		-4	-7	-3	-10	-11	-3	-34	-4	5	-7	-3
LLF large FT-1 (33EN)		2	2	-1	0	2	0	-2	-4	0	-3	3
LLF large FT-2 (3321)		2	2	2	10	6	3	-13	2	-2	13	3
HLF large sales (2367)		0	-3	0	-5	-1	1	-13	1	2	-1	0
HLF large FT-1 (23EN)		1	0	1	1	0	-1	0	2	0	3	2
HLF large FT-2 (2321)		0	0	0	4	2	0	2	4	0	-2	-1
LLF XL sales (3496)		1	-1	1	-1	0	0	1	-1	0	-3	0
LLF XL FT-1 (34EN)		0	0	0	0	0	0	0	-3	0	2	0
LLF XL FT-2 (3421)		1	0	-1	1	0	0	0	0	1	1	0
HLF XL sales (2496)		-1	-1	0	-1	1	1	-2	0	0	0	0
HLF XL FT-1 (24EN)		1	3	5	0	-1	-1	1	-4	0	1	-1
HLF XL FT-2 (2421)		2	0	-1	0	0	0	-2	0	0	-1	0
Total		15	-200	-134	-144	-196	-114	-220	77	304	213	349
Net Change		0.1%	-0.9%	-0.6%	-0.6%	-0.9%	-0.5%	-1.0%	0.3%	1.3%	0.9%	1.5%

National Grid - Rhode Island Service Area
Customers : Actual per Classified Sales Reports

Commercial/Industrial Customers (Sales, FT-1 & FT-2)

	Jan-10 Actual	Feb-10 Actual	Mar-10 Actual	Apr-10 Actual	May-10 Actual	Jun-10 Actual	Jul-10 Actual	Aug-10 Actual	Sep-10 Actual	Oct-10 Actual	Nov-10 Actual	Dec-10 Actual
C & I small (2107)	18652	18684	18575	18379	18183	17985	17840	17829	17834	18052	18393	18707
C & I medium sales (2237+2231)	3227	3213	3207	3151	3138	3109	3085	2980	2979	2984	2968	2967
C & I medium FT-1 (22EN)	426	427	428	429	431	431	432	433	421	419	423	430
C & I medium FT-2 (2221)	721	738	745	773	785	807	819	831	834	848	897	924
LLF large sales (3367)	134	138	137	135	129	129	129	125	123	126	130	130
LLF large FT-1 (33EN)	145	145	147	146	149	149	148	148	157	156	159	161
LLF large FT-2 (3321)	122	122	124	125	125	125	125	127	132	132	131	134
HLF large sales (2367)	61	56	53	49	45	44	43	47	48	48	50	48
HLF large FT-1 (23EN)	76	76	77	76	76	76	76	76	71	70	68	69
HLF large FT-2 (2321)	30	32	35	37	38	40	41	38	39	41	42	43
LLF XL sales (3496)	4	4	4	4	4	4	4	2	2	2	2	2
LLF XL FT-1 (34EN)	22	22	22	22	22	22	22	22	23	23	24	24
LLF XL FT-2 (3421)	4	4	4	4	4	4	4	5	5	5	5	5
HLF XL sales (2496)	7	7	7	6	8	9	9	9	9	9	7	7
HLF XL FT-1 (24EN)	62	63	63	65	65	65	65	65	67	67	67	64
HLF XL FT-2 (2421)	4	4	5	5	5	5	5	5	6	6	7	8
Total	23,697	23,735	23,633	23,406	23,207	23,004	22,847	22,742	22,750	22,988	23,373	23,723

Monthly Variance	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
C & I small (2107)	70	32	-109	-196	-196	-198	-145	-11	5	218	341	314
C & I medium sales (2237+2231)	9	-14	-6	-56	-13	-29	-24	-105	-1	5	-16	-1
C & I medium FT-1 (22EN)	-2	1	1	1	2	0	1	1	-12	-2	4	7
C & I medium FT-2 (2221)	17	17	7	28	12	22	12	12	3	14	49	27
LLF large sales (3367)	-2	4	-1	-2	-6	0	0	-4	-2	3	4	0
LLF large FT-1 (33EN)	0	0	2	-1	3	0	-1	0	9	-1	3	2
LLF large FT-2 (3321)	2	0	2	1	0	0	0	2	5	0	-1	3
HLF large sales (2367)	-2	-5	-3	-4	-4	-1	-1	4	1	0	2	-2
HLF large FT-1 (23EN)	1	0	1	-1	0	0	0	0	-5	-1	-2	1
HLF large FT-2 (2321)	2	2	3	2	1	2	1	-3	1	2	1	1
LLF XL sales (3496)	-1	0	0	0	0	0	0	-2	0	0	0	0
LLF XL FT-1 (34EN)	1	0	0	0	0	0	0	0	1	0	1	0
LLF XL FT-2 (3421)	0	0	0	0	0	0	0	1	0	0	0	0
HLF XL sales (2496)	-2	0	0	-1	2	1	0	0	0	0	-2	0
HLF XL FT-1 (24EN)	0	1	0	2	0	0	0	0	2	0	0	-3
HLF XL FT-2 (2421)	2	0	1	0	0	0	0	0	1	0	1	1
Total	95	38	-102	-227	-199	-203	-157	-105	8	238	385	350
Net Change	0.4%	0.2%	-0.4%	-1.0%	-0.9%	-0.9%	-0.7%	-0.5%	0.0%	1.0%	1.6%	1.5%

National Grid - Rhode Island Service Area
Customers : Actual per Classified Sales Reports

Commercial/Industrial Customers (Sales, FT-1 & FT-2)	Jan-11 Actual	Feb-11 Actual	Mar-11 Actual	Apr-11 Actual	May-11 Actual	Jun-11 Actual	Jul-11 Actual	Aug-11 Actual	Sep-11 Actual	Oct-11 Actual	Nov-11 Actual	Dec-11 Actual
C & I small (2107)	18810	18805	18742	18543	18338	18166	18070	17971	17946	18061	18342	18565
C & I medium sales (2237+2231)	2959	2957	2941	2916	2899	2884	2876	2890	2896	2928	2939	2958
C & I medium FT-1 (22EN)	429	430	430	430	429	432	432	432	441	433	432	430
C & I medium FT-2 (2221)	943	959	966	979	981	989	992	1,004	1,008	1,014	1,032	1,051
LLF large sales (3367)	133	132	132	129	129	126	124	120	120	123	124	131
LLF large FT-1 (33EN)	159	162	162	162	161	161	161	162	160	166	168	165
LLF large FT-2 (3321)	132	133	135	137	137	136	136	141	146	147	147	150
HLF large sales (2367)	49	48	45	46	49	47	47	42	43	45	43	46
HLF large FT-1 (23EN)	69	69	69	69	69	69	69	69	65	65	63	63
HLF large FT-2 (2321)	44	44	45	42	41	44	44	41	41	40	40	41
LLF XL sales (3496)	2	3	2	2	3	3	3	4	5	5	5	5
LLF XL FT-1 (34EN)	22	22	25	25	25	25	25	26	27	27	27	27
LLF XL FT-2 (3421)	5	5	5	5	5	5	5	3	3	3	3	3
HLF XL sales (2496)	7	7	7	7	7	7	7	8	7	7	6	6
HLF XL FT-1 (24EN)	64	64	64	65	66	66	66	66	64	64	65	65
HLF XL FT-2 (2421)	8	8	8	7	7	7	7	6	6	6	6	6
Total	23,835	23,848	23,778	23,564	23,346	23,167	23,064	22,985	22,978	23,134	23,442	23,712
Monthly Variance												
C & I small (2107)	103	-5	-63	-199	-205	-172	-96	-99	-25	115	281	223
C & I medium sales (2237+2231)	-8	-2	-16	-25	-17	-15	-8	14	6	32	11	19
C & I medium FT-1 (22EN)	-1	1	0	0	-1	3	0	0	9	-8	-1	-2
C & I medium FT-2 (2221)	19	16	7	13	2	8	3	12	4	6	18	19
LLF large sales (3367)	3	-1	0	-3	0	-3	-2	-4	0	3	1	7
LLF large FT-1 (33EN)	-2	3	0	0	-1	0	0	1	-2	6	2	-3
LLF large FT-2 (3321)	-2	1	2	2	0	-1	0	5	5	1	0	3
HLF large sales (2367)	1	-1	-3	1	3	-2	0	-5	1	2	-2	3
HLF large FT-1 (23EN)	0	0	0	0	0	0	0	0	-4	0	-2	0
HLF large FT-2 (2321)	1	0	1	-3	-1	3	0	-3	0	-1	0	1
LLF XL sales (3496)	0	1	-1	0	1	0	0	1	1	0	0	0
LLF XL FT-1 (34EN)	-2	0	3	0	0	0	0	1	1	0	0	0
LLF XL FT-2 (3421)	0	0	0	0	0	0	0	-2	0	0	0	0
HLF XL sales (2496)	0	0	0	0	0	0	0	1	-1	0	-1	0
HLF XL FT-1 (24EN)	0	0	0	1	1	0	0	0	-2	0	1	0
HLF XL FT-2 (2421)	0	0	0	-1	0	0	0	-1	0	0	0	0
Total	112	13	-70	-214	-218	-179	-103	-79	-7	156	308	270
Net Change	0.5%	0.1%	-0.3%	-0.9%	-0.9%	-0.8%	-0.4%	-0.3%	0.0%	0.7%	1.3%	1.1%

National Grid - Rhode Island Service Area
Customers : Actual per Classified Sales Reports

Commercial/Industrial Customers (Sales, FT-1 & FT-2)

	Jan-12 Actual	Feb-12 Actual	Mar-12 Actual	Apr-12 Actual	May-12 Actual	Jun-12 Actual	Jul-12 Actual	Aug-12 Actual
C & I small (2107)	18653	18704	18621	18621	18269	18125	18032	18427
C & I medium sales (2237+2231)	2977	2989	2976	2976	2942	2908	2887	2476
C & I medium FT-1 (22EN)	432	430	429	429	432	432	431	495
C & I medium FT-2 (2221)	1,055	1,068	1,096	1,096	1,105	1,137	1,152	1,209
LLF large sales (3367)	130	132	129	129	132	124	116	93
LLF large FT-1 (33EN)	165	161	163	163	160	161	161	113
LLF large FT-2 (3321)	153	160	162	162	165	167	175	148
HLF large sales (2367)	45	44	43	43	47	47	46	39
HLF large FT-1 (23EN)	65	65	65	65	65	65	65	58
HLF large FT-2 (2321)	40	40	40	40	39	39	39	32
LLF XL sales (3496)	4	4	6	6	7	7	7	6
LLF XL FT-1 (34EN)	27	27	26	26	26	26	26	26
LLF XL FT-2 (3421)	3	3	3	3	3	3	4	2
HLF XL sales (2496)	7	7	7	7	7	8	8	5
HLF XL FT-1 (24EN)	65	65	64	64	65	64	64	55
HLF XL FT-2 (2421)	6	6	6	6	5	5	5	3
Total	23,827	23,905	23,836	23,836	23,469	23,318	23,218	23,187
Monthly Variance								
C & I small (2107)	88	51	-83	0	-352	-144	-93	395
C & I medium sales (2237+2231)	19	12	-13	0	-34	-34	-21	-411
C & I medium FT-1 (22EN)	2	-2	-1	0	3	0	-1	64
C & I medium FT-2 (2221)	4	13	28	0	9	32	15	57
LLF large sales (3367)	-1	2	-3	0	3	-8	-8	-23
LLF large FT-1 (33EN)	0	-4	2	0	-3	1	0	-48
LLF large FT-2 (3321)	3	7	2	0	3	2	8	-27
HLF large sales (2367)	-1	-1	-1	0	4	0	-1	-7
HLF large FT-1 (23EN)	2	0	0	0	0	0	0	-7
HLF large FT-2 (2321)	-1	0	0	0	-1	0	0	-7
LLF XL sales (3496)	-1	0	2	0	1	0	0	-1
LLF XL FT-1 (34EN)	0	0	-1	0	0	0	0	0
LLF XL FT-2 (3421)	0	0	0	0	0	0	1	-2
HLF XL sales (2496)	1	0	0	0	0	1	0	-3
HLF XL FT-1 (24EN)	0	0	-1	0	1	-1	0	-9
HLF XL FT-2 (2421)	0	0	0	0	-1	0	0	-2
Total	115	78	-69	0	-367	-151	-100	-31
Net Change	0.5%	0.3%	-0.3%	0.0%	-1.6%	-0.6%	-0.4%	-0.1%

National Grid - Rhode Island Service Area
Customers : Actual per Classified Sales Reports

Commercial/Industrial Customers (Sales, FT-1 & FT-2)		2012										
	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
C & I small (2107)	18343	18582	18760	18857	18814	18729	18592	18425	18286	18140	18171	18255
C & I medium sales (2237+2231)	2939	2944	2946	2940	2936	2931	2923	2919	2916	2917	2922	2930
C & I medium FT-1 (22EN)	430	430	430	430	430	430	430	430	430	430	430	430
C & I medium FT-2 (2221)	1,113	1,116	1,119	1,121	1,123	1,125	1,127	1,129	1,130	1,132	1,133	1,134
LLF large sales (3367)	126	126	128	129	128	129	126	126	126	126	126	126
LLF large FT-1 (33EN)	162	162	163	163	163	163	162	162	162	162	162	162
LLF large FT-2 (3321)	169	170	169	171	172	173	176	177	178	179	180	181
HLF large sales (2367)	44	44	43	43	43	43	44	44	44	44	44	44
HLF large FT-1 (23EN)	64	64	65	65	65	65	64	64	64	64	64	64
HLF large FT-2 (2321)	41	41	41	41	41	41	41	41	41	41	41	41
LLF XL sales (3496)	6	6	6	6	6	6	6	6	6	6	6	6
LLF XL FT-1 (34EN)	25	25	25	25	25	25	25	25	25	25	25	25
LLF XL FT-2 (3421)	3	3	3	3	3	3	3	3	3	3	3	3
HLF XL sales (2496)	6	6	5	7	7	7	6	6	6	6	6	6
HLF XL FT-1 (24EN)	65	65	63	63	64	64	65	65	65	65	65	65
HLF XL FT-2 (2421)	6	6	6	6	6	6	6	6	6	6	6	6
Total	23,542	23,790	23,972	24,070	24,026	23,940	23,796	23,628	23,488	23,346	23,384	23,478
Monthly Variance												
C & I small (2107)		239	178	97	-43	-85	-137	-167	-139	-146	31	84
C & I medium sales (2237+2231)		5	2	-6	-4	-5	-8	-4	-3	1	5	8
C & I medium FT-1 (22EN)		0	0	0	0	0	0	0	0	0	0	0
C & I medium FT-2 (2221)		3	3	2	2	2	2	2	1	2	1	1
LLF large sales (3367)		0	2	1	-1	1	-3	0	0	0	0	0
LLF large FT-1 (33EN)		0	1	0	0	0	-1	0	0	0	0	0
LLF large FT-2 (3321)		1	-1	2	1	1	3	1	1	1	1	1
HLF large sales (2367)		0	-1	0	0	0	1	0	0	0	0	0
HLF large FT-1 (23EN)		0	1	0	0	0	-1	0	0	0	0	0
HLF large FT-2 (2321)		0	0	0	0	0	0	0	0	0	0	0
LLF XL sales (3496)		0	0	0	0	0	0	0	0	0	0	0
LLF XL FT-1 (34EN)		0	0	0	0	0	0	0	0	0	0	0
LLF XL FT-2 (3421)		0	0	0	0	0	0	0	0	0	0	0
HLF XL sales (2496)		0	-1	2	0	0	-1	0	0	0	0	0
HLF XL FT-1 (24EN)		0	-2	0	1	0	1	0	0	0	0	0
HLF XL FT-2 (2421)		0	0	0	0	0	0	0	0	0	0	0
Total		248	182	98	-44	-86	-144	-168	-140	-142	38	94
Net Change		1.0%	0.8%	0.4%	-0.2%	-0.4%	-0.6%	-0.7%	-0.6%	-0.6%	0.2%	0.4%

Division 1-10

Request:

Re: the Company's Monthly Filing of GCR Deferred Gas Balances dated August 20, 2012, please:

a. Explain why the forecasted Sales volumes in Dth for the months of Aug-12, Sep-12, and Oct-12 in Schedule 6, page 1 of 1, of the referenced report do **not** equal the sales volumes reflected in Attachment NG-JFN-3, Schedule 6, page 7, of the Company's September 13, 2011 GCR filing;

b. Verify that the forecasted throughput volumes in Dth for FT-1 and FT-2 customers the months of Aug-12, Sep-12, and Oct-12 in Schedule 6, page 1 of 1, of the referenced report do equal the throughput volumes reflected in Attachment NG-JFN-3, Schedule 6, page 7, of the Company's September 13, 2011 GCR filing; and

c. Provide an alternative computation of the Company's GCR Deferred Gas Cost balances as of July 31, 2012 using the sales service volumes projected in Attachment NG-JFN-3, Schedule 6, page 7, of the Company's September 13, 2011 GCR filing for the months of Aug-12, Sep-12, and Oct-12.

Response:

a. During the preparation of the Monthly Filing of GCR Deferred Gas Balances in July 2012, the Company compared the 2011/2012 actual/projected sales (actual sales November 2011-July 2012 and forecasted sales volumes for August through October as reflected in Attachment NG-JFN-3, Schedule 6, page 7), with the 2011/2012 actual/projected sendout volumes (actual sendout for November 2011 – July 2012 and projected sendout for August through October as reflected in Attachment EDA-2 page 1 of the Company's September 13, 2011 GCR filing). From this annual comparison, the Company computed the unaccounted for gas percentage ("UFG") (variance between sales and sendout as percent of total sendout) and observed that the 2011/12 Actual/projected UFG percentage was 5.3% which appeared to be out of line with prior year (Nov 2010-Oct 2011) UFG of 2.8% and the original November 2011-Oct 2012 forecast UFG of 1.7%. It appears that in the original forecasted Nov 2011-Oct 2012, the monthly sales distribution was too low during the summer months (and correspondingly too high during the winter months). Therefore, when calculating the forecasted deferred gas cost balance as of October 2012 (based on actuals through July and

Division 1-10, page 2

projections for August through October), the Company adjusted the sales volumes so the sales and sendout throughput were aligned. If the Company had not made this adjustment, the Company would have under forecasted its GCR revenues resulting in a large under recovery of $3.1 million in its deferred gas cost balance as of October 2012.

b. The forecasted throughput volumes in Dth for FT-1 and FT-2 customers for the months of Aug-12, Sep-12, and Oct-12 in Schedule 6, page 1 of the referenced report were verified to be equal to the throughput volumes reflected in Attachment NG-JFN-3, Schedule 6, page 7 of the Company's September 13, 2011 GCR filing.

c. Please see the Attachment DIV 1-10 for the alternative computation of the Company's GCR Deferred Gas Cost balances as of July 31, 2012 using the sales service volumes projected in Attachment NG-JFN-3, Schedule 6, page 7, of the Company's September 13, 2011 GCR filing for the months of Aug-12, Sep-12, and Oct-12. The ending balance on October 31, 2012 is showing a projected under-recovery of approximately $3.1 million rather than a projected under-recovery of $178,935 as filed on September 21, 2012.

Prepared by or under the supervision of: Ann Leary

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov - Oct
	30	31	31	29	31	30	31	30	31	31	30	31	366
	actual	actual	actual	actual	actual	actual	actual	actual	actual	forecast	forecast	forecast	
I. Supply Fixed Cost Deferred													
Beginning Balance	$5,499,135	$6,216,149	$6,340,426	$5,554,643	$4,542,227	$3,622,411	$2,761,030	$3,566,306	$5,135,693	$6,444,991	$8,328,644	$10,175,414	
Supply Fixed Costs (net of cap rel)	$2,364,181	$2,530,100	$2,631,108	$2,750,889	$2,420,835	$2,175,399	$2,301,228	$2,602,517	$2,200,867	$2,637,174	$2,636,499	$2,637,174	$29,887,971
Capacity Release	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NGPMP Credits	($326,667)	($326,667)	($326,667)	($326,667)	($326,667)	($1,040,994)	($326,667)	($326,667)	($326,667)	($326,667)	($326,667)	($326,667)	($4,634,327)
Working Capital	$15 690	$16 791	$17 462	$18 257	$16 066	$14 437	$15 272	$17 272	$14 606	$17 502	$17 497	$17 502	$198,354
Total Supply Fixed Costs	$2,053,205	$2,220,224	$2,321,903	$2,442,479	$2,110,234	$1,148,842	$1,989,834	$2,293,122	$1,888,807	$2,328,009	$2,327,330	$2,328,009	$25,451,998
Supply Fixed - Collections	$1,342,206	$2,102,609	$3,113,997	$3,459,906	$3,034,381	$2,013,501	$1,187,915	$728,203	$585,654	$452,193	$490,061	$630,759	$19,141,385
Prelim. Ending Balance	$6,210,134	$6,333,764	$5,548,332	$4,537,215	$3,618,080	$2,757,753	$3,562,949	$5,131,226	$6,438,847	$8,320,806	$10,165,913	$11,872,663	
Month's Average Balance	$5,854,634	$6,274,956	$5,944,379	$5,045,929	$4,080,153	$3,190,082	$3,161,990	$4,348,766	$5,787,270	$7,382,898	$9,247,279	$11,024,039	
Interest Rate (BOA Prime minus 200 bps)	1 25%	1.25%	1.25%	1.25%	1 25%	1.25%	1.25%	1 25%	1 25%	1.25%	1.25%	1.25%	
Interest Applied	$6,015	$6,662	$6,311	$5,011	$4,332	$3,277	$3,357	$4,468	$6,144	$7,838	$9,501	$11,704	$74,619
GPIP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Marketer Reconcilation													$0
Supply Fixed Ending Balance	$6,216,149	$6,340,426	$5,554,643	$4,542,227	$3,622,411	$2,761,030	$3,566,306	$5,135,693	$6,444,991	$8,328,644	$10,175,414	$11,884,367	
II. Storage Fixed Cost Deferred													
Beginning Balance	($2,180,509)	($2,011,899)	($2,141,494)	($2,586,165)	($3,200,098)	($3,655,954)	($3,706,601)	($3,434,575)	($3,319,121)	($2,842,091)	($2,119,890)	($1,410,726)	
Storage Fixed Costs	$743,017	$684,098	$755,845	$716,734	$770,389	$782,521	$774,727	$436,007	$727,807	$876,522	$876,522	$876,522	$9,020,712
LNG Demand to DAC	($29,670)	($56,567)	($56,567)	($56,567)	($56,567)	($52,389)	($52,389)	($52,389)	($52,389)	($29,670)	($29,670)	($29,670)	($554,501)
Supply Related LNG O & M	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$618,591
Working Capital	$5 076	$4 507	$4 983	$4 723	$5 079	$5 188	$5 136	$2 888	$4 825	$5 962	$5 962	$5 962	$60 292
Total Storage Fixed Costs	$769,973	$683,588	$755,810	$716,440	$770,452	$786,869	$779,023	$438,055	$731,792	$904,364	$904,364	$904,364	$9,145,094
TSS Peaking Collections	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Storage Fixed - Collections	$599,211	$810,979	$1,197,974	$1,327,501	$1,222,670	$833,736	$503,208	$319,134	$251,493	$179,531	$193,387	$263,646	$7,702,469
Prelim. Ending Balance	($2,009,746)	($2,139,290)	($2,583,657)	($3,197,227)	($3,652,317)	($3,702,821)	($3,430,786)	($3,315,653)	($2,838,822)	($2,117,258)	($1,408,913)	($770,007)	
Month's Average Balance	($2,095,127)	($2,075,594)	($2,362,575)	($2,891,696)	($3,426,207)	($3,679,387)	($3,568,694)	($3,375,114)	($3,078,972)	($2,479,674)	($1,764,402)	($1,090,367)	
Interest Rate (BOA Prime minus 200 bps)	1 25%	1.25%	1.25%	1.25%	1 25%	1.25%	1.25%	1 25%	1 25%	1.25%	1.25%	1.25%	
Interest Applied	($2,153)	($2,204)	($2,508)	($2,872)	($3,637)	($3,780)	($3,789)	($3,468)	($3,269)	($2,633)	($1,813)	($1,158)	($33,282)
Storage Fixed Ending Balance	($2,011,899)	($2,141,494)	($2,586,165)	($3,200,098)	($3,655,954)	($3,706,601)	($3,434,575)	($3,319,121)	($2,842,091)	($2,119,890)	($1,410,726)	($771,165)	
III. Variable Supply Cost Deferred													
Beginning Balance	($15,097,876)	($12,205,777)	($5,710,117)	($3,113,656)	($4,095,967)	($8,665,808)	($11,580,864)	($12,852,837)	($13,902,852)	($14,253,608)	($13,523,138)	($13,654,216)	
Variable Supply Costs	$12,170,461	$18,768,619	$20,583,663	$19,051,547	$13,015,136	$8,797,510	$5,753,837	$3,222,939	$3,117,585	$3,417,404	$2,810,168	$5,297,426	$116,006,293
Variable Delivery Storage	($6,444)	($8,970)	($16,879)	($23,794)	($10,262)	($1,764)	($1,716)	($2,756)	($2,196)	$0	$0	$0	($74,782)
Variable Injections Storage	($1,853)	($3,279)	($5,466)	($1,177)	($6,736)	($6,359)	($9,612)	($5,558)	($4,822)	($611)	($10,518)	($392)	($56,382)
Fuel Cost Allocated to Storage	($3,956)	($8,572)	($12,446)	($2,680)	($11,789)	($10,078)	($14,899)	($9,989)	($9,500)	($2,412)	($26,551)	($1,780)	($114,653)
Working Capital	$80 689	$124 422	$136 375	$126 254	$86 185	$58 265	$38 012	$21 268	$20 581	$22 660	$18 404	$35 142	$768,255
Total Supply Variable Costs	$12,238,897	$18,872,219	$20,685,246	$19,150,150	$13,072,534	$8,837,574	$5,765,621	$3,225,903	$3,121,648	$3,437,041	$2,791,502	$5,330,397	$116,528,731
Supply Variable - Collections	$9,335,509	$12,375,753	$18,091,448	$20,129,117	$17,643,818	$11,743,654	$7,026,260	$4,262,652	$3,457,510	$2,691,834	$2,908,626	$3,741,421	$113,407,603
Deferred Responsibility	($2,730)	($8,700)	($7,344)	($235)	($8,213)	($1,420)	($1,629)	($471)	($45)	$0	$0	$0	($30,786)
Prelim. Ending Balance	($12,191,759)	($5,700,612)	($3,108,975)	($4,092,388)	($8,659,037)	($11,570,468)	($12,839,874)	($13,889,115)	($14,238,670)	($13,508,401)	($13,640,262)	($12,065,240)	
Month's Average Balance	($13,644,818)	($8,953,195)	($4,409,546)	($3,603,022)	($6,377,502)	($10,118,138)	($12,210,369)	($13,370,976)	($14,070,761)	($13,881,004)	($13,581,700)	($12,859,728)	
Interest Rate (BOA Prime minus 200 bps)	1 25%	1.25%	1.25%	1.25%	1 25%	1.25%	1.25%	1 25%	1 25%	1.25%	1.25%	1.25%	
Interest Applied	($14,019)	($9,505)	($4,681)	($3,578)	($6,771)	($10,395)	($12,963)	($13,737)	($14,938)	($14,737)	($13,954)	($13,652)	($132,931)
Gas Procurement Incentive/(penalty)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Supply Variable Ending Balance	($12,205,777)	($5,710,117)	($3,113,656)	($4,095,967)	($8,665,808)	($11,580,864)	($12,852,837)	($13,902,852)	($14,253,608)	($13,523,138)	($13,654,216)	($12,078,892)	

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

Schedule 1
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	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov - Oct
	30	31	31	29	31	30	31	30	31	31	30	31	366
	actual	actual	actual	actual	actual	actual	actual	actual	actual	forecast	forecast	forecast	
IVa. Storage Variable Product Cost Deferred													
Beginning Balance	$4,229,720	$4,316,605	$5,131,706	$8,211,378	$10,920,603	$7,189,013	$5,581,359	$6,314,234	$4,703,516	$4,795,321	$4,626,275	$4,430,895	
Storage Variable Prod. Costs - LNG	$132,967	$217,371	$1,534,727	$301,350	$415,824	$81,388	$73,019	$96,291	$117,174	$116,130	$111,839	$116,274	$3,314,354
Storage Variable Prod. Costs - LP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Storage Variable Prod. Costs - UG	$1,291,223	$2,648,256	$4,947,560	$6,011,166	($1,036,118)	$317,500	$1,751,151	($1,117,579)	$390,861	$0	$0	$0	$15,204,019
Supply Related LNG to DAC	($24,094)	($39,388)	($278,093)	($54,605)	$6,799	($14,747)	($13,231)	($17,448)	($21,232)	($21,043)	($20,265)	($21,069)	($518,415)
Supply Related LNG O & M	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$430,129
Inventory Financing - LNG	$33,879	$32,384	$22,419	$21,063	$22,706	$22,626	$22,303	$25,323	$26,583	$39,188	$39,316	$39,450	$347,239
Inventory Financing - UG	$204,503	$188,042	$154,031	$106,896	$120,472	$137,160	$147,763	$174,044	$181,249	$160,017	$178,115	$178,769	$1,931,061
Inventory Financing - LP	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Working Capital	$9,530	$18,994	$41,413	$41,769	($3,834)	$2,787	$12,256	($6,656)	$3,469	$869	$846	$870	$122,313
Total Storage Variable Product Costs	$1,683,852	$3,101,505	$6,457,901	$6,463,483	($438,308)	$582,557	$2,029,106	($810,181)	$733,948	$331,005	$345,695	$350,138	$20,830,701
Storage Variable Product Collections	$1,601,356	$2,291,416	$3,385,307	$3,763,754	$3,302,890	$2,196,768	$1,302,541	$806,194	$647,183	$505,050	$545,725	$701,977	$21,050,161
Prelim. Ending Balance	$4,312,217	$5,126,693	$8,204,299	$10,911,107	$7,179,405	$5,574,802	$6,307,923	$4,697,860	$4,790,282	$4,621,277	$4,426,245	$4,079,056	
Month's Average Balance	$4,270,968	$4,721,649	$6,668,003	$9,561,243	$9,050,004	$6,381,907	$5,944,641	$5,506,047	$4,746,899	$4,708,299	$4,526,260	$4,254,976	
Interest Rate (BOA Prime minus 200 bps)	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
Interest Applied	$4,388	$5,013	$7,079	$9,496	$9,608	$6,557	$6,311	$5,657	$5,040	$4,999	$4,650	$4,517	$73,314
Storage Variable Product Ending Bal.	$4,316,605	$5,131,706	$8,211,378	$10,920,603	$7,189,013	$5,581,359	$6,314,234	$4,703,516	$4,795,321	$4,626,275	$4,430,895	$4,083,574	
IVb. Stor Var Non-Prod Cost Deferred													
Beginning Balance	$124,728	$167,545	$158,243	$167,251	$65,387	$29,222	($21,676)	($32,647)	($29,422)	($25,209)	($39,355)	($20,498)	
Storage Variable Non-prod. Costs	$34,071	$47,195	$87,214	$2,110	$50,623	$8,386	$7,661	$12,060	$9,495	$0	$0	$0	$258,814
Variable Delivery Storage Costs	$6,444	$8,970	$16,879	$23,794	$10,262	$1,764	$1,716	$2,756	$2,196	$0	$0	$0	$74,782
Variable Injection Storage Costs	$1,853	$3,279	$5,466	$1,177	$6,736	$6,359	$9,612	$5,558	$4,822	$611	$10,518	$392	$56,382
Fuel Costs Allocated to Storage	$3,956	$8,572	$12,446	$2,680	$11,789	$10,078	$14,899	$9,989	$9,500	$2,412	$26,551	$1,780	$114,653
Working Capital	$307	$451	$810	$198	$527	$176	$225	$202	$173	$20	$246	$14	$3,349
Total Storage Var Non-product Costs	$46,632	$68,468	$122,815	$29,958	$79,937	$26,763	$34,113	$30,565	$26,185	$3,043	$37,316	$2,186	$507,980
Storage Var Non-Product Collections	$3,965	$77,943	$113,979	$131,938	$116,153	$77,664	$45,055	$27,309	$21,943	$17,154	$18,429	$25,089	$676,621
Prelim. Ending Balance	$167,395	$158,070	$167,078	$65,272	$29,171	($21,679)	($32,618)	($29,390)	($25,180)	($39,320)	($20,468)	($43,402)	
Month's Average Balance	$146,062	$162,807	$162,660	$116,261	$47,279	$3,771	($27,147)	($31,019)	($27,301)	($32,265)	($29,911)	($31,950)	
Interest Rate (BOA Prime minus 200 bps)	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
Interest Applied	$150	$173	$173	$115	$50	$4	($29)	($32)	($29)	($34)	($31)	($34)	$477
Storage Var Non-Product Ending Bal.	$167,545	$158,243	$167,251	$65,387	$29,222	($21,676)	($32,647)	($29,422)	($25,209)	($39,355)	($20,498)	($43,435)	
GCR Deferred Summary													
Beginning Balance	($7,424,802)	($3,517,378)	$3,778,763	$8,233,451	$8,232,152	($1,481,116)	($6,966,752)	($6,439,518)	($7,412,185)	($5,880,597)	($2,727,463)	($479,131)	
Gas Costs	$17,007,932	$25,107,504	$30,469,300	$28,937,976	$15,817,492	$12,342,746	$10,853,462	$5,469,158	$6,785,393	$7,283,116	$6,689,918	$9,182,270	$175,946,268
NGPMP Credits	($326,667)	($326,667)	($326,667)	($326,667)	($326,667)	($1,040,994)	($326,667)	($326,667)	($326,667)	($326,667)	($326,667)	($326,667)	($4,634,327)
Working Capital	$111,293	$165,165	$201,041	$191,200	$104,024	$80,853	$70,901	$34,973	$43,653	$47,013	$42,955	$59,491	$1,152,564
Total Costs	$16,792,558	$24,946,003	$30,343,675	$28,802,509	$15,594,849	$11,382,605	$10,597,696	$5,177,465	$6,502,379	$7,003,462	$6,406,207	$8,915,094	$172,464,504
Collections	$12,879,517	$17,650,000	$25,895,360	$28,811,981	$25,311,699	$16,863,904	$10,063,350	$6,143,020	$4,963,738	$3,845,762	$4,156,228	$5,362,892	$161,947,451
Prelim. Ending Balance	($3,511,760)	$3,778,625	$8,227,078	$8,223,979	($1,484,698)	($6,962,414)	($6,432,405)	($7,405,073)	($5,873,544)	($2,722,896)	($477,485)	$3,073,071	
Month's Average Balance	($5,468,281)	$130,623	$6,002,921	$8,228,715	$3,373,727	($4,221,765)	($6,699,578)	($6,922,296)	($6,642,865)	($4,301,746)	($1,602,474)	$1,296,970	
Interest Rate (BOA Prime minus 200 bps)	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
Interest Applied	($5,618)	$139	$6,373	$8,172	$3,582	($4,337)	($7,113)	($7,112)	($7,052)	($4,567)	($1,646)	$1,377	($17,803)
Gas Purchase Plan Incentives/(Penalties)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Ending Bal. W/ Interest	($3,517,378)	$3,778,763	$8,233,451	$8,232,152	($1,481,116)	($6,966,752)	($6,439,518)	($7,412,185)	($5,880,597)	($2,727,463)	($479,131)	$\boxed{\$3,074,448}$	

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Rhode Island - Gas
Deferred Gas Cost Balance

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Projected Gas Costs using 08-15-12 NYMEX

	Nov-11 actual	Dec-11 actual	Jan-12 actual	Feb-12 actual	Mar-12 actual	Apr-12 actual	May-12 actual	Jun-12 actual	Jul-12 actual	Aug-12	Sep-12	Oct-12	Nov-Oct
SUPPLY FIXED COSTS - Pipeline Delivery													
Algonquin	872,052	1,037,363	991,108	949,100	725,335	854,731	714,262	213,577	902,244	650,451	650,451	650,451	9,211,124
Alberta Northeast		526	526	474	(51)	539	516	495	499				3,525
Texas Eastern	765,159	903,311	819,999	862,839	875,989	762,149	781,929	940,981	716,124	211,880	211,880	211,880	8,064,119
TETCO	0	0	0	0	0	0	0	0	0	528,382	528,382	528,382	1,585,145
Tennessee	1,028,887	891,113	1,140,018	1,085,702	941,329	984,807	1,116,884	530,724	976,370	1,285,834	1,285,834	1,285,834	12,553,335
NETNE										10,792	10,792	10,792	32,377
Iroquois	6,676	6,676	0	6,676	6,676	6,676	0	6,066	6,676	6,676	6,676	6,676	66,153
Union	2,530	(71)	(780)	2,479	2,519	2,528	2,529	2,485	2,444	2,701	2,614	2,701	24,677
Transcanada										11,583	11,209	11,583	34,374
Dominion	34,096	34,959	34,096	36,625	123,304	2,311	2,311	85,698	0	2,313	2,313	2,313	360,341
Transco	1,289	6,625	6,625	6,282	6,625	22,766	(9,708)	6,552	6,432	6,625	6,412	6,625	73,153
National Fuel	4,184	4,184	4,199	4,214	0	4,182	4,182	4,663	5,143	4,184	4,184	4,184	47,503
Columbia	315,540	265,769	321,915	302,332	319,604	306,213	302,680	203,707	288,676	287,672	287,672	287,672	3,489,453
Hubline										74,203	74,203	74,203	222,609
Westerly Lateral	57,637	57,485	57,010	55,011	44,628	56,324	56,324	53,326	56,326	56,324	56,324	56,324	663,041
BG LNG Energy	11,968	88,542	12,247	38,823	62,958	38,924	11,475	38,924	(27,045)				276,815
NJR Energy								208,759	0				208,759
Louis Dreyfus Energy								1,063,471	0				1,063,471
GDF Seuz						0	0	0	0				0
East to West										84,341	84,341	84,341	253,023
Less Credits from Mkter Releases	735,836	766,383	755,856	599,667	688,082	866,752	682,156	756,911	733,023	586,787	586,787	586,787	8,345,026
TOTAL SUPPLY FIXED COSTS - Pipeline	2,364,181	2,530,100	2,631,108	2,750,889	2,420,835	2,175,399	2,301,228	2,602,517	2,200,867	2,637,174	2,636,499	2,637,174	29,887,971
Supplier													
Distrigas FCS													
Total Supply Fixed (Pipeline & Supplier)	2,364,181	2,530,100	2,631,108	2,750,889	2,420,835	2,175,399	2,301,228	2,602,517	2,200,867	2,637,174	2,636,499	2,637,174	29,887,971
STORAGE FIXED COSTS - Facilities													
Texas Eastern SS-1 Demand	87,194	(268)	0	0	0	88,182	(296)	0	87,781	81,796	81,796	81,796	507,981
Texas Eastern SS-1 Capacity										13,361	13,361	13,361	40,084
Texas Eastern FSS-1 Demand										845	845	845	2,535
Texas Eastern FSS-1 Capacity										610	610	610	1,831
Dominion GSS Demand	83,387	86,440	83,387	84,978	(0)	83,283	100,500	0	83,387	21,543	21,543	21,543	669,989
Dominion GSS Capiacity										15,070	15,070	15,070	45,210
Dominion GSS-TE Demand										27,085	27,085	27,085	81,256
Dominion GSS-TE Capacity										19,957	19,957	19,957	59,870
Tennessee FSMA Demand	49,804	43,128	56,480	49,804	32,600	49,804	43,128	54,891	49,804	38,316	38,316	38,316	544,390
Tennessee FSMA Capacity										20,384	20,384	20,384	61,151
Columbia FSS Demand		24,720	0	0	0	0	0	0	8,775	3,830	3,830	3,830	44,985
Columbia FSS Capacity										5,894	5,894	5,894	17,683
Iroquois		6,676	112	0	0	0	(11,046)	0	(614)				(4,872)
Repsol	8,333	0	0	0	0	0	0	0	0				8,333
Keyspan LNG Tank Lease Payment	163,740	163,740	163,740	163,740	163,740	163,740	163,740	163,740	163,740	163,740	163,740	163,740	1,964,880
STORAGE FACILITIES FIXED COST $	392,459	324,436	303,719	298,522	196,340	385,009	296,024	218,631	392,872	412,431	412,431	412,431	4,045,306
STORAGE FIXED COSTS - Delivery													
Algonquin for TETCO SS-1	145,543	91,424	158,405	156,758	275,688	137,174	197,016	0	67,083	84,498	84,498	84,498	1,482,585
Algonquin delivery for FSS										5,642	5,642	5,642	16,927
TETCO delivery for FSS										4,985	4,985	4,985	14,956
Algonquin SCT for SS-1										1,590	1,590	1,590	4,770
Algonquin delivery for GSS, GSS-TE,										70,165	70,165	70,165	210,496
Algonquin SCT delivery for GSS-TE										447	447	447	1,341
Algonquin delivery for GSS Conv										20,168	20,168	20,168	60,503
Tennessee delivery for GSS	118,854	66,208	91,993	91,993	92,038	91,993	91,993	91,993	91,993	81,830	81,830	81,830	1,074,551
Tennessee delivery for FSMA										50,023	50,023	50,023	150,069
TETCO delivery for GSS	86,162	53,593	53,593	21,023	53,679	42,962	64,310	0	42,962	34,117	34,117	34,117	520,635
TETCO delivery for GSS-TE										3,538	3,538	3,538	10,614
TETCO delivery for GSS-TE										34,396	34,396	34,396	103,187
TETCO delivery for GSS Conv										10,674	10,674	10,674	32,022
Dominion delivery for GSS Conv										22,933	22,933	22,933	68,799
Dominion delivery for GSS										8,878	8,878	8,878	26,633
Algonquin delivery for FSS										15,212	15,212	15,212	45,635
Columbia Delivery for FSS									7,514	14,995	14,995	14,995	52,499
Distrigas FLS call payment		148,438	148,438	148,438	148,438	125,383	125,383	125,383	125,383	0	0	0	1,095,282
National Fuel					4,206								4,206
VPEM			(303)	0	0	0	0	0	0				(303)
STORAGE DELIVERY FIXED COST $	350,558	359,662	452,125	418,212	574,049	397,512	478,702	217,376	334,935	464,091	464,091	464,091	4,975,406
TOTAL STORAGE FIXED	743,017	684,098	755,845	716,734	770,389	782,521	774,727	436,007	727,807	876,522	876,522	876,522	9,020,712
TOTAL FIXED COSTS	3,107,198	3,214,198	3,386,953	3,467,623	3,191,224	2,957,921	3,075,955	3,038,524	2,928,674	3,513,696	3,513,021	3,513,696	38,908,683

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

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Projected Gas Costs using 08-15-12 NYMEX

	Nov-11 actual	Dec-11 actual	Jan-12 actual	Feb-12 actual	Mar-12 actual	Apr-12 actual	May-12 actual	Jun-12 actual	Jul-12 actual	Aug-12	Sep-12	Oct-12	Nov-Oct
VARIABLE SUPPLY COSTS (Includes Injections)													
Total Pipeline Commodity Charges	6,107,083	10,722,952	11,589,916	10,008,590	5,338,209	3,482,661	1,887,875	1,283,682	1,462,174	1,943,693	3,160,965	3,621,597	60,609,397
Hedging	6,136,997	8,090,460	9,471,036	9,242,977	9,248,290	5,188,071	3,003,155	1,626,411	1,325,002	1,651,690	1,620,290	1,747,120	58,351,500
Costs of Injections										177,979	1,971,087	71,291	2,220,358
Refunds (Tennessee)			(406,764)		(1,548,477)								(1,955,240)
TOTAL VARIABLE SUPPLY COSTS	12,244,080	18,813,413	20,654,189	19,251,567	13,038,022	8,670,731	4,891,030	2,910,093	2,787,176	3,417,404	2,810,168	5,297,426	114,785,299
VARIABLE STORAGE COSTS													
Underground Storage	1,325,294	2,695,451	5,034,774	6,013,275	(985,495)	325,885	1,758,812	(1,105,519)	400,356	0	0	0	15,462,834
LNG Withdrawals and Trucking	132,967	217,371	1,534,727	301,350	415,824	81,388	73,019	96,291	117,174	116,130	111,839	116,274	3,314,354
TOTAL VARIABLE STORAGE COSTS	1,458,261	2,912,822	6,569,501	6,314,625	(569,671)	407,273	1,831,831	(1,009,228)	517,530	116,130	111,839	116,274	18,777,188
TOTAL VARIABLE COSTS	13,702,342	21,726,235	27,223,690	25,566,192	12,468,351	9,078,004	6,722,861	1,900,864	3,304,706	3,533,534	2,922,007	5,413,700	133,562,486
TOTAL SUPPLY COSTS	16,809,540	24,940,433	30,610,643	29,033,815	15,659,575	12,035,925	9,798,816	4,939,388	6,233,380	7,047,230	6,435,029	8,927,396	172,471,170
Storage Costs for FT-2 Calculation													
Storage Fixed Costs - Facilities	392,459	324,436	303,719	298,522	196,340	385,009	296,024	218,631	392,872	412,431	412,431	412,431	4,045,306
Storage Fixed Costs - Deliveries	350,558	359,662	452,125	418,212	574,049	397,512	478,702	217,376	334,935	464,091	464,091	464,091	4,975,406
Variable Delivery Costs	6,444	8,970	16,879	23,794	10,262	1,764	1,716	2,756	2,196	0	0	0	74,782
Variable Injection/withdrawal Costs	1,853	3,279	5,466	1,177	6,736	6,359	9,612	5,558	4,822	611	10,518	392	56,382
Fuel Costs Allocated to Storage	3,956	8,572	12,446	2,680	11,789	10,078	14,899	9,989	9,500	2,412	26,551	1,780	114,653
Total Storage Costs	755,270	704,920	790,636	744,385	799,176	800,722	800,954	454,311	744,325	879,545	913,592	878,694	9,266,530
Pipeline Variable	$12,244,080	$18,813,413	$20,654,189	$19,251,567	$13,038,022	$8,670,731	$4,891,030	$2,910,093	$2,787,176	$3,417,404	$2,810,168	$5,297,426	114,785,299
Less Non-firm Gas Costs	$232,486	$380,432	$178,276	$133,990	$109,223	$95,772	$64,990	$57,189	$51,245				
Less Company Use	$28,957	$33,795	$43,404	$42,370	$52,075	$21,768	$10,900	$20,735	$4,074				
Less Manchester St Balancing	$13,030	$19,304	$43,830	$43,830	$18,401	$36,338	$12,562	$9,044	$9,100				
Plus Cashout													
Less Mkter Over-takes	$140,012	$6,885	$28,950	$25,058	$0	$0	$0	$0	$0				
Less Mkter W/drawals	($223,162)	($148,276)	$22,939	$184,448	$64,311	($69,479)	($552,280)	($181,095)	($202,999)				
Plus Mkter Undertakes	($10,599)	$72,692	$68,739	$52,947	$52,607	$31,598	$227,657	$42,380	$21,460				
Plus Mkter Injections	$0												
Storage Service Charge													
Plus Pipeline Srchg/Credit	$128,303	$174,654	$178,133	$176,730	$168,518	$179,580	$171,321	$176,338	$170,369				
TOTAL FIRM COMMODITY COSTS	$12,170,461	$18,768,619	$20,583,663	$19,051,547	$13,015,136	$8,797,510	$5,753,837	$3,222,939	$3,117,585	$3,417,404	$2,810,168	$5,297,426	116,006,293

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

National Grid
GCR - Gas Cost Collections

	Nov-11 actual	Dec-11 actual	Jan-12 actual	Feb-12 actual	Mar-12 actual	Apr-12 actual	May-12 actual	Jun-12 actual	Jul-12 actual	Aug-12 fcst	Sep-12 fcst	Oct-12 fcst	Total Nov-Oct
I. Supply Fixed Cost Collections --													
(a) Low Load dth	1,444,870	2,167,029	3,232,330	3,586,992	3,140,582	2,073,483	1,210,889	726,222	585,253	441,816	482,140	621,447	19,713,051
Supply Fixed Cost Factor	$0.8919	$0.9419	$0.9402	$0.9401	$0.9404	$0.9404	$0.9397	$0.9399	$0.9419	$0.9400	$0.9400	$0.9400	
Low Load collections	$1,288,746	$2,041,191	$3,039,105	$3,372,056	$2,953,408	$1,949,920	$1,137,839	$682,577	$551,269	$415,307	$453,212	$584,160	$18,468,790
(b) High Load dth	82,160	96,677	118,036	138,549	127,454	100,294	78,782	71,896	52,151	58,134	58,075	73,442	1,055,651
Supply Fixed Cost Factor	$0.6507	$0.6353	$0.6345	$0.6341	$0.6353	$0.6339	$0.6356	$0.6346	$0.6593	$0.6345	$0.6345	$0.6345	
High Load collections	$53,460	$61,418	$74,892	$87,850	$80,973	$63,581	$50,076	$45,626	$34,385	$36,886	$36,849	$46,599	$672,594
sub-total Dth	1,527,031	2,263,705	3,350,366	3,725,541	3,268,037	2,173,777	1,289,670	798,118	637,404	499,951	540,215	694,889	20,768,703
TOTAL Supply Fixed Collections	**$1,342,206**	**$2,102,609**	**$3,113,997**	**$3,459,906**	**$3,034,381**	**$2,013,501**	**$1,187,915**	**$728,203**	**$585,654**	**$452,193**	**$490,061**	**$630,759**	**$19,141,385**
II. Storage Fixed Cost Collections --													
(a) Low Load dth	1,444,870	2,167,029	3,232,330	3,586,992	3,140,582	2,073,483	1,210,889	726,222	585,253	441,816	482,140	621,447	19,713,051
Storage Fixed Cost Factor	$0.3725	$0.3369	$0.3363	$0.3362	$0.3363	$0.3363	$0.3361	$0.3362	$0.3369	$0.3362	$0.3362	$0.3362	
Low Load collections	$538,210	$730,051	$1,086,965	$1,206,050	$1,056,314	$697,407	$406,960	$244,130	$197,167	$148,539	$162,095	$208,930	$6,682,818
(b) High Load dth	82,160	96,677	118,036	138,549	127,454	100,294	78,782	71,896	52,151	58,134	58,075	73,442	1,055,651
Storage Fixed Cost Factor	$0.2687	$0.2209	$0.2206	$0.2205	$0.2209	$0.2204	$0.2210	$0.2206	$0.2292	$0.2206	$0.2206	$0.2206	
High Load collections	$22,073	$21,353	$26,039	$30,544	$28,152	$22,106	$17,409	$15,863	$11,955	$12,824	$12,811	$16,201	$237,330
(c) FT-2 dth	174,749	254,172	337,494	544,128	489,404	338,790	168,735	85,720	69,474	55,222	56,173	117,068	2,691,129
Storage Fixed Cost Factor	$0.3566	$0.2344	$0.2518	$0.1671	$0.2824	$0.3372	$0.4672	$0.6899	$0.6099	$0.3290	$0.3290	$0.3290	
FT-2 collection	$62,307	$59,575	$84,970	$90,907	$138,204	$114,223	$78,839	$59,141	$42,372	$18,168	$18,481	$38,515	$805,701
sub-total Dth	1,701,779	2,517,877	3,687,860	4,269,669	3,757,440	2,512,567	1,458,405	883,838	706,878	555,173	596,388	811,957	$23,459,831
TOTAL Storage Fixed Collections	**$599,211**	**$810,979**	**$1,197,974**	**$1,327,501**	**$1,222,670**	**$833,736**	**$503,208**	**$319,134**	**$251,493**	**$179,531**	**$193,387**	**$263,646**	**$7,702,469**
III. Variable Supply Cost Collections --													
(a) Firm Sales dth	1,527,031	2,263,705	3,350,366	3,725,541	3,268,037	2,173,777	1,289,670	798,118	637,404	499,951	540,215	694,889	20,768,703
Variable Supply Cost Factor	$6.0905	$5.3951	$5.3854	$5.3845	$5.3867	$5.3862	$5.3830	$5.3838	$5.4116	$5.3842	$5.3842	$5.3842	
Variable Supply collections	$9,300,304	$12,212,869	$18,043,126	$20,060,195	$17,603,853	$11,708,417	$6,942,323	$4,296,881	$3,449,378	$2,691,834	$2,908,626	$3,741,421	$112,959,227
(b) TSS Sales dth	1,221	1,811	13,150	16,570	11,444	8,457	8,600	(106)	926				
TSS Variable Supply Cost F.	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000				
TSS Surcharge collections	$0	$0	$0	$0	$0	$0	$0	$0	$0				
(c) NGV Sales dth	0	0	0	0	0	0	0	0	0	0	0	0	0
Variable Supply Cost Factor	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$5.3842	$5.3842	$5.3842	
Variable Supply collections	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	0
(d) Default Sales dth	4,486	5,240	5,962	9,219	5,189	4,187	11,286	(4,444)	1,056				
Variable Supply Cost Factor	$7.8960	$8.1056	$7.7018	$7.7018	$7.7018	$7.7018	$7.4371	$7.7019	$7.7029				
Variable Supply collections	$35,205	$42,444	$48,322	$68,922	$39,965	$35,237	$83,937	($34,229)	$8,132				
Peaking Gas revenue		$120,440											
TOTAL Variable Supply Collections	**$9,335,509**	**$12,375,753**	**$18,091,448**	**$20,129,117**	**$17,643,818**	**$11,743,654**	**$7,026,260**	**$4,262,652**	**$3,457,510**	**$2,691,834**	**$2,908,626**	**$3,741,421**	**$113,407,603**

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

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National Grid
GCR - Gas Cost Collections

	Nov-11 actual	Dec-11 actual	Jan-12 actual	Feb-12 actual	Mar-12 actual	Apr-12 actual	May-12 actual	Jun-12 actual	Jul-12 actual	Aug-12 fcst	Sep-12 fcst	Oct-12 fcst	Total Nov-Oct
IVa. Storage Variable Product Cost Collections --													
(a) Firm Sales dth	1,527,031	2,263,705	3,350,366	3,725,541	3,268,037	2,173,777	1,289,670	798,118	637,404	499,951	540,215	694,889	20,768,703
Variable Supply Cost Factor	$1.0487	$1.0122	$1.0104	$1.0103	$1.0107	$1.0106	$1.0100	$1.0101	$1.0153	$1.0102	$1.0102	$1.0102	
TOTAL Stor Var Product collections	**$1,601,356**	**$2,291,416**	**$3,385,307**	**$3,763,754**	**$3,302,890**	**$2,196,768**	**$1,302,541**	**$806,194**	**$647,183**	**$505,050**	**$545,725**	**$701,977**	**$21,050,161**
IVb. Storage Variable Non-product Cost Collections --													
(a) Firm Sales dth	1,527,031	2,263,705	3,350,366	3,725,541	3,268,037	2,173,777	1,289,670	798,118	637,404	499,951	540,215	694,889	20,768,703
Variable Supply Cost Factor	$0.0023	$0.0310	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0311	$0.0309	$0.0309	$0.0309	
Stor Var Non-Product collec	$3,563	$70,089	$103,550	$115,124	$101,030	$67,195	$39,841	$24,660	$19,796	$15,448	$16,693	$21,472	$598,461
(b) FT-2 dth	174,749	254,172	337,494	544,128	489,404	338,790	168,735	85,720	69,474	55,222	56,173	117,068	
Variable Supply Cost Factor	$0.0023	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	$0.0309	
Stor Var Non-Product collec	$402	$7,854	$10,429	$16,814	$15,123	$10,469	$5,214	$2,649	$2,147	$1,706	$1,736	$3,617	**$78,160**
Total Firm Sales/FT-2 dth	1,701,779	2,517,877	3,687,860	4,269,669	3,757,440	2,512,567	1,458,405	883,838	706,878	555,173	596,388	811,957	
TOTAL Stor Var Non-Product collec	**$3,965**	**$77,943**	**$113,979**	**$131,938**	**$116,153**	**$77,664**	**$45,055**	**$27,309**	**$21,943**	**$17,154**	**$18,429**	**$25,089**	**$676,621**
Deferred Responsibility	**($2,730)**	**($8,700)**	**($7,344)**	**($235)**	**($8,213)**	**($1,420)**	**($1,629)**	**($471)**	**($45)**	**$0**	**$0**	**$0**	**($30,786)**
Total Gas Cost Collections	**$12,879,517**	**$17,650,000**	**$25,895,360**	**$28,811,981**	**$25,311,699**	**$16,863,904**	**$10,063,350**	**$6,143,020**	**$4,963,738**	**$3,845,762**	**$4,156,228**	**$5,362,892**	**$161,947,451**

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

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No.	Description	Reference	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Total
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	**Storage Inventory Balance**		$19,971,317	$19,073,568	$16,766,654	$12,541,091	$14,561,908	$14,800,525	$14,078,661	$15,668,503	$15,823,556	$19,341,914	$21,529,518	$21,608,528	
2	Hedging		$4,747,817	$3,655,825	$1,851,663	$379,848	$24	$1,778,525	$3,782,057	$5,368,854	$6,084,691				
3	Subtotal	(1) + (2)	24,719,134	$22,729,393	$18,618,318	$12,920,939	$14,561,933	$16,579,050	$17,860,718	$21,037,358	$21,908,246	$19,341,914	$21,529,518	$21,608,528	
4	Cost of Capital	Rate Case	7.23%	7 23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7 23%	7 23%	7.23%	
5	Return on Working Capital Requirement	(3) * (4)	1,787,193	1,643,335	1,346,104	934,184	1,052,828	1,198,665	1,291,330	1,521,001	1,583,966	1,398,420	1,556,584	1,562,297	$16,875,908
6	Weighted Cost of Debt	Rate Case	2.22%	2 22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2 22%	2 22%	2.22%	
7	Interest Charges Financed	(1) * (6)	548,765	504,593	413,327	286,845	323,275	368,055	396,508	467,029	486,363	429,390	477,955	479,709	$5,181,814
8	Taxable Income	(5) - (7)	1,238,429	$1,138,743	$932,778	$647,339	$729,553	$830,610	$894,822	$1,053,972	$1,097,603	$969,030	$1,078,629	$1,082,587	
9	1 - Combined Tax Rate	Rate Case	0.6500	0 6500	0 6500	0 6500	0 6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
10	Return and Tax Requirement	(8) / (9)	1,905,275	$1,751,912	$1,435,043	$995,906	$1,122,389	$1,277,862	$1,376,649	$1,621,495	$1,688,620	$1,490,815	$1,659,429	$1,665,519	$17,990,914
11	Working Capital Requirement	(7) + (10)	2,454,040	$2,256,504	$1,848,369	$1,282,751	$1,445,664	$1,645,917	$1,773,157	$2,088,524	$2,174,983	$1,920,206	$2,137,384	$2,145,228	$23,172,728
12	Monthly Average	(11) / 12	204,503	$188,042	$154,031	$106,896	$120,472	$137,160	$147,763	$174,044	$181,249	$160,017	$178,115	$178,769	$1,931,061
13	**LNG Inventory Balance**		$5,001,334	$4,780,667	$3,309,527	$3,109,341	$3,351,880	$3,340,132	$3,292,429	$3,738,317	$3,924,258	$5,785,069	$5,803,889	$5,823,809	
14	Cost of Capital	Rate Case	7.23%	7 23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7 23%	7 23%	7.23%	
15	Return on Working Capital Requirement	(13) * (14)	361,596	$345,642	$239,279	$224,805	$242,341	$241,492	$238,043	$270,280	$283,724	$418,260	$419,621	$421,061	$3,706,145
16	Weighted Cost of Debt	Rate Case	2.22%	2 22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2 22%	2 22%	2.22%	
17	Interest Charges Financed	(13) * (16)	111,030	$106,131	$73,471	$69,027	$74,412	$74,151	$73,092	$82,991	$87,119	$128,429	$128,846	$129,289	$1,137,986
18	Taxable Income	(15) - (17)	250,567	$239,511	$165,807	$155,778	$167,929	$167,341	$164,951	$187,290	$196,605	$289,832	$290,775	$291,773	
19	1 - Combined Tax Rate	Rate Case	0.6500	0 6500	0 6500	0 6500	0 6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
20	Return and Tax Requirement	(18) / (19)	385,487	$368,479	$255,088	$239,658	$258,353	$257,447	$253,770	$288,138	$302,470	$445,895	$447,346	$448,881	$3,951,013
21	Working Capital Requirement	(17) + (20)	496,517	$474,610	$328,560	$308,686	$332,764	$331,598	$326,862	$371,129	$389,588	$574,324	$576,192	$578,170	$5,089,000
22	Monthly Average	(21) / 12	41,376	$39,551	$27,380	$25,724	$27,730	$27,633	$27,239	$30,927	$32,466	$47,860	$48,016	$48,181	$424,083
23	System Balancing Factor	Rate Case	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	18.12%	
24	Balancing Related Inventory Costs	(22) * (23)	7,497	$7,167	$4,961	$4,661	$5,025	$5,007	$4,936	$5,604	$5,883	$8,672	$8,701	$8,730	$76,844
25	Supply Related Inventory Costs	(22) - (24)	33,879	$32,384	$22,419	$21,063	$22,706	$22,626	$22,303	$25,323	$26,583	$39,188	$39,316	$39,450	$347,239

National Grid
Rhode Island - Gas
Deferred Gas Cost Balance

No.	Description	Reference	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Total
	(a)	(b)													
1	**Supply Fixed Costs**		$2,364,181	$2,530,100	$2,631,108	$2,750,889	$2,420,835	$2,175,399	$2,301,228	$2,602,517	$2,200,867	$2,637,174	$2,636,499	$2,637,174	$29,887,971
2	Capacity Release Revenue		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	Allowable Working Capital Costs	(1) - (2)	$2,364,181	$2,530,100	$2,631,108	$2,750,889	$2,420,835	$2,175,399	$2,301,228	$2,602,517	$2,200,867	$2,637,174	$2,636,499	$2,637,174	$29,887,971
4	Number of Days Lag	Rate Case	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	
5	Working Capital Requirement	[(3) * (4)] / 365	$158,044	$169,135	$175,888	$183,895	$161,831	$145,424	$153,836	$173,976	$147,126	$176,293	$176,248	$176,293	
6	Cost of Capital	Rate Case	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	
7	Return on Working Capital Requirement	(5) * (6)	$11,427	$12,228	$12,717	$13,296	$11,700	$10,514	$11,122	$12,578	$10,637	$12,746	$12,743	$12,746	
8	Weighted Cost of Debt	Rate Case	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	
9	Interest Expense	(5) * (8)	$3,509	$3,755	$3,905	$4,082	$3,593	$3,228	$3,415	$3,862	$3,266	$3,914	$3,913	$3,914	
10	Taxable Income	(7) - (9)	$7,918	$8,474	$8,812	$9,213	$8,108	$7,286	$7,707	$8,716	$7,371	$8,832	$8,830	$8,832	
11	1 - Combined Tax Rate	Rate Case	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
12	Return and Tax Requirement	(10) / (11)	$12,182	$13,036	$13,557	$14,174	$12,473	$11,209	$11,857	$13,410	$11,340	$13,588	$13,585	$13,588	
13	**Supply Fixed Working Capital Requirement**	(9) + (12)	$15,690	$16,791	$17,462	$18,257	$16,066	$14,437	$15,272	$17,272	$14,606	$17,502	$17,497	$17,502	$198,354
14	**Storage Fixed Costs**		$743,017	$684,098	$755,845	$716,734	$770,389	$782,521	$774,727	$436,007	$727,807	$876,522	$876,522	$876,522	$9,020,712
15	Less: LNG Demand to DAC		$29,670	$56,567	$56,567	$56,567	$56,567	$52,389	$52,389	$52,389	$52,389	$29,670	$29,670	$29,670	$554,501
16	Less: Credits		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
17	Plus: Supply Related LNG O&M Costs		$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$51,549	$618,591
18	Allowable Working Capital Costs	(14) - (15) + (16)	$764,897	$679,081	$750,827	$711,717	$765,372	$781,682	$773,887	$435,167	$726,967	$898,402	$898,402	$898,402	$9,084,802
19	Number of Days Lag	Rate Case	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	
20	Working Capital Requirement	[(17) * (18)] / 365	$51,133	$45,396	$50,192	$47,578	$51,165	$52,255	$51,734	$29,091	$48,597	$60,058	$60,058	$60,058	
21	Cost of Capital	Rate Case	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	
22	Return on Working Capital Requirement	(19) * (20)	$3,697	$3,282	$3,629	$3,440	$3,699	$3,778	$3,740	$2,103	$3,514	$4,342	$4,342	$4,342	
23	Weighted Cost of Debt	Rate Case	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	
24	Interest Expense	(19) * (22)	$1,135	$1,008	$1,114	$1,056	$1,136	$1,160	$1,148	$646	$1,079	$1,333	$1,333	$1,333	
25	Taxable Income	(19) - (23)	$2,562	$2,274	$2,515	$2,384	$2,563	$2,618	$2,592	$1,457	$2,435	$3,009	$3,009	$3,009	
26	1 - Combined Tax Rate	Rate Case	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
27	Return and Tax Requirement	(24) / (25)	$3,941	$3,499	$3,869	$3,667	$3,944	$4,028	$3,987	$2,242	$3,746	$4,629	$4,629	$4,629	
28	**Storage Fixed Working Capital Requirement**	(23) + (26)	$5,076	$4,507	$4,983	$4,723	$5,079	$5,188	$5,136	$2,888	$4,825	$5,962	$5,962	$5,962	$60,292
1	**Supply Variable Costs**		$12,170,461	$18,768,619	$20,583,663	$19,051,547	$13,015,136	$8,797,510	$5,753,837	$3,222,939	$3,117,585	$3,417,404	$2,810,168	$5,297,426	$116,006,293
2a	Less: Non-firm Sales														$0
2b	Less: Variable Delivery Storage Costs		$6,444	$8,970	$16,879	$23,794	$10,262	$1,764	$1,716	$2,756	$2,196	$0	$0	$0	$74,782
2c	Less: Variable Injection Storage Costs		$1,853	$3,279	$5,466	$1,177	$6,736	$6,359	$9,612	$5,558	$4,822	$611	$10,518	$392	$56,382
2d	Less: Fuel Costs Allocated to Storage		$3,956	$8,572	$12,446	$2,680	$11,789	$10,078	$14,899	$9,989	$9,500	$2,412	$26,551	$1,780	$114,653
2e	Less: Supply Refunds														$0
2	Total Credits		$12,253	$20,821	$34,791	$27,651	$28,787	$18,201	$26,227	$18,304	$16,518	$3,023	$37,070	$2,172	$245,817
3	Allowable Working Capital Costs	(1) - (2)	$12,158,208	$18,747,797	$20,548,872	$19,023,896	$12,986,349	$8,779,309	$5,727,610	$3,204,635	$3,101,067	$3,414,381	$2,773,098	$5,295,254	$115,760,476
4	Number of Days Lag	Rate Case	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	
5	Working Capital Requirement	[(3) * (4)] / 365	$812,768	$1,253,277	$1,373,678	$1,271,734	$868,129	$586,891	$382,887	$214,228	$207,304	$228,249	$185,380	$353,984	
6	Cost of Capital	Rate Case	$0	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	
7	Return on Working Capital Requirement	(5) * (6)	$58,763	$90,612	$99,317	$91,946	$62,766	$42,432	$27,683	$15,489	$14,988	$16,502	$13,403	$25,593	
8	Weighted Cost of Debt	Rate Case	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	
9	Interest Expense	(5) * (8)	$18,043	$27,823	$30,496	$28,233	$19,272	$13,029	$8,500	$4,756	$4,602	$5,067	$4,115	$7,858	
10	Taxable Income	(7) - (9)	$40,720	$62,789	$68,821	$63,714	$43,493	$29,403	$19,183	$10,733	$10,386	$11,435	$9,288	$17,735	
11	1 - Combined Tax Rate	Rate Case	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
12	Return and Tax Requirement	(10) / (11)	$62,646	$96,599	$105,879	$98,021	$66,913	$45,236	$29,512	$16,512	$15,978	$17,593	$14,288	$27,284	
13	**Supply Variable Working Capital Requirement**	(9) + (12)	$80,689	$124,422	$136,375	$126,254	$86,185	$58,265	$38,012	$21,268	$20,581	$22,660	$18,404	$35,142	$768,255

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No.	Description (a)	Reference (b)	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Total
14	**Storage Variable Product Costs**		$1,424,190	$2,865,627	$6,482,287	$6,312,515	($620,294)	$398,887	$1,824,170	($1,021,288)	$508,036	$116,130	$111,839	$116,274	$18,518,374
15	Less: Balancing Related LNG Commodity (to DAC)		($24,094)	($39,388)	($278,093)	($54,605)	$6,799	($14,747)	($13,231)	($17,448)	($21,232)	($21,043)	($20,265)	($21,069)	($518,415)
16	Plus: Supply Related LNG O&M Costs		$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$35,844	$430,129
17	Allowable Working Capital Costs	(14) + (15) + (16)	$1,435,940	$2,862,084	$6,240,038	$6,293,755	($577,652)	$419,984	$1,846,783	($1,002,892)	$522,648	$130,931	$127,418	$131,049	$18,430,088
18	Number of Days Lag	Rate Case	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	
19	Working Capital Requirement	[(17) * (18)] / 365	$95,992	$191,328	$417,142	$420,733	($38,616)	$28,076	$123,456	($67,043)	$34,939	$8,753	$8,518	$8,761	
20	Cost of Capital	Rate Case	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	
21	Return on Working Capital Requirement	(19) * (20)	$6,940	$13,833	$30,159	$30,419	($2,792)	$2,030	$8,926	($4,847)	$2,526	$633	$616	$633	
22	Weighted Cost of Debt	Rate Case	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	
23	Interest Expense	(19) * (22)	$2,131	$4,247	$9,261	$9,340	($857)	$623	$2,741	($1,488)	$776	$194	$189	$194	
24	Taxable Income	(19) - (23)	$4,809	$9,586	$20,899	$21,079	($1,935)	$1,407	$6,185	($3,359)	$1,750	$439	$427	$439	
25	1 - Combined Tax Rate	Rate Case	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
26	Return and Tax Requirement	(24) / (25)	$7,399	$14,747	$32,152	$32,429	($2,976)	$2,164	$9,516	($5,167)	$2,693	$675	$657	$675	
27	**Storage Var. Product Working Capital Requir.**	(23) + (26)	$9,530	$18,994	$41,413	$41,769	($3,834)	$2,787	$12,256	($6,656)	$3,469	$869	$846	$870	$122,313
1	**Storage Variable Non-Product Costs**		$46,324	$68,016	$122,005	$29,761	$79,410	$26,586	$33,888	$30,364	$26,012	$3,023	$37,070	$2,172	$504,631
2	Credits		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	Allowable Working Capital Costs	(1) - (2)	$46,324	$68,016	$122,005	$29,761	$79,410	$26,586	$33,888	$30,364	$26,012	$3,023	$37,070	$2,172	$504,631
4	Number of Days Lag	Rate Case	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	24.40	
5	Working Capital Requirement	[(3) * (4)] / 365	$3,097	$4,547	$8,156	$1,989	$5,309	$1,777	$2,265	$2,030	$1,739	$202	$2,478	$145	
6	Cost of Capital	Rate Case	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	
7	Return on Working Capital Requirement	(5) * (6)	$224	$329	$590	$144	$384	$128	$164	$147	$126	$15	$179	$10	
8	Weighted Cost of Debt	Rate Case	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	2.22%	
9	Interest Expense	(5) * (8)	$69	$101	$181	$44	$118	$39	$50	$45	$39	$4	$55	$3	
10	Taxable Income	(7) - (9)	$155	$228	$409	$100	$266	$89	$113	$102	$87	$10	$124	$7	
11	1 - Combined Tax Rate	Rate Case	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	0.6500	
12	Return and Tax Requirement	(10) / (11)	$239	$350	$629	$153	$409	$137	$175	$156	$134	$16	$191	$11	
13	**Storage Variable Non-product WC Requir.**	(9) + (12)	$307	$451	$810	$198	$527	$176	$225	$202	$173	$20	$246	$14	$3,349

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Line No.	Rate Class (a)	Nov-11 (b) actual	Dec-11 (c) actual	Jan-12 (d) actual	Feb-12 (e) actual	Mar-12 (f) actual	Apr-12 (g) actual	May-12 (h) actual	Jun-12 (i) actual	Jul-12 (j) actual	Aug-12 (k)	Sep-12 (l)	Oct-12 (m)	Nov-Oct (n)
1	**SALES (dth)**													
2	Residential Non-Heating	44,902	58,419	74,486	80,015	74,243	58,071	44,656	34,394	28,068	28,744	28,529	35,143	589,669
3	Residential Non-Heating Low Income	1,359	1,937	2,622	2,598	2,895	1,917	1,163	778	656				15,926
4	Residential Heating	960,000	1,459,048	2,163,628	2,410,188	2,120,996	1,370,734	837,999	497,026	368,362	362,367	345,116	409,966	13,305,432
5	Residential Heating Low Income	114,787	155,722	228,341	228,599	220,671	142,168	85,332	55,790	41,653				1,273,062
6	Small C&I	122,071	197,162	331,804	365,172	314,636	190,004	104,113	55,623	47,044	34,558	49,280	80,503	1,891,971
7	Medium C&I	198,585	282,086	399,576	460,864	377,195	295,566	141,422	80,363	107,306	38,735	74,952	106,534	2,563,184
8	Large LLF	42,525	64,369	89,953	96,183	86,574	60,118	29,927	28,680	6,774	6,155	12,641	24,366	548,266
9	Large HLF	21,365	20,964	25,224	24,057	26,950	21,314	14,063	19,566	11,632	15,766	16,095	20,602	237,597
10	Extra Large LLF	5,735	7,085	7,032	9,417	9,066	6,804	5,222	9,144	13,387	0	151	77	73,120
11	Extra Large HLF	14,479	15,102	14,550	31,879	23,367	18,624	17,174	16,860	11,596	13,624	13,451	17,697	208,404
	Total Sales	1,525,810	2,261,894	3,337,216	3,708,971	3,256,593	2,165,320	1,281,071	798,224	636,478	499,951	540,215	694,889	20,706,630
12	**TSS**													
13	Medium	1,160	1,292	5,510	7,494	5,171	4,438	2,442	(404)	726				27,829
14	Large LLF	7	264	6,486	9,077	6,272	3,651	4,432	0	0				30,188
15	Large HLF	54	256	1,154	0	0	369	1,726	298	199				4,056
16	Extra Large LLF	0	0	0	0	0	0	0	0	0				0
17	Extra Large HLF	0	0	0	0	0	0	0	0	0				0
18	**Total TSS**	1,221	1,811	13,150	16,570	11,444	8,457	8,600	(106)	926				62,072
19	**FT-2 TRANSPORTATION**													
20	FT-2 Medium	84,497	124,415	173,238	198,009	169,456	114,839	89,616	41,491	40,610	24,766	34,326	60,232	1,155,494
21	FT-2 Large LLF	55,136	88,932	120,006	148,698	123,509	76,051	48,891	27,401	16,212	554	583	15,535	721,507
22	FT-2 Large HLF	19,363	23,314	25,100	25,571	26,395	21,696	16,877	14,579	11,436	17,270	13,116	21,982	236,699
23	FT-2 Extra Large LLF	3,048	4,804	5,464	159,674	151,682	114,345	3,806	2,249	1,217	0	0	334	446,623
24	FT-2 Extra Large HLF	12,705	12,707	13,687	12,176	18,361	11,859	9,545	0	0	12,633	8,147	18,985	130,805
25	**Total FT-2 Transportation**	174,749	254,172	337,494	544,128	489,404	338,790	168,735	85,720	69,474	55,222	56,173	117,068	2,691,129
26	**Sales & FT-2 THROUGHPUT**													
27	Residential Non-Heating	44,902	58,419	74,486	80,015	74,243	58,071	44,656	34,394	28,068	28,744	28,529	35,143	589,669
28	Residential Non-Heating Low Income	1,359	1,937	2,622	2,598	2,895	1,917	1,163	778	656				
29	Residential Heating	960,000	1,459,048	2,163,628	2,410,188	2,120,996	1,370,734	837,999	497,026	368,362	362,367	345,116	409,966	13,305,432
30	Residential Heating Low Income	114,787	155,722	228,341	228,599	220,671	142,168	85,332	55,790	41,653				
31	Small C&I	122,071	197,162	331,804	365,172	314,636	190,004	104,113	55,623	47,044	34,558	49,280	80,503	1,891,971
32	Medium C&I	284,241	407,793	578,324	666,366	551,822	414,843	233,479	121,450	148,642	63,501	109,278	166,766	3,746,507
33	Large LLF	97,668	153,565	216,444	253,957	216,356	139,819	83,250	56,081	22,987	6,709	13,225	39,901	1,299,961
34	Large HLF	40,783	44,533	51,478	49,627	53,345	43,379	32,666	34,443	23,267	33,036	29,211	42,584	478,352
35	Extra Large LLF	8,784	11,889	12,496	169,091	160,748	121,149	9,029	11,393	14,604	0	151	410	519,743
36	Extra Large HLF	27,184	27,809	28,237	44,055	41,728	30,483	26,719	16,860	11,596	26,257	21,598	36,683	339,209
37	**Total Sales & FT-2 Throughput**	1,701,779	2,517,877	3,687,860	4,269,669	3,757,440	2,512,567	1,458,405	883,838	706,878	555,173	596,388	811,957	22,170,843
38	**FT-1 TRANSPORTATION**													
39	FT-1 Medium	70,505	71,907	84,346	126,067	76,260	53,487	28,627	22,765	26,227	17,127	24,884	46,772	648,973
40	FT-1 Large LLF	112,279	126,331	150,594	240,868	130,914	77,621	28,599	7,967	5,513	12,382	20,924	54,155	968,149
41	FT-1 Large HLF	38,799	39,984	43,691	58,511	42,388	33,708	31,826	27,843	30,123	37,520	28,741	51,917	465,051
42	FT-1 Extra Large LLF	112,161	108,994	120,681	42,743	(7,662)	(34,984)	51,273	8,829	(8,934)	8,024	16,349	36,914	454,387
43	FT-1 Extra Large HLF	404,370	417,990	435,051	537,893	430,383	391,892	350,261	359,011	368,732	327,208	359,776	415,006	4,797,573
44	Default	4,486	5,240	5,962	9,219	5,189	4,187	11,286	(4,444)	1,056				42,181
45	**Total FT-1 Transportation**	742,601	770,446	840,325	1,015,301	677,471	525,911	501,872	421,971	422,717	402,261	450,674	604,765	7,376,315
46	**Total THROUGHPUT**													
47	Residential Non-Heating	44,902	58,419	74,486	80,015	74,243	58,071	44,656	34,394	28,068	28,744	28,529	35,143	589,669
48	Residential Non-Heating Low Income	1,359	1,937	2,622	2,598	2,895	1,917	1,163	778	656	0	0		15,926
49	Residential Heating	960,000	1,459,048	2,163,628	2,410,188	2,120,996	1,370,734	837,999	497,026	368,362	362,367	345,116	409,966	13,305,432
50	Residential Heating Low Income	114,787	155,722	228,341	228,599	220,671	142,168	85,332	55,790	41,653	0	0		1,273,062
51	Small C&I	122,071	197,162	331,804	365,172	314,636	190,004	104,113	55,623	47,044	34,558	49,280	80,503	1,891,971
52	Medium C&I	354,746	479,700	662,670	792,433	628,082	468,331	262,106	144,216	174,869	80,628	134,162	213,538	4,395,480
53	Large LLF	209,947	279,896	367,039	494,826	347,270	217,441	111,848	64,048	28,500	19,091	34,149	94,057	2,268,111
53	Large HLF	79,582	84,517	95,169	108,139	95,733	77,086	64,492	62,286	53,390	70,556	57,951	94,502	943,403
54	Extra Large LLF	120,944	120,883	133,177	211,833	153,086	86,165	60,302	20,222	5,670	8,024	16,500	37,324	974,130
55	Extra Large HLF	431,555	445,798	463,288	581,948	472,111	422,375	376,980	375,871	380,328	353,465	381,374	451,689	5,136,782
56	Default	4,486	5,240	5,962	9,219	5,189	4,187	11,286	(4,444)	1,056	0	0		42,181
57	**Total Throughput**	2,444,380	3,288,323	4,528,185	5,284,970	4,434,912	3,038,478	1,960,277	1,305,809	1,129,595	957,434	1,047,061	1,416,722	30,836,146