

November 6, 2014

VIA HAND DELIVERY AND ELECTRONIC MAIL

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

**RE: Docket 4514 – Distribution Adjustment Charge Factor
Tariff Advice Filing to Amend RIPUC NG-GAS No. 101**

Dear Ms. Massaro:

Pursuant to Public Utilities Commission (PUC) Rule 1.9(c), enclosed please find ten (10) copies of National Grid's¹ filing to request approval of the following schedules of the Company's gas tariff, RIPUC NG-GAS No. 101: (i) Non-Firm Sales (NFS) Service Rate 60, Section 5, Schedule G, Fifth Revision; (ii) Non-Firm Transportation (NFT) Service Rate 61, Section 6, Schedule A, Sixth Revision; and (iii) Transportation Terms and Conditions, Section 6, Schedule C, Seventh Revision. These tariff schedules would supersede the tariff schedules currently in effect. The appropriate tariff pages marked to identify the revisions to the gas tariff currently in effect are contained in this filing as Attachment 1. A clean copy of the amended tariff is attached as Attachment 2.

NFS Service Rate 60, Section 5, Schedule G

In this filing, National Grid seeks to amend Item 5.0 (Failure to Curtail) of Section 5, Schedule G to provide that all gas delivered to non-firm sales customers during curtailment, whether it is authorized or unauthorized gas, will be subject to the distribution charges and energy efficiency program charge in effect during the time of the gas usage. This change is being made to address a concern regarding the calculation of unauthorized gas usage charges that the Division of Public Utilities and Carriers' consultant, Bruce Oliver, raised during the Company's DAC proceeding in the above-referenced docket. The Company agreed with Mr. Oliver that the volumetric distribution charges should be included in this calculation, and indicated that it would file a revision to its gas tariff to incorporate this change. The Company has also made other minor clarifying changes to Item 5.0 and Item 3.0 (Minimum Charge) of Section 5, Schedule G.

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

Luly E. Massaro, Commission Clerk
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**NFT Service Rate 61, Section 6, Schedule A; Transportation Terms and Conditions,
Section 6, Schedule C**

The Company also seeks to add a new Item 3.0 (Minimum Charge), Item 8.0 (Notification of Interruption/Curtailment), and Item 9.0 (Failure to Curtail) to Section 6, Schedule A. These changes are intended to reflect the inclusion of the distribution charges in the calculation of unauthorized gas usage charges for non-firm transportation customers on Rate 61, and to reflect consistency with the curtailment provisions for NFS Service Rate 60. In addition, the Company has provided for the notification of curtailment and failure to curtail under NFT Service Rate 61, as opposed to in the Company's Transportation Terms and Conditions, Section 6, Schedule C. The Company has also made this corresponding change to Item 4.0 (NFT Service) of Section 6, Schedule C.

The Company has reviewed and discussed this tariff advice filing with the Division, and it is our understanding that the Division concurs with the proposed revisions.

Thank you for your attention to this filing. If you have any questions, please contact me at (401) 784-7288.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Jennifer Brooks Hutchinson", with a long horizontal flourish extending to the right.

Jennifer Brooks Hutchinson

Enclosures

cc: Docket 4514 Service List
Leo Wold, Esq.
Steve Scialabba
Bruce Oliver

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

Copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers.



Joanne M. Scanlon

November 6, 2014

Date

**Docket No. 4514 – National Grid –2014 Annual Distribution Adjustment
Charge Filing (“DAC”) - Service List as of 8/27/14**

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Attachment 1

Docket 4514 – Distribution Adjustment Charge Factor

Tariff Advice Filing to Amend RIPUC NG-GAS No. 101
Proposed Changes to Non-firm Distribution Charges During Curtailment

November 6, 2014

REDLINED VERSION

NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

Non-firm sales service is grandfathered as of July 1, 2009 and will no longer be offered to any customer, except that any non-firm sales customer as of that date will be able to continue the service until such time that the non-firm sales customer decides to change to firm service or obtain non-firm transportation service and purchase natural gas from a third-party Marketer. Such customers are non-residential customers with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas is not available under this Tariff.

2.0 RATES:

Non-firm Sales (NFS) service rates shall be set for the upcoming month, no later than 10:30 a.m. ten (10) business days prior to the commencement of that month. The Customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take NFS service, and must provide a reasonable estimate of natural gas expected to be used for the month.

Customer charges will be determined as follows:

1. For those Customers who can potentially consume more than 150,000 Therms per month:
 - \$625 per month, per customer
2. For those Customers who can potentially consume more than 35,000 Therms, but less than 150,000 Therms per month:
 - \$405 per month, per customer
3. For those Customers whose potential monthly consumption is less than 35,000 Therms per month:
 - \$185 per month, per customer

NON-FIRM SALES (NFS) SERVICE

RATE 60

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

≤ 35,000 therms \$0.2206 per therm

35,001 to 150,000 therms and:

Off-peak usage ≤ 31% \$0.2147 per therm

Off-peak usage > 31% \$0.1436 per therm

> 150,000 therms and:

Off-peak usage ≤ 31% \$0.0912 per therm

Off-peak usage > 31% \$0.0733 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

The Company will provide the customer with an initial mid-month estimate of the Commodity Charge based on 110% of the sum of the NYMEX closing price on the eleventh business day prior to the start of the month and a publicly available forward basis for gas supply delivered to the Northeastern US. The forward basis will be the Transco Zone 6 Basis Swap (based on the Platts IFERC basis swap obtained from the NYMEX), or a publicly traded forward basis for supply delivered to the Company's city gate (should one become available) or such other publicly available traded basis for supply delivered to the Northeastern U.S. should the Transco Zone 6 Basis Swap become unavailable. The Company will recalculate the Commodity Charge based upon the NYMEX settled price and a publicly available forward basis for gas supply delivered to the Northeastern US. The Customer shall be charged the higher of the recalculated rate or the initial mid-month estimate.

3.0 MINIMUM CHARGE:

For delivery service, the minimum charge is the Customer Charge per month. Under no circumstances shall the NFS Commodity Charge be less than the cost of the incremental supply available to the Company for the month, adjusted for the Company's Fuel Allowance.

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

NON-FIRM SALES (NFS) SERVICE
RATE 60

4.0 NOTIFICATION OF INTERRUPTION/CURTAILMENT:

The Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the Customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

5.0 FAILURE TO CURTAIL:

For any period that a Customer fails to curtail the use of gas as requested by the Company, the charge for gas ~~commodity delivered to the Customer~~^{consumption} will be equal to the ~~NFS service customer charge plus~~ Gas Usage at a penalty of five (5) times the Daily Index. Such use of gas under these circumstances shall be considered an "unauthorized use" of gas.

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

All gas delivered to the Customer during a curtailment, either "unauthorized" or "authorized" shall be subject to the Distribution Charges and Energy Efficiency Program Charge in effect at the time of such Gas Usage.

6.0 METER TEST:

Users will receive the results of periodic calibration tests performed by the Company on the meters installed on their premises. Meters will be deemed unacceptable if these tests show an error greater than +/-1%. Meters will also be deemed unacceptable, no matter what their error, if the results of three successive tests are consistently high or low. Meters will measure gas flow rates corrected to 60° F gas.

7.0 TELEMETERING:

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

NON-FIRM SALES (NFS) SERVICE
RATE 60

Telemetry equipment is required for those customers who wish to avail themselves of this service.

8.0 NON-FIRM TRANSPORTATION SERVICE OPTION:

The Company will also offer, during the winter months, limited NFS and non-firm transportation (NFT) service for customers on a “best efforts” basis. If a Customer buying gas under this rate schedule opts to directly arrange for the acquisition of wellhead gas supplies, and the transportation of those wellhead gas supplies to the Company’s gate stations, then the Company will transport, subject to available capacity, such directly acquired gas to the Customer’s facilities. Rates and conditions for such transportation service are included in the Company’s Non-Firm Transportation (NFT) Service in Section 6, Schedule A of RIPUC NG 101.

9.0 RHODE ISLAND GROSS EARNINGS TAX:

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

10.0 ENERGY EFFICIENCY:

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

11.0 LIHEAP ENHANCEMENT:

The application of the above rate is subject to the Low Income Home Energy Assistance Enhancement Plan (LIHEAP) provisions in Section 7, Schedule C.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

1.0 AVAILABILITY:

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

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

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

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

2.0 RATE:

The Customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of any change in gas marketer.

Customer Charge will be determined as follows:

- 1. For those Customers who can potentially consume more than 150,000 Therms per month:

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

- \$715 per month, per customer.

2. For those Customers who can potentially consume more than 35,000 Therms, but less than 150,000 Therms per month:

- \$485 per month, per customer

3. For those Customers whose potential monthly consumption is less than 35,000 Therms per month:

- \$275 per month, per customer

Distribution Charge:

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

≤ 35,000 therms	\$0.2206 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2147 per therm
Off-peak usage > 31%	\$0.1436 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.0912 per therm
Off-peak usage > 31%	\$0.0733 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

3.0 MINIMUM CHARGE:

For delivery service, the minimum charge is the Customer Charge per month.

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

43.0 TRANSPORTATION TERMS AND CONDITIONS:

The Company's Transportation Terms and Conditions, Section 6, Schedule C, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

54.0 GENERAL RULES AND REGULATIONS:

The Company's General Terms and Conditions, Section 1, Schedule A, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

65.0 TELEMETERING EQUIPMENT:

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

76.0 NON-FIRM CUSTOMER USE OF GAS:

A Non-Firm customer that elects to use gas from the Company for any reason shall receive Default Transportation Service and be charged the rate applicable to such service as set forth in the Transportation Terms and Conditions, Section 6, Schedule C, Item 2.04.0 for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in the Transportation Terms and Conditions, Section 6, Schedule C, Item 1.05.0 for all additional months.

8.0 NOTIFICATION OF INTERRUPTION/CURTAILMENT:

The Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the Customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

9.0 FAILURE TO CURTAIL:

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

For any period that a Customer fails to curtail the use of gas as requested by the Company, the charge for gas commodity delivered to the Customer will be equal to the Gas Usage at a penalty of five (5) times the Daily Index. Such use of gas under these circumstances shall be considered an “unauthorized use” of gas.

In the event where the Company, in its sole discretion, grants the Customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an “authorized use of gas.” Authorized use of gas during a curtailment will be for a limited time period. The charge for gas commodity delivered to the Customer under these conditions will be the highest cost gas required to meet demand during the applicable curtailment period. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer’s supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

All gas delivered to the Customer during a curtailment, either “unauthorized” or “authorized” shall be subject to the Distribution Charges and Energy Efficiency Program Charge in effect at the time of such Gas Usage.

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107.0 GAS BALANCING NOMINATION/AGGREGATION:

Refer to the Transportation Terms and Conditions, Section 6, Schedule C.

118.0 RHODE ISLAND GROSS EARNINGS TAX:

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

129.0 ENERGY EFFICIENCY:

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

134.0 LIHEAP ENHANCEMENT:

The application of the above rate is subject to the Low Income Home Energy Assistance Enhancement Plan (LIHEAP) provisions in Section 7, Schedule C.

TRANSPORTATION TERMS AND CONDITIONS

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TRANSPORTATION TERMS AND CONDITIONS

1.0 GENERAL:

These terms and conditions apply to those Commercial and Industrial customers classified as Small, Medium, Large, Extra Large, or Non-firm who purchase gas supplies from sources other than the Company for transportation service by the Company pursuant to Section 5, Schedule A, B, C, D, E, and F, and Section 6, Schedule A, as well as to any Marketers designated to act on the customer's behalf pursuant to a Transportation Service Application and executing a Marketer Aggregation Pool Service Agreement. Any FT-1 customers classified as Medium at the time the access to FT-1 service for Medium customers was discontinued or any Customers reclassified as Medium based on their reduction in load will be grandfathered and allowed to continue receiving service under the FT-1 rate schedule. Transportation service will also be governed by the Company's General Terms and Conditions of Service to the extent not inconsistent herewith.

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

If a Customer requesting service hereunder has been a sales service customer of the Company at the same service location within the preceding twelve month period, any under-recovered or over-recovered gas costs attributable to such prior service under the Gas Cost Recovery Clause in Section 2, Schedule A, Section 9.0 shall be determined and charged by the Customer or credited to the Customer's account.

1.01.0 TERM OF SERVICE:

1.01.1 FT-1 Transportation Service:

FT-1 Transportation Service will commence on the first day of a calendar month subject to satisfying the Company's Transportation Terms and Conditions and be for an initial term of up to one year to reflect a common anniversary of November 1. Service shall continue thereafter on a year-to-year basis, unless terminated by the Customer, Marketer or the Company, effective with the Customer's next billing cycle, upon at least thirty (30) days advance notice, either by written notice or the appropriate EDI transmission, to the Company. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each new FT-1 customer account being added to its FT-1 Aggregation Pool no less than thirty (30) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the thirty (30) day notice period. Existing FT-1 service customers may be switched to another Marketer by using an EDI enrollment transaction.

TRANSPORTATION TERMS AND CONDITIONS

1.01.2 FT-2 Transportation Service:

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

1.01.3 Non-Firm Transportation (NFT) Service:

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

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

1.02.0 Designation Of Marketer:

1.02.1 Firm Transportation:

Customers wishing to switch Marketers will be allowed to do so at the start of a calendar month in the case of FT-1 Service, or at the start of a Customer's billing cycle in the case of FT-2 Service. For new FT-1 Service, the Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer and forward that document to the Company for processing. For FT-2 Service, the Marketer will contact the Company through electronic data interchange (EDI) to initiate service with the customer account number being the validation. In the event of a dispute over the enrollment of a customer, the Marketer will be required to provide proof of authorization by the customer. This can be in the form of a signed agreement with the customer, audio recording of the customer's agreement/or authorization or an electronically recorded authorization. The Marketer is required to retain such proof for a minimum of two years or for the length of the service agreement, whichever is longer. The Company

TRANSPORTATION TERMS AND CONDITIONS

must receive the new Transportation Service Application or EDI transmittal at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-1 Service customer without a capacity assignment from the Company, see Item 1.07 below, the Company must be notified of such change by 9 a.m. at least two (2) business days before the start of the calendar month. The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement.

If the Company receives more than one Transportation Service Application for the same FT-1 customer account with different designations of Marketer, the Company will contact the Customer for clarification and confirmation.

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

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

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

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

1.02.2 Non-Firm Transportation:

Switching Marketers is allowed at the start of any calendar month with the provision that the Company receive the Customer's Transportation Service Application designating the effective Marketer by 9 a.m. at least two (2) business days before the start of the month for which the switch is effective.

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

TRANSPORTATION TERMS AND CONDITIONS

obligation.

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

1.03.0 Nominations:

1.03.1 General:

Marketer shall provide notice via the Company's Electronic Bulletin Board (EBB) the required information relative to Shipper and Transporting Pipeline names and contract number(s) on which deliveries will be made and the specified quantity of gas that Marketer will deliver to the Point(s) of Receipt on each day of the calendar month. Marketer is required to have separate nomination names and contract numbers for each of Marketer's Aggregation Pools. Additional information may be required by the Company. The Company will host an annual post-winter meeting with all Suppliers to discuss any proposed changes to the transportation program and the related requirements.

1.03.2 Dispatch Communication:

All nomination information shall be communicated to the Company's Gas Control Supply Operations Department via the Company's EBB. Marketer shall be responsible for monitoring the EBB 24 hours per day, seven days per week for dispatch purposes. In the event that the Company is unable to contact a Marketer regarding any nomination or dispatch, the Company may take any action it deems necessary to maintain system integrity as otherwise outlined in the General Terms and Conditions.

1.03.3 Initial Nominations:

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

As a condition of confirming any nomination, Company may direct Marketer to have gas delivered to an alternate Point of Receipt on the same Transporting Pipeline. Upon receipt of such directions, Marketer will arrange with the Transporting

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Pipeline to have gas delivered to the Point of Receipt designated by Company. Such alternate point of Receipt will remain the Point of Receipt for Marketer's gas for the period stated by the Company in its instructions until Company directs Marketer otherwise.

1.03.4 Subsequent Nominations:

After the first day of the calendar month, Marketer may alter its nomination, provided that the revised nomination for delivery on any day is submitted to Company's EBB in accordance with the NAESB inter-day nomination schedule. The Company will accept on a best-efforts basis, an intra-day nomination submitted to the company's EBB up until 8:00 AM of the end of the gas day.

1.03.5 Intra-Day Nominations:

For daily metered Aggregation Pools, the Company will accept and implement, on a best-efforts basis, an intra-day nomination submitted to the Company's EBB following NAESB time lines.

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

1.03.6 Scheduling of Service:

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

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

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

TRANSPORTATION TERMS AND CONDITIONS

1.04.0 Protection Of System Operations:

1.04.1 Company Operational Flow Order (OFO):

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

- (1) declare a Critical Day which would require Marketer to fully utilize upstream capacity that it received from Company through Capacity Release; and require Marketer to fully schedule storage resources allocated as part of FT-2 Service, i.e., up to the MDQ-U, prior to relying on peaking resources to the extent they are needed to meet their customer's demands;
- (2) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess receipts; and
- (3) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess takes.

When the Company issues an Operational Flow Order it will issue a notice to Marketers and state in the notice the balancing tolerances that will be in effect and, to the extent practicable, provide information on the cause and expected duration of the OFO. In addition, where the Company's need to issue an OFO is the result of its receipt of a notice of any kind from any of its pipeline transportation, storage, or peaking service providers, the Company will include that information in the notice and, to the extent possible, coordinate the duration and terms of its OFO with those of the service provider. Such an attempt to coordinate its OFO with those of its service providers will be based on the Company's sole discretion and such coordination will not limit the Company's ability to impose different terms or to continue or terminate its OFO at a time different from its service provider(s).

1.04.2 Pipeline Operational Flow Order:

If, at any time, an immediate upstream pipeline issues an order changing the requirements at the Point(s) of Receipt, then Company may so notify Marketer and direct Marketer to modify requirements at the Point(s) of Receipt to the extent

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necessary for Company to comply with the pipeline's order. Marketer will be responsible for coordinating with their customers regarding any necessary change to Customer's quantity of Gas Usage.

1.04.3 Marketer Responsibility:

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

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

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

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

1.05.0 Unauthorized Use:

In the event the Company provides a Marketer with as much notice as Company deems practicable of an Operational Flow Order per Item 1.04.0 or other curtailment of service and thereby reduces the Scheduled Transportation Quantity for delivery, the total Gas Usage by the Customer may not exceed the revised Scheduled Transportation Quantity. If, on any Gas Day, after notice of curtailment, the quantity of gas taken by Marketer's Customers in

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an Aggregation Pool, exclusive of NFT customers whose use under a curtailment is covered in Item 4.04 below, exceeds Marketer's Scheduled Transportation Quantity as so revised for the Aggregation Pool, and the Company has not authorized such excess quantity, then all such Gas Usage constitutes Unauthorized Use and is subject to an overrun penalty for each Dekatherm not delivered of five (5) times the Daily Index. Such charges will be billed to the Marketer's account.

1.06.0 Shipper And Transporting Pipeline Requirements:

Marketers must deliver a minimum of forty percent (40%) of total daily pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) on each of the upstream pipelines: Algonquin Gas Transmission ("Algonquin") and Tennessee Gas Pipeline ("Tennessee"). The remaining twenty percent (20%) of total daily pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) may be delivered on either or both Algonquin or Tennessee.

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

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

1.07.0 Capacity Release:

Each Marketer serving any Customer migrating from (i) Firm Sales Service to FT-1 or FT-2 Transportation Service or (ii) another Marketer's Aggregation Pool where they were previously assigned pipeline capacity by the Company, will be required to accept, for each such Customer account, an assignment of a portion of Company's firm interstate pipeline transportation capacity at maximum rates for an initial term of up to one year.

The Company shall determine the quantity to be released based on the customer's calculated Peak Day Use and load factor rate class. The Company will separately calculate assignment percentages for high load factor rate classes and low load factor rate classes eligible for transportation for pipeline, storage and peaking. It will then multiply the pipeline

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percentage applicable to the Customer's rate class times the Customer's Peak Day Use to determine the amount of capacity to be assigned to the Marketer. The pipeline, storage and peaking allocation percentages will then be provided in the Company's annual Gas Cost Recovery filing.

The Company will provide Marketers with the calculated base and thermal factors used to estimate each customer's peak day use. The factors are provided based on the results of the Company's application of the specific methodology in this tariff and certain historical data. Marketers may not assume that use of the factors will yield correct estimates of any customer's use for any future period or that the capacity provided as a result of the calculation will meet the customer's requirements under all conditions.

The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Small, Medium, Large, or Extra-Large, this quantity will be reviewed annually against the Customer's most recent usage patterns. Any change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1. In the event that a Marketer stops delivering gas on behalf of an existing capacity exempt customer, the customer will be prohibited from taking firm Company sales service. Such customers will receive Default Transportation Service as described in Item 2.04.0 below.

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

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

Capacity Assignments will be effective for an initial term of up to one year through the following November 1. Capacity Assignments shall be reviewed each November 1 and be subject to annual adjustment as described above. The new capacity assignment percentages,

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along with the storage maximum daily quantities and maximum storage quantities in section 3.02.2, will be available on the Company's EBB. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) at the Company's option, whenever the Marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other conditions set forth in the capacity release transaction between the Marketer and the Company.

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

During the calendar month of September, each Marketer will be required to submit a new Capacity Assignment Agreement indicating pipeline capacity path preferences based on the available paths identified in the Company's annual Gas Cost Recovery Filing. Any changes from the Marketer's previous election will be effective November 1 in conjunction with the updating of customer capacity quantities described above.

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

1.07.1 Capacity Exemption for New Firm Loads:

New Customers requesting firm service that are classified as Large or Extra-Large and electing FT-1 transportation service will not be required to take assignment of the Company's capacity resources as described in 1.07.0 above and must notify the Company in writing of its intent to be Capacity Exempt. The New Customer must also initiate gas supply service from a Marketer within 60 days after the start of distribution service. In the event that the New Customer does not obtain a Marketer within 60 days of the commencement of distribution service, the Customer will be prohibited from receiving Company-supplied firm sales service and will receive and be billed for Default Transportation Service as described below in Item 2.04.0. The

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

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consumption of such Customers may be subject to annual review and confirmation by the Company. Customers who fail to meet the minimum requirement for the Large classification shall be required to take assignment of the Company's capacity resources after no less than 60 days' notice. Marketers for such customers may be responsible for obtaining citygate capacity at a specific citygate on the Company's system as determined by the Company. Such determination will be based on the customer's location, load characteristics and distribution system requirements.

In the event that a Marketer stops delivering gas on behalf of a customer without Company assigned pipeline capacity, the customer will be prohibited from taking firm Company sales service. Such customers shall receive and be billed for Default Transportation Service as described in Item 2.04.0 below.

1.07.2 Capacity Exemption for Non-Firm Customers Converting to Firm Service:

Non-Firm Sales and Non-Firm Transportation Customers classified as Large or Extra-Large who have been approved by the Company to receive firm distribution service and have elected FT-1 transportation service must, no later than 90 days' notice before the commencement of distribution service, either (i) request in writing a Capacity Assignment from the Company, or (ii) notify the Company in writing of its intent to retain its Capacity Exempt status. In the event that a Customer who has requested to retain its Capacity Exempt status but does not have a Marketer at the time the Customer begins receiving firm distribution service, the Customer will be prohibited from taking Company-supplied firm sales service and will receive and be billed for Default Transportation Service as described below in Item 2.04.0. The consumption of such Customers may be subject to annual review and confirmation by the Company. To qualify for Capacity Exempt status, Marketers for such Customers may be responsible for obtaining citygate capacity at a specific citygate on the Company's system as determined by the Company. Such determination will be based on the Customer's location, load characteristics, and distribution system requirements. For those Non-Firm Customers converting to firm distribution service and requesting an assignment of the Company's pipeline capacity, the Company must respond in writing within 30 days regarding the availability of pipeline capacity. If the Company is not able to provide a capacity assignment, the Customer will retain its Capacity Exempt status and will be prohibited from taking Company-supplied firm sales service and will receive and be billed for Default Transportation Service as described below in Item 2.04.0.

In the event that a Marketer stops delivering gas on behalf of a Customer who does not have an assignment of the Company's pipeline capacity, the Customer will be prohibited from taking Company-supplied firm sales service. If the Customer is

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unable to secure a gas supply from a Marketer, the customer will receive and be billed for Default Transportation Service as described below in Item 2.04.0.

1.08.0 Facilities:

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

1.9.0 Quality:

Marketer is responsible for insuring that all gas received, transported and delivered hereunder to the Point of Receipt meets the quality specifications and standards outlined in the General Terms and Conditions of the Transporting Pipeline's FERC Gas Tariff.

1.10.0 Possession of Gas:

Company shall be deemed to be in control and possession of transportation gas to be delivered in accordance with this service from receipt at the Point(s) of Receipt until it shall have been delivered to Customer at the Point of Delivery. Marketer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and Customer shall be deemed to be in control and possession of transportation gas after such delivery by the Company to the Point of Delivery. Company shall have no responsibility with respect to such gas before it passes the Point of Receipt or after it passes such Point of Delivery or on account of anything which may be done, happen or arise with respect to such gas after Point of Delivery.

1.11.0 Provision of Future Taxes, Surcharges Fees, Etc.:

In the event a tax of any kind is imposed or removed by any government authority upon the sale or transportation of gas or upon the gross revenues derived therefrom (exclusive, however, of taxes based on Company's net income), the rate for service to Customer and/or Marketer, as the Company deems appropriate, shall be adjusted by an amount equal to or otherwise properly reflecting said tax. Similarly, the effective rate for service hereunder shall be adjusted to reflect any refund or imposition of any surcharges or penalties applicable to service hereunder which are imposed or authorized by any governmental authority.

1.12.0 Retention of Pipeline Fuel Adjustment:

The Company shall retain in kind, from the quantities of gas actually delivered to the Point(s) of Receipt for Marketers' accounts, the amount thereof equal to the applicable

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Company Fuel Allowance. Such Company Fuel Allowance shall be calculated by the Company based upon an average of the Company's most recent five (5) years' experience, fuel loss and unaccounted for or similar quantity based adjustments.

1.13.0 Limitations of Liability:

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

1.14.0 Force Majeure:

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

1.15.0 Electronic Data Interchange (EDI):

The Company will require use of EDI for all transactions associated with account administration, usage and billing, and payments for the FT-2 service. The transactions requiring EDI communication are enrollments, drops, adjustments and historical usage. EDI will also be available for requesting historical usage, switching and drops for FT-1 accounts. The detail information on EDI processing is available to Marketers on request. All Marketer EDI transaction sets will be tested prior to operational implementation.

2.0 FT-1 TRANSPORTATION SERVICE:

2.01.0 Character of Service:

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

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Agreement. Specific Marketer requirements and obligations are described in Item 5.0 below.

2.02.0 Telemetering:

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

2.03.0 Balancing:

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

2.03.1 Daily Imbalances:

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

- | | |
|------------------|---|
| Off-Peak Season: | The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 15% of said receipts. The Marketer shall be charged a penalty of 0.1 times the Daily Index for all differences not within the 15% tolerance. |
| Peak Season: | The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 10% of said receipts. |

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The Marketer shall be charged a penalty of 0.5 times the Daily Index for all differences not within the 10% tolerance.

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

If the Marketer does not deliver gas on the transporting pipelines as required in Item 1.06.0 above, the Company may charge the Marketer a penalty of 0.5 times the Daily Index for all differences less than the forty (40) percent minimum requirement on each transporting pipeline.

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

2.03.2 Monthly Imbalances:

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

<u>Imbalance Tier</u>	<u>Over-deliveries</u>	<u>Under-deliveries</u>
0% ≤ 5%	The average of the Daily Indices for the relevant Month	The highest average of seven consecutive Daily Indices for the relevant Month
> 5% ≤ 10%	0.85 times the above stated rate	1.15 times the above stated rate
> 10% ≤ 15%	0.60 times the above stated rate	1.4 times the above stated rate
> 15%	0.25 times the above stated rate	1.75 times the above stated rate

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

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

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

2.03.3 Pass-Through of Upstream Imbalance Charges:

In addition to other charges provided for in this Section, Marketer will be responsible for any imbalance charge or penalty imposed on Company by an upstream pipeline as a direct result of an imbalance, scheduling error, unauthorized overrun or other similar charges caused by Marketer. The Company shall assign imbalance penalties assessed to the Company by upstream pipelines to sales and transportation customers based on the extent that each group caused such penalties, as determined by the Company. The portion of any such penalty assigned to transportation service shall be further assigned to individual Marketers based on the extent to which each Marketer's Aggregation caused such penalties, as determined by the Company.

2.04.0 Default Transportation Service:

Default Transportation Service is available to any Commercial or Industrial customer account classified as Large or Extra Large that subscribes to FT-1 Transportation Service and that does not have pipeline capacity assignment from the Company. Customers will receive this service as a result of their marketer no longer delivering gas on their behalf. Such service will continue in effect until either service is established with a new marketer through the execution of a new Transportation Application per Item 1.03.1 above or service is terminated.

This service provides for a continuous supply of gas of not less than 1,000 Btu per cubic foot, and is provided on a best efforts basis with as little as 24 hours advance notice. Where notification is at least 24 hours in advance but less than three business days before the start

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of a calendar month, the service provided will be Short-Notice Default Transportation Service. Where notice is provided at least three business days prior to the start of a calendar month, the service provided will be Advance-Notice Default Transportation Service. Short-Notice Default Transportation Service will be switched to Advance-Notice Default Transportation Service at the start of a subsequent month once the service has been in effect for the three business day period before the start of such month.

Default Transportation Service is a temporary surrogate for provision of gas to a customer that would otherwise be provided by a marketer, hence it includes nominating and balancing. Customer must maintain an operational telemetering device as required in Item 2.02.0 above.

2.04.1 Rates:

As indicated in Item 2.04.0 of Section 6, Schedule C of the Company's Transportation Terms and Conditions, two Default Transportation Services are available in the event that a marketer stops delivering gas on behalf of Large and Extra Large FT-1 customers who have elected to forgo the Company's assignment of pipeline capacity:

Short-Notice Service:

The commodity charge for Short-Notice service shall be the higher of:

- a. The Company's applicable firm sales rate

OR

- b. Winter (November – March) – 135% of the Daily Algonquin Citygates average price or 135% of the Daily Tennessee Zone 6 (delivered) average price published in Gas Daily. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Summer (April – October) – 115% of the Daily Algonquin Citygates average price or 115% of the Daily Tennessee Zone 6 (delivered) average price published in Gas Daily. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation

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Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Advance-Notice Service:

The commodity charge for Advance-Notice service shall be the higher of:

- a. The Company's applicable firm sales rate

OR

- b. Winter (November – March) – 135% of the Algonquin Citygates Monthly Contract Index price or 135% of the Tennessee Zone 6 (delivered) Monthly Contract Index price published in the Gas Daily Price Guide. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Summer (April – October) – 115% of the Algonquin Citygates Monthly Contract Index price or 115% of the Tennessee Zone 6 (delivered) Monthly Contract Index price published in the Gas Daily Price Guide. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

3.0 FT-2 TRANSPORTATION SERVICE:

3.01.0 Character of Service:

This service provides firm, 365 day transportation of Customer purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery. Daily Nominations are calculated by the Company on the basis of a consumption algorithm, and the Marketer is obligated to deliver to the city gate and/or nominate the purchase of underground storage and peaking supplies at the city gate sufficient to meet the forecasted daily usage of its FT-2 pool customers.

The Customer's designated Marketer shall be allocated a quantity of Company contracted underground storage and peaking resources which, when combined with the pipeline capacity released, will be sufficient to meet the Customer's calculated Peak Day Use. The

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Marketer may purchase supplies delivered to the Company's city gate based on the Company's storage and peaking supply capabilities and costs. The ability to purchase supplies is made available to the Marketer pursuant to a written agreement with the Company, for the purpose of meeting the Company forecasted daily usage under the operational parameters described below. Additional Marketer requirements and obligations are described in Item 5.0 below.

3.02.0 Storage And Peaking Resources:

As described in Section 6, Schedule C. 1.07.0 above, the Company will annually calculate a Customer's total storage and peaking resource requirements based on the Customer's calculated Peak Day Use. It will then multiply the storage and peaking percentage applicable to the Customer's rate class times the Customer's Peak Day Use to determine the amount of capacity to be assigned to the Marketer for storage and peaking, respectively.

3.02.1 Maximum Daily Quantity (MDQ):

The result of the calculations above will establish the Customer's Maximum Daily Quantity (MDQ-P) and (MDQ-U). These parameters represent the maximum storage and peaking quantities available to the Marketer each day for meeting the Customer's Gas Usage needs.

3.02.2 Maximum Storage Quantity (MSQ):

The Customer's Maximum Underground Storage Quantity (MSQ-U) is calculated as the maximum storage quantity from underground storage over the course of the November to March withdrawal season and is calculated by the Company by multiplying the Customer's MDQ-U times the weighted average number of days of service available to the Company under its various underground storage agreements.

The Customer's Maximum Peaking Storage Quantity (MSQ-P) is calculated as the maximum amount of peaking storage over the course of the November to March withdrawal season and is calculated by multiplying the MDQ-P times the number of days that the Company's available LNG, net of amounts required for pressure support, boil-off and any heel quantities, could be used at 100% output. These quantities serve to define the maximum quantities that can be nominated for purchase by a Marketer and are a component of the operational parameters for the service.

3.02.3 Operational Parameters:

The available for the Underground Storage and Peaking accounts shall be tracked by

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

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the Company and made available to the Marketers via electronic means. These balances will be updated each Gas Day to reflect Marketer nominations for purchase.

The Company will establish monthly maximum purchase levels reflective of the Company's available resources and the Marketers Maximum Storage Quantities, MSQ-U and MSQ-P. There will be separate purchase levels for each month for both Underground Storage and Peaking Resources. Such levels will be as provided in the annual Gas Cost Recovery Filing.

In addition to operational parameters for monthly purchase levels, there are daily maximums established for the quantities which the Marketer can nominate for purchase. These factors vary by month and as the Marketer's entitlement level changes. Such factors will be based on the Marketer's total MDQ, the Company's storage contracts and peaking supply capabilities and will be as provided in conjunction with the annual Gas Cost Recovery Filing.

3.02.4 Purchases:

The Company will update an FT-2 aggregation pool's MSQ-U, MSQ-P, MDQ-U and MDQ-P assignments in total and for each month concurrent with the Customer's initiation of transportation service with the designated Marketer.

Marketer will then be entitled to purchase from the Company the available amount of underground storage for the month on any day up to its allowed MDQ for the month until the cumulative purchases for the month equal the monthly limit. The purchases will be at a rate calculated as indicated below. The estimated rate will be provided to the marketers by the second business day of the month in which the purchase is being made.

The Company shall develop a price for the purchases based on the Company's underground storage inventory price at the beginning of the month and for the variable costs associated with the withdrawal of the gas from storage and the transportation of the gas to the system.

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

$$$/Dt = (((IP/(1-SLF) + WWCC)/(1-PLF)) + PCC)$$

Where:

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\$/Dt	cost per Dekatherm charged to Marketers for underground storage inventory at the Company's city gate
IP	Underground Storage Inventory Price at Beginning of the month
SLF	Weighted Average Loss Factor on Storage Withdrawals
WWCC	Weighted Average Withdrawal Commodity Charges
PLF	Weighted Average Pipeline Loss Factor
PCC	Weighted Average Pipeline Commodity Charge and Weighted Average commodity charge of pipeline supplies designated by Company as peaking resource.

The rate components SLF, WWCC, PLF and PCC are as calculated in the Company's most recent Gas Cost Recovery Filing.

Marketers will be entitled to purchase peaking inventory at the Company's cost of LNG inventory.

3.02.5 Demand Rates:

The FT-2 Demand Rate is designed to recover the fixed costs and other miscellaneous costs associated with the provision of the underground storage and peaking resources and is billed to the Marketer:

\$/DT cost per Dekatherm charged to Marketers per unit of MDQ where
MDQ = MDQ-U plus MDQ-P.

The FT-2 demand rate is as calculated in the Company's most recent Gas Cost Recovery Filing. The calculation is in Section 2, Gas Charge, Schedule A, Item 3.3.

3.03.0 Nominations:

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

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

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Where:

FDU	an individual customer account's forecasted daily usage for the next gas day
Base Load	average daily consumption for the most recent July and August billing cycles
HU Factor	most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle
FDD	forecasted heating degree days for the gas day starting at 10:00 AM the next day

FDU will be adjusted for any Company fuel allowance.

The Company will provide to the Marketer no later than 9:30 AM each day using an electronic posting or via facsimile the FDU for the next gas day which would start at 10:00 AM the next day. If the Company is unable to provide to the Marketer the FDU using an electronic posting or via facsimile before 9:30 AM, the default FDU will be the prior day's FDU. The Marketer shall be obligated to nominate any combination of pipeline, underground storage or peaking equal to the FDU for the next gas day. Such nomination is to be posted on the Company's Electronic Bulletin Board in the timely cycle before the start of the next gas day. The Company shall not accept or confirm any nominations that are greater than the FDU of the aggregation pool and any nominations for storage and peaking resources must be in accordance with the applicable operational parameters. When the Marketer's cumulative storage or peaking use for the month reaches the Marketer's maximum storage or peaking use for the month, the Marketer will not be able to nominate storage or peaking quantities to satisfy the FDU nomination requirement.

3.03.1 Critical Days:

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

3.03.2 Over- and Under-deliveries:

If the Company declares an OFO or critical day condition reducing the tolerance for under-deliveries, any under-deliveries of the aggregation pool's gas requirements, up to the FDU, will be treated as Unauthorized Use and subject to penalty charges as

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provided in Item 1.05.0 above. Under-deliveries at times when an OFO or critical day have not been declared will be cashed out at 120% of daily index.

If the Company declares an OFO or critical day condition reducing the tolerance for over-deliveries, any over-deliveries of the aggregation pool's gas requirements, above the FDU, will be cashed out at 40% of the daily index. In addition, the Company reserves the right to reject such a nomination. Over-deliveries at other times will be cashed out at 80% of Daily Index.

3.03.3 FDU Weather True-up Cash Out:

Each month, the forecasted daily use (FDU) for each day will be recalculated and the change in consumption attributable to differences between the original forecasted degree days and actual degree days will be calculated. Each day's change in consumption will be cashed out at that day's published Daily Index.

3.04.0 Billing Imbalances:

Imbalances between customer Gas Usage and the Forecasted Daily Usage (FDU), adjusted for actual weather, will be cashed out at the average of the Algonquin and Tennessee city gate delivered monthly indexes. The Company will prorate the imbalance amount between the months billed based on the customer's base load and heating use factors and apply the average monthly index to the corresponding month's imbalance quantity, calculated as follows:

$$MU = (\text{Base Load} * \text{Number of billed days in month}) + (\text{HU Factor} * \text{ADDM})$$

Where:

MU	Usage attributable to that individual month
Base Load	average daily consumption for the most recent July and August billing cycles
HU Factor	most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle
ADDM	actual degree days for the billing period

The imbalance amount will be a credit if deliveries exceed the customer's use and a debit if deliveries are less than the customer's use. The billed imbalance amount for any billing will be the sum of the imbalance charges or credits attributable to each individual month

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included in the bill. The charges or credits for the individual months will be calculated as follows:

$$IBM = (MU - FDUM) * (AGTI + TGPI) / 2$$

Where:

IBM Individual Billing Month charge/credit

AGTI Algonquin Pipeline published price Index for the month

TGPI Tennessee Pipeline published price Index for the month

All quantities will be adjusted for Company Fuel Allowance.

4.0 NFT SERVICE:

4.01.0 Character Of Service:

This service provides interruptible transportation of Customer purchased gas supplies to customers with telemetering equipment and that are eligible to be classified under Section 6, Schedule A of the Company's Tariff. The Customer shall identify on the Transportation Service Application a Marketer that it has designated to perform initial and subsequent nominations, to receive scheduling and other notices from the Company, and to do balancing. Such Marketer may assign Customer to an Aggregation Pool with other Customers electing NFT or FT-1 transportation service or establish a one-customer Aggregation Pool. Specific Marketer requirements and obligations are described in Item 5.0 below. A Customer receiving NFT service does not have pipeline capacity assignment from the Company.

4.02.0 Nominations:

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

4.03.0 Imbalances:

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

4.04.0 Curtailments:

The notification of interruption or curtailment and the provisions of failure to curtail are described in Section 6, Schedule A, Item 8.0 and Item 9.0.

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

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

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

5.00 MARKETER AGGREGATION SERVICE:

5.01.0 Character of Service:

This service allows Marketers to aggregate customer accounts and form Aggregation Pools for the purpose of making initial and subsequent nominations, making delivery to a designated Point of Receipt, and for balancing of Actual Transportation Quantity with Gas Usage on Customer's behalf. The Company will transport gas, owned by the Customers of the Aggregation Pool, to the Point(s) of Delivery for each Customer included in such pool. A Marketer shall be designated by each Customer on the Transportation Service Application, and each such customer must be assigned by the Marketer to an Aggregation Pool of one or more customers. Changing the designated Marketer is allowed under the conditions in Item 1.02 above and is accomplished through the execution of a new Transportation Service Application. Once so designated, the Company will rely on information provided by the Customer's Marketer for nomination, balancing and scheduling purposes and all notices provided by the Company to Customer's Marketer shall be deemed to have been provided to the Customer.

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Effective: ~~January 1, 2015~~^{November 1, 2014}

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5.02.0 Aggregation Pools:

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

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

The Marketer Aggregation Pool Service Agreement have an initial term through the following November 1. Thereafter, the Pool Service Agreement shall be automatically renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before October 1 or if the Company has terminated the agreement under its collection procedures. Marketers may assign their Aggregation Pool Service Agreements to another certified Marketer with the Company's consent.

5.03.0 Marketer Qualifications:

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

- (1) The Marketer must be authorized by the PUC in accordance with PUC Regulations for Utility Interaction with Gas Marketers;
- (2) The Marketer must demonstrate to the Company that it meets the following creditworthiness standards:
 - A. The Marketer, or a guarantor, maintains a minimum rating from one of the rating agencies and no rating below the minimum from one of the other two rating agencies. For the purposes of this Section, minimum rating shall mean "BBB" from Standard & Poor's, "Baa2" from Moody's Investor Service, or "BBB" from Fitch Ratings (minimum rating)
 - B. If a Marketer or a guarantor, is not rated by Standard & Poor's, Moody's Investor Service or Fitch Ratings, it shall satisfy the Company's creditworthiness requirements if the Marketer, or a guarantor maintains a minimum "1A2" rating from Dun & Bradstreet (Dun and Bradstreet minimum rating) and the Marketer maintains 24 months good payment history with the Company

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- C. In the event that the Marketer has not met the credit standards above, then the Marketer must so notify the Company and the Marketer will be required to use one of the financial vehicles specified in 5.03.3 to satisfy the Company's credit standards.
- (3) Marketers must have an executed Marketer Aggregation Pool Service Agreement with the Company and accepted its designation as the marketer for each customer by countersigning the applicable Transportation Service Application.
- (4) Marketers must provide the Company with a copy of their GET exemption certificate, state sales tax exemption certificate or other appropriate exemption certificate(s) in order to be exempt from the applicable taxes.

5.03.1 Marketer Disqualification:

A Marketer may be disqualified from participating in the transportation program for any of the following conditions:

- (1) Failure to continue to meet all the conditions set forth in Section 5.03.0 with respect to authorization by the PUC and the credit standards set out in 5.03.0, and abide by the terms and conditions of the Marketer Aggregation Pool Service Agreement set forth in Section 6.0.
- (2) Failure to pay an invoice from the Company on the due date or maintain sufficient credit. If Marketer fails to pay an invoice on the due date or the Marketer's credit limit or security is insufficient to cover the unpaid amount, the Company may discontinue participation in the customer transportation program; provided however, that at the Marketer's request, the Company will allow up to 10 business days for the Marketer to cure any failure to pay or any shortfall provided such action, as determined solely by the Company, will not result in harm to its customers or the gas system.
- (3) If a Marketer, through its actions, causes a significant risk or condition that compromises safety, system security or operational reliability and fails to eliminate that risk or condition when notified, the Company may immediately discontinue the Marketer's participation in the customer transportation program.
- (4) If the Marketer fails to provide supply at a level that reasonably matches its customers' daily requirements for its daily balanced pool or, when directed by the Company to deliver a certain quantity under the FT-2 service it fails to deliver the required amount, the Company may discontinue the Marketer's participation in the customer transportation program.

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5.03.2 Calculation of Credit Risk and Security for Natural Gas Imbalance Risk:

The Company may require a Marketer to provide security equal to three times the highest month's gas usage of the Marketer's Aggregation Pool at the firm sales rate applicable to the upcoming peak period. This amount may be updated at the Company's discretion

5.03.3 Security Instruments:

The following financial arrangements are acceptable methods of providing security:

- (1) Deposit or prepayment, which shall accumulate interest at the applicable rate per annum approved by the Rhode Island Public Utilities Commission;
- (2) Standby irrevocable letter of credit or surety bond issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
- (3) Security interest in collateral; or,
- (4) Guarantee by another party or entity with a credit rating of at least "BBB" by S&P, "Baa2" by Moody's, or "BBB" by Fitch; or
- (5) Other means of providing or establishing adequate security.

The Company may refuse to accept any of these methods for just cause provided that its policy is applied in a nondiscriminatory manner to any Marketer.

If the credit rating of a bank, insurance company, or other financial institution that issues a letter of credit or surety bond to a Marketer falls below an "A" rating, the Company shall allow a minimum of five business days for a Marketer to obtain a substitute letter of credit or surety bond from an "A" rated bank, insurance company, or other financial institution.

The Marketer agrees that the Company has the right to access and apply the deposit, letter of credit or other financial vehicle to any payment obligations, not in dispute, which are deemed by the Company to be late. The Company may review and determine the status of a Marketer's creditworthiness at its sole discretion. If Marketer is unable to maintain the Company's credit approval or otherwise ceases to meet the Marketer Qualifications, the Company may terminate the Marketer Aggregation Pool Agreement as of the first day of the month following written notice to Marketer.

5.04 Intentionally Left Blank

5.05 Billing:

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Effective: ~~January 1, 2015~~~~November 1, 2014~~

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

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

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

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

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

Section 6
Transportation Terms and Conditions
Schedule C, Sheet 31
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TRANSPORTATION TERMS AND CONDITIONS

The Narragansett Electric Company, Transportation Service Application

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

NG:	The Narragansett Electric Company d/b/a National Grid 175 East Old Country Road Hicksville, NY 11801 Attn: Supplier Services	Customer:	_____
Notice to:	Customer Contact Center: 1-800-870-1664	Notice to:	_____
			()

			()

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

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

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

Public Regulation

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

_____	_____	
Customer Signature	Title	
_____	_____	_____
Print or Type Name	Date	Phone #
_____	_____	_____
Contact in event of telecommunications issue : Print or Type Name		Phone #

This section to be filled out by the Marketer

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

Marketer

Marketer Signature

Title

Phone #

Print or Type Name

Date

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Effective: ~~January 1, 2015~~~~November 1, 2014~~

TRANSPORTATION TERMS AND CONDITIONS

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

This Agreement ("Agreement") is entered into this _____ day of _____, 20__, by and between The Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

WITNESSETH THAT:

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

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

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

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 20__, will transport and deliver to customers of Marketer's Aggregation Pool such quantities of Marketer's gas delivered by Transporting Pipeline to Company's distribution facilities (hereafter called "Point of Receipt").

1.0 AGGREGATION POOL:

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

Daily Metered _____
Non-daily Metered _____

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

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

1.4 Marketer agrees to provide to Company no later than 30 days before the above identified commencement date Transportation Service Applications for all end user customers in Marketer's

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Effective: ~~January 1, 2015~~ November 4, 2014

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Aggregation Pool identified in 1.1 above. Such list is to include: Customer Name; Billing Address; NG account #; and, name and telephone number of customer contact person.

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

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

2.0 PIPELINE CAPACITY RELEASE:

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

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

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

3.0 PUBLIC REGULATION:

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

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

4.0 GOVERNING LAW:

Issued: ~~November 6, 2014~~^{September 8, 2014}

Effective: ~~January 1, 2015~~^{November 1, 2014}

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

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TRANSPORTATION TERMS AND CONDITIONS

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

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

By _____

Signature: _____

Name: _____

Title: _____

Date: _____

Witness

By The Narragansett Electric Company

Signature: _____

Name: _____

Title: _____

Date: _____

Witness

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TRANSPORTATION TERMS AND CONDITIONS

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

This Agreement ("Agreement") is entered into this _____ day of _____, 20__, by and between the Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

WITNESSETH THAT:

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

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

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

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 20__, will provide to Marketer storage and peaking services in association with Marketer account number _____ under the terms and conditions set forth below.

1.0 SCOPE OF AGREEMENT:

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

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

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2.0 INVENTORY SERVICES:

2.1 All nominations for purchases from storage will take place at the Company's city gate.

2.2 Purchases of inventory service from the Company will be as stated in the Company's currently effective tariff.

2.3 Purchase of any storage inventory service from the Company will require payment via electronic transfer of funds within ten days of the invoice date.

2.4 Marketer acknowledges that it shall bear no ownership interest in any other storage or peaking assets or inventory of the Company.

3.0 SUCCESSORS AND ASSIGNS:

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

4.0 PUBLIC REGULATION:

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

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

5.0 GOVERNING LAW:

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

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

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TRANSPORTATION TERMS AND CONDITIONS

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

By _____

Signature: _____

Name: _____

Title: _____

Witness _____ Date: _____

By The Narragansett Electric Company

Signature: _____

Name: _____

Title: _____

Witness _____ Date: _____

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Effective: ~~January 1, 2015~~ November 1, 2014

Attachment 2

Docket 4514 – Distribution Adjustment Charge Factor

Tariff Advice Filing to Amend RIPUC NG-GAS No. 101
Proposed Changes to Non-firm Distribution Charges During Curtailment

November 6, 2014

CLEAN VERSION

NON-FIRM SALES (NFS) SERVICE

RATE 60

1.0 AVAILABILITY:

Non-firm sales service is grandfathered as of July 1, 2009 and will no longer be offered to any customer, except that any non-firm sales customer as of that date will be able to continue the service until such time that the non-firm sales customer decides to change to firm service or obtain non-firm transportation service and purchase natural gas from a third-party Marketer. Such customers are non-residential customers with dual-fuel capability: (1) whose premises are located adjacent to the Company's gas distribution mains having adequate capacity to supply the customer's prospective gas requirements in addition to the requirements of other customers already receiving service from such distribution mains; (2) who uses gas for boiler load, process load or cogeneration with a minimum combined hourly input of 100 Ccf/hour; and (3) who maintains adequate standby facilities for the use of an alternate fuel which may be substituted for gas when gas is not available under this Tariff.

2.0 RATES:

Non-firm Sales (NFS) service rates shall be set for the upcoming month, no later than 10:30 a.m. ten (10) business days prior to the commencement of that month. The Customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of the intention to take NFS service, and must provide a reasonable estimate of natural gas expected to be used for the month.

Customer charges will be determined as follows:

1. For those Customers who can potentially consume more than 150,000 Therms per month:
 - \$625 per month, per customer
2. For those Customers who can potentially consume more than 35,000 Therms, but less than 150,000 Therms per month:
 - \$405 per month, per customer
3. For those Customers whose potential monthly consumption is less than 35,000 Therms per month:
 - \$185 per month, per customer

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

NON-FIRM SALES (NFS) SERVICE

RATE 60

≤ 35,000 therms	\$0.2206 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2147 per therm
Off-peak usage > 31%	\$0.1436 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.0912 per therm
Off-peak usage > 31%	\$0.0733 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

The Company will provide the customer with an initial mid-month estimate of the Commodity Charge based on 110% of the sum of the NYMEX closing price on the eleventh business day prior to the start of the month and a publicly available forward basis for gas supply delivered to the Northeastern US. The forward basis will be the Transco Zone 6 Basis Swap (based on the Platts IFERC basis swap obtained from the NYMEX), or a publicly traded forward basis for supply delivered to the Company's city gate (should one become available) or such other publicly available traded basis for supply delivered to the Northeastern U.S. should the Transco Zone 6 Basis Swap become unavailable. The Company will recalculate the Commodity Charge based upon the NYMEX settled price and a publicly available forward basis for gas supply delivered to the Northeastern US. The Customer shall be charged the higher of the recalculated rate or the initial mid-month estimate.

3.0 MINIMUM CHARGE:

For delivery service, the minimum charge is the Customer Charge per month. Under no circumstances shall the NFS Commodity Charge be less than the cost of the incremental supply available to the Company for the month, adjusted for the Company's Fuel Allowance.

4.0 NOTIFICATION OF INTERRUPTION/CURTAILMENT:

The Customer will curtail or discontinue service when, in the sole opinion of the Company,

NON-FIRM SALES (NFS) SERVICE

RATE 60

such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the Customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

5.0 FAILURE TO CURTAIL:

For any period that a Customer fails to curtail the use of gas as requested by the Company, the charge for gas commodity delivered to the Customer will be equal to the Gas Usage at a penalty of five (5) times the Daily Index. Such use of gas under these circumstances shall be considered an "unauthorized use" of gas.

In the event where the Company, in its sole discretion, grants the Customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period. The charge for gas commodity delivered to the Customer under these conditions will be the highest cost gas required to meet demand during the applicable curtailment period. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

All gas delivered to the Customer during a curtailment, either "unauthorized" or "authorized" shall be subject to the Distribution Charges and Energy Efficiency Program Charge in effect at the time of such Gas Usage.

6.0 METER TEST:

Users will receive the results of periodic calibration tests performed by the Company on the meters installed on their premises. Meters will be deemed unacceptable if these tests show an error greater than +/-1%. Meters will also be deemed unacceptable, no matter what their error, if the results of three successive tests are consistently high or low. Meters will measure gas flow rates corrected to 60° F gas.

7.0 TELEMETERING:

Telemetry equipment is required for those customers who wish to avail themselves of this service.

NON-FIRM SALES (NFS) SERVICE

RATE 60

8.0 NON-FIRM TRANSPORTATION SERVICE OPTION:

The Company will also offer, during the winter months, limited NFS and non-firm transportation (NFT) service for customers on a “best efforts” basis. If a Customer buying gas under this rate schedule opts to directly arrange for the acquisition of wellhead gas supplies, and the transportation of those wellhead gas supplies to the Company’s gate stations, then the Company will transport, subject to available capacity, such directly acquired gas to the Customer’s facilities. Rates and conditions for such transportation service are included in the Company’s Non-Firm Transportation (NFT) Service in Section 6, Schedule A of RIPUC NG 101.

9.0 RHODE ISLAND GROSS EARNINGS TAX:

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

10.0 ENERGY EFFICIENCY:

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

11.0 LIHEAP ENHANCEMENT:

The application of the above rate is subject to the Low Income Home Energy Assistance Enhancement Plan (LIHEAP) provisions in Section 7, Schedule C.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

1.0 AVAILABILITY:

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

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

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

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

2.0 RATE:

The Customer must notify the Company by 9:00 a.m. two (2) business days prior to the commencement of that month of any change in gas marketer.

Customer Charge will be determined as follows:

- 1. For those Customers who can potentially consume more than 150,000 Therms per month:

- \$715 per month, per customer.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

2. For those Customers who can potentially consume more than 35,000 Therms, but less than 150,000 Therms per month:

- \$485 per month, per customer
3. For those Customers whose potential monthly consumption is less than 35,000 Therms per month:

- \$275 per month, per customer

Distribution Charge:

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

≤ 35,000 therms	\$0.2206 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2147 per therm
Off-peak usage > 31%	\$0.1436 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.0912 per therm
Off-peak usage > 31%	\$0.0733 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer. The classification will be based on the higher of the most recent 12-months usage or the 12-months previous to that. This classification will be reviewed annually after the August billing period and any change will be reflected with the September bill.

3.0 MINIMUM CHARGE:

For delivery service, the minimum charge is the Customer Charge per month.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

4.0 TRANSPORTATION TERMS AND CONDITIONS:

The Company's Transportation Terms and Conditions, Section 6, Schedule C, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

5.0 GENERAL RULES AND REGULATIONS:

The Company's General Terms and Conditions, Section 1, Schedule A, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

6.0 TELEMETERING EQUIPMENT:

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

7.0 NON-FIRM CUSTOMER USE OF GAS:

A Non-Firm customer that elects to use gas from the Company for any reason shall receive Default Transportation Service and be charged the rate applicable to such service as set forth in the Transportation Terms and Conditions, Section 6, Schedule C, Item 2.04.0 for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in the Transportation Terms and Conditions, Section 6, Schedule C, Item 1.05.0 for all additional months.

8.0 NOTIFICATION OF INTERRUPTION/CURTAILMENT:

The Customer will curtail or discontinue service when, in the sole opinion of the Company, such curtailment or interruption is necessary in order for it to continue to supply the gas requirements of its firm customers at such time. The Company will attempt to give the Customer three (3) working days' notice of such curtailment, except in emergency situations, when at least one hour's notice shall be given.

9.0 FAILURE TO CURTAIL:

For any period that a Customer fails to curtail the use of gas as requested by the Company, the charge for gas commodity delivered to the Customer will be equal to the Gas Usage at a penalty of five (5) times the Daily Index. Such use of gas under these circumstances shall be considered an "unauthorized use" of gas.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

In the event where the Company, in its sole discretion, grants the Customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an “authorized use of gas.” Authorized use of gas during a curtailment will be for a limited time period. The charge for gas commodity delivered to the Customer under these conditions will be the highest cost gas required to meet demand during the applicable curtailment period. Payments for this use, whether authorized or unauthorized, shall not preclude the Company from turning off the customer’s supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

All gas delivered to the Customer during a curtailment, either “unauthorized” or “authorized” shall be subject to the Distribution Charges and Energy Efficiency Program Charge in effect at the time of such Gas Usage.

10.0 GAS BALANCING NOMINATION/AGGREGATION:

Refer to the Transportation Terms and Conditions, Section 6, Schedule C.

11.0 RHODE ISLAND GROSS EARNINGS TAX:

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

12.0 ENERGY EFFICIENCY:

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

13.0 LIHEAP ENHANCEMENT:

The application of the above rate is subject to the Low Income Home Energy Assistance Enhancement Plan (LIHEAP) provisions in Section 7, Schedule C.

TRANSPORTATION TERMS AND CONDITIONS

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TRANSPORTATION TERMS AND CONDITIONS

1.0 GENERAL:

These terms and conditions apply to those Commercial and Industrial customers classified as Small, Medium, Large, Extra Large, or Non-firm who purchase gas supplies from sources other than the Company for transportation service by the Company pursuant to Section 5, Schedule A, B, C, D, E, and F, and Section 6, Schedule A, as well as to any Marketers designated to act on the customer's behalf pursuant to a Transportation Service Application and executing a Marketer Aggregation Pool Service Agreement. Any FT-1 customers classified as Medium at the time the access to FT-1 service for Medium customers was discontinued or any Customers reclassified as Medium based on their reduction in load will be grandfathered and allowed to continue receiving service under the FT-1 rate schedule. Transportation service will also be governed by the Company's General Terms and Conditions of Service to the extent not inconsistent herewith.

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

If a Customer requesting service hereunder has been a sales service customer of the Company at the same service location within the preceding twelve month period, any under-recovered or over-recovered gas costs attributable to such prior service under the Gas Cost Recovery Clause in Section 2, Schedule A, Section 9.0 shall be determined and charged by the Customer or credited to the Customer's account.

1.01.0 TERM OF SERVICE:

1.01.1 FT-1 Transportation Service:

FT-1 Transportation Service will commence on the first day of a calendar month subject to satisfying the Company's Transportation Terms and Conditions and be for an initial term of up to one year to reflect a common anniversary of November 1. Service shall continue thereafter on a year-to-year basis, unless terminated by the Customer, Marketer or the Company, effective with the Customer's next billing cycle, upon at least thirty (30) days advance notice, either by written notice or the appropriate EDI transmission, to the Company. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each new FT-1 customer account being added to its FT-1 Aggregation Pool no less than thirty (30) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the thirty (30) day notice period. Existing FT-1 service customers may be switched to another Marketer by using an EDI enrollment transaction.

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1.01.2 FT-2 Transportation Service:

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

1.01.3 Non-Firm Transportation (NFT) Service:

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

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

1.02.0 Designation Of Marketer:

1.02.1 Firm Transportation:

Customers wishing to switch Marketers will be allowed to do so at the start of a calendar month in the case of FT-1 Service, or at the start of a Customer's billing cycle in the case of FT-2 Service. For new FT-1 Service, the Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer and forward that document to the Company for processing. For FT-2 Service, the Marketer will contact the Company through electronic data interchange (EDI) to initiate service with the customer account number being the validation. In the event of a dispute over the enrollment of a customer, the Marketer will be required to provide proof of authorization by the customer. This can be in the form of a signed agreement with the customer, audio recording of the customer's agreement/or authorization or an electronically recorded authorization. The Marketer is required to retain such proof for a minimum of two years or for the length of the service agreement, whichever is longer. The Company must receive the new Transportation Service Application or EDI transmittal at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-

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1 Service customer without a capacity assignment from the Company, see Item 1.07 below, the Company must be notified of such change by 9 a.m. at least two (2) business days before the start of the calendar month. The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement.

If the Company receives more than one Transportation Service Application for the same FT-1 customer account with different designations of Marketer, the Company will contact the Customer for clarification and confirmation.

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

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

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

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

1.02.2 Non-Firm Transportation:

Switching Marketers is allowed at the start of any calendar month with the provision that the Company receive the Customer's Transportation Service Application designating the effective Marketer by 9 a.m. at least two (2) business days before the start of the month for which the switch is effective.

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

If the Company receives more than one Transportation Service Application for the same customer account with different designations of Marketer, the Company will

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contact the Customer for clarification and confirmation.

1.03.0 Nominations:

1.03.1 General:

Marketer shall provide notice via the Company's Electronic Bulletin Board (EBB) the required information relative to Shipper and Transporting Pipeline names and contract number(s) on which deliveries will be made and the specified quantity of gas that Marketer will deliver to the Point(s) of Receipt on each day of the calendar month. Marketer is required to have separate nomination names and contract numbers for each of Marketer's Aggregation Pools. Additional information may be required by the Company. The Company will host an annual post-winter meeting with all Suppliers to discuss any proposed changes to the transportation program and the related requirements.

1.03.2 Dispatch Communication:

All nomination information shall be communicated to the Company's Gas Control Supply Operations Department via the Company's EBB. Marketer shall be responsible for monitoring the EBB 24 hours per day, seven days per week for dispatch purposes. In the event that the Company is unable to contact a Marketer regarding any nomination or dispatch, the Company may take any action it deems necessary to maintain system integrity as otherwise outlined in the General Terms and Conditions.

1.03.3 Initial Nominations:

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

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

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1.03.4 Subsequent Nominations:

After the first day of the calendar month, Marketer may alter its nomination, provided that the revised nomination for delivery on any day is submitted to Company's EBB in accordance with the NAESB inter-day nomination schedule. The Company will accept on a best-efforts basis, an intra-day nomination submitted to the company's EBB up until 8:00 AM of the end of the gas day.

1.03.5 Intra-Day Nominations:

For daily metered Aggregation Pools, the Company will accept and implement, on a best-efforts basis, an intra-day nomination submitted to the Company's EBB following NAESB time lines.

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

1.03.6 Scheduling of Service:

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

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

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

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1.04.0 Protection Of System Operations:

1.04.1 Company Operational Flow Order (OFO):

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

- (1) declare a Critical Day which would require Marketer to fully utilize upstream capacity that it received from Company through Capacity Release; and require Marketer to fully schedule storage resources allocated as part of FT-2 Service, i.e., up to the MDQ-U, prior to relying on peaking resources to the extent they are needed to meet their customer's demands;
- (2) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess receipts; and
- (3) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess takes.

When the Company issues an Operational Flow Order it will issue a notice to Marketers and state in the notice the balancing tolerances that will be in effect and, to the extent practicable, provide information on the cause and expected duration of the OFO. In addition, where the Company's need to issue an OFO is the result of its receipt of a notice of any kind from any of its pipeline transportation, storage, or peaking service providers, the Company will include that information in the notice and, to the extent possible, coordinate the duration and terms of its OFO with those of the service provider. Such an attempt to coordinate its OFO with those of its service providers will be based on the Company's sole discretion and such coordination will not limit the Company's ability to impose different terms or to continue or terminate its OFO at a time different from its service provider(s).

1.04.2 Pipeline Operational Flow Order:

If, at any time, an immediate upstream pipeline issues an order changing the requirements at the Point(s) of Receipt, then Company may so notify Marketer and direct Marketer to modify requirements at the Point(s) of Receipt to the extent necessary for Company to comply with the pipeline's order. Marketer will be

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responsible for coordinating with their customers regarding any necessary change to Customer's quantity of Gas Usage.

1.04.3 Marketer Responsibility:

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

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

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

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

1.05.0 Unauthorized Use:

In the event the Company provides a Marketer with as much notice as Company deems practicable of an Operational Flow Order per Item 1.04.0 or other curtailment of service and thereby reduces the Scheduled Transportation Quantity for delivery, the total Gas Usage by the Customer may not exceed the revised Scheduled Transportation Quantity. If, on any Gas Day, after notice of curtailment, the quantity of gas taken by Marketer's Customers in an Aggregation Pool, exclusive of NFT customers whose use under a curtailment is covered in Item 4.04 below, exceeds Marketer's Scheduled Transportation Quantity as so revised for

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the Aggregation Pool, and the Company has not authorized such excess quantity, then all such Gas Usage constitutes Unauthorized Use and is subject to an overrun penalty for each Dekatherm not delivered of five (5) times the Daily Index. Such charges will be billed to the Marketer's account.

1.06.0 Shipper And Transporting Pipeline Requirements:

Marketers must deliver a minimum of forty percent (40%) of total daily pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) on each of the upstream pipelines: Algonquin Gas Transmission ("Algonquin") and Tennessee Gas Pipeline ("Tennessee"). The remaining twenty percent (20%) of total daily pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) may be delivered on either or both Algonquin or Tennessee.

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

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

1.07.0 Capacity Release:

Each Marketer serving any Customer migrating from (i) Firm Sales Service to FT-1 or FT-2 Transportation Service or (ii) another Marketer's Aggregation Pool where they were previously assigned pipeline capacity by the Company, will be required to accept, for each such Customer account, an assignment of a portion of Company's firm interstate pipeline transportation capacity at maximum rates for an initial term of up to one year.

The Company shall determine the quantity to be released based on the customer's calculated Peak Day Use and load factor rate class. The Company will separately calculate assignment percentages for high load factor rate classes and low load factor rate classes eligible for transportation for pipeline, storage and peaking. It will then multiply the pipeline percentage applicable to the Customer's rate class times the Customer's Peak Day Use to determine the amount of capacity to be assigned to the Marketer. The pipeline, storage and peaking allocation percentages will then be provided in the Company's annual Gas Cost

TRANSPORTATION TERMS AND CONDITIONS

Recovery filing.

The Company will provide Marketers with the calculated base and thermal factors used to estimate each customer's peak day use. The factors are provided based on the results of the Company's application of the specific methodology in this tariff and certain historical data. Marketers may not assume that use of the factors will yield correct estimates of any customer's use for any future period or that the capacity provided as a result of the calculation will meet the customer's requirements under all conditions.

The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Small, Medium, Large, or Extra-Large, this quantity will be reviewed annually against the Customer's most recent usage patterns. Any change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1. In the event that a Marketer stops delivering gas on behalf of an existing capacity exempt customer, the customer will be prohibited from taking firm Company sales service. Such customers will receive Default Transportation Service as described in Item 2.04.0 below.

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

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

Capacity Assignments will be effective for an initial term of up to one year through the following November 1. Capacity Assignments shall be reviewed each November 1 and be subject to annual adjustment as described above. The new capacity assignment percentages, along with the storage maximum daily quantities and maximum storage quantities in section 3.02.2, will be available on the Company's EBB. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) at the Company's option, whenever the Marketer fails

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to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other conditions set forth in the capacity release transaction between the Marketer and the Company.

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

During the calendar month of September, each Marketer will be required to submit a new Capacity Assignment Agreement indicating pipeline capacity path preferences based on the available paths identified in the Company's annual Gas Cost Recovery Filing. Any changes from the Marketer's previous election will be effective November 1 in conjunction with the updating of customer capacity quantities described above.

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

1.07.1 Capacity Exemption for New Firm Loads:

New Customers requesting firm service that are classified as Large or Extra-Large and electing FT-1 transportation service will not be required to take assignment of the Company's capacity resources as described in 1.07.0 above and must notify the Company in writing of its intent to be Capacity Exempt. The New Customer must also initiate gas supply service from a Marketer within 60 days after the start of distribution service. In the event that the New Customer does not obtain a Marketer within 60 days of the commencement of distribution service, the Customer will be prohibited from receiving Company-supplied firm sales service and will receive and be billed for Default Transportation Service as described below in Item 2.04.0. The consumption of such Customers may be subject to annual review and confirmation by the Company. Customers who fail to meet the minimum requirement for the Large classification shall be required to take assignment of the Company's capacity resources after no less than 60 days' notice. Marketers for such customers may be responsible for obtaining citygate capacity at a specific citygate on the Company's

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system as determined by the Company. Such determination will be based on the customer's location, load characteristics and distribution system requirements.

In the event that a Marketer stops delivering gas on behalf of a customer without Company assigned pipeline capacity, the customer will be prohibited from taking firm Company sales service. Such customers shall receive and be billed for Default Transportation Service as described in Item 2.04.0 below.

1.07.2 Capacity Exemption for Non-Firm Customers Converting to Firm Service:

Non-Firm Sales and Non-Firm Transportation Customers classified as Large or Extra-Large who have been approved by the Company to receive firm distribution service and have elected FT-1 transportation service must, no later than 90 days' notice before the commencement of distribution service, either (i) request in writing a Capacity Assignment from the Company, or (ii) notify the Company in writing of its intent to retain its Capacity Exempt status. In the event that a Customer who has requested to retain its Capacity Exempt status but does not have a Marketer at the time the Customer begins receiving firm distribution service, the Customer will be prohibited from taking Company-supplied firm sales service and will receive and be billed for Default Transportation Service as described below in Item 2.04.0. The consumption of such Customers may be subject to annual review and confirmation by the Company. To qualify for Capacity Exempt status, Marketers for such Customers may be responsible for obtaining citygate capacity at a specific citygate on the Company's system as determined by the Company. Such determination will be based on the Customer's location, load characteristics, and distribution system requirements. For those Non-Firm Customers converting to firm distribution service and requesting an assignment of the Company's pipeline capacity, the Company must respond in writing within 30 days regarding the availability of pipeline capacity. If the Company is not able to provide a capacity assignment, the Customer will retain its Capacity Exempt status and will be prohibited from taking Company-supplied firm sales service and will receive and be billed for Default Transportation Service as described below in Item 2.04.0.

In the event that a Marketer stops delivering gas on behalf of a Customer who does not have an assignment of the Company's pipeline capacity, the Customer will be prohibited from taking Company-supplied firm sales service. If the Customer is unable to secure a gas supply from a Marketer, the customer will receive and be billed for Default Transportation Service as described below in Item 2.04.0.

1.08.0 Facilities:

The Company shall own, operate and maintain, at its expense, its gas distribution facilities to

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the Point of Delivery. The Customer shall furnish, maintain and operate the facilities required between Company's Point of Delivery and the Customer's equipment.

1.9.0 Quality:

Marketer is responsible for insuring that all gas received, transported and delivered hereunder to the Point of Receipt meets the quality specifications and standards outlined in the General Terms and Conditions of the Transporting Pipeline's FERC Gas Tariff.

1.10.0 Possession of Gas:

Company shall be deemed to be in control and possession of transportation gas to be delivered in accordance with this service from receipt at the Point(s) of Receipt until it shall have been delivered to Customer at the Point of Delivery. Marketer shall be deemed to be in possession and control of the gas prior to such receipt by the Company and Customer shall be deemed to be in control and possession of transportation gas after such delivery by the Company to the Point of Delivery. Company shall have no responsibility with respect to such gas before it passes the Point of Receipt or after it passes such Point of Delivery or on account of anything which may be done, happen or arise with respect to such gas after Point of Delivery.

1.11.0 Provision of Future Taxes, Surcharges Fees, Etc.:

In the event a tax of any kind is imposed or removed by any government authority upon the sale or transportation of gas or upon the gross revenues derived therefrom (exclusive, however, of taxes based on Company's net income), the rate for service to Customer and/or Marketer, as the Company deems appropriate, shall be adjusted by an amount equal to or otherwise properly reflecting said tax. Similarly, the effective rate for service hereunder shall be adjusted to reflect any refund or imposition of any surcharges or penalties applicable to service hereunder which are imposed or authorized by any governmental authority.

1.12.0 Retention of Pipeline Fuel Adjustment:

The Company shall retain in kind, from the quantities of gas actually delivered to the Point(s) of Receipt for Marketers' accounts, the amount thereof equal to the applicable Company Fuel Allowance. Such Company Fuel Allowance shall be calculated by the Company based upon an average of the Company's most recent five (5) years' experience, fuel loss and unaccounted for or similar quantity based adjustments.

1.13.0 Limitations of Liability:

The liability of the Company shall be limited in accordance with the provisions of the

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Company's General Terms and Conditions.

1.14.0 Force Majeure:

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

1.15.0 Electronic Data Interchange (EDI):

The Company will require use of EDI for all transactions associated with account administration, usage and billing, and payments for the FT-2 service. The transactions requiring EDI communication are enrollments, drops, adjustments and historical usage. EDI will also be available for requesting historical usage, switching and drops for FT-1 accounts. The detail information on EDI processing is available to Marketers on request. All Marketer EDI transaction sets will be tested prior to operational implementation.

2.0 FT-1 TRANSPORTATION SERVICE:

2.01.0 Character of Service:

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

2.02.0 Telemetering:

The Company will provide at the Customer's expense, at the Point of Delivery to the Customer, a device that the Company will attach to its metering equipment for the purpose of monitoring the Gas Usage. The Customer shall be responsible to supply a dedicated electrical supply and a telephone line at a location acceptable to Company and capable of

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transmitting information collected from the monitoring device to the Company's computer system. The Customer shall be responsible for the maintenance and service of the telephone line. Should a dedicated phone line be required, it is the responsibility of the Customer to schedule the installation, to notify Company when such installation has been completed, and the Customer is responsible for any associated charges. FT-1 and NFT transportation service shall not commence until the telemetering equipment is in place and operational.

2.03.0 Balancing:

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

2.03.1 Daily Imbalances:

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

- | | |
|------------------|---|
| Off-Peak Season: | The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 15% of said receipts. The Marketer shall be charged a penalty of 0.1 times the Daily Index for all differences not within the 15% tolerance. |
| Peak Season: | The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 10% of said receipts. The Marketer shall be charged a penalty of 0.5 times the Daily Index for all differences not within the 10% tolerance. |
| Critical Day(s): | The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Marketer when a Critical Day is declared pursuant to Item 1.05 above. |

If the Marketer does not deliver gas on the transporting pipelines as required in Item 1.06.0 above, the Company may charge the Marketer a penalty of 0.5 times the Daily

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Index for all differences less than the forty (40) percent minimum requirement on each transporting pipeline.

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

2.03.2 Monthly Imbalances:

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

<u>Imbalance Tier</u>	<u>Over-deliveries</u>	<u>Under-deliveries</u>
0% ≤ 5%	The average of the Daily Indices for the relevant Month	The highest average of seven consecutive Daily Indices for the relevant Month
> 5% ≤ 10%	0.85 times the above stated rate	1.15 times the above stated rate
> 10% ≤ 15%	0.60 times the above stated rate	1.4 times the above stated rate
> 15%	0.25 times the above stated rate	1.75 times the above stated rate

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

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

Designated Marketers may arrange with another of Company's Marketers providing

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

2.03.3 Pass-Through of Upstream Imbalance Charges:

In addition to other charges provided for in this Section, Marketer will be responsible for any imbalance charge or penalty imposed on Company by an upstream pipeline as a direct result of an imbalance, scheduling error, unauthorized overrun or other similar charges caused by Marketer. The Company shall assign imbalance penalties assessed to the Company by upstream pipelines to sales and transportation customers based on the extent that each group caused such penalties, as determined by the Company. The portion of any such penalty assigned to transportation service shall be further assigned to individual Marketers based on the extent to which each Marketer's Aggregation caused such penalties, as determined by the Company.

2.04.0 Default Transportation Service:

Default Transportation Service is available to any Commercial or Industrial customer account classified as Large or Extra Large that subscribes to FT-1 Transportation Service and that does not have pipeline capacity assignment from the Company. Customers will receive this service as a result of their marketer no longer delivering gas on their behalf. Such service will continue in effect until either service is established with a new marketer through the execution of a new Transportation Application per Item 1.03.1 above or service is terminated.

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

Default Transportation Service is a temporary surrogate for provision of gas to a customer that would otherwise be provided by a marketer, hence it includes nominating and balancing. Customer must maintain an operational telemetering device as required in Item 2.02.0 above.

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2.04.1 Rates:

As indicated in Item 2.04.0 of Section 6, Schedule C of the Company's Transportation Terms and Conditions, two Default Transportation Services are available in the event that a marketer stops delivering gas on behalf of Large and Extra Large FT-1 customers who have elected to forgo the Company's assignment of pipeline capacity:

Short-Notice Service:

The commodity charge for Short-Notice service shall be the higher of:

- a. The Company's applicable firm sales rate

OR

- b. Winter (November – March) – 135% of the Daily Algonquin Citygates average price or 135% of the Daily Tennessee Zone 6 (delivered) average price published in Gas Daily. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Summer (April – October) – 115% of the Daily Algonquin Citygates average price or 115% of the Daily Tennessee Zone 6 (delivered) average price published in Gas Daily. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Advance-Notice Service:

The commodity charge for Advance-Notice service shall be the higher of:

- a. The Company's applicable firm sales rate

OR

- b. Winter (November – March) – 135% of the Algonquin Citygates Monthly Contract Index price or 135% of the Tennessee Zone 6 (delivered) Monthly Contract Index price published in the Gas Daily Price Guide. The citygate

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(Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

Summer (April – October) – 115% of the Algonquin Citygates Monthly Contract Index price or 115% of the Tennessee Zone 6 (delivered) Monthly Contract Index price published in the Gas Daily Price Guide. The citygate (Algonquin or Tennessee) used for pricing shall be based on the customer's location, load characteristics and distribution system requirements in accordance with Item 1.08.1 of the Company's Transportation Terms and Conditions. The published price will be adjusted for Company Fuel Allowance and GET as appropriate.

3.0 FT-2 TRANSPORTATION SERVICE:

3.01.0 Character of Service:

This service provides firm, 365 day transportation of Customer purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery. Daily Nominations are calculated by the Company on the basis of a consumption algorithm, and the Marketer is obligated to deliver to the city gate and/or nominate the purchase of underground storage and peaking supplies at the city gate sufficient to meet the forecasted daily usage of its FT-2 pool customers.

The Customer's designated Marketer shall be allocated a quantity of Company contracted underground storage and peaking resources which, when combined with the pipeline capacity released, will be sufficient to meet the Customer's calculated Peak Day Use. The Marketer may purchase supplies delivered to the Company's city gate based on the Company's storage and peaking supply capabilities and costs. The ability to purchase supplies is made available to the Marketer pursuant to a written agreement with the Company, for the purpose of meeting the Company forecasted daily usage under the operational parameters described below. Additional Marketer requirements and obligations are described in Item 5.0 below.

3.02.0 Storage And Peaking Resources:

As described in Section 6, Schedule C. 1.07.0 above, the Company will annually calculate a Customer's total storage and peaking resource requirements based on the Customer's calculated Peak Day Use. It will then multiply the storage and peaking percentage applicable to the Customer's rate class times the Customer's Peak Day Use to determine the amount of capacity to be assigned to the Marketer for storage and peaking, respectively.

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3.02.1 Maximum Daily Quantity (MDQ):

The result of the calculations above will establish the Customer's Maximum Daily Quantity (MDQ-P) and (MDQ-U). These parameters represent the maximum storage and peaking quantities available to the Marketer each day for meeting the Customer's Gas Usage needs.

3.02.2 Maximum Storage Quantity (MSQ):

The Customer's Maximum Underground Storage Quantity (MSQ-U) is calculated as the maximum storage quantity from underground storage over the course of the November to March withdrawal season and is calculated by the Company by multiplying the Customer's MDQ-U times the weighted average number of days of service available to the Company under its various underground storage agreements.

The Customer's Maximum Peaking Storage Quantity (MSQ-P) is calculated as the maximum amount of peaking storage over the course of the November to March withdrawal season and is calculated by multiplying the MDQ-P times the number of days that the Company's available LNG, net of amounts required for pressure support, boil-off and any heel quantities, could be used at 100% output. These quantities serve to define the maximum quantities that can be nominated for purchase by a Marketer and are a component of the operational parameters for the service.

3.02.3 Operational Parameters:

The available for the Underground Storage and Peaking accounts shall be tracked by the Company and made available to the Marketers via electronic means. These balances will be updated each Gas Day to reflect Marketer nominations for purchase.

The Company will establish monthly maximum purchase levels reflective of the Company's available resources and the Marketers Maximum Storage Quantities, MSQ-U and MSQ-P. There will be separate purchase levels for each month for both Underground Storage and Peaking Resources. Such levels will be as provided in the annual Gas Cost Recovery Filing.

In addition to operational parameters for monthly purchase levels, there are daily maximums established for the quantities which the Marketer can nominate for purchase. These factors vary by month and as the Marketer's entitlement level changes. Such factors will be based on the Marketer's total MDQ, the Company's storage contracts and peaking supply capabilities and will be as provided in conjunction with the annual Gas Cost Recovery Filing.

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3.02.4 Purchases:

The Company will update an FT-2 aggregation pool's MSQ-U, MSQ-P, MDQ-U and MDQ-P assignments in total and for each month concurrent with the Customer's initiation of transportation service with the designated Marketer.

Marketer will then be entitled to purchase from the Company the available amount of underground storage for the month on any day up to its allowed MDQ for the month until the cumulative purchases for the month equal the monthly limit. The purchases will be at a rate calculated as indicated below. The estimated rate will be provided to the marketers by the second business day of the month in which the purchase is being made.

The Company shall develop a price for the purchases based on the Company's underground storage inventory price at the beginning of the month and for the variable costs associated with the withdrawal of the gas from storage and the transportation of the gas to the system.

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

$$$/Dt = (((IP/(1-SLF) + WWCC)/(1-PLF)) + PCC)$$

Where:

\$/Dt	cost per Dekatherm charged to Marketers for underground storage inventory at the Company's city gate
IP	Underground Storage Inventory Price at Beginning of the month
SLF	Weighted Average Loss Factor on Storage Withdrawals
WWCC	Weighted Average Withdrawal Commodity Charges
PLF	Weighted Average Pipeline Loss Factor
PCC	Weighted Average Pipeline Commodity Charge and Weighted Average commodity charge of pipeline supplies designated by Company as peaking resource.

The rate components SLF, WWCC, PLF and PCC are as calculated in the Company's most recent Gas Cost Recovery Filing.

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Marketers will be entitled to purchase peaking inventory at the Company's cost of LNG inventory.

3.02.5 Demand Rates:

The FT-2 Demand Rate is designed to recover the fixed costs and other miscellaneous costs associated with the provision of the underground storage and peaking resources and is billed to the Marketer:

\$/DT cost per Dekatherm charged to Marketers per unit of MDQ where
MDQ = MDQ-U plus MDQ-P.

The FT-2 demand rate is as calculated in the Company's most recent Gas Cost Recovery Filing. The calculation is in Section 2, Gas Charge, Schedule A, Item 3.3.

3.03.0 Nominations:

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

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

Where:

FDU	an individual customer account's forecasted daily usage for the next gas day
Base Load	average daily consumption for the most recent July and August billing cycles
HU Factor	most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle
FDD	forecasted heating degree days for the gas day starting at 10:00 AM the next day

FDU will be adjusted for any Company fuel allowance.

The Company will provide to the Marketer no later than 9:30 AM each day using an electronic posting or via facsimile the FDU for the next gas day which would start at 10:00 AM the next day. If the Company is unable to provide to the Marketer the FDU using an electronic posting or via facsimile before 9:30 AM, the default FDU will be the prior day's FDU. The Marketer shall be obligated to nominate any combination of pipeline,

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underground storage or peaking equal to the FDU for the next gas day. Such nomination is to be posted on the Company's Electronic Bulletin Board in the timely cycle before the start of the next gas day. The Company shall not accept or confirm any nominations that are greater than the FDU of the aggregation pool and any nominations for storage and peaking resources must be in accordance with the applicable operational parameters. When the Marketer's cumulative storage or peaking use for the month reaches the Marketer's maximum storage or peaking use for the month, the Marketer will not be able to nominate storage or peaking quantities to satisfy the FDU nomination requirement.

3.03.1 Critical Days:

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

3.03.2 Over- and Under-deliveries:

If the Company declares an OFO or critical day condition reducing the tolerance for under-deliveries, any under-deliveries of the aggregation pool's gas requirements, up to the FDU, will be treated as Unauthorized Use and subject to penalty charges as provided in Item 1.05.0 above. Under-deliveries at times when an OFO or critical day have not been declared will be cashed out at 120% of daily index.

If the Company declares an OFO or critical day condition reducing the tolerance for over-deliveries, any over-deliveries of the aggregation pool's gas requirements, above the FDU, will be cashed out at 40% of the daily index. In addition, the Company reserves the right to reject such a nomination. Over-deliveries at other times will be cashed out at 80% of Daily Index.

3.03.3 FDU Weather True-up Cash Out:

Each month, the forecasted daily use (FDU) for each day will be recalculated and the change in consumption attributable to differences between the original forecasted degree days and actual degree days will be calculated. Each day's change in consumption will be cashed out at that day's published Daily Index.

3.04.0 Billing Imbalances:

Imbalances between customer Gas Usage and the Forecasted Daily Usage (FDU), adjusted for actual weather, will be cashed out at the average of the Algonquin and Tennessee city

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gate delivered monthly indexes. The Company will prorate the imbalance amount between the months billed based on the customer's base load and heating use factors and apply the average monthly index to the corresponding month's imbalance quantity, calculated as follows:

$$MU = (\text{Base Load} * \text{Number of billed days in month}) + (\text{HU Factor} * \text{ADDM})$$

Where:

MU	Usage attributable to that individual month
Base Load	average daily consumption for the most recent July and August billing cycles
HU Factor	most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle
ADDM	actual degree days for the billing period

The imbalance amount will be a credit if deliveries exceed the customer's use and a debit if deliveries are less than the customer's use. The billed imbalance amount for any billing will be the sum of the imbalance charges or credits attributable to each individual month included in the bill. The charges or credits for the individual months will be calculated as follows:

$$IBM = (MU - FDUM) * (AGTI + TGPI) / 2$$

Where:

IBM	Individual Billing Month charge/credit
AGTI	Algonquin Pipeline published price Index for the month
TGPI	Tennessee Pipeline published price Index for the month

All quantities will be adjusted for Company Fuel Allowance.

4.0 NFT SERVICE:

4.01.0 Character Of Service:

This service provides interruptible transportation of Customer purchased gas supplies to customers with telemetering equipment and that are eligible to be classified under Section 6, Schedule A of the Company's Tariff. The Customer shall identify on the Transportation

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Service Application a Marketer that it has designated to perform initial and subsequent nominations, to receive scheduling and other notices from the Company, and to do balancing. Such Marketer may assign Customer to an Aggregation Pool with other Customers electing NFT or FT-1 transportation service or establish a one-customer Aggregation Pool. Specific Marketer requirements and obligations are described in Item 5.0 below. A Customer receiving NFT service does not have pipeline capacity assignment from the Company.

4.02.0 Nominations:

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

4.03.0 Imbalances:

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

4.04.0 Curtailments:

The notification of interruption or curtailment and the provisions of failure to curtail are described in Section 6, Schedule A, Item 8.0 and Item 9.0.

5.00 MARKETER AGGREGATION SERVICE:

5.01.0 Character of Service:

This service allows Marketers to aggregate customer accounts and form Aggregation Pools for the purpose of making initial and subsequent nominations, making delivery to a designated Point of Receipt, and for balancing of Actual Transportation Quantity with Gas Usage on Customer's behalf. The Company will transport gas, owned by the Customers of the Aggregation Pool, to the Point(s) of Delivery for each Customer included in such pool. A Marketer shall be designated by each Customer on the Transportation Service Application, and each such customer must be assigned by the Marketer to an Aggregation Pool of one or more customers. Changing the designated Marketer is allowed under the conditions in Item 1.02 above and is accomplished through the execution of a new Transportation Service Application. Once so designated, the Company will rely on information provided by the Customer's Marketer for nomination, balancing and scheduling purposes and all notices provided by the Company to Customer's Marketer shall be deemed to have been provided to the Customer.

5.02.0 Aggregation Pools:

The aggregation of Customer accounts into an aggregation pool is limited by the

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transportation service of the respective Customers.

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

The Marketer Aggregation Pool Service Agreement have an initial term through the following November 1. Thereafter, the Pool Service Agreement shall be automatically renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before October 1 or if the Company has terminated the agreement under its collection procedures. Marketers may assign their Aggregation Pool Service Agreements to another certified Marketer with the Company's consent.

5.03.0 Marketer Qualifications:

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

- (1) The Marketer must be authorized by the PUC in accordance with PUC Regulations for Utility Interaction with Gas Marketers;
- (2) The Marketer must demonstrate to the Company that it meets the following creditworthiness standards:
 - A. The Marketer, or a guarantor, maintains a minimum rating from one of the rating agencies and no rating below the minimum from one of the other two rating agencies. For the purposes of this Section, minimum rating shall mean "BBB" from Standard & Poor's, "Baa2" from Moody's Investor Service, or "BBB" from Fitch Ratings (minimum rating)
 - B. If a Marketer or a guarantor, is not rated by Standard & Poor's, Moody's Investor Service or Fitch Ratings, it shall satisfy the Company's creditworthiness requirements if the Marketer, or a guarantor maintains a minimum "1A2" rating from Dun & Bradstreet (Dun and Bradstreet minimum rating) and the Marketer maintains 24 months good payment history with the Company
 - C. In the event that the Marketer has not met the credit standards above, then the Marketer must so notify the Company and the Marketer will be required to use one of the financial vehicles specified in 5.03.3 to satisfy the Company's credit standards.

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- (3) Marketers must have an executed Marketer Aggregation Pool Service Agreement with the Company and accepted its designation as the marketer for each customer by countersigning the applicable Transportation Service Application.
- (4) Marketers must provide the Company with a copy of their GET exemption certificate, state sales tax exemption certificate or other appropriate exemption certificate(s) in order to be exempt from the applicable taxes.

5.03.1 Marketer Disqualification:

A Marketer may be disqualified from participating in the transportation program for any of the following conditions:

- (1) Failure to continue to meet all the conditions set forth in Section 5.03.0 with respect to authorization by the PUC and the credit standards set out in 5.03.0, and abide by the terms and conditions of the Marketer Aggregation Pool Service Agreement set forth in Section 6.0.
- (2) Failure to pay an invoice from the Company on the due date or maintain sufficient credit. If Marketer fails to pay an invoice on the due date or the Marketer's credit limit or security is insufficient to cover the unpaid amount, the Company may discontinue participation in the customer transportation program; provided however, that at the Marketer's request, the Company will allow up to 10 business days for the Marketer to cure any failure to pay or any shortfall provided such action, as determined solely by the Company, will not result in harm to its customers or the gas system.
- (3) If a Marketer, through its actions, causes a significant risk or condition that compromises safety, system security or operational reliability and fails to eliminate that risk or condition when notified, the Company may immediately discontinue the Marketer's participation in the customer transportation program.
- (4) If the Marketer fails to provide supply at a level that reasonably matches its customers' daily requirements for its daily balanced pool or, when directed by the Company to deliver a certain quantity under the FT-2 service it fails to deliver the required amount, the Company may discontinue the Marketer's participation in the customer transportation program.

5.03.2 Calculation of Credit Risk and Security for Natural Gas Imbalance Risk:

The Company may require a Marketer to provide security equal to three times the highest month's gas usage of the Marketer's Aggregation Pool at the firm sales rate

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applicable to the upcoming peak period. This amount may be updated at the Company's discretion

5.03.3 Security Instruments:

The following financial arrangements are acceptable methods of providing security:

- (1) Deposit or prepayment, which shall accumulate interest at the applicable rate per annum approved by the Rhode Island Public Utilities Commission;
- (2) Standby irrevocable letter of credit or surety bond issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
- (3) Security interest in collateral; or,
- (4) Guarantee by another party or entity with a credit rating of at least "BBB" by S&P, "Baa2" by Moody's, or "BBB" by Fitch; or
- (5) Other means of providing or establishing adequate security.

The Company may refuse to accept any of these methods for just cause provided that its policy is applied in a nondiscriminatory manner to any Marketer.

If the credit rating of a bank, insurance company, or other financial institution that issues a letter of credit or surety bond to a Marketer falls below an "A" rating, the Company shall allow a minimum of five business days for a Marketer to obtain a substitute letter of credit or surety bond from an "A" rated bank, insurance company, or other financial institution.

The Marketer agrees that the Company has the right to access and apply the deposit, letter of credit or other financial vehicle to any payment obligations, not in dispute, which are deemed by the Company to be late. The Company may review and determine the status of a Marketer's creditworthiness at its sole discretion. If Marketer is unable to maintain the Company's credit approval or otherwise ceases to meet the Marketer Qualifications, the Company may terminate the Marketer Aggregation Pool Agreement as of the first day of the month following written notice to Marketer.

5.04 Intentionally Left Blank

5.05 Billing:

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

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

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

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

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The Narragansett Electric Company, Transportation Service Application

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

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

Customer:

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

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

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

Public Regulation

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

Customer Signature

Title

Print or Type Name

Date

Phone #

Contact in event of telecommunications issue : Print or Type Name

Phone #

This section to be filled out by the Marketer

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

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Marketer

Marketer Signature

Title

Phone #

Print or Type Name

Date

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

This Agreement ("Agreement") is entered into this _____ day of _____, 20__, by and between The Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

WITNESSETH THAT:

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

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

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

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 20__, will transport and deliver to customers of Marketer's Aggregation Pool such quantities of Marketer's gas delivered by Transporting Pipeline to Company's distribution facilities (hereafter called "Point of Receipt").

1.0 AGGREGATION POOL:

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

Daily Metered _____
Non-daily Metered _____

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

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

1.4 Marketer agrees to provide to Company no later than 30 days before the above identified commencement date Transportation Service Applications for all end user customers in Marketer's

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Aggregation Pool identified in 1.1 above. Such list is to include: Customer Name; Billing Address; NG account #; and, name and telephone number of customer contact person.

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

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

2.0 PIPELINE CAPACITY RELEASE:

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

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

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

3.0 PUBLIC REGULATION:

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

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

4.0 GOVERNING LAW:

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

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

By _____

Signature: _____

Name: _____

Title: _____

Date: _____

Witness

By The Narragansett Electric Company

Signature: _____

Name: _____

Title: _____

Date: _____

Witness

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

This Agreement ("Agreement") is entered into this _____ day of _____, 20__, by and between the Narragansett Electric Company, d/b/a National Grid, a subsidiary of National Grid USA with a principal place of business in the State of Rhode Island at 280 Melrose Street, Providence, Rhode Island (herein called "NG" or the "Company") and _____ (herein called "Marketer.")

WITNESSETH THAT:

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

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

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

NOW, THEREFORE, Company and Marketer agree that Company, subject to the Company's General Terms and Conditions, Transportation Terms and Conditions, limitations and provisions hereof, commencing _____ 1, 20__, will provide to Marketer storage and peaking services in association with Marketer account number _____ under the terms and conditions set forth below.

1.0 SCOPE OF AGREEMENT:

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

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

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2.0 INVENTORY SERVICES:

2.1 All nominations for purchases from storage will take place at the Company's city gate.

2.2 Purchases of inventory service from the Company will be as stated in the Company's currently effective tariff.

2.3 Purchase of any storage inventory service from the Company will require payment via electronic transfer of funds within ten days of the invoice date.

2.4 Marketer acknowledges that it shall bear no ownership interest in any other storage or peaking assets or inventory of the Company.

3.0 SUCCESSORS AND ASSIGNS:

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

4.0 PUBLIC REGULATION:

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

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

5.0 GOVERNING LAW:

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

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

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

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