

October 6, 2017

**VIA HAND DELIVERY & ELECTRONIC MAIL**

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

**RE: Docket 4719 - 2017 Gas Cost Recovery Filing  
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed please find 10 copies of National Grid's<sup>1</sup> responses to the first set of data requests issued by the Rhode Island Division of Public Utilities and Carriers (Division) in the above-referenced docket.

This filing also contains a Request for Protective Treatment of Confidential Information in accordance with Rule 1.2(g) of the Public Utilities Commission's (PUC) Rules of Practice and Procedure and R.I. Gen. Laws § 38-2-2(4)(B). National Grid seeks protection from public disclosure of certain confidential and privileged information, which is contained in its responses to Division 1-2(a), 1-3(a), 1-9(a), 1-10(a), and 1-10(d), as well as in Attachments DIV 1-9(b), 1-9(c), and 1-10(c). In compliance with Rule 1.2(g), National Grid has provided the PUC with one complete, unredacted copy of the confidential materials in a sealed envelope marked "**Contains Privileged and Confidential Materials – Do Not Release,**" and has included redacted copies of the materials for the public filing.

Thank you for your attention to this matter. If you have any questions, please contact me at 401-784-7415.

Very truly yours,



Robert J. Humm

Enclosures

cc: Docket 4719 Service List  
Leo Wold, Esq.  
Steve Scialabba, Division  
Bruce Oliver, Division  
Tim Oliver, Division

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<sup>1</sup> The Narragansett Electric Company d/b/a National Grid.

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.

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

\_\_\_\_\_  
Joanne M. Scanlon

October 6, 2017  
Date

**Docket No. 4719 – National Grid – 2017 Annual Gas Cost Recovery Filing (GCR) - Service List as of 8/30/17**

<b>Name/Address</b>	<b>E-mail</b>	<b>Phone</b>
Robert Humm, Esq. National Grid 280 Melrose St. Providence, RI 02907	<a href="mailto:Jennifer.hutchinson@nationalgrid.com">Jennifer.hutchinson@nationalgrid.com</a> ;	401-784-7288
	<a href="mailto:Celia.obrien@nationalgrid.com">Celia.obrien@nationalgrid.com</a> ;	
	<a href="mailto:Joanne.scanlon@nationalgrid.com">Joanne.scanlon@nationalgrid.com</a> ;	
	<a href="mailto:Robert.Humm@nationalgrid.com">Robert.Humm@nationalgrid.com</a> ;	
Ann Leary Nancy Culliford Stephen A. McCauley John Protano Theodore Poe National Grid 40 Sylvan Road Waltham, MA 02541	<a href="mailto:Ann.Leary@nationalgrid.com">Ann.Leary@nationalgrid.com</a> ;	
	<a href="mailto:Nancy.culliford@nationalgrid.com">Nancy.culliford@nationalgrid.com</a> ;	
	<a href="mailto:Elizabeth.Arangio@nationalgrid.com">Elizabeth.Arangio@nationalgrid.com</a> ;	
	<a href="mailto:Stephen.Mccauley@nationalgrid.com">Stephen.Mccauley@nationalgrid.com</a> ;	
	<a href="mailto:John.protano@nationalgrid.com">John.protano@nationalgrid.com</a> ;	
	<a href="mailto:Theodore.poe@nationalgrid.com">Theodore.poe@nationalgrid.com</a> ;	
Leo Wold, Esq. Dept. of Attorney General 150 South Main St. Providence, RI 02903	<a href="mailto:Lwold@riag.ri.gov">Lwold@riag.ri.gov</a> ;	401-222-2424
	<a href="mailto:Steve.scialabba@dpuc.ri.gov">Steve.scialabba@dpuc.ri.gov</a> ;	
	<a href="mailto:dmacrae@riag.ri.gov">dmacrae@riag.ri.gov</a> ;	
	<a href="mailto:Jmunoz@riag.ri.gov">Jmunoz@riag.ri.gov</a> ;	
Bruce Oliver Revilo Hill Associates 7103 Laketree Drive Fairfax Station, VA 22039	<a href="mailto:Boliver.rha@verizon.net">Boliver.rha@verizon.net</a> ;	703-569-6480
<b>File an original &amp; nine (9) copies w/:</b> Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd.	<a href="mailto:Luly.massaro@puc.ri.gov">Luly.massaro@puc.ri.gov</a> ;	401-780-2107
	<a href="mailto:Patricia.lucarelli@puc.ri.gov">Patricia.lucarelli@puc.ri.gov</a> ;	
	<a href="mailto:Sharon.ColbyCamara@puc.ri.gov">Sharon.ColbyCamara@puc.ri.gov</a> ;	

Warwick, RI 02888	<a href="mailto:Todd.bianco@puc.ri.gov">Todd.bianco@puc.ri.gov</a> ;	
Office of Energy Resources	<a href="mailto:Christopher.Kearns@energy.ri.gov">Christopher.Kearns@energy.ri.gov</a> ;	
Christopher Kearns		
Nicholas Ucci	<a href="mailto:Nicholas.ucci@energy.ri.gov">Nicholas.ucci@energy.ri.gov</a> ;	

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**  
**RHODE ISLAND PUBLIC UTILITIES COMMISSION**

	)	
	)	
Annual Gas Cost Recovery Filing	)	Docket No. 4719
2017	)	
	)	
	)	

**MOTION OF THE NARRAGANSETT ELECTRIC  
COMPANY D/B/A NATIONAL GRID FOR PROTECTIVE  
TREATMENT OF CONFIDENTIAL INFORMATION**

National Grid<sup>1</sup> hereby requests that the Rhode Island Public Utilities Commission (PUC) grant protection from public disclosure of certain confidential, competitively sensitive, and proprietary information submitted in this proceeding, as permitted by PUC Rule 1.2(g) and R.I. Gen. Laws § 38-2-2(4)(B). National Grid also hereby requests that, pending entry of that finding, the PUC preliminarily grant National Grid’s request for confidential treatment pursuant to Rule 1.2 (g)(2).

**I. BACKGROUND**

On October 6, 2017, National Grid filed with the PUC its responses to the first set of data requests from the Division of Public Utilities and Carriers (Division) in this docket. A number of the written responses and attachments contain privileged and confidential information. First, National Grid’s responses to Division 1-2(a) and 1-3(a) contain confidential competitive bidding information in response to a Request for Proposal (RFP) for supply at Waddington, New York and Dracut, Massachusetts, respectively. As such, the competitive bidding information has been

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

redacted from the public version of those responses, and National Grid is seeking protective treatment for such confidential information. Next, Attachment DIV 1-9(c) to National Grid's response to Division 1-9(c) contains confidential information provided in last year's GCR proceeding, Docket No. 4647,<sup>2</sup> concerning National Grid's assessment of costs related to the Millennium Eastern System Upgrade Project (Millennium Project), including certain pricing information. The PUC granted protective treatment for such information in last year's GCR proceeding, and National Grid is again seeking protective treatment for the confidential gas-cost pricing information contained in Attachment 1-9(c) in this year's proceeding. Similarly, National Grid is seeking protective treatment for its confidential comparative cost analysis information contained in its response to Division 1-10(d) with respect to the expected cost of liquefied natural gas (LNG) from Northeast Energy Center, LLC (Northeast Energy). Furthermore, National Grid's response to Division 1-9(a) and its Attachment DIV 1-9(b) contain confidential gas-cost pricing and commercially sensitive and competitive information concerning the Precedent Agreement for the Millennium Project. Accordingly, National Grid has redacted the confidential information contained in the public version of those responses and is seeking protective treatment for such information.

Finally, National Grid is seeking protective treatment concerning a confidential agreement it has entered into. Specifically, Attachment DIV 1-10(c) is the Precedent Agreement between National Grid and Northeast Energy. By its terms, the agreement is entirely confidential and has not been made public. Likewise, the written responses to Division 1-10(a)

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<sup>2</sup> The confidential information in last year's GCR proceeding was contained in National Grid's response to Division 2-13(c) and in Attachment DIV 2-13(b) in Docket No. 4647. In response to Division 1-9(c) this year, National Grid has attached its response to Division 2-13 from Docket No. 4647.

and (d) contain substantive information from the Precedent Agreement between National Grid and Northeast Energy, which information is confidential.

In accordance with Rule 1.2(g)(3), National Grid has provided a redacted public version of its responses and attachments to Division Set 1, as well as an unredacted, confidential version.

## **II. LEGAL STANDARD**

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

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

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

The Rhode Island Supreme Court has held that the determination as to whether this exemption applies requires the application of a two-pronged test set forth in *Providence Journal Company v. Convention Center Authority*, 774 A.2d 40 (R.I. 2001). The exemption applies where the disclosure of information would be likely either (1) to impair the Government's ability to obtain

necessary information in the future; or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. *See Providence Journal*, 774 A.2d 40.

The first prong of the test assesses whether the information was provided voluntarily to the governmental agency. *Providence Journal*, 774 A.2d at 47. If the answer to the first question is affirmative, then the question becomes whether the information is “of a kind that would customarily not be released to the public by the person from whom it was obtained.” *Id.*

### **III. BASIS FOR CONFIDENTIALITY**

The competitive bidding, gas-cost pricing information, and comparative cost analyses included in National Grid’s responses to the Division’s first set of data requests are confidential and privileged information of the type that National Grid would not ordinarily make public. Moreover, public disclosure of such information could impair National Grid’s ability to obtain advantageous pricing in the future, thereby causing substantial competitive harm. In addition, the Precedent Agreement between National Grid and Northeast Energy is a confidential agreement that has not been made public. Public disclosure of that agreement could impair National Grid’s ability to enter into similar agreements in the future, which would also cause substantial competitive harm. Accordingly, National Grid seeks protection for the confidential information contained in its responses to Division 1-2(a), 1-3(a), 1-9(a), 1-10(a), and 1-10(d), as well as in Attachments DIV 1-9(b), 1-9(c), and 1-10(c).

**IV. CONCLUSION**

For the foregoing reasons, National Grid respectfully requests that the PUC grant its Motion for Protective Treatment of Confidential Information.

Respectfully submitted,

**THE NARRAGANSETT ELECTRIC  
COMPANY d/b/a NATIONAL GRID**

By its attorney,

A handwritten signature in blue ink, appearing to read 'RH', with a long horizontal flourish extending to the right.

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Robert J. Humm, Esq. (#7920)

National Grid

280 Melrose Street

Providence, RI 02907

(401) 784-7415

Dated: October 6, 2017

Division 1-1

Request:

Re: Witness Culliford's Direct Testimony at page 5 of 23, lines 11-13, please provide the "expected basis differential" for each purchase location other than the Henry Hub and document the derivation of each "expected basis differential" used by the Company in the SENDOUT model runs on which the Company relies for its development of costs included in its September 1, 2017 GCR filing.

Response:

The "expected basis differential" used in the SENDOUT model runs for the September 1, 2017 GCR filing is the difference between the settlement price of the New York Mercantile Exchange (NYMEX) Henry Hub and that of another pricing location as of the close of business July 31, 2017. The prices are generally received directly from an exchange, such as the Intercontinental Exchange (ICE) and/or NYMEX, which is responsible for generating daily settlement prices of the various forward gas basis markets.

The table below shows the derivation of the "expected basis differential" used in the SENDOUT model run for each purchase location other than the Henry Hub. Also, on September 1, 2017, the Company provided Attachment NGC-2 in electronic format, which shows the basis numbers and the calculations for each receipt point on pages 3 through 8.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4719  
In Re: 2017 Annual Gas Cost Recovery Filing  
Responses to Division's First Set of Data Requests  
Issued on September 15, 2017

Division 1-1, page 2

Basis Location	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
<b>ALGONQUIN - AIM</b>	(\$0.430)	\$0.295	\$2.093	\$1.995	\$0.120	(\$0.295)	(\$0.400)	(\$0.413)	(\$0.370)	(\$0.380)	(\$0.525)	(\$0.450)
<b>COLUMBIA BROADRUN</b>	(\$0.201)	(\$0.205)	(\$0.220)	(\$0.202)	(\$0.210)	(\$0.170)	(\$0.183)	(\$0.227)	(\$0.243)	(\$0.295)	(\$0.360)	(\$0.305)
<b>COLUMBIA DOWNINGTOWN</b>	\$0.100	\$0.670	\$2.737	\$2.720	\$0.470	(\$0.150)	(\$0.283)	(\$0.287)	(\$0.070)	(\$0.092)	(\$0.410)	(\$0.325)
<b>COLUMBIA EAGLE</b>	(\$0.430)	\$0.295	\$2.093	\$1.995	\$0.120	(\$0.295)	(\$0.400)	(\$0.413)	(\$0.370)	(\$0.380)	(\$0.525)	(\$0.450)
<b>COLUMBIA MAUMEE</b>	(\$0.201)	(\$0.205)	(\$0.220)	(\$0.202)	(\$0.210)	(\$0.170)	(\$0.183)	(\$0.227)	(\$0.243)	(\$0.295)	(\$0.360)	(\$0.305)
<b>DAWN TO TENNESSEE - WADDY</b>	\$0.135	\$0.155	\$0.150	\$0.158	\$0.153	\$0.041	(\$0.369)	(\$0.209)	(\$0.293)	(\$0.294)	(\$0.399)	(\$0.221)
<b>TENNESSEE DRACUT</b>	\$0.390	\$3.177	\$5.575	\$5.578	\$2.267	\$0.065	-\$0.095	-\$0.025	\$0.123	\$0.122	-\$0.228	-\$0.200
<b>TENNESSEE NIAGARA</b>	(\$0.416)	(\$0.397)	(\$0.401)	(\$0.394)	(\$0.400)	(\$0.580)	(\$0.731)	(\$0.751)	(\$0.780)	(\$0.801)	(\$0.821)	(\$0.791)
<b>TENNESSEE ZONE 0</b>	(\$0.198)	(\$0.183)	(\$0.195)	(\$0.188)	(\$0.163)	(\$0.173)	(\$0.167)	(\$0.157)	(\$0.166)	(\$0.165)	(\$0.166)	(\$0.178)
<b>TENNESSEE ZONE 0 CONNEXION</b>	(\$0.198)	(\$0.183)	(\$0.195)	(\$0.188)	(\$0.163)	(\$0.173)	(\$0.167)	(\$0.157)	(\$0.166)	(\$0.165)	(\$0.166)	(\$0.178)
<b>TENNESSEE ZONE 1</b>	(\$0.142)	(\$0.095)	(\$0.129)	(\$0.060)	(\$0.097)	(\$0.115)	(\$0.127)	(\$0.133)	(\$0.105)	(\$0.084)	(\$0.102)	(\$0.100)
<b>TENNESSEE ZONE 4</b>	(\$0.789)	(\$0.637)	(\$0.523)	(\$0.484)	(\$0.506)	(\$0.353)	(\$0.386)	(\$0.399)	(\$0.400)	(\$0.406)	(\$0.462)	(\$0.458)

The Narragansett Electric Company  
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Division 1-1, page 3

Basis Location	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT
<b>TENNESSEE ZONE 4 CONNEXION</b>	(\$0.789)	(\$0.637)	(\$0.523)	(\$0.484)	(\$0.506)	(\$0.353)	(\$0.386)	(\$0.399)	(\$0.400)	(\$0.406)	(\$0.462)	(\$0.458)
<b>TETCO ELA</b>	(\$0.100)	(\$0.097)	(\$0.103)	(\$0.090)	(\$0.090)	(\$0.103)	(\$0.103)	(\$0.113)	(\$0.107)	(\$0.108)	(\$0.112)	(\$0.105)
<b>TETCO ETX</b>	(\$0.135)	(\$0.197)	(\$0.183)	(\$0.159)	(\$0.144)	(\$0.077)	(\$0.102)	(\$0.113)	(\$0.069)	(\$0.062)	(\$0.078)	(\$0.059)
<b>TETCO LEIDY</b>	(\$0.680)	(\$0.684)	(\$0.404)	(\$0.558)	(\$0.610)	(\$0.527)	(\$0.559)	(\$0.462)	(\$0.465)	(\$0.466)	(\$0.573)	(\$0.485)
<b>TETCO M2</b>	(\$0.715)	(\$0.535)	(\$0.355)	(\$0.330)	(\$0.365)	(\$0.457)	(\$0.465)	(\$0.515)	(\$0.560)	(\$0.565)	(\$0.618)	(\$0.600)
<b>TETCO M3 DELIVERED</b>	(\$0.430)	\$0.295	\$2.093	\$1.995	\$0.120	(\$0.295)	(\$0.400)	(\$0.413)	(\$0.370)	(\$0.380)	(\$0.525)	(\$0.450)
<b>TETCO STX</b>	(\$0.095)	(\$0.147)	(\$0.143)	(\$0.142)	(\$0.117)	(\$0.047)	(\$0.065)	(\$0.070)	(\$0.023)	(\$0.025)	(\$0.038)	(\$0.032)
<b>TETCO to B&amp;W SCT</b>	(\$0.715)	(\$0.535)	(\$0.355)	(\$0.330)	(\$0.365)	(\$0.457)	(\$0.465)	(\$0.515)	(\$0.560)	(\$0.565)	(\$0.618)	(\$0.600)
<b>TETCO WLA</b>	(\$0.088)	(\$0.097)	(\$0.105)	(\$0.092)	(\$0.093)	(\$0.080)	(\$0.080)	(\$0.090)	(\$0.085)	(\$0.085)	(\$0.090)	(\$0.082)
<b>TRANSCO LEIDY</b>	(\$0.808)	(\$0.693)	(\$0.567)	(\$0.520)	(\$0.533)	(\$0.515)	(\$0.603)	(\$0.600)	(\$0.623)	(\$0.608)	(\$0.662)	(\$0.635)

**Redacted**  
Division 1-2

Request:

Re: Witness Culliford's Direct Testimony at page 9 of 17, lines 13-19, please:

- a. Indicate the number of bidders that responded to the referenced July 14, 2017 RFP for an Asset Management and Gas Supply Agreement;
- b. Indicate when the Company expects to finalize the AMA to provide supply at the Canada-United States Border at Waddington;
- c. Provide a copy of the final AMA when it is fully executed.

Response:

- a. ■■■■■ bidders responded to the Company's July 14, 2017 Request for Proposal (RFP) for the Asset Management and Gas Supply Agreement (AMA) to provide the Company with supply at the Canada-United States border at Waddington, NY.
- b. The Company expects to finalize the AMA to provide the Company with supply at the Canada-United States Border at Waddington prior to November 1, 2017.
- c. The Company will provide a copy of the final AMA when it is fully executed.

**Redacted**  
Division 1-3

Request:

Re: Witness Culliford's Direct Testimony at page 10 of 17, lines 6-15, please:

- a. Indicate the number of bidders that responded to the referenced July 14, 2017 RFP for purchase of supply at Dracut for the months of December 2017 through March 2018;
- b. Explain why the Company only contracted for supply during the upcoming winter (2017-2018) season; and
- c. Explain the Company's current plans for contracting to purchases of supply at Dracut for subsequent winter periods.

Response:

- a. [REDACTED] bidders responded to the Company's July 14, 2017 Request for Proposal (RFP) for the purchase of supply at Dracut, Massachusetts for the months of December 2017 through March 2018.
- b. & c. The Company is pursuing a long-term solution to address its liquidity concerns at Dracut as early as November 1, 2018 and expects to submit an informal filing to the Division of Public Utilities and Carriers describing such solution within a couple of months.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4719  
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Issued on September 15, 2017

Division 1-4

Request:

Re: Witness Culliford's Direct Testimony at page 11 of 17, lines 9-13, please provide the actual service volumes delivered using AIM Project capacity for each month of the 2016-2017.

Response:

Provided in the table below are the actual volumes transported using the Company's Algonquin Incremental Market (AIM) Project capacity for each month for the period December 14, 2016 through September 15, 2017. From December 14, 2016 through January 7, 2017, the capacity available to the Company from the AIM Project totaled 12,299 dekatherms per day. Effective January 7, 2017, the capacity available to the Company from the AIM Project increased to 18,000 Dth per day.

Year	Month	Receipt Volumes	Delivered Volumes
2016	December	189,932	186,090
2017	January	512,419	502,076
	February	451,039	441,936
	March	478,285	468,630
	April	77,569	76,000
	May	94,117	92,210
	June	91,860	90,000
	July	94,922	93,000
	August	82,674	81,000
	September (through 9/15/2017)	42,358	41,500
<b>Grand Total</b>		<b>2,115,175</b>	<b>2,072,442</b>

The Narragansett Electric Company  
d/b/a National Grid  
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Division 1-5

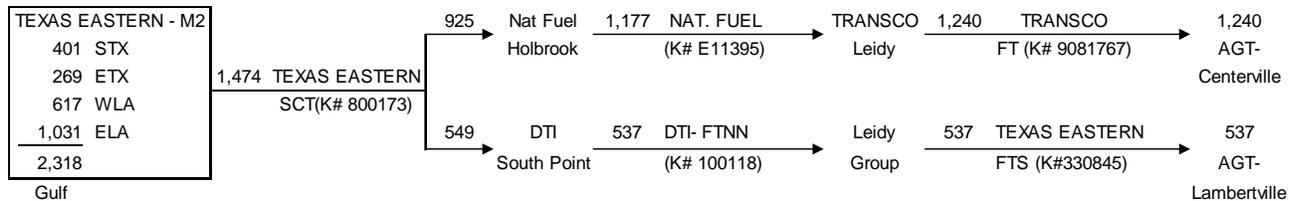
Request:

Re: Witness Culliford's Direct Testimony at page 11 of 17, lines 15-20, please:

- a. Explain what resources are being relied upon to replace supply previously delivered through Texas Eastern Contract No.800173, and document any and all incremental annual demand costs (i.e., costs over the levels incurred for the 2016-2017 GCR year) incurred by the Company for use of the replacement resources;
- b. Provide the workpapers, data, and analyses relied upon to compute the referenced annual demand charge savings of \$88,708.80.

Response:

- a. There are no incremental demand charges incurred to replace supplies previously delivered through Texas Eastern Contract No. 800713. The Company is now able to purchase reliable, more economically priced gas at Transco Leidy located in Pennsylvania (using Transco Contract No. 9081767) and Dominion South Point located in West Virginia (using Dominion Contract No. 100118) instead of purchasing gas in the Texas Eastern access areas and transporting on Texas Eastern Contract No. 800173. Transco Leidy and Dominion South Point are further downstream in the original capacity path, allowing the Company to terminate the upstream Texas Eastern contract. Please see the schematic below for a description of the transportation path.



- b. The Texas Eastern Contract No. 800173 will expire on October 31, 2017. The calculation for the monthly demand charge is shown below. The contract quantities are multiplied by tariff rates to get a total monthly demand charge of \$7,392.40 for Contract No. 800173. That total is then multiplied by 12 months, resulting in an annual demand charge saving of \$88,708.80.

The Narragansett Electric Company  
d/b/a National Grid  
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Division 1-5, page 2

<u>Zones</u>	<u>Rate Description</u>	<u>Quantity</u>	<u>Price</u>	<u>Total</u>
1--2	Reservation	1,474	\$3.253	\$4,794.92
2	Demand	1,474	\$0.000	\$0.00
ELA--1	Reservation	831	\$0.950	\$789.45
ETX--1	Reservation	231	\$0.876	\$202.36
STX--1	Reservation	401	\$2.722	\$1,091.52
WLA--1	Reservation	455	\$1.130	<u>\$514.15</u>
				\$7,392.40

Monthly Demand      \$7,392.40  
Yearly Demand        \$88,708.80

The Narragansett Electric Company  
d/b/a National Grid  
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Division 1-6

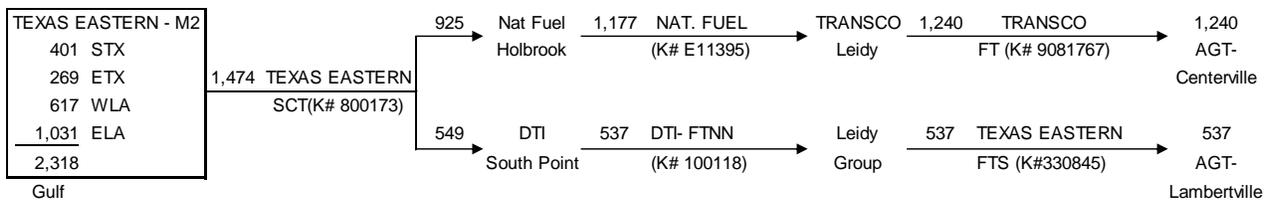
Request:

Re: Witness Culliford's Direct Testimony at page 11 of 17, lines 15-20, please:

- a. Explain what resources will be relied upon during future winter periods to replace supply previously delivered through the National Fuel Gas Contract No. E11395, and provide the Company's assessment of the incremental annual demand costs it will incur to replace the National Fuel Gas capacity in future winter periods;
- b. Provide the workpapers, data, and analyses relied upon to compute the referenced annual demand charge savings of \$53,765.88.

Response:

- a. There are no incremental demand charges incurred to replace supplies previously delivered on National Fuel Gas Contract No. E11395. As explained for the Texas Eastern Contract No. 800173 in the Company's response to Division 1-5, the Company is now able to purchase reliable, more economically priced gas at Transco Leidy located in Pennsylvania (using Transco Contract No. 9081767) instead of purchasing gas in the Texas Eastern access areas and transporting on Texas Eastern Contract No. 800173 and National Fuel Contract No. E11395. Transco Leidy is further downstream in the original capacity path allowing the Company to terminate the upstream Texas Eastern contract as well as the National Fuel contract. Please see the schematic below for a description of the transportation path.



- b. The National Fuel Contract No. E11395 will expire on March 31, 2018. The calculation for the monthly demand charge is shown below., The contract quantity is multiplied by the tariff rate to get a total monthly demand charge of \$4,480.49 for Contract No. E11395. That total is then multiplied by 12 months, resulting in an annual demand charge saving of \$53,765.88.

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4719  
In Re: 2017 Annual Gas Cost Recovery Filing  
Responses to Division's First Set of Data Requests  
Issued on September 15, 2017

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Division 1-6, page 2

Contract Quantity	1,177
Reservation Rate	\$3.8067
Monthly Demand	\$4,480.49
Yearly Demand	\$53,765.88

Division 1-7

Request:

Re: Witness Culliford's Direct Testimony at page 12 of 17, line 9, through page 13 of 17, line 3:

- a. Witness Culliford's testimony indicates that the Crary Street gate station is sized to move up to 96,000 Dth per day, please verify that National Grid-RI has contracted for the full capacity of that new gate station;
- b. Please explain why the witness's testimony indicates that service for the Crary Street Gate Station is provided under Algonquin's AFT-CL Rate Schedule, but Attachment NGC-2, page 33 appears to reference the Crary Street service as Algonquin AFT-CLMS;
- c. Please provide a complete copy of the applicable Algonquin Rate schedule.

Response:

- a. The Crary Street Gate Station is sized to move up to 96,000 dekatherms (Dth) per day. The Company has contracted for 96,000 Dth per day of capacity on the Manchester Street Lateral to the Crary Street Gate Station.
- b. The Manchester Street Lateral is identified in the Algonquin Gas Transmission, LLC (Algonquin) FERC Gas Tariff Sixth Revised Volume No. 1 (the Algonquin Tariff) under Rate Schedule AFT-CL for Firm Transportation Service. When the Crary Street Gate Station and the associated transportation contract commenced service on July 17, 2017, the Statement of Negotiated Rates assigned it Service Agreement No. 510985 AFT-CLMS (Algonquin Firm Transportation Canal Lateral Manchester Street).
- c. A complete copy of the applicable Algonquin Rate Schedule AFT-CL Firm Transportation Service is provided as Attachment DIV 1-7-1 (c). The Manchester Street Lateral identified on the first page of Attachment DIV 1-7-1 (c) is the transportation rate for deliveries to the Crary Street Gate Station. Pages 2 through 12 of Attachment DIV 1-7-1 (c) provide a description of Rate Schedule AFT-CL Firm Transportation Service. In addition, Attachment DIV 1-7-2 (c) provides a description of the Negotiated Rates under the Algonquin Tariff. Finally, Attachment DIV 1-7-3 (c) provides the Statement of Negotiated Rates between the Company and Algonquin. As set forth in the Statement of Negotiated Rates, the Company is paying a negotiated reservation rate of \$2.7375 per dekatherm per month of the Company's maximum daily transportation quantity (MDTQ).

Algonquin Gas Transmission, LLC  
FERC Gas Tariff  
Sixth Revised Volume No. 1

Part 4 - Statements of Rates  
7. Rate Schedule AFT-CL  
Version 6.0.0  
Page 2 of 6

Rate Schedule AFT-CL  
Firm Transportation Service

	Base \$/Dth Tariff Rate 1/ 2/
<b>BRAYTON POINT LATERAL</b>	
Reservation Charge:	
Maximum	\$1.2700
Minimum	\$0.0000
Commodity Charge:	
Maximum	\$0.0000
Minimum	\$0.0000
Authorized Overrun	
Commodity Charge	
Maximum	\$0.0418
Minimum	\$0.0000
<b>BELLINGHAM LATERAL</b>	
Reservation Charge:	
Maximum	\$0.9714
Minimum	\$0.0000
Commodity Charge:	
Maximum	\$0.0000
Minimum	\$0.0000
Authorized Overrun	
Commodity Charge	
Maximum	\$0.0319
Minimum	\$0.0000
<b>PHELPS DODGE LATERAL</b>	
Reservation Charge:	
Maximum	\$0.0000
Minimum	\$0.0000
Commodity Charge:	
Maximum	\$0.0166
Minimum	\$0.0000
Authorized Overrun	
Commodity Charge	
Maximum	\$0.0166
Minimum	\$0.0000
<b>MANCHESTER STREET LATERAL</b>	
Reservation Charge:	
Maximum	\$2.4500
Minimum	\$0.0000
Commodity Charge:	
Maximum	\$0.0000
Minimum	\$0.0000
Authorized Overrun	
Commodity Charge	
Maximum	\$0.0805
Minimum	\$0.0000

- 1/ The Base Tariff is the effective rate on file with the Commission excluding adjustments approved by the Commission.
- 2/ Rate excludes the Annual Charge Adjustment (ACA) Surcharge. The ACA Commodity Surcharge to applicable customers, pursuant to Section 34 of the General Terms and Conditions. The ACA Surcharge will only apply if the AFT-CL Customer has not paid an ACA Surcharge for the same gas volumes transported under another rate schedule.

**RATE SCHEDULE AFT-CL**  
**FIRM TRANSPORTATION SERVICE**

1. AVAILABILITY

This rate schedule is available for firm transportation of natural gas by Algonquin Gas Transmission, LLC (hereinafter called "Algonquin") for any party (hereinafter called "Customer") on that portion of Algonquin's pipeline system known as (1) the Canal Lateral, which shall mean pipeline facilities including pipeline lateral facilities, meter station, and appurtenant facilities which extend from a point on Algonquin's existing mainline interstate natural gas pipeline system in Bourne, Massachusetts, along the north side of the Cape Cod Canal, under the Cape Cod Canal at or near the Bourne/Sandwich town line, and terminating at a point in the town of Sandwich in Barnstable County, Massachusetts, (2) the Middletown Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station, and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in Glastonbury, Connecticut to a point of interconnection, at the outlet side of the Middletown Meter Station, with facilities constructed by Connecticut Light and Power Company, (3) the Cleary Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station, and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in Berkley, Massachusetts, under the Taunton River to a point of interconnection, at the outlet side of the Cleary Meter Station, with facilities constructed by Taunton Municipal Lighting Plant, (4) the Lake Road Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station, and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in Windham County, Connecticut to a point of interconnection, at the outlet side of the Lake Road Meter Station, with facilities constructed by Lake Road Generating Co. LP, (5) the Brayton Point Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station, and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in Dighton, MA (M&R No. 80034) to a point of interconnection, at the outlet side of the Brayton Point Meter Station, with facilities owned by US Gen New England, Inc. (M&R No. 00090), (6) the Bellingham Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in Norfolk County, Massachusetts to a point of interconnection, at the outlet side of the Bellingham Meter Station, with facilities constructed by ANP Bellingham Energy Company, (7) the Phelps Dodge Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in New London County, Connecticut to a point of interconnection at the outlet side of the Phelps Dodge Meter Station, with facilities owned by Phelps Dodge Copper Products Company, (8) the Manchester Street Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station and appurtenant facilities that extend from a point on Algonquin's existing interstate natural gas pipeline system at the head of the G-12 Lateral (M&R No. 80070) to a point of interconnection with facilities owned by USGen New England, Inc. at the outlet side of the Manchester Street power plant (M&R No. 00087), (9) the Cape Cod Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station and appurtenant facilities that extend from the terminus

of Algonquin's Canal Lateral in the town of Sandwich in Barnstable County, Massachusetts, to a point of interconnection with facilities owned by Colonial Gas Company d/b/a KeySpan Energy Delivery New England in the town of Sandwich in Barnstable County, Massachusetts, (10) the Northeast Gateway Lateral, which shall mean pipeline facilities including a pipeline lateral and appurtenant facilities that extend from a point on Algonquin's existing HubLine offshore system in Massachusetts Bay, Massachusetts, to a point of interconnection with the offshore deepwater port facilities owned by Northeast Gateway Energy Bridge, L.L.C., (11) the J-2 Facility, which shall mean pipeline facilities including two parallel pipeline laterals, meter stations and appurtenant facilities that extend from a point on Algonquin's existing interstate natural gas pipeline system at the head of the J-2 Facility (M&R No. 80094) to a point of interconnection with facilities owned by The Boston Gas Company d/b/a National Grid downstream of the Mansfield Street Station (M&R No. 00070), (12) the Kleen Energy Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station and appurtenant facilities that extend from a point on Algonquin's existing Middletown Lateral in the City of Middletown, Connecticut, to a point of interconnection, at the outlet side of the Kleen Energy Meter Station (M&R No. 00833), with the Kleen Energy Power Plant facilities, (13) the Salem Lateral, which shall mean pipeline facilities including a pipeline lateral, meter station, and appurtenant facilities which will extend from a point on Algonquin's existing interstate natural gas pipeline system in Salem Massachusetts to a point of interconnection, at the outlet side of the Salem Lateral Meter Station (M&R No. 00837), with facilities owned by Footprint Power Salem Harbor Development, LP, or (14) the West Roxbury Lateral, which shall mean pipeline facilities including pipeline lateral facilities, meter station, and appurtenant facilities that extend from a point on Algonquin's existing mainline interstate natural gas pipeline system at the head of the West Roxbury Lateral (M&R No. 80104) in the Town of Westwood in Norfolk County, Massachusetts, to a point of interconnection, at the outlet side of the West Roxbury Meter Station, with facilities owned by the Boston Gas Company d/b/a National Grid (M&R No. 00838) when:

- a. Algonquin has placed the Canal Lateral, Middletown Lateral, Cleary Lateral, Lake Road Lateral, Brayton Point Lateral, Bellingham Lateral, Phelps Dodge Lateral, Manchester Street Lateral, Cape Cod Lateral, Northeast Gateway Lateral, J-2 Facility, Kleen Energy Lateral, Salem Lateral, or West Roxbury Lateral, as applicable, in service;
- b. Customer has made a valid request for firm transportation pursuant to Section 2 of the General Terms and Conditions of this FERC Gas Tariff of which this rate schedule is a part;
- c. Sufficient firm capacity is available to effectuate such transportation without any construction of facilities or other investment by Algonquin, or Algonquin has waived this requirement in writing;
- d. The Primary Point(s) of Receipt and Primary Point(s) of Delivery requested by Customer are acceptable to Algonquin from the viewpoint of adequacy of

Algonquin's existing facilities to receive and transport Customer's gas with Algonquin's existing firm service taking precedence; and

- e. Customer and Algonquin have executed a service agreement in the form contained in the FERC Gas Tariff of which this rate schedule is a part.
- f. Under this Rate Schedule AFT-CL, a single AFT-CL service agreement is available to multiple parties who meet the qualifications set forth in the Multiple Shipper Option Agreement ("MSOA") and such agreement has been executed by the Customers, Algonquin and other relevant parties.

## 2. APPLICABILITY AND CHARACTER OF SERVICE

- 2.1 Transportation service hereunder will be on a firm basis except as provided herein and in Sections 16 and 24 of the General Terms and Conditions of this tariff. Algonquin shall receive from Customer, or for the account of Customer, at those points on Algonquin's system as specified in an executed AFT-CL Service Agreement between Customer and Algonquin (hereinafter referred to as "Point(s) of Receipt") for transportation hereunder daily quantities of gas tendered for account of Customer up to Customer's Maximum Daily Transportation Quantity the ("MDTQ") and, on a cumulative basis in any year, up to Customer's Maximum Annual Transportation Quantity ("MATQ") as specified in the service agreement; provided, however, Algonquin shall not be obligated to, but may at its option, receive at any Point(s) of Receipt on any Day a quantity of gas in excess of the applicable Maximum Daily Receipt Obligation ("MDRO"), provided that, if more than one Customer requests receipts in excess of its MDRO at a Point of Receipt, and the sum of all such requests exceeds the available capacity at such Point of Receipt, Algonquin shall apportion such receipts in excess of MDRO among such Customers pro rata according to the Customers' firm MDROs at the relevant Point of Receipt.
- 2.2 Upon receipt of such natural gas for Customer's account, Algonquin shall transport and deliver hourly quantities of gas required by Customer up to Customer's MDTQ and, on a cumulative basis in any year, up to Customer's MATQ at those points on Algonquin's system as are specified in an executed AFT-CL Service Agreement between Customer and Algonquin (hereinafter referred to as "Point(s) of Delivery"); provided, however, Algonquin shall not be obligated to, but may at its option, deliver at any Point(s) of Delivery a daily quantity exceeding the applicable Maximum Daily Delivery Obligation ("MDDO"), provided that, if more than one Customer requests deliveries in excess of its MDDO at a Point of Delivery, and the sum of all such requests exceeds the available capacity at such Point of Delivery, Algonquin shall apportion such deliveries in excess of MDDO among such Customers pro rata according to the Customers' firm MDDOs at the relevant Point of Delivery.

- 2.3 Provided such quantities have been scheduled in accordance with Section 23 of the General Terms and Conditions, Customer may tender quantities of gas in excess of the MDTQ on any Day if in Algonquin's reasonable judgment transportation of such gas can be accomplished by Algonquin without detriment to any other Customer under any of Algonquin's rate schedules. Such excess quantities shall be deemed to be Authorized Overrun Quantities.
- 2.4 Algonquin shall not be obligated to add any facilities or expand the capacity of Algonquin's pipeline system in any manner in order to provide transportation service to Customer pursuant to this rate schedule; provided, however, Algonquin may, at its option, and with Customer's consent, add facilities or expand capacity to provide such transportation service, subject to Section 3 below.
- 2.5 Unless otherwise specified in the applicable Service Agreement, services hereunder shall be available on any day of the year, subject to Customer's MATQ and MDTQ limitations.

### 3. RATE

- 3.1 Unit Rates. The applicable maximum and minimum unit rates are set forth in the currently effective Statement of Rates for Rate Schedule AFT-CL of this tariff and are hereby incorporated herein. Such rates are subject to change under Sections 33 and 34 of the General Terms & Conditions as well as subject to the provisions of Section 4.3 of this rate schedule. The applicable unit rates to be charged on any Day by Algonquin for gas delivered to Customer shall not be in excess of the maximum unit rate nor less than the minimum unit rate, unless Customer and Algonquin have agreed otherwise in a Negotiated Rate pursuant to Section 46 of the General Terms and Conditions of this tariff.
- 3.2 Monthly Bill. Commencing for the Month in which the AFT-CL Service Agreement is effective, and for each Month thereafter unless otherwise specified in the applicable Service Agreement, Algonquin shall charge and Customer shall pay Algonquin the sum of the following amounts:
- (a) Reservation Charge: The charge per Month per Dth of Customer's MDTQ as specified in Customer's executed AFT-CL Service Agreement; plus
  - (b) Commodity Charge: The applicable commodity rate multiplied by the quantity of gas delivered in the Month under this rate schedule (excluding Authorized Overrun Quantities) at the Point(s) of Delivery; plus
  - (c) Authorized Overrun Charge: The applicable authorized overrun charge per Dth of Authorized Overrun Quantity delivered to Customer for the Month under this rate schedule; plus

- (d) Imbalance Resolution Charges: The applicable imbalance resolution charges assessed pursuant to Section 25 of the General Terms and Conditions; plus
- (e) Scheduling Penalties: The applicable scheduling penalties assessed pursuant to Section 23 of the General Terms and Conditions; plus
- (f) Unauthorized Contract Overrun Penalties: The applicable unauthorized contract overrun penalties assessed pursuant to Section 31 of the General Terms and Conditions; less
- (g) Revenue Credit: The revenue credit provided for in Section 41 of the General Terms and Conditions.

3.3 Customer Reimbursement. Customer shall, in addition to the charges referenced above, reimburse Algonquin for the following:

- (a) The costs of any facilities installed by Algonquin with Customer's consent to receive, measure, transport or deliver natural gas for the account of Customer; and
- (b) Any and all filing and approval fees required in connection with Customer's service agreement that Algonquin is obligated to pay to the FERC or any other governmental authority having jurisdiction.

Any reimbursement due Algonquin by Customer pursuant to this Section 3.3 shall be due and payable to Algonquin within ten days of the date of Algonquin's invoice(s) for same.

3.4 Reservation Charge Adjustment. The Reservation Charge Adjustment (as set forth in the Statement of Rates for Rate Schedule AFT-CL of Algonquin's FERC Gas Tariff, Volume No. 1, as such Statement of Rates may be revised, superseded or supplemented from time to time) shall be applied to the Reservation Charge hereunder pursuant to the provisions of Section 50 of the General Terms and Conditions.

4. NOMINATIONS AND SCHEDULING OF RECEIPTS AND DELIVERIES

4.1 Nominations and Scheduling. If Customer desires transportation of natural gas on any Day under this rate schedule, Customer shall provide a nomination to Algonquin in accordance with Section 22 of the General Terms and Conditions of this tariff. Based upon the nomination of Customer, Algonquin shall schedule receipts and deliveries of gas in accordance with Section 23 of the General Terms and Conditions. It is the responsibility of Customer to adjust its deliveries and receipts to conform to the scheduled quantities.

- 4.2 Delivery of Gas. Based upon the daily quantity scheduled, Algonquin shall make daily delivery of Customer's scheduled quantity. It is the intention of Algonquin that daily deliveries of gas at the Point(s) of Delivery by Algonquin hereunder shall be as nearly equal as possible to daily receipts of gas at the Point(s) of Receipt by Algonquin for transportation hereunder. Any excess or deficiency in such receipts and deliveries shall be resolved in accordance with Section 25 of the General Terms and Conditions of this tariff. Nothing in this rate schedule shall limit Algonquin's right to take actions pursuant to Section 26 of the General Terms and Conditions of this tariff.
- 4.3 Responsibility for Imbalances. Any imbalance resulting from transportation pursuant to this rate schedule on the Canal Lateral, Middletown Lateral, Cleary Lateral, Lake Road Lateral, Brayton Point Lateral, Bellingham Lateral, Phelps Dodge Lateral, Manchester Street Lateral, Cape Cod Lateral, Northeast Gateway Lateral, J-2 Facility, Kleen Energy Lateral, Salem Lateral, or West Roxbury Lateral, as applicable, shall be accounted for under the upstream transportation agreement(s) pursuant to which such gas was delivered to the inlet of the Canal Lateral, Middletown Lateral, Cleary Lateral, Lake Road Lateral, Brayton Point Lateral, Bellingham Lateral, Phelps Dodge Lateral, Manchester Street Lateral, Cape Cod Lateral, Northeast Gateway Lateral, J-2 Facility, Kleen Energy Lateral, Salem Lateral, or West Roxbury Lateral, as applicable. No imbalance resolution charges, unauthorized overrun penalties, or scheduling penalties shall be assessed under this rate schedule to the extent that Algonquin has assessed any such charges or penalties under another agreement with respect to the same gas or transaction.
- 4.4 Commingling of Gas. From the time the natural gas is received by Algonquin at the Point(s) of Receipt, Algonquin shall have the unqualified right to commingle such natural gas with other gas in Algonquin's system.

5. OTHER OPERATING CONDITIONS

Algonquin's obligation to provide service under this rate schedule is subject to the following conditions being satisfied:

- 5.1 Customer shall make all necessary arrangements with other parties at or upstream of the Point(s) of Receipt where Customer tenders gas to Algonquin for transportation, and at or downstream of the Point(s) of Delivery where Algonquin delivers gas for Customer's account, and such arrangements must be compatible with Algonquin's system operations.
- 5.2 Algonquin shall schedule receipts at a Secondary Point of Receipt or deliveries at a Secondary Point of Delivery pursuant to the provisions of Sections 48.2 and 48.3 of the General Terms and Conditions.

- 5.3 To the extent that any upstream entity involved in handling Customer's gas (other than Algonquin) refuses or is unable to deliver gas to Algonquin, Algonquin shall not be required to continue deliveries of gas on behalf of Customer. Prior to any reduction or interruption in service due to the failure of the upstream entity to deliver gas on behalf of Customer, Algonquin shall provide notice in a time and manner that is reasonable under then existing conditions. To the extent that any downstream entity involved in handling Customer's gas refuses or is unable to receive gas from Algonquin, Algonquin shall have the right to reduce deliveries of gas on behalf of Customer.

6. POINT(S) OF RECEIPT AND DELIVERY

6.1 Primary Points of Receipt:

- (A) The Primary Point(s) of Receipt at which Algonquin shall receive gas for transportation under this rate schedule shall be specified in an exhibit to the service agreement executed by Algonquin and Customer. Such exhibit shall specify for each Primary Point of Receipt the MDRO and receipt pressure obligations. Such exhibit by mutual written agreement may be superseded by a new exhibit which may add or delete specific points or make other changes thereto that the parties deem appropriate. Algonquin shall not accept any proposed Primary Point(s) of Receipt, or quantity at any Primary Point(s) of Receipt, or change in quantities among Primary Point(s) of Receipt if (a) the resulting aggregate MDROs at all of Customer's Primary Point(s) of Receipt would exceed Customer's MDTQ, except under such circumstances as specified in Section 37.1(a) of the General Terms and Conditions of this FERC Gas Tariff, or (b) in doing so, in Algonquin's reasonable judgment, Algonquin would impair its ability to satisfy its existing firm obligations to receive gas pursuant to other firm service agreements under which such Point(s) of Receipt are Primary Points of Receipt and to purchase and receive its Company Use Gas at maximum deliverability levels, as such Company Use Gas arrangements exist under agreements effective at the date of Customer's request or reasonably expected by Algonquin to be effective within six months of the request.
- (B) A Replacement Customer that acquired capacity pursuant to the capacity release mechanism set forth in Section 14 of the General Terms and Conditions of this tariff or a Releasing Customer that has released capacity pursuant to the capacity release mechanism set forth in Section 14 of the General Terms and Conditions of this tariff may request, subject to the availability of point and path capacity, any interconnection between the facilities of Algonquin and the facilities of other operators on the designated AFT-CL lateral for use as a Primary Point of Receipt in a

segmented transaction, provided, however, that Algonquin shall not accept any proposed Primary Point of Receipt to the extent that (a) the resulting aggregate contractual entitlements under the related releasing and replacement contracts along any segment would exceed the MDTQ of the original contract, or (b) the quantities transported along any segment to the Primary Points of Receipt under the resulting aggregate related releasing and replacement contracts would exceed the MDTQ of the original contract. In addition, a Replacement Customer may choose only those primary points along the lateral segment on which it contracts for transportation service under the replacement contract, as those lateral segments are set forth in the description of Secondary Points in Section 6.2 below. In the event that Replacement Customer selects a new Primary Point of Receipt that is located within the acquired contract path, the portion of the path no longer covered by that contract is deemed to be unsubscribed capacity that may be sold by Algonquin for the term of the capacity release agreement. Upon termination of the capacity release agreement, all capacity covered by the original release, including the original Primary Points of Receipt, shall revert to the Releasing Customer, and any Primary Points of Receipt granted during the term of the capacity release agreement shall revert to Algonquin as unsubscribed capacity.

- 6.2 Secondary Points of Receipt: Notwithstanding the foregoing, all interconnections between the Canal Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Canal Lateral, all interconnections between the Middletown Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Middletown Lateral, all interconnections between the Cleary Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Cleary Lateral, all interconnections between the Lake Road Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Lake Road Lateral, all interconnections between the Brayton Point Lateral facilities of Algonquin and the facilities of other operators including, but not limited to, the tap on the Algonquin G-1 System in Dighton, MA (M&R No. 80034) shall be available for use by Customer as Secondary Points of Receipt for service on the Brayton Point Lateral, all interconnections between the Bellingham Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Bellingham Lateral, all interconnections between the Phelps Dodge Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Phelps Dodge Lateral, all interconnections between the Manchester Street Lateral facilities of Algonquin and the facilities of other operators, including, but not limited to, the head of the G-12 Lateral (M&R No.

80070), shall be available for use by Customer as Secondary Points of Receipt for service on the Manchester Street Lateral, all interconnections between the Cape Cod Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Cape Cod Lateral, all interconnections between the Northeast Gateway Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Northeast Gateway Lateral, all interconnections between the J-2 Facility of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the J-2 Facility, all interconnections between the Kleen Energy Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Kleen Energy Lateral, all interconnections between the Salem Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the Salem Lateral, and all interconnections between the West Roxbury Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the West Roxbury Lateral. Such use of Secondary Points of Receipt is subject to and pursuant to Section 48.2 of the General Terms and Conditions of this FERC Gas Tariff.

6.3 Primary Points of Delivery:

- (A) The Primary Point(s) of Delivery at which Algonquin shall deliver gas for Customer's account under this rate schedule shall be specified in an exhibit to the service agreement executed by Algonquin and Customer. Such exhibit shall specify for each Point of Delivery the MDDO and delivery pressure obligations. Such exhibit by mutual agreement may be superseded by a new exhibit which may add or delete specific points or make other changes thereto that the parties deem appropriate. Algonquin shall not accept any proposed Primary Point(s) of Delivery, or quantity at any Primary Point(s) of Delivery, or change in quantities among Primary Point(s) of Delivery if the resulting aggregate MDDOs at all of Customer's Primary Point(s) of Delivery would exceed Customer's MDTQ, except under such circumstances as specified in Section 37.1(a) of the General Terms and Conditions of this FERC Gas Tariff.
- (B) A Replacement Customer that acquired capacity pursuant to the capacity release mechanism set forth in Section 14 of the General Terms and Conditions of this tariff or a Releasing Customer that has released capacity pursuant to the capacity release mechanism set forth in Section 14 of the General Terms and Conditions of this tariff may request, subject to the availability of point and path capacity, any interconnection between the facilities of Algonquin and the facilities of other operators on the designated AFT-CL lateral for use as a Primary Point of Delivery in a

segmented transaction, provided, however, that Algonquin shall not accept any proposed Primary Point of Delivery to the extent that (a) the resulting aggregate contractual entitlements under the related releasing and replacement contracts along any segment would exceed the MDTQ of the original contract, or (b) the quantities transported along any segment to the Primary Points of Delivery under the resulting aggregate related releasing and replacement contracts would exceed the MDTQ of the original contract. In addition, a Replacement Customer may choose only those primary points along the lateral segment on which it contracts for transportation service under the replacement contract, as those lateral segments are set forth in the description of Secondary Points in Section 6.4 below. In the event that Replacement Customer selects a new Primary Point of Delivery that is located within the acquired contract path, the portion of the path no longer covered by that contract is deemed to be unsubscribed capacity that may be sold by Algonquin for the term of the capacity release agreement. Upon termination of the capacity release agreement, all capacity covered by the original release, including the original Primary Points of Delivery, shall revert to the Releasing Customer, and any Primary Points of Delivery granted during the term of the capacity release agreement shall revert to Algonquin as unsubscribed capacity.

- 6.4 Secondary Points of Delivery: Notwithstanding the foregoing, all interconnections between the Canal Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Canal Lateral, all interconnections between the Middletown facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Middletown Lateral, all interconnections between the Cleary Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Cleary Lateral, all interconnections between the Lake Road Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Lake Road Lateral, all interconnections between the Brayton Point Lateral facilities of Algonquin and the facilities of other operators including, but not limited to, the tap on the Algonquin G-1 System in Dighton, MA (M&R 80034) shall be available for use by Customer as Secondary Points of Delivery for service on the Brayton Point Lateral, all interconnections between the Bellingham Lateral facilities of Algonquin and facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Bellingham Lateral, all interconnections between the Phelps Dodge Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Phelps Dodge Lateral, all interconnections between the Manchester Street Lateral facilities of Algonquin and the facilities of other

operators, including, but not limited to, the head of the G-12 Lateral (M&R No. 80070), shall be available for use by Customer as Secondary Points of Delivery for service on the Manchester Street Lateral, all interconnections between the Cape Cod Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Cape Cod Lateral, all interconnections between the Northeast Gateway Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Northeast Gateway Lateral, all interconnections between the J-2 Facility of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Receipt for service on the J-2 Facility, all interconnections between the Kleen Energy Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Kleen Energy Lateral, all interconnections between the Salem Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points of Delivery for service on the Salem Lateral, and all interconnections between the West Roxbury Lateral facilities of Algonquin and the facilities of other operators shall be available for use by Customer as Secondary Points and Delivery for service on the West Roxbury Lateral. Such use of Secondary Points of Delivery is subject to and pursuant to Section 48.2 of the General Terms and Conditions of this FERC Gas Tariff.

7. GENERAL TERMS AND CONDITIONS

The applicable General Terms and Conditions of this FERC Gas Tariff are hereby made a part of this rate schedule.

## 46. NEGOTIATED RATES

Algonquin and Customer may mutually agree on a Negotiated Rate or rate formula with respect to rates, rate components, charges, or credits differing from the otherwise applicable tariff rate under Rate Schedules AFT-E, AFT-ES, AFT-1, AFT-1S, AIT-1, TTT, AFT-CL, PAL and/or AIT-2.

### 46.1 Definition

A Negotiated Rate may be less than, equal to, or greater than the maximum Recourse Rate and/or the minimum rate; may be a rate design other than the straight fixed-variable; and may include a minimum quantity. The Recourse Rates will be available to any Customer that does not wish to negotiate a rate.

### 46.2 Limitations

This Section 46 does not authorize the negotiation of terms and conditions of service.

### 46.3 Bidding for Capacity

The cap for bidding for capacity under the right of first refusal provisions of this tariff is the maximum Recourse Rate.

### 46.4 Capacity Release

- (A) Except as expressly provided for in Section 14 of the General Terms and Conditions, the release of capacity under a Negotiated Rate agreement is capped at the maximum Recourse Rate; provided, however, the Negotiated Rate Customer will continue to be obligated to pay Algonquin the difference by which the Negotiated Rate exceeds the rate paid by the Replacement Customer. Algonquin and a Negotiated Rate Customer may agree upon payment obligations and crediting mechanisms, which vary from or are different from those set forth in Algonquin's capacity release provisions.
- (B) To the extent that Algonquin agrees to a Negotiated Rate applicable to usage and/or fuel charges, Algonquin will consider, if requested by the Negotiated Rate Customer, and may agree with the Negotiated Rate Customer, on a not unduly discriminatory basis, to the terms and conditions pursuant to which Algonquin will offer such Negotiated Rate(s) to Replacement Customer(s). This agreement to flow through the Negotiated Rates for usage and/or fuel charges to a Replacement Customer will be documented as set forth in Section 46.7(A) below.

- (C) Any potential Replacement Customer that desires to acquire capacity on a temporary basis pursuant to Section 14 of the General Terms and Conditions may request via the LINK® System to pay the usage and/or fuel charges pursuant to Algonquin's recourse rates or pursuant to Customer's Negotiated Rate. Algonquin shall grant the request to pay Customer's Negotiated Rate ("Request") if Algonquin determines, in a not unduly discriminatory manner, that Replacement Customer is similarly situated to Customer; provided however, any Replacement Customer acquiring capacity on a temporary basis under a service agreement for which Algonquin and Customer have agreed to the automatic pass-through of the Negotiated Rate pursuant to Section 46.4(B) above will be deemed to be similarly situated to Customer and Algonquin will be deemed to have granted the Request. In the event that Algonquin grants the Request and the potential Replacement Customer's bid is the winning bid, the potential Replacement Customer's Request will serve as its execution of the Negotiated Rate agreement and Algonquin's award of the bid via the LINK® System will serve as Algonquin's execution of the Negotiated Rate agreement for such Negotiated Rates and such agreement will be documented as set forth in Section 46.7(B) below. If Algonquin denies such Request or if the potential Replacement Customer does not request such negotiated rates, Algonquin's recourse rates shall be applicable to any capacity awarded to such potential Replacement Customer. If Algonquin denies such Request, Algonquin shall notify the potential Replacement Customer via email of the reason(s) for the denial of the Request.

46.5 Accounting Treatment

Algonquin will establish a new sub-account to record the revenues received from any Negotiated Rate transactions and shall maintain supporting information at a level of detail that would be sufficient for Natural Gas Act Section 4 rate change filing purposes. Algonquin will keep separate and identifiable each volume transported, billing determinant, rate component, surcharge, and revenue associated with a Negotiated Rate to permit filings in the form of Statements G, I, and J in future rate proceedings.

46.6 Filing Requirement

Algonquin will file a Statement of Negotiated Rates prior to the commencement of service under a Negotiated Rate agreement or, for those Negotiated Rate agreements between Algonquin and a Replacement Customer that incorporate a Negotiated Rate for usage and/or fuel charges flowed through to the Replacement Customer pursuant to Section 46.4(C), as soon as reasonably practicable following the award of the capacity to the Replacement Customer pursuant to Section 14.6 of the General Terms and Conditions. The Statement of Negotiated

Rates will reflect the Customer's exact legal name, rate schedule, Negotiated Rate, the term of the Negotiated Rate, quantities, points of receipt and delivery to which the Negotiated Rate applies, the exact formula underlying a Negotiated Rate for any Negotiated Rate agreement, and any other rate-related terms that apply to the Negotiated Rate. Such Statement of Negotiated Rates also affirms that actual Negotiated Rate agreements do not deviate in any material respect from the form of service agreements.

46.7 Documentation

- (A) With the exception of Negotiated Rates agreed upon pursuant to Section 46.4(C) above that are applicable to a temporary release of capacity, any Negotiated Rate agreed to by Algonquin and Customer pursuant to this Section 46 shall be implemented by Algonquin's completion of a pro forma Statement of Negotiated Rates with the applicable Negotiated Rate-related provisions as described in Section 46.6 herein. Algonquin shall tender such pro forma Statement of Negotiated Rates to Customer together with a transmittal letter for counter-execution by Customer, which transmittal letter shall have the sole purpose of memorializing Algonquin's and Customer's mutual agreement to the rate-related provisions reflected on such attached pro forma Statement of Negotiated Rates. After execution by both Algonquin and Customer, Algonquin shall file a Statement of Negotiated Rates with the Commission which shall contain rate-related provisions identical to the rate-related provisions reflected on the pro forma Statement of Negotiated Rates agreed to by Algonquin and Customer.
- (B) Upon the completion of the capacity release process set forth in Section 14 of the General Terms and Conditions and the award of capacity on a temporary basis to Replacement Customer(s), any Negotiated Rates agreed upon and executed pursuant to Section 46.4(C) above shall be documented by Algonquin in a Statement of Negotiated Rates filed with the Commission and provided to the Replacement Customer(s).

46.8 Effective Date of Negotiated Rate

Any Negotiated Rate agreed to pursuant to this Section 46 shall become effective only after acceptance by the Commission; prior to such date the rate applicable to any such service shall be the maximum Recourse Rate.

46.9 Effect of Negotiated Rate

Customer, by agreeing to a Negotiated Rate, acknowledges that the otherwise generally applicable maximum Recourse Rate(s) shall not apply or be available to Customer for service under the applicable Service Agreement during the period

for which the Negotiated Rate is effective, notwithstanding any adjustment to such generally applicable maximum Recourse Rate(s) which may become effective during the period for which the Negotiated Rate is effective. If, at any time during the period for which the Negotiated Rate is effective, Algonquin is collecting its effective maximum Recourse Rate(s) subject to refund under Section 4 of the Natural Gas Act, Algonquin shall have no refund obligation to Customer even if the final maximum Recourse Rate(s) are reduced to a level below the Negotiated Rate. Customer's right to receive credits relating to Algonquin's penalty revenue or other similar revenue, if any, applicable to service on Algonquin's system shall be governed by Algonquin's FERC Gas Tariff and any applicable Commission orders and/or regulations.

## STATEMENT OF NEGOTIATED RATES 1/2/3/4

Customer Name: The Narragansett Electric Company d/b/a National Grid

Service Agreement: 510985

Term of Negotiated Rate: The term of this negotiated rate commences on the Service Commencement Date (as defined in the Precedent Agreement between Pipeline and Customer) of Contract No. 510985 and continues for the Primary Term (as such term is defined in the Precedent Agreement and Contract No. 510985).

Rate Schedule: AFT-CL (MANCHESTER STREET LATERAL)

MDTQ: 96,000 Dth/d

Reservation Rate: Customer shall pay a negotiated reservation rate of \$2.7375 per Dth, per month of Customer's MDTQ under Contract No. 510985 during the Primary Term thereof.

Commodity Charge and Other Charges: 4/

Primary Receipt Point: Meter No. 80070

Primary Delivery Point: Meter No. 00842

Recourse Rate(s): The Recourse Rate(s) applicable to this service is the applicable maximum rate(s) stated on Pipeline's Statement of Rates for Rate Schedule AFT-CL for the Manchester Street Lateral at the applicable time.

### FOOTNOTES:

1/ This negotiated rate transaction does not deviate in any material respect from the form of service agreement set forth in Pipeline's FERC Gas Tariff.

2/ This Negotiated Rate shall apply only to transportation service under Contract No. 510985, up to Customer's specified MDTQ, using the Primary Receipt Point and Primary Delivery Points designated herein, and any secondary receipt and delivery points available under Rate Schedule AFT-CL (MANCHESTER STREET LATERAL).

3/ Pipeline and Customer agree that Contract No. 510985 is a ROFR Agreement.

4/ Customer shall pay: (i) a commodity charge which shall be zero for the quantity of gas, in Dekatherms, delivered during the applicable Day under Pipeline's Rate Schedule AFT-CL for the Project; (ii) the applicable Fuel Reimbursement Quantity under Pipeline's Rate Schedule AFT-1 for the Project; (iii) the applicable Annual Charge Adjustment and all other

charges and surcharges applicable to Rate Schedule AFT-CL (MANCHESTER STREET LATERAL) for the Project; and (iv) any future surcharge or additional usage charge pursuant to any FERC-approved cost recovery mechanism of general applicability implemented in a generic proceeding or in a Pipeline specific proceeding, which mechanism recovers cost components not reflected in Pipeline's initial recourse rate(s) applicable to service under Pipeline's Rate Schedule AFT-CL (MANCHESTER STREET LATERAL) for the Project.

Division 1-8

Request:

Re: Witness Culliford's Direct Testimony at page 12 of 17, line 9, through page 13 of 17, line 3, please:

- a. Identify each area within the Company's distribution system in Rhode Island for which gas delivered through the Crary Street Gate Station will not provide system pressure support;
- b. For each area of the Company's distribution system identified in response to part a. of this request, document and explain the manner in which system pressure support will be provided;
- c. Explain the role of LNG boil-off with respect to the maintenance of system pressure during non-peak periods and how the commencement of gas flows through the Crary Street Gate Station alters that role.

Response:

- a. The following table below lists all subsystems within the Company's distribution system in Rhode Island for which gas delivered through the Crary Street Gate Station will not provide system pressure support:

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4719  
In Re: 2017 Annual Gas Cost Recovery Filing  
Responses to Division's First Set of Data Requests  
Issued on September 15, 2017

Division 1-8, page 2

<i>Downstream System</i>
Bristol LP
Bristol Warren 8#
Burrillville 99#
Cannon St 35#
Cranston 200#
Cranston/Prov 7#
Cumberland 60#
Dominion Energy 350#
East Providence 25#
East Providence 35#
East Providence 5#
East Providence LP
East Shore 25#
East Shore 99#
Gibson LP
Johnston 35#
Lincoln/Manville LP
Middleton LP
N. Kingstown Frenchtown Rd. 35#
Newport 10#
Newport 35#
Newport LP
Pawtucket Intermediate 18#
Quinn LP
Riverside LP
S. East Providence 35#
Scenary Ln Johnston 35#
Warren LP
West Shore 35#
Westerly LP
WhiteHall Corey 25#
Woonsocket 8#
Woonsocket LP
Woonsocket/Newland Ave LP

Division 1-8, page 3

- b. The following table lists all supply sources in the Company's distribution system that will provide system pressure support to the subsystems identified in the Company's response to Division 1-8(a):

<i>Supply Source</i>
Exeter LNG Facility
Bristol Warren Take Station
Burrillville Take Station
Cranston Take Station
Dey Street Take Station
Diamond Hill Take Station
Lincoln Take Station
Portsmouth Take Station
Scott Road Take Station
Smithfield Take Station
Tiverton Take Station
Wampanoag Take Station
Westerly Take Station
Yankee Interconnect

- c. Boil-off from the LNG plant in Providence is discharged into The Narragansett Electric Company's (referred to in this response as Narragansett Electric) distribution system each hour of each day. The volumes of LNG boil-off delivered are accounted for and charged against each of the three companies holding inventory in the Providence LNG tank. The amount for each company is calculated based on each company's allocated inventory. The LNG boil-off deliveries into the distribution system average approximately 1,500 MMBTU per day and have no measurable effect on distribution system pressures. Therefore, the commencement of gas flows through the Crary Street Gate Station will have no measurable impact on the Narragansett distribution system due to boil-off from the Providence LNG plant.

**Redacted**  
Division 1-9

Request:

Re: Witness Culliford's Direct Testimony at page 14 of 17, lines 1-13, please:

- a. Provide the cost per Dth of Millennium Project capacity for which the Company has contracted;
- b. Provide a complete copy of the agreement through which the Company has contracted for Millennium Project capacity;
- c. Provide full documentation of the Company's assessment of the economics of the contracted Millennium Project capacity for which it has contracted, and explain how delays in the completion of that project impact the economics of that project for the Company;
- d. Identify any and all existing pipeline or storage capacity contracts currently included in the Company's capacity resources that the Millennium Project capacity is intended to displace;
- e. Identify any and all opportunities available to the Company to withdrawal from the Millennium Project if completion of that project is further delayed.

Response:

- a. The rate for the Expansion Facilities is ████████ dekatherms (Dth) per day, subject to adjustment either upward or downward based on actual costs. In no event will the rate exceed ████████ Dth per day, which is the current maximum rate for service on the Millennium pipeline.
- b. Please see Attachment DIV 1-9 (b) for the agreement that the Company has for the Millennium Eastern System Upgrade Project (Millennium Project).
- c. The Company's response to the Division of Public Utilities and Carriers' data request Division 2-13 in Docket No. 4647 provides the full documentation of the Company's assessment of the economics of the contracted Millennium Project. That response is provided herein as Attachment DIV 1-9 (c).

Division 1-9, page 2

- d. The Millennium Project is not intended to displace any of the Company's capacity resources currently in its portfolio. In 2013, the Company subscribed to the Algonquin Incremental Market (AIM) Project with a receipt point of Ramapo New York, which is the interconnect between the Algonquin and Millennium pipelines.
- e. Under the precedent agreement for the Millennium Project, the Company has the right to terminate the agreement without liability if the Millennium Project is not in-service by November 1, 2020.

**PRECEDENT AGREEMENT**

This Precedent Agreement ("Precedent Agreement") is made and entered into effective as of the 30th day of March 2015, by and between MILLENNIUM PIPELINE COMPANY, L.L.C., a Delaware limited liability company ("Millennium"), and The Narragansett Electric Company d/b/a National Grid ("Shipper"). Millennium and Shipper may each be referred to herein individually as a "Party," and collectively as the "Parties."

**WHEREAS**, Millennium is the owner and operator of an interstate natural gas transmission pipeline extending from an interconnect with the pipeline facilities of National Fuel Gas Supply Corporation in Independence, New York to the pipeline facilities of Algonquin Gas Transmission, LLC ("AGT") in Ramapo, New York;

**WHEREAS**, Millennium plans to expand its existing pipeline facilities to transport incremental natural gas to AGT at Ramapo, New York ("Expansion Facilities");

**WHEREAS**, Shipper desires to purchase firm natural gas transportation service under Millennium's Rate Schedule FT-1 that will utilize Millennium's existing mainline and the Expansion Facilities;

**WHEREAS**, Millennium plans to file an application with the Federal Energy Regulatory Commission ("FERC") for a certificate of public convenience and necessity authorizing Millennium to construct, own and operate the Expansion Facilities and to provide firm transportation services pursuant to the provisions of its FERC Gas Tariff ("Tariff"); and

**WHEREAS**, Millennium and Shipper now desire to enter into this binding Precedent Agreement to set forth the terms and conditions under which the Parties will commit to enter into a transportation services agreement under Rate Schedule FT-1 of Millennium's FERC Gas Tariff ("TSA") providing for the firm transportation service contemplated herein.



**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, Millennium and Shipper agree as follows:

1. Commitment of Parties. This Precedent Agreement is intended to memorialize the terms and conditions pursuant to which Shipper will commit to purchase, and Millennium will commit to perform firm transportation services for Shipper, pursuant to a TSA substantially in the form attached hereto as Attachment A in the quantities and at the receipt and delivery points specified in Exhibit A to such TSA. Among other things, such TSA will provide for firm service at the rates set forth in Section 7 below. To the extent not otherwise addressed herein, the terms and conditions applicable to the firm transportation service contemplated in this Precedent Agreement will be as set forth in the TSA or in the provisions of Millennium's FERC Gas Tariff in effect from time to time, including for the period prior to Shipper's execution of the TSA as if Shipper were already a "Shipper" as that term is defined in Millennium's FERC Gas Tariff.

2. Regulatory And Other Approvals.

(a) Subject to the terms and conditions set forth herein, including satisfaction or waiver of the conditions precedent set forth in Section 9(a), Millennium agrees to exercise commercially reasonable efforts to seek the contractual and property rights, financing arrangements, and regulatory approvals, including all authorizations under the Natural Gas Act ("NGA") (such authorizations under the NGA herein referred to as the "FERC Authorizations"), and all other federal, state, and local governmental approvals as may be necessary, to authorize Millennium to construct, own, operate and maintain the *Expansion Facilities for the purpose of providing the natural gas transportation service contemplated under this Precedent Agreement on behalf of Shipper.* Millennium reserves the right to file and prosecute applications for any such

required authorizations, any supplement or amendment to an application, and any court review as it deems in its best interests.

(b) Shipper agrees to use commercially reasonable efforts to cooperate in, and provide reasonable support for, Millennium's preparation and filing of all necessary applications for authorizations and with regard to Millennium's negotiation and execution of all financial or other contractual arrangements necessary for the construction and operation of the Expansion Facilities to the extent such applications are consistent with the terms of this Agreement. Shipper will use commercially reasonable efforts to further provide in a timely manner to Millennium such information as may be required in support of such applications or as may be required for any such financial or contractual arrangements. Shipper's required support pursuant to this Section 2(b) will include, but not be limited to commercially reasonable efforts regarding the following:

- 1) Providing information to support Millennium's FERC application and responding to FERC data requests;
- 2) Providing information to support applications filed with and responses to data requests received from environmental agencies and other governmental agencies from whom permits are required;
- 3) Executing a consent in the form attached as Attachment B; and
- 4) Providing information and using commercially reasonable efforts to negotiate a consent and agreement associated with Millennium's financing of the Expansion Facilities.

(c) Authorizations. Within thirty (30) days of Millennium's receipt of the FERC Authorizations, Millennium will notify Shipper of Millennium's decisions: (a) to accept, reject,

or request rehearing of the FERC Authorizations; and (b) whether or not it elects to proceed with the construction of the Expansion Facilities. If Millennium requests rehearing of the FERC Authorizations, then Millennium will have an additional thirty (30) days from receipt of the FERC order on rehearing to notify Shipper of such decisions.

3. Commitment to Execute TSA. No later than thirty (30) days after Millennium's notice to Shipper pursuant to Section 2(c), above, that it has elected to proceed with the construction of the Expansion Facilities, and subject to the terms and conditions of this Precedent Agreement, including satisfaction or waiver by Millennium of all of its conditions precedent set forth in Section 9(a), other than the ones in Section 9(a)(2),(5) and (6), Millennium will execute and deliver to Shipper a TSA substantially in the form appended to this Agreement as Attachment A. Within ten (10) days thereafter, Shipper will, subject to the terms and conditions of this Precedent Agreement, including satisfaction or waiver by the Shipper of all of its conditions precedent set forth in Section 9(b), other than the ones in Section 9(b)(3) and (5), return to Millennium the executed TSA signed by Shipper. If necessary, Millennium will file the executed TSA with the FERC.

4. In-Service Date. Millennium will undertake good faith, commercially reasonable efforts to place the Expansion Facilities in service by November 1, 2017, provided, however, under no circumstances whatsoever will Millennium be liable to Shipper if such in-service date has not occurred by then. For the purposes of this Agreement, the "In-service Date" of the Expansion Facilities will be the date when all of the Expansion Facilities have been constructed and placed into service so that Millennium is physically able to accept and schedule nominations for and to provide the transportation service described in the TSA.

5. Interim Service. For any period prior to the In-service Date during which Millennium is able to make firm transportation service available using part or all of the Expansion Facilities capacity, Millennium will inform Shipper of such interim service availability and Shipper may in response request that Millennium provide firm transportation service ("Interim Service") at mutually agreed to rates not to exceed the 100 percent load factor equivalent of the rate set forth in this Agreement, from such receipt point(s) as requested by Shipper to any operational interconnects available at such time. Millennium will offer such interim service first to Shipper and other Anchor Shippers for the Expansion Facilities proportionately based on each Anchor Shipper's Transportation Demand under its respective TSA and at the rate set forth in each Anchor Shipper's TSA prior to making such capacity generally available and, if necessary will use commercially reasonable efforts to obtain any FERC authorizations to make such offers in the manner specified in this Section.

6. Capacity Reductions. Millennium will have the right to reduce the Transportation Demand specified in Exhibit A to the attached TSA or to terminate this Precedent Agreement to the extent such reduction or termination is necessary to comply with Millennium's FERC Gas Tariff or to comply with any FERC regulation, requirement, directive or order. Millennium intends to conduct an open season for that portion of the capacity that has not been fully subscribed by the shippers identified in Section 9(a)(7). Under Millennium's FERC Gas Tariff it must award capacity based on the net present value of the bids. Therefore, Millennium may award capacity to bidders in the open season whose net present value is greater than that offered by the shippers identified in Section 9(a)(7). After the open season is concluded any further reductions in capacity must be pro rata among all shippers who have subscribed for capacity to support the Expansion Facilities. If capacity reductions are deemed necessary, Millennium and

Shipper will have no liability or payment obligation whatsoever with respect to the amount by which Shipper's Transportation Demand is reduced or terminated pursuant to this Section 6.

7. Commercial Terms of the TSA.

(a) Term. Transportation service and payment of reservation charges under the TSA will commence on the later of November 1, 2017 and the In-service Date of the Expansion Facilities (the "Commencement Date") and will continue for an initial term ending fifteen (15) years from the Commencement Date; provided that Millennium and Shipper may mutually agree, in writing, to commence service prior to the Commencement Date, on an interim basis, pursuant to section 5 above. Should the In-Service Date of the Expansion Facilities occur after November 1, 2017, then the Commencement Date will be the In-Service Date of the Expansion Facilities, unless such date falls between February 1 and July 1 of a year, in which case the Commencement Date will be July 1 of the year in which the In-Service Date of the Expansion Facilities occurs.

(b) Rates. [REDACTED]

[REDACTED]

(c) [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(d) Applicability of Reservation Rate. [REDACTED]

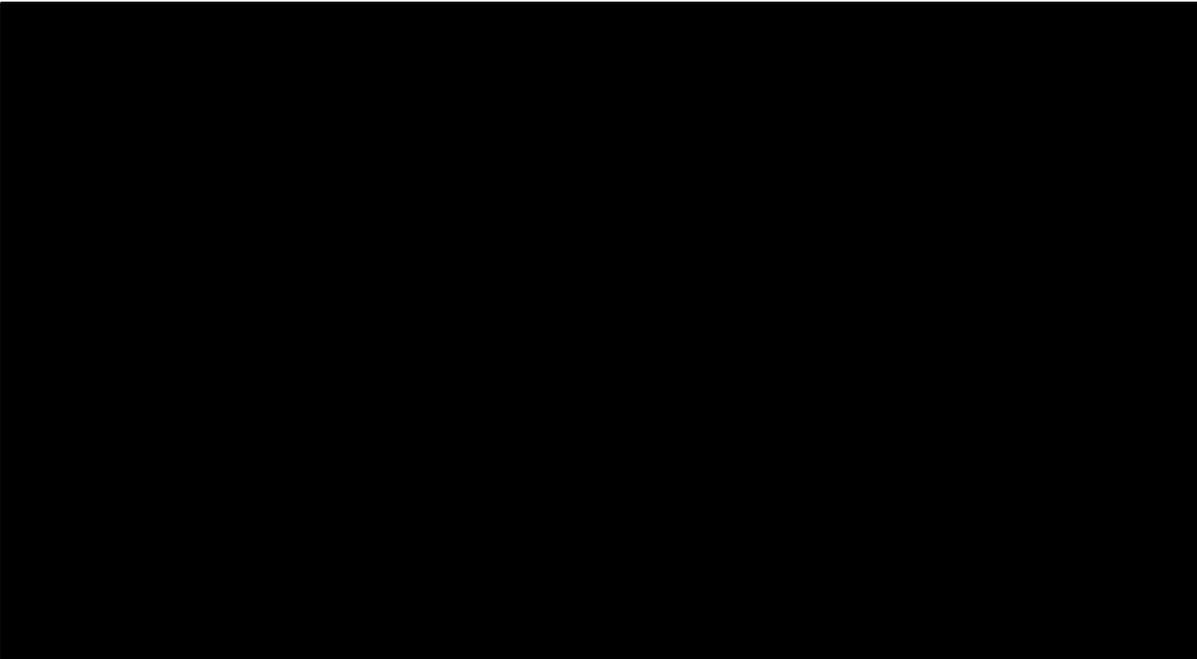
[REDACTED]



(e) Retainage. Retainage will also be assessed on the receipt volumes tendered for transportation by Shipper as provided for in Millennium's FERC Gas Tariff from time to time.

(f) Maximum Daily Delivered Quantity ("MDQ"). Shipper's MDQ under the TSA for the initial term shall be 9,000 dth/day, with a Primary Receipt Point at Coming/Empire and a Primary Delivery Point at Ramapo/AGT.

(g) Right to Extend.



(h) Right of First Refusal. At the expiration of the initial term if Shipper does not exercise its renewal right under Section 7(g) above, and at the end of the renewal term of the TSA, Shipper will have a contractual right of first refusal equivalent to that given long term shippers paying the maximum recourse rate under Millennium's FERC Gas Tariff. Shipper will

continue to have a right of first refusal under any subsequent contract consistent with Millennium's FERC Gas Tariff.

8. Credit Support. As of the date of this Agreement, Millennium acknowledges and agrees Shipper is deemed Creditworthy and is not required to provide any credit assurance to Millennium.

(a) Creditworthiness Standard. For purposes herein, Shipper will be considered Creditworthy if Shipper: (i) has and continues to maintain a long-term senior, or in the absence of a long-term senior, unsecured debt rating, a local long-term issuer rating, or issuer rating, as applicable, from (a) Moody's Investors Service, Inc. ("Moody's") of Baa3 with stable outlook or higher, and (b) Standard & Poor's ("S&P") of BBB- with stable outlook or higher. Millennium and Shipper may mutually agree to use a rating from another nationally recognized rating agency in the event ratings from Moody's or S&P as contemplated herein are no longer available. If at any time and from time to time during the effectiveness of this Precedent Agreement or the TSA, Millennium determines that Shipper is no longer Creditworthy, then Shipper will provide, or cause to be provided either a guaranty ("Guaranty") or a letter of credit ("Letter of Credit") in accordance with Sections 8(b) or 8(c) as applicable.

(b) Guaranty. If Shipper fails to meet the requirements of Section 8(a) and Shipper elects to provide a Guaranty to satisfy its obligations, such Guaranty shall be issued by Shipper's parent company or by a third party (a "Guarantor"), provided such Guarantor is Creditworthy and Guarantor remains Creditworthy for so long as it guarantees Shipper's payment obligations. The Guaranty shall: (i) guarantee all payment obligations of Shipper under this Precedent Agreement and the TSA, (ii) remain in effect until Shipper regains the Creditworthy status, and (iii) be in a form acceptable to Millennium.

(c) Letter of Credit. If at any time and from time to time during the effectiveness of this Precedent Agreement or the TSA, Shipper or its Guarantor fails to meet the requirements of Section 8(a) and Shipper elects to provide a Letter of Credit to satisfy its obligations, Shipper shall provide, or cause to be provided, at its sole cost, a standby irrevocable Letter of Credit from a Qualified Financial Institution. For purposes herein, a "Qualified Financial Institution" shall mean a major U.S. commercial bank, or the U.S. branch offices of a foreign bank, which is not the Shipper or Shipper's Guarantor (or a subsidiary or affiliate of the Shipper or Shipper's Guarantor) and which has assets of at least \$10 billion dollars and a credit rating of at least "A-" by S&P and at least "A3" by Moody's. The Letter of Credit shall: (i) remain in effect until the earlier of (A) the end of the initial term of the TSA, or (B) until Shipper is Creditworthy, (ii) be in a form acceptable to Millennium, and (iii) be in an amount as set forth in the next sentence of this Section 8(c) or the reservation charges for the remaining term of the TSA, whichever is less. If Shipper (or Shipper's Guarantor, if applicable) is no longer Creditworthy but its highest long-term senior, unsecured debt rating, or in the absence of a long-term senior, unsecured debt rating, a local long-term issuer rating, or issuer rating, as applicable is not more than one rating lower than the rating required in Section 8(a), then the Letter of Credit will be in an amount equal to 12 months of reservation charges under the TSA. If Shipper (or Shipper's Guarantor, if applicable) is no longer Creditworthy but its highest long-term senior, unsecured debt rating, or in the absence of a long-term senior, unsecured debt rating, a local long-term issuer rating, or issuer rating, as applicable is more than one rating lower than the rating required in Section 8(a), then the Letter of Credit will be in an amount equal to 24 months of reservation charges under the TSA.

(d) **Continuing Obligation.** The credit support provided to Millennium in this Section 8 shall continue in effect until full and irrevocable payment of all outstanding balances and charges under the Precedent Agreement and the initial term of the TSA have been made.

(e) **Millennium Notification.** If at any time during the effectiveness of this Precedent Agreement and the TSA, Millennium determines that Shipper is not satisfying the requirements in this Section 8, Millennium shall notify Shipper in writing, and Shipper shall satisfy, or cause to be satisfied, such requirement(s) as soon as reasonably practicable, but in no event later than the close of the fifth (5th) business day following receipt of such notice from Millennium. If Shipper elects to provide a Letter of Credit pursuant to Section 8(c), Millennium will accept from Shipper a cash deposit on or before such fifth (5th) business day until such time as Shipper causes such Letter of Credit to be issued, provided that such Letter of Credit shall be issued no later than the close of the fifteenth (15th) business day.

(f) **Failure to Comply.** The failure of Shipper to timely satisfy or maintain the requirements set forth in this Section 8 shall in no way relieve Shipper or Millennium of their respective obligations under this Precedent Agreement and the TSA, nor shall it affect Millennium's right to seek damages or performance under this Precedent Agreement and the TSA related to Shipper's failure to timely satisfy or maintain such requirements. Further, in the event of such failure, Millennium shall have the right, but not the obligation, to suspend or terminate performance under this Precedent Agreement, or to terminate this Precedent Agreement, upon ten (10) days prior written notice by Millennium following the fifth (5th) business day notice period set forth in Section 8(e).

(g) **Term of Credit Provisions and Survival.** This Section 8 shall survive the termination of this Precedent Agreement and shall remain in effect until all payment obligations

under this Precedent Agreement, and all payment obligations through the end of the initial term of the TSA, have been satisfied in full. If the TSA remains in effect after the end of the initial term, then Shipper shall be responsible for complying with the applicable credit provisions under Millennium's FERC Gas Tariff in effect at such time.

9. Conditions Precedent.

(a) Notwithstanding anything contained in this Precedent Agreement to the contrary, the performance by Millennium of its obligations under this Precedent Agreement, including but not limited to any obligation to commence or continue at any time the acquisition of pipe, compressors and materials, the acquisition of rights-of-way, the construction of the Expansion Facilities, or the conduct of any other activity involving either the commitment or actual expenditure of funds by Millennium that may be required to construct the Expansion Facilities, or to execute the TSA or to provide any transportation service for Shipper, will not arise unless each of the following conditions precedent is satisfied or waived in writing by Millennium:

1) receipt and acceptance by Millennium of the FERC Authorizations, in form and substance satisfactory to Millennium in its sole judgment, as may be necessary to construct, own, operate and maintain the Expansion Facilities for the purpose of providing the natural gas transportation service as contemplated under this Precedent Agreement;

2) receipt and acceptance by Millennium of all other material regulatory approvals, other than the FERC Authorizations, such as environmental permits, and all other federal, state, and local authorizations in form and substance satisfactory to Millennium in its sole judgment, as may be necessary to construct, own, operate and

maintain the Expansion Facilities for the purpose of providing the natural gas transportation service as contemplated under this Precedent Agreement;

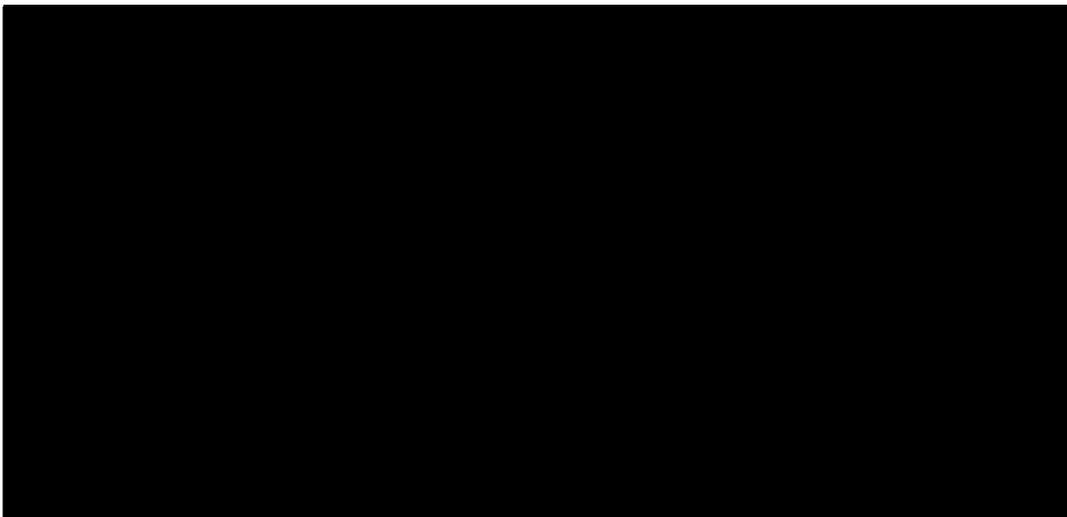
3) the receipt by Millennium of all approvals and authorizations from the Board of Managers of Millennium that are necessary to bind Millennium to the terms of this Precedent Agreement by July 31, 2015;

4) execution by Shipper of the TSA;

5) completion of construction and satisfactorily placing the Expansion Facilities in service to enable Millennium to render transportation service for Shipper pursuant to the TSA;

6) Shipper's execution of credit assurance instruments and subsequent maintenance of satisfactory credit assurance pursuant to Section 8 to the extent required by that Section; and

7) 



(b) Notwithstanding anything contained in this Precedent Agreement to the contrary, the performance by Shipper of its obligations under this Precedent Agreement, including but not

limited to its obligation to execute the TSA or its obligations under Section 2(b), above, will be subject to the following conditions precedent:

- 1) receipt by Shipper, by no later than the date that is nine months after the execution of this Precedent Agreement or an alternate date, as agreed upon by Millennium and Shipper, of all approvals and authorizations from the Board of Directors (or other supervisory body), and state regulators of Shipper that are necessary to bind Shipper to the terms of this Precedent Agreement;
- 2) receipt by November 1, 2015 by AGT of a certificate of convenience and necessity from FERC in Docket Number CP14-96;
- 3) AGT expansion from Ramapo in FERC Docket Number CP14-96 going into service prior to Millennium's In-Service Date;
- 4) execution of the TSA by the Transporter; and
- 5) occurrence of the In-Service Date by November 1, 2020, subject to a day by day extension for each day after November 1, 2017 that the AGT expansion in FERC Docket Number CP14-96 goes into service.

(c) Each Party will provide the other Party with written notice of its satisfaction of, or failure to satisfy, the above conditions precedent, as applicable, within five (5) days of such event, except that Millennium will not be required to provide additional notice under this subsection (c) in the event it has informed Shipper of its acceptance of the FERC Authorizations under Section 2(c). Unless otherwise provided for herein, the FERC Authorizations contemplated in Paragraph 2 of this Precedent Agreement and otherwise associated with the firm transportation service contemplated by this Precedent Agreement must be issued in form and substance reasonably satisfactory to both Parties hereto. Millennium shall provide written notice

to Shipper not later than ten (10) days after issuance of any of FERC Authorizations. For purposes of this Precedent Agreement, the authorizations required by Section 9(a)(1) and (2) shall be deemed satisfactory to Shipper unless such authorizations materially and adversely alter the rights or obligations of Shipper under this Precedent Agreement or the TSA.

10. Termination.

(a) Notwithstanding anything herein to the contrary, Millennium will have the right to terminate this Precedent Agreement in the event that either of the following occurs:

1) if any condition precedent specified in Section 9(a) is not satisfied by a deadline specified in that Section, and Millennium does not waive the condition or extend the time for satisfaction, or if the authorizations or terms referenced in Section 9(a)(1) or (2) are not satisfactory to Millennium, in Millennium's sole discretion, then Millennium will have the right to terminate this Precedent Agreement, and the TSA if executed, upon thirty (30) days prior written notice to Shipper. This Precedent Agreement (and the TSA, if applicable) will terminate upon the expiration of the foregoing thirty (30) day period unless prior to the expiration of such period: (1) a change to the authorizations renders them satisfactory to Millennium in its sole discretion and Millennium provides written notice of such to Shipper and Shipper, in its sole reasonable discretion, determines that such change in authorizations does not adversely affect Shipper's rights under this Precedent Agreement or the TSA and; (2) the Parties otherwise mutually agree in writing to an amendment of this Precedent Agreement and the TSA, if applicable; or (3) Millennium agrees in writing to extend the thirty (30) day period. For purposes of this Precedent Agreement, the changes to the authorizations required by Section 9(a)(1) and (2) shall be deemed satisfactory to

Shipper unless such authorizations materially and adversely alter the rights or obligations of Shipper under this Precedent Agreement or the TSA; or

2) if Millennium determines at any time prior to November 1, 2016 that the Expansion Facilities would not be economic, in Millennium's sole discretion, Millennium will have the right to terminate this Precedent Agreement, and the TSA if executed, upon thirty (30) days prior written notice to Shipper. This Precedent Agreement (and the TSA, if applicable) will terminate upon the expiration of the thirty (30) day period unless within such period: (1) Millennium, in writing, withdraws such notice of termination; or (2) the Parties otherwise mutually agree in writing to an amendment of this Precedent Agreement and the TSA, if applicable.

(b) Notwithstanding anything herein to the contrary, Shipper will have the right to terminate this Precedent Agreement if any condition precedent specified in Section 9(b) is not satisfied in Shipper's sole discretion by a deadline specified in that Section, and Shipper does not waive the condition or extend the time for satisfaction, then Shipper will have the right to terminate this Precedent Agreement, and the TSA if executed, upon thirty (30) days prior written notice to Millennium. This Precedent Agreement (and the TSA, if applicable) will terminate upon the expiration of the foregoing thirty (30) day period unless prior to the expiration of such period: (1) the Parties otherwise mutually agree in writing to an amendment of this Precedent Agreement and the TSA, if applicable; or (2) Shipper agrees in writing to extend the thirty (30) day period. Shipper's sole remedy under this Precedent Agreement if Millennium does not place the Expansion Facilities in service by the date set forth in Section 9(b)(5), as such date may be extended, is Shipper's right to terminate this Precedent Agreement under this Section 10, then neither party shall be liable for any accrued or future project related financial

liabilities or any other associated financial liabilities and the Pre-service Project Costs of the Expansion Facilities will be Millennium's sole financial responsibility.

11. Shipper Reimbursement. If Shipper breaches its material obligations under this Precedent Agreement, after the satisfaction or waiver of the conditions set forth in Sections 9(a)(1) and 9(b)(1), including but not limited if Shipper fails to execute the TSA pursuant to its obligation under Section 3 and Shipper has been given notice of such breach and an opportunity to cure, Shipper will reimburse Millennium for Shipper's Proportionate Share of the actual Pre-service Project Costs of the Expansion Facilities (as defined below) reasonably incurred and/or committed to the fulfillment of Millennium's obligations under this Precedent Agreement as of the date of such termination. If this Precedent Agreement is terminated for any reason by either Millennium or Shipper other than as a result of Shipper's breach under the conditions set forth in the first sentence of this Section 11, then neither party shall be liable for any accrued or future project related financial liabilities or any other associated financial liabilities and the Pre-service Project Costs of the Expansion Facilities will be Millennium's sole financial responsibility. The term "Shipper's Proportionate Share" shall mean a fraction, the numerator of which is Shipper's MDQ and the denominator of which is the total of the firm service commitments executed for transportation service using the Expansion Facilities (whether under precedent agreements or transportation service agreements), determined as of the date of such termination. The term "Pre-service Project Costs" will include, without limitation, the reasonable costs relating to Millennium's pursuit of contract rights, property rights and regulatory approvals necessary to provide the transportation service contemplated under this Precedent Agreement, including, without limitation, costs incurred in feasibility studies, facility design, engineering, environmental assessment, land access and acquisition, and permit applications related to the

Expansion Facilities, constructing the Expansion Facilities, and otherwise procuring materials for the construction of the Expansion Facilities. Shipper recognizes that Millennium is under no obligation to order any compressors, pipe or other materials necessary for the construction of the Expansion Facilities prior to the satisfaction of all of the conditions precedent set forth in Section 9 (a) (1, 2, 3, 4, 6, or 7) hereof, and prior to the execution of the TSA. Shipper also recognizes, however, that such advance ordering may be necessary to preserve the possibility of meeting the intended in-service date. Therefore, while Millennium will make a good faith effort to mitigate the Pre-service Project Costs to be reimbursed by Shipper hereunder, including good faith efforts to (a) remarket to potential shippers, at the rate set forth in this Precedent Agreement, the capacity subscribed by Shipper hereunder, and/or (b) sell or assign the materials and supplies that will not be used for the Expansion Facilities as a result of such termination of this Precedent Agreement. One (1) year after any termination of this Precedent Agreement ("Close Out Date") any then remaining unmitigated Pre-service Project Costs as of such Close Out Date will be used to calculate Shipper's Proportionate Share. Shipper's payment to Millennium of Shipper's Proportionate Share will be due to Millennium within five (5) Business Days of receipt of an invoice from Millennium for same. To the extent Millennium (i) collects Shipper's Proportionate Share of the Pre-service Project Costs from Shipper, (ii) puts the Expansion Facilities into service within five (5) years of Shipper's reimbursement pursuant to this Section 11, (iii) includes the costs which were reflected in the Pre-service Project Costs paid by Shipper in the final costs of the Expansion Facilities, and (iv) recovers those facility costs reimbursed by Shipper in the rates for the Expansion Facilities, then Millennium shall refund the Pre-Service Project Costs to Shipper as they are recovered in rates. Such refund obligation will remain in effect for five (5) ) years from the date this Precedent Agreement is terminated.

12. [RESERVED]

13. Notices. Any notice and/or request provided for in this Agreement, or any notice which either Party may desire to give to the other, will be in writing transmitted by facsimile or e-mail, and mailed by registered or certified mail to the post office address of the Party intended to receive the same, as the case may be, as follows:

Millennium:

Joseph Shields  
 President  
 Millennium Pipeline Company  
 One Blue Hill Plaza, 7th floor  
 Pearl River, New York 10965  
 Phone: (845) 620-1300  
 Fax: (845) 620-1320  
 e-mail: shields@millenniumpipeline.com

Shipper:

John E. Allocca  
 The Narragansett Electric Company d/b/a National  
 Grid  
 100 East Old Country Road, 2nd Floor  
 Hicksville, NY 11801-4218  
 Phone: (516) 545-3108  
 Email: john.allocca@nationalgrid.com

14. Succession; Assignment. Any entity which will succeed by purchase, merger, consolidation or other transfer to the properties of either Millennium or Shipper, either substantially or as an entirety, will be entitled to the rights and will be subject to the obligations of its predecessor in interest under this Precedent Agreement. Either Party may, without relieving itself of its obligations under this Precedent Agreement, assign any of its rights hereunder to a company with which it is substantially affiliated, but otherwise no assignment of this Precedent Agreement or of any of the rights or obligations hereunder will be made, unless there first will have been obtained the written consent thereto of the other Party to this Precedent Agreement, which consent will not be unreasonably withheld. It is agreed, however, that the restrictions on assignment contained in this Section will not in any way prevent either Party to

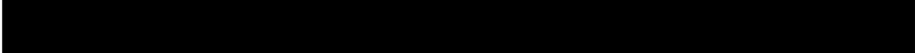
this Precedent Agreement from pledging or mortgaging its rights hereunder as security for its indebtedness.

15. Modification. No modification of the terms and provisions of this Precedent Agreement will be made except by the execution by both Parties of a written agreement.

16. Choice of Law. The interpretation and performance of this Precedent Agreement will be in accordance with and controlled by the laws of the State of New York, except that any conflict of laws rule of the State of New York which would require reference to the laws of some other state or jurisdiction will be disregarded.

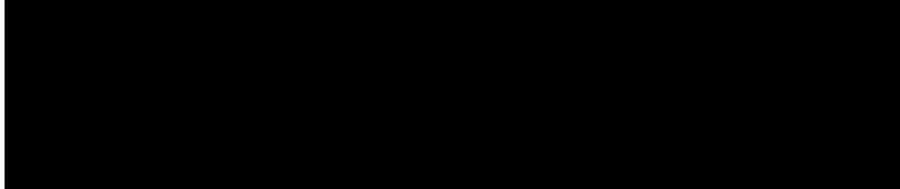
17. Most Favored Nations.

(a) If, during the first ten years of the initial term of the TSA or prior to service commencement, the following events all occur, then Millennium will offer to Shipper the options set forth in (b) below.

1) 

  
2) Millennium enters into one or more firm transportation contracts regardless of the name, terms and conditions of service to support the Qualifying Expansion that meet the following requirements ("Qualifying Contract"):

a. the contract is the result of the Qualifying Expansion and is not a capacity release agreement;

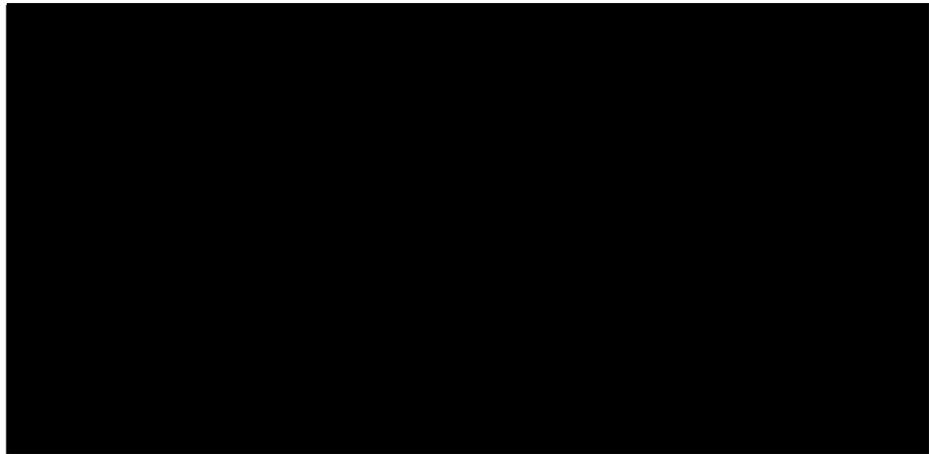
b. 

- c. the delivery point under such transportation contracts is the same as the primary delivery point under the TSA or is a delivery point substantially similar to the primary delivery point under the TSA in that it is on the AGT mainline system and is designed to receive gas for re-delivery to points on the AGT mainline that are East and North of the delivery point on the AGT mainline; and
- d. the reservation rates and commodity rates combined (assuming a 100% load factor) are lower than the combined reservation and commodity rates under the TSA (assuming a 100% load factor).

(b) If Millennium enters into a Qualifying Contract with regard to a Qualifying Expansion, then Millennium will offer Shipper the following two options:

- 1) Shipper may agree to an amendment of the TSA which for the remaining term of the TSA reduces the reservation rate under the TSA to the following amounts:
- a. If the Receipt point under the Qualifying Contract is within 60 miles of the Primary Receipt Point under the TSA, then the reservation rate will be equal to the combined reservation and commodity rates under the Qualifying Contract minus the commodity charge under the TSA (assuming a 100% load factor for both the TSA and the Qualifying Contract);

b.



2) Shipper and Millennium may mutually agree on a fixed reduction in Shipper's reservation rate for the remaining initial term of the TSA.

18. Surviving Provisions. Unless terminated sooner pursuant to Section 10, this Precedent Agreement will terminate upon the execution of the TSA between Millennium and Shipper, provided however that Sections 1, 2, 5, 6, 8, 9, 10, 11, 13, 14, and this Section will remain in force until and expire on the Commencement Date and Sections 7(g), 7(h), 8 and 17 will be incorporated into the TSA. Upon termination of this Precedent Agreement pursuant to Section 10, neither Party will have any further rights or obligations under this Precedent Agreement, other than as set forth in Section 11.

19. Entirety of Agreement. This Precedent Agreement sets forth all understandings and agreements between the Parties respecting the subject matter hereof, and all prior agreements, understandings and representations, whether written or oral, respecting the subject matter hereof are merged into and superseded by this Precedent Agreement.

20. No Waiver. No waiver by a Party of any default(s) by the other Party in the performance of any provision, condition or requirement of this Precedent Agreement will operate or be construed as a waiver of any future default(s), whether of a like or of a different character,

nor in any manner release the defaulting party from performance of any other provision, condition or requirement herein.

21. Governmental Authorities; Modification. This Precedent Agreement and the performance thereof are subject to all present and future applicable valid law, orders, decisions, rules and regulations of duly establish governmental authorities having jurisdiction over interstate natural gas transportation service in the United States. If any provision of this Precedent Agreement is declared null and void or voidable by a government entity with such jurisdiction or by a court of competent jurisdiction, such declaration will in no way affect the validity or effectiveness of the other provisions of this Precedent Agreement, which will remain in full force and effect, and the parties will thereafter use their commercially reasonable efforts to agree upon an equitable adjustment of the provisions of this Precedent Agreement with a view to effecting its purpose.

22. LIMITATION OF LIABILITY. NO PARTY WILL BE LIABLE TO ANY OTHER PARTY UNDER THIS AGREEMENT OR UNDER THE TSA TO BE EXECUTED PURSUANT TO THIS AGREEMENT, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY NATURE, OR FOR ANY LOST PROFITS, HOWEVER ARISING, EVEN IF SUCH PARTY HAS BEEN MADE AWARE OF THE POSSIBILITY OF SUCH DAMAGES OR LOST PROFITS. THE PROVISIONS OF THIS SECTION 22 WILL NOT APPLY TO SHIPPER'S OBLIGATIONS SET FORTH IN SECTION 11, ABOVE.

23. Drafting Presumption. No presumption will operate in favor of or against any Party as a result of any responsibility or role that any Party may have had in the drafting of this Precedent Agreement.

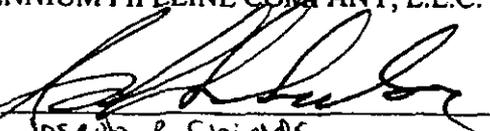
24. Counterparts. This Precedent Agreement may be executed in multiple counterparts, each of which will be deemed an original, but all of which will constitute one and the same Precedent Agreement.

25. No Third Party Beneficiary. Except as otherwise provided in this Precedent Agreement, nothing expressed or implied herein will confer on any person other than Millennium or Shipper any rights or remedies under or by reason of this Precedent Agreement.

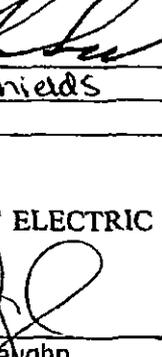
26. Capitalized Terms. To the extent any capitalized term used herein is not defined, it will have the meaning set forth in Millennium's FERC Gas Tariff.

IN WITNESS WHEREOF, the Parties have caused this Precedent Agreement to be executed by their duly authorized representatives as of the date first written above.

MILLENNIUM PIPELINE COMPANY, L.L.C.

By:   
Name: Joseph P. Shields  
Title: President

THE NARRAGANSETT ELECTRIC COMPANY D/B/A  
NATIONAL GRID

By:   
Name: John V. Vaughn  
Title: Authorized Signatory

*CC*  
*JV*

REDACTED

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4647  
2016 Gas Cost Recovery Filing  
Responses to Division's Second Set of Data Requests  
Issued September 9, 2016

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**Redacted**  
Division 2-13

Request:

Re: Witness Arangio's Direct Testimony at page 17 of 23, line 18, through page 18 of 23, line 19, please:

- a. Provide the data, analyses, studies and rationale on which the Company has relied on to determine the size of its commitment to the "Millennium Project;"
- b. Provide the data, analyses, studies, and other documents upon which the Company relies to assess the cost-effectiveness of the supplies it will be able to access through the Millennium Project;
- c. Provide the Company's available information regarding the costs of the Millennium Project capacity addressed by the referenced Millennium Project Precedent Agreement for each year that agreement will be in effect, and specify any and all adjustments to the initial pricing under that agreement that are permissible or required during the term of the Millennium Project Precedent Agreement.

Response:

- a. Millennium conducted a binding Open Season for parties interested in signing up for incremental capacity between Millennium's interconnection with Empire Pipeline in Corning, New York through and including Millennium's interconnection with Algonquin Pipeline in Ramapo, New York. The Open Season ran from March 11, 2015 through March 31, 2015. The Company nominated 9,000 MMBtus, which represents 50 percent of the total 18,000 MMBtus of the Company's capacity on Algonquin's AIM Project. When the Company entered into its AIM Project precedent agreement, Ramapo represented a fairly liquid point to purchase supply; however, the record breaking sendouts experienced during the winters of 2013-14 and 2014-15 resulted in dramatic fluctuations in supply availability – particularly in the Northeast and, more specifically, at Ramapo. Therefore, the Company determined it was necessary to secure access to supplies upstream of Ramapo for a portion of its AIM capacity in order to maintain liquidity at Ramapo. The Millennium Project provides access to multiple supply points and provides enhanced reliability as well as substantial flexibility and supply diversity.

REDACTED

The Narragansett Electric Company  
d/b/a National Grid  
RIPUC Docket No. 4647  
2016 Gas Cost Recovery Filing  
Responses to Division's Second Set of Data Requests  
Issued September 9, 2016

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**Redacted**

Division 2-13, page 2

- b. Please see Attachment DIV 2-13(b) for an analysis of estimated purchases at Ramapo compared to Millennium East Pool for the period of November 2017 through October 2018. The attached table shows an annual savings of \$630,648 (using the September 20, 2016 NYMEX).
- c. On July 29, 2016, Millennium submitted its application to the Federal Energy Regulatory Commission for the Eastern System Upgrade, having a total project capacity of 223,000 Dth per day, for a total project cost of \$275,000,000, and proposing to the existing Rate Schedule FT-1 rate set as the recourse rate for service on the expansion capacity created by the Millennium Project [CP16-486]. The existing rate under Rate Schedule FT-1 offered by the pipeline is \$0.6499 per Dth per day. The Company's Millennium Project Precedent Agreement (Agreement) is a precedent agreement for a 15-year firm transportation upstream of the Company's AIM capacity. The Proposed Agreement includes an executed Negotiated Rate Agreement, which sets forth a reservation rate of \$[REDACTED] per Dth per day for the first six months of the transportation service agreement; after the first six months of the transportation service agreement, the reservation rate will be adjusted using the methodology set forth in Attachment C of the proposed Agreement, with an upward limit of \$[REDACTED] per Dth per day that is based on the actual cost of the project.

9/20/16 NYMEX

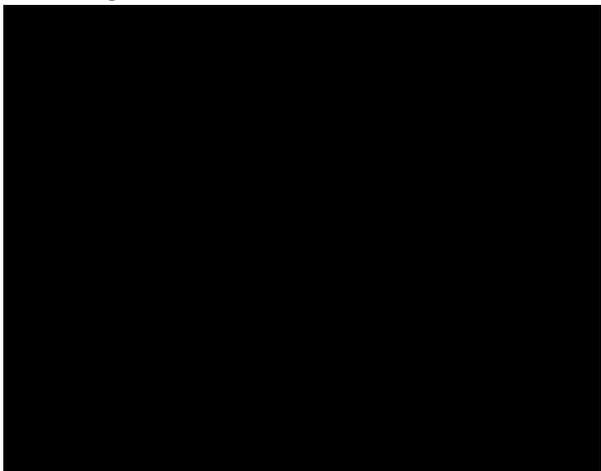
	Purchases at Ramapo			Purchases on Millennium		
	NYMEX	TET M3 Basis	Price at Ramapo	NYMEX	MPL East Pool	
<b>Nov-17</b>	\$ 3.160	\$ (0.665)	\$ 2.495	\$ 3.160	\$ (1.150)	\$ 2.010
<b>Dec-17</b>	\$ 3.280	\$ 0.190	\$ 3.470	\$ 3.280	\$ (1.110)	\$ 2.170
<b>Jan-18</b>	\$ 3.376	\$ 2.080	\$ 5.456	\$ 3.376	\$ (0.920)	\$ 2.456
<b>Feb-18</b>	\$ 3.336	\$ 2.050	\$ 5.386	\$ 3.336	\$ (0.900)	\$ 2.436
<b>Mar-18</b>	\$ 3.252	\$ (0.048)	\$ 3.204	\$ 3.252	\$ (0.950)	\$ 2.302
<b>Apr-18</b>	\$ 2.847	\$ (0.525)	\$ 2.322	\$ 2.847	\$ (0.729)	\$ 2.118
<b>May-18</b>	\$ 2.807	\$ (0.705)	\$ 2.102	\$ 2.807	\$ (0.803)	\$ 2.004
<b>Jun-18</b>	\$ 2.828	\$ (0.692)	\$ 2.136	\$ 2.828	\$ (0.866)	\$ 1.962
<b>Jul-18</b>	\$ 2.856	\$ (0.458)	\$ 2.398	\$ 2.856	\$ (0.866)	\$ 1.990
<b>Aug-18</b>	\$ 2.863	\$ (0.535)	\$ 2.328	\$ 2.863	\$ (0.946)	\$ 1.917
<b>Sep-18</b>	\$ 2.846	\$ (0.965)	\$ 1.881	\$ 2.846	\$ (1.029)	\$ 1.817
<b>Oct-18</b>	\$ 2.873	\$ (0.895)	\$ 1.978	\$ 2.873	\$ (0.985)	\$ 1.888

MPL Fuel	MPL Commod	Price at Ramapo	Base Design DTH 88% Load Factor	# of Days	TET M3 TOTAL	MPL
\$ 0.0121	\$ 0.003	\$ 2.025	269,200	30	\$ 671,654	\$ 545,236
\$ 0.0131	\$ 0.003	\$ 2.186	278,900	31	\$ 967,783	\$ 609,774
\$ 0.0148	\$ 0.003	\$ 2.474	278,900	31	\$ 1,521,678	\$ 690,020
\$ 0.0147	\$ 0.003	\$ 2.454	251,900	28	\$ 1,356,733	\$ 618,151
\$ 0.0138	\$ 0.003	\$ 2.319	278,900	31	\$ 893,596	\$ 646,811
\$ 0.0127	\$ 0.003	\$ 2.134	269,900	30	\$ 626,708	\$ 575,978
\$ 0.0121	\$ 0.003	\$ 2.019	-	31	\$ -	\$ -
\$ 0.0118	\$ 0.003	\$ 1.977	247,000	30	\$ 527,592	\$ 488,345
\$ 0.0120	\$ 0.003	\$ 2.005	247,800	31	\$ 594,224	\$ 496,906
\$ 0.0115	\$ 0.003	\$ 1.932	248,900	31	\$ 579,439	\$ 480,833
\$ 0.0109	\$ 0.003	\$ 1.831	250,300	30	\$ 470,814	\$ 458,357
\$ 0.0114	\$ 0.003	\$ 1.903	273,600	31	\$ 541,181	\$ 520,567
			<u>2,895,300</u>		<u>\$ 8,751,403</u>	<u>\$ 6,130,978</u>

REDACTED

REDACTED

MPL Demand Charge	MPL TOTAL	Savings / (Costs)
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		\$ 630,648
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**Redacted**  
Division 1-10

Request:

Re: Witness Culliford's Direct Testimony at page 15 of 17, lines 4-10, please:

- a. Provide the cost per Dth of Northeast Energy capacity for which the Company has contracted;
- b. Provide the currently anticipated in-service date for the Northeast Energy project;
- c. Provide a complete copy of the agreement through which the Company has contracted for Northeast Energy capacity;
- d. Provide full documentation of the Company's assessment of the economics of the contracted Northeast Energy capacity,
- e. Explain how delays in the completion of the Northeast Energy project impact the economics of that project for the Company;

Response:

- a. The cost per dekatherm (Dth) of Northeast Energy Center, LLC (Northeast Energy) capacity is as follows:

Liquefaction Capacity Reservation Charge:			per Dth per day
Truck Loading Charge*:			per Dth
Liquefaction Usage Charge*:			per Dth

[REDACTED]

[REDACTED]

- b. The currently anticipated in-service date for the Northeast Energy project is April 1, 2019.



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Attachment DIV 1-10 (c)

**Redacted**

Division 1-11

Request:

Re: Witness Culliford's Direct Testimony at page 16 of 17, lines 7-12, please verify that the referenced \$0.1080 should be a negative value.

Response:

Yes, the referenced \$0.1080 should be a negative value. Please refer to Attachment NGC-4, page 19 of 19 at the line labeled as "Non-gas cost of delivered supplies" for the calculation showing that \$0.1080 should be a negative value.

Division 1-12

Request:

Re: Attachment NGC-4 attached to Witness Culliford's Direct Testimony, please explain why the Algonquin AIM Demand Charge of \$41.7862 per Dth does not appear to be reflected in any of the pipeline paths for which fixed costs in \$/Dth are presented on pages 2 of 19 through 8 of 19 in Attachment NGC-4.

Response:

The Algonquin Incremental Market (AIM) Demand Charge of \$41.7862 per dekatherm (Dth) is not reflected in any of the pipeline paths presented on Attachment NGC-4 at pages 2 through 8 of 19 because the Company's AIM contract is not part of any of those pipeline paths or any pipeline paths where a portion is released to Marketers. Algonquin contract Nos. 93011E and 90106, which are released to Marketers, originate at receipt points in Lambertville and Columbia Hanover in New Jersey, which coincide with upstream capacity also released to Marketers on Texas Eastern. The Company's AIM contract No. 510801, however, originates at Ramapo, NY and does not currently have any corresponding upstream capacity.

The AIM Demand Charge of \$41.7862 per Dth is included in Attachment NGC-4 on Page 9 of 19, and is also included in the calculations that result in the Company Weighted Average Cost per Dth of \$0.6193.

Division 1-13

Request:

Re: Attachment NGC-4 to Witness Culliford's Direct Testimony, please:

- a. Identify each "Path to City Gate" which provides delivery of supplies to the Crary Street Station;
- b. Indicate the total amount of marketer load which is expected to use the Crary Street Gate Station as a delivery point each month of the 2017-2018 GCR year.

Response:

- a. The table below identifies each Path to City Gate that has the ability to provide supplies to the Crary Street Gate Station. The Path to City Gate volumes are transported on various Algonquin Firm Transportation Agreements on a primary point basis to specified National Grid city gates. Any volumes transported on such paths can be taken at the Crary Street Gate Station.

<b>Path to City Gate</b>
Algonquin @ Lambertville, NJ
Texas Eastern - South Texas Algonquin @ Lambertville, NJ
Texas Eastern - West La Algonquin @ Lambertville, NJ
Texas Eastern - East La Algonquin @ Lambertville, NJ
Columbia (Maumee/Downington)

- b. The Company does not have access to the amount of marketer load that is expected to be used for deliveries to the Crary Street Gate Station.

Division 1-14

Request:

Re: Attachment NGC-4 to Witness Culliford's Direct Testimony, please:

- a. Identify each "Path to City Gate" which provides delivery of supplies to the Crary Street Station;
- b. Indicate the total amount of marketer load which is expected to use the Crary Street Gate Station as a delivery point each month of the 2017-2018 GCR year.

Response:

Please see the Company's response to Division 1-13.

Division 1-15

Request:

Re: Attachment NGC-4, page 1 of 19, to Witness Culliford's Direct Testimony, please:

- a. Document and explain the factors that cause the "Company Weighted Average" cost per Dth in this proceeding to increase by **64%** over the "Company Weighted Average" cost per Dth that was presented in Attachment EDA-4 Revised, page 1 of 19, in Docket No. 4647.
- b. Document and explain the factors that cause the "Cost per Dth" for the Tennessee Dracut path to increase from \$1.3261 as shown in Attachment EDA-4 Revised, page 1 of 19, in Docket No. 4647 to \$1.7441 in Attachment NGC-4, page 1 of 19 this proceeding;
- c. Document and explain the factors that cause the "Cost per Dth" for the "Algonquin @ Lambertville, NJ" path to increase from \$0.1524 as shown in Attachment EDA-4 Revised, page 1 of 19, in Docket No. 4647 to \$0.3507 in Attachment NGC-4, page 1 of 19 this proceeding (i.e., an apparent increase of **130%**).

Response:

- a. The primary factor that caused the "Company Weighted Average" cost per dekatherm (Dth) to increase by 64% over last year's Gas Cost Recovery (GCR) filing is the applicable basis differentials, which are the main drivers of the variable component. The Company Weighted Average increased by a total of \$0.243 from last year's filing, and \$0.206 of that resulted from the variable component. The variable component accounts for 85% of the increase, as demonstrated by the table below.

	<u>2016-17</u>	<u>2017-18</u>	<u>Change</u>	<u>% of Change</u>
Fixed Component	\$0.687	\$0.730	\$0.043	18%
Variable Component	(\$0.314)	(\$0.108)	\$0.206	85%
Marketer Reconciliation	\$0.003	(\$0.003)	(\$0.006)	-2%
Company Weighted Average	\$0.377	\$0.619	\$0.243	100%

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Shown below are the basis differentials from four supply areas where the majority of the Company's supply is purchased. Comparing the basis used in last year's GCR filing to the basis used in this filing, the table below demonstrates that these four supply areas increased an average of \$0.258.

<u>Supply Area Basis</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Oct-17</u>
Tennessee Zone 4	(\$1.000)	(\$0.870)	(\$0.750)	(\$0.705)	(\$0.745)	(\$0.772)	(\$0.838)	(\$0.875)	(\$0.885)	(\$0.946)	(\$1.040)	(\$1.012)
Texas Eastern M2	(\$1.250)	(\$1.082)	(\$0.940)	(\$0.940)	(\$0.993)	(\$0.867)	(\$0.955)	(\$0.979)	(\$0.965)	(\$1.031)	(\$1.124)	(\$1.091)
Texas Eastern M3	(\$0.830)	\$0.420	\$2.650	\$2.600	\$0.110	(\$0.750)	(\$0.865)	(\$0.858)	(\$0.780)	(\$0.850)	(\$1.015)	(\$0.945)
Columbia Appalachia	(\$0.162)	(\$0.155)	(\$0.160)	(\$0.150)	(\$0.160)	(\$0.110)	(\$0.165)	(\$0.168)	(\$0.167)	(\$0.178)	(\$0.255)	(\$0.252)

<u>Supply Area Basis</u>	<u>Nov-17</u>	<u>Dec-17</u>	<u>Jan-18</u>	<u>Feb-18</u>	<u>Mar-18</u>	<u>Apr-18</u>	<u>May-18</u>	<u>Jun-18</u>	<u>Jul-18</u>	<u>Aug-18</u>	<u>Sep-18</u>	<u>Oct-18</u>
Tennessee Zone 4	(\$0.789)	(\$0.637)	(\$0.523)	(\$0.484)	(\$0.506)	(\$0.353)	(\$0.386)	(\$0.399)	(\$0.400)	(\$0.406)	(\$0.462)	(\$0.458)
Texas Eastern M2	(\$0.715)	(\$0.535)	(\$0.355)	(\$0.330)	(\$0.365)	(\$0.457)	(\$0.465)	(\$0.515)	(\$0.560)	(\$0.565)	(\$0.618)	(\$0.600)
Texas Eastern M3	(\$0.430)	\$0.295	\$2.093	\$1.995	\$0.120	(\$0.295)	(\$0.400)	(\$0.413)	(\$0.370)	(\$0.380)	(\$0.525)	(\$0.450)
Columbia Appalachia	(\$0.201)	(\$0.205)	(\$0.220)	(\$0.202)	(\$0.210)	(\$0.170)	(\$0.183)	(\$0.227)	(\$0.243)	(\$0.295)	(\$0.360)	(\$0.305)

<u>Basis Change</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Average</u>
Tennessee Zone 4	\$0.211	\$0.233	\$0.227	\$0.221	\$0.239	\$0.419	\$0.452	\$0.476	\$0.485	\$0.540	\$0.578	\$0.554	\$0.386
Texas Eastern M2	\$0.535	\$0.547	\$0.585	\$0.610	\$0.628	\$0.410	\$0.490	\$0.464	\$0.405	\$0.466	\$0.506	\$0.491	\$0.511
Texas Eastern M3	\$0.400	(\$0.125)	(\$0.557)	(\$0.605)	\$0.010	\$0.455	\$0.465	\$0.445	\$0.410	\$0.470	\$0.490	\$0.495	\$0.196
Columbia Appalachia	(\$0.039)	(\$0.050)	(\$0.060)	(\$0.052)	(\$0.050)	(\$0.060)	(\$0.018)	(\$0.059)	(\$0.076)	(\$0.117)	(\$0.105)	(\$0.053)	(\$0.062)
													Total Average \$0.258

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- b. The primary factor that caused the “Cost per Dth” for the Tennessee Dracut path to increase by \$0.418 from last year’s GCR filing is the basis differential at Dracut. The Tennessee Dracut basis increased by an average of \$0.421 from last year’s filing. Shown below are the basis differentials for Tennessee Dracut used in this proceeding as well as in last year’s filing.

<u>Tennessee Dracut</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Average</u>
Basis 2016-2017	\$0.640	\$2.528	\$5.001	\$4.936	\$2.305	\$0.271	(\$0.344)	(\$0.394)	(\$0.163)	(\$0.339)	(\$0.468)	(\$0.161)	\$1.151
Basis 2017-2018	\$0.672	\$3.310	\$5.725	\$5.722	\$2.315	\$0.447	\$0.097	\$0.173	\$0.215	\$0.165	(\$0.032)	\$0.055	\$1.572
Basis Change	\$0.032	\$0.782	\$0.724	\$0.786	\$0.010	\$0.176	\$0.441	\$0.567	\$0.378	\$0.504	\$0.436	\$0.216	\$0.421

- c. The primary factor that caused the “Cost per Dth” for the “Algonquin @ Lambertville, NJ” path to increase by \$0.1983 from last year’s GCR filing is the basis differential at Texas Eastern M3. The Texas Eastern M3 basis increased by an average of \$0.196 from last year’s filing. Shown below are the basis differentials for Texas Eastern M3 used in this proceeding as well as in last year’s filing.

<u>Texas Eastern M3</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Average</u>
Basis 2016-2017	(\$0.830)	\$0.420	\$2.650	\$2.600	\$0.110	(\$0.750)	(\$0.865)	(\$0.858)	(\$0.780)	(\$0.850)	(\$1.015)	(\$0.945)	(\$0.093)
Basis 2017-2018	(\$0.430)	\$0.295	\$2.093	\$1.995	\$0.120	(\$0.295)	(\$0.400)	(\$0.413)	(\$0.370)	(\$0.380)	(\$0.525)	(\$0.450)	\$0.103
Basis Change	\$0.400	(\$0.125)	(\$0.557)	(\$0.605)	\$0.010	\$0.455	\$0.465	\$0.445	\$0.410	\$0.470	\$0.490	\$0.495	\$0.196

Division 1-16

Request:

Re: Attachment NGC-4, page 11 of 19 to Witness Culliford's Direct Testimony. The "Demand Units" by month shown on the referenced page for which the total shown is 61,387,141 appear to be derived from the "Capacity Allocation" tab of the electronic spreadsheet file provided to support Attachment NGC-4, please provide a narrative description of the data and analyses included in "Capacity Allocation" tab of the electronic workbook for Attachment NGC-4 that facilitates understanding of the calculations presented in that tab.

Response:

The "Capacity Allocation" tab of the electronic spreadsheet file is a tab used for background work and the listing of information about the Rhode Island portfolio to help facilitate the rest of the workbook. The tab is intended to hold information that might be needed for the rest of the workbook, but otherwise might seem unnecessary or as if it were overcrowding the rest of the filing.

For instance, the top half of the tab lists contracts and information regarding the Algonquin Gas Transmission (Algonquin) and Tennessee Gas Pipeline (Tennessee) deliveries to the Rhode Island city gates. Items in blue font pertain to Algonquin, and red font is used for Tennessee deliveries. As demonstrated by the tab, the total capacity on the Algonquin pipeline is 152,705 dekatherms (Dth), and the total capacity on the Tennessee pipeline is 92,838 Dth. The storage volumes on Algonquin and Tennessee are also shown so that the net capacity, not including storage volumes, can be calculated for each pipeline. The total capacity is then calculated again by supply path as a way to double check for accuracy. The tab also shows volumes in italicized font, which are there to reference the calculations from the previous Gas Cost Recovery (GCR) filing, again to help determine accuracy. Delivered numbers may be different from the previous filing as pipeline fuel charges may change from year to year.

Included to the middle-left part of the tab is a small section where the breakdown of a peak day is calculated. This section shows how much transport, underground storage, and peaking the Company would need to meet a possible peak day.

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The bottom of the tab is where the referenced "Demand Units" are calculated. The calculation is completed to find out how many transportation units there are in a given month, not including storage. The calculation starts with multiplying the total numbers of transportation units per day by the number of days in each month. But not each month is going to be the same because Algonquin has different peak, shoulder, and summer seasons and adjusts the Company's city gate volumes throughout the seasons. During the winter season, the Company has its full delivery volume available, which lasts from November 16 through April 15. Then, April 16 to May 31 is considered a shoulder season, during which the Company loses 33,718 Dths of deliverability. In the summer season from June 1 through September 30, the Company's capacity is reduced by 48,900 Dths. Then, another shoulder season occurs from October 1 through November 15, which again causes the Company to lose 33,718 Dths of capacity until full capacity returns for the winter season beginning November 16. The seasonal losses are then netted against a storage adjustment due to the Company no longer needing the storage deliverability that might be needed during the winter season. Thus, because of the seasonable adjustments, some months have less demand units than other months.