The Narragansett Electric Company d/b/a National Grid

2020 Gas Customer Choice Program

Testimony and Attachments of:

Elizabeth D. Arangio &
MaryBeth M. Carroll

September 1, 2020

Submitted to:
Rhode Island Public Utilities Commission

RIPUC Docket No. ________

Submitted by:

nationalgrid

Filing Letter

Raquel J. Webster
Senior Counsel

September 1, 2020

VIA ELECTRONIC MAIL

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

RE: 2020 Gas Customer Choice Program
Docket No. ________

Dear Ms. Massaro:

Pursuant to Public Utilities Commission (PUC) Rule 810-RICR-00-00-1.10(c), I have enclosed ten (10) copies of National Grid's[1] Gas Customer Choice Program filing, in which the Company is proposing certain changes to its Customer Choice Program and requesting approval of the associated changes to the Company's gas tariff, RIPUC NG-GAS No. 101 (Gas Tariff).

This filing consists of the pre-filed testimony and schedules of Elizabeth D. Arangio and MaryBeth M. Carroll. Their joint testimony explains the specific proposed changes to the Customer Choice Program and the reason for those changes. Also, their joint testimony summarizes the changes to the Gas Tariff that are necessary to implement the proposed changes to the Customer Choice Program. The Company is proposing changes to Section 6, Schedule C, Transportation Terms and Conditions of the Gas Tariff. A redlined version of the Gas Tariff to reflect the proposed changes is attached as <u>Schedule EDA/MMC-1</u>.

As described in the enclosed joint testimony of Ms. Arangio and Ms. Carroll, the Company is proposing modifications to its Customer Choice program to address two matters: (1) in response to the Division's recommendation in the 2019/020 Gas Cost Recovery filing in Docket No. 4963, cost allocations amongst its capacity eligible customers; and (2) the need to enhance operational flexibilities via the pipeline assets physically released to Marketers. As further described in Ms. Arangio's and Ms. Carroll's joint testimony, the proposed changes to address operational flexibilities refer to certain near-term modifications without fundamentally altering the Customer Choice Program. The Company intends to continue collaborating with Marketers and other stakeholders on broader, longer-term changes to the Customer Choice program.

Prior to submitting this filing to the PUC, the Company consulted with the Division regarding the issues impacting the Customer Choice Program and the specific proposals reflected in this filing. Also, the Company presented its proposal to the Marketers on May 21, 2020. A copy of the May 21, 2020 presentation to the Marketers is provided as <u>Schedule EDA/MMC-2</u>.

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The Company is proposing to implement the specific changes presented in this filing on or before November 1, 2020; therefore, the Company respectfully requests the Commission approve this filing by October 1, 2020.

Thank you for your attention to this transmittal. If you have any questions regarding this filing, please contact me at 781-907-2121.

Very truly yours,

Raquel J. Webster

Enclosure

cc: John Bell, Division
Al Mancini, Division
Leo Wold, Esq.

**Testimony of
Elizabeth Arangio &
MaryBeth Carroll**

DIRECT TESTIMONY

OF

ELIZABETH D. ARANGIO

AND

MARYBETH M. CARROLL

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I. Introduction

Elizabeth D. Arangio

Q. Ms. Arangio, please state your name and business address.

A. My name is Elizabeth D. Arangio. My business address is 40 Sylvan Road, Waltham, Massachusetts 02451.

Q. Please describe your business position and responsibilities.

A. I am the Director of Gas Supply Planning with responsibility for the gas supply resource portfolios of National Grid USA's ("National Grid") local gas distribution companies ("LDCs") in New England, including the Narragansett Electric Company d/b/a National Grid ("Narragansett" or the "Company"). In addition to the New England portfolios, I am also responsible for planning for the gas resource portfolios of National Grid's New York subsidiaries. I also manage National Grid's gas Customer Choice programs.

Q. Please summarize your educational background and professional experience.

A. I graduated from the University of Massachusetts in 1991 with a Bachelor of Business Administration. In 1995, I graduated from Bentley College with a Master of Business Administration. From 1991 to 1994, I worked as a Gas Accounting Analyst in the Marketing Operations Department at Algonquin Gas Transmission Company. In 1994, I joined Boston Gas Company as a Gas Supply Analyst. In 1997, I was promoted to Group Leader Transportation Services, with responsibility for managing all activities associated with the Customer Choice program. In 1998, I was promoted to Director of Gas Acquisition and Transportation Services and assumed responsibility for the administration of Boston Gas's gas resource portfolio and Customer Choice program in Massachusetts and, in 2000, the resource portfolio of EnergyNorth Natural Gas, Inc. in New Hampshire. In February 2004, I assumed the additional responsibility for gas supply planning for the Companies' resource portfolios. Following the acquisition of KeySpan Corporation by National Grid, I was named to my current position and assumed added responsibility for National Grid's gas resource portfolios in Upstate New York and Rhode Island. In August 2018, I assumed the added responsibility of managing National Grid's gas Customer Choice programs.

Q. Ms. Arangio, have you previously testified in regulatory proceedings?

A. Yes. I have previously testified before the Rhode Island Public Utilities Commission ("PUC") in support of National Grid's annual Gas Cost Recovery ("GCR"), Docket Nos. 4346, 4436, and 4963, the Natural Gas Portfolio Management Plan ("NGPMP"), Docket No. 4038, and the Long-Range Gas Supply plan. In the past, I have testified numerous times before the Massachusetts Department of Public Utilities, and the New Hampshire Public Utilities Commission. In addition, I have also testified before the State of New York Public Service Commission.

<u>MaryBeth Carroll</u>

Q. Ms. Carroll, please state your name and business address.

A. My name is MaryBeth M. Carroll. My business address is 100 East Old Country Road, Hicksville, NY 11801.

Q. Please describe your business position and responsibilities.

A. I am a Manager of Gas Supply Planning with responsibility for several of the gas supply resource portfolios of National Grid's companies, including Narragansett and one of National Grid's New York subsidiaries.

Q. Please summarize your educational background and professional experience.

A. I graduated from Kalamazoo College in 2005 with a Bachelor of Arts in Biology. In 2013, I graduated from Dowling College with a Master of Business Administration. From 2005 to 2008, I worked as a Gas Supply Planner at KeySpan Energy with responsibilities under the Company's downstate New York subsidiaries. Following the acquisition of KeySpan Energy by National Grid, I took on additional responsibilities for the Niagara Mohawk and Massachusetts subsidiaries' gas supply portfolios. In 2013, I was promoted to Manager of Gas Supply Planning for the Niagara Mohawk Portfolio. In 2019, I assumed additional responsibilities for National Grid's Rhode Island subsidiary.

Q. Ms. Carroll, have you previously testified in regulatory proceedings?

A. Yes. I have previously testified before the Rhode Island PUC in support of National Grid's annual Gas Cost Recovery ("GCR"), Docket No. 4963. I have also provided testimony to the State of New York Public Service Commission.

Q. What is the purpose of your joint testimony in this proceeding?

A. The purpose of our joint testimony is to describe specific changes to the Customer Choice program that the Company is proposing in this filing and to explain the reason for those changes.

Q. Why is the Company proposing changes to the Customer Choice program in this filing?

A. The Company is proposing modifications to its Customer Choice program to address two matters: (1) cost allocations amongst its capacity eligible customers; and (2) the need to enhance operational flexibilities via the pipeline assets physically released to Marketers. Specifically, the Company is proposing to address the following:

(1) <u>Compliance with the Division's Recommendation from the 2019/20 GCR</u>

As part of PUC's approval of the 2019/20 GCR in Docket No. 4963, the PUC accepted the Division's recommendation for the Company to work with the Division to evaluate the Company's current cost allocation procedures for interstate pipeline firm transportation capacity assigned to firm transportation customers, and to present modifications to the current approach, which addresses the allocation of fixed gas supply reservation charges, in the 2020/2021 GCR filing on September 1, 2020. The modifications to the assets proposed to be released, discussed more thoroughly below, address this recommendation from the Division. The Company's proposal ensures, to the greatest extent practicable, that the Company's sales customers and capacity eligible Customer Choice customers have equal access to assets within the gas supply portfolio.

(2) **Provide enhanced operational flexibilities to increase the ability to comply with more restrictive operation conditions imposed by the interstate pipelines.**

Interstate pipeline capacity constraints have become more frequent and more severe, putting the Company at greater risk for gate station-specific operational flow orders imposed by the two pipelines that supply the Company - Algonquin Gas Transmission, LLC ("Algonquin") and the Tennessee Gas Pipeline Company, L.L.C. ("Tennessee"). As such, the Company undertook a comprehensive review of its Customer Choice program and identified several changes that should be made to address such concerns for the upcoming winter. The changes proposed in this filing are for effect November 1, 2020 and represent changes to the program that allow for greater operational flexibilities without fundamentally altering the entire Customer Choice program. The Company recognizes the importance of balancing the need to fundamentally modify the current Customer

Choice program with the need for an orderly transition for customers, Marketers, and the Company, as well as an Information System ("IS") to support the modifications to the Customer Choice program. Therefore, the Company is proposing to implement changes to the Customer Choice program in phases. The changes in this filing reflect the first phase of changes that will provide greater operational flexibilities with the program. The next phase will consider broader changes to the Customer Choice program which will require significant IS investment and further collaboration with stakeholders. The Company has committed to working with Marketers on the broader, long-term program changes.

Q. Please describe the changes the Company is proposing in this filing.

A. The specific proposed changes, which will be discussed in detail later in our testimony, are:

1) to allocate a broader set of pipeline assets to Marketers by making all significant capacity paths on Algonquin and Tennessee available to Marketers, whereby all Marketers would receive a pro-rata share of each capacity path, including access to multiple delivery points associated with each path;
2) to eliminate the current pipeline capacity path preference methodology in which Marketers rank the paths identified by the Company as available to Marketers in order of preference, and the Company allocates accordingly; and

3) to eliminate the cost adjustment (*i.e*. surcharge/credit) that currently exists to reconcile the paths released to Marketers with the full supply portfolio.

Q. Are you sponsoring any attachments in support of your testimony?

A. Yes. We are sponsoring the following attachments:

- Schedule EDA/MMC-1 is a red-lined version of the Company's gas tariff, RIPUC NG-GAS No. 101, Section 6, Schedule C, Transportation Terms and Conditions (the "Gas Tariff"), reflecting the Company's proposals as described in this testimony.
- Schedule EDA/MMC-2 is a copy of the May 21, 2020 presentation the Company made to the Marketers regarding its proposed modifications to the Customer Choice Program.

II. Customer Choice Program

Q. Please describe the Company's current Customer Choice program.

A. The Company's Customer Choice program is an optional supplier choice program that allows the Company's Small, Medium, Large, and Extra Large Commercial and Industrial (C&I) customers to purchase gas supplies from sources other than the Company for transportation service by the Company. The Company continues to provide distribution and related services to all of its customers, including those that receive gas supply from a third party. Service under the Customer Choice program is classified as either Firm Transportation Service FT-1 or Firm Transportation Service FT-2.

Q. Please describe the difference between Firm Transportation Service FT-1 and Firm Transportation Service FT-2.

A. FT-1 service is available only to Large and Extra Large C&I customers. This service provides firm transportation of customer-purchased gas supplies to customers who elect to have their gas usage recorded on a daily basis at the customer's point of delivery. This service requires daily balancing of deliveries and usage by the Marketer, which includes meeting the impact of unanticipated swings in weather and/or demand. The Company plans only for pipeline assets required to serve FT-1 customer requirements and does not plan for any storage and peaking assets required to serve these customers.

FT-2 service is available to all C&I customers. FT-2 service does not require the recording of daily gas usage at the customer's point of delivery, and, as such, requires the Company to assume substantial responsibility for balancing the customer's deliveries and usage on a daily basis. Under FT-2 service, the Company informs the Marketer of their required deliveries for the upcoming gas day and is responsible for meeting any difference between the forecast and actual quantities as a result of weather or other factors, through storage and peaking services. For this reason, the Company plans for pipeline, storage, and peaking assets to meet the peak day requirements of FT-2 service.

Q. Why does the Company assign capacity under its Customer Choice program?

A. The reason is two-fold. First, mandatory capacity assignment enables the Company to ensure that there is adequate primary firm capacity upstream of its citygates to maintain supply adequacy and operational integrity of the distribution system. Second, mandatory capacity assignment prevents certain customers from avoiding responsibility for the cost of the Company's long-term capacity commitments given these customers' ability to avail themselves of competitive options.

Q. Please describe how capacity assignment currently work under the Company's Customer Choice Program currently.

A. Under the Company's Customer Choice program, the Company sets aside a portion of its interstate pipeline transportation portfolio for release to Marketers serving customers migrating to transportation service. Marketers designate their order of preference for each of the transportation paths identified for release annually. Customers taking either FT-1 or FT-2 service are allocated pipeline assets. As discussed above, FT-2 customers are also allocated a portion of storage and peaking resources needed to meet peak day requirements. The storage and peaking resources are not physically released to Marketers but are instead managed by the Company and provided at the city gate.

Releases are executed subject to Marketers' preferences at the actual cost of capacity for each path. The Company assesses a surcharge/credit to Marketers based on the difference between the value of the pipeline transportation capacity released to Marketers and the weighted average value of the Company's pipeline transportation capacity charges. This adjustment contemplates not only fixed and variable pipeline charges but also that each path provides access to a different supply source at a different commodity price and seeks to reconcile any commodity price disparity relative to the Company's portfolio. To the extent that the charges of such released pipeline capacity are greater than the weighted average charges, the Marketer receives a credit for such difference in charges based on the total quantity of capacity released by the Company to the Marketer. To the extent that the cost of such released pipeline capacity is less than the weighted average cost, the Marketer is surcharged for such difference.

Q. Please describe how the unitized credit/surcharge is calculated.

A. The first step in calculating the adjustment charge for each path is calculating the system average cost. The system average cost is equal to the sum of the 100 percent load factor fixed cost unit value; the system-average unit variable cost (including basis differential); and one year of the Marketer reconciliation adjustment represented as a 100 percent load factor per-unit cost.

The calculations for the delivered cost for each path released to Marketers are similar to those described for the system-average. The 100 percent load factor fixed cost unit value is calculated based on the assets included in each path. Total variable costs are calculated by multiplying the volume available on a pipeline path by the sum of: the NYMEX forward price; the locational basis differential expressed as the difference between the receipt point price for gas at the relevant purchase location and the NYMEX forward price; pipeline variable charges including fuel losses; and variable commodity. Commodity gas costs represented by the NYMEX forward price are subtracted from the total variable costs to arrive at the non-gas variable costs, which include pipeline variable charges and any basis differential associated with the path. The cost of the path equals the sum of the fixed unit cost plus the non-gas variable unit cost. This cost represents the direct costs incurred by the Marketer, which are paid directly to the pipeline and gas suppliers by the Marketer.

The unitized credit/surcharge is calculated annually by subtracting the unitized charge for the released pipeline path from the Company's system average cost as identified in the Company's annual Gas Cost Recovery Filing. The total credit/surcharge is applied to the Company's monthly invoices to Marketers.

Q. Are all customers under the Company's Customer Choice program assigned capacity?

A. No. Pursuant to the Settlement Agreement dated October 7, 1999, approved by the PUC in Docket No. 2902 ("1999 Settlement Agreement"), new customers who were classified as either Large or Extra Large C&I customers and who were not previously served on firm sales service were given a one-time option to waive the Company's assignment of pipeline capacity. This one-time election is built into the Company's Gas Tariff today.

In addition, pursuant to the 1999 Settlement Agreement, firm transportation customers transporting prior to November 1, 1997 were also given the one-time option of waiving the Company's mandatory capacity assignment shortly after the PUC's approval of the 1999 Settlement Agreement. For "grandfathered" customers who elected this waiver, those customers were thereafter ineligible to return to the Company's firm sales service.

Q. How are capacity release volumes currently calculated and released to Marketers?

A. The volumes of capacity released to Marketers on behalf of customers in the Marketer's pool is determined based on the customers' calculated usage on a peak day and load factor rate class. Capacity assignment percentages are calculated separately for high load factor rate classes and low load factor rate classes eligible for each resource: pipeline, storage and peaking. The high and low load factors are determined by the rate classes and the factors are provided by the rates department. The pipeline percentage applicable to the customer's rate class is multiplied by the customer's calculated peak day usage to determine the amount of capacity to be assigned to the Marketer on behalf of each customer. The pipeline, storage and peaking allocation percentages are provided in the Company's annual Gas Cost Recovery filing and updated monthly as required.

Each Marketer serving any customer migrating from (i) Firm Sales Service to FT-1 or FT-2 Transportation Service or (ii) another Marketer's Aggregation Pool where customer was previously assigned pipeline capacity by the Company, is required to accept, for each such Customer, an assignment of a portion of Company's firm interstate pipeline transportation capacity at maximum rates for an initial term of up to one year, beginning on November 1st of each year. The primary delivery points released to Marketers on the pipeline releases are only to Dey Street on Algonquin and Cranston on Tennessee. Marketers are invoiced directly by the pipeline for all capacity released.

As noted above, storage and peaking capacity is allocated to Marketers, but managed by the Company. Marketers receive a monthly invoice from the Company for the cost of these resources. Storage and peaking capacity is only available for the FT-2 transportation service. The Company calculates annually a Customer's total storage and peaking resource requirements based on the Customer's calculated Peak Day Use, which is then multiplied by the storage and peaking percentage applicable to the Customer's rate class by the Customer's Peak Day Use to determine the amount of capacity to be assigned to the Marketer for storage and peaking, respectively. The result of the calculations establishes the Customer's Maximum Daily Quantity (MDQ-U) and (MDQ-P). These parameters represent the maximum storage and peaking quantities available to the Marketer each day for meeting the Customer's Gas Usage needs. The Customer's Maximum Underground Storage Quantity (MSQ-U) is calculated as the maximum storage quantity from underground storage over the course of the November to March withdrawal season and is calculated by the Company by multiplying the

Customer's MDQ-U by the weighted average number of days of service available to the Company under its various underground storage agreements.

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

Q. Is the Company proposing to change how capacity release volumes are calculated in this filing?

A. No. The Company is not proposing any changes to how capacity release volumes are calculated.

Q. What is the current process for determining daily marketer delivery requirements for FT-2 Marketer Aggregation Pools?

A. Each day, for each customer in the Marketer's FT-2 Aggregation Pool, the Company calculates a forecasted daily usage ("FDU"). The FDU represents the customer's estimated daily consumption for the next gas day as calculated by the Company based on a forecast of heating degree days and the consumption algorithm. FDUs are aggregated for each Marketer's FT-2 Aggregation Pool. Marketers must deliver a minimum of forty percent (40%) of total daily pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) on each of the upstream pipelines: Algonquin Gas Transmission ("Algonquin") and Tennessee Gas Pipeline ("Tennessee"). The remaining twenty percent (20%) of total daily pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) may be delivered on either or both Algonquin or Tennessee. Marketers deliver gas to the Dey Street meter on the Algonquin side and the Cranston meter on the Tennessee side.

Q. Does the Company determine daily marketer delivery requirements for FT-1 Marketer Pools?

A. No. Marketers are responsible for determining the requirements for their FT-1 pool.

Q. Is the Company proposing any changes to the current process for determining daily marketer delivery requirements for FT-2 and/or FT-1 Marketer Aggregation Pools?

A. No. The Company is not proposing any changes to the current process for determining daily marketer delivery requirements for FT-2 and/or FT-1 Marketer Aggregation Pools.

III. Company Proposal

Q. Why is the Company seeking to allocate a broader set of pipeline assets to Marketers?

A. The primary reason the Company is proposing to allocate a greater number of assets is to facilitate the release of capacity and, therefore, the delivery of gas supplies to more gate stations (not just Dey Street and Cranston gate stations) without negatively impacting sales or transportation customers. This is important because the Company is trying to better align pipeline deliveries with where its customers are actually consuming gas so that it can better comply with potential operational flow orders issued by Algonquin or Tennessee. The current program structure results in significant surpluses at Cranston and Dey Street and deficits at other gate stations. The Company believes its proposal is the most equitable path forward as it provides no material advantage or disadvantage to the Company or Marketers.

Q. Is the Company proposing to release storage and peaking assets as part of its proposal?

A. No. The Company's storage and peaking assets are needed for balancing the overall system. These assets are primarily used for operational supplies. The Company is proposing to continue allocating these assets to Marketers and allowing them to call upon these assets at the citygate as needed to meet their customers' requirements.

Q. Is the Company proposing a change to the term of the releases?

A. No. The initial term for capacity releases will remain twelve months, beginning on November 1st of each year.

Q. What pipeline assets is the Company proposing to release to Marketers on a pro-rata basis?

A. The Company is proposing to aggregate like contracts and to release from one of each set of common contracts. It is also proposing a threshold for paths with deliverability greater than 2,000 Dth/day and will retain transportation associated with storage deliveries. The Company is seeking to minimize the number of releases, which it believes is in the best interest of both Marketers and the Company as it is unduly burdensome to release and schedule dozens of contracts with very small volumes. The aggregation of like contracts provides Marketers access to the same assets as the Company without the burden of having to maintain multiple contracts.

Q. Has the Company made changes to its Gas Tariff to reflect this proposal?

A. Yes. The Company has added language to Section 6, Schedule C, Sheets 9-10, paragraph 1.07.0, Capacity Release to explicitly provide for pre-arranged capacity releases to Marketers. This change is shown in the redlined version of the Gas Tariff in Schedule EDA/MMC-1 to this testimony.

Q. Why is it important that Marketers provide deliveries to other delivery meters beyond Cranston and Dey Street?

A. To ensure reliability, the Company is trying to better align pipeline deliveries and pipeline takes across the system. This will better position the Company to comply with potential Operational Flow Orders issued by Tennessee and/or Algonquin. Under the current program, where only specific contracts with specific delivery points, Dey Street on Algonquin and Cranston on Tennessee, are released to Marketers, more supplies are nominated to these two stations than are needed there on most days, while insufficient supplies are delivered to other gate stations.

Q. Is the Company proposing to change its requirements that at least 40% of daily deliveries are made on a daily basis to Tennessee city gates and 40% of daily deliveries are made on a daily basis to Algonquin city gates?

A. No. The Company is proposing to release approximately 58% of the marketers' total transportation release from its Algonquin contracts and approximately 42% of the marketers' total transportation release from its Tennessee contracts. Therefore, even on a forecast design day, Marketers will be able to comply with the current 40% minimum on each pipeline. The Company will continue to review these minimum percentages against its portfolio as well as marketer releases to ensure alignment with system needs.

Q. Why is the Company proposing to discontinue allocating pipeline capacity paths based on Marketer preferences?

A. The Company seeks to position all Marketers and its own sales customers as equally as possible with respect to asset allocation. While some assets are not releasable due to operational or practical concerns, the Company wants to ensure that no party is at a particular advantage or disadvantage, which it believes is the foundation for Retail Access programs. This proposal will also allow Marketers to better anticipate releases since they are not based on the preferences and releases of their fellow Marketers. Finally, this proposal allows the Company to eliminate the surcharge/credit whose purpose is to reconcile the differences that arise from asset allocation under the current program and, therefore, treat Marketers and sales customers alike financially.

Q. Has the Company made changes to its Gas Tariff to reflect this proposal?

A. Yes. The Company has deleted the language in Section 6, Schedule C, Sheet 11, paragraph 1.07.0, Capacity Release that previously allowed Marketers to indicate pipeline capacity path preferences based on available paths each year. This change is shown in the redlined version of the Gas Tariff in Schedule EDA/MMC-1 to this testimony.

Q. Why is the Company proposing to eliminate the surcharge/credit?

A. The current surcharge/credit is only necessary because assets are not equally distributed among Marketers and sales customers. While the operational considerations of the Company's proposal are the driver for capacity allocation, elimination of the complex cost adjustment mechanism provides several benefits. The credit/surcharge is calculated once per year and is quickly stale. It is also based on a theoretical least cost dispatch (under normal weather conditions) that may not accurately account for various operational considerations or changes in the broader market. It is also not fully reconciled and introducing a full reconciliation is nearly impossible since the Company does not have visibility into how Marketers source gas supplies and utilize released capacity.

Q. Has the Company made changes to its Gas Tariff to reflect this proposal?

A. Yes, the Company has deleted the surcharge/credit language in Section 6, Schedule C, Sheets 10-11, paragraph 1.07.0, Capacity Release, as shown in the redlined version of the Gas Tariff in Schedule EDA/MMC-1 to this testimony.

Q. Has the Company performed any analysis of how eliminating the surcharge/credit impacts sales customers and Marketers?

A. Yes. Based on analysis prepared and presented in Exhibit 22 of the Company's most recent Long-Range Resource and Requirements Plan (Docket No. 5043), the costs allocated to Marketers under the Company's proposal compare well to the overall system costs. The Company has compared the unitized fixed costs of its transportation contracts with the fixed costs of its proposed releases to marketers. On a unitized basis, the average fixed cost of the Company's transportation portfolio is $0.838 per dekatherm per day while the average fixed cost of the proposed releases is $0.849 per dekatherm per day. The Company will explore minor adjustments to its allocation methodology to decrease the difference between these rates. The Company will update this analysis for inclusion in the 2020/21 GCR.

Q. How is the Company proposing to recover the costs of peaking assets needed for design hour reliability?

A. The Company is proposing to recover the costs of the peaking assets needed for design hour reliability from all customers through the 2020 Distribution Adjustment Clause ("DAC"), which is currently pending before the PUC in Docket No. 5040. The Company filed its proposed DAC on August 3, 2020. The Company will supplement the August 3, 2020 DAC filing on September 1, 2020 to include additional details regarding the costs associated with the peaking assets.

Due to the increasing severity, frequency, and duration of interstate pipeline constraints, the Company has had to contract for incremental supplies to minimize imbalances at its pipeline gate stations across the system. These imbalances occur when the combined supplies delivered by the Company, Marketers on behalf of capacity eligible customers, and Marketers on behalf of capacity exempt customers do not meet the requirements of the system at each gate station. Since this issue cannot be attributed to any single party or customer, the Company believes that all firm customers should share in the costs of these reliability assets. The Company's DAC is applicable to all firm customers, and inclusion of these costs therein provides an equitable distribution to and collection from customers. Furthermore, the dispatch of these assets is strictly driven by operational concerns and they may be needed on short notice such as if interstate pipeline conditions degrade. Therefore, allocating these assets to marketers is not feasible without compromising the flexibility and reliability they provide.

Q. Is the Company proposing to change its capacity assignment policy as it relates to grandfathered customers or other capacity exempt customers in this filing?

A. No, not in this filing. The Company's ability to change its capacity assignment policy as it relates to grandfathered customers or other capacity exempt customers is contingent on the Company having sufficient capacity available to serve those customers. The Company is currently analyzing long-term capacity solutions for Rhode Island. Once informed by this effort, the Company will determine the next steps as it relates to grandfathered customers or other capacity exempt customers.

Q. Has the Company consulted with other stakeholders concerning the changes proposed in this filing?

A. Yes. The Company consulted with the Division to discuss the issues impacting the Customer Choice Program and the specific proposals reflected in this filing. Also, the Company presented its proposal to the Marketers on May 21, 2020. A copy of the presentation to the Marketers is provided as Schedule EDA/MMC-3 to our joint testimony. The Company further solicited feedback from the Marketers in June 2020. Based on the feedback of the Division and the Marketers, the Company has decided to move forward with its proposal, subject to approval of the PUC. The Marketers expressed concern about the Company's long-term strategy, particularly around notification time as well as requesting the opportunity to collaborate on changes. The Company indicated that it is interested in collaborating with the Marketers on the design and implementation of its long-term strategy.

Q. When is the Company proposing that the above-described changes be implemented?

A. The Company is proposing these changes to be effective November 1, 2020.

Q. Does the Company need a decision from the PUC by a certain date?

A. Yes. The Company respectfully requests a decision from the PUC by October 13, 2020 in order to be able to implement changes to its processes and systems in time for a November 1, 2020 implementation.

Q. Does this conclude your testimony?

A. Yes.

Schedule
EDA/MMC-1

THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

Rhode Island Public Utilities Commission Tariff

RIPUC NG-GAS No. 101

THE NARRAGANSETT ELECTRIC COMPANY
d/b/a NATIONAL GRID
RIPUC NG-GAS No. 101

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GENERAL TERMS AND CONDITIONS

1.0 APPLICABILITY:

The following terms and conditions shall apply to and be a part of each Rate Classification now or hereafter in effect except as they may be expressly modified or superseded by Rhode Island Public Utilities Commission order.

2.0 RATES AND TARIFFS:

The Company furnishes natural gas service under rates and/or special contracts (Schedule of Rates) promulgated in accordance with the provisions of the Rhode Island General Laws and the regulations of the Rhode Island Public Utilities Commission ("PUC") and the Rhode Island Division of Public Utilities and Carriers ("Division"), all as may be in effect from time to time. Such Schedule of Rates, which includes these Terms and Conditions, is available for public inspection during normal business hours at the administrative offices of the Company and at the offices of the PUC and the Division or on the Company's website.

The Schedule of Rates may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in the General Laws and the PUC regulations. When effective, all such revisions, amendments, supplements or replacements will appropriately supersede the present Schedule of Rates. In case of conflict between these Terms and Conditions and any orders or regulations of the PUC or the Division, said orders or regulations shall govern.

The provisions of these Terms and Conditions apply on a non-discriminatory and non-preferential basis to all persons, partnerships, corporations or others (hereinafter Customers or the Customer) who obtain natural gas distribution service from the Company pursuant to the Schedule of Rates.

No representative of the Company has the authority to modify orally any provision or rate contained in the Schedule of Rates or to bind the Company to any promise or representation contrary thereto. Any such modification to the Schedule of Rates or these Terms and Conditions shall be in writing and made in accordance with the provisions of the General Laws and pursuant to regulations of the PUC and Division.

The Company will advise all new residential customers as to the least expensive rate available for the service based on the information in our records. Non-residential customers will be advised of the applicable rate based on a review of the available information in the existing records or as a result of a field inspection by the Company when the customer provides information which is inconsistent with Company records. The Customer is responsible for accurately describing its gas burning equipment and updating the Company as changes occur.

GENERAL TERMS AND CONDITIONS

A Customer is entitled to change its customer account from one rate classification to another upon written application to the Company; provided, however that the customer account's use complies with the conditions specified in the requested rate classification. Once an election to change rate classifications has been made by the Customer, the customer account must remain on that rate for a period of not less than twelve months. In cases where the Customer requests a rate reclassification, no rebate will be granted for service rendered during the period the customer account was served under the previous rate classification, except in instances where the previous rate classification was due to an error by the Company.

3.0 OBTAINING SERVICE FROM THE COMPANY:

The Company shall furnish service to applicants under the filed rates and in accordance with these Terms and Conditions and the rules and regulations of the PUC and the Division. The furnishing of service and acceptance by the Customer constitutes a contract under these provisions. The Company may require at least one person on behalf of all parties who will receive service to sign an application or contract. Application for gas service within the territory served by the Company will be received through any duly authorized representative of the Company. By accepting distribution service from the Company pursuant to the terms of this tariff, a Customer expressly consents to the Company, or anyone working on the Company's behalf, contacting the Customer regarding issues related to distribution service and billing and payment, by any method including telephone, autodialed and prerecorded/artificial voice calls, email, text messages, and/or letter. By contacting the Company, a Customer may opt-out of receiving non-emergency communications through certain methods.

The Company may accept oral or written application for residential service. Residential service may commence upon receipt by the Company of oral application, except that the Company reserves the right to require residential customers to show identification and proof of residency before commencing service. If residential service is commenced upon the receipt of oral application, then all residents at that address who have attained the age of majority may choose to execute a written application, thereby becoming parties to the contract. Non-residential service may commence upon oral application for an interim period pending the receipt of a duly executed written application and security deposit.

The Company reserves the right to refuse service, at any location, to an individual who is indebted to the Company for any service not in dispute before the Division, furnished to such individual at any location, or to such applicant or customer under another name. The Company will commence service if a reasonable payment plan for said indebtedness made in accordance with PUC and Division regulations is agreed to by the Customer and the Company. The Company reserves the right to refuse service to any non-residential applicant who has not paid a deposit as required by the Company.

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A Customer shall be and remains the customer of record and shall be liable for service taken until such time as the Customer requests termination of service and a final meter reading is recorded by the Company. The bill rendered by the Company based on such final meter reading shall be payable upon receipt. Such meter reading and final bill shall not be unduly delayed by the Company. In the event that the Customer of record fails to give notice of termination of service to the Company or fails to provide access to the meter, the customer of record shall continue to be liable for service taken until the Company either disconnects the meter or a new party becomes a customer of the Company by taking service at such service location. Failure to make application for service shall not relieve a party from the obligation to apply and/or pay for service previously used.

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

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

3.1 BILLING TERMINATION ("Soft-Off"):

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

In the event of a termination of an account for which there is no unbilled consumption, a landlord may initiate an application for service in the landlord's name at that premises by either oral or written request in accordance with Section 1, Schedule A, Paragraph 3.0 of this tariff; provided however, that in the event of a termination of an account for which there is

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any unbilled consumption, a landlord may initiate an application for service in the landlord's name only upon providing the Company with a signed authorization. In addition, where the landlord has previously provided the Company a signed agreement, the Company may record the landlord as the customer of record for that account without further authorization.

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

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

4.0 SECURITY DEPOSITS:

Security deposits, letters of credit or bonds may be required and taken in accordance with rules and procedures promulgated by the PUC or other body having authority to regulate the Company. The Company reserves the right to refuse service to an applicant who has not paid a deposit as required by the Company. The rate of interest paid on deposits shall be adjusted annually on March l. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-year constant maturity Treasury Bonds as reported by the Federal Reserve Board.

5.0 SERVICE SUPPLIED:

The Company shall take reasonable care in providing regular and uninterrupted service to its firm customers, but whenever the Company deems that the situation warrants any interruption or limitation in the service to be rendered, such interruption or limitation shall not constitute a breach of the contract, and shall not render the Company liable for any damages suffered thereby by any person, or excuse the customer from further fulfillment of the contract.

The Company may refuse to supply service to loads of unusual characteristics which, in its sole judgment, might adversely affect the quality of service supplied to other customers, the public safety, or the safety of the Company's personnel. In lieu of such refusal, the Company

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may require a customer to install any necessary regulating and protective equipment in accordance with the requirements and specifications of the Company.

Whenever the estimated expenditures necessary to supply gas to a customer(s) or to resume service to a customer following relocation of Company equipment for reasons other than the needs of the Company shall be of such an amount that the income to be derived from gas service at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditure, the Company will require the Customer(s) to pay a Contribution in Aid of Construction ("CIAC") for meter relocation or for main and service extension. See Section 8, Service and Main Extension Policies. The level of the CIAC will be based on an economic analysis looking at appropriate impacts associated with the capital expenditures. A detailed written cost estimate will be provided to the Customer upon request.

The Company shall make application in a reasonable time for any necessary locations or other street permits required by public bodies for its pipes, mains, and other apparatus, and shall not be required to supply service until a reasonable time after such approvals are obtained. The applicant for service shall obtain all other permits, certificates, licenses, easements and the like necessary to give the Company access to the applicant's equipment and to enable its pipes to be connected thereto.

The Customer shall notify the Company in writing before making any significant change in the Customer's gas equipment which would affect the capacity or other characteristics of the Company's facilities required to serve the Customer. The Customer shall be liable for any damage to the Company's property caused by Customer's additional or changed installation if made without prior notification to the Company.

All piping, equipment, and apparatus on the premises of the Customer, except meters, underground service pipe, and governors, shall be furnished and put in place by the Customer, and shall conform to the requirements and regulations of the Company, and the Company shall not be required to supply gas unless such piping, equipment, and apparatus at all times conform to the requirements and regulations of the State, City, and Town ordinances and laws and policies of the Company. The Company shall be under no obligation to make any inspection to ascertain whether the foregoing condition has been conformed with and shall be under no liability for any damages occasioned by any defect in such piping, equipment, or apparatus or other property on the premises.

If temporary service is rendered, the Customer shall pay the cost of service under the rate plus the cost of installing and removing all equipment and connections.

6.0 <u>INSTALLATION OF METERS</u>:

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The Company will furnish, install, connect, and maintain such meter(s) as are necessary for metering gas service for Company billing purposes.

All gas service to be provided under a single service classification to a customer in a building will be rendered through a single meter except in the instances described in (1) and (2) below:

(1) The Company may elect to install more than one meter for gas service provided under a single service classification:

i. when the use of more than one meter is necessary to provide safe gas service;

ii. when the use of more than one meter is required by a municipal ordinance;

iii. when one meter cannot correctly measure the total gas service rendered;

iv. when the characteristics of gas service of the Customer are such that at the time the service line was installed there was no single meter commercially available to measure the gas service correctly;

v. when more than one meter is required in order to render proper and reliable gas service without interruption; or

vi. in other comparable circumstances where service cannot practically be rendered through a single meter.

Pursuant to (i) through (vi), when more than one meter is installed to measure the gas service of a single customer at a premise or building under a single service classification under the above listed circumstances, the registrations of the meters will be combined under one customer account and the bill computed as if all service had been rendered through a single meter.

(2) At the Customer’s written request and at the Customer’s expense, the Company will install more than one meter for a building or premise under a single service classification, in which case the quantity of gas supplied through each meter will be measured separately and the bills for each computed separately under the appropriate service classification(s).

Gas service provided to commercial and industrial customers for use by emergency back-up natural gas generators of more than 12 kW shall be separately metered subject to the Company’s technical determination that more than one meter is

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required to correctly measure the total gas service rendered. Should the Company determine that this service be separately metered, the Company will issue a separate bill pursuant to a rate schedule applicable for the usage on the separate meter. Otherwise, if so determined by the Company to be technically feasible, the Company shall allow gas usage for emergency back-up natural gas generators to be measured by the Customer's existing meter.

For residential gas services provided pursuant to prior tariff provisions that required that gas service for use by emergency back-up natural gas generators be separately metered and billed, when both meters are served under a single residential service classification, the registrations of the meters will be combined under one customer account and the bill computed as if all service had been rendered through a single meter. Should a residential customer request the removal of one of the meters, the Customer shall bear the cost of removing the meter and the cost of piping through the remaining meter. If the Company, at its sole discretion, decides to remove the additional meter, the Company will bear the cost of the removal of the meter and any piping cost.

7.0 BILLING AND READING OF METERS:

Bills are calculated and rendered on the basis of a customer account which shall have a unique identification number established for the billing of service provided through an individual meter, except for multiple metered customer accounts established pursuant to section (1) of Item 6.0 above, or aggregation pools established pursuant to the Company's Transportation Terms and Conditions, Section 6, Schedule C of the tariff. A single Customer may have more than one customer account.

All bills are due within 25 days from the date of the bill. A late payment charge shall accrue on non-residential bills after 25 days in accordance with regulations of the PUC and the Division.

Customers receiving bills may elect to receive their bill electronically. Customers electing to receive their bills electronically will receive a paperless billing credit as identified in Section 1, Schedule A, Item 12.0.

Whenever a check or draft presented for payment of service is not accepted by the institution on which it is written, the Customer shall be charged a returned check fee, as identified in Item 12.0, per check or draft written. Such returned check charge shall be waived for customers receiving gas service on low income rate classes Rate 11 and Rate 13.

The Customer shall be responsible for all charges for distribution and gas service furnished

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by the Company under the applicable rates as filed from time to time with the PUC, from the time service is commenced until it is terminated.

Annually in August, the Company will review the gas consumption of each non-residential firm customer account for the just ended September through August period to determine if any customer account qualifies for a different rate class. If any such customer account does qualify for a different rate class based on this billing information, then commencing with the September billing month, that customer account will be billed under that new rate class.

Properly authorized representatives of the Company shall have the right to access the Customer's premises at all reasonable times and intervals for the purpose of reading, installing, examining, repairing, replacing, or removing the Company's meters, meter reading devices, pipes, and other gas equipment and appliances, in accordance with the General Laws, public regulations, and Company policy in effect from time to time. The Customer shall be responsible for providing accessibility to the above metering and other equipment belonging to the Company.

Readings taken by an Automated Meter Reading ("AMR") technology will be considered actual readings for billing purposes.

The Company shall maintain the accuracy of all metering equipment installed pursuant hereto by regular testing and calibration in comparison to recognized standards and in accordance with PUC and Division regulations. A meter shall be deemed to be registering correctly if it appears from examination or test that it does not vary more than two percent (2%) from the standard approved by the Division.

In the event that the Company obtains inaccurate meter readings for any reason or in case any meter shall for any reason fail to register the full amount of gas supplied or the maximum demand of any customer account for any period of time, the amount of the bill of such customer account shall be estimated by the Company from available data. Such estimated bills shall be payable as rendered unless a customer disputes such estimate in accordance with procedures established by the Division.

The Company will notify the Customer whenever it obtains information indicating that gas is being diverted from the Customer's service or that the meter has been tampered with. The Customer will be held responsible to the Company for any leakage or other use of gas which may occur beyond the point of the meter installation.

Unless otherwise determined by the Company, all residential premises shall be equipped with a meter that employs AMR technology utilizing radio frequency transmitters to allow the

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Company to obtain meter readings remotely. However, residential customers may choose to "opt-out" by having their AMR meter replaced with a non-AMR meter.

Customers who choose to opt-out will be charged an initial fee, as identified in Item 12.0, for the removal of the existing AMR gas meter and the installation of the non-AMR gas meter.

Customers who choose to opt-out will also be charged a monthly meter reading fee for the non-AMR gas meter, as identified in Item 12.0. The meter reading fee is applicable to Customers who receive gas and electric service, or receive gas-only service, from the Company. The Company, at its option, may choose to read the non-AMR meter less frequently than once per month. In that case, or if the Company is unable for any reason to read the meter on the regularly scheduled monthly read date, the Company shall make a reasonable estimate of the consumption of gas during those months when the meter is not read, based on available data, and such estimated bills shall be payable as rendered.

A Customer will not be assessed the initial or monthly fee until after the Company has installed the non-AMR gas meter.

Any opt-out Customer who subsequently wishes to have an AMR gas meter re-installed will be charged a "re-installation fee" as identified in Item 12.0. The re-installation fee will be charged for the removal of the non-AMR gas meter and the installation of the AMR gas meter.

Any Customer electing re-installation will no longer be assessed the special monthly gas meter reading fee after the AMR meter has been re-installed.

8.0 DISCONTINUANCE OF SERVICE:

Subject to the applicable regulations of the PUC and the Division, the Company shall have the right to discontinue gas service to the Customer and to remove or disconnect its meters and piping for nonpayment of bills for gas service. The customer shall be responsible for paying the cost of reconnecting gas service if the service is disconnected for nonpayment of bills or an account restoration charge, as identified in Item 12.0, in the case of a turn-on after a shut-off for nonpayment of bills. Such account restoration charge shall be waived for Customers receiving service on low income rate classes Rate 11 and Rate 13.

The Company reserves the right to disconnect its service at any time without notice or to refuse to connect its service if, to its knowledge and in its judgment, the Customer's installation has become or is unsafe, defective, or in violation of the Company's policies or any ordinances, laws, codes, or regulations.

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In the event that any action by the Customer or others shall cause a condition in the premises occupied by any customer whereby life or property is endangered, the Company may discontinue service to said premises regardless of the number of occupants or tenants of said premises.

Whenever the Company shall have proof that any customer is diverting and/or stealing service, the Company may discontinue its service to such customer and remove the meter.

9.0 COMPANY INSTALLATION AND PROPERTY:

All meters, services, and other gas equipment owned by the Company shall be and will remain the property of the Company and no one other than an employee or authorized agent of the Company shall be permitted to remove, operate, or maintain such property. The Customer shall be responsible for all damage to, or loss of, such property unless occasioned by circumstances beyond the Customer's control. Such property shall be installed at points most convenient for the Company's access and service and in conformance with public regulations in force from time to time. The costs of relocating such property shall be borne by the Customer when done at the Customer's request, or for his convenience, or if necessary to remedy any violation of public law or regulation caused by the Customer.

The Company shall provide and maintain the necessary housing, fencing, barriers, and foundations for the protection of the equipment to be installed upon the Customer's premises. Such space, housing, fencing, barriers, and foundations shall be in conformity with applicable laws and regulations and subject to the Company's specifications and approval.

10.0 SUPPLY OF GAS:

The Company shall make every reasonable effort to maintain an uninterrupted supply of gas for all firm customers, but it shall not be liable for loss or damage caused by reason of any interruption or reduction of the supply, or by reason of any abnormal pressure or quality of the gas, whether as a result of accident, labor difficulties, condition of fuel supply, the actions of any public authority, failure to receive any gas for which in any manner it has contracted, the implementation in accordance with good utility practice of an emergency load reduction program by the Company or one with whom it has contracted for a supply of gas, or inability for any other reason beyond the Company's control to maintain normal pressure or quality, or uninterrupted and continuous service.

Whenever the integrity of the Company's system or the supply of gas is believed to be threatened by conditions on its system or upon the systems with which it is directly or indirectly interconnected, the Company may, in its sole judgment, curtail or interrupt gas service or reduce pressure and such action shall not be construed to constitute a default nor

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shall the Company be liable therefore in any respect. The Company will use reasonable efforts under the circumstances to overcome the cause of such curtailment, interruption, or reduction and to resume full performance.

The Company shall be excused from performing under the Schedule of Rates and shall not be liable in damages or otherwise if and to the extent that it shall be unable to do so or prevented from doing so by statute or regulation or by action of any court or public authority having or purporting to have jurisdiction in the premises; or by loss, diminution, or impairment of gas supply from its suppliers or the systems of others with which it is interconnected; or by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, act of God or public enemy, failure of any supplier to perform, restraint by any court or regulatory agency, or any other intervening cause, whether or not similar thereto; the Company shall use reasonable efforts under the circumstances to overcome such cause and to resume full performance.

The foregoing shall not alter the Company's liability under applicable legal standards for damages in the case of its negligent or intentionally wrongful conduct with respect to any act or failure to act by the Company.

11.0 COMPANY LIABILITY:

The Company shall not be liable for any loss or damage resulting from the use of gas or the presence of the Company's appliances and equipment on the Customer's premises unless such loss or damage results directly and solely from the Company's negligence.

The Company shall not, in any event except that of its own negligent acts or omissions, be liable to any party for any direct, consequential, indirect, or special damages, whether arising in tort, contract or otherwise, by reason of any services performed, or undertaken to be performed, or actions taken by the Company, or its agents or employees, under the Schedule of Rates or in accordance with or required by law, including, without limitation, termination of the customer's service.

The Customer assumes full responsibility for the proper use of gas furnished by the Company and for the condition, suitability, and safety of any and all equipment on the Customer's premises, or owned or controlled by the Customer which is not the Company's property. The Customer shall indemnify and save harmless the Company from and against any and all claims, expenses, legal fees, losses, suits, awards, or judgments for injuries to or deaths of persons or damage of any kind, whether to property or otherwise, arising directly or indirectly by reason of (1) the routine presence in or use of gas from pipes owned or controlled by the Customer; or (2) the failure of the Customer to perform any of his or her duties and obligations as set forth in the Schedule of Rates where such failure creates safety

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hazards; or (3) the Customer's improper use of gas or gas appliances. Except as otherwise provided by law, the Company shall be liable for damages claimed to have resulted from the Company's conduct of its business only when the Company, its employees, or agents have acted in a negligent or intentionally wrongful manner.

12.0 SCHEDULE OF AMINISTRATIVE FEES AND CHARGES:

Account Restoration Charge:	$96.00
Paperless Billing Credit:	$0.37/bill/month
Return Check Charge:	$8.00

Daily Metered Equipment Fee: A customer will be charged for the cost of equipment installed by the Company to provide FT-1 Distribution Service through wireless readings of the Company's meter pursuant to Section 7, Schedule C, Item 2.02.0. The initial lump sum charge is $1,239.00

Daily Metered Data Plan Fee: A customer will be charged annually for the data plan associated with FT-1 Distribution Service pursuant to Section 7, Schedule C, Item 2.02.0. The annual data plan fee is $17.00

AMR Opt-Out Fees:

Removal of AMR Meter/Installation of Non-AMR Meter:	$74.00
Monthly Meter Reading Fee:	$13.00
Reinstallation of AMR Meter:	$74.00

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Actual Base Revenue Per Customer:	The actual base revenue for a rate class for a month divided by the actual number of customers billed for each rate class in the month.
Actual Transportation Quantity:	The quantity of gas actually received during the Gas Day as measured by the metering equipment at the Point(s) of Receipt, adjusted for the applicable Company Fuel Allowance.
Aggregation Pool:	One or more transportation Customer accounts whose gas usage is aggregated into a Marketer's account for operational purposes, including but not limited to nominating, scheduling and balancing gas deliveries to specified Point(s) of Receipt.
AGT Costs:	Advanced Gas Technology program costs as approved by the PUC.
Average Normalized Winter Day Usage:	A Customer's average normal winter day's usage, based on their actual gas usage during the most recent November through March period, adjusted for normal degree days, as approved in the most recent general rate case.
Base Revenue:	Base Revenue is the sum of the customer charge, variable distribution charges and demand charges for firm service rate classes. Base Revenue is net of Gross Earnings Tax (GET).
BTU content factor:	One British thermal unit (i.e., the amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sixty degrees (60^{o}) Fahrenheit). A Therm is one hundred thousand Btus. The BTU content factor for a given volume shall be calculated by the Company on a seasonal basis at the end of October and the end of April based upon an average of the Transporting Pipeline's prior six-month experience of recorded BTU factors.
Capacity Release Revenues:	Revenues derived from the sale of capacity upstream of the city-gate.
Capacity Exempt Customer:	Any Customer who is the customer of record at a location having a Capacity Exemption.

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Capacity Exemption:	A location having Gas Usage that is not subject to a mandatory pipeline capacity assignment from the Company. Customers are capacity exempt if they (1) elected to retain their Capacity Exemption at a specific location as part of the 1999 revisions to the Company's Business Choice program in Docket RIPUC 2902, (2) receive delivery service on the Company's Non-Firm Sales or Non-Firm Transportation rate schedules, or (3) elected capacity exemption as a New Customer in accordance with Section 6, Transportation Terms and Conditions, Schedule C, Part 1.07.1.
Company Fuel Allowance**:**	The quantity in Therms (as calculated on a percentage basis) by which the gross amount of gas received for Customer's account at the Point(s) of Receipt is reduced in kind in order to compensate the Company for gas loss and unaccounted for, Company use or similar quantity-based adjustment.
Consumption Algorithm**:**	A mathematical formula used to calculate a Customer's daily consumption based on the Customer's historical base load and heat use per heating degree day factor.
Critical Day:	Defined as any day where supply resource constraints are expected to adversely impact the operation of the Company's distribution system. A Critical Day may occur under conditions, such as severe cold temperatures, pipeline emergencies, malfunctions or unusual, out-of-season weather conditions.
Customer:	Any party(s) that has obtained service from the Company pursuant to the General Terms and Conditions or pursuant to the Transportation Terms and Conditions.
Daily Index:	The mid-point of the range of prices for the respective New England Citygates as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Algonquin Citygates" and "Daily Price Survey, Midpoint, Citygates Tennessee/Zone 6 (delivered)" for the relevant Gas Day listed under "Flow date(s)." In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of gas as the basis for this calculation until such time that PUC approves a suitable replacement.

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Deferred Balance:	The difference between incurred costs and revenues received.
Deferred Gas Cost Balance:	The difference between gas costs incurred and gas revenues received.
Dekatherm (Dt):	Ten Therms or one million Btu's (MMBtu).
Design Winter Sales Sendout:	Sales sendout of Residential Non-Heating, Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I during November through March based on design winter temperatures.
Division	The Rhode Island Division of Public Utilities and Carriers.
Electronic Bulletin Board (EBB):	An internet web site which allows both the Company and Marketers to electronically post nominations and other transportation-related information.
EDI	Electronic Data Interchange, the system by which the Company and Marketers initiate transactions and share information.
Environmental Response Costs:	All reasonable and prudently incurred costs associated with evaluation, remediation, clean-up, litigation, claims, judgments, insurance recovery (net of proceeds), and settlements arising out of the Company's utility-related ownership, operation, or use of: (1) manufactured gas production and storage facilities and disposal sites where wastes and materials from such facilities were deposited; (2) mercury regulators; and (3) meter disposal. Also included are the reasonable and prudently incurred costs for acquiring plant, property and equipment to facilitate remediation and other appropriate environmental management objectives in connection with the above sites, properties, and activities. The Company will use its best efforts to minimize Environmental Response Costs consistent with applicable regulatory requirements and sound environmental management policies and practices.
Forecasted Daily Usage (FDU):	Customer's estimated daily consumption for the next gas day as

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	calculated by the Company based upon a forecast of heating degree days and the consumption algorithm.
Gas Day:	A period of twenty-four (24) consecutive hours beginning at 10:00 am (EST) and ending at 10:00 am (EST) the next calendar day.
Gas Usage:	The actual quantity of gas used by the Customer as measured by the Company's metering equipment at the Point of Delivery and converted to Therms.
Hedge Collateral:	Funds the Company is required to put up as collateral on hedge positions by an exchange or counterparty, or funds it receives from an Exchange or counterparty as collateral.
Hedge Collateral Carrying Costs:	For the month being calculated, carrying costs equal the total of the following: (1) For each exchange or counterparty holding the Company's collateral, the monthly short term borrowing rate defined as the Company's money pool rate, times the average hedge collateral daily balance for the month divided by 12, less (2) for each exchange or counterparty where the Company holds their collateral, the monthly short term borrowing rate times the average hedge collateral daily balance for the month divided by 12, less (3) any interest paid to the Company by the exchange or counterparty on the collateral funds it holds. The Company will recover carrying costs from customers or credit customers for carrying costs through the Gas Adjustment. In the event the Company chooses to meet its collateral obligations by posting a letter of credit or other non-cash instrument, the carrying cost will be the direct costs of the letter of credit or alternative non-cash instrument.
Imbalance:	The difference between the Actual Transportation Quantity and Gas Usage.
Interest on Deferred Balance:	Interest revenue/expense required to finance the deferred balance based on the Bank of America Prime Rate less 200 basis points (2%) as in effect from time to time.

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Inventory Finance Charge:	Finance charges associated with the storage of natural gas as calculated using a working capital calculation.
Local Storage Costs:	Costs associated with the investment, operations, and maintenance of natural gas storage downstream of the city-gate.
Marginal Gas Cost:	The variable cost of the Company's marginal source of supply for the Gas Day. Incremental Cost is a synonymous term.
Marketer:	An entity meeting the eligibility requirements of Section 6, Schedule C, Item 5.03, that is designated in a Transportation Service Application by the Customer to act on its behalf for nomination, notification, scheduling, balancing, and receipt of communications, and which has executed a Marketer Aggregation Pool Service Agreement. A Customer may designate itself as the Marketer provided that they have an executed service agreement with the Transporting Pipeline or provide proof of contract to purchase the gas at the Company's city gate.
Maximum Daily Quantity:	The maximum quantity of gas a customer is authorized to use during the gas day.
Monthly Index:	The simple average of the Daily Indices for the applicable month.
Net Insurance Recoveries:	Proceeds recovered from insurance providers and third parties for Environmental Response Costs, less the cost of obtaining such proceeds through claims, settlements, and litigation.
New Customer:	A Customer taking a supply of gas at a new Point of Delivery that has not been previously served by the Company.
Non-Firm Customer:	A customer who receives service under the Company's Non-Firm rate class.
Non-Firm Transportation Margin:	Margins derived from the transportation of natural gas to non-firm customers downstream of the city gate.
Off-System Sales Margins:	Margins derived from the sale of natural gas upstream of the city-gate.

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Operational Flow Order:	The Company's instruction to Marketers and/or Customers to take such action as conditions require, including, but not limited to, diverting gas to or from the Company's distribution system pursuant to Section 6, the Transportation Terms and Conditions, Schedule C, Item 1.04.2.
Peak Day Use:	The estimated use of a customer on the forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage. It is calculated by estimating the customer's average use on a day when heat is not required (the baseload use) and the average use per degree day (the heating use) based on the customer's historical usage history. In the event the customer's historical usage is unavailable or not representative of expected future use, the Company will evaluate the customer's gas equipment and its projected utilization in order to calculate the customer's estimated use. The Peak Day Use equals the baseload use plus the product of the use per degree day times the design degree day value as approved by the PUC.
Pipeline Costs:	Costs associated with the entitlement and transmission of natural gas on the interstate pipeline system.
Pipeline Shipper(s):	The party(s) from whom a Marketer has purchased gas to be delivered to and transported by the Company.
Point of Delivery:	A location at which the Company's distribution facilities are interconnected with the Customer's facility.
Point(s) of Receipt:	Outlet side of the measuring station at the interconnection between the Transporting Pipeline and the Company's distribution facilities where gas will be received by the Company for transportation service in its service territory.
PUC	The Rhode Island Public Utilities Commission.
Purchased Gas Working Capital:	The working capital required to finance the Company's purchased gas.
Refunds:	Refunds from pipeline, storage, and suppliers.

DEFINITIONS

Scheduled Transportation Quantity:	The quantity of gas scheduled by the Marketer to be received by the Company for Customer's account during the Gas Day at the Point of Receipt, including the applicable Company Fuel Allowance.
Service Quality Performance Fund:	Deferred account containing accumulated Service Quality adjustments.
Soft-Off	The termination of an account by the Company for billing purposes where there is no new customer of record and the actual flow of gas to the premises is not disconnected.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Target Revenue Per Customer:	For the period through August 2018, the target revenue per customer amount is that established in Docket 4323. For the period beginning September 2018, it shall be the target revenue per customer establish in Docket 4770.
Therm:	An amount of gas having a thermal content of 100,000 Btus.
Transportation Imbalance Revenues:	Revenues associated with daily and monthly imbalances for transportation customers, as included in the Company's Terms and Conditions of Firm Transportation.
Transporting Pipeline:	The party(s) engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which are transporting gas for Marketer to a Point of Receipt of the Company.
Upstream Storage Costs:	Costs associated with the entitlement, injection, withdrawal, and storage of natural gas upstream of the city-gate.
Working Capital:	The dollar amounts required to support the Company's activities prior to the receipt of revenue.

TAXES AND SURCHARGES

1.0 RHODE ISLAND GROSS EARNINGS TAX:

Unless otherwise indicated, all rates exclude an amount necessary for the payment of Rhode Island Gross Earnings Tax. An amount necessary for the payment of Rhode Island Gross Earnings Tax will be separately identified on bills rendered to customers.

2.0 GROSS EARNINGS TAX REDUCTION FOR MANUFACTURERS:

Consistent with the gross earnings tax exemption provided in Section 44-13-35 of Rhode Island General Laws, eligible manufacturing customers will be billed the applicable Rhode Island Gross Earnings Tax (GET). The Customer is responsible for providing to the Company in writing its tax exemption number and other appropriate documentation. If the Company collected any taxes or assessments from the Customer and is later informed by the Customer that the Customer is exempt from such taxes, it shall be the Customer's responsibility to obtain any refund from the appropriate governmental taxing agency.

Eligible manufacturing customers are those Customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under section 44-18-30 (7) of Rhode Island General Laws) indicating the Customer's status as a manufacturer. If the Division of Taxation (or other Rhode Island taxing authority with jurisdiction) disallows any part or all of the exemption as it applies to a Customer, the Customer will be required to reimburse the Company in the amount of the credits provided to such Customer which were disallowed, including any interest required to be paid by the Company to such authority.

The Division of Taxation has indicated that it will generally deem 95% of manufacturer's volumes to be for "manufacturing use" eligible for the reduced manufacturer's Gross Earnings Tax rate. Thus, unless usage is separately metered for manufacturing only, 95% of billed amounts for qualified customers will be deemed to be for manufacturing purposes and eligible for the manufacturer's GET credit, whereas the remaining 5% of the billed amount will be subject to the standard GET rate. If usage is separately metered for manufacturing use only, the entire amount will be subject to the reduced manufacturing GET rate.

No other use of gas will be included in this rate for billing purposes.

3.0 OTHER RHODE ISLAND TAXES:

Where applicable at rate or rates in effect from time to time.

TAXES AND SURCHARGES

4.0 ENERGY EFFICIENCY SURCHARGE:

As provided for in Section 39-1-27.7 and Section 39-2-1.2 of Rhode Island General Laws, a charge per dekatherm (Dt) designed to recover the costs of the Company's gas Energy Efficiency Program ("EEP").

With the filing of the Company's EEP plan for the upcoming calendar year, the Company will file its EEP per Dt charge on or before October 15 of each year. In any year in which the Company is required to file a triennial Energy Efficiency Procurement plan, the Company will file the EEP Charge by November 1. The EEP Charge shall be effective on the following January 1. The EEP charge will be designed to collect the estimated costs of the Company's EEP plan for the upcoming calendar year plus a full reconciliation of all costs and revenues for the current year including a reconciliation of forecasted revenue and costs for months of the current year for which actual data is not available at the time of the filing. Any projected amounts included in the EEP charge filing are subject to reconciliation to actual amounts and any difference will be reflected in a future EEP charge filing. Upon approval by the PUC, such a charge (adjusted for the uncollectible percentage approved in the most recent general rate case) shall become effective with usage on or after the effective date.

The Company may file to change the EEP charge at any time should significant over- or under-recoveries occur.

GAS COST RECOVERY CLAUSE

1.0 GENERAL:

1.1 Purpose:

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the PUC, to annually adjust its rates for firm sales and the weighted average cost of upstream pipeline transportation capacity in order to recover the costs of gas supplies, pipeline and storage capacity, production capacity and storage, purchased gas working capital, and to credit supplier refunds, capacity credits from off-system sales and revenues from capacity release transactions.

The Gas Cost Recovery Clause shall include all costs of firm gas, including, but not limited to, commodity costs, demand charges, hedging and hedging related costs, local production and storage costs and other gas supply expense incurred to procure and transport supplies, transportation fees, inventory finance costs, requirements for purchased gas working capital, all applicable credits, taxes, and deferred gas costs. Any costs recovered through the application of the Gas Charge shall be identified and explained fully in the annual filing.

1.2 Applicability:

The Gas Charge shall be calculated separately for the following rate groups:

(1) Residential Non-Heating, Low Income Residential Non-Heating, Large C&I High Load Factor, Extra Large C&I High Load Factor;
(2) Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large C&I Low Load Factor, and Extra Large C&I Low Load Factor; and
(3) FT-2 Firm Transportation – Marketers.

The Company will make annual Gas Charge filings based on forecasts of applicable costs and volumes and annual Reconciliation filings based on actual costs and volumes. The Gas Charge shall become effective with consumption on or after November 1 as designated by the Company. In the event of any change subsequent to the November effective date which would cause the estimate of the Deferred Gas Cost Balance to differ from zero by an amount greater than five percent (5%) of the Company's gas revenues, the Company may make a Gas Charge filing designed to eliminate that non-zero balance.

Unless otherwise notified by the PUC, the Company shall submit the Gas Charge filings no later than sixty (60) days before they are scheduled to take effect. The Annual Reconciliation filing will be made by July 1 of each year containing actual data for the twelve months ending March 31 of that year.

GAS COST RECOVERY CLAUSE

2.0 GAS CHARGE FACTORS

2.1 Gas Charges to Sales Customers:

The Gas Charge consists of two (2) components: (1) Fixed Costs and (2) Variable Costs. These components shall be computed using a forecast of applicable costs and volumes for each firm rate schedule based on the following formula:

$GC_S = FC_S + VC_S$

Where:

GC_S Gas Charge applicable to High Load Factor sales rates (Residential Non-Heating, Low Income Residential Non-Heating, Large and Extra Large High Load C&I) and Low Load Factor sales rates (Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large and Extra Large Low Load C&I).

FC_S Fixed Cost Component for a rate classification. See Item 3.1 for calculation.

VC_S Variable Cost Component for a rate classification. See Item 3.2 for calculation.

This calculation will be adjusted for the uncollectible percentage approved in the most recent general rate case and the Gas Charges to Sales Customers are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

2.2 Gas Charge to FT-2 Marketers:

The FT-2 Demand Rate (SDC_M) recovers fixed costs associated with storage and peaking resources including pipeline supplies designated by the Company for peaking purposes. See item 3.3 for calculation.

The FT-2 Variable Charges for underground storage components consist of the following:

SLF The Company's weighted average loss factor on storage withdrawals across all storage contracts.

WWCC The Company's weighted average commodity cost of storage withdrawals under all storage contracts.

GAS COST RECOVERY CLAUSE

PLF — The Company's weighted average loss factor on pipeline contracts used to deliver storage withdrawals to the system.

PCC — The Company's weighted average commodity cost on pipeline contracts used to deliver storage withdrawals to the system

This calculation will be adjusted for the uncollectible percentage approved in the most recent general rate case and the Gas Charges to Sales Customers are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.

3.0 GAS CHARGE CALCULATIONS

3.1 Supply Fixed Cost Component:

The Supply Fixed Cost Component shall include all fixed costs related to the purchase, storage, or delivery of firm gas, including, but not limited to, pipeline and supplier fixed reservation costs, demand charges, operation and maintenance costs for storage facilities and other fixed gas supply expense incurred to transport or store supplies, transportation fees, and requirements for purchased gas working capital. Any costs recovered through the application of the Supply Fixed Cost Component shall be identified and explained fully in the annual filing.

The Supply Fixed Cost Component is calculated for each applicable rate schedule as follows:

$$FC_S = \frac{DWS_S \times (TC_{FC} - TR_{FC} + WC_{FC} + R_{FC} - (SDC_M \times MDQ_{SM} \times 12))}{Dt_S}$$

Where:

FC_S — Supply Fixed Cost Component for High Load Factor rates (Residential Non-Heating, Low Income Residential Non-Heating, Large High Load C&I and Extra-Large High Load C&I) and Low Load factor rates (Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low C&I and Extra Large Low Load C&I).

DWS_S — Percent of Design Winter Sales Sendout (November - March) for High Load Factor rates (Residential Non-Heating, Low Income Residential Non-Heating, Large High Load C&I and Extra-Large High Load C&I) and Low Load factor rates (Residential Heating, Low Income

GAS COST RECOVERY CLAUSE

Residential Heating, Small C&I, Medium C&I, Large Low C&I and Extra Large Low Load C&I).

TC_{FC} Total Fixed Costs, including, but not limited to pipeline, storage, and supplier reservation and supply related local production and storage costs. The level of supply-related local production and storage costs shall be determined annually as estimated by the Company.

TR_{FC} Credits to Fixed Costs relating to supply services, including, but not limited to Marketer capacity release revenues, the amount forecasted to customers under the Natural Gas Portfolio Management Plan ("NGPMP") for the November to October period, and forecasted gas costs relating to supplies required to maintain system pressures on the Company's distribution system, as defined in Section 3, Item 3.1.

WC_{FC} Working Capital requirements associated with Supply Fixed Costs. See Item 5.0 for calculation.

R_{FC} Deferred Fixed Cost Account Balance as of October 31, as derived in Item 6.0 less the amount guaranteed to customers under the NGPMP and, following approval by the PUC, the net positive revenue from optimization transactions reduced by the guaranteed amount and the Company incentive under the Plan.

SDC_{M} FT-2 Storage Demand Charge rate charged to Marketers based on their Maximum Daily Quantity of storage gas. See Item 3.3 for calculation.

MDQ_{SM} Storage Forecast of Maximum Daily Quantity to be billed to Marketers.

Dt_{S} Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I.

3.2 Supply Variable Cost Component:

The Supply Variable Cost Component shall include all variable costs of firm gas, including, but not limited to, commodity costs, taxes on commodity and other gas supply expense incurred to transport supplies, transportation fees, and requirements for purchased gas working capital, storage commodity costs, taxes on storage commodity and other gas storage expense incurred to transport supplies,

GAS COST RECOVERY CLAUSE

transportation fees, inventory commodity costs, and inventory financing costs. Any costs recovered through the application of the Supply Variable Cost Component shall be identified and explained fully in the annual filing.

The Supply Variable Cost Component is calculated for each applicable rate schedule as follows:

$$VC = \frac{TC_{VC} - TR_{VC} + WC_{VC} + R_V + IF_S}{Dt_{VC}}$$

Where:

VC	Supply Variable Cost Component for High Load Factor rates (Residential Non-Heating, Low Income Residential Non-Heating, Large and Extra Large High Load C&I) and Low Load Factor rates (Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large and Extra Large Low Load C&I).
TC_{VC}	Total Supply Variable Costs, including, but not limited to pipeline, supplier, storage, commodity-billed pipeline transition costs, and any hedge, hedging related cost or the carrying cost on hedge collateral.
TR_{VC}	Total Credits to Supply Variable Costs, including, but not limited to balancing commodity charge revenues and transportation imbalance charges.
WC_{VC}	Working Capital requirements associated with Total Supply Variable Costs. See Item 5.0 for calculation.
R_V	Deferred Cost Account Balance as of October 31, as derived in Item 6.0 plus the net of any Gas Procurement Incentives/Penalties associated with the Gas Procurement Incentive Plan.
Dt_{VC}	Forecast of annual sales to Residential Non-Heating, Low Income Residential Non-Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I, Large Low and High Load C&I, and Extra Large Low and High Load C&I.
IF_S	Inventory Finance Cost as calculated in Item 4.0 below.

GAS COST RECOVERY CLAUSE

3.3 FT-2 Storage Demand Charge:

The FT-2 Storage Demand Charge (SDC_M) shall include all fixed costs related to the operations, maintenance, and delivery of storage, including, but not limited to, the supply-related portion of local production and storage costs, delivery of storage gas to the Company's Distribution System, Storage Inventory Financing Charges and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Demand Charge shall be identified and explained fully in the annual filing.

The Storage Demand Charge Component is calculated for the FT-2 rate schedule as follows:

$$SDC_M = \frac{TFC_S + IF_S + WC_S}{MDQ_S \times 12}$$

Where:

SDC_M	FT-2 Storage Demand Charge in $/per Maximum Daily Quantity of Storage gas to be charged to Marketers.
TFC_S	Total Storage Fixed Costs, equals all fixed costs of storage, including, but not limited to, the supply related portion of local production and storage costs, taxes on storage, any demand or fixed charges associated with storage or delivery of storage gas to the Company's Distribution System, and any demand or fixed pipeline reservation charges designated by the Company as a peaking resource. The level of supply-related local production and storage costs shall be determined annually as estimated by the Company.
IF_S	Inventory Finance Cost as calculated in Item 4.0 below.
MDQ_S	The total maximum daily quantity of storage gas in Dekatherms deliverable to the Company's Distribution System using the LNG facilities, storage resources, and pipeline contracts related to storage delivery.
WC_{FC}	Working Capital requirements associated with Supply Fixed Costs. See Item 5.0 for calculation.

GAS COST RECOVERY CLAUSE

4.0 INVENTORY FINANCING:

$IF_S = (ASB_U + ASB_L) \times COC$

Where:

IF_S Inventory Finance Charges for storage

ASB_U Average underground storage balance

ASB_L Average LNG storage balance

COC Weighted Pre-tax Cost of Capital, consisting of three components: Short-term Debt, Long-term Debt, and Common Equity. The Common Equity components shall reflect the rates approved in the most recent general rate case. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended March as presented in the Company's annual Distribution Adjustment Clause Filing.

5.0 WORKING CAPITAL REQUIREMENT:

$WC_M = WCA_M \times [DL \div 365] \times COC$

Where:

WC_M Working Capital requirements of Supply Fixed (WC_{FC}) and, Storage Fixed (WC_{SFC}), Supply Variable (WC_{SV}), Storage Variable Product (WC_{SVC}) or Storage Variable Non-product (WC_{SVNC}) Cost Components.

WCA_M Working Capital Allowed in the Supply Fixed, Storage Fixed, and Supply Variable, Storage Variable Product, or Storage Variable Non-product Cost component calculations.

DL Days Lag approved in the most recent general rate case.

COC Weighted Pre-tax Cost of Capital, consisting of three components: Short-term Debt, Long-term Debt, and Common Equity. The Common Equity components shall reflect the rates approved in the most recent general rate case. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended March as presented in the Company's annual Distribution Adjustment Clause (DAC) filing in support of the Earnings Sharing Mechanism (ESM). The long-term debt

GAS COST RECOVERY CLAUSE

component will be based on the Company's actual long-term borrowing rate as presented in the Company's annual DAC filing.

6.0 DEFERRED GAS COST ACCOUNTS:

The Company shall maintain two (2) separate Deferred Gas Cost Accounts: (1) Fixed Costs and revenues and (2) Supply Variable Costs and revenues. Entries shall be made to each of these accounts at the end of each month as follows:

An amount equal to the allowable costs incurred less:

1. Gas Revenues collected adjusted for the RIGET and uncollectible percentage approved in the most recent general rate case;

2. Credits to costs, including but not limited to GCR Deferred Responsibility surcharge/credits and Transitional Sales Service (TSS) surcharge revenues,

   and including

3. Monthly interest based on a monthly rate of the current Bank of America prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning-of-the-month balance and the balance after entries 1. and 2. above.

7.0 REFUNDS:

Any refund associated with the Company's total gas cost for Sales customers shall be credited to the Deferred Cost Account.

8.0 WEIGHTED AVERAGE UPSTREAM PIPELINE TRANSPORTATION COST:

At the request of a marketer or the Division, the Company will provide within 21 days an estimate of the pipeline path costs for the next GCR year beginning November 1. The estimate will be based on the most recent GCR filing updated for current commodity pricing and other known changes which would significantly affect the factor. Concurrent with the annual GCR filing, the Company shall calculate the final weighted average cost of upstream pipeline transportation capacity. The cost shall be applicable to capacity release under the Transportation Terms and Conditions effective November 1 of each year or at such time as the PUC approves the rates.

GAS COST RECOVERY CLAUSE

9.0 DEFERRED GAS COST RESPONSIBILITY:

Under the Transportation Terms and Conditions, Section 6, Schedule C, Item 1.0, if a Customer who has been receiving firm sales service and elects to transfer to transportation service to purchase gas from a Marketer, the Customer is responsible for their portion of the deferred gas cost balance. The calculation of any under-recovered or over-recovered gas cost attributable to the Customer's prior service will be charged or credited to the Customer's account at the time transportation service is initiated.

9.1 Factor Calculations:

The calculation of the Customer's deferred gas cost balance consists of: (1) the prior period deferred gas cost reconciliation amount reflected in the Company's current Gas Charge; and (2) any incremental under-recovery or over-recovery of actual costs versus projected costs that accrue while the current Gas Charge is in effect.

The first component is calculated on the basis of the Company's Gas Charge filing with the PUC in accordance with the following formula:

$$PPF = \frac{DAB_B}{Dt_S}$$

Where:

PPF Prior Period Factor as a $/Dt.

DAB_B Deferred Gas Cost Account Beginning Balance for the first month covered under the Gas Charge filing.

Dt_S Forecast of sales volumes for the period covered by GCC filing.

The second component is calculated on a quarterly basis and represents the additional deferral balance since the balance determined in the Company's last Gas Charge filing. The factor is calculated as follows:

$$IDF = \frac{DQB_E - PDAB_B}{Dt_a}$$

Where:

GAS COST RECOVERY CLAUSE

IDF Incremental Deferred Gas Cost Balance Factor as a $/Dt.

DQB_E Actual Deferred Gas Cost Account Ending Balance for a quarter subsequent to the PPF.

$PDAB_B$ Projected Deferred Gas Cost Account Ending Balance for the quarter subsequent to the PPF.

Dt_a Actual sales volumes for the quarter(s) subsequent to the PPF.

9.2 Application of Factors:

The customer's total Deferred Gas Cost Responsibility will equal the sum of the following:

(1) The PPF times: (a) the Customer's prior GCR year's total Dt minus (b) the Customer's current year's Dt where the current GCR year's Dt reflects the period the customer has been billed the current Gas Charge; and

(2) The IDF times the Customer's Dt during the period covered by the IDF.

DISTRIBUTION ADJUSTMENT CLAUSE

1.0 GENERAL

1.1 Purpose:

The purpose of the Distribution Adjustment Clause ("DAC") is to establish procedures that allow the Company, subject to the jurisdiction of the PUC, to annually adjust its rates for firm sales and transportation in order to recover, credit, or reconcile the following:

(1) the system pressure costs;
(2) the difference between the approved AGT factor revenue collections and actual AGT factor revenue collections;
(3) the costs of the Infrastructure, Safety, and Reliability Plan;
(4) the amortization of the most recent ten years of Environmental Response costs;
(5) Pension costs and Post-retirement Benefits Other than Pensions expenses;
(6) to credit any Service Quality Performance penalties;
(7) any over or under collections of revenue under the Revenue Decoupling mechanism;
(8) the previous year DAC items;
(9) any Earnings Sharing;
(10) any Residential Assistance costs; and
(11) the impact of the Tax Cuts and Jobs Act.

Any costs recovered through the application of the Distribution Adjustment Charge shall be identified and explained fully in the annual Distribution Adjustment Charge filing.

1.2 Applicability:

The Distribution Adjustment Charge will be applied to sales and transportation volumes under each of the Company's firm rate schedules.

The Company will make annual DAC filings and its annual Reconciliation filings based on actual costs and volumes available at the time of filing as well as forecasts of applicable costs and volumes through October of that year. With the exception of the Infrastructure, Safety and Reliability component described in Item 3.3.2, the Distribution Adjustment Charge shall become effective with consumption as of November 1 each year.

Unless otherwise notified by the PUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take

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effect, provided however that the Revenue Decoupling Adjustment component of the Distribution Adjustment Charge filing will be made July 1 annually. The Annual Reconciliation filing will be made by August 1 of each year.

2.0 DISTRIBUTION ADJUSTMENT CHARGE:

The Distribution Adjustment Charge will consist of an annual System Pressure factor, an Advanced Gas Technology factor, an Infrastructure, Safety, and Reliability factor, an Environmental Response Cost factor, a Pension Adjustment Mechanism factor, a Service Quality Performance factor, a Revenue Decoupling Adjustment factor, and a Reconciliation of deferred account balance factor, an Earnings Sharing Mechanism factor, a Low Income Discount Recovery Factor, a Tax Credit Factor and an Arrearage Management Adjustment Factor. The Distribution Adjustment Charge is calculated as follows:

DAC = SP+AGT+ISR+ERCF+PAF+SQP+RDA+AMAF+R+ESM+LIDRF+TCF

Where:

DAC	Distribution Adjustment Charge applicable to all firm throughput.
SP	System Pressure factor. See Item 3.1 for calculation.
AGT	Advanced Gas Technology factor. See Item 3.2 for calculation.
ISR	Infrastructure, Safety, and Reliability factor. See Item 3.3 for calculation.
ERCF	Environmental Response Cost Factor. See Item 3.4 for calculation.
PAF	Pension Adjustment Factor. See Item 3.5 for calculation.
SQP	Service Quality Performance Factor. See Item 3.6 for calculation.
RDA	Revenue Decoupling Adjustment factor. See Item 3.7 for calculation.
AMAF	Arrearage Management Adjustment Factor. See Item 3.8 for calculation.
LIDRF	Low Income Discount Recovery Factor. See Item 3.9 for calculation.
R	Reconciliation of deferred account balances as of October 31. See Item 4.0 for calculation.
ESM	Earnings Sharing Mechanism Factor. See Item 5.0 for calculation.

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TCF Tax Credit Factor. See Item 3.10 for calculation.

The Distribution Adjustment Charge, excluding the RDA, shall be increased by the uncollectible expense percentage approved in the most recent general rate case.

3.0 DISTRIBUTION ADJUSTMENT CALCULATIONS

3.1 System Pressure Factor:

The System Pressure factor shall be computed in a manner that identifies and includes all fixed and variable gas supply costs required on an annual basis to maintain pressure within the Company's distribution system and shall identify and consider all gas supply costs that are required to maintain pressure for all portions of the Company's distribution system:

$$SP = \frac{GCSP \times SP\%}{Dt_T}$$

Where:

SP System Pressure Amount.

GCSP Forecasted Gas Costs associated with supply used to maintain system pressures, including both demand and commodity costs.

SP% Percent of supply used to maintain system pressures, as established in the most recent general rate case or DAC proceeding.

Dt_T Forecasted annual firm throughput.

3.2 AGT Factor:

The Advanced Gas Technology factor shall be determined annually, or as otherwise approved by the PUC, based on an estimate of AGT grants to be disbursed during the upcoming year, adjusted by any AGT grants from the prior year in excess of available funding or available funding in excess of AGT grants from the prior year, the total of which is the eligible AGT Costs to be approved for recovery by the PUC. The formula will be as follows:

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$$AGT = \frac{AGT}{Dt_T}$$

Where:

AGT AGT Factor

AGT AGT Costs

Dt_T Forecasted annual firm throughput in dekatherms

3.3 **Infrastructure, Safety and Reliability Plan:**

3.3.1 Gas Infrastructure, Safety, and Reliability Plan Filing:

In compliance with R.I.G.L. Section 39-1-27.7.1, no later than January 1 of each year, the Company shall submit to the PUC a Gas Infrastructure, Safety, and Reliability Plan (Gas ISR Plan) for the upcoming fiscal year (April to March) for review and approval within 90 days. The Gas ISR Plan shall include the upcoming fiscal year's forecasted capital investment on its gas distribution system infrastructure and may include any other costs relating to maintaining safety and reliability that have been mutually agreed upon by the Division and the Company.

3.3.2 Infrastructure, Safety and Reliability Factor:

Effective each April 1, the Company shall recover through a change in Distribution Adjustment Charge rates the Cumulative Revenue Requirement on the Adjusted Cumulative Non-growth Capital spending as approved by the PUC in the Company's annual gas infrastructure, safety, and reliability filings less the amount included in rate base for base rate purposes. For purposes of this section, non-growth capital shall exclude general plant (FERC Accts 389 through 399). The Cumulative Revenue Requirement shall mean the return and taxes on year-end Adjusted Cumulative Non-growth Capital Spending, at a rate equal to the pre-tax weighted average cost of capital as approved by the PUC in the most recent general rate case, plus the annual depreciation net of depreciation expense attributable to general plant that was approved by the PUC in the Company's most recent general rate case adjusted, if appropriate, by later proceedings related to capital, plus the annual municipal property tax recovery mechanism.

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The Adjusted Cumulative Non-growth Capital Spending shall mean the cumulative actual non-growth capital investment recorded since the end of the Company's rate year in its most recent general rate case, reflecting any difference between Actual Non-Growth Investment and Forecasted Non-Growth Investment for any period during which Forecasted Non-Growth Investment has not been reconciled to Actual Non-Growth Investment including through the end of the Company's rate year in its last general rate case. Cumulative Revenue Requirements will reflect Adjusted Cumulative Non-Growth Capital Spending as defined above plus the associated retirements, cost of removal, accumulated depreciation, and accumulated deferred taxes.

All accumulated Gas ISR investments will be eligible for inclusion in rate base recovery through new rates set in the next general rate case.

The Company shall allocate the Cumulative Revenue Requirements to its rate classes based on the rate base allocation approved by the PUC in the Company's most recent general rate case. Any other costs, including Operation and Maintenance expenses mutually agreed upon by the Division and the Company shall be allocated on a per unit basis.

3.3.3 Infrastructure, Safety and Reliability Factor: Reconciliation Mechanism:

The Company shall include an annual reconciliation mechanism associated with the ISR Factor designed to reconcile the actual Cumulative Revenue Requirements and any associated costs approved for recovery through this mechanism to the actual billed revenue for the prior fiscal year. As part of its annual DAC filing, the Company shall submit by August 1 a reconciliation factor (either positive or negative) related to the ISR Factor recoveries and actual Cumulative Revenue Requirements and any associated costs approved for recovery through this mechanism to take effect annually for the twelve months beginning November 1 each year.

3.4 Environmental Response Cost Factor (ERCF):

$$ERCF = \frac{\dfrac{\sum ERCyr_x}{10} - ERC_{EMB}}{Dt_T}$$

Where:

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ERC Environmental Response Costs as defined in Section 1, Schedule B Definitions

$\sum ERCyr_x$ The sum of Environmental Response Costs, incurred in the most recent twelve month period ended March 31.

ERC_{EMB} Environmental Response Costs funding embedded in base rates, $1,310,000.

Dt_T Forecasted annual firm throughput

In order to limit the bill impacts that could potentially result from the incurrence of environmental remediation costs, the ERC factor, calculated as described above, shall be limited to an increase of no more than $0.10 per dekatherm in any annual DAC filing. If this limitation results in the Company recovering less than the amount that would otherwise be eligible for recovery in a particular year, then beginning on the date that the proposed ERC factor becomes effective, carrying costs shall accrue to the Company on the portion of the environmental remediation costs not included in the ERC factor as a result of this limitation. Such carrying costs shall accrue through the year in which such amount, together with accumulated carrying costs, are recovered from ratepayers. Any amounts so deferred shall be incorporated into the ERC factor in succeeding years consistent with the $0.10 per dekatherm ERC factor annual increase limitation. Such carrying charges shall accrue at the Interest on Deferred Balance rate specified in Section 1, Schedule B of the Company's Definition section above.

3.5 Pension Adjustment Factor:

The Pension Adjustment Factor shall recover or refund the prior fiscal year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension (PBOP) expenses to the Company's Pension and PBOP expense allowance included in distribution base rates, including interest at the rate of interest paid on customer deposits. The recoverable actual Pension and PBOP shall reflect expense recorded on the Company's books of account pursuant to the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 715, Compensation—Retirement Benefits, as amended in March 2017 in a FASB Accounting Standards Update (formerly Statement of Financial Accounting Standards ("SFAS") 87 and SFAS 106) associated with pension and PBOP. The PAF will be computed on an annual basis for the twelve months ended March 31 and will be based on the difference in the Company's actual Pension and PBOP expense for the prior twelve month period ended March 31 and the distribution base rate allowance,

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plus carrying charges at the weighted average cost of capital on the cumulative five quarter average underfunding of the Pension and PBOP Minimum Funding Obligation for the fiscal year ended March 31. The Minimum Funding Obligation will be equal to the amount of Pension and PBOP costs collected from customers during the fiscal year, plus the amounts of Pension and PBOP costs capitalized during the year. The amount collected from customers during the fiscal year would include (1) Pension and PBOP allowance included in base rates, and (2) amounts collected or refunded through the PAF. For the purpose of determining its Minimum Funding Obligation and the carrying costs that apply to that obligation, the Company shall be permitted to combine the funding of pensions and PBOPs, thereby offsetting, any deficiencies in PBOPs funding with any excess pension funding, or conversely offsetting any deficiencies in pension funding with any excess PBOP funding. The Company will be required to accrue and defer carrying charges on only the net unfunded pension/PBOP amount.

3.6 Service Quality Performance Factor:

The Service Quality Performance (SQP) Factor will be used for crediting to customers any penalties reflected in the Company's annual Service Quality Report.

3.7 Revenue Decoupling Adjustment Factor:

The Revenue Decoupling Adjustment (RDA) Factor shall be a credit or surcharge determined for all Residential rate classes and Small and Medium C&I rate classes as the sum of the March 31 deferral ending balances for each rate class divided by the forecasted total annual firm throughput for those rate classes. The March deferral ending balance for each rate class shall result from the monthly calculation of the difference between the Target Revenue-per-Customer and the Actual Revenue-Per-Customer for each twelve months ending March 31. The deferral balance will be calculated as follows:

$$RDAF = \frac{\sum_{RC}(AEB_{M-1} + DIFF_M + INT_M)}{Dt_{RC}}$$

Where:

RDAF   Revenue Decoupling Adjustment Factor

$\sum_{RC}$ The sum of the March 31 deferral ending balances for each of the following rate classes: Residential Non-heat (including Low Income

DISTRIBUTION ADJUSTMENT CLAUSE

Residential Non-heat), Residential Heat (including Low Income Residential Heat), Small C&I, and Medium C&I.

AEB_{M-1} Account Ending Balance for prior month

$DIFF_M$ Current month Difference

$$= (RPC_{TM} - RPC_{AM}) \times CUST_M$$

RPC_{TM} Target Revenue-per-Customer based on class specific revenue per customer targets established in the most recent general rate case. The target for Low-Income classes will reflect non-discounted revenue. Low-income class revenue and customers will be included with non-discounted revenue and customers for the purposes of setting the target.

RPC_{AM} Actual Revenue-per-Customer for current month calculated as actual base revenue divided by number of customers in the current month. Revenue for Low-Income classes will reflect non-discounted revenue.

$CUST_M$ Number of customers in current month

INT_M Interest on average monthly balance based on the Bank of America Prime minus 200 basis points.

Dt_{RC} Forecasted annual firm throughput for the following rate classes: Residential Non-heat (including Low Income Residential Non-heat), Residential Heat (including Low Income Residential Heat), Small C&I, and Medium C&I.

3.8 **Arrearage Management Adjustment Factor (AMAF):**

In compliance with R.I.G.L. §39-2-1(d)(2), the Company shall surcharge customers allowable amounts forgiven through the Arrearage Management Plan (AMP) over the prior calendar year as described in Section 7, Schedule C, Item 9.0 through the AMAF.

$$AMAF = \frac{AMPC}{Dt_T}$$

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Where:

AMPC Allowable arrearage management plan costs the Company may recover from firm customers in accordance with R.I.G.L. § 39-2-1(d)(2) and described in Section 7, Schedule C, Item 9.0.

Dt_T Forecasted annual firm throughput

3.9 Low Income Discount Recovery Factor (LIDRF):

The Low Income Discount Recovery Factor shall be determined annually based upon the total amount of low income discount applied to eligible customer bills. The low income discount percentages are as follows:

- Residential Assistance Non-Heating, Rate 11: 25% with an additional 5% for a total of 30% for those customers receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program (formerly known as the Family Independence Program).
- Residential Assistance Heating, Rate 13: 25% with an additional 5% for a total discount of 30% for those customers receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program.

$$LIDRF = \frac{LIDC}{Dt_T}$$

Where:

LIDC Annual low income discounts provided to eligible low income customers which the Company may recover from firm customers.

Dt_T Forecasted annual firm throughput excluding Rate 11 and Rate 13 forecasted annual throughput.

3.10 Tax Credit Factor (TCF):

The Tax Credit Factor shall credit customers (1) pursuant to the settlement agreement in Docket 4808, a one-time tax credit of $3,064,228 for the period January 1, 2018 through August 31, 2018 associated with the reduced federal corporate income tax rate as a result of the Tax Cuts and Jobs Act; and (2) pursuant to Article II, Section

DISTRIBUTION ADJUSTMENT CLAUSE

C.22.a of the amended settlement agreement in Docket 4770, a one-time tax credit associated with the impact of the true-up of the excess Accumulated Deferred Income Tax (ADIT) for the period September 1, 2018 through August 31, 2019. The Company will determine the amount to be credited to customers by comparing the actual distribution revenue billed to firm customers during the period September 1, 2018 through August 31, 2019 and an estimate of the distribution revenue that would have been billed to firm customers if the actual impact of excess ADIT had been reflected in base distribution rates effective September 1, 2018. These one-time tax credit amounts will be credited to all firm customers during the period November 1, 2019 through October 31, 2020.

$$TCF = \frac{TR}{Dt_T}$$

Where:

TR Sum of the one-time tax credits of $3,064,228 and the impact of the true-up of excess ADIT.

Dt_T Forecasted annual firm throughput.

4.0 DEFERRED DISTRIBUTION ADJUSTMENT COST ACCOUNT:

The Distribution Adjustment Cost Account shall include annual reconciliation for the twelve month period for the revenues and costs for the System Pressure factor, Advanced Gas Technology factor, ISR factor, Environmental Response Costs factor, Pension Adjustment factor, SQP factor, RDA factor, ESM factor, AMAF, LIDRF, TCF, and a Previous Reconciliation factor, including a true-up for any prior year's forecasted revenues and costs. Base rate related items (Advanced Gas Technology factor, Pension Adjustment factor and Environmental Response Cost factor) will be reconciled only for those non-Revenue Decoupling rate classes (Large and Extra Large high load and low load factor rate classes). For each reconciliation component, a monthly rate based on a monthly rate of the current Bank of America prime interest rate less 200 basis points (2%), multiplied by the arithmetic average of the account's beginning and ending balance shall also apply.

5.0 EARNINGS SHARING MECHANISM:

The Earnings Sharing Mechanism Credit ("ESMC") for FY 18 will be included with the September 1 DAC filing based on financial information for the 12-month period ending March 31. All subsequent ESMC will be filed on May 1 and will reflect a 12-month period

DISTRIBUTION ADJUSTMENT CLAUSE

ending December 31. For purposes of calculating earnings to be shared, the Company will be allowed to include its 50% share of net merger synergies resulting from the National Grid/KeySpan transactions, or $2,450,000. Calculation of the ESMC is as follows:

$$\text{ESMC} = \frac{\text{ESMF}}{Dt_T}$$

Where:

ESMF — Earnings Sharing Mechanism Fund is defined as customers' share of earnings subject to sharing and will be based on the return on equity authorized by the PUC in a general rate case or as otherwise authorized by the PUC. For FY 18, the annual earnings over 9.5% return on equity, up to and including 100 basis points, being shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of 9.5% return on equity shall be shared 75% to customers and 25% to the Company. For all subsequent ESMC, the annual earnings over 9.275% return on equity, and up to and including 100 basis points (i.e., 10.275%), will be shared 50% to customers and 50% to the Company. Any earnings more than 100 basis points in excess of 9.275% return on equity (i.e., exceeding 10.275%) shall be shared 75% to customers and 25% to the Company. The Company's share of any shared earnings will be retained by Company and not reflected in any earnings report.

Dt_T — Forecasted annual firm throughput

RESIDENTIAL NON-HEATING
RATE 10

1.0 AVAILABILITY:

Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or fewer units or in connection with condominium associations with gas supplied through one meter.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

September 1, 2018	
Customer Charge:	$14.00 per month
Distribution Charge:	$ 0.5456 per Therm
September 1, 2019	
Customer Charge:	$14.00 per month
Distribution Charge:	$0.5908 per Therm
September 1, 2020	
Customer Charge:	$14.00 per month
Distribution Charge:	$0.6145 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 GENERAL RULES AND REGULATIONS:

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

6.0 RHODE ISLAND GROSS EARNINGS TAX:

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

RESIDENTIAL NON-HEATING
RATE 10

7.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

8.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

9.0 ENERGY EFFICIENCY:

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

10.0 LIHEAP ENHANCEMENT:

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

LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

1.0 AVAILABILITY:

Sales service is available under this rate for all domestic non-heating purposes in individual private residential dwellings with six (6) or fewer units or in connection with condominium associations with gas supplied through one meter. Eligible customers must meet both of the following criteria:

1. Must be the head of a household or principal wage earner.
2. Must be presently receiving supplemental Security Income from the Social Security Administration, be eligible for the low-income home energy assistance program, or one of the following from the appropriate Rhode Island agencies: Medicaid, Food Stamps, General Public Assistance, or the Rhode Island Works Program (formerly known as the Family Independence Program) or successor programs.

It is the responsibility of the customer to annually certify, by forms provided by the Company, the continued compliance with the foregoing provisions.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

September 1, 2018	
Customer Charge:	$14.00 per month
Distribution Charge:	$0.5456 per Therm
September 1, 2019	
Customer Charge:	$14.00 per month
Distribution Charge:	$0.5908 per Therm
September 1, 2020	
Customer Charge:	$14.00 per month
Distribution Charge:	$0.6145 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

5.0 GENERAL RULES AND REGULATIONS:

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

6.0 RHODE ISLAND GROSS EARNINGS TAX:

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

7.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

8.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

9.0 ENERGY EFFICIENCY:

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

10.0 LIHEAP ENHANCEMENT:

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

11.0 LOW INCOME DISCOUNT:

The Customer's total bill for service as determined based upon the provisions above will be discounted by twenty-five (25) percent. Customers receiving benefits through the following programs will receive an additional discount of five (5) percent, totaling a total bill discount of thirty (30) percent: Medicaid, General Public Assistance, or the Rhode Island Works Program or successor programs.

RESIDENTIAL HEATING
RATE 12

1.0 AVAILABILITY:

Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or fewer units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

September 1, 2018	
Customer Charge:	$14.00 per month
Peak Distribution Charge:	$0.5534 per Therm
Off Peak Distribution Charge:	$0.4960 per Therm
September 1, 2019	
Customer Charge:	$14.00 per month
Peak Distribution Charge:	$0.5796 per Therm
Off Peak Distribution Charge:	$0.5192 per Therm
September 1, 2020	
Customer Charge:	$14.00 per month
Peak Distribution Charge:	$0.5933 per Therm
Off Peak Distribution Charge:	$0.5317 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 GENERAL RULES AND REGULATIONS:

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

6.0 RHODE ISLAND GROSS EARNINGS TAX:

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

RESIDENTIAL HEATING
RATE 12

7.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

8.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

9.0 ENERGY EFFICIENCY:

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

10.0 LIHEAP ENHANCEMENT:

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

LOW INCOME RESIDENTIAL HEATING
RATE 13

1.0 AVAILABILITY:

Sales service is available under this rate for all domestic purposes in individual private residential dwellings with six (6) or less units or in connection with condominium associations with gas supplied through one meter where natural gas is the primary fuel used for space and/or central heating equipment. Eligible customers must meet both of the following criteria:

1. Must be head of a household or principal wage earner.
2. Must be presently receiving Supplemental Security Income from the Social Security Administration, be eligible for the low-income home energy assistance program, or one of the following from the appropriate Rhode Island agencies: Medicaid, Food Stamps, General Public Assistance, or the Rhode Island Works Program (formerly known as the Family Independence Program) or successor programs.

It is the responsibility of the customer to annually certify, by form provided by the Company, the continued compliance with the foregoing provisions.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES:

September 1, 2018	
Customer Charge:	$14.00 per month
Peak Distribution Charge:	$0.5534 per Therm
Off Peak Distribution Charge:	$0.4960 per Therm
September 1, 2019	
Customer Charge:	$14.00 per month
Peak Distribution Charge:	$0.5796 per Therm
Off Peak Distribution Charge:	$0.5192 per Therm
September 1, 2020	
Customer Charge:	$14.00 per month
Peak Distribution Charge:	$0.5933 per Therm
Off Peak Distribution Charge:	$0.5317 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

LOW INCOME RESIDENTIAL HEATING
RATE 13

5.0 GENERAL RULES AND REGULATIONS:

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

6.0 RHODE ISLAND GROSS EARNINGS TAX:

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

7.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

8.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

9.0 ENERGY EFFICIENCY:

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

10.0 LIHEAP ENHANCEMENT:

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

11.0 LOW INCOME DISCOUNT:

The Customer's total bill for service as determined based upon the provisions above will be discounted by twenty-five (25) percent. Customers receiving benefits through the following programs will receive an additional discount of five (5) percent, totaling a total bill discount of thirty (30) percent: Medicaid, General Public Assistance, or the Rhode Island Works Program or successor programs.

C&I SMALL
RATE 21

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or less than 5,000 Therms as determined by Company records and procedures. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 are applicable as in effect from time to time. Customers receiving service under this Schedule are only eligible for FT-2 transportation service.

4.0 RATES:

September 1, 2018	
Customer Charge:	$25.00 per month
Peak Distribution Charge:	$0.4852 per Therm
Off Peak Distribution Charge:	$0.4284 per Therm
September 1, 2019	
Customer Charge:	$25.00 per month
Peak Distribution Charge:	$0.5101 per Therm
Off Peak Distribution Charge:	$0.4503 per Therm
September 1, 2020	
Customer Charge:	$25.00 per month
Peak Distribution Charge:	$0.5232 per Therm
Off Peak Distribution Charge:	$0.4619 per Therm

MINIMUM CHARGE:

Customer Charge per month.

C&I SMALL
RATE 21

6.0 GENERAL RULES AND REGULATIONS:

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

7.0 RHODE ISLAND GROSS EARNINGS TAX:

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

8.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

9.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

10.0 ENERGY EFFICIENCY:

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

11.0 LIHEAP ENHANCEMENT:

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

C&I MEDIUM
RATE 22

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 5,000 Therms, but less than or equal to 35,000 Therms as determined by Company records and procedures. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 are applicable as in effect from time to time. Customers receiving service under this Schedule are only eligible for FT-2 transportation service.

4.0 RATES:

September 1, 2018

Customer Charge:	$85.00 per month
Demand Charge:	$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.2484 per Therm

September 1, 2019

Customer Charge:	$85.00 per month
Demand Charge:	$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.2642 per Therm

C&I MEDIUM
RATE 22

September 1, 2020

Customer Charge:	$85.00 per month
Demand Charge:	$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.2725 per Therm

5.0 MINIMUM CHARGE:

Customer Charge and Demand Charge per month.

6.0 GENERAL RULES AND REGULATIONS:

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

7.0 RHODE ISLAND GROSS EARNINGS TAX:

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

8.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

9.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

10.0 ENERGY EFFICIENCY:

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

C&I MEDIUM
RATE 22

11.0 LIHEAP ENHANCEMENT:

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

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 are applicable as in effect from time to time. Customers receiving service under this Schedule may receive either FT-1 or FT-2 transportation service.

4.0 RATES:

September 1, 2018

Customer Charge:	$200.00 per month
Demand Charge:	$2.0500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.1617 per Therm

September 1, 2019

Customer Charge:	$200.00 per month
Demand Charge:	$2.0500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

	through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.1715 per Therm
September 1, 2020	
Customer Charge:	$200.00 per month
Demand Charge:	$2.0500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.1767 per Therm

5.0 MINIMUM CHARGE:

Customer Charge and Demand Charge per month.

6.0 GENERAL RULES AND REGULATIONS:

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

7.0 RHODE ISLAND GROSS EARNINGS TAX:

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

8.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

9.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

10.0 ENERGY EFFICIENCY:

C&I LARGE HIGH LOAD FACTOR USE
RATE 23

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

11.0 LIHEAP ENHANCEMENT:

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

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or greater than 31% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 are applicable as in effect from time to time. Customers receiving service under this Schedule may receive either FT-1 or FT-2 transportation service.

4.0 RATES:

September 1, 2018

Customer Charge:	$500.00 per month
Demand Charge:	$2.0500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.0369 per Therm

September 1, 2019

Customer Charge:	$500.00 per month
Demand Charge:	$2.0500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

	through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.0410 per Therm
September 1, 2020	
Customer Charge:	$500.00 per month
Demand Charge:	$2.0500 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.0433 per Therm

5.0 MINIMUM CHARGE:

Customer Charge plus Demand Charge per month.

6.0 GENERAL RULES AND REGULATIONS:

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

7.0 RHODE ISLAND GROSS EARNINGS TAX:

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

8.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

9.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

10.0 ENERGY EFFICIENCY:

C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

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

11.0 LIHEAP ENHANCEMENT:

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

C&I LARGE LOW LOAD FACTOR USE
RATE 33

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is greater than 35,000 Therms, but less than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a New Customer, or an existing Customer with new gas applications, the off-peak and annual gas usage for the first year shall be that agreed upon by the Company and the Customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 are applicable as in effect from time to time. Customers receiving service under this Schedule may receive either FT-1 or FT-2 transportation service.

4.0 RATES:

September 1, 2018

Customer Charge:	$200.00 per month
Demand Charge:	$1.5000 per Therms of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.2429 per Therm

September 1, 2019

Customer Charge:	$200.00 per month
Demand Charge:	$1.5000 per Therms of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.

C&I LARGE LOW LOAD FACTOR USE
RATE 33

Distribution Charge:	$0.2569 per Therm
September 1, 2020	
Customer Charge:	$200.00 per month
Demand Charge:	$1.5000 per Therms of customer's highest average daily consumption from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.2643 per Therm

5.0 MINIMUM CHARGE:

Customer Charge and Demand Charge per month.

6.0 GENERAL RULES AND REGULATIONS:

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

7.0 RHODE ISLAND GROSS EARNINGS TAX:

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

8.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

9.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

10.0 ENERGY EFFICIENCY:

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

C&I LARGE LOW LOAD FACTOR USE
RATE 33

11.0 LIHEAP ENHANCEMENT:

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

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

1.0 AVAILABILITY:

Transportation or Sales service is available under this rate at single locations to Commercial and Industrial customers whose annual gas usage is equal to or greater than 150,000 Therms and whose off-peak (May through October) gas usage is equal to or less than 30% of the annual gas usage for the most recent September through August period, as determined by Company records and procedures. In the case of a New Customer, or an existing Customer with new gas applications, the annual gas usage for the first year shall be that agreed upon by the Company and the Customer.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 TRANSPORTATION SERVICE PROVISIONS:

For Customers selecting transportation service under this Schedule, the Transportation Service provisions found in Section 6 are applicable as in effect from time to time. Customers receiving service under this Schedule may receive either FT-1 or FT-2 transportation service.

4.0 RATES:

September 1, 2018

Customer Charge:	$500.00 per month
Demand Charge:	$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.0421 per Therm

September 1, 2019

Customer Charge:	$500.00 per month
Demand Charge:	$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

	through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.0478 per Therm

September 1, 2020

Customer Charge:	$500.00 per month
Demand Charge:	$1.5000 per Therm of customer's maximum average daily quantity (MADQ) from the most recent November through April period based on historical billing data. In the case of a new customer or a customer with new gas applications, the November through April gas consumption shall be that agreed upon by the Company and the Customer.
Distribution Charge:	$0.0508 per Therm

5.0 MINIMUM CHARGE:

Customer Charge plus Demand Charge per month.

6.0 GENERAL RULES AND REGULATIONS:

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

7.0 RHODE ISLAND GROSS EARNINGS TAX:

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

8.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

9.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is subject to the Distribution Adjustment Clause in Section 3, Schedule A.

C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

10.0 ENERGY EFFICIENCY:

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

11.0 LIHEAP ENHANCEMENT:

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

NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

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

2.0 RATES:

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

Customer Charges will be determined as follows:

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

- $625 per month, per customer

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

- $405 per month, per customer

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

- $185 per month, per customer

NON-FIRM SALES (NFS) SERVICE
RATE 60

The Distribution Charge applicable to all gas delivered to a NFS service customer shall be based on the Customer's annual usage in accordance with the following:

≤ 35,000 therms	$0.2236 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	$0.2177 per therm
Off-peak usage > 31%	$0.1456 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	$0.0919 per therm
Off-peak usage > 31%	$0.0738 per therm

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

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

3.0 MINIMUM CHARGE:

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

NON-FIRM SALES (NFS) SERVICE
RATE 60

4.0 GENERAL RULES AND REGULATIONS:

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

5.0 NOTIFICATION OF INTERRUPTION/CURTAILMENT:

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

6.0 FAILURE TO CURTAIL:

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

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

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

7.0 METER TEST:

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

NON-FIRM SALES (NFS) SERVICE
RATE 60

8.0 TELEMETERING:

Wireless communications or telemetering equipment is required for those customers who wish to avail themselves of this service, as identified in Section 1, Schedule A, Item 12.0.

9.0 NON-FIRM TRANSPORTATION SERVICE OPTION:

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

10.0 RHODE ISLAND GROSS EARNINGS TAX:

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

11.0 ENERGY EFFICIENCY:

The application of the above rate to all gas delivered is subject to Energy Efficiency provisions in Section1, Schedule C.

12.0 LIHEAP ENHANCEMENT:

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

13.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is not subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

14.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is not subject to the Distribution Adjustment Clause in Section 3, Schedule A.

TRANSITION SALES SERVICE
TSS

1.0 AVAILABILITY:

Transitional Sales Service (TSS) shall apply to Customers subject to the Transportation Terms and Conditions. The Company's General Terms and Conditions will govern this Service to the extent not consistent herewith.

TSS is not available to Capacity Exempt Customers.

The Company reserves the right to restrict the availability of this service if the Company determines that the integrity of the distribution system is at risk.

2.0 GENERAL CONDITIONS:

TSS is provided by the Company to Customers switching from transportation service to firm sales service. TSS is available to Customers who meet the requirements above, and (a) who terminate transportation service, (b) who receive a termination notice from a designated Marketer, or (c) for whom a designated Marketer becomes ineligible to serve the Customer.

All Customers transferring to firm sales service from firm transportation service, either from FT-1 service or FT-2 service, and who have received an assignment of the Company's interstate pipeline capacity while on firm transportation service immediately prior to their transfer back to firm sales service, will be subject to the provisions of this rate schedule in addition to the provisions of the Company's applicable firm sales service rate schedules.

3.0 TERM:

For each Customer who transfers to firm sales service from FT-1 transportation service, TSS will be applicable to firm sales service provided to the Customer through the next April 30 after the Customer starts taking firm sales service or until the Customer enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year. After April 30, the Customer will receive firm sales service and will not be subject to the TSS surcharge defined below.

For each Customer transferring to firm sales service from FT-2 transportation service, TSS will be applicable to firm sales service provided to the Customer through the end of the Customer's first billing cycle subsequent to the next April 30 after the Customer starts taking firm sales service or until the Customer enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year. After the end of the first billing cycle after April 30, the Customer will receive firm sales service and will not be subject to the TSS surcharge defined below.

TRANSITION SALES SERVICE
TSS

4.0 SURCHARGE:

Each Customer receiving TSS will be subject to a monthly surcharge during the term the Customer receives TSS, unless a Customer, prior to their return to the Company for gas supply, enters into a contractual commitment with the Company to take firm sales service continuously for a period of not less than one year. If such an agreement is executed, the Customer will not be subject to the TSS surcharge. The TSS surcharge is designed to charge a market-based price reflecting the cost of gas supplies in the marketplace at the time consumption is occurring for the incremental amount of gas that the Company must purchase over and above the quantities of gas procured for firm sales customers under the provisions of the Company's Gas Procurement Incentive Plan ("GPIP"). The surcharge will reflect any positive difference between the GPIP cost of gas for the month in which gas is supplied and a market-based gas price for the same month. This surcharge shall apply to all firm sales service consumption of Customers switching from firm transportation service subsequent to April 30 of each year, with the exception of those Customers committing to remain on firm sales service for a period of at least 12 months as described above.

4.1 Calculation:

The surcharge for Customers who switch to firm sales service from firm transportation service shall be computed as follows:

IF
$\{ [(NYMEX_M - GPIP_M) (GPIP_{QM} \div Dt_M)] \} - R_{GCR}$ is > 0,

THEN:
$TSS = \{ [(NYMEX_M - GPIP_M) (GPIP_{QM} \div Dt_M)] \} - R_{GCR}$

OTHERWISE:

TSS = 0
4
Where:

TSS	Transitional Sales Service monthly surcharge.
$NYMEX_M$	The NYMEX closing price for month M.
$GPIP_M$	Average cost of gas purchased under the GPIP for month M.

TRANSITION SALES SERVICE
TSS

$GPIP_{QM}$	The Total Quantity of GPIP purchases for month M.
Dt_M	Total forecasted sales for month M underlying the GPIP.
R_{GCR}	The per Dt Deferred Gas Cost Reconciliation reflected in the current GCR charge.

TSS surcharges will be calculated monthly. Supporting calculations for all components of the applicable surcharges will be posted on the Company's website by the second business day of each month. In addition, supporting workpapers shall be submitted to the PUC and the Division simultaneously with the posting on the Company's website.

5.0 STORAGE AND PEAKING:

FT-1 firm transportation service Customers eligible for TSS who transfer to firm sales service will be subject to a Storage and Peaking charge for recovery of Storage and Peaking costs. Such charge will be calculated at the time the FT-1 Customer transfers to firm sales service based on the Customer's actual consumption as a FT-1 Customer since the most recent April 1, multiplied by the currently effective FT-2 Demand Charge provided in the Company's most recently approved GCR filing.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

1.0 AVAILABILITY:

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

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

A. The Customer must have telemetering equipment in place.

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

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

2.0 RATE:

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

Customer Charge will be determined as follows:

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

   - $625 per month, per customer.

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

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

   - $405 per month, per customer

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

   - $185 per month, per customer

Distribution Charge:

The Distribution Charge applicable to all gas delivered to a NFT service Customer shall be based on the Customer's annual usage in accordance with the following:

≤ 35,000 therms	$0.2236 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	$0.2177 per therm
Off-peak usage > 31%	$0.1456 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	$0.0919 per therm
Off-peak usage > 31%	$0.0738 per therm

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

3.0 MINIMUM CHARGE:

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

4.0 TRANSPORTATION TERMS AND CONDITIONS:

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

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

5.0 GENERAL RULES AND REGULATIONS:

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

6.0 TELEMETERING EQUIPMENT:

Telemetering equipment is required. The customer may have access to the telemetering equipment for data gathering and transmission, as identified in Section 1, Schedule A, Item 12.0.

7.0 NFT CUSTOMER USE OF GAS:

A NFT customer that elects to use gas from the Company for any reason shall receive Default Transportation Service and be charged the rate applicable to such service as set forth in the Transportation Terms and Conditions, Section 6, Schedule C, Item 2.04, for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in the Transportation Terms and Conditions, Section 6, Schedule C, Item 1.05, for all additional months.

8.0 NOTIFICATION OF INTERRUPTION/CURTAILMENT:

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

9.0 FAILURE TO CURTAIL:

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

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

NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

from turning off the Customer's supply of gas in the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

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

10.0 GAS BALANCING NOMINATION/AGGREGATION:

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

11.0 RHODE ISLAND GROSS EARNINGS TAX:

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

12.0 ENERGY EFFICIENCY:

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

13.0 LIHEAP ENHANCEMENT:

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

14.0 GAS COST RECOVERY CLAUSE:

The application of the above rate is not subject to the Gas Cost Recovery Clause in Section 2, Schedule A.

15.0 DISTRIBUTION ADJUSTMENT CLAUSE:

The application of the above rate is not subject to the Distribution Adjustment Clause in Section 3, Schedule A.

FIRM TRANSPORTATION SERVICE

1.0 AVAILABILITY:

Firm Transportation Service is available to any Commercial and Industrial customer account who:

(1) is classified as Small, Medium, Large, or Extra Large pursuant to Section 5, Schedule A, B, C, D, E, and F; and,

(2) elects to purchase gas supplies from a Marketer through the execution of a Transportation Service Application pursuant to the Transportation Terms and Conditions, Section 6, Schedule C.

2.0 CHARACTER OF SERVICE:

Firm Transportation Service provides for the transportation of gas supplies purchased by a customer from a Marketer on a firm 365 days per year basis. Service is classified as either Firm Transportation Service FT-1 or Firm Transportation Service FT-2 as follows:

FT-1 This service provides firm transportation of customer-purchased gas supplies to customers electing to have Gas Usage recorded on a daily basis at the Customer's Point of Delivery. This service is available only to Large and Extra Large Commercial and Industrial customers.

FT-2 This service provides firm transportation of customer-purchased gas supplies to customers without the requirement for recording daily Gas Usage at the Customer's Point of Delivery. This service is available to all Commercial and Industrial customers.

Also refer to the Transportation Terms and Conditions, Section 6, Schedule C, Items 2.0 and 3.0 for additional information.

3.0 RATES:

Specific rates billable by the Company to the Customer are those applicable under the Customer's service classification as provided for in Section 5, Schedules A, B, C, D, E, or F. For customers electing FT-1 Service, a one-time charge associated with the installation of telemetering equipment may also apply as provided for under the Transportation Terms and Conditions, Section 6, Schedule C, Item 2.02.0.

Rates associated with Firm Transportation Service which is billable to Marketers are those applicable under the Transportation Terms and Conditions, Section 6, Schedule C, as in effect from time to time.

FIRM TRANSPORTATION SERVICE

4.0 TRANSPORTATION TERMS AND CONDITIONS:

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

5.0 GENERAL RULES AND REGULATIONS:

Firm Transportation Service will also be governed by the Company's General Terms and Conditions to the extent not inconsistent herewith.

TRANSPORTATION TERMS AND CONDITIONS

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TRANSPORTATION TERMS AND CONDITIONS

1.0 GENERAL:

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

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

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

1.01.0 TERM OF SERVICE:

1.01.1 FT-1 Transportation Service:

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

TRANSPORTATION TERMS AND CONDITIONS

1.01.2 FT-2 Transportation Service:

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

1.01.3 Non-Firm Transportation (NFT) Service:

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

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

1.02.0 Designation Of Marketer:

1.02.1 Firm Transportation:

Customers wishing to switch Marketers will be allowed to do so at the start of a calendar month in the case of FT-1 Service, or at the start of a Customer's billing cycle in the case of FT-2 Service. For new FT-1 Service, the Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer and forward that document to the Company for processing. For FT-2 Service, the Marketer will contact the Company through electronic data interchange (EDI) to initiate service with the customer account number being the validation. In the event of a dispute over the enrollment of a customer, the Marketer will be required to provide proof of authorization by the customer. This can be in the form of a signed agreement with the customer, audio recording of the customer's agreement/or authorization or an electronically recorded authorization. The Marketer is required to retain such proof for a minimum of two years or for the length of the service agreement, whichever is longer. The Company must receive the new Transportation Service Application or EDI transmittal at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-1 Service customer without a capacity assignment from the Company, see Item 1.07

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below, the Company must be notified of such change by 9 a.m. at least two (2) business days before the start of the calendar month The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement.

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

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

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

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

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

1.02.2 Non-Firm Transportation:

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

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

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

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1.03.0 Nominations:

1.03.1 General:

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

1.03.2 Dispatch Communication:

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

1.03.3 Initial Nominations:

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

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

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1.03.4 Subsequent Nominations:

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

1.03.5 Intra-Day Nominations:

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

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

1.03.6 Scheduling of Service:

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

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

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

1.04.0 Protection Of System Operations:

1.04.1 Company Operational Flow Order (OFO):

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

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serve the above stated purpose. The Company may take any one or more of the following actions:

(1) declare a Critical Day which would require Marketer to fully utilize upstream capacity that it received from Company through Capacity Release; and require Marketer to fully schedule storage resources allocated as part of FT-2 Service, i.e., up to the MDQ-U, prior to relying on peaking resources to the extent they are needed to meet their customer's demands;

(2) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess receipts; and

(3) take any actions that are within Company's operational capability to reduce or eliminate Marketer or Aggregation Pool excess takes.

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

1.04.2 Pipeline Operational Flow Order:

If, at any time, an immediate upstream pipeline issues an order changing the requirements at the Point(s) of Receipt, then Company may so notify Marketer and direct Marketer to modify requirements at the Point(s) of Receipt to the extent necessary for Company to comply with the pipeline's order. Marketer will be responsible for coordinating with their customers regarding any necessary change to Customer's quantity of Gas Usage.

1.04.3 Marketer Responsibility:

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

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apply to Marketer under this tariff or any similar charge, including scheduling penalties, imposed by any upstream Transporting Pipeline(s).

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

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

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

1.05.0 Unauthorized Use:

In the event the Company provides a Marketer with as much notice as Company deems practicable of an Operational Flow Order per Item 1.04.0 or other curtailment of service and thereby reduces the Scheduled Transportation Quantity for delivery, the total Gas Usage by the Customer may not exceed the revised Scheduled Transportation Quantity. If, on any Gas Day, after notice of curtailment, the quantity of gas taken by Marketer's Customers in an Aggregation Pool, exclusive of NFT customers whose use under a curtailment is covered in Item 4.04 below, exceeds Marketer's Scheduled Transportation Quantity as so revised for the Aggregation Pool, and the Company has not authorized such excess quantity, then all such Gas Usage constitutes Unauthorized Use and is subject to an overrun penalty for each Dekatherm not delivered of five (5) times the Daily Index. Such charges will be billed to the Marketer's account.

1.06.0 Shipper And Transporting Pipeline Requirements:

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

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pipeline receipts (including all of the Marketer's Aggregation Pools serving both FT-1 and FT-2 customers) may be delivered on either or both Algonquin or Tennessee.

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

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

1.07.0 Capacity Release:

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

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

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

The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Small, Medium, Large, or Extra-Large, this quantity will be reviewed annually against the Customer's most recent usage patterns. Any

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change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1. In the event that a Marketer stops delivering gas on behalf of an existing capacity exempt customer, the customer will be prohibited from taking firm Company sales service. Such customers will receive Default Transportation Service as described in Item 2.04.0 below.

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

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

Capacity Assignments will be effective for an initial term of up to one year through the following November 1. Capacity Assignments shall be reviewed each November 1 and be subject to annual adjustment as described above. The new capacity assignment percentages, along with the storage maximum daily quantities and maximum storage quantities in section 3.02.2, will be available on the Company's EBB. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) at the Company's option, whenever the Marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other conditions set forth in the capacity release transaction between the Marketer and the Company.

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~~The Company shall assess a surcharge/credit to Marketers based on the difference between the charges of the upstream pipeline transportation capacity and the weighted average of the Company's upstream pipeline transportation capacity charges as calculated by the Company. To the extent that the charges of such released pipeline capacity are greater than the weighted average charges, the Marketer shall receive credit for such difference in charges~~

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~~based on the total quantity of capacity released by the Company to the Marketer. The per Dt charge is calculated by subtracting the charge per Dt for the released pipeline capacity from the Company's weighted average Upstream Transportation charges as identified in the Company's annual Gas Cost Recovery Filing. To the extent that the cost of such released pipeline capacity is less than the weighted average cost, the Marketer shall be surcharged for such difference.~~

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

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

1.07.1 Capacity Exemption for New Firm Loads:

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

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

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

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

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

1.08.0 Facilities:

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

1.9.0 Quality:

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

1.10.0 Possession of Gas:

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

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

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

1.12.0 Retention of Pipeline Fuel Adjustment:

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

1.13.0 Limitations of Liability:

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

1.14.0 Force Majeure:

Neither Company nor Marketer shall be liable to the other or to Customer for delays or interruptions in performing their respective obligations hereunder arising from any acts, delays or failure to act on the part of, or compliance by Marketer or Company with any operating standard imposed by any governmental authority, or by reason of an act of God, accident or disruption, including without limit, strikes or equipment failures, or any other reason beyond Marketer's or Company's control, provided, however, in the event of an occurrence of one or more of the foregoing events, reasonable diligence shall be used to

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overcome such event. The party claiming force majeure shall, on request, provide the other party with a detailed written explanation thereof, and of the remedy being undertaken.

1.15.0 Electronic Data Interchange (EDI):

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

2.0 FT-1 TRANSPORTATION SERVICE:

2.01.0 Character of Service:

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

2.02.0 Telemetering:

For purposes of FT-1 transportation service and NFT service, the Company will provide equipment at the Customer's facility which will allow for daily wireless readings for the purpose of the measuring Gas Usage at the Customer's Delivery Point. The Company will install, own, and maintain the equipment in service and the Customer shall be responsible for the initial lump sum fee as identified in Section 1, Schedule A, Item 12.0. The Company will attempt to read the meters daily unless the delay is caused by the wireless service provider. This service requires a data plan from a telecommunications provider, which will be under the Company's name, with the Customer being responsible for the cost as identified in Section 1, Schedule A, Item 12.0. The Company will waive the initial lump sum fee if the Company requests an existing FT-1 Customer and NFT customer who are currently being served with telemetering equipment to switch to a wireless service. The Company will provide new requests for FT-1 transportation service and NFT service using wireless readings. At the Company's discretion in situations where wireless readings are not feasible due to technical or other logistical reason, the Company will provide at the Customer's expense, at the Point of Delivery to the Customer, a device that the Company will attach to its metering equipment for the purpose of monitoring the Gas Usage. The

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

2.03.0 Balancing:

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

2.03.1 Daily Imbalances:

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

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

Peak Season: The difference between the Marketer's Aggregation Pool actual receipts and the aggregated gas usage of customers in the Aggregation Pool shall be within 10% of said receipts. The Marketer shall be charged a penalty of 0.5 times the Daily Index for all differences not within the 10% tolerance.

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

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

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

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

2.03.2 Monthly Imbalances:

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

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

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

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

Designated Marketers may arrange with another of Company's Marketers providing service to the same Point of Receipt to exchange, purchase or sell daily or monthly

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

2.03.3 Pass-Through of Upstream Imbalance Charges:

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

2.04.0 Default Transportation Service:

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

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

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

2.04.1 Rates:

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

Short-Notice Service:

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

a. The Company's applicable firm sales rate

OR

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

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

Advance-Notice Service:

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

a. The Company's applicable firm sales rate

OR

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

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

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

3.0 FT-2 TRANSPORTATION SERVICE:

3.01.0 Character of Service:

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

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

3.02.0 Storage And Peaking Resources:

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

3.02.1 Maximum Daily Quantity (MDQ):

The result of the calculations above will establish the Customer's Maximum Daily Quantity (MDQ-P) and (MDQ-U). These parameters represent the maximum

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storage and peaking quantities available to the Marketer each day for meeting the Customer's Gas Usage needs.

3.02.2 Maximum Storage Quantity (MSQ):

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

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

3.02.3 Operational Parameters:

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

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

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

3.02.4 Purchases:

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

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

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

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

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

Where:

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

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

Marketers will be entitled to purchase peaking inventory at the Company's cost of LNG inventory and Weighted Average commodity charge of pipeline supplies designated by Company as peaking resource.

3.02.5 Demand Rates:

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

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

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

3.03.0 Nominations:

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

FDU = Base Load + (HU factor x FDD)

Where:

FDU an individual customer account's forecasted daily usage for the next gas day

Base Load average daily consumption for the most recent July and August billing cycles

HU Factor most recent billing cycle consumption, minus the base load, divided by the heating degree days for the billing cycle

FDD forecasted heating degree days for the gas day starting at 10:00 AM the next day

FDU will be adjusted for any Company fuel allowance.

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

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maximum storage or peaking use for the month, the Marketer will not be able to nominate storage or peaking quantities to satisfy the FDU nomination requirement.

3.03.1 Critical Days:

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

3.03.2 Over- and Under-deliveries:

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

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

3.03.3 FDU Weather True-up Cash Out:

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

3.04.0 Billing Imbalances:

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

MU = (Base Load x Number of billed days in month) + (HU Factor x ADDM)

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Where:

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

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

$$IBM = (MU - FDUM) \times (AGTI + TGPI) \div 2$$

Where:

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

All quantities will be adjusted for Company Fuel Allowance.

4.0 NFT SERVICE:

4.01.0 Character Of Service:

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

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4.02.0 Nominations:

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

4.03.0 Imbalances:

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

4.04.0 Curtailments:

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

5.00 MARKETER AGGREGATION SERVICE:

5.01.0 Character of Service:

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

5.02.0 Aggregation Pools:

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

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

The Marketer Aggregation Pool Service Agreement have an initial term through the following November 1. Thereafter, the Pool Service Agreement shall be automatically

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renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before October 1 or if the Company has terminated the agreement under its collection procedures. Marketers may assign their Aggregation Pool Service Agreements to another certified Marketer with the Company's consent.

5.03.0 Marketer Qualifications:

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

(1) The Marketer must be authorized by the PUC in accordance with PUC Regulations for Utility Interaction with Gas Marketers;

(2) The Marketer must demonstrate to the Company that it meets the following creditworthiness standards:

A. The Marketer, or a guarantor, maintains a minimum rating from one of the rating agencies and no rating below the minimum from one of the other two rating agencies. For the purposes of this Section, minimum rating shall mean "BBB" from Standard & Poor's, "Baa2" from Moody's Investor Service, or "BBB" from Fitch Ratings (minimum rating)

B. If a Marketer or a guarantor, is not rated by Standard & Poor's, Moody's Investor Service or Fitch Ratings, it shall satisfy the Company's creditworthiness requirements if the Marketer, or a guarantor maintains a minimum "1A2" rating from Dun & Bradstreet (Dun and Bradstreet minimum rating) and the Marketer maintains 24 months good payment history with the Company

C. In the event that the Marketer has not met the credit standards above, then the Marketer must so notify the Company and the Marketer will be required to use one of the financial vehicles specified in 5.03.3 to satisfy the Company's credit standards.

(3) Marketers must have an executed Marketer Aggregation Pool Service Agreement with the Company and accepted its designation as the marketer for each customer by countersigning the applicable Transportation Service Application.

(4) Marketers must provide the Company with a copy of their GET exemption certificate, state sales tax exemption certificate or other appropriate exemption certificate(s) in order to be exempt from the applicable taxes.

5.03.1 Marketer Disqualification:

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

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(1) Failure to continue to meet all the conditions set forth in Section 5.03.0 with respect to authorization by the PUC and the credit standards set out in 5.03.0, and abide by the terms and conditions of the Marketer Aggregation Pool Service Agreement set forth in Section 6.0.

(2) Failure to pay an invoice from the Company on the due date or maintain sufficient credit. If Marketer fails to pay an invoice on the due date or the Marketer's credit limit or security is insufficient to cover the unpaid amount, the Company may discontinue participation in the customer transportation program; provided however, that at the Marketer's request, the Company will allow up to 10 business days for the Marketer to cure any failure to pay or any shortfall provided such action, as determined solely by the Company, will not result in harm to its customers or the gas system.

(3) If a Marketer, through its actions, causes a significant risk or condition that compromises safety, system security or operational reliability and fails to eliminate that risk or condition when notified, the Company may immediately discontinue the Marketer's participation in the customer transportation program.

(4) If the Marketer fails to provide supply at a level that reasonably matches its customers' daily requirements for its daily balanced pool or, when directed by the Company to deliver a certain quantity under the FT-2 service it fails to deliver the required amount, the Company may discontinue the Marketer's participation in the customer transportation program.

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

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

5.03.3 Security Instruments:

The following financial arrangements are acceptable methods of providing security:

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

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(5) Other means of providing or establishing adequate security.

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

If the credit rating of a bank, insurance company, or other financial institution that issues a letter of credit or surety bond to a Marketer falls below an "A" rating, the Company shall allow a minimum of five business days for a Marketer to obtain a substitute letter of credit or surety bond from an "A" rated bank, insurance company, or other financial institution.
The Marketer agrees that the Company has the right to access and apply the deposit, letter of credit or other financial vehicle to any payment obligations, not in dispute, which are deemed by the Company to be late. The Company may review and determine the status of a Marketer's creditworthiness at its sole discretion. If Marketer is unable to maintain the Company's credit approval or otherwise ceases to meet the Marketer Qualifications, the Company may terminate the Marketer Aggregation Pool Agreement as of the first day of the month following written notice to Marketer.

5.04 Intentionally Left Blank

5.05 Billing:

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

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

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

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

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The Narragansett Electric Company, Transportation Service Application

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

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

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

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

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

Public Regulation

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

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

This section to be filled out by the Marketer

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

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Marketer	Marketer Signature	Title
Phone #	Print or Type Name	Date

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THE NARRAGANSETT ELECTRIC COMPANY
MARKETER AGGREGATION POOL SERVICE AGREEMENT

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

WITNESSETH THAT:

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

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

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

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

1.0 AGGREGATION POOL:

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

Daily Metered _____
Non-daily Metered _____

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

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

1.4 Marketer agrees to provide to Company no later than 30 days before the above identified commencement date Transportation Service Applications for all end user customers in Marketer's Aggregation Pool identified in 1.1 above. Such list is to include: Customer Name; Billing Address; NG account #; and, name and telephone number of customer contact person.

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

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

2.0 PIPELINE CAPACITY RELEASE:

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

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

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

3.0 PUBLIC REGULATION:

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

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

4.0 GOVERNING LAW:

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

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

By ____________________________

Signature: ____________________________

Name: ____________________________

Title: ____________________________

____________________________ Date: ____________________________

Witness

By The Narragansett Electric Company

Signature: ____________________________

Name: ____________________________

Title: ____________________________

____________________________ Date: ____________________________

Witness

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THE NARRAGANSETT ELECTRIC COMPANY
STORAGE AND PEAKING RESOURCE AGREEMENT

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

WITNESSETH THAT:

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

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

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

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

1.0 SCOPE OF AGREEMENT:

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

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

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2.0 INVENTORY SERVICES:

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

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

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

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

3.0 SUCCESSORS AND ASSIGNS:

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

4.0 PUBLIC REGULATION:

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

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

5.0 GOVERNING LAW:

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

TRANSPORTATION TERMS AND CONDITIONS

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

By ___________________________

Signature: ___________________________

Name: ___________________________

Title: ___________________________

Witness ______________________ Date: ___________________________

By The Narragansett Electric Company

Signature: ___________________________

Name: ___________________________

Title: ___________________________

Witness ________________________ Date: ___________________________

GAS LAMPS
RATE 80

1.0 AVAILABILITY:

This service is available for gas lamps, without meters, to customers of record on July 1, 2002 throughout the Company's service territory and is not available to new commercial accounts.

2.0 CHARACTER OF SERVICE:

A continuous supply of gas of not less than 1,000 Btu per cubic foot.

3.0 RATES: On a monthly basis: $9.52 per lamp

4.0 GENERAL RULES AND REGULATIONS:

The Company's General Rules and Regulations, in Section 1 of RIPUC NG-GAS No. 101, as in effect from time to time and where not inconsistent with any specific provisions hereof, are a part of this Schedule.

5.0 RHODE ISLAND GROSS EARNINGS TAX:

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

6.0 LIHEAP ENHANCEMENT:

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

OTHER MISCELLANEOUS CHARGES

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM PLAN ENHANCEMENT CHARGE

1.0 LOW INCOME HOME ENERGY ASSISTANCE PLAN (LIHEAP) ENHANCEMENT CHARGE:

In accordance with R.I.G.L. § 39-1-27.12, the Company shall bill monthly to all customers a Low Income Home Energy Assistance Plan enhancement charge ("LIHEAP Charge") approved by the PUC, provided however that the annual charge shall not exceed $10 per customer, per year. For purposes of this section a "customer" is defined as any person taking service at a single point of gas delivery or gas meter.

The monthly rate for the LIHEAP Charge is $0.81 per customer and shall appear as a separate line item on a customer's bill.

1.1 LIHEAP Enhancement Fund:

The Company shall establish a LIHEAP Enhancement fund that shall be used to account for the combined funds collected through the LIHEAP Charge from both gas and electric service customers. The Rhode Island Department of Human Services ("DHS") shall designate to the Company the qualifying customer accounts and the amounts to be credited from the LIHEAP Enhancement fund. The cumulative amount of credits applied to customer bills will be limited to an amount no greater than the cumulative aggregate projected LIHEAP Charges billed through the end of the current calendar year. Once the aggregate credits applied to customer bills equals the aggregate projected LIHEAP Charges billed through the end of the current calendar year, including interest as defined below, the application of the LIHEAP Enhancement credits would cease. Any difference in aggregate cumulative actual LIHEAP Charges billed and aggregate cumulative credits applied to customer bills, will accrue interest at the customer deposit interest rate.

The projected annual revenue in the LIHEAP Enhancement fund billed through the gas and electric service LIHEAP Charges shall not exceed seven million five hundred thousand dollars ($7,500,000) and shall not be less than six million five hundred thousand dollars ($6,500,000).

Beginning on September 1, 2016 and monthly thereafter between April 15 and September 30 of each year, the Company will set aside a minimum of 5 percent of the funds billed through the LIHEAP Charge, to be allocated to provide assistance to customers seeking LIHEAP certification for the sole purpose of entering into the Arrearage Management Program ("AMP") as described in R.I.G.L. § 39-2-1(d)(2). This fund is designated for homeless families or individuals who are transitioning from a shelter into housing who provide

OTHER MISCELLANEOUS CHARGES

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM PLAN ENHANCEMENT CHARGE

acceptable documentation to DHS. Remaining funds available after September 30 of each year will be eligible for use in the upcoming winter season.

1.2 LIHEAP Eligible Customer:

For purposes of receiving funds from the LIHEAP Enhancement fund in subpart 7.1 above, a qualifying LIHEAP eligible customer shall be a household with a combined gross income equal to or less than 60 percent of the state median household income as calculated by the U.S. Bureau of Census and as adjusted for family or group size by the U.S. Department of Health and Human Services regulation 45 CFR § 96.85 or its successor regulation.

OTHER MISCELLANEOUS CHARGES

2.0 RESIDENTIAL ASSISTANCE PROVISION

The DAC contained in all of the Company's firm rate classes except for the Low Income Rates 11 and 13 shall include a Low Income Discount Recovery Factor ("LIDRF") to recover the cost of bill discounts provided to customers receiving service on Rates 11 and 13. In addition, the DAC contained in all of the Company's firm rate classes shall include an Arrearage Management Adjustment Factor ("AMAF") to recover the cost associated with the operation of the Arrearage Management Program ("AMP").

2.1 LOW INCOME BILL DISCOUNTS

On an annual basis, the Company shall estimate the discount to be provided to Rates11 and 13 customers. The estimated discount will be twenty-five (25) percent of the forecasted Rates 11 and 13 annual billing units multiplied by the Rates 11 and 13 customer charge and the sum of the Base Distribution Charges, the Distribution Adjustment Charges, the Energy Efficiency Charges, and the Gas Charges in effect during the period. For those customers who are receiving benefits through Medicaid, General Public Assistance, and/or the Rhode Island Works Program (formerly known as the Family Independence Program) or successor programs, the estimated discount will be an additional five (5) percent for a total discount of thirty (30) percent of the forecasted Rates 11 and 13 annual billing units multiplied by the Rates 11 and 13 customer charge and the sum of the Base Distribution Charges, the Distribution Adjustment Charges, the Energy Efficiency Charges, and the Gas Charges in effect during the period. This estimate of the discount shall be used to determine the amount to be reflected in the Distribution Adjustment Charge on prospective basis. The amount shall be divided by the estimated therms to be delivered by the Company to all customers excluding customers on Rates 11 and 13. Such per therm charge is referred to as the LIDRF.

The revenue billed through the LIDRF shall be subject to reconciliation against the actual bill discounts provided during the twelve month reconciliation period for which the LIDRF is in effect, and any over- or under-recovery of the actual discount provided shall be reflected in the Reconciliation Factor.

For purposed of the above reconciliation, the Company shall accumulate the actual discounts provided to Rates 11 and 13 customers and the revenue billed through the LIDRF and shall accrue interest on the difference between these amounts at the interest rate paid on customer deposits on a monthly basis.

Should any balance remain subsequent to the recovery of the over- or under-recovery balance as described above, the Company shall reflect, as an adjustment in the then-current reconciliation period, the amount of the remaining balance.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT PROGRAM PROVISION

3.0 ARREARAGE MANAGEMENT PROGRAM:

In accordance with R.I.G.L. § 39-2-1(d)(2), commencing on September 1, 2016, the Company shall implement an AMP pursuant to this tariff provision.

I. PROGRAM ELIGIBILITY

In order to be considered eligible for enrollment in the AMP, a customer who has been terminated from gas service or is recognized, pursuant to a rule or decision by the Division, as being scheduled for actual shut-off of service on a specific date, shall meet all of the following criteria:

- The applicant must be the customer of record, although the customer of record may authorize someone else to communicate with the Company to help enroll the customer of record in the AMP;
- The applicant must be eligible for the federal low-income home energy assistance program ("LIHEAP");
- The account must be receiving retail delivery service on the Company's Residential Low-Income Rates 11and 13;
- The customer's account must have a minimum balance of $300.00 that is more than 60 days past due;
- If service to the account has been terminated, the customer must make an initial payment of 25% of the total unpaid balance (current and past due), unless otherwise directed by the PUC as a result of an emergency regulation;
- The customer must agree to a payment plan, as further described in Section III;
- The customer must agree to remain current with payments. "Remaining current" means that the customer:
    1) misses no more than two (2) payments in the 12-month term of the payment plan; and
    2) pays the amount due under the payment plan in full by the conclusion of the payment plan's 12-month term;
- The customer must agree to participate in the Company's Energy Efficiency programs; and
- The customer must apply for other available energy assistance programs, such as fuel assistance and weatherization

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

II. ENROLLMENT

To participate, the customer must affirmatively apply to participate in the AMP.

The Company shall administer the AMP enrollment process in compliance with the eligibility qualifications outlined in Section I. By applying to participate in the AMP, the customer agrees to comply with the terms of the AMP, including the customer's specific payment plan. After a customer has applied to the AMP, the Company shall determine whether the customer has met all of the AMP eligibility criteria set forth in Section I, based on the Company's records. The Company will coordinate with the Community Action Program ("CAP") agencies to validate customer eligibility when appropriate.

III. PAYMENT PLAN

AMP participants shall enroll in a 12-month payment plan, paid in equal monthly installments, which will cover new charges based upon their current estimated annual usage ("Payment Plan").

The current component of the Payment Plan shall be based on the customer's average monthly usage for the previous year less the customer's actual or anticipated fuel assistance commitments, and shall be converted to a fixed monthly payment.

IV. ARREARS FORGIVENESS

AMP participants will be eligible for forgiveness of their account balance that is past due at the time of the first bill under their Payment Plan, up to an annual maximum of $1,500. With each payment under the Payment Plan, a portion of the participant's outstanding past due account balance as described above is forgiven in an amount equal to the total past due account balance or $1,500, whichever is less, divided by 12; provided, however, that the annual arrearage forgiveness amount shall not exceed $1,500.

If an AMP participant's past due account balance at the time their Payment Plan takes effect exceeds $1,500, the AMP participant may request an extension of the Payment Plan beyond the initial 12-month term to establish a new Payment Plan to accommodate the additional account balance in excess of $1,500. To be eligible for an extension, the AMP participant must be current with their Payment Plan at the conclusion of the initial 12-month term. Such AMP participant's Payment Plan will be extended upon the AMP participant's timely request for an extension.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

PAYMENT PLAN REVIEW

Customers applying to participate in the AMP will be advised that the amount of their required monthly payment under their Payment Plan may change over the lifetime of the Payment Plan.

The Company shall review the Payment Plans of active AMP participants every three months and may adjust the installment payments based on the following:

- A fuel assistance commitment is made subsequent to enrollment;
- There is a change in fuel assistance, such as a change in the amount, from what was understood at enrollment;
- The customer moves to a new address with a different average monthly usage for the previous year;
- Actual usage patterns differ from what was estimated as annual usage at enrollment; or
- There is a significant change in the Company's rates from what was anticipated at enrollment.

V. DEFAULT

The Company shall consider the AMP participant's billing account in default if either of the following occurs:

- The AMP participant misses more than two (2) payments in the 12-month Payment Plan term; or
- If the amount due under the Payment Plan is not paid in full by the conclusion of the 12-month Payment Plan term.

Upon default, the Company shall terminate an AMP participant from the AMP and the customer's unpaid balance will be due and payable in full. However, any arrearage forgiven under the AMP prior to termination of participation in the AMP will remain forgiven.

Customers shall have the option to opt out of continued participation in the AMP at any time, with the understanding that any unpaid balance will be due and payable in full. Customers who voluntarily opt out of the AMP will receive the same treatment as those customers who default on their Payment Plans under the AMP, as set forth in Section X (Subsequent Eligibility).

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

VI. TERMINATION

In addition to termination upon default, a customer's participation in the AMP shall terminate if either of the following occurs:

- The AMP participant moves outside of the Company's service territory; or
- The AMP participant moves from one service location to another service location.

If a customer is terminated from AMP participation, the customer's unpaid balance will be due and payable in full. However, any arrearage forgiven under the AMP prior to termination of participation in the AMP will remain forgiven.

VII. COLLECTION ACTIVITY

AMP participants shall not be subject to the Company's normal collections activities while actively participating in the AMP. The Company shall resume normal collections activities if an AMP participant defaults while participating in the AMP or terminates the AMP.

VIII. AMP BILLING AND ACTIVE PLAN NOTICING

The Company shall remove the amount of an AMP participant's arrears balance up to $1,500 from the "current amount due" field on certain views of AMP participant accounts in the Company's billing system. However, the arrears balance up to $1,500 shall remain on the customer's bill.

Customers who are enrolled in the AMP will receive an AMP "Enrollment Letter" outlining the terms and conditions of their participation in the AMP.

Customers in danger of defaulting from the AMP will receive a default letter advising them of the need to make all required payments or risk default, termination from the AMP, and a return to the Company's normal collections activities.

IX. SUBSEQUENT ELIGIBILITY

A customer is eligible for subsequent enrollment in the AMP provided two years have passed since either (a) the date of the customer's successful completion of the AMP, or (b) the date on which the customer's participation in the AMP was terminated as a result of default or because the customer voluntarily opted out of the AMP, so long as a CAP agency has provided a recommendation to allow eligibility notwithstanding the customer's default or voluntary opt out of the AMP. The Company shall review requests for re-enrollment on a case-by-case basis to determine that the foregoing criteria are met.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

X. REPORTING METRICS

The Company shall report monthly and annually the metrics below to allow for the evaluation of the effectiveness of the AMP. The monthly and annual reports shall be submitted to the PUC in Docket No. 4290.

- Number of customers enrolled in the program at the end of the reporting period;
- Number of customers added to the program during the reporting period;
- Number of customers terminated from the program (by choice or default) during the reporting period;
- Number of customers who successfully completed the program during the reporting period;
- Total customer payments during the reporting period;
- Total amount to be forgiven for all participating customers at the end of the reporting period;
- Average amount to be forgiven for all participating customers at the end of the reporting period;
- Total amount to be paid under a payment plan for all participating customers at the end of the reporting period;
- Average arrears balance not yet forgiven of all participating customers at the end of the reporting period;
- Average arrears balance as a percentage of the total balance due for all participating customers at the end of the reporting period;
- Total amount of arrears outstanding for all participants at the end of the reporting period;
- Total amount of forgiveness credits (allowances) given during the reporting period;
- Number of forgiveness credits (allowances) given during the reporting period;
- Average amount of forgiveness credits (allowances) given during the reporting period;
- Number of participants receiving LIHEAP at the end of the reporting period;
- Percentage of participants receiving LIHEAP at the end of the reporting period; and
- Total LIHEAP payments received during the reporting period.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

The Company shall also provide a schedule with the number of customers enrolled in the AMP, by month, together with the number of defaults and program terminations.

XI. COST RECOVERY

The DAC applicable to all the firm rates of the Company are shall contain an Arrearage Management Adjustment Factor ("AMAF") designed to recover incremental costs incurred associated with the AMP. Incremental costs include the amount of arrearage forgiven. The recovery of the arrearage amounts forgiven by the Company through the AMP is dependent on the following criteria:

i. If a customer does not satisfy the conditions of R.I.G.L. § 39-2-1(d)(2), the amount of arrearage forgiven by the Company to that point shall remain forgiven and be written off by the Company. However, the amount of arrearage forgiven by the Company is recoverable in full.

ii. If a customer does satisfy the conditions of R.I.G.L. § 39-2-1(d)(2), all arrearage amounts forgiven will be treated as bad debt. At the end of each calendar year, the Company will perform a test to determine if the amount of bad debt for the year exceeds the adjusted allowable bad debt from the Company's most recent general rate case. This adjusted allowable bad debt will be calculated using the distribution uncollectible amount determined in the last general rate case, updated for the current calendar year Gas Cost Recovery, DAC, , and energy efficiency-related bad debt. Should the actual amount of bad debt incurred by the Company for the year exceed this adjusted allowable bad debt amount, the Company will be entitled to recover, in the following year, all amounts of arrearage forgiven under R.I. Gen. Laws § 39-2-1(d)(2)(xiv) in the prior year in excess of the allowable bad debt. If, however, the amount of the arrearage forgiven under § 39-2-1(d)(2)(xiv) in excess of the adjusted allowable bad debt for a given year is not significant enough to calculate an annual reconciling factor for that year, the Company may reflect such amount in its next Revenue Decoupling Mechanism reconciliation filing.

The AMAF shall be a uniform per therm factor based on the estimated therms to be delivered by the Company to its gas customers over a 12-month period. For billing purposes, the AMAF will be included with the DAC charge on customers' bills. Should any balance remain outstanding subsequent to the recovery of costs associated with the AMP as described above, the Company shall reflect this balance as an adjustment in the subsequent period.

OTHER MISCELLANEOUS CHARGES

ARREARAGE MANAGEMENT ADJUSTMENT PROVISION

XII. ADJUSTMENT TO RATES

Adjustments to rates pursuant to the Arrears Management Program Provision are subject to review and approval by the PUC. Modifications to the factor contained in this Provision shall be made in accordance with a notice filed with the PUC pursuant to R.I.G.L. § 39-3-11(a) setting forth the amount(s) of the revised factor(s) and the amount(s) of the increase(s) or decrease(s). The notice shall further specify the effective date of such charges.

SERVICE AND MAIN EXTENSION POLICIES

THE NARRAGANSETT ELECTRIC COMPANY
POLICY 1
NATURAL GAS SERVICE AND MAIN EXTENSION POLICY
FOR NEW INDIVIDUAL RESIDENTIAL CUSTOMERS

When an individual residential customer or a group of individual residential customers[1] ("Customer") request installation of a new service or a relocation of or upgrade to an existing service for the purpose of receiving natural gas service ("Request"), this policy shall apply. This policy applies to the installation and relocation of natural gas facilities by The Narragansett Electric Company ("Company"). This policy shall apply to firm service customers.

1. Installation of Service Line

The Company will install a "Service Line," which may include, but is not limited to: piping, associated metering, and pressure reducing appurtenances, that transports gas below grade to the first accessible fitting of a Customer's building. The location of the service line, the metering equipment, and the service entrance shall be designated by the Company in accordance with Rhode Island law and accepted industry practices. The Customer may be required to pay a "Contribution in Aid of Construction (CIAC)" as described in Item 6 below.

2. Main Extension

The Company will install a "Main," if necessary, to provide natural gas distribution service. A Main includes, but is not limited to, a pipeline owned by the Company located on a public and/or private right-of-way which is available or used to transport gas to one or more Service Lines. The Customer may be required to pay a CIAC, as described in Item 6 below.

3. System Reinforcement(s)

System Reinforcements such as new main or main replacements (increased pipe-size) may be installed when the Company deems such to be necessary to provide adequate service. The Company reserves the right to recover costs for system reinforcements that are designed solely for the Customer's benefit.

4. Estimated Revenue

[1] A group of residential customers may include a residential subdivision, all or a portion of residential homes along a public way, or a multiple unit building with individually metered residential dwellings.

SERVICE AND MAIN EXTENSION POLICIES

Before undertaking the construction of new facilities to serve the Customer, the Company will estimate the annual incremental revenue to be derived by the Company under the distribution charges from the installation of the new facilities. Any revenue from the Distribution Adjustment Clause factors, Gas Cost Recovery factors, and Energy Efficiency Program Charges shall be excluded from this calculation.

5. Estimated Expenditures

5.1 Service Line and Main Extension

Service Line and Main Extension installation costs are estimated based on the pipe size, pipe composition, pipe length, and estimated trenching cost.

Plastic piping of diameter 8 inches or less will be estimated on a per foot basis, coupled with a callout fee, absent extenuating circumstances. Costs associated with service line and main extension piping of diameter larger than 8 inches or composition other than plastic will be estimated using an engineering estimate.

5.2 System Reinforcements

System reinforcement costs will be estimated using an engineering estimate.

5.3 Extenuating Circumstances

Projects with extenuating circumstances will be estimated using an engineering estimate.

Examples of extenuating circumstances include but are not limited to: excessive ledge, bridge and railroad crossings, Department of Environmental Management (“DEM”) permits and permit restrictions, state roads, restoration requirements, state road permits and any additional municipal requirements, concrete base roadways, new roadways or newly paved roadways and unusual landscaping, culverts, or upgrading of an existing service for added load.

6. Customer Payments

6.1 Contribution in Aid of Construction

Whenever the estimated expenditures necessary to supply gas to the Customer, or for relocation or upgrade of Company equipment for reasons other than the needs of the Company, shall be such an amount that the estimated revenue derived from gas service at the applicable rates will be insufficient to warrant such expenditures, the Company will require the Customer to pay the whole or part of such expenditures. The Company will use a cash

SERVICE AND MAIN EXTENSION POLICIES

flow and a net present value (NPV) analysis to determine the appropriate customer contribution, or CIAC, which includes a tax contribution factor based on the cash contribution and/or value of donated property. The resulting CIAC represents the amount that is owed to the Company from the Customer(s) prior to the Company commencing construction.

6.2 Additional Payment

When, in the Company's opinion, an engineering study is required to determine the method of service or prepare construction estimates, the Company will estimate the cost of such engineering study. The Company may charge the Customer this cost before engineering begins. If construction is undertaken, this payment will be applied to any required CIAC. If no CIAC is required, the entire additional advance payment will be refunded. If construction is not undertaken, the Company will retain the appropriate portion of this additional advanced payment as reimbursement of costs incurred by the Company, and if any amount remains, will refund the remaining balance to the Customer.

6.3 Payment Terms

For CIAC charges up to $6,000 per Customer, each Customer will be required to pay the entire amount before the start of construction. If an individual Customer's CIAC is greater than $6,000, the Customer will have the option to either pay the entire amount before the start of construction, or pay $6,000 before the start of construction and pay the amount in excess of $6,000 under a payment plan. The terms of the payment plan will be based on equal payments of at least $75 per month until the amount in excess of $6,000 is paid in its entirety. The term of the payment plan is not to exceed a period of five (5) years or sixty (60) months. The amount collected under the payment plan will include interest at the rate paid on customer deposits. The Customer can choose to pay the remaining balance at any time within the five-year period without penalty.

6.4 Change of Customer

The Customer must agree, as a condition of the monthly payment terms, that if he/she sells, leases, or otherwise transfers control and use of the property to anther individual ("New Occupant"), and such New Occupant opens a new account with the Company, the Customer will obtain an agreement from such New Occupant to pay the remaining balance that would have been owed by the Customer at that location. Otherwise, the Customer will remain personally liable for the balance owed. The Company reserves the right to place a lien on the property until such time that the obligation is fulfilled.

6.5 Reconciliation

SERVICE AND MAIN EXTENSION POLICIES

Whenever the Company collects a CIAC, the Customer has the option to request reconciliation in accordance with the following:

6.5.1 Per-Foot Basis

In instances where the Customer has paid a CIAC derived using per-foot rates, the final actual footage for the project exceeds 125 feet, and the difference between the final actual footage and estimated footage exceeds 25 feet then the Company will calculate the difference between the estimated and actual feet multiplied by the per-foot cost. The resulting difference will be refunded to the Customer.

6.5.2 Engineering Estimate Basis

In instances where the estimated expenditure was derived using an engineering estimate and the Customer has paid a CIAC, once installation is complete and the actual expenditures determined, the Company will determine the difference between the engineering estimate and the actual cost of installation. If the difference exceeds the greater of (a) $1,000, or (b) 10% of the engineering estimate, the Company will recalculate the Customer's CIAC based on actual cost and refund to the Customer the difference between the initial CIAC and the lower recalculated CIAC. In no case shall the reconciliation result in additional payments from the Customer, nor will the Company refund more than the Customer actually paid.

7. More Than One Customer

When natural gas service is requested by more than one Customer for the same main extension line, the CIAC will be reasonably allocated among those Customers.

8. Customer Added After Initial Construction

If a new Customer (or group of Customers) is supplied from facilities constructed under this policy, and if such service begins within five (5) years from the date of the first payment received by the Company from the original Customer or group of Customers, the Company will recalculate the charges associated with installation of the main extension and adjust CIACs or initiate refunds as appropriate.

9. Gas Service Agreement

The Company will require the Customer to sign a gas service agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation, relocation, and/or upgrade of natural gas distribution line(s) to the Customer's property, provided that such terms are not inconsistent with the terms expressed in this policy.

SERVICE AND MAIN EXTENSION POLICIES

10. Seasonal Limitations on Underground Construction

The Company may decline, in its sole discretion, to install any underground facilities due to weather or other seasonal concerns.

11. Easements

If necessary in the Company's determination, the Company will, as a condition on the installation of the service, require the Customer(s) to provide the Company with an executed easement (drafted by the Company) for all facilities located on private property. The Customer will provide the easement prior to the start of the Company's construction and at no cost to the Company. In the event that third party rights are required for the Customer's installation, the Customer will be responsible for obtaining all third party rights or crossings at the Customer's expense.

12. Changes in Policy and Procedures

The policies, procedures, and charges set forth herein are subject to periodic review and may be expanded, updated, revised, and/or modified from time to time at the Company's discretion and with the Division's approval.

13. Thresholds for CIAC Waivers

This matrix below shows, by Customer Subcategory, the service length and or service & main installation combinations that would result in no charge to the Customer. Any variation from what is shown here may result in a cost to the Customer based on length of service line and main, type of service (residential, C&I, etc.) and pipe size. Please contact the Company directly for further information regarding costs related to jobs that exceed the thresholds shown below.

SERVICE AND MAIN EXTENSION POLICIES

Pipe Size	Service / Main	Under 2" / 2"	Under 2" / 2"	Under 2" / 2"	Under 2" / 2"
Customer Subcategory		Conversion	New Homes XXLarge	New Homes XLarge	New Homes Large
Approximate Square Footage			4500	3500	2400
Annual Load (ADTh)		123	255	201	142
	Service Footage	Service Footage	Service Footage	Service Footage	Service Footage
	Service Line Only	81	177	139	96
	Main Footage	Service Footage	Service Footage	Service Footage	Service Footage
	10	60	157	119	76
	15	51	146	109	66
	20	41	137	99	56
	25	31	127	89	46
	30	21	117	78	36
	35	11	107	69	26
	40	N/A	97	58	16
	45	N/A	86	48	5
	50	N/A	76	38	N/A
	55	N/A	67	28	N/A
	60	N/A	57	17	N/A
	65	N/A	47	8	N/A
	70	N/A	37	N/A	N/A

Pipe Size	Service / Main	Under 2" / 2"	Under 2" / 2"	Under 2" / 2"	Under 2" / 2"
Customer Subcategory		New Homes Med	New Homes Small	Apartment/Condo Small	Apartment/Condo Large
Approximate Square Footage		1800	1200		
Annual Load (ADTh)		123	108	59	83
	Service Footage	Service Footage	Service Footage	Service Footage	Service Footage
	Service Line Only	81	69	22	48
	Main Footage	Service Footage	Service Footage	Service Footage	Service Footage
	10	60	48	N/A	28
	15	51	39	N/A	18
	20	41	29	N/A	7
	25	31	19	N/A	N/A
	30	21	9	N/A	N/A
	35	11	N/A	N/A	N/A
	40	N/A	N/A	N/A	N/A
	45	N/A	N/A	N/A	N/A
	50	N/A	N/A	N/A	N/A
	55	N/A	N/A	N/A	N/A
	60	N/A	N/A	N/A	N/A
	65	N/A	N/A	N/A	N/A
	70	N/A	N/A	N/A	N/A

SERVICE AND MAIN EXTENSION POLICIES

THE NARRAGANSETT ELECTRIC COMPANY
POLICY 2
NATURAL GAS SERVICE AND MAIN EXTENSION POLICY FOR RESIDENTIAL DEVELOPMENTS

When a developer, contractor, builder or other customer ("Developer") proposing to construct a residential development or individual homes requests installation of a new service or a relocation of or upgrade to an existing service for the purpose of receiving natural gas service ("Request"), this policy shall apply. This policy applies to the installation and relocation of natural gas facilities by The Narragansett Electric Company ("Company").

1. Installation of Service Line

The Company will install a "Service Line," which may include, but is not limited to: piping, associated metering, and pressure reducing appurtenances, that transports gas below grade to the first accessible fitting of a Customer's building. The location of the service line, the metering equipment, and the service entrance shall be designated by the Company in accordance with Rhode Island law and accepted industry practices. The Developer may be required to pay a "Contribution in Aid of Construction (CIAC)" as described in Item 6 below.

2. Main Extension

The Company will install a "Main" if necessary, to provide natural gas distribution service. A Main includes, but is not limited to, a pipeline owned by the Company located on a public and/or private right-of-way which is available or used to transport gas to one or more Service Lines. The Developer may be required to pay a CIAC, as described in Item 6 below.

3. System Reinforcement(s)

System Reinforcements such as new main or main replacements (increased pipe-size) may be installed when the Company deems such to be necessary to provide adequate service. The Company reserves the right to recover costs for system reinforcements that are designed solely for the Customer's benefit.

4. Estimated Revenue

Before undertaking the construction of new facilities to serve the development, the Company will estimate the annual incremental revenue to be derived by the Company under the local distribution service rates from the installation of the new facilities. Any revenue from the

SERVICE AND MAIN EXTENSION POLICIES

Distribution Adjustment Clause factors, Gas Cost Recovery factors, and Energy Efficiency Charges shall be excluded from this calculation.

5. Estimated Expenditures

5.1 Service Line and Main Extension

Service line and main extension installation costs are estimated based on the pipe size, pipe composition, pipe length, and estimated trenching cost.

Plastic piping of diameter 8 inches or less will be estimated on a per foot basis, coupled with a call out fee, absent extenuating circumstances. Costs associated with service line and main extension piping of diameter larger than 8 inches or composition other than plastic will be estimated using an engineering estimate.

5.2 System Reinforcements

System reinforcement costs will be estimated using an engineering estimate.

5.3 Extenuating Circumstances

Projects with extenuating circumstances will be estimated using an engineering estimate.

Examples of extenuating circumstances include but are not limited to: excessive ledge, bridge and railroad crossings, DEM permits and permit restrictions, state roads, restoration requirements, state road permits and any additional municipal requirements, concrete base roadways, new roadways or newly paved roadways and unusual landscaping, culverts or upgrading of an existing service for added load.

6. Developer Obligations

The Developer will be responsible for removal of ledge, trenching and backfilling in accordance with the Company's construction standards. In addition, the Developer will be responsible for:

i. providing, prior to the start of the Company's construction, all applicable documents required for the Company to prepare design drawings and easements for its facilities to be installed on private property;

SERVICE AND MAIN EXTENSION POLICIES

ii. supplying copies of all invoices, when requested, indicating manufacturer and part number for all such equipment listed/referred to above; equipment that is not approved shall not be used without the prior written consent of the Company; and

iii. turning over ownership of the local gas distribution system to the Company upon inspection and acceptance of such system by the Company.

7. Developer Payments

a. Contribution in Aid of Construction

Whenever the estimated expenditures necessary to supply gas to the Customer, or for relocation or upgrade of Company equipment for reasons other than the needs of the Company, shall be such an amount that the estimated revenue derived from gas service at the applicable rates will be insufficient to warrant such expenditures, the Company will require the Developer to pay the whole or part of such expenditures. The Company will use a cash flow and a net present value (NPV analysis) to determine the appropriate customer contribution, referred at CIAC, which includes a tax contribution factor based on the value of the donated property and/or any such cash contribution. The resulting CIAC represents the amount that is owed to the Company from the Developer prior to project implementation. Cost to the Developer will vary depending upon job scope, and will be provided during the application process, once job specifications have been determined.

b. Additional Payment

When, in the Company's opinion, significant engineering is required to determine the method of service or prepare construction estimates, the Company will estimate the cost of such engineering study. The Company may charge the Customer this cost before engineering begins. If construction is undertaken, this payment will be applied to any required CIAC. If no CIAC is required, the entire additional advance payment will be refunded. If construction is not undertaken, the Company will retain the appropriate portion of this additional advanced payment as reimbursement of costs incurred by the Company, and if any amount remains, will refund the remaining balance to the Developer.

c. Reconciliation

Whenever the Company collects a CIAC, the Customer has the option to request a reconciliation in accordance with the following:

i. Per Foot Basis

SERVICE AND MAIN EXTENSION POLICIES

In instances where the Developer has paid a CIAC derived using per foot rates, and the final actual footage for the project exceeds 125 feet; then, the Company will calculate the difference between the estimated and actual feet times the per foot cost. The resultant difference will be refunded to the Customer, if the difference between the final actual and estimated footage is in excess of 25 feet.

ii. Engineering Estimate Basis

In instances where the estimated expenditure was derived using an engineering estimate and the Developer has paid a CIAC, once installation is complete and the actual expenditures determined, the Company will determine the difference between the engineering estimate and the actual cost of installation. If the difference exceeds the greater of (a) $1,000 or (b) 10% of the engineering estimate, the Company will recalculate the Developer's CIAC based on actual cost and refund to the customer the difference between the initial CIAC and the lower recalculated CIAC. In no case shall the reconciliation result in additional payments from the Customer, nor will the Company refund more than the Developer actually paid.

8. More Than One Customer

When natural gas service is requested by more than one Customer for the same main extension line, the CIAC will be reasonably allocated among those Customers.

9. Customer Added After Initial Construction

If a new Customer (or group of Customers) is supplied from facilities constructed under this policy, and if such service begins within five (5) years from the date of the first payment received by the Company from the original Customer or group of Customers, the Company will recalculate the charges associated with installation of the main extension and adjust charges or initiate refunds as appropriate.

10. Developer Provides Plans and Documentation

The total number of house lots proposed to be constructed ("House Lots") will be provided in advance to the Company by the Developer (prior to the Company building the distribution line), along with an electronic copy (in a format acceptable to the Company) of the subdivision plan approved by the planning board in the applicable community.

The Company may require the Developer to provide, in advance, the following:

(A) a copy of the approval of the planning board for the subdivision;

SERVICE AND MAIN EXTENSION POLICIES

(B) a copy of all permits and approvals that have been obtained for constructing the development;

(C) the name and address of the bank or credit union providing financing for the development, including a contact person and phone number;

(D) a schedule or Developer's best estimate for the construction of homes in the development; and

(E) if requested by the Company, such other reasonable information that may be required to confirm the viability of the development.

11. Building the Distribution Line in Segments

The Company may, in its own discretion, construct the distribution in segments, rather than all at once in the proposed development.

12. Gas Service Agreement

The Company will require the Developer to sign a gas service agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation, relocation, and/or upgrade of natural gas distribution line(s) to the development, provided that such terms are not inconsistent with the terms expressed in this policy.

13. Seasonal limitations on Underground Construction

The Company may decline, in its sole discretion, to install any underground facilities due to weather or other seasonal concerns.

14. Easements

If necessary in the Company's determination, the Company will, as a condition on the installation of the service, require the Developer to provide the Company with an executed easement (drafted by the Company) for all facilities located on private property. The Developer will provide the easement prior to the start of the Company's construction and at no cost to the Company. In the event that third party rights are required for the Developer's installation, the Developer will be responsible for obtaining all third party rights or crossings at the Developer's expense.

SERVICE AND MAIN EXTENSION POLICIES

THE NARRAGANSETT ELECTRIC COMPANY
POLICY 3
NATURAL GAS SERVICE AND MAIN EXTENSION POLICY

FOR COMMERCIAL, INDUSTRIAL AND EXISTING RESIDENTIAL CUSTOMERS

The terms of this policy shall apply when a commercial, industrial or non-residential (a real estate development which is not an approved subdivision of single-family homes) customer ("Customer") requests installation of a new service or a relocation of or upgrade to an existing service for the purpose of receiving natural gas service ("Request"). This policy applies to the installation and relocation of natural gas facilities by The Narragansett Electric Company ("Company").

1. Installation of Service Line

The Company will install a "Service Line," which may include, but is not limited to: piping, associated metering, and pressure reducing appurtenances, that transports gas below grade to the first accessible fitting of a Customer's building. The location of the service line, the metering equipment, and the service entrance shall be designated by the Company in accordance with Rhode Island law and accepted industry practices. The Customer may be required to pay a "Contribution in Aid of Construction (CIAC)" as described below.

2. Main Extension

The Company will install a "Main," if necessary, to provide natural gas distribution service. A "Main" includes, but is not limited to, a pipeline owned by the Company located on a public and/or private right-of-way which is available or used to transport gas to one or more Service Lines. The Customer may be required to pay a CIAC, as described below.

3. System Reinforcement(s)

System Reinforcements such as new main or main replacements (increased pipe-size) may be installed when the Company deems such to be necessary to provide adequate service. The Company reserves the right to recover costs for system reinforcements that are designed solely for the Customer's benefit.

4. Estimated Revenue

Before undertaking the construction of new facilities to serve the Customer, the Company will estimate the annual incremental revenue to be derived by the Company under the local distribution service rates from the installation of the new facilities. Any revenue from the

SERVICE AND MAIN EXTENSION POLICIES

Distribution Adjustment Clause factors, Cost of Gas Recovery factors, and Energy Efficiency Charges shall be excluded from this calculation.

5. Estimated Expenditures

   a. Service Line and Main Extension

Service line and main extension installation costs are estimated based on the pipe size, pipe composition, pipe length, and estimated trenching cost.

Plastic piping of diameter 8 inches or less will be estimated on a per foot basis, coupled with a call out fee, absent extenuating circumstances. Costs associated with service line and main extension piping of diameter larger than 8 inches or composition other than plastic will be estimated using an engineering estimate.

   b. System Reinforcements

   System reinforcement costs will be estimated using an engineering estimate.

   c. Extenuating Circumstances

Projects with extenuating circumstances will be estimated using an engineering estimate.

Examples of extenuating circumstances include but are not limited to: excessive ledge, bridge and railroad crossings, DEM permits and permit restrictions, state roads, restoration requirements, state road permits and any additional municipal requirements, concrete base roadways, new roadways or newly paved roadways and unusual landscaping, culverts or upgrading of an existing service for added load.

6. Customer Obligations

The Customer, at no cost to the Company, will be responsible for blasting and tree trimming and removal on private property, including roadways not accepted as public ways by the municipality, in accordance with the Company's specifications and subject to the Company's inspection.

7. Customer Payments

   a. Contribution in Aid of Construction

SERVICE AND MAIN EXTENSION POLICIES

Whenever the estimated expenditures necessary to supply gas to the Customer, or for relocation or upgrade of Company equipment for reasons other than the needs of the Company, shall be such an amount that the estimated revenue derived from gas service at the applicable rates will be insufficient to warrant such expenditures, the Company will require the Customer to pay the whole or part of such expenditures. The Company will use a cash flow and a net present value (NPV analysis) to determine the appropriate customer contribution, referred at CIAC, which includes a tax contribution factor based on the value of the donated property and/or any such cash contribution. The resulting CIAC represents the amount that is owed to the Company from the Customer(s) prior to project implementation. Cost to the Customer will vary depending upon job scope, and will be provided during the application process, once job specifications have been determined.

b. Additional Payment

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In instances where the estimated expenditure was derived using an engineering estimate and the Customer has paid a CIAC, once installation is complete and the actual expenditures determined, the Company will determine the difference between the engineering estimate and the actual cost of installation. If the difference exceeds

SERVICE AND MAIN EXTENSION POLICIES

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10. Building the Distribution Line in Segments

The Company may, in its own discretion, construct the distribution in segments, rather than all at once in the proposed development.

11. Gas Service Agreement

The Company will require the Customer to sign a gas service agreement setting forth the terms of this policy and any other terms that the Company deems are reasonably necessary in connection with the installation, relocation, and/or upgrade of natural gas distribution line(s) to the Customer's property, provided that such terms are not inconsistent with the terms expressed in this policy.

12. Seasonal limitations on Underground Construction

The Company may decline, in its sole discretion, to install any underground facilities due to weather or other seasonal concerns.

13. Easements

If necessary in the Company's determination, the Company will, as a condition on the installation of the service, require the Customer(s) to provide the Company with an executed easement (drafted by the Company) for all facilities located on private property. The

SERVICE AND MAIN EXTENSION POLICIES

Customer will provide the easement prior to the start of the Company's construction and at no cost to the Company. In the event that third party rights are required for the Customer's installation, the Customer will be responsible for obtaining all third party rights or crossings at the Customer's expense.

Schedule
EDA/MMC-2

Customer Choice Program Modification Proposal

The Narragansett Electric Company
May 21, 2020

nationalgrid

Drivers for Change

- **GCR/LRP recommendations**
  - 2019/20 GCR Docket No. 4963 approved the Division's recommendation for the Company to work with the Division to evaluate the Company's current cost allocation procedures for interstate pipeline firm transportation capacity assigned to firm transportation customers and to reflect modifications to the current approach, which addresses the allocation of fixed gas supply reservation charges, and to present those modifications in next year's GCR filing.
- **More equitable access to assets**
- **Interstate pipeline capacity constraints**
  - The Company is at risk for gate station-specific TGP/AGT operational flow orders.
  - Under the current program, there is more supply scheduled to Cranston and Dey St. gate stations and not enough to other gate stations. Need ESCOs to schedule gas to other points.
  - The Company needs the ability to impose gate station-specific deliveries on ESCOs so that it can better comply with TGP/AGT OFOs. The Company needs an enhanced Gas Transportation System to accomplish this, but is laying the groundwork with this proposal.

Proposal Overview

- **The Company is proposing to make all significant capacity paths on Algonquin and Tennessee available to Marketers, whereby all Marketers would receive a pro-rata share of each capacity path based on the company portfolio.**
- **Applicable to capacity eligible load**
- **Elimination of "pick a path"**
  - All marketers will have access to same assets
  - Assets will be more representative of the Company's transportation portfolio
  - Elimination of pipeline adjustment since ESCOs/Company have access to largely the same assets
- **Maintaining virtual storage and virtual peaking**

Paths to be Released

Current:

- TGP Zone 1
- TGP Dracut
- AGT @ Lambertville, NJ
- TETCO - STX
- TETCO - WLA
- TETCO - ELA
- TCO (Maumee/Pennsburg)

Proposed:

- TGP Long Haul [MODIFIED]
- TGP ConneXion [NEW]
- TGP Dracut
- AGT M3
- TETCO CDS Long Haul [MODIFIED]
- TETCO SCT Long Haul [NEW]
- TCO Appalachia
- TCO Hanover
- Dawn via PNGTS [NEW]
- AIM [NEW]

Paths Not Released

Small paths (< 1,500 Dth/day) will be retained by the Company. Fixed costs of these paths will be included in the Company-managed supplies (storage & peaking).

- **Niagara (1,067 Dth/day)**
- **Dawn via Waddington (1,000 Dth/day)**
- **Transco (1,240 Dth/day)**
- **Dominion (537 Dth/day)**

What Will Remain the Same

- No change to total amount of transport released / storage assigned / peaking allocated
- No change to 40% / 40% / 20% Tennessee/Algonquin delivery requirements
- No change to high/low load factor calculations
- No change to cashouts/balancing charges
- No change to calculation of daily requirements

Long Term Strategy

The Company is proposing to fully align capacity paths on Algonquin and Tennessee to where customers are served whereby Marketers would receive a pro-rata share of each capacity path on the specific pipeline (Algonquin or Tennessee) based on Marketer's total pool of customers on the specific pipeline.

Instead of having one FT-1 pool and one FT-2 pool, a Marketer would have four pools:

- **one Algonquin FT-1 pool;**
- **one Algonquin FT-2 pool;**
- **one Tennessee FT-1 pool; and**
- **one Tennessee FT-2 pool.**

Nominations, balancing, and cashouts would be implemented at the pool level. Marketers would have to nominate and balance four pools. Cashouts would reflect the specific pipeline (i.e. Algonquin or Tennessee pricing).

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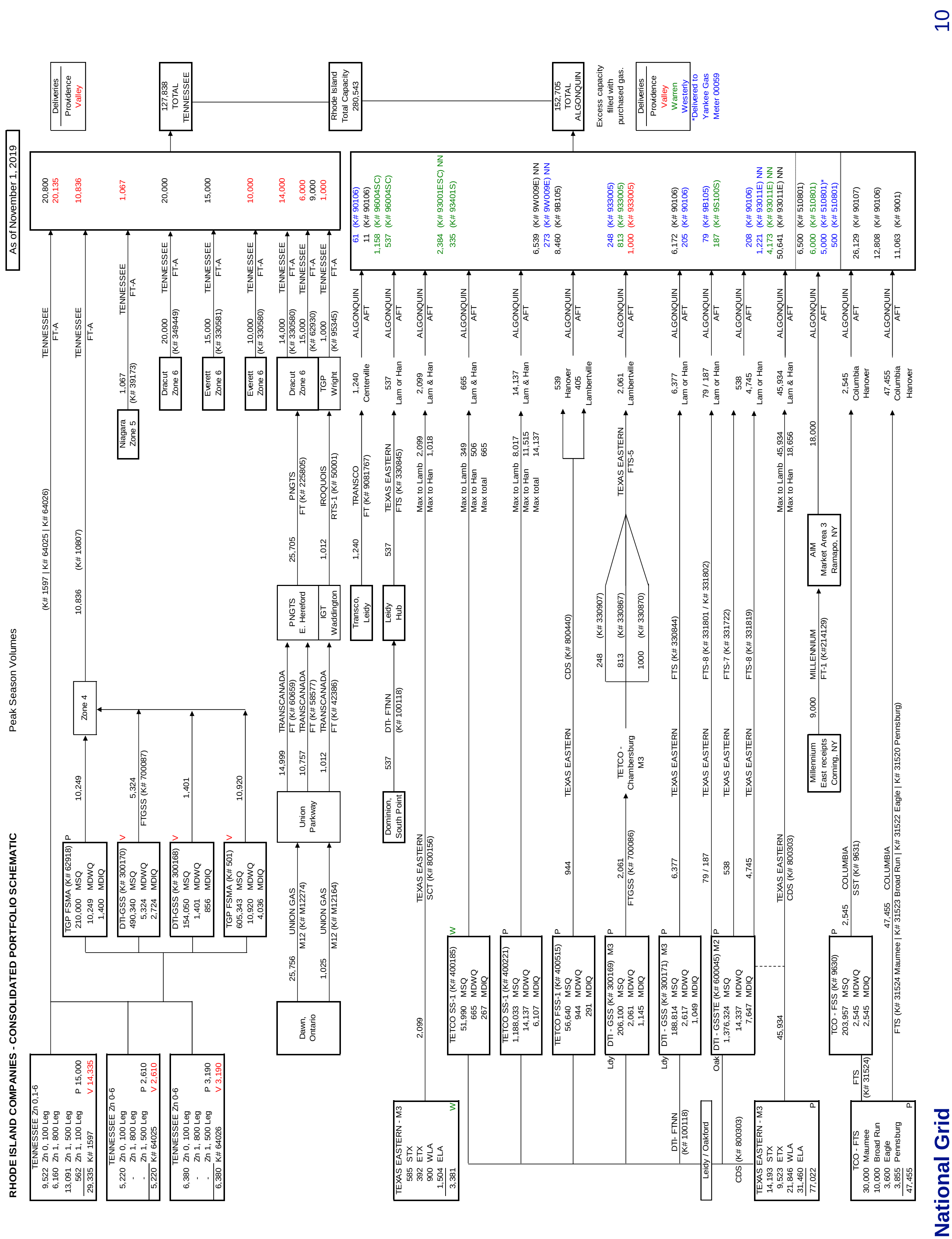
APPENDIX

National Grid

Appendix: Contracts to Release

Path	Approximate Release Volume (Dth/day)	Percent of Total Release	Contracts to Release
TGP Long Haul	5,700	14%	TGP 1597
TGP ConneXion	2,300	6%	TGP 64026
Dawn via PNGTS	5,600	13%	Union M12274, TCPL 60659, PNGTS 225805, TGP349449
AIM	3,500	8%	MPL 210615, AGT 510801
TETCO CDS Long Haul	8,900	21%	TETCO 800303, AGT 93011E, AGT 510985
TCO Appalachia	7,800	19%	TCO 31524, AGT 90106, AGT 510985
TCO Hanover	1,400	3%	TCO 31520, AGT 90106, AGT 510985
AGT M3	2,100	5%	AGT 93011E, AGT 510985
Dracut	3,900	9%	TGP 349449
TETCO SCT Long Haul	500	1%	TETCO 800156, AGT 93001ESC
Total	41,700	100%	


RHODE ISLAND COMPANIES - CONSOLIDATED PORTFOLIO SCHEMATIC
Peak Season Volumes
As of November 1, 2019
Rhode Island Total Capacity 280,543
127,838 TOTAL TENNESSEE
152,705 TOTAL ALGONQUIN
Deliveries Providence Valley
Deliveries Providence Valley Warren Westerly
Excess capacity filled with purchased gas.
*Delivered to Yankee Gas Meter 00059
TENNESSEE FT-A
ALGONQUIN AFT
TEXAS EASTERN
TRANSCANADA
UNION GAS
MILLENNIUM
COLUMBIA
Dawn, Ontario
Union Parkway
Dominion, South Point
Millennium East receipts Corning, NY
AIM Market Area 3 Ramapo, NY
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National Grid