

The Narragansett Electric Company

d/b/a National Grid

INVESTIGATION AS TO THE
PROPRIETY OF PROPOSED TARIFF
CHANGES

Schedules of:

Ann E. Leary
Proposed Tariffs – Clean &
Marked to Show Changes

Book 10 of 11

April 27, 2012

Submitted to:
Rhode Island Public Utilities Commission
Docket No. R.I.P.U.C. _____

Submitted by:

nationalgrid

THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

Docket No. R.I.P.U.C. _____

Witness: Leary

SCHEDULE AEL-4

“Marked” Tariff

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to and be a part of each Rate Classification now or hereafter in effect except as they may be expressly modified or superseded by Rhode Island Public Utilities Commission order.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 ("~~RIPUC~~") and the Rhode Island Division of Public Utilities and Carriers ("~~RIDPUC~~"), 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 RIPUC and the RIDPUC 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 RIPUC 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 RIPUC or the RIDPUC, 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, ~~duly executed by an authorized officer of the Company~~ and made

Issued: ~~November 26, 2008~~ April 27, 2012

Effective: ~~December~~ June 1,
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in accordance with the provisions of the General Laws and pursuant to regulations of the RIPUC and RIDPUC.

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 our 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.

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 RIPUC and RIDPUC. 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.

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Effective: ~~December~~ June 1,
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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 RIDPUC, 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 RIPUC and RIDPUC 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.

A customer shall be and ~~remain~~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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1,
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The Company shall undertake to furnish service to the customer for use only for his/her own purposes and only on the premises occupied through ownership or lease by the customer, except as provided below. In cases where the customer is a condominium association or the owner or manager of a commercial or residential rental property with over six (6) units, the customer may allocate the Company charges for gas service to other gas users on the premises through any reasonable means, including properly installed submetering. In such situations where the customer is allocating the Company charges for service to others, the burden is on the customer, when requested by the Company, to demonstrate that the allocated charges are no greater than the customer's bill from the Company. When allocating such charges, the customer may separately include reasonable administrative fees. Natural gas sold by the Company to authorized natural gas vehicle filling stations may be remetered or submetered by the customer for resale to another or others.

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

- 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 Rhode Island Public Utilities Commission 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 1st. The interest rate in effect in any year shall be based on the average rate over the prior calendar year for 10-

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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 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. 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

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Effective: ~~December~~ June 1,
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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, excepting 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 INSTALLATION OF METERS:

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

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Effective: ~~December~~June 1,
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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;
- 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 premises 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 premises under a single service classification, in which case the quantity of gas supplied through each

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meter will be measured separately and the bills for each computed separately under the appropriate service classification(s).

Gas service provided for use by emergency back-up natural gas generators of more than 12 kw shall be separately metered and billed.

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 in 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 RIPUC and RIDPUC.

Whenever a check or draft presented for payment of service is not accepted by the institution on which it is written, a returned check charge of \$15 applies, per check or draft written. Such returned check charge shall be waived for customers eligible for low-income assistance programs.

The customer shall be responsible for all charges for distribution and gas service furnished by the Company under the applicable rates as filed from time to time with the RIPUC, 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

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Effective: ~~December~~June 1,
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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 equipment belonging to the Company.

Readings taken by an automated meter reading device 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 RIPUC and RIDPUC 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 RIDPUC.

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 RIDPUC.

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.

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Effective: ~~December~~June 1,
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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.

8.0 DISCONTINUANCE OF SERVICE:

Subject to the applicable regulations of the RIPUC and RIDPUC, 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 a \$25 account restoration charge in the case of a turn-on after a shut-off for nonpayment of bills. Such account restoration charge shall be waived for customers eligible for low-income assistance programs.

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.

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

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Effective: ~~December~~June 1,
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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 shall the Company be liable therefore in any respect. The Company will use reasonable efforts under the circumstances to

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Effective: ~~December~~June 1,
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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,

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1,
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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 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.

Issued: ~~November 26, 2008~~ April 27, 2012

Effective: ~~December~~ June 1,
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DEFINITIONS

~~Actual Base Revenue~~
~~Per Customer:~~

The actual base revenue divided by the respective number of customers booked by the Company each month for each rate class.

~~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 Rhode Island Public Utilities Commission.

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 rate case proceeding.

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°) 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.

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DEFINITIONS

Capacity Release
Revenues:

Revenues derived from the sale of capacity upstream of the city-gate.

Commission The Rhode Island Public Utilities Commission (RIPUC)

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. Generally, this occurs at ~~4~~ forty-four (44) Degree Days or colder. A Critical Day may also occur under other conditions, such as 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 RIPUC approves a suitable replacement.

Issued: ~~October 1, 2010~~April 27, 2012

Effective: ~~July 26, 2011~~June 1, 2012

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DEFINITIONS

<u>Division</u>	<u>The Rhode Island Division of Public Utilities and Carriers (RIDPUC)</u>
Dual-Fuel Customer:	Customers <u>A non-firm customer</u> with dual-fuel capability included in the November 5, 2008 Stipulation in Docket No. 3943 plus new non-firm customers taking non-firm service after that date.
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.
Electronic Bulletin Board <u>(EBB)</u> :	An internet web site which allows both the Company and Marketers to electronically post nominations and other transportation-related 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 <u>Company's</u> 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

Issued: ~~October 1, 2010~~April 27, 2012

Effective: ~~July 26, 2011~~June 1, 2012

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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 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.

Hedging Settlements
and Costs

Risk management related gains and losses, option premiums, and transaction costs such as commissions and fees incurred by the Company under the Gas Procurement Incentive Plan (GPIP).

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 (~~The monthly average for the Company's money pool rate for high grade 30 day commercial paper sold through dealers by major corporations as published in the~~

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~~Wall Street Journal~~) 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.

Inventory Finance Charge: Finance charges associated with the storage of natural gas and Hedging Settlements and Costs associated with storage 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.

Low Income Assistance Programs: Programs for assisting low income customers with their energy bills including, but not limited to, Low Income Heating Assistance (LIHEAP) and Low Income Weatherization, as in effect from time to time.

Marginal Gas Cost: The variable cost of the Company's marginal source of supply for the Gas Day. Incremental Cost is a synonymous term.

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Effective: ~~July 26, 2011~~June 1, 2012

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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 Point of Delivery that has not been previously served on a firm sales service basis by the Company.
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.
Pipeline Costs:	Costs associated with the entitlement and transmission of natural gas on the interstate pipeline system.

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Pipeline Shipper(s):	The party(s) from whom <u>a</u> 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.
Pool Balancing Revenues:	Revenues associated with Pool Balancing service, as derived in Section 2, Schedule A, Item 4.0.
Purchased Gas Working Capital:	Working <u>The working</u> capital required to finance gas costs.
Reconciliation Amount:	The Deferred balance at the end of September.
Refunds:	Refunds from pipeline, storage and suppliers.
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.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Target Revenue Per Customer:	A target average dollar amount per customer established for each month for each firm service rate class at the time of the

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most recent rate case or other proceeding that results in a base rate adjustment.

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

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

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

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

~~—~~Working Capital: ~~Amounts~~The dollar amounts required to finance the Company's activities prior to the receipt of revenue.

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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 (~~H7~~) 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 (~~GET~~) 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

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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.

4.0 GAS 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")

~~For 2011, the EEP charge will collect \$.15 per Dt plus the per Dt rate designed to collect incremental estimated costs for the period August 1, 2011 to December 31, 2011. Thereafter, on November 1 of each year for effect the following January 1, coincident~~ Coincident with the filing of the Company's EEP plan for the upcoming calendar year, the Company will file its EEP per Dt ~~surecharge charge on or before November 1 of each year, for effect 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 Commission, such a charge (adjusted for ~~gross earnings tax~~GET and the uncollectible percentage approved in the most recent rate case proceeding) shall become effective with usage on or after the effective date.

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

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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 Rhode Island Public Utilities Commission ("RIPUC"), 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, Hedging Settlements and Costs, demand charges, 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;
- (3) ~~FT-2~~ Firm Transportation – Marketers
- (4) Natural Gas Vehicles

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 1st as designated by the Company. In the event of any

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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 ~~one (1)~~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 RIPUC, 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 August 1 of each year containing actual data for the twelve months ending ~~June 30~~March 31 of that year.

2.0 GAS CHARGE FACTORS

2.1 Gas Charges to Sales

Customers:

The Gas Charge consists of five ~~-(5)~~ components: (1) Supply Fixed Costs, (2) Storage Fixed Costs, (3) Supply Variable Costs (4) Storage Variable Product Costs, and (5) Storage Variable Non-product Costs. These components shall be computed using a forecast of applicable costs and volumes for each firm rate schedule based on the following formula:

$$\text{GC}_S = \text{FC}_S + \text{SFC}_S + \text{VC}_S + \text{SVC}_S + \text{SVNC}_S$$

Where:

GC_S Gas Charge applicable 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 sales.

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

SFC_S Storage Fixed Cost Component for a rate classification. See Item 3.2 for calculation.

VC_S Supply Variable Cost Component for a rate classification. See Item 3.3 for calculation.

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SVC_S Storage Variable Product Cost Component for a rate classification. See Item 3.4 for calculation.

SVNC_S Storage Variable Non-product Cost Component for a rate classification. See Item 3.5 for calculation.

This calculation will be adjusted for the ~~uncollectible~~actual uncollectibles based on actual net write-offs as a percentage approved in of actual revenues for the most recent rate case proceedingtwelve month period ending March of each year and the Gas Charges to Sales Customers are subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule ~~DC~~.

2.2 Gas Charge to FT-2

Marketers:

The FT-2 Firm Transportation Marketer Gas Charge (GC_M) recovers costs associated with storage and peaking resources and is calculated as follows:

$$GC_M = SFC_S + SVNC_S$$

Where:

GC_M Gas Charge applicable to Marketers for FT-2 Firm Transportation Service

SFC_S Storage Fixed Cost Component. See Item 3.2 for calculation.

SVNC_S Storage Variable Non-product Cost Component. See Item 3.5 for calculation.

This calculation will be adjusted for the actual uncollectibles based on actual net write-offs as a percentage of actual revenues for the twelve month period ending March of each year.

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2.3 Gas Charge to Natural

Gas Vehicles:

The Natural Gas Vehicle Gas Charge (GC_{NGV}) recovers costs associated with natural gas distributed to the public at Company owned NGV stations and is calculated as follows:

$$GC_{NGV} = FC_S + VC_S$$

Where:

GC_{NGV} Gas Charge applicable to Natural Gas Vehicle (NGV) Service

FC_S Supply Fixed Cost Component. See Item 3.1 for calculation.

VC_S Supply Variable Cost Component. See Item 3.3 for calculation.

This calculation will be adjusted for the actual uncollectibles based on actual net write-offs as a percentage of actual revenues for the twelve month period ending March of each year.

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 of firm gas, including, but not limited to, pipeline and supplier fixed reservation costs, demand charges, and other gas supply expense incurred to transport 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:

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$$FC_S = \frac{DWS_S * (TC_{FC} - TR_{FC} + WC_{FC} + R_{FC})}{Dt_S}$$

Where:

- FC_S Supply Fixed Cost Component for 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, Extra Large Low and High Load C&I, and NGV.
- DWS_S Percent of Design Winter Sales Sendout (November - March) for 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, Extra Large Low and High Load C&I, and NGV.
- TC_{FC} Total Supply Fixed Costs, including, but not limited to pipeline and supplier reservation.
- TR_{FC} Credits to Supply Fixed Costs relating to supply services, including, but not limited to balancing charge revenues, capacity release revenues, ~~off-system sales margins~~ and ~~refunds~~; the amount forecasted to customers under the Natural Gas Portfolio Management Plan (NGPMP) for the November to October period.
- 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 Natural Gas Portfolio Management Plan (NGPMP) and, following approval by the Commission, the net positive revenue from

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optimization transactions reduced by the guaranteed amount and the Company incentive under the Plan.

D_{TS} 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, Extra Large Low and High Load C&I, and NGV.

3.2 Storage Fixed Cost Component:

The Storage Fixed Cost Component shall include all fixed costs but not limited to, the costs related to the operations, ~~and maintenance and delivery of storage, including, but not limited to, supply related portion of local production and storage costs~~ as determined in the most recent rate case proceeding, ~~taxes on storage, as well as the costs of~~ delivery of storage gas to the Company's Distribution System, taxes on storage and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Fixed Cost Component shall be identified and explained fully in the annual filing.

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

$$SFC_S = \frac{DWT_S * (TC_{SFC} - TR_{SFC} + WC_{SFC} + R_{SFC})}{D_{TS}}$$

Where:

SFC_S Storage Fixed Cost Component for 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, Extra Large Low and High Load C&I or FT-2 service.

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DWT _s	Percent of Design Winter Throughput (November - March) for 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, Extra Large Low and High Load C&I, or FT-2 service.
TC _{SFC}	Total Fixed Storage Costs, all fixed costs, including, but not limited to supply, the costs related local production to the operations and <u>maintenance of storage costs, and taxes on storage.</u> The level of supply-related local production and storage costs shall be as determined in <u>the</u> most recent rate case proceeding <u>as well as the costs of delivery of storage gas to the Company's Distribution System and taxes on storage..</u>
TR _{SFC}	Total Credits to Storage Fixed Costs
WC _{SFC}	Working Capital requirements associated with Total Storage Fixed Costs. See Item 5.0 for calculation.
R _{SFC}	Deferred Storage Cost Account Balance as of October 31, as derived in Item 6.0.
Dt _s	Forecast of annual sales related 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, Extra Large Low and High Load C&I and throughput related to FT-2 service.

3.3 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. Any costs recovered through the application of the Supply Variable Cost Component shall be identified and explained fully in the annual filing.

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

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

Where:

VC	Supply Variable Cost Component for 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, Extra Large Low and High Load C&I, and NGV.
TC _{VC}	Total Supply Variable Costs, including, but not limited to pipeline, supplier, commodity-billed pipeline transition costs and any hedge, hedging <u>Hedging Settlements and Costs</u> related costs to <u>costs to</u> flowing supply <u>and</u> the carrying cost on hedge collateral <u>Hedge Collateral</u> .
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, Extra Large Low and High Load C&I, and NGV.

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3.4 Storage Variable Product Cost

Component:

The Storage Variable Product Cost Component shall include all variable storage product costs of firm gas, including, but not limited to, storage commodity costs, taxes on storage commodity and other gas Storage expense incurred to transport supplies, transportation fees, inventory commodity costs, inventory financing costs and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Product Cost Component shall be identified and explained fully in the annual filing.

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

$$VSC = \frac{TC_{VSC} - TR_{VSC} + WC_{VSC} + R_{VSC}}{Dt_{VSC}}$$

Where:

VSC Storage Variable Product Cost Component for 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, or Extra Large Low and High Load C&I.

TC_{VSC} Total Storage Variable Product Costs, including, but not limited to pipeline, storage, storage Hedging Settlements and Costs and commodity-billed pipeline transition costs associated with storage delivery.

TR_{VSC} Total Credits to Storage Variable Product Costs.

WC_{VSC} Working Capital requirements associated with Total Storage Variable Product Costs. See item 5.0 for calculation.

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R_{VSC}	Deferred Cost Account Balance as of October 31, as derived in Item 6.0.
Dt_{VSC}	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.

3.5 Storage Variable Non-product Cost

Component:

The Storage Variable Non-product Cost Component shall include all variable costs related to the operations, maintenance and delivery of storage, as determined in the most recent rate case proceeding, injection and withdrawal costs, taxes on storage, delivery of storage gas to the Company's Distribution System, and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Non-Product Cost Component shall be identified and explained fully in the annual filing.

The Storage Variable Non-product Cost Component is calculated for each applicable rate schedule as follows:

$$SVNC_S = \frac{TC_{SVNC} - TR_{SVNC} + WC_{SVNC} + R_{SVNC}}{Dt_S}$$

Where:

$SVNC_S$ Storage Variable Non-product Cost Component for 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, Extra Large Low and High Load C&I or FT-2 service.

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TC _{SVNC}	Total Storage Variable Non-product Costs, all variable costs, including, but not limited to supply related local production and storage costs, injection and withdrawal costs, and taxes on storage. The level of supply related local production and storage costs shall be as determined in most recent rate case proceeding.
TR _{SVNC}	Total Credits to Storage Variable Non-product Costs.
WC _{SVNC}	Working Capital requirements associated with Total Storage Variable Non-product Gas Costs. See Item 5.0 for calculation.
R _{SVNC}	Deferred Storage Variable Non-product Cost Account Balance as of October 31, as derived in Item 6.0.
Dt _s	Forecast of annual sales related 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, Extra Large Low and High Load C&I and throughput related to FT-2 service.

4.0 POOL BALANCING

4.1 Purpose: This section establishes a procedure to allow the Company, subject to the jurisdiction of the RIPUC, to adjust on an annual basis its rates for firm pool balancing service set forth in Section 6, Schedule C, Item 5.04 of RIPUC NG-GAS No. 101

4.2 Calculation: $BAL = (FC + SFC + SVC) * 1\%$

Where:

BAL	Balancing Charge for Pool Balancing Service applicable to Marketer pool throughput per percent of balancing service elected.
FC	Fixed Cost Component as calculated in Item 3.1 above.

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SFC Storage Fixed Cost Component as calculated in Item
3.2 above.

SVC Storage Variable Product Cost Component as
calculated in Item 3.4 above.

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5.0 WORKING CAPITAL REQUIREMENT:

$$WC_M = WCA_M * [DL / 365] * COC$$

Where:

WC_M Working Capital requirements of Supply Fixed (WC_{FC}), 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, Supply Variable, Storage Variable Product, or Storage Variable Non-product Cost component calculations.

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

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 rate case proceeding. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended June as presented in the Company's annual Distribution Adjustment Clause (DAC) filing in support of the Earnings Sharing Mechanism (ESM). The long-term debt 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 five (5) separate Deferred Gas Cost Accounts: (1) Supply Fixed Costs and revenues, (2) Storage Fixed Costs and revenues, (3) Supply Variable Costs and revenues, (4) Storage Variable Product Costs and revenues, and (5) Storage

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Variable Non-product 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 the actual uncollectible % approved in amounts based on actual net write-offs as a percentage of actual revenues for the most recent rate case proceeding; twelve month period ending March of each year.
2. Credits to costs, including but not limited to GCR Deferred Responsibility surcharge/credits and Transitional Sales Service (TSS) surcharge revenues, ~~and~~
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

7.1 During Refund Period

~~If the Company receives a cash~~ Any refund resulting from gas supply overcharges during a historical "refund period," where the historical "refund period" is the most recent 60-month period, and the amount of the refund equals or exceeds 2% due sales customers of the Company's total gas ~~costs~~ cost for the prior fiscal year, ~~the amount to be refunded to any firm customer who used gas during the refund period and who is not on the suspended debt file shall be equal to:~~

~~The customers' billed usage during Refund Period X~~

Amount to be Refunded

Firm Sales during Refund Period

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~~where the Amount to be Refunded equals Total Amount of Refund minus the incremental costs incurred by the Company in effecting the distribution of the supplier refund.~~

~~The customer shall receive this amount in the form of:~~

- ~~1. A lump sum bill credit if the customer's account is active or if the customer's final bill has not been paid; or~~
- ~~2. A personal check if the customers account is closed and paid in full and the amount of the check exceeds \$25; or~~
- ~~3. A combination bill credit/personal check if the amount of the credit exceeds the unpaid balance of the customer's final bill.~~

~~The total amount of individually calculated refunds of \$2 or less to have been paid by check will be credited to the Deferred Gas Cost Account. Checks which are not deliverable or paid within 90 days of the mailing shall be canceled and also credited to the Deferred Gas Cost Accounts.~~

~~Should any canceled refund checks later become a liability of the Company, the cost shall be debited to the Deferred Gas Cost Account.~~

~~7.2 Prior To Refund~~

~~Period: If the Company receives a cash refund resulting from gas supply overcharges during periods prior to the historical refund period, then the refund shall be credited to the appropriate Deferred Cost Account.~~

~~7.3 Less Than 2% If the amount of the refund is less than 2% of the Company's total gas cost for the prior fiscal year, it shall be credited to the appropriate 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

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Effective: ~~November~~June 1, ~~2009~~2012

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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 Commission approves the rates.

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DISTRIBUTION ADJUSTMENT CLAUSE

1.0 GENERAL

1.1 Purpose:

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

- (1) the costs of system balancing;
- (2) the difference between the approved Advanced Gas Technology, budget and the amount collected in base rates
- (3) the difference between the approved Low Income Assistance budget and the amount included in base rates;
- (4) the costs of the Infrastructure, Safety, and Reliability, Low Income Assistance, Plan;
- (5) the amortization of the most recent ten years of Environmental Response, costs;
- (6) Pension costs and Post-retirement Benefits Other than Pensions, Capital Expenditures Tracker, to credit expenses;
- (7) the margins from on-system non-firm sales and transportation and on-system non-traditional firm sales and transportation;
- (8) to credit any Service Quality Performance, to credit or recover Weather Normalization penalties;
- (9) property tax expenses incremental to those in the most recent base rate case;
- (10) any over or under collections, and of Revenue Decoupling;
- (11) the previous year DAC items;
- (12) and any Earning Sharing.

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

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- 1.2 Applicability:** The ~~distribution adjustment charge will be uniformly~~ Distribution Adjustment Charge will be applied to sales and transportation volumes under each of the Company's firm rate schedules ~~and shall be calculated separately for the following:~~
- ~~(1) Residential Non Heating, Low Income Residential Non Heating, Residential Heating, Low Income Residential Heating, Small C&I, Medium C&I;~~
 - ~~(2) Large C&I Low Load Factor, Large C&I High Load Factor, Extra Large C&I Low Load Factor, Extra Large C&I High Load.~~

The Company will make annual Distribution Adjustment Charge filings ~~based on forecasts of applicable costs and volumes and its~~ annual Reconciliation filings based on actual costs and volumes ~~The 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 section 3.4.2, the~~ Distribution Adjustment Charge shall become effective with consumption as of November 1st each year.

Unless otherwise notified by the RIPUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take 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 ~~containing actual data for the twelve months ending June 30 of that year.~~

2.0 DISTRIBUTION ADJUSTMENT

CHARGE: ~~The distribution adjustment charge~~

~~The Distribution Adjustment Charge~~ will consist of an annual System Pressure factor, an Advanced Gas Technology factor, a Low Income Assistance Programs factor, an Infrastructure, Safety, and Reliability factor, ~~a Low Income Assistance factor~~, an Environmental Response Cost factor, a Pension ~~and Post-retirement Benefits Other than Pensions adjustment~~ Adjustment

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Mechanism factor, a ~~Capital Expenditures Tracker factor, an on-~~
~~system credit~~non-firm On-System Margin Credit factor, a Service
Quality Performance factor, a ~~Weather Normalization~~Property Tax
Adjustment factor, a Revenue Decoupling Adjustment factor, ~~and~~
a Reconciliation of deferred ~~cost~~account balance factor, and a
Earnings Sharing Mechanism factor. The Distribution Adjustment
Charge is calculated as follows:

$$\text{DAC} = \text{SP} + \text{AGT} + \text{ISR} + \text{LIAP} + \text{ERCF} + \text{P\&PBOP} + \text{CapX} - \text{MC} - \text{SQP} + \text{WN} + \text{RDA} + \text{R} + \text{ESM}$$

$$\text{DAC} = \text{SP} + \text{AGT} + \text{LIAP} + \text{ISR} + \text{ERCF} + \text{PAF} + \text{MC} + \text{SQP} + \text{PTA} + \text{RDA} + \text{R}$$

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 3.4 for calculation.~~

LIAP Low Income Assistance Programs factor. See Item
3.3 for calculation.

ISR Infrastructure, Safety, and Reliability factor. See
Item 3.4 for calculation

ERCF Environmental Response ~~cost factor.~~Cost Factor.
See Item 3.5 for calculation.

~~P\&PBOP Pension and Post-retirement Benefits Other than~~
~~Pensions (PBOP)-adjustment factor.~~PAF
Pension Adjustment Factor. See Item 3.6
for calculation.

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~~CapX~~ ~~Capital Expenditures Tracker factor. See Item 3.7 for calculation~~

MC On-system ~~margin credits~~Margin Credits related to ~~Dual-Fuel Customer~~non-firm dual-fuel customer margins ~~and non-traditional sales and transportation~~. See Item 3.~~8~~7 for calculation.

SQP Service Quality Performance Factor. See Item 3.8 for calculation.

~~PTA~~ Property Tax Adjustment Factor. See Item 3.9 for calculation.

~~WN~~ ~~Weather Normalization factor related to over-collections or under-collections of distribution revenues due to colder or warmer than normal weather. See Item 3.10 for calculation.~~

RDA Revenue Decoupling Adjustment factor. See Item 3.~~4~~10 for calculation.

R Reconciliation of deferred account ~~balance~~balances as of October 31. See Item 4.0 for calculation.

ESM Earnings Sharing Mechanism Factor. See Item 5.0 for calculation.

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

3.0 DISTRIBUTION ADJUSTMENT CALCULATIONS

3.1 System Pressure Factor:

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The System Pressure factor shall be computed on an annual basis utilizing a forecast of Liquefied Natural Gas (LNG) sendout ~~and comprised of the~~ projected withdrawal of commodity costs, projected average inventory cost of LNG, demand costs and the average LNG inventory finance costs from the GCR filing for the November to October period based on the following formula:

$$SP = \frac{[D_{LNG} * INV_{LNG}] * SP\%}{D_{tr}}$$

$$SP = \frac{(WTC_{LNG} + INV_{LNG} + DM_{LNG} + INF_{LNG}) \times SP\%}{D_{tr}}$$

Where:

SP System Pressure Amount

~~D_{LNG}~~ Forecast of LNG sendout in dekatherms

~~WTC_{LNG}~~ Forecasted withdrawal commodity costs

~~INV_{LNG}~~ ~~Average~~Forecasted average inventory cost of LNG
per dekatherm

~~DM_{LNG}~~ Forecasted demand costs

~~INF_{LNG}~~ Forecasted average inventory finance costs

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

D_{tr} Forecasted annual firm throughput ~~in dekatherms~~

3.2 ~~3.2~~ AGT Factor:

The Advanced Gas Technology factor will be computed on an annual basis utilizing the approved budget for AGT ~~programs~~for

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the prior twelve month period ended June 30th based on the following formula:

$$\text{AGT} = \frac{\text{AGT}_B - \text{AGT}_{EMB}}{D_{tT}}$$

Where:

AGT AGT Factor

AGT_B Approved AGT budget

Dt_T Forecasted annual firm throughput ~~in dekatherms~~

AGT_{EMB} AGT funding embedded in base rates, \$300,000

~~3.3~~ 3.3 LIAP Factor:

The Low Income Assistance factor shall be computed on an annual basis utilizing the approved funding for low income programs, such as Low Income Heating Assistance (\$1,585,000) and Low Income Weatherization, (\$200,000), for the prior twelve month period ended June 30th based on the following formula:

$$\text{LIAP} = \frac{\text{LIAP}_B - \text{LIAP}_{EMB}}{D_{tT}}$$

$$\text{LIAP} = \frac{\text{LIAP}_B - \text{LIAP}_{EMB}}{D_{tT}}$$

Where:

LIAP LIAP Factor

LIAP_B Approved low income program funding(s)

~~Dt_T~~ Forecasted annual firm throughput ~~in dekatherms~~

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LIAP_{EMB} LIAP funding embedded in base rates, \$1,785,000

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3.4 Infrastructure, Safety and Reliability Plan

3.4.1 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 Commission 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.

3.4.2 Infrastructure, Safety and Reliability Factor:

~~Each year, beginning~~Effective each April 1, ~~2011~~, 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 Commission in the Company's annual gas infrastructure, safety, and reliability filings. For the period April 2013 – March 2014 only, the Cumulative Revenue Requirement recovered through this factor will be net of any amount for the same period included in base rates. For purposes of this section, ~~non-growth capital shall exclude general plant (FERC Accts 389 through 399). Adjusted Cumulative Non-growth Capital Spending shall mean the actual non-growth capital investment since April 1, 2011, plus the forecasted non-growth capital investment for the fiscal year the rate will be in effect. For the purposes of calculating this rate, annual Non-growth Capital Spending will be reduced by the annual depreciation expense net of depreciation expense attributable to general plant that was approved by the Commission in the Company's most recent distribution rate proceeding adjusted, if appropriate, by later proceedings related to capital, resulting in Adjusted Non-growth Capital Spending. In its next base rate proceeding, all accumulated Gas ISR investments will be~~

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~~eligible for inclusion in rate base recovery through the new base rates set in that future proceeding.~~

Cumulative Revenue Requirements will reflect Adjusted Cumulative Non-Growth Capital Spending, associated retirements, cost of removal, accumulated depreciation, accumulated deferred taxes, ~~property taxes~~, depreciation expense and include the return on the current [fiscal] year's average rate base associated with the cumulative Capital Spending at a rate equal to the pre-tax weighted average cost of capital, as approved by the Commission in the most recent base rate proceeding. Non-growth capital shall exclude general plant (FERC Accts 389 through 399). Adjusted Cumulative Non-growth Capital Spending shall mean the historical non-growth capital investment net of investment reflected in the Company's last base rate case, plus the forecasted non-growth capital investment for the fiscal year the rate will be in effect. For the purposes of calculating this rate, annual Non-growth Capital Spending will be reduced by the annual depreciation expense net of depreciation expense attributable to general plant that was approved by the Commission in the Company's most recent distribution rate proceeding— adjusted, if appropriate, by later proceedings related to capital, resulting in Adjusted Non-growth Capital Spending.

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

The Company shall allocate the Cumulative Revenue Requirements to its rate classes based on the rate base allocation approved by the Commission in the Company's most recent ~~distribution~~base rate proceeding. 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.

3.4.3— Infrastructure, Safety
and Reliability Factor:
Reconciliation Mechanism:

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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. ~~Beginning in 2012, by August 1 of each year, as supplemented on September 1 of each year, as~~The Company will also reconcile any variance between the revenue requirement associated with either the forecasted or approved ISR capital costs for the period April 1, 2012 – March 31, 2014 included in the base rates with the revenue requirement associated with actual ISR capital costs for these periods. As part of its ~~Distribution Adjustment Charge~~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 costs to take effect annually for the twelve months beginning November 1 each year.

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Effective: ~~July 26, 2011~~June 1, 2012

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3.5 Environmental Response Cost Factor (ERCF):

$$\text{ERCF} = \frac{\sum \text{ERC}_{yT_x} - \text{ERC}_{\text{EMB}}}{10 \text{ Dt}_T}$$

$$\text{ERCF} = \frac{\frac{\text{ERC}_{95-01}}{10} + \frac{\sum_{x=n-9}^n \text{ERC}_{yT_x}}{10} - \text{ERC}_{\text{EMB}}}{\text{Dt}_T}$$

Where:

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

~~$\frac{\text{ERC}_{95-01}}{10}$ Unamortized Environmental Response Costs at the end of fiscal year 2001 to be amortized over ten years.~~

~~$\sum_{x=n-9}^n \text{ERC}_{yT_x}$ The sum of Environmental Response Costs, incurred in the most recent ~~fiscal year~~ (“twelve month period ended June 30th (n)”), and in the prior nine ~~fiscal years, but no earlier than fiscal year 2002. Therefore, until fiscal year 2011, n-9 is equal to fiscal year 2002.~~~~

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

Dt_T Forecasted annual firm throughput ~~in dekatherms~~

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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 ~~CB~~ of the Company's ~~General Rules and Regulations~~Definition section above.

3.6 ~~P&PBOP~~ension Adjustment

Factor:

The ~~P&PBOP-adjustment factor~~ension Adjustment Factor shall recover or refund the prior year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension ("PBOP") expenses to the Company's Pension and PBOB expense allowance included in ~~Base-base~~ rates. The adjustment factor will be computed on an annual basis for the twelve months ended ~~June 30th~~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 ~~June 30th~~March 31 and the Company's most recently approved Pension and PBOP expense base rate allowance.

~~For the period ending June 30, 2009, the computation will be based on eight months.~~

3.7 Capital Expenditure

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~~**Tracker Factor:** The Capital Expenditure (“CapX”) Tracker Factor will be computed annually and is the mechanism for refunding or collecting from customers the revenue requirement impact associated with variations in capital spending, including the Accelerated Replacement Program (“ARP”), to the extent allowed by the Commission. In compliance with the Commission Order (19710) in Docket No. 3943 (2009), for the fiscal year 2009-2010, the ARP mechanism component of the “CapX” Factor will be based upon the period October 1, 2009 to March 31, 2010 and include a one-time adjustment for the ARP from July 1, 2010 to October 31, 2010. For the fiscal year 2010 to 2011, the ARP mechanism component of the CapX Factor will be based upon the period April 1, 2010 to March 31, 2011. After March 31, 2011, the ARP will sunset and be terminated; provided, however, that any previous cumulative investment recovery under the ARP will continue until the Company’s next rate case.~~

3.8—On-System Margin Credit:

Credits:

Each year, ~~beginning 2010~~, the Company will calculate the total ~~Dual-Fuel Customer~~non-firm dual-fuel customer margins, exclusive of Rhode Island Gross Earnings Tax for the twelve month period ending June 30. ~~Dual-Fuel customers included in the November 5, 2008 Stipulation in Docket No. 3943 plus margins exclusive of GET received from non-firm special contracts and new non-firm customers taking non-firm service after that date.~~ If that total exceeds ~~\$2,816,000~~a target threshold of \$1,512,209, the On-System Margin Credit shall be positive. If the total non-firm margins, exclusive of Rhode Island Gross Earnings Tax, for the twelve-month period ending June 30 are less than ~~\$2,816,000~~the target threshold of \$1,512,209, the On-System Margin Credit shall be negative.

~~For period ending June 2009, the Company will calculate the total Dual-Fuel Customer margins for the eight month period ending June 30th. If the total Dual-Fuel margins for the eight month period ending June 30th are less than \$1,879,800, the On-System Credit shall be negative. If the total Dual-Fuel margins for the eight month period ending June 30 are~~

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~~more than \$1,879,800, the On System Credit shall be positive.~~
The On System Margin Credit is calculated as follows:

~~For 2009:~~
$$MC = \frac{(DFCM - \$1,512,209)}{Dt_T}$$

~~$$MC = \frac{(DFCM - \$1,879,800)}{Dt_T}$$~~

~~After 2009:~~

~~$$MC = \frac{(DFCM - \$2,816,000)}{Dt_T}$$~~

Where:

MC On-System ~~margin credit~~ Margin Credit factor

DFCM The ~~Dual Fuel Customer margins~~non-firm dual-fuel customer margins exclusive of Rhode Island Gross Earnings Tax ~~“(GET”)~~ for the 12 months ending June 30 ~~(in 2009 only, for the 8 months ending June 30)~~ for the Firm and Non Firm Dual Fuel customers included in the November 5, 2008 Stipulation in Docket No. 3943 ~~plus margins exclusive of GET received from non-firm special contracts and new non-firm customers taking non-firm service after that date.~~

Dt_T Forecasted annual firm throughput ~~in dekatherms~~

If in any year the Company is required to calculate the total Non-Firm Dual-Fuel Customer margins, exclusive of GET, for a period less than a twelve month period, then the Company will prorate the target threshold based upon the number of months and if the total exceeds that prorated target threshold the Non-Firm On-System Margin credit will be positive and if it is less than the prorated target the credit will be negative. In addition, the Company will

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annually adjust the margin threshold for customers that migrate from or to firm service.

3.98 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.

3.9 Property Tax Adjustment Factor:

3.10 Weather

Normalization: ~~The Company shall compare actual heating degree days ("DD") to normal heating degree days at the end of each peak season (November through April). For each DD greater than 4,865 (2% colder than normal), the Company shall credit the Weather Normalization Account an amount equal to \$9,000 per DD. For each DD less than 4,675 (2% warmer than normal), the Company shall debit the Weather Normalization Account at \$9,000 per DD. With implementation of the~~

The Property Tax Adjustment Factor shall recover or refund the prior year's reconciliation of the Company's actual property tax expenses to the Company's property tax expense allowance included in the last base rate case. The PTA is calculated as follows:

$$PTA = \frac{(PTA_A - PTA_{EMB})}{Dt_T}$$

Where:

PTA = Property tax adjustment factor

PTA_A = Actual property tax expense for the most recent twelve month period ended March 31

PTA_{EMB} = Property tax allowance from the most recent base rate proceeding

Dt_T = Forecasted annual firm throughput.

Issued: ~~July 26, 2011~~April 27, 2012

Effective: ~~July 26, 2011~~June 1, 2012

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DISTRIBUTION ADJUSTMENT CLAUSE

Issued: ~~July 26, 2011~~April 27, 2012

Effective: ~~July 26, 2011~~June 1, 2012

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3.10. Revenue Decoupling Adjustment ~~effective April 1, 2011, the Weather Normalization for the peak season November 2010 through April 2011 will utilize normal heating degree days for the month of April 2011 as actual heating degree days. For subsequent peak seasons, the Weather Normalization provision will no longer be applicable.~~ **Factor:**

3.11 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 31st Revenue Per Customer 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 variance between a Target Revenue ~~Per-per~~ Customer and the Actual Revenue Per Customer based on the following formulas:

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

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

Where:

RDAF Revenue Decoupling Adjustment Factor

\sum_{RC} The sum of the March 31st Revenue ~~Perper~~
Customer deferral ending balances for each of 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.

Issued: ~~July 26, 2011~~April 27, 2012

Effective: ~~July 26, 2011~~June 1, 2012

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~~Any Dual-Fuel customer's revenue included in the Small C&I and Medium C&I rate classes are excluded just for purposes of the RPC calculation.~~

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

VR_M Current month Variance

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

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

RPC_{TM} = Target Revenue ~~Per~~per Customer for current month as established at time of the most recent rate case. Target Revenue for Low-Income classes will reflect non-discounted target revenue.
~~Target revenues for C/I classes will exclude revenues from Dual-Fuel Customers~~

RPC_{AM} = Actual Revenue ~~Per~~per Customer for current month calculated as actual base revenues divided by number of customers in the current month. Revenue for Low-Income classes will reflect non-discounted revenues.
~~Revenues and customers for C/I classes will exclude Dual-Fuel Customers.~~

$CUST_M$ = Number of customers in current month ~~excluding any Dual-Fuel Customers.~~

INT_M Interest on average monthly balance

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$$\frac{-(AEB_{M-1} + VR_{M-1}) \times BA_M}{2} = \frac{(AEB_M + VR_M) \times BA_M}{2}$$

BA_M Bank of America Prime minus 200 basis points

D_{TRC} Forecasted annual firm throughput ~~in dekatherms~~ 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 ~~(Including Firm throughput for any Dual-Fuel customers included in the Small C&I and Medium C&I rate classes).~~

4.0 DEFERRED DISTRIBUTION ADJUSTMENT

COST ACCOUNT: ~~The Company shall maintain separate Deferred Cost Accounts for AGT costs and revenues, LIAP costs and revenues, Environmental Response costs and revenues, and the On-System credit costs and revenues. Entries shall be made to each of these accounts at the end of each month as follows:~~

- ~~(1) An amount equal to the allowable costs incurred, less revenues collected adjusted for the RIGET and the uncollectible percentage approved in the most recent rate case proceeding;~~
- ~~(2) Credits to costs, and;~~
- ~~(3) 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 after entries for (1) and (2) above.~~

~~With respect to Environmental Response Costs, the monthly deferred cost shall be the variance between actual and~~

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Effective: ~~July 26, 2011~~June 1, 2012

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~~forecasted monthly firm throughput, multiplied by the ERC Factor.~~

The Distribution Adjustment Cost Account shall ~~also~~ include an annual reconciliation for the ~~prior twelve month period for~~ prior twelve month period for the revenues and costs for ~~the System Pressure, Environmental Response Costs, On-System Margin Credits, Weather Normalization, Capital Tracker One Time, Capital Tracker Revenue Requirement, Pension~~ the System Pressure, Environmental Response Costs, On-System Margin Credits, Weather Normalization, Capital Tracker One Time, Capital Tracker Revenue Requirement, Pension factor, ~~PBOP~~ Advanced Gas Technology factor, LIAP factor, ISR factor, Environmental Response Costs factor, Pension Adjustment Factor, On-System Margin Credit factor, SQP factor, PTA factor, RDA factor, ESM factor and a Previous Reconciliation factor, including a true-up for any prior year's forecasted revenues and costs. 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:

5.0 Earnings Sharing

Mechanism:

The annual Earnings Sharing Mechanism (ESM) established in Docket No. 3401 will remain in place. The Earnings Sharing Mechanism Credit (ESMC) will be included with the ~~August 1st DAC filing and will be updated with the final EMSC calculation by September 1st~~ DAC filing. 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:

$$\text{ESMC} = \frac{\text{ESMF}}{\text{Dt}_T}$$

$$\text{ESMC} = \frac{\text{ESMF}}{\text{Dt}_T}$$

Where:

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ESMF Earnings Sharing Mechanism Fund is defined as the earnings subject to sharing based on a return on equity of 10.~~50~~75%. Annual earnings over this 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 this return on equity shall be shared 75% to customers and 25% to the Company.

Dt_T Forecasted annual firm throughput ~~in dekatherms~~.

~~6.0 Lost Revenue~~

~~Adjustment:~~

~~For the consumption beginning with December 1, 2008 through and including consumption on October 31, 2009, the otherwise approved DAC calculated as described above, will be adjusted to reflect 8% of \$13,659,773 or \$0.0031 per therm. The actual dollar amount collected from such charge over the referenced time period will be compared with and reconciled with the difference of actual November 2008 consumption associated base rate revenues (customer charge, demand charge and variable distribution charges) and the same consumption priced at base rates approved in Docket No. 3943. Actual November 2008 consumption will be defined as the average of billed consumption in November 2008 and December 2008.~~

Issued: ~~July 26, 2011~~April 27, 2012

Effective: ~~July 26, 2011~~June 1, 2012

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Residential Services
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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 less 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:**
- | | |
|----------------------|--|
| Customer Charge: | \$ 10.00 <u>12.50</u> per month |
| Distribution Charge: | \$0. 4029 <u>5009</u> per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates ~~are~~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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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RESIDENTIAL NON-HEATING
RATE 10

9.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas 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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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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 less units or in connection with condominium associations with gas supplied through one meter. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.

Compliance with the foregoing qualifications will be verified annually with the State Office of Energy Resources.

2.0 CHARACTER OF SERVICE:

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

3.0 RATES:

Customer Charge: \$ ~~9.00~~11.25 per month

Distribution Charge: \$0.~~3626~~4508 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 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.

6.0 RHODE ISLAND GROSS EARNINGS TAX:

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

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.

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Effective: ~~December~~June 1, ~~2008~~2012

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LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

Issued: ~~November 26, 2008~~ April 27, 2012

Effective: ~~December 1, 2008~~ June 1, 2012

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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 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.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:** Customer Charge: \$~~12~~15.00 -per month
- Distribution Charge:
- On-Peak Period (November – April)
- First 125 Therms @ \$0.~~388~~4776 per Therm
- Over 125 Therms @ \$0.~~2500~~3076 per Therm
- Off-Peak Period (May – October)
- First 30 Therms @ \$0.~~388~~4776 per Therm
- Over 30 Therms @ \$0.~~2500~~3076 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates ~~are~~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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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RESIDENTIAL HEATING
RATE 12

**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 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas 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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December 1, 2008~~June 1, 2012

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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. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.

Compliance with the foregoing qualifications will be verified annually with the State Office of Energy Resources.

2.0 CHARACTER OF SERVICE:

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

3.0 RATES:

Customer Charge: ~~\$10.80~~13.50 per month

Distribution Charge:

On-Peak Period (November – April)

First 125 Therms @ \$0.~~3493~~4298 per Therm

Over 125 Therms @ \$0.~~2250~~2768 per Therm

Off-Peak Period (May – October)

First 30 Therms @ \$0.~~3493~~4298 per Therm

Over 30 Therms @ \$0.~~2250~~2768 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 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.

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Effective: ~~December 1, 2008~~June 1, 2012

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LOW INCOME RESIDENTIAL HEATING
RATE 13

**6.0 RHODE ISLAND GROSS
EARNINGS TAX:**

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

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December 1, 2008~~June 1, 2012

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Section 5
Commercial and Industrial Services
Schedule A, Sheet 1
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C&I SMALL
RATE 21

- 1.0 AVAILABILITY:** 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 a 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 RATES:** Customer Charge: ~~\$18.60~~23.25 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 135 Therms @ \$0.~~4845~~5696 per Therm
- Over 135 Therms @ \$0.~~2000~~2351 per Therm
- Off-Peak Period (May - October)
- First 20 Therms @ \$0.~~4845~~5696 per Therm
- Over 20 Therms @ \$0.~~2000~~2351 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 6.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates ~~are~~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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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C&I SMALL
RATE 21

**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 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas 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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December 1, 2008~~June 1, 2012

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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.

4.0 RATES:

Customer Charge: ~~\$60~~70.00 per month

Demand Charge: \$1.~~2000~~3600 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.~~460~~32023 per Therm

5.0 MINIMUM CHARGE:

Customer Charge and Demand Charge per month.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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C&I MEDIUM
RATE 22

**6.0 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.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates ~~are~~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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$~~120~~175.00 per month
- Demand Charge: \$1.~~6600~~8800 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.~~0894~~1109 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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C&I LARGE HIGH LOAD FACTOR USE
RATE 23

**6.0 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.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates ~~are~~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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: ~~\$300~~425.00 per month
- Demand Charge: ~~\$1.6600~~8800 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: ~~\$0.0268~~0295 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NGC No. 101 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 ~~are~~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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Commercial and Industrial Services
Schedule E, Sheet 1
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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$~~120~~175.00 per month
- Demand Charge: \$1.~~2000~~3600 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.~~4638~~1846 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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C&I LARGE LOW LOAD FACTOR USE
RATE 33

**6.0 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.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates ~~are~~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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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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 a 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, the Transportation Service provisions found in Section 5 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: ~~\$300~~425.00 per month
- Demand Charge: \$1.~~2000~~3600 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.~~0348~~0362 per ~~Ccf~~Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

**6.0 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.

**7.0 RHODE ISLAND GROSS
EARNINGS TAX:**

The application of the above rates ~~are~~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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Schedule G, Sheet 1
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NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

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

2.0 RATES:

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

Customer charges will be determined as follows:

1. For those customers who can potentially consume more than ~~100~~150,000 Therms per month:

- \$625 per month, per customer
2. For those customers who can potentially consume more than ~~25~~35,000 Therms, but less than ~~100~~150,000 Therms per month:

- \$405 per month, per customer

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July~~June 1, ~~2009~~2012

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NON-FIRM SALES (NFS) SERVICE
RATE 60

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.

3.0 MINIMUM CHARGE:

Under no circumstances shall the NFS commodity charge be less than the cost of the incremental supply available to the Company for the month, adjusted for the Company's Fuel Allowance.

4.0 NOTIFICATION OF INTERRUPTION/ CURTAILMENT:

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

5.0 FAILURE TO CURTAIL:

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

In the event where the Company, in its sole discretion, grants the customer an exemption from the curtailment, the use of gas under these circumstances shall be referred to as an "authorized use of gas." Authorized use of gas during a curtailment will be for a limited time period. The charge for gas consumed under these conditions will be the NFS service customer charge plus the highest cost gas required to meet demand during the applicable curtailment period, plus the current firm sales service rate excluding the firm customer charges. Payments for this use, whether authorized or

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NON-FIRM SALES (NFS) SERVICE
RATE 60

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.

6.0 METER TEST:

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

7.0 TELEMETERING:

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

8.0 NON-FIRM TRANSPORTATION SERVICE OPTION:

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

9.0 RHODE ISLAND GROSS EARNINGS TAX:

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

10.0 GAS ENERGY EFFICIENCY:

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

11.0 LIHEAP

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July 1, 2009~~June 1, 2012

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NON-FIRM SALES (NFS) SERVICE
RATE 60

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.

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July~~June 1, ~~2009~~2012

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TRANSITION SALES SERVICE

TSS

1.0 AVAILABILITY:

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

TSS is not available to customers eligible for, or enrolled in, the Company's Non-Firm Transportation Service (NFT), Non-Firm Sales Service (NFS) rates, and the Default Transportation Service.

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 supplier service to firm sales service. TSS is available to ~~customers~~customers (a) who terminate supplier service, (b) who receive a termination notice from a designated supplier, or (c) for whom a designated supplier becomes ineligible to serve the customer.

All customers transferring to firm sales service from either FT-1 service or FT-2 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 service, TSS will be applicable to all firm sales service provided to the Customer through the first April 30th 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.

For each customer ~~transferring~~transferring to firm sales service from FT-2 service, TSS will be applicable to all firm sales service provided to the Customer through the end of the Customer's first billing cycle subsequent to the first April

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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TRANSITION SALES SERVICE TSS

30th 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.

4.0 SURCHARGE:

Each Customer utilizing TSS will be subject to a monthly ~~surcharge~~surcharge. The TSS monthly surcharge is designed to charge a market-based price ~~reflecting~~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 30th of each year.

4.1 Calculation:

The surcharge for customers who switch to firm sales service from FT-1 or FT-2 service shall be computed as follows:

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

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

OTHERWISE:
 $TSS = 0$

Where:

TSS = Transitional Sales Service monthly surcharge for customers transferring from FT-1 or FT-2 service.

$NYMEX_M$ = The NYMEX closing price for month M.

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TRANSITION SALES SERVICE
TSS

$GPIP_M$ = Average cost of gas purchased under the GPIP for month M.

$GPIP_{QM}$ = 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 Public Utilities Commission and the Division of Public Utilities and Carriers simultaneously with the posting on the Company's website.

**5.0 STORAGE AND
PEAKING:**

FT-1 customers 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 an FT-1 transportation customer since the most recent April 1st, multiplied by the currently effective FT-2 Firm Transportation Marketer Gas Charge (Section 2, Schedule A, Item 2.2)

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Non-Firm Transportation Service
Schedule A, Sheet 1
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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

1.0 AVAILABILITY:

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

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

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

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

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July~~June 1, ~~2009~~2012

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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

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 ~~400~~150,000 Therms per month:
- \$715 per month, per customer.
2. For those customers who can potentially consume more than ~~2535~~35,000 Therms, but less than ~~400~~150,000 Therms per month:
- \$485 per month, per customer
3. For those customers whose potential monthly consumption is less than ~~2535~~35,000 Therms per month:
- \$275 per month, per customer

Distribution Charge:

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

≤ 35,000 therms therm	\$0. 4923 <u>2915</u> per
35,001 to 150,000 therms and: Off-peak usage ≤ 31% therm Off-peak usage > 31% therm	\$0. 2045 <u>2543</u> per \$0. 4372 <u>1762</u> per
> 150,000 therms and:	

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July~~June 1, ~~2009~~2012

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Non-Firm Transportation Service
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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

Off-peak usage \leq 31%	\$0. 0766 1415 per
therm Off-peak usage > 31%	\$0. 0616 0897 per
therm	

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of a new customer, or a 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 TRANSPORTATION
TERMS AND
CONDITIONS:**

The Company's Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**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 provisions hereof, are a part of this Schedule.

**5.0 TELEMETERING
EQUIPMENT:**

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

**6.0 NON-FIRM
CUSTOMER USE
OF GAS:**

A Non-Firm customer that elects to use gas from the Company shall pay the transportation default rate as set forth in the

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July~~June 1, 20092012

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Non-Firm Transportation Service
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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

Transportation Terms and Conditions in Section 6, Schedule C, Item 2.04.0 for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in Transportation Terms and Conditions in Section 6, Schedule C, Item 1.05.0 for all additional months.

**7.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

Refer to the Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101.

**8.0 RHODE ISLAND GROSS
EARNINGS TAX:**

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

**9.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

Issued: ~~June 29, 2009~~April 27, 2012

Effective: ~~July~~June 1, ~~2009~~2012

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Section 6
Transportation Services
Schedule B Sheet 1
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FIRM TRANSPORTATION SERVICE

1.0 AVAILABILITY:

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

- (1) is classified as Medium, Large, or Extra Large pursuant to RIPUC NG-GAS No. 101, Section 5, Schedule B, C, and D: and,
- (2) elects to purchase gas supplies from a supplier other than the Company through the execution of a Transportation Service Application pursuant to RIPUC NG-GAS No. 101, Section 6, Schedule C.

2.0 CHARACTER OF SERVICE:

Firm Transportation Service provides for the transportation of gas supplies purchased on a customer's behalf from a supplier other than the Company 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 Point of Delivery.

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

Also refer to 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 RIPUC NG No.101, Section 5, Schedule B, C, or D. For Customers electing FT-1 Service, a one-time charge associated with the installation of telemetering equipment may also apply as provided for under Section 6, Schedule C, Item 2.02.

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December~~June 1, ~~2008~~2012

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FIRM TRANSPORTATION SERVICE

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

4.0 TRANSPORTATION TERMS AND CONDITIONS:

The Transportation Terms and Conditions in Section 6, Schedule C 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 the Schedule.

5.0 GENERAL RULES AND REGULATIONS:

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

Issued: ~~November 26, 2008~~April 27, 2012

Effective: ~~December 1, 2008~~June 1, 2012

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TRANSPORTATION TERMS AND CONDITIONS

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Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November 1, 2009~~June 1, 2012

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Section 6
Transportation Terms and Conditions
Schedule C, Sheet 2
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TRANSPORTATION TERMS AND CONDITIONS

1.0 GENERAL:

These terms and conditions apply to those Commercial and Industrial customers classified as 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 RIPUC NG No.101, Section 5, Schedule B, C, and D, 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. 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, shall be determined and paid by Customer or credited to Customer's account. The calculation of such under-recovered or over-recovered gas costs shall be in accordance with the Customer Deferred Gas Cost Calculation Guideline as on file with the Commission from time to time.

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 1st. Service shall continue thereafter on a year-to-year basis, unless terminated by

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Customer, marketer or the Company, effective with the Customer's next billing cycle, upon at least thirty (30) days' advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each 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.

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 Customer, marketer or the Company, effective with the Customer's next billing cycle, upon at least fifteen (15) days advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each Customer being added to its FT-2 Aggregation Pool no less than fifteen (15) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the fifteen (15) day notice period.

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.

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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. The Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer. The Company must receive the new Transportation Service Application at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-1 Service customer without a capacity assignment from the Company, see Item 1.07 below, the Company must be notified of such change by 9 a.m. at least two (2) business days before the start of the calendar month. The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement. If a Customer switches marketers, switches transportation services and/or switches to sales service more than once in a twelve month period, an administrative charge of \$50 shall be billed to the Customer to cover the processing of the request.

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.

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

Marketer must provide the Company with thirty (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

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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.

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

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and contract numbers for each of Marketer's Aggregation Pools. Additional information may be required by the Company.

1.03.2 Dispatch Communication:

All nomination information shall be communicated to the Company's Gas Supply Operations Department via the Company's ~~Electronic Bulletin Board (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.

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 not later than 1:00 PM, in the case of FT-1 and NFT Service, of the prior gas day. Any nomination submitted after the initial

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monthly nomination will include Marketer's anticipated quantities for the remainder of the calendar month. For FT-2 Service, the nomination requirements are described in Item 3.03 below.

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 after the nomination deadline for the following gas day but before the start of the following gas day. An intra-day nomination within the gas day will be accepted at the Company's sole discretion.

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 citygate, 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

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provide service to its firm customers, the Company may declare a Critical Day or issue an OFO. In addition to the OFOs listed below, the Company shall have the right to issue any other OFO reasonably intended to serve the above stated purpose. The Company may take any one or more of the following actions:

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

An OFO will likely be issued at forty four (44) Degree Days or colder.

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, Pipeline Shipper, and to Transporting

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Pipeline, during the remainder of the month to resolve accumulated imbalances or to account for subsequent changes in actual deliveries. Company's exercise of its authority under this section will have no effect on Marketer's liability for unauthorized overrun or imbalance penalties that apply to Marketer under this tariff or any similar charge, including scheduling penalties, imposed by any upstream Transporting Pipeline(s).

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

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

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 $[(\text{Receipts} - \text{Usage}) > (2\% \times \text{Receipts})]$.

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

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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:

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 Non-Firm Sales, Non-Firm Transportation or Firm Sales Service to FT-1 or FT-2 Transportation Service or from 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

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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 a pro-rata percentage of the customer account's Average Normalized Winter Day Usage to the system total, and the pipeline on which such capacity will be released. The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Medium, Large or Extra-Large this quantity will be reviewed annually against the Customer's most recent usage patterns. Any change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1st. 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 may select default transportation service as described in Item 2.04.0 below.

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

All Capacity Assignments for FT-1 Transportation Service will be effective with the commencement of service. Capacity Assignments for FT-2 Customers will be effective the 1st of the upcoming month for Transportation Service Applications received prior to the 10th. For FT-2 Transportation Service Applications received on or after

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the 10th of the month, the capacity release will not be effective until the 1st 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 1st. The capacity assignments shall be reviewed each November 1st and be subject to annual adjustment as described above. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; ~~-(2)~~ at the Company's option, whenever the Marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and ~~-(3)~~ any other conditions set forth in the capacity release transaction between the Marketer and the Company.

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

On or before August 1 each year, the Company shall calculate and provide to marketers, as defined in Section 6, Schedule C, Item 5.00, its best estimate of: (1) the over (under) recovery balance in its deferred gas cost account; and (2) the anticipated fixed costs for interstate pipeline capacity, storage and peaking supplies.

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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. Each Marketer shall identify pipeline capacity preferences for: (1) existing customers, and (2) any new customers. Marketer shall have the right to retain capacity released on existing paths if such paths remain available. Any changes from the Marketer's previous election will be effective November 1st in conjunction with the updating of customer capacity quantities described above. Subject to availability, Marketers may change path preferences for assignment of pipeline capacity during the year for any new customers added to their Aggregation Pool by filing with the Company a new Capacity Assignment Agreement with at least ~~thirty~~ (30) days advance notice.

The capacity released to a Marketer stays with the customer account on which it is based and as such, will be reassigned at such time that a Customer terminates their contract with a Marketer or reverts back to the Company as of the date of the customer's service termination.

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 New Loads:

New Customers classified as Large or Extra-Large 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. 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

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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 may select default transportation service as described in Item 2.04.0 below.

1.08.0 Facilities:

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

1.9.0 Quality:

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

1.10.0 Possession of Gas:

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

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

In the event a tax of any kind is imposed or removed by any government authority upon the sale or transportation of gas or upon the gross revenues derived therefrom (exclusive, however, of taxes based on Company's net income), the rate for service to Customer and/or Marketer,

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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 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.

2.0 FT-1 TRANSPORTATION SERVICE:

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2.01.0 Character of Service:

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

2.02.0 Telemetering:

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

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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 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

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between total Monthly Transportation Quantities for an Aggregation Pool and the aggregated Gas Usage of Customers in the Aggregation Pool, expressed as a percentage of total Monthly Transportation Quantities will be cashed out according to the following schedule:

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

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

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

Designated Marketers may arrange with another of Company's Marketers providing 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 electing this service must provide written notice to the Company via mail, FAX or E-mail that their marketer will no longer be delivering gas on their behalf and that they wish to avail themselves of the service. 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

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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~~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:

Pricing for Default Transportation Services shall be set forth in a Price Sheet filed with the Commission. The Company and Default Transportation Service supplier shall review the pricing of these services annually and file necessary revisions with the Commission concurrent with the Company's annual Gas Cost Recovery Filing.

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, the marketer is obligated to deliver to the citygate such quantities, and any imbalances are netted against storage resources allocated to the Marketer on the Customer's behalf.

The Customer's designated Marketer, as identified on the Customer's Transportation Service Application, shall be

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allocated a quantity of Company contracted underground storage and peaking resources sufficient to meet the Customer's design winter supplemental supply requirements as determined by the Company. These resources are assigned 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:

Annually, the Company will calculate a Customer's total storage and peaking resource requirements under design winter conditions based on the Customer's most recent historical usage. The result of the calculations will establish the Maximum Storage Quantity-Underground (MSQ-U) and Peaking (MSQ-P) allocated for Marketer's use. The calculations will also establish a Maximum Daily Quantity-Underground (MDQ-U) and Peaking (MDQ-P) to set operational parameters for daily withdrawals and injections.

3.02.1 Maximum Storage Quantity (MSQ):

The MSQ for a Customer is the difference between their weather normalized total consumption under design winter conditions for the November through March period, minus the quantity of gas that could be delivered with their pipeline capacity assignment. The MSQ is allocated between underground storage (MSQ-U) and Peaking (MSQ-P) in the same percentage as is available on a Company-wide basis. These quantities represent the maximum storage and peaking inventories available to the Marketer for meeting the Customer's Gas Usage needs and are key components in the operational parameters regarding management of the resources.

3.02.2 Maximum Daily Quantity -

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Storage (MDQ-S):

The Customer's MDQ-S is calculated by the Company as the difference between the Customer's peak day usage under design winter conditions and the Customer's pipeline capacity assignment. This MDQ-S requirement in MMBtu is then allocated between underground storage (MDQ-U) and Peaking (MDQ-P) in the same percentage as is available on a Company-wide basis. These quantities serve to define the maximum quantities that can be nominated for withdrawal by a Marketer and are a component of the operational parameters for the service.

3.02.3 Operational Parameters:

The storage resources inventory balance 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 either injections or withdrawals. The balances will also be updated continuously to reflect imbalances identified at the time of the Customer's billing cycle which will be netted against the Underground Storage Account.

The Company will establish Maximum and Minimum inventory levels reflective of the Company's available resources. There will be separate inventory levels 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 overall inventory levels, there are both Daily and Monthly maximums established for the quantities which the Marketer can nominate for withdrawal or for injection. These factors vary by month and as the marketer's inventory level changes. Such factors will be as provided in conjunction with the annual Gas Cost Recovery Filing.

3.02.4 Inventory Purchases:

To meet the revised required minimum storage balance levels resulting from the addition of new customers to an Aggregation Pool, Marketer may trade or purchase storage supplies from another Marketer, make injections to underground storage or purchase inventory from the

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Company, subject to availability. The Company will update an FT-2 aggregation pool's MSQ assignments concurrent with the Customer's initiation of transportation service with the designated marketer.

At the time that a Customer migrates to FT-2 Transportation Service or switches Marketers, the new designated Marketer will have a one-time opportunity to purchase an amount of inventory, from the Company, based on the MSQ requirement of Customers being added to the aggregation pool and the month when transportation service will commence. The Company will calculate the amount of storage inventory to be made available and provide such information to the Marketer upon receipt of a completed Transportation Service Application. The Marketer will have five (5) business days to respond to the Company's offer. For Customers migrating during the April through October period, the maximum amount of storage inventory sold to a Marketer will be calculated as follows:

$$\text{Inventory Sold} = (x/7) * \text{Customer's MSQ}$$

where:

Inventory Sold = the maximum amount of inventory the Company will sell to a Marketer

x = the number of off peak months since April 1st.

7 = the total number of off peak/storage injection months

Customer's MSQ = the Customer's total storage requirements under design winter conditions

Thus, for a Customer migrating to FT-2 service effective July 1, the Marketer would be able to purchase up to three-sevenths (3/7) of the Customer's MSQ from the Company to account for injections to storage during the months of April, May and June. The ~~marketer~~Marketer would then be responsible for nominating sufficient injections during the July to October period to ensure that the inventory in storage for the FT-2 aggregation pool was at the minimum level identified in the Company's operational parameters

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For Customers migrating during the peak period of November through March, the inventory sold will be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount of inventory required to bring the Marketer's pool in compliance with the minimum requirement. For example, if the customer were to start transporting in February, the Marketer would have the option to purchase storage inventory from the Company in the amount equal to the February minimum inventory level of the Customer's MSQ. Marketer may purchase such amount from the Company at a rate calculated as indicated below.

The Company shall develop a price for the inventory based on the published NYMEX price, and adjusted for transportation, storage and carrying charges.

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

$$$/Dt = NY + BS + TR + ST + CC$$

where:

\$/Dt	=	cost per MMBtu charged to Marketers for storage inventory at the Company's citygate
NY	=	NYMEX Settlement Price
BS	=	Basis Differential for East Louisiana
TS	=	Transportation Cost
ST	=	Storage Cost
CC	=	Carrying Cost

In the event that a Marketer fails to nominate or obtain sufficient storage inventory for its Customers such that the Aggregation Pool's inventory is below the operational parameter minimum, the Marketer will be unable to nominate storage or peaking quantities to satisfy the FDU.

For Customers commencing FT-2 transportation service during off-peak months (April - October), Marketer will

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receive an assignment of peaking inventory during the following October for a November 1st effective date. For Customers migrating to FT-2 during peak months (November - March), Marketer will receive an assignment of peaking inventory concurrent with the commencement of service. The amount of peaking inventory assigned shall be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount required to bring the Marketer's pool in compliance with the minimum requirement. Marketers would be able to purchase peaking inventory from NG at the Company's weighted cost of LNG inventory. All transactions are subject to authorization by NG.

Marketers needing to sell underground storage inventory as a result of customers switching to other marketers would be able to sell the inventory to another marketer, subject to authorization by NG, nominate withdrawal of supplies, or sell the inventory in excess of the Maximum Storage Quantity to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, they could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resources to NG at the price the inventory was originally purchased from NG.

3.02.5 Rates:

The Marketer is responsible for procuring and maintaining inventory levels associated with the underground storage and peaking resources allocated by the Company as part of FT-2 Service. The following charges are for the recovery of the fixed costs and other miscellaneous costs associated with the provision of the underground storage and peaking resources and are billed to the Marketer:

FT-2 Throughput: \$ per Therm Gas Usage . The rate is as calculated in the Company's most recent Gas Cost Recovery Filing.

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3.03.0 Nominations:

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

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

where:

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

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

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

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

FDU will be adjusted for any Company fuel allowance.

The Company will provide to the Marketer no later than 9:30 AM each day using an electronic posting or via facsimile the FDU for the next gas day which would start at 10:00 AM the next day. If the Company is unable to provide to the Marketer the FDU using an electronic posting or via facsimile before 9:30 AM, the default FDU will be the prior day's FDU. The Marketer shall be obligated to nominate any combination of pipeline, 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 no later than 1:00 PM 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. Quantities nominated for injection into storage are over and above quantities to meet the FDU. Any nominations to inject supplies into storage or nominate supplies from storage

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must be separately identified and made to the Company's citygate. If storage inventory is below the minimums established above, 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 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.~~0605~~.0 above.

3.04.0 Balancing:

Imbalances between customer Gas Usage and the Forecasted Daily Usage (FDU) will be netted out against the underground storage inventory at the time of a customer's billing cycle. Quantities used in excess of FDU will be subtracted from the underground storage inventory level. If Gas Usage is less than FDU, the difference will be treated as an injection to underground storage and added to the inventory level. 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

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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.

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:

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

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

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

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

5.00 MARKETER AGGREGATION SERVICE:

5.01.0 Character of Service:

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

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.

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A further restriction on daily metered Aggregation Pools is that the election of a supplemental service such as Pool Balancing Service, shall apply to the entire Aggregation Pool and not just an individual customer in the Aggregation Pool. Separate Aggregation Pools are required for FT-1 or NFT Service with Pool Balancing Service versus FT-1 or NFT Service without the supplemental service.

The Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall have an initial term through the following November 1st. Thereafter, the Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall be automatically renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before October 1st 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.

~~5.02.1 Rates: The monthly aggregation pool charge is applicable only during months when Customers assigned to the pool are transporting.~~

~~Monthly Charge:~~
~~Daily Metered Pool \$ 150.00 per~~
~~Non-Daily Metered Pool \$ 450.00 per~~

5.03.0 Marketer Qualifications:

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

~~(1) (1)~~ The Marketer must be authorized by the Rhode Island Public Utilities Commission in accordance with Commission Regulations for Utility Interaction with Gas Marketers;

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

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- 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 5.03.2 to satisfy the Company's credit standards.

~~(3)~~ ~~(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)~~ ~~(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 Calculation of Credit Risk

~~and Security for~~
~~Natural Gas~~
~~Imbalance Risk:~~

The Company may require a Marketer to provide security equal to three ~~(3)~~ times the highest month's gas usage of the Marketer's Aggregation Pool at the firm sales

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

5.03.2 Security Instruments:

The following financial arrangements are acceptable methods of providing security:

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

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

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

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

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5.04 Pool Balancing

Service:

Service is available for daily metered Marketer Aggregation Pools concurrent with the term of the Aggregation Pool.

The intent of this service is to accommodate minor, unintentional imbalances between an Aggregation Pool's Customer's daily usage at the Point(s) of Delivery and Actual Transportation Quantities delivered to the Company's distribution system at the Point of Receipt. Marketer must notify the Company by October 1st to elect Pool Balancing Service commencing November 1st or at least thirty (30) days prior to establishment of an Aggregation Pool.

Under the Pool Balancing Service, the Company agrees to provide a daily balancing service for imbalances up to a Marketer designated Maximum Daily Balancing Entitlement. Such entitlement is expressed as a percentage of the Aggregation Pool's Gas Usage and includes the 10% tolerance described in Item 2.03.1 above. Daily imbalances greater than the Marketer designated Maximum Daily Balancing Entitlement will remain subject to the balancing provisions outline in the Company's Terms and Conditions of Transportation Service.

The Company reserves the right to limit service offered under this schedule, subject to availability, in the Company's sole discretion, of adequate gas transmission, gas supply and/or gas storage capability or force majeure, or as otherwise provided in the Company's Terms and Conditions.

5.04.1 Pool Balancing Rate:

Variable Charge: \$ per Therm Gas Usage per percent elected (Maximum Daily Balancing Entitlement % net of 10% standard tolerance)

Where: - The rate is as calculated in the Company's annual Gas Cost Recovery Filing.
- Gas Usage is total of all Aggregation Pool Customers.

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- Maximum Daily Balancing Entitlement % is specified in Marketer Aggregation Pool Agreement and includes the 10% standard tolerance.

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 10 days from the date of the invoice. A late payment charge, in accordance with regulations of the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers, shall accrue after ~~ten (10)~~ days.

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

The Narragansett Electric Company, 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	FT-2
1)					
2)					
3)					

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

Public Regulation

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

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

This section to be filled out by the Marketer

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

Marketer	Marketer Signature	Title
Phone #	Print or Type Name	Date

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

Section 6
Transportation Terms and Conditions
Schedule C, Sheet 36
~~Third~~Fourth Revision

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

This Agreement (~~"("Agreement")")~~) is entered into this ____ day of _____, 200__, 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, 200__, 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 elects to subscribe to Company's Aggregation Pool Balancing Service pursuant to Item 5.04 of Company's Transportation Terms and Conditions, Section 6, Schedule C, NO ____ YES ____ with a Maximum Daily Balancing Entitlement of ____% (which % includes the standard 10% tolerance).

1.4 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.

Issued: ~~September 1, 2009~~ April 27, 2012

Effective: ~~November~~ June 1, 2009 2012

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

Section 6
Transportation Terms and Conditions
Schedule C, Sheet 37
~~Third~~Fourth Revision

1.5 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.

1.6 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.

1.7 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 (~~"the 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.

Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November 1, 2009~~June 1, 2012

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

Section 6
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Schedule C, Sheet 38
~~Third~~Fourth Revision

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.

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

Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November~~June 1, 20092012

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

Section 6
Transportation Terms and Conditions
Schedule C, Sheet 39
~~Third~~Fourth Revision

THE NARRAGANSETT ELECTRIC COMPANY STORAGE AND PEAKING RESOURCE AGREEMENT

This Agreement (~~("Agreement")~~) is entered into this _____ day of _____, 20~~0~~__, 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~~0~~__, 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.

2.0 INVENTORY SERVICES:

Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November~~June 1, 20092012

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

Section 6
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Schedule C, Sheet 40
~~Third~~Fourth Revision

2.1 All nominations for either withdrawals from or injections to storage will take place at the Company's citygate.

2.2 Purchases of inventory service from the Company will be at the Company's weighted average storage commodity cost of gas at the time of purchase or as otherwise 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 invoice unless the Marketer and Company mutually agree to payment over a 3 month period, which would include a monthly finance charge based on a monthly rate using the latest published Fleet Prime less 200 basis points (2%).

2.4 Notwithstanding any provisions to the contrary, Marketer acknowledges and warrants that sale and marketable title to any storage gas injected into the Company's system shall thereupon transfer to the Company, and that Marketer's interests shall thereafter be limited to the contractual rights to service as provided by this Agreement. Marketer further acknowledges that it shall bear no ownership interest in any other storage or peaking assets or inventory of the Company.

2.5 If Marketer needs to sell or assign its service rights representing underground storage inventory attributed to its account as a result of customers switching to other marketers, it may, subject to authorization by NG, sell the inventory rights to another marketer, nominate withdrawal of supplies, or sell the inventory to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, it could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resource rights to NG at the price the inventory was originally purchased from NG.

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 (~~"the 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

Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November 1, 2009~~June 1, 2012

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

Section 6
Transportation Terms and Conditions
Schedule C, Sheet 41
~~Third~~Fourth Revision

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.

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:	_____

Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November~~June 1, 20092012

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

Section 7
Miscellaneous Services
Schedule A, Sheet 1
~~Fifth~~Sixth Revision

NATURAL GAS VEHICLE SERVICE
RATE 70

1.0 NATURAL GAS VEHICLE SERVICE

1.1 AVAILABILITY: This rate is available for compressed natural gas dispensed at Company-owned fueling stations for the purpose of fueling natural gas vehicles.

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

1.2 RATES:

Customer Charge:	\$5.00 -per month
Energy Charge:	
Distribution Charge:	\$0.1958 per Therm
Commodity Charge:	\$0.7436 per Therm

1.3 MINIMUM RATE: Customer Charge

1.4 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.

1.5 RHODE ISLAND GROSS EARNINGS TAX: The application of the above rates ~~are~~is subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule ~~D~~C.

1.6 GAS ENERGY EFFICIENCY: The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

1.7 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.

Issued: ~~September 1, 2009~~April 27, 2012

Effective: ~~November 1, 2010~~June 1, 2012

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

Section 7
Miscellaneous Services
Schedule B, Sheet 1
~~First~~Second Revision

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: ~~\$7.93~~—9.91 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 ~~are~~is subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule ~~D~~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.

Issued: ~~November 26, 2008~~April 27, 2012

Effective ~~December~~June 1, ~~2008~~2012

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

Section 7
Miscellaneous Services
Schedule C, Sheet 1
~~Second~~ Third Revision

OTHER MISCELLANEOUS CHARGES

OPTIONAL CREDIT CARD PAYMENT PROVISION

1.0 AVAILABILITY:

Customers of National Grid (~~“National Grid”~~ or ~~“Company”~~) have the option of paying their bills issued by National Grid through the use of a payment-processing agent (~~“Third Party Vendor”~~). Residential and non-residential customers, as determined by the Company’s rate schedule designations, have the option to make payments by telephone or web page. The availability of this option will be subject to the Company’s ability to arrange for such an option. This payment option is available to all of the Company’s customers choosing to make payments to the Company through use of the Third Party Vendor-sponsored telephone or web page system. If there is a conflict between the Commission’s Rules Governing the Acceptance of Credit Card Payments (the ~~“Rules”~~) and this provision, the Rules shall govern.

2.0 PAYMENT TYPES:

The following payment methods shall be accepted under this provision:

1. Visa;
2. Mastercard;
3. American Express;
4. Discover;
5. Debit Cards issued by a financial institution which include a card association symbol such as Visa or MasterCard; and
6. Electronic Checks

3.0 FEES:

Customers choosing to make payments under this option will be assessed a fee directly by the Third Party Vendor for each payment the customer initiates. The fee to be charged by the Third Party Vendor is based on whether the customer making the payment is a residential customer or a non-residential customer and the number of payment transactions made. The customer must initiate each payment transaction. Initiating one payment transaction does not establish future payment transactions for a customer.

Residential Fees:

Issued: ~~November 26, 2008~~ April 27, 2012

Effective: ~~August 15, 2010~~ June 1, 2012

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

Section 7
Miscellaneous Services
Schedule C, Sheet 2
~~Second~~ Third Revision

OTHER MISCELLANEOUS CHARGES

OPTIONAL CREDIT CARD PAYMENT PROVISION

The residential fee per payment transaction, up to a maximum transaction amount of \$600 is \$2.25. The Third Party Vendor will assess a fee of \$2.25 per transaction for any additional payment transactions up to \$600 each.

Non-Residential Fees:

The non-residential fee per payment transaction, up to a maximum transaction amount of \$1,000, is \$7.95. The Third Party Vendor will assess a fee of \$7.95 per transaction for any additional payment transactions up to \$1,000 each.

4.0 PAYMENT AMOUNT: Customers who choose to make payments under this ~~provision~~ provision shall have the ability to make partial payments. Additionally, the Company shall not deny a customer's use of these payment options because the customer's account with the Company is past due.

5.0 COMPANY OBLIGATION:

The payment transaction shall occur between the customer and the Third Party Vendor. The Company shall provide information regarding the Third Party Vendor's payment systems to assist its customers who choose to make payments by telephone or web page. The Company shall assist its customers in the resolution of any disputes between customers and the Third Party Vendor involving the credits posted by the Company to customers' accounts as a result of the processing of customer payments under this provision. The Company has no obligation, however, to participate in any dispute involving matters strictly between the customer and the Third Party Vendor or the customer's bank or card issuer.

6.0 TERMS & CONDITIONS:

The Company's Terms & Conditions, as may be amended from time to time, where not inconsistent with any specific provisions hereof, are a part of this provision.

Issued: ~~November 26, 2008~~ April 27, 2012

Effective: ~~August 15, 2010~~ June 1, 2012

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

Section 7
Miscellaneous Services
Schedule C, Sheet 3
First Revision

OTHER MISCELLANEOUS CHARGES

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ENHANCEMENT PLAN
CHARGE**

**7.0 LOW INCOME
HOME ENERGY ASSISTANCE
ENHANCEMENT PLAN**

(LIHEAP) CHARGE: In accordance with R.I.G.L. § 39-1-27.12, commencing January 1, 2012 and for every month thereafter the Company shall bill to all customers a LIHEAP Enhancement Plan charge approved by the Commission, provided however that the annual charge shall not exceed ten (\$10) dollars per customer, per year. The LIHEAP Enhancement charge approved by the Commission shall appear as a separate line item on a customer's bill.

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 \$0.83 per customer and shall appear as a separate line item on a customer's bill, provided however, that for those customers that do not receive a monthly LIHEAP Enhancement Plan charge on their January 2012 bill, their February 2012 bill will have a charge of \$1.66.

8.07.1 LIHEAP

**Enhancement
Fund**

The Company shall establish a LIHEAP Enhancement charge fund that shall be used to account for the combined funds collected through the LIHEAP Enhancement charge from both gas and electric service customers. The State Office of Energy Resource shall designate to the Company the qualifying customer accounts and the amounts to be credited from the LIHEAP Enhancement fund. The cumulative annual amount of credits applied to customer bills will be limited to an amount no greater than the aggregate projected LIHEAP Enhancement Plan Charge billed in any given calendar year. Once the aggregate credits applied to customer's bills equals the aggregate projected Enhancement Plan charge billed during the calendar year, the Enhancement Plan credits would cease. Any difference in projected and actual billings in a calendar year would be added to or subtracted from the subsequent year's projected Enhancement

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

Section 7
Miscellaneous Services
Schedule C, Sheet 4
First Revision

OTHER MISCELLANEOUS CHARGES

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ENHANCEMENT PLAN
CHARGE**

Plan Charge billings in establishing the future year's total available funds.

The projected annual revenue in the LIHEAP Enhancement Plan fund collected through the gas and electric service LIHEAP Enhancement Plan 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).

9.07.2

LIHEAP

**Eligible
Customer**

For purposes of receiving funds from the LIHEAP Enhancement fund in subpart 2.0 above, a qualifying LIHEAP eligible customer shall be a household with a combined gross income equal to or less than sixty percent (60%) 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 Sec. 96.85 or its successor regulation.

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

Section 7
Miscellaneous Services
Schedule C, Sheet 5
Original

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ENHANCEMENT PLAN
CHARGEOTHER MISCELLANEOUS CHARGES**

PAPERLESS BILL CREDIT

**8.0 PAPERLESS BILL
CREDIT:**

Customers receiving bills may elect to receive their bill electronically. Customers electing to receive their bills electronically will receive a paperless billing credit of \$0.34 each month per account.

Issued: ~~November 29, 2011~~April 27, 2012

Effective: ~~January~~June 1, 2012

THE NARRAGANSETT ELECTRIC COMPANY

d/b/a NATIONAL GRID

Docket No. R.I.P.U.C. _____

Witness: Leary

SCHEDULE AEL-5

“Clean” Tariff

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

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

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 (RIPUC) and the Rhode Island Division of Public Utilities and Carriers (RIDPUC), 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 RIPUC and the RIDPUC 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 RIPUC 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 RIPUC or the RIDPUC, 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 RIPUC and RIDPUC.

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

Section 1
General Rules and Regulations
Schedule A, Sheet 2
Third Revision

GENERAL TERMS AND CONDITIONS

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 our 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.

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 RIPUC and RIDPUC. 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.

The Company may accept oral or written application for residential service. Residential service may commence upon

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

Section 1
General Rules and Regulations
Schedule A, Sheet 3
Third Revision

GENERAL TERMS AND CONDITIONS

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 RIDPUC, 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 RIPUC and RIDPUC 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.

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.

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

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

- 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 Rhode Island Public Utilities Commission 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 1st. 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.

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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 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. 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

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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, excepting 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 INSTALLATION OF METERS:

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:

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(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;
- 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 premises 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 premises 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).

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Gas service provided for use by emergency back-up natural gas generators of more than 12 kw shall be separately metered and billed.

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 in 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 RIPUC and RIDPUC.

Whenever a check or draft presented for payment of service is not accepted by the institution on which it is written, a returned check charge of \$15 applies, per check or draft written. Such returned check charge shall be waived for customers eligible for low-income assistance programs.

The customer shall be responsible for all charges for distribution and gas service furnished by the Company under the applicable rates as filed from time to time with the RIPUC, 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

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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 equipment belonging to the Company.

Readings taken by an automated meter reading device 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 RIPUC and RIDPUC 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 RIDPUC.

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 RIDPUC.

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

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leakage or other use of gas which may occur beyond the point of the meter installation.

8.0 DISCONTINUANCE OF SERVICE:

Subject to the applicable regulations of the RIPUC and RIDPUC, 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 a \$25 account restoration charge in the case of a turn-on after a shut-off for nonpayment of bills. Such account restoration charge shall be waived for customers eligible for low-income assistance programs.

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.

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

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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 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.

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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

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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 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.

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Actual Base Revenue Per Customer:	The actual base revenue divided by the respective number of customers booked by the Company each month for each rate class.
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 Rhode Island Public Utilities Commission.
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 rate case proceeding.
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°) 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.

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Capacity Release Revenues:	Revenues derived from the sale of capacity upstream of the city-gate.
Commission	The Rhode Island Public Utilities Commission (RIPUC)
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. Generally, this occurs at forty-four (44) Degree Days or colder. A Critical Day may also occur under other conditions, such as 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 <u>Gas Daily</u> 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 <u>Gas Daily</u> index becomes unavailable, the Company shall apply its daily marginal cost of gas as the basis for this calculation until such time that RIPUC approves a suitable replacement.

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Division	The Rhode Island Division of Public Utilities and Carriers (RIDPUC)
Dual-Fuel Customer:	A non-firm customer with dual-fuel capability.
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.
Electronic Bulletin Board (EBB):	An internet web site which allows both the Company and Marketers to electronically post nominations and other transportation-related 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

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regulatory requirements and sound environmental management policies and practices.

Forecasted Daily
Usage (FDU):

Customer's estimated daily consumption for the next gas day as 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.

Hedging Settlements
and Costs

Risk management related gains and losses, option premiums, and transaction costs such as commissions and fees incurred by the Company under the Gas Procurement Incentive Plan (GPIP).

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 (the Company's money pool rate) times the average 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

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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.
Inventory Finance Charge:	Finance charges associated with the storage of natural gas and Hedging Settlements and Costs associated with storage 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.
Low Income Assistance Programs:	Programs for assisting low income customers with their energy bills including, but not limited to, Low Income Heating Assistance (LIHEAP) and Low Income Weatherization, as in effect from time to time.
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

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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 Point of Delivery that has not been previously served on a firm sales service basis by the Company.
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.
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.

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Pool Balancing Revenues:	Revenues associated with Pool Balancing service, as derived in Section 2, Schedule A, Item 4.0.
Purchased Gas Working Capital:	The working capital required to finance gas costs.
Refunds:	Refunds from pipeline, storage and suppliers.
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.
Supplier Costs:	Costs associated with the entitlement and purchase of natural gas.
Target Revenue Per Customer:	A target average dollar amount per customer established for each month for each firm service rate class at the time of the most recent rate case or other proceeding that results in a base rate adjustment.
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.

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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 finance the Company's
activities prior to the receipt of revenue.

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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,

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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.

**4.0 GAS ENERGY
EFFICIENCY
CHARGE:**

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)

Coincident 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 November 1 of each year, for effect 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 Commission, such a charge (adjusted for GET and the uncollectible percentage approved in the most recent rate case proceeding) 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.

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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 Rhode Island Public Utilities Commission ("RIPUC"), 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, Hedging Settlements and Costs, demand charges, 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;
- (3) FT-2 Firm Transportation – Marketers
- (4) Natural Gas Vehicles

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 1st as designated by the Company. In the event of any

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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 RIPUC, 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 August 1 of each year containing actual data for the twelve months ending March 31 of that year.

2.0 GAS CHARGE FACTORS

2.1 Gas Charges to Sales

Customers:

The Gas Charge consists of five (5) components: (1) Supply Fixed Costs, (2) Storage Fixed Costs, (3) Supply Variable Costs (4) Storage Variable Product Costs, and (5) Storage Variable Non-product Costs. These components shall be computed using a forecast of applicable costs and volumes for each firm rate schedule based on the following formula:

$$GC_S = FC_S + SFC_S + VC_S + SVC_S + SVNC_S$$

Where:

GC_S	Gas Charge applicable 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 sales.
FC_S	Supply Fixed Cost Component for a rate classification. See Item 3.1 for calculation.
SFC_S	Storage Fixed Cost Component for a rate classification. See Item 3.2 for calculation.
VC_S	Supply Variable Cost Component for a rate classification. See Item 3.3 for calculation.

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SVC_S Storage Variable Product Cost Component for a rate classification. See Item 3.4 for calculation.

SVNC_S Storage Variable Non-product Cost Component for a rate classification. See Item 3.5 for calculation.

This calculation will be adjusted for the actual uncollectibles based on actual net write-offs as a percentage of actual revenues for the twelve month period ending March of each year 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 Firm Transportation Marketer Gas Charge (GC_M) recovers costs associated with storage and peaking resources and is calculated as follows:

$$GC_M = SFC_S + SVNC_S$$

Where:

GC_M Gas Charge applicable to Marketers for FT-2 Firm Transportation Service

SFC_S Storage Fixed Cost Component. See Item 3.2 for calculation.

SVNC_S Storage Variable Non-product Cost Component. See Item 3.5 for calculation.

This calculation will be adjusted for the actual uncollectibles based on actual net write-offs as a percentage of actual revenues for the twelve month period ending March of each year.

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2.3 Gas Charge to Natural

Gas Vehicles:

The Natural Gas Vehicle Gas Charge (GC_{NGV}) recovers costs associated with natural gas distributed to the public at Company owned NGV stations and is calculated as follows:

$$GC_{NGV} = FC_S + VC_S$$

Where:

GC_{NGV} Gas Charge applicable to Natural Gas Vehicle (NGV) Service

FC_S Supply Fixed Cost Component. See Item 3.1 for calculation.

VC_S Supply Variable Cost Component. See Item 3.3 for calculation.

This calculation will be adjusted for the actual uncollectibles based on actual net write-offs as a percentage of actual revenues for the twelve month period ending March of each year.

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 of firm gas, including, but not limited to, pipeline and supplier fixed reservation costs, demand charges, and other gas supply expense incurred to transport 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:

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$$FC_S = \frac{DWS_S * (TC_{FC} - TR_{FC} + WC_{FC} + R_{FC})}{Dt_S}$$

Where:

FC_S	Supply Fixed Cost Component for 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, Extra Large Low and High Load C&I, and NGV.
DWS_S	Percent of Design Winter Sales Sendout (November - March) for 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, Extra Large Low and High Load C&I, and NGV.
TC_{FC}	Total Supply Fixed Costs, including, but not limited to pipeline and supplier reservation.
TR_{FC}	Credits to Supply Fixed Costs relating to supply services, including, but not limited to balancing charge revenues, capacity release revenues, and the amount forecasted to customers under the Natural Gas Portfolio Management Plan (NGPMP) for the November to October period.
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 Natural Gas Portfolio Management Plan (NGPMP) and, following approval by the Commission, the net positive revenue from optimization transactions reduced by the guaranteed amount and the Company incentive under the Plan..

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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, Extra Large Low and High Load C&I, and NGV.

3.2 Storage Fixed Cost

Component:

The Storage Fixed Cost Component shall include all fixed costs but not limited to, the costs related to the operations and maintenance of storage as determined in the most recent rate case proceeding, as well as the costs of delivery of storage gas to the Company's Distribution System, taxes on storage and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Fixed Cost Component shall be identified and explained fully in the annual filing.

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

$$SFC_S = \frac{DWT_S * (TC_{SFC} - TR_{SFC} + WC_{SFC} + R_{SFC})}{Dt_S}$$

Where:

SFC_S Storage Fixed Cost Component for 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, Extra Large Low and High Load C&I or FT-2 service.

DWT_S Percent of Design Winter Throughput (November - March) for 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, Extra Large Low and High Load C&I, or FT-2 service.

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TC_{SFC}	Total Fixed Storage Costs, all fixed costs, including, but not limited to, the costs related to the operations and maintenance of storage as determined in the most recent rate case proceeding as well as the costs of delivery of storage gas to the Company's Distribution System and taxes on storage, ..
TR_{SFC}	Total Credits to Storage Fixed Costs
WC_{SFC}	Working Capital requirements associated with Total Storage Fixed Costs. See Item 5.0 for calculation.
R_{SFC}	Deferred Storage Cost Account Balance as of October 31, as derived in Item 6.0.
Dt_S	Forecast of annual sales related 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, Extra Large Low and High Load C&I and throughput related to FT-2 service.

3.3 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. 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:

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

Where:

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VC	Supply Variable Cost Component for 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, Extra Large Low and High Load C&I, and NGV.
TC _{VC}	Total Supply Variable Costs, including, but not limited to pipeline, supplier, commodity-billed pipeline transition costs and Hedging Settlements and Costs related to flowing supply and 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, Extra Large Low and High Load C&I, and NGV.

3.4 Storage Variable Product Cost

Component:

The Storage Variable Product Cost Component shall include all variable storage product costs of firm gas, including, but not limited to, storage commodity costs, taxes on storage commodity and other gas Storage expense incurred to transport supplies, transportation fees, inventory commodity costs, inventory financing costs and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Product Cost Component shall be identified and explained fully in the annual filing.

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

$$VSC = \frac{TC_{VSC} - TR_{VSC} + WC_{VSC} + R_{VSC}}{Dt_{VSC}}$$

Where:

VSC	Storage Variable Product Cost Component for 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, or Extra Large Low and High Load C&I.
TC _{VSC}	Total Storage Variable Product Costs, including, but not limited to pipeline, storage, storage Hedging Settlements and Costs and commodity-billed pipeline transition costs associated with storage delivery.
TR _{VSC}	Total Credits to Storage Variable Product Costs.
WC _{VSC}	Working Capital requirements associated with Total Storage Variable Product Costs. See item 5.0 for calculation.
R _{VSC}	Deferred Cost Account Balance as of October 31, as derived in Item 6.0.
Dt _{VSC}	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.

3.5 Storage Variable Non-product Cost

Component: The Storage Variable Non-product Cost Component shall include all variable costs related to the operations, maintenance and

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delivery of storage, as determined in the most recent rate case proceeding, injection and withdrawal costs, taxes on storage, delivery of storage gas to the Company's Distribution System, and requirements for purchased gas working capital. Any costs recovered through the application of the Storage Variable Non-Product Cost Component shall be identified and explained fully in the annual filing.

The Storage Variable Non-product Cost Component is calculated for each applicable rate schedule as follows:

$$SVNC_S = \frac{TC_{SVNC} - TR_{SVNC} + WC_{SVNC} + R_{SVNC}}{Dt_S}$$

Where:

- SVNC_S** Storage Variable Non-product Cost Component for 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, Extra Large Low and High Load C&I or FT-2 service.
- TC_{SVNC}** Total Storage Variable Non-product Costs, all variable costs, including, but not limited to supply related local production and storage costs, injection and withdrawal costs, and taxes on storage. The level of supply related local production and storage costs shall be as determined in most recent rate case proceeding.
- TR_{SVNC}** Total Credits to Storage Variable Non-product Costs.
- WC_{SVNC}** Working Capital requirements associated with Total Storage Variable Non-product Gas Costs. See Item 5.0 for calculation.

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R_{SVNC} Deferred Storage Variable Non-product Cost Account
Balance as of October 31, as derived in Item 6.0.

D_{ts} Forecast of annual sales related 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. Extra Large Low and High Load C&I and
throughput related to FT-2 service.

4.0 POOL BALANCING

4.1 Purpose:

This section establishes a procedure to allow the Company,
subject to the jurisdiction of the RIPUC, to adjust on an annual
basis its rates for firm pool balancing service set forth in Section
6, Schedule C, Item 5.04 of RIPUC NG-GAS No. 101

4.2 Calculation:

$$BAL = (FC + SFC + SVC) * 1\%$$

Where:

BAL Balancing Charge for Pool Balancing Service
applicable to Marketer pool throughput per percent of
balancing service elected.

FC Fixed Cost Component as calculated in Item 3.1
above.

SFC Storage Fixed Cost Component as calculated in Item
3.2 above.

SVC Storage Variable Product Cost Component as
calculated in Item 3.4 above.

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5.0 WORKING CAPITAL REQUIREMENT:

$$WC_M = WCA_M * [DL / 365] * COC$$

Where:

WC_M Working Capital requirements of Supply Fixed (WC_{FC}), 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, Supply Variable, Storage Variable Product, or Storage Variable Non-product Cost component calculations.

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

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 rate case proceeding. The Short-term debt component shall be based on the Company's actual short-term borrowing rate for the twelve months ended June as presented in the Company's annual Distribution Adjustment Clause (DAC) filing in support of the Earnings Sharing Mechanism (ESM). The long-term debt 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 five (5) separate Deferred Gas Cost Accounts: (1) Supply Fixed Costs and revenues, (2) Storage Fixed Costs and revenues, (3) Supply Variable Costs and revenues, (4) Storage Variable Product Costs and revenues, and (5) Storage

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Variable Non-product Costs and revenues. Entries shall be made to each of these accounts as follows:

An amount equal to the allowable costs incurred less:

1. Gas Revenues collected adjusted for the GET and the actual uncollectible amounts based on actual net write-offs as a percentage of actual revenues for the twelve month period ending March of each year.
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

- 7.1** Any refund due sales customers of the Company's total gas cost for the prior fiscal year shall be credited to the Deferred Cost Accounts.

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

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and Conditions effective November 1 of each year or at such time
as the Commission approves the rates.

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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 RIPUC, to annually adjust its rates for firm sales and transportation in order to recover, credit, or reconcile the following:

- (1) the costs of system balancing;
- (2) the difference between the approved Advanced Gas Technology budget and the amount collected in base rates
- (3) the difference between the approved Low Income Assistance budget and the amount included in base rates;
- (4) the costs of the Infrastructure, Safety, and Reliability Plan;
- (5) the amortization of the most recent ten years of Environmental Response costs;
- (6) Pension costs and Post-retirement Benefits Other than Pensions expenses;
- (7) the margins from on-system non-firm sales and transportation;
- (8) to credit any Service Quality Performance penalties;
- (9) property tax expenses incremental to those in the most recent base rate case;
- (10) any over or under collections of Revenue Decoupling;
- (11) the previous year DAC items;
- (12) and any Earning Sharing.

Any costs recovered, credited, or reconciled 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.

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The Company will make annual Distribution Adjustment Charge 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 section 3.4.2, the Distribution Adjustment Charge shall become effective with consumption as of November 1st each year.

Unless otherwise notified by the RIPUC, the Company shall submit the Distribution Adjustment Charge filings no later than 90 days before they are scheduled to take 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, a Low Income Assistance Programs factor, an Infrastructure, Safety, and Reliability factor, an Environmental Response Cost factor, a Pension Adjustment Mechanism factor, a non-firm On-System Margin Credit factor, a Service Quality Performance factor, a Property Tax Adjustment factor, a Revenue Decoupling Adjustment factor, a Reconciliation of deferred account balance factor, and a Earnings Sharing Mechanism factor. The Distribution Adjustment Charge is calculated as follows:

$$DAC = SP + AGT + LIAP + ISR + ERCF + PAF + MC + SQP + PTA + RDA + R + ESM$$

Where:

DAC	Distribution Adjustment Charge applicable to all firm throughput
SP	System Pressure factor. See Item 3.1 for calculation.

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AGT	Advanced Gas Technology factor. See Item 3.2 for calculation.
LIAP	Low Income Assistance Programs factor. See Item 3.3 for calculation.
ISR	Infrastructure, Safety, and Reliability factor. See Item 3.4 for calculation
ERCF	Environmental Response Cost Factor. See Item 3.5 for calculation.
PAF	Pension Adjustment Factor. See Item 3.6 for calculation.
MC	On-system Margin Credits related to non-firm dual-fuel customer margins. See Item 3.7 for calculation.
SQP	Service Quality Performance Factor. See Item 3.8 for calculation.
PTA	Property Tax Adjustment Factor. See Item 3.9 for calculation.
RDA	Revenue Decoupling Adjustment factor. See Item 3.10 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.

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

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3.0 DISTRIBUTION ADJUSTMENT CALCULATIONS

3.1 System Pressure Factor:

The System Pressure factor shall be computed on an annual basis utilizing a forecast of Liquefied Natural Gas (LNG) sendout comprised of the projected withdrawal of commodity costs, projected average inventory cost of LNG, demand costs and the average LNG inventory finance costs from the GCR filing for the November to October period based on the following formula:

$$SP = \frac{(WTC_{LNG} + INV_{LNG} + DM_{LNG} + INF_{LNG}) \times SP\%}{Dt_T}$$

Where:

SP	System Pressure Amount
WTC_{LNG}	Forecasted withdrawal commodity costs
INV_{LNG}	Forecasted average inventory cost of LNG
DM_{LNG}	Forecasted demand costs
INF_{LNG}	Forecasted average inventory finance costs
SP%	Percent of local storage used to maintain system pressures, as established in the most recent rate case or DAC proceeding.
Dt_T	Forecasted annual firm throughput

3.2 AGT Factor:

The Advanced Gas Technology factor will be computed on an annual basis utilizing the approved budget for AGT for the prior twelve month period ended June 30th based on the following formula:

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$$AGT = \frac{AGT_B - AGT_{EMB}}{Dt_T}$$

Where:

AGT AGT Factor

AGT_B Approved AGT budget

Dt_T Forecasted annual firm throughput

AGT_{EMB} AGT funding embedded in base rates, \$300,000

3.3 LIAP Factor:

The Low Income Assistance factor shall be computed on an annual basis utilizing the approved funding for low income programs, such as Low Income Heating Assistance (\$1,585,000) and Low Income Weatherization (\$200,000), for the prior twelve month period ended June 30th based on the following formula:

$$LIAP = \frac{LIAP_B - LIAP_{EMB}}{Dt_T}$$

Where:

LIAP LIAP Factor

LIAP_B Approved low income program funding(s)

Dt_T Forecasted annual firm throughput

LIAP_{EMB} LIAP funding embedded in base rates, \$1,785,000

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3.4 Infrastructure, Safety and Reliability Plan

3.4.1 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 Commission 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.

3.4.2 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 Commission in the Company's annual gas infrastructure, safety, and reliability filings. For the period April 2013 – March 2014 only, the Cumulative Revenue Requirement recovered through this factor will be net of any amount for the same period included in base rates. For purposes of this section, the Cumulative Revenue Requirements will reflect Adjusted Cumulative Non-Growth Capital Spending, associated retirements, cost of removal, accumulated depreciation, accumulated deferred taxes, depreciation expense and include the return on the current [fiscal] year's average rate base associated with the cumulative Capital Spending at a rate equal to the pre-tax weighted average cost of capital, as approved by the Commission in the most recent base rate proceeding. Non-growth capital shall exclude general plant (FERC Accts 389 through 399). Adjusted Cumulative Non-growth Capital Spending shall mean the historical non-growth capital investment net of investment reflected in the Company's last base rate case, plus the forecasted non-growth capital investment for the fiscal year the rate will be in effect. For the purposes of calculating this rate, annual Non-growth Capital

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Spending will be reduced by the annual depreciation expense net of depreciation expense attributable to general plant that was approved by the Commission in the Company's most recent distribution rate proceeding adjusted, if appropriate, by later proceedings related to capital, resulting in Adjusted Non-growth Capital Spending.

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

The Company shall allocate the Cumulative Revenue Requirements to its rate classes based on the rate base allocation approved by the Commission in the Company's most recent base rate proceeding. 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.

3.4.3 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. The Company will also reconcile any variance between the revenue requirement associated with either the forecasted or approved ISR capital costs for the period April 1, 2012 – March 31, 2014 included in the base rates with the revenue requirement associated with actual ISR capital costs for these periods. 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 costs to take effect annually for the twelve months beginning November 1 each year.

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DISTRIBUTION ADJUSTMENT CLAUSE

3.5 Environmental Response Cost Factor (ERCF):

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

Where:

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

$\sum ERC_{yr_x}$ The sum of Environmental Response Costs,
incurred in the most recent twelve month period
ended June 30th (n), and in the prior nine years.

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.

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DISTRIBUTION ADJUSTMENT CLAUSE

3.6 Pension Adjustment Factor:

The Pension Adjustment Factor shall recover or refund the prior year's reconciliation of the Company's actual Pension and Post-retirement Benefits Other Than Pension (PBOB) expenses to the Company's Pension and PBOB expense allowance included in base rates. The adjustment factor 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 PBOB expense for the prior twelve month period ended March 31 and the Company's most recently approved Pension and PBOB expense base rate allowance.

3.7 On-System Margin Credit:

Each year, the Company will calculate the total non-firm dual-fuel customer margins, exclusive of Rhode Island Gross Earnings Tax for the twelve month period ending June 30. If that total exceeds a target threshold of \$1,512,209, the On-System Margin Credit shall be positive. If the total non-firm margins, exclusive of Rhode Island Gross Earnings Tax, for the twelve-month period ending June 30 are less than the target threshold of \$1,512,209, the On-System Margin Credit shall be negative.

The On System Margin Credit is calculated as follows:

$$MC = \frac{(DFCM - \$1,512,209)}{D_{tr}}$$

Where:

MC	On-System Margin Credit factor
DFCM	The non-firm dual-fuel customer margins exclusive of Rhode Island Gross Earnings Tax (GET) for the 12 months ending June 30.
D _T	Forecasted annual firm throughput

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DISTRIBUTION ADJUSTMENT CLAUSE

If in any year the Company is required to calculate the total Non-Firm Dual-Fuel Customer margins, exclusive of GET, for a period less than a twelve month period, then the Company will prorate the target threshold based upon the number of months and if the total exceeds that prorated target threshold the Non-Firm On-System Margin credit will be positive and if it is less than the prorated target the credit will be negative. In addition, the Company will annually adjust the margin threshold for customers that migrate from or to firm service.

3.8 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.

3.9 Property Tax Adjustment Factor:

The Property Tax Adjustment Factor shall recover or refund the prior year's reconciliation of the Company's actual property tax expenses to the Company's property tax expense allowance included in the last base rate case. The PTA is calculated as follows:

$$PTA = \frac{(PTA_A - PTA_{EMB})}{Dt_T}$$

Where:

PTA = Property tax adjustment factor

PTA_A = Actual property tax expense for the most recent twelve month period ended March 31

PTA_{EMB} = Property tax allowance from the most recent base rate proceeding

Dt_T = Forecasted annual firm throughput.

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DISTRIBUTION ADJUSTMENT CLAUSE

3.10. 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 31st Revenue Per Customer 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 variance between a Target Revenue-per-Customer and the Actual Revenue Per Customer based on the following formulas:

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

Where:

RDAF Revenue Decoupling Adjustment Factor

\sum_{RC} The sum of the March 31st Revenue per Customer deferral ending balances for each of 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.

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

VR_M Current month Variance

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

RPC_{TM} = Target Revenue per Customer for current month as established at time of the most recent rate case. Target Revenue for Low-Income

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classes will reflect non-discounted target revenue.

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

$CUST_M$ = Number of customers in current month.

INT_M Interest on average monthly balance

$$= \frac{(AEB_{M-1} + VR_M) \times BA_M}{2}$$

BA_M 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.

4.0 DEFERRED DISTRIBUTION ADJUSTMENT COST ACCOUNT:

The Distribution Adjustment Cost Account shall include an annual reconciliation for the prior twelve month period for the revenues and costs for the System Pressure factor, Advanced Gas Technology factor, LIAP factor, ISR factor, Environmental Response Costs factor, Pension Adjustment Factor, On-System Margin Credit factor, SQP factor, PTA factor, RDA factor, ESM factor and a Previous Reconciliation factor, including a true-up for any prior year's forecasted revenues and costs. For each reconciliation component, a

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DISTRIBUTION ADJUSTMENT CLAUSE

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 annual Earnings Sharing Mechanism (ESM) established in Docket No. 3401 will remain in place. The Earnings Sharing Mechanism Credit (ESMC) will be included with the September 1st DAC filing. 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:

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

Where:

ESMF Earnings Sharing Mechanism Fund is defined as the earnings subject to sharing based on a return on equity of 10.75%. Annual earnings over this 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 this return on equity shall be shared 75% to customers and 25% to the Company.

Dt_T Forecasted annual firm throughput.

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Section 4
Residential Services
Schedule A, Sheet 1
Third Revision

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 less 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:**
- | | |
|----------------------|--------------------|
| Customer Charge: | \$ 12.50 per month |
| Distribution Charge: | \$0.5009 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 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.

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Section 4
Residential Services
Schedule A, Sheet 2
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RESIDENTIAL NON-HEATING
RATE 10

9.0 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas 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.

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Section 4
Residential Services
Schedule B, Sheet 1
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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 less units or in connection with condominium associations with gas supplied through one meter. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.
- Compliance with the foregoing qualifications will be verified annually with the State Office of Energy Resources.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- | | |
|----------------------|--------------------|
| Customer Charge: | \$ 11.25 per month |
| Distribution Charge: | \$0.4508 per Therm |
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 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.

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Section 4
Residential Services
Schedule B, Sheet 2
First Revision

LOW INCOME RESIDENTIAL NON-HEATING
RATE 11

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Section 4
Residential Services
Schedule C, Sheet 1
Third Revision

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 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.
- 2.0 CHARACTER OF SERVICE:** A continuous supply of gas of not less than 1,000 Btu per cubic foot.
- 3.0 RATES:**
- Customer Charge: \$15.00 per month
- Distribution Charge:
- On-Peak Period (November – April)
- First 125 Therms @ \$0.4776 per Therm
- Over 125 Therms @ \$0.3076 per Therm
- Off-Peak Period (May – October)
- First 30 Therms @ \$0.4776 per Therm
- Over 30 Therms @ \$0.3076 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 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.

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Section 4
Residential Services
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RESIDENTIAL HEATING
RATE 12

**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 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas 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.

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Section 4
Residential Services
Schedule D, Sheet 1
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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. A customer will be eligible for this rate upon verification of the customer's participation in the low income home energy assistance program or its successor program.

Compliance with the foregoing qualifications will be verified annually with the State Office of Energy Resources.

2.0 CHARACTER OF SERVICE:

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

3.0 RATES:

Customer Charge: \$13.50 per month

Distribution Charge:

On-Peak Period (November – April)

First 125 Therms @ \$0.4298 per Therm

Over 125 Therms @ \$0.2768 per Therm

Off-Peak Period (May – October)

First 30 Therms @ \$0.4298 per Therm

Over 30 Therms @ \$0.2768 per Therm

4.0 MINIMUM CHARGE:

Customer Charge per month.

5.0 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.

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Section 4
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LOW INCOME RESIDENTIAL HEATING
RATE 13

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 GAS ENERGY
EFFICIENCY:

The application of the above rate is subject to Gas 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.

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Section 5
Commercial and Industrial Services
Schedule A, Sheet 1
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C&I SMALL
RATE 21

- 1.0 AVAILABILITY:** 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 a 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 RATES:**
- Customer Charge: \$23.25 per month
- Distribution Charge:
- On-Peak Period (November - April)
- First 135 Therms @ \$0.5696 per Therm
- Over 135 Therms @ \$0.2351 per Therm
- Off-Peak Period (May - October)
- First 20 Therms @ \$0.5696 per Therm
- Over 20 Therms @ \$0.2351 per Therm
- 4.0 MINIMUM CHARGE:** Customer Charge per month.
- 5.0 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.
- 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.

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Section 5
Commercial and Industrial Services
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C&I SMALL
RATE 21

**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 GAS ENERGY
EFFICIENCY:**

This application of the above rate is subject to Gas 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.

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d/b/a National Grid
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Section 5
Commercial and Industrial Services
Schedule B, Sheet 1
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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$70.00 per month
- Demand Charge: \$1.3600 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: \$0.2023 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

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Commercial and Industrial Services
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C&I MEDIUM
RATE 22

**6.0 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.

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Section 5
Commercial and Industrial Services
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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$175.00 per month
- Demand Charge: \$1.8800 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: \$0.1109 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

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C&I LARGE HIGH LOAD FACTOR USE
RATE 23

**6.0 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.

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Section 5
Commercial and Industrial Services
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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$425.00 per month
- Demand Charge: \$1.8800 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: \$0.0295 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

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Commercial and Industrial Services
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C&I EXTRA LARGE HIGH LOAD FACTOR USE
RATE 24

**6.0 GENERAL RULES AND
REGULATIONS:**

The Company's General Rules and Regulations in Section 1 of RIPUC NGC No. 101 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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Section 5
Commercial and Industrial Services
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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 a 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 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$175.00 per month
- Demand Charge: \$1.3600 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: \$0.1846 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge and Demand Charge per month.

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C&I LARGE LOW LOAD FACTOR USE
RATE 33

**6.0 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.

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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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 a 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, the Transportation Service provisions found in Section 5 of RIPUC NG-GAS No. 101 are applicable as in effect from time-to-time.
- 4.0 RATES:**
- Customer Charge: \$425.00 per month
- Demand Charge: \$1.3600 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: \$0.0362 per Therm
- 5.0 MINIMUM CHARGE:** Customer Charge plus Demand Charge per month.

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C&I EXTRA LARGE LOW LOAD FACTOR USE
RATE 34

**6.0 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.

**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 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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NON-FIRM SALES (NFS) SERVICE
RATE 60

1.0 AVAILABILITY:

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

2.0 RATES:

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

Customer charges will be determined as follows:

1. For those customers who can potentially consume more than 150,000 Therms per month:
 - \$625 per month, per customer
2. For those customers who can potentially consume more than 35,000 Therms, but less than 150,000 Therms per month:
 - \$405 per month, per customer

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NON-FIRM SALES (NFS) SERVICE
RATE 60

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

- \$185 per month, per customer

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

≤ 35,000 therms	\$0.2915 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2543 per therm
Off-peak usage > 31%	\$0.1762 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.1415 per therm
Off-peak usage > 31%	\$0.0897 per therm

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of a new customer, or a 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.

Commodity Charge shall be 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

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NON-FIRM SALES (NFS) SERVICE
RATE 60

the Northeastern U.S. should the Transco Zone 6 Basis Swap become unavailable.

3.0 MINIMUM CHARGE: Under no circumstances shall the NFS commodity charge be less than the cost of the incremental supply available to the Company for the month, adjusted for the Company's Fuel Allowance.

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

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

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

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NON-FIRM SALES (NFS) SERVICE
RATE 60

- 6.0 METER TEST:** Users will receive the results of periodic calibration tests performed by the Company on the meters installed on their premises. Meters will be deemed unacceptable if these tests show an error greater than +/-1%. Meters will also be deemed unacceptable, no matter what their error, if the results of three successive tests are consistently high or low. Meters will measure gas flow rates corrected to 60° F gas.
- 7.0 TELEMETERING:** Telemetering equipment is required for those customers who wish to avail themselves of this service.
- 8.0 NON-FIRM TRANSPORTATION SERVICE OPTION:**
The Company will also offer, during the winter months, limited NFS and non-firm transportation (NFT) service for customers on a "best efforts" basis. If a customer buying gas under this rate schedule opts to directly arrange for the acquisition of wellhead gas supplies, and the transportation of those wellhead gas supplies to the Company's gate stations, then the Company will transport, subject to available capacity, such directly acquired gas to the customer's facilities. Rates and conditions for such transportation service are included in the Company's Non-Firm Transportation (NFT) Service in Section 6, Schedule A of RIPUC NG 101.
- 9.0 RHODE ISLAND GROSS EARNINGS TAX:** The application of the above rates is subject to the Rhode Island Gross Earnings Tax provisions in Section 1, Schedule C.
- 10.0 GAS ENERGY EFFICIENCY:** The application of the above rate is subject to Gas 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.

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TRANSITION SALES SERVICE

TSS

1.0 AVAILABILITY:

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

TSS is not available to customers eligible for, or enrolled in, the Company's Non-Firm Transportation Service (NFT), Non-Firm Sales Service (NFS) rates, and the Default Transportation Service.

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 supplier service to firm sales service. TSS is available to customers (a) who terminate supplier service, (b) who receive a termination notice from a designated supplier, or (c) for whom a designated supplier becomes ineligible to serve the customer.

All customers transferring to firm sales service from either FT-1 service or FT-2 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 service, TSS will be applicable to all firm sales service provided to the Customer through the first April 30th 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.

For each customer transferring to firm sales service from FT-2 service, TSS will be applicable to all firm sales service provided to the Customer through the end of the Customer's first billing cycle subsequent to the first April 30th after the

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TRANSITION SALES SERVICE

TSS

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.

4.0 SURCHARGE:

Each Customer utilizing TSS will be subject to a monthly surcharge. The TSS monthly 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 30th of each year.

4.1 Calculation:

The surcharge for customers who switch to firm sales service from FT-1 or FT-2 service shall be computed as follows:

IF

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

THEN:

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

OTHERWISE:

$$TSS = 0$$

Where:

TSS = Transitional Sales Service monthly surcharge for customers transferring from FT-1 or FT-2 service.

NYMEX_M = The NYMEX closing price for month M.

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TRANSITION SALES SERVICE

TSS

$GPIP_M$ = Average cost of gas purchased under the GPIP for month M.

$GPIP_{QM}$ = 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 Public Utilities Commission and the Division of Public Utilities and Carriers simultaneously with the posting on the Company's website.

**5.0 STORAGE AND
PEAKING:**

FT-1 customers 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 an FT-1 transportation customer since the most recent April 1st, multiplied by the currently effective FT-2 Firm Transportation Marketer Gas Charge (Section 2, Schedule A, Item 2.2)

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Non-Firm Transportation Service
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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

1.0 AVAILABILITY:

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

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

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

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

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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

2.0 RATE:

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

Customer Charge will be determined as follows:

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

- \$715 per month, per customer.
2. For those customers who can potentially consume more than 35,000 Therms, but less than 150,000 Therms per month:

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

- \$275 per month, per customer

Distribution Charge:

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

≤ 35,000 therms	\$0.2915 per therm
35,001 to 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.2543 per therm
Off-peak usage > 31%	\$0.1762 per therm
> 150,000 therms and:	
Off-peak usage ≤ 31%	\$0.1415 per therm
Off-peak usage > 31%	\$0.0897 per therm

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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

The reference to 31% is to the percentage of gas usage from May through October compared to annual usage from September through August. In the case of a new customer, or a 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 TRANSPORTATION
TERMS AND
CONDITIONS:**

The Company's Transportation Terms and Conditions in Section 6, Schedule C of RIPUC NG-GAS No. 101, as in effect from time-to-time and where not inconsistent with any provisions hereof, are a part of this Schedule.

**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 provisions hereof, are a part of this Schedule.

**5.0 TELEMETERING
EQUIPMENT:**

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

**6.0 NON-FIRM
CUSTOMER USE
OF GAS:**

A Non-Firm customer that elects to use gas from the Company shall pay the transportation default rate as set forth in the Transportation Terms and Conditions in Section 6, Schedule C, Item 2.04.0 for the first month of service and shall pay the Non-Firm unauthorized use rate as forth in Transportation

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NON-FIRM TRANSPORTATION (NFT) SERVICE
RATE 61

Terms and Conditions in Section 6, Schedule C, Item 1.05.0
for all additional months.

**7.0 GAS BALANCING
NOMINATION/
AGGREGATION:**

Refer to the Transportation Terms and Conditions in Section
6, Schedule C of RIPUC NG-GAS No. 101.

**8.0 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.

**9.0 GAS ENERGY
EFFICIENCY:**

The application of the above rate is subject to Gas 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.

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Transportation Services
Schedule B Sheet 1
Second Revision

FIRM TRANSPORTATION SERVICE

1.0 AVAILABILITY:

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

- (1) is classified as Medium, Large, or Extra Large pursuant to RIPUC NG-GAS No. 101, Section 5, Schedule B, C, and D: and,
- (2) elects to purchase gas supplies from a supplier other than the Company through the execution of a Transportation Service Application pursuant to RIPUC NG-GAS No. 101, Section 6, Schedule C.

2.0 CHARACTER OF SERVICE:

Firm Transportation Service provides for the transportation of gas supplies purchased on a customer's behalf from a supplier other than the Company 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 Point of Delivery.

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

Also refer to 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 RIPUC NG No.101, Section 5, Schedule B, C, or D. For Customers electing FT-1 Service, a one-time charge associated with the installation of telemetering equipment may also apply as provided for under Section 6, Schedule C, Item 2.02.

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FIRM TRANSPORTATION SERVICE

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

4.0 TRANSPORTATION TERMS AND CONDITIONS:

The Transportation Terms and Conditions in Section 6, Schedule C 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 the Schedule.

5.0 GENERAL RULES AND REGULATIONS:

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

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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 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 RIPUC NG No.101, Section 5, Schedule B, C, and D, 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. 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, shall be determined and paid by Customer or credited to Customer's account. The calculation of such under-recovered or over-recovered gas costs shall be in accordance with the Customer Deferred Gas Cost Calculation Guideline as on file with the Commission from time to time.

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 1st. Service shall continue thereafter on a year-to-year basis, unless terminated by

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Customer, marketer or the Company, effective with the Customer's next billing cycle, upon at least thirty (30) days' advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each 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.

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 Customer, marketer or the Company, effective with the Customer's next billing cycle, upon at least fifteen (15) days advance written notice to the other. The Marketer shall be responsible for providing the Company with an executed Transportation Service Application for each Customer being added to its FT-2 Aggregation Pool no less than fifteen (15) days prior to commencement of service. The Company's receipt of the Transportation Service Application initiates the fifteen (15) day notice period.

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.

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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. The Customer and the new Marketer shall execute a new Transportation Service Application listing the new Marketer as their designated Marketer. The Company must receive the new Transportation Service Application at least thirty (30) days prior to the change in the case of FT-1 Service, and at least fifteen (15) days prior to the customer's meter read in the case of FT-2 Service. For an FT-1 Service customer without a capacity assignment from the Company, see Item 1.07 below, the Company must be notified of such change by 9 a.m. at least two (2) business days before the start of the calendar month. The Company will not accept a Transportation Service Application which designates a Marketer that has not executed an Aggregation Pool Service Agreement. If a Customer switches marketers, switches transportation services and/or switches to sales service more than once in a twelve month period, an administrative charge of \$50 shall be billed to the Customer to cover the processing of the request.

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.

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

Marketer must provide the Company with thirty (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

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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.

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

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and contract numbers for each of Marketer's Aggregation Pools. Additional information may be required by the Company.

**1.03.2 Dispatch
Communication:**

All nomination information shall be communicated to the Company's Gas 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.

**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 not later than 1:00 PM, in the case of FT-1 and NFT Service, of the prior gas day. Any nomination submitted after the initial monthly nomination will include Marketer's anticipated

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quantities for the remainder of the calendar month. For FT-2 Service, the nomination requirements are described in Item 3.03 below.

**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 after the nomination deadline for the following gas day but before the start of the following gas day. An intra-day nomination within the gas day will be accepted at the Company's sole discretion.

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 citygate, 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

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declare a Critical Day or issue an OFO. In addition to the OFOs listed below, the Company shall have the right to issue any other OFO reasonably intended to serve the above stated purpose. The Company may take any one or more of the following actions:

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

An OFO will likely be issued at forty four (44) Degree Days or colder.

**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, Pipeline Shipper, and to Transporting Pipeline, during the remainder of the month to resolve

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accumulated imbalances or to account for subsequent changes in actual deliveries. Company's exercise of its authority under this section will have no effect on Marketer's liability for unauthorized overrun or imbalance penalties that apply to Marketer under this tariff or any similar charge, including scheduling penalties, imposed by any upstream Transporting Pipeline(s).

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

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

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 $[(\text{Receipts} - \text{Usage}) > (2\% \times \text{Receipts})]$.

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

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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:

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 Non-Firm Sales, Non-Firm Transportation or Firm Sales Service to FT-1 or FT-2 Transportation Service or from 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

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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 a pro-rata percentage of the customer account's Average Normalized Winter Day Usage to the system total, and the pipeline on which such capacity will be released. The quantity of capacity shall be set forth in the confirmation materials provided to the Marketer. For all Customers classified as Medium, Large or Extra-Large this quantity will be reviewed annually against the Customer's most recent usage patterns. Any change in Customer's required capacity will be reflected in a revised capacity release with the Marketer for effect on the following November 1st. 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 may select default transportation service as described in Item 2.04.0 below.

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

All Capacity Assignments for FT-1 Transportation Service will be effective with the commencement of service. Capacity Assignments for FT-2 Customers will be effective the 1st of the upcoming month for Transportation Service Applications received prior to the 10th. For FT-2 Transportation Service Applications received on or after the 10th of the month, the capacity release will not be

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effective until the 1st 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 1st. The capacity assignments shall be reviewed each November 1st and be subject to annual adjustment as described above. All releases hereunder will be subject to recall under the following conditions: (1) when required to preserve the integrity of the Company's facilities and service; (2) at the Company's option, whenever the Marketer fails to deliver gas in an amount equal to the Scheduled Transportation Quantity; and (3) any other conditions set forth in the capacity release transaction between the Marketer and the Company.

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

On or before August 1 each year, the Company shall calculate and provide to marketers, as defined in Section 6, Schedule C, Item 5.00, its best estimate of: (1) the over (under) recovery balance in its deferred gas cost account; and (2) the anticipated fixed costs for interstate pipeline capacity, storage and peaking supplies.

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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. Each Marketer shall identify pipeline capacity preferences for: (1) existing customers, and (2) any new customers. Marketer shall have the right to retain capacity released on existing paths if such paths remain available. Any changes from the Marketer's previous election will be effective November 1st in conjunction with the updating of customer capacity quantities described above. Subject to availability, Marketers may change path preferences for assignment of pipeline capacity during the year for any new customers added to their Aggregation Pool by filing with the Company a new Capacity Assignment Agreement with at least thirty (30) days advance notice.

The capacity released to a Marketer stays with the customer account on which it is based and as such, will be reassigned at such time that a Customer terminates their contract with a Marketer or reverts back to the Company as of the date of the customer's service termination.

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 New Loads:

New Customers classified as Large or Extra-Large 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. 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

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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 may select default transportation service as described in Item 2.04.0 below.

1.08.0 Facilities:

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

1.9.0 Quality:

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

1.10.0 Possession of Gas:

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

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

In the event a tax of any kind is imposed or removed by any government authority upon the sale or transportation of gas or upon the gross revenues derived therefrom (exclusive, however, of taxes based on Company's net income), the rate for service to Customer and/or Marketer,

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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 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.

2.0 FT-1 TRANSPORTATION SERVICE:

Issued: April 27, 2012

Effective: June 1, 2012

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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 Telemetry:

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

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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 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

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between total Monthly Transportation Quantities for an Aggregation Pool and the aggregated Gas Usage of Customers in the Aggregation Pool, expressed as a percentage of total Monthly Transportation Quantities will be cashed out according to the following schedule:

<u>Imbalance Tier</u>	<u>Overdeliveries</u>	<u>Underdeliveries</u>
$0\% \leq 5\%$	The average of the Daily Indices for the relevant Month.	The highest average of seven consecutive Daily Indices for the relevant Month.
$> 5\% \leq 10\%$	0.85 times the above stated rate	1.15 times the above stated rate
$> 10\% \leq 15\%$	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 electing this service must provide written notice to the Company via mail, FAX or E-mail that their marketer will no longer be delivering gas on their behalf and that they wish to avail themselves of the service. 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

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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:

Pricing for Default Transportation Services shall be set forth in a Price Sheet filed with the Commission. The Company and Default Transportation Service supplier shall review the pricing of these services annually and file necessary revisions with the Commission concurrent with the Company's annual Gas Cost Recovery Filing.

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, the marketer is obligated to deliver to the citygate such quantities, and any imbalances are netted against storage resources allocated to the Marketer on the Customer's behalf.

The Customer's designated Marketer, as identified on the Customer's Transportation Service Application, shall be allocated a quantity of Company contracted underground

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storage and peaking resources sufficient to meet the Customer's design winter supplemental supply requirements as determined by the Company. These resources are assigned 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:

Annually, the Company will calculate a Customer's total storage and peaking resource requirements under design winter conditions based on the Customer's most recent historical usage. The result of the calculations will establish the Maximum Storage Quantity-Underground (MSQ-U) and Peaking (MSQ-P) allocated for Marketer's use. The calculations will also establish a Maximum Daily Quantity-Underground (MDQ-U) and Peaking (MDQ-P) to set operational parameters for daily withdrawals and injections.

3.02.1 Maximum Storage Quantity (MSQ):

The MSQ for a Customer is the difference between their weather normalized total consumption under design winter conditions for the November through March period, minus the quantity of gas that could be delivered with their pipeline capacity assignment. The MSQ is allocated between underground storage (MSQ-U) and Peaking (MSQ-P) in the same percentage as is available on a Company-wide basis. These quantities represent the maximum storage and peaking inventories available to the Marketer for meeting the Customer's Gas Usage needs and are key components in the operational parameters regarding management of the resources.

3.02.2 Maximum Daily Quantity - Storage (MDQ-S):

The Customer's MDQ-S is calculated by the Company as the difference between the Customer's peak day usage

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under design winter conditions and the Customer's pipeline capacity assignment. This MDQ-S requirement in MMBtu is then allocated between underground storage (MDQ-U) and Peaking (MDQ-P) in the same percentage as is available on a Company-wide basis. These quantities serve to define the maximum quantities that can be nominated for withdrawal by a Marketer and are a component of the operational parameters for the service.

3.02.3 Operational Parameters:

The storage resources inventory balance 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 either injections or withdrawals. The balances will also be updated continuously to reflect imbalances identified at the time of the Customer's billing cycle which will be netted against the Underground Storage Account.

The Company will establish Maximum and Minimum inventory levels reflective of the Company's available resources. There will be separate inventory levels 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 overall inventory levels, there are both Daily and Monthly maximums established for the quantities which the Marketer can nominate for withdrawal or for injection. These factors vary by month and as the marketer's inventory level changes. Such factors will be as provided in conjunction with the annual Gas Cost Recovery Filing.

3.02.4 Inventory Purchases:

To meet the revised required minimum storage balance levels resulting from the addition of new customers to an Aggregation Pool, Marketer may trade or purchase storage supplies from another Marketer, make injections to underground storage or purchase inventory from the Company, subject to availability. The Company will update an FT-2 aggregation pool's MSQ assignments

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concurrent with the Customer's initiation of transportation service with the designated marketer.

At the time that a Customer migrates to FT-2 Transportation Service or switches Marketers, the new designated Marketer will have a one-time opportunity to purchase an amount of inventory, from the Company, based on the MSQ requirement of Customers being added to the aggregation pool and the month when transportation service will commence. The Company will calculate the amount of storage inventory to be made available and provide such information to the Marketer upon receipt of a completed Transportation Service Application. The Marketer will have five (5) business days to respond to the Company's offer. For Customers migrating during the April through October period, the maximum amount of storage inventory sold to a Marketer will be calculated as follows:

$$\text{Inventory Sold} = (x/7) * \text{Customer's MSQ}$$

where:

Inventory Sold = the maximum amount of inventory the Company will sell to a Marketer

x = the number of off peak months since April 1st.

7 = the total number of off peak/storage injection months

Customer's MSQ = the Customer's total storage requirements under design winter conditions

Thus, for a Customer migrating to FT-2 service effective July 1, the Marketer would be able to purchase up to three-sevenths (3/7) of the Customer's MSQ from the Company to account for injections to storage during the months of April, May and June. The Marketer would then be responsible for nominating sufficient injections during the July to October period to ensure that the inventory in storage for the FT-2 aggregation pool was at the minimum level identified in the Company's operational parameters

For Customers migrating during the peak period of November through March, the inventory sold will be based

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on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount of inventory required to bring the Marketer's pool in compliance with the minimum requirement. For example, if the customer were to start transporting in February, the Marketer would have the option to purchase storage inventory from the Company in the amount equal to the February minimum inventory level of the Customer's MSQ. Marketer may purchase such amount from the Company at a rate calculated as indicated below.

The Company shall develop a price for the inventory based on the published NYMEX price, and adjusted for transportation, storage and carrying charges.

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

$$$/Dt = NY + BS + TR + ST + CC$$

where:

\$/Dt	=	cost per MMBtu charged to Marketers for storage inventory at the Company's citygate
NY	=	NYMEX Settlement Price
BS	=	Basis Differential for East Louisiana
TS	=	Transportation Cost
ST	=	Storage Cost
CC	=	Carrying Cost

In the event that a Marketer fails to nominate or obtain sufficient storage inventory for its Customers such that the Aggregation Pool's inventory is below the operational parameter minimum, the Marketer will be unable to nominate storage or peaking quantities to satisfy the FDU.

For Customers commencing FT-2 transportation service during off-peak months (April - October), Marketer will receive an assignment of peaking inventory during the following October for a November 1st effective date. For

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Customers migrating to FT-2 during peak months (November - March), Marketer will receive an assignment of peaking inventory concurrent with the commencement of service. The amount of peaking inventory assigned shall be based on the lesser of: (1) the added Customers' monthly minimum requirement outlined in the Company's operational parameters or (2) the incremental amount required to bring the Marketer's pool in compliance with the minimum requirement. Marketers would be able to purchase peaking inventory from NG at the Company's weighted cost of LNG inventory. All transactions are subject to authorization by NG.

Marketers needing to sell underground storage inventory as a result of customers switching to other marketers would be able to sell the inventory to another marketer, subject to authorization by NG, nominate withdrawal of supplies, or sell the inventory in excess of the Maximum Storage Quantity to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, they could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resources to NG at the price the inventory was originally purchased from NG.

3.02.5 Rates:

The Marketer is responsible for procuring and maintaining inventory levels associated with the underground storage and peaking resources allocated by the Company as part of FT-2 Service. The following charges are for the recovery of the fixed costs and other miscellaneous costs associated with the provision of the underground storage and peaking resources and are billed to the Marketer:

FT-2 Throughput: \$ per Therm Gas Usage . The rate is as calculated in the Company's most recent Gas Cost Recovery Filing.

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

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pool. The Company shall have sole responsibility for such Consumption Algorithm and by selecting FT-2 service, Marketer agrees to abide by the results of such algorithm. The algorithm is:

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

where:

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

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

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

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

FDU will be adjusted for any Company fuel allowance.

The Company will provide to the Marketer no later than 9:30 AM each day using an electronic posting or via facsimile the FDU for the next gas day which would start at 10:00 AM the next day. If the Company is unable to provide to the Marketer the FDU using an electronic posting or via facsimile before 9:30 AM, the default FDU will be the prior day's FDU. The Marketer shall be obligated to nominate any combination of pipeline, 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 no later than 1:00 PM 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. Quantities nominated for injection into storage are over and above quantities to meet the FDU. Any nominations to inject supplies into storage or nominate supplies from storage must be separately identified and made to the Company's citygate. If storage inventory is below the minimums established above, Marketer will not be able to nominate

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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 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.

3.04.0 Balancing:

Imbalances between customer Gas Usage and the Forecasted Daily Usage (FDU) will be netted out against the underground storage inventory at the time of a customer's billing cycle. Quantities used in excess of FDU will be subtracted from the underground storage inventory level. If Gas Usage is less than FDU, the difference will be treated as an injection to underground storage and added to the inventory level. 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

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

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:

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

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

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

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the event of the failure to interrupt, or curtail, the use thereof when requested to do so.

5.00 MARKETER AGGREGATION SERVICE:

**5.01.0 Character of
Service:**

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

**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.

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A further restriction on daily metered Aggregation Pools is that the election of a supplemental service such as Pool Balancing Service, shall apply to the entire Aggregation Pool and not just an individual customer in the Aggregation Pool. Separate Aggregation Pools are required for FT-1 or NFT Service with Pool Balancing Service versus FT-1 or NFT Service without the supplemental service.

The Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall have an initial term through the following November 1st. Thereafter, the Marketer Aggregation Pool Service Agreement and Pool Balancing Service Agreement shall be automatically renewed for successive one year terms, unless notice of termination is provided by the Marketer on or before October 1st 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 Rhode Island Public Utilities Commission in accordance with Commission 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

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

The Company may require a Marketer to provide security equal to three (3) 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

5.03.2 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;

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- (2) Standby irrevocable letter of credit or surety bond issued by a bank, insurance company or other financial institution with at least an "A" bond rating;
- (3) Security interest in collateral; or,
- (4) Guarantee by another party or entity with a credit rating of at least "BBB" by S&P, "Baa2" by Moody's, or "BBB" by Fitch; or
- (5) Other means of providing or establishing adequate security.

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

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

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

5.04 Pool Balancing Service:

Service is available for daily metered Marketer Aggregation Pools concurrent with the term of the Aggregation Pool.

The intent of this service is to accommodate minor, unintentional imbalances between an Aggregation Pool's Customer's daily usage at the Point(s) of Delivery and Actual Transportation Quantities delivered to the

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Company's distribution system at the Point of Receipt. Marketer must notify the Company by October 1st to elect Pool Balancing Service commencing November 1st or at least thirty (30) days prior to establishment of an Aggregation Pool.

Under the Pool Balancing Service, the Company agrees to provide a daily balancing service for imbalances up to a Marketer designated Maximum Daily Balancing Entitlement. Such entitlement is expressed as a percentage of the Aggregation Pool's Gas Usage and includes the 10% tolerance described in Item 2.03.1 above. Daily imbalances greater than the Marketer designated Maximum Daily Balancing Entitlement will remain subject to the balancing provisions outline in the Company's Terms and Conditions of Transportation Service.

The Company reserves the right to limit service offered under this schedule, subject to availability, in the Company's sole discretion, of adequate gas transmission, gas supply and/or gas storage capability or force majeure, or as otherwise provided in the Company's Terms and Conditions.

5.04.1 Pool Balancing Rate: Variable Charge: \$ per Therm Gas Usage per percent elected (Maximum Daily Balancing Entitlement % net of 10% standard tolerance)

Where: - The rate is as calculated in the Company's annual Gas Cost Recovery Filing.
- Gas Usage is total of all Aggregation Pool Customers.
- Maximum Daily Balancing Entitlement % is specified in Marketer Aggregation Pool Agreement and includes the 10% standard tolerance.

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

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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 10 days from the date of the invoice. A late payment charge, in accordance with regulations of the Rhode Island Public Utilities Commission and the Rhode Island Division of Public Utilities and Carriers, shall accrue after ten (10) days.

6.0 SERVICE AGREEMENTS: (See Attached Sheets)

The Narragansett Electric Company, 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	FT-2
1)					
2)					
3)					

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

Public Regulation

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

Customer Signature

Title

Print or Type Name

Date

Phone #

Contact in event of telecommunications issue : Print or Type Name

Phone #

This section to be filled out by the Marketer

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

Marketer

Marketer Signature

Title

Phone #

Print or Type Name

Date

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**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 elects to subscribe to Company's Aggregation Pool Balancing Service pursuant to Item 5.04 of Company's Transportation Terms and Conditions, Section 6, Schedule C, NO _____ YES _____ with a Maximum Daily Balancing Entitlement of _____% (which % includes the standard 10% tolerance).

1.4 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.

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1.5 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.

1.6 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.

1.7 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.

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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.

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

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

Section 6
Transportation Terms and Conditions
Schedule C, Sheet 39
Fourth Revision

**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.

2.0 INVENTORY SERVICES:

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2.1 All nominations for either withdrawals from or injections to storage will take place at the Company's citygate.

2.2 Purchases of inventory service from the Company will be at the Company's weighted average storage commodity cost of gas at the time of purchase or as otherwise 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 invoice unless the Marketer and Company mutually agree to payment over a 3 month period, which would include a monthly finance charge based on a monthly rate using the latest published Fleet Prime less 200 basis points (2%).

2.4 Notwithstanding any provisions to the contrary, Marketer acknowledges and warrants that sale and marketable title to any storage gas injected into the Company's system shall thereupon transfer to the Company, and that Marketer's interests shall thereafter be limited to the contractual rights to service as provided by this Agreement. Marketer further acknowledges that it shall bear no ownership interest in any other storage or peaking assets or inventory of the Company.

2.5 If Marketer needs to sell or assign its service rights representing underground storage inventory attributed to its account as a result of customers switching to other marketers, it may, subject to authorization by NG, sell the inventory rights to another marketer, nominate withdrawal of supplies, or sell the inventory to NG. Marketers with inventory levels in excess of the Maximum Storage Quantities may be required by the Company to nominate underground storage to satisfy their FDU. If the Marketer has excess peaking resources, it could nominate those inventories to the extent allowed under the operational parameters or would be required to sell such excess peaking resource rights to NG at the price the inventory was originally purchased from NG.

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

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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.

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

By _____

Signature: _____

Name: _____

Title: _____

Witness _____ Date: _____

By The Narragansett Electric Company

Signature: _____

Name: _____

Title: _____

Witness _____ Date: _____

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d/b/a National Grid
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Section 7
Miscellaneous Services
Schedule A, Sheet 1
Sixth Revision

NATURAL GAS VEHICLE SERVICE
RATE 70

1.0 NATURAL GAS VEHICLE SERVICE

1.1 AVAILABILITY: This rate is available for compressed natural gas dispensed at Company-owned fueling stations for the purpose of fueling natural gas vehicles.

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

1.2 RATES:

Customer Charge:	\$5.00 per month
Energy Charge:	
Distribution Charge:	\$0.1958 per Therm
Commodity Charge:	\$0.7436 per Therm

1.3 MINIMUM RATE: Customer Charge

1.4 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.

1.5 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.

1.6 GAS ENERGY EFFICIENCY: The application of the above rate is subject to Gas Energy Efficiency provisions in Section 1, Schedule C.

1.7 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.

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Section 7
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Schedule B, Sheet 1
Second Revision

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: \$9.91 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.

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Section 7
Miscellaneous Services
Schedule C, Sheet 1
Third Revision

OTHER MISCELLANEOUS CHARGES

OPTIONAL CREDIT CARD PAYMENT PROVISION

1.0 AVAILABILITY:

Customers of National Grid (National Grid” or “Company) have the option of paying their bills issued by National Grid through the use of a payment-processing agent (Third Party Vendor). Residential and non-residential customers, as determined by the Company’s rate schedule designations, have the option to make payments by telephone or web page. The availability of this option will be subject to the Company’s ability to arrange for such an option. This payment option is available to all of the Company’s customers choosing to make payments to the Company through use of the Third Party Vendor-sponsored telephone or web page system. If there is a conflict between the Commission’s Rules Governing the Acceptance of Credit Card Payments (the “Rules) and this provision, the Rules shall govern.

2.0 PAYMENT TYPES:

The following payment methods shall be accepted under this provision:

1. Visa;
2. Mastercard;
3. American Express;
4. Discover;
5. Debit Cards issued by a financial institution which include a card association symbol such as Visa or MasterCard; and
6. Electronic Checks

3.0 FEES:

Customers choosing to make payments under this option will be assessed a fee directly by the Third Party Vendor for each payment the customer initiates. The fee to be charged by the Third Party Vendor is based on whether the customer making the payment is a residential customer or a non-residential customer and the number of payment transactions made. The customer must initiate each payment transaction. Initiating one payment transaction does not establish future payment transactions for a customer.

Residential Fees:

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Third Revision

OTHER MISCELLANEOUS CHARGES

OPTIONAL CREDIT CARD PAYMENT PROVISION

The residential fee per payment transaction, up to a maximum transaction amount of \$600 is \$2.25. The Third Party Vendor will assess a fee of \$2.25 per transaction for any additional payment transactions up to \$600 each.

Non-Residential Fees:

The non-residential fee per payment transaction, up to a maximum transaction amount of \$1,000, is \$7.95. The Third Party Vendor will assess a fee of \$7.95 per transaction for any additional payment transactions up to \$1,000 each.

4.0 PAYMENT AMOUNT:

Customers who choose to make payments under this provision shall have the ability to make partial payments. Additionally, the Company shall not deny a customer's use of these payment options because the customer's account with the Company is past due.

5.0 COMPANY OBLIGATION:

The payment transaction shall occur between the customer and the Third Party Vendor. The Company shall provide information regarding the Third Party Vendor's payment systems to assist its customers who choose to make payments by telephone or web page. The Company shall assist its customers in the resolution of any disputes between customers and the Third Party Vendor involving the credits posted by the Company to customers' accounts as a result of the processing of customer payments under this provision. The Company has no obligation, however, to participate in any dispute involving matters strictly between the customer and the Third Party Vendor or the customer's bank or card issuer.

6.0 TERMS & CONDITIONS:

The Company's Terms & Conditions, as may be amended from time to time, where not inconsistent with any specific provisions hereof, are a part of this provision.

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Section 7
Miscellaneous Services
Schedule C, Sheet 3
First Revision

OTHER MISCELLANEOUS CHARGES

LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ENHANCEMENT PLAN CHARGE

7.0 LOW INCOME HOME ENERGY ASSISTANCE ENHANCEMENT PLAN

(LIHEAP) CHARGE: In accordance with R.I.G.L. § 39-1-27.12, commencing January 1, 2012 and for every month thereafter the Company shall bill to all customers a LIHEAP Enhancement Plan charge approved by the Commission, provided however that the annual charge shall not exceed ten (\$10) dollars per customer, per year. The LIHEAP Enhancement charge approved by the Commission shall appear as a separate line item on a customer's bill.

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 \$0.83 per customer and shall appear as a separate line item on a customer's bill, provided however, that for those customers that do not receive a monthly LIHEAP Enhancement Plan charge on their January 2012 bill, their February 2012 bill will have a charge of \$1.66.

7.1 LIHEAP Enhancement Fund

The Company shall establish a LIHEAP Enhancement charge fund that shall be used to account for the combined funds collected through the LIHEAP Enhancement charge from both gas and electric service customers. The State Office of Energy Resource shall designate to the Company the qualifying customer accounts and the amounts to be credited from the LIHEAP Enhancement fund. The cumulative annual amount of credits applied to customer bills will be limited to an amount no greater than the aggregate projected LIHEAP Enhancement Plan Charge billed in any given calendar year. Once the aggregate credits applied to customer's bills equals the aggregate projected Enhancement Plan charge billed during the calendar year, the Enhancement Plan credits would cease. Any difference in projected and actual billings in a calendar year would be added to or subtracted from the subsequent year's projected Enhancement

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Miscellaneous Services
Schedule C, Sheet 4
First Revision

OTHER MISCELLANEOUS CHARGES

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM ENHANCEMENT PLAN
CHARGE**

Plan Charge billings in establishing the future year's total available funds.

The projected annual revenue in the LIHEAP Enhancement Plan fund collected through the gas and electric service LIHEAP Enhancement Plan 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).

**7.2 LIHEAP
Eligible
Customer**

For purposes of receiving funds from the LIHEAP Enhancement fund in subpart 2.0 above, a qualifying LIHEAP eligible customer shall be a household with a combined gross income equal to or less than sixty percent (60%) 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 Sec. 96.85 or its successor regulation.

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Miscellaneous Services
Schedule C, Sheet 5
Original

OTHER MISCELLANEOUS CHARGES

PAPERLESS BILL CREDIT

**8.0 PAPERLESS BILL
CREDIT:**

Customers receiving bills may elect to receive their bill electronically. Customers electing to receive their bills electronically will receive a paperless billing credit of \$0.34 each month per account.