

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

PUBLIC UTILITIES COMMISSION

Providence Gas Company)
_____))

Docket No. 2581

SECOND AMENDMENT TO SETTLEMENT AGREEMENT

The Providence Gas company ("Company"), the Division of Public Utilities and Carriers (the "Division"), The Energy Council of Rhode Island ("TEC-RI") and The George Wiley Center (together, the "Settling Parties") hereby amend their Settlement Agreement in Docket No. 2581 dated as of August 2, 2000, and amended as of September 21, 2000, as follows:

- (1) delete the references to "10.9%" (Page 4, Section I.A, and Pages 13-14, Section II.I.2) and replace such references with "10.7%;"
- (2) delete the words "projected September 30, 2000 balance of \$6.9 million" (Page 12, Section II.G.2) and replace such words with "actual September 30, 2000 balance of \$5.398 million;" and add the sentence, "The amortization period shall be in effect during the extension of the PSP; upon expiration thereof, the Commission shall review and approve an amortization period for the then unamortized costs in a subsequent rate case proceeding;"
- (3) add after the sentence "The working capital allowance will be calculated pursuant to the method approved by the Commission in Docket No. 2286, utilizing most recent data." (Page 14, Section II.I.2) the sentence "The Company shall file an updated study of the revenue lag that shall be reviewed and approved by the Commission."
- (4) add after the sentence "An Environmental Response Fund shall be established to create a mechanism to fund the recovery of 'Environmental Response Costs' as defined below." (Page 10, Section II.G.1) the sentence "The Company shall file a report detailing the Environmental Response Costs that shall be reviewed and approved by the Commission."
- (5) add the sentences "Such costs of the new CIS system shall be reviewed and approved by the Commission in a subsequent rate case proceeding. Such review and approval shall include examination of the recovery period." on Page 13 at the end of Section II.G.3.

IN WITNESS WHEREOF, the parties hereto attest that this Amendment is reasonable and have caused this document to be executed by their respective representatives, each being fully authorized to do so, and the Settlement Agreement, as so amended, shall otherwise remain in full force and effect. Dated as of this 4th day of October, 2000.

THE PROVIDENCE GAS COMPANY

STATE OF RHODE ISLAND
DIVISION OF PUBLIC
UTILITIES AND CARRIERS

By: _____

By: _____

Its: _____

Its: _____

THE ENERGY COUNCIL
OF RHODE ISLAND

THE GEORGE WILEY CENTER

By: _____

By: _____

Its: _____

Its: _____