

**LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP. d/b/a
LIBERTY UTILITIES**

DISTRIBUTION SERVICE TERMS AND CONDITIONS

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DISTRIBUTION SERVICE TERMS AND CONDITIONS

1.0 RATES AND TARIFFS

- 1.1 The Company furnishes its various services under rates and/or special contracts ("Schedule of Rates") promulgated in accordance with the provisions of G.L. c. 164 and the regulations and billing and termination procedures of the Massachusetts Department of Public Utilities ("MDPU"), 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 offices of the Company and at the offices of the MDPU except as otherwise provided by law or regulation.
- 1.2 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 MDPU 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 MDPU, said orders or regulations shall govern.
- 1.3 The Company shall apply these Terms and Conditions on a non-discriminatory and non-preferential basis to all persons, partnerships, corporations or others (hereinafter "Customers" or the "Customer") who obtain service (as defined in Section 3.0 herein) from the Company pursuant to the Schedule of Rates, except as these Terms and Conditions are explicitly modified in writing by a rate or special contract. The provisions of Section 24.0 of these Terms and Conditions will specifically apply to all entities designated by the Customer as set forth in Section 24.5, to supply Gas to a Designated Receipt point for the Customer's account (hereinafter the "Supplier"). The Customer may act as its own Supplier provided it meets the requirements set forth in Section 24.0.
- 1.4 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 any such promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, subject in all cases to applicable statutes and to the regulations of the MDPU.

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- 1.5 The Company will advise any new Customers as to the least expensive rate available for distribution services for which they are eligible. If the Company is notified by the Customer in writing of an elected change in the Customer's distribution service, the Company will again advise the Customer as to the least expensive rate available for the distribution service for which they are eligible. Responsibility for selecting the applicable rate is and remains the responsibility of the Customer, subject to the provisions of the Schedule of Rates. Unless specifically stated to the contrary, all rates are based upon the provision of distribution service to the Customer on an annual basis. The Customer may change from one rate to another no more than once in any twelve (12) month period, unless warranted by a demonstrated change in the Customer's annual load profile. Any change in rate classification will not be retroactive if the change is requested by the Customer.
- 1.6 The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of these Terms and Conditions. Said fees and charges shall be set forth at Appendix B to these Terms and Conditions as approved by the MDPU.
- 1.7 In the event that the Company incurs minimum bill, inventory, transition, take or pay surcharges, imbalance charges or any other charges associated with the provision of Distribution Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the MDPU.

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DISTRIBUTION SERVICE TERMS AND CONDITIONS

2.0

DEFINITIONS

Adjusted Target Volume ATV	The volume of Gas determined pursuant to Section 12.3.
Aggregation Pool	One or more Customer accounts whose Gas Usage is served by the same Supplier and aggregated pursuant to Section 24.6 of these Terms and Conditions for operational purposes, including but not limited to nominating, scheduling and balancing gas deliveries to Designated Receipt Point(s) within the associated Gas Service Area.
Annual Reassignment Date	Five (5) Business Days prior to November 1 of each year when the Company reassigns Capacity to Suppliers pursuant to Section 13.6 of these Terms and Conditions.
Assignment Date	Five (5) Business Days prior to the first Day of each month when the Company assigns Capacity to Suppliers pursuant to Section 13.4 of these Terms and Conditions.
Authorization Number	A unique number generated by the Company and printed on the Customer's bill that the Customer must furnish to the Supplier to enable the Supplier to obtain the Customer's Gas Usage information pursuant to Section 24.4, and to initiate or terminate Supplier Service as set forth in Section 24.5 of these Terms and Conditions.
Business Day	Monday through Friday excluding holidays recognized by the Company, which will be posted on the Company's website on an annual basis. If any performance date referenced in these Terms and Conditions is not a Business Day, such performance shall be the next succeeding Business Day.

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Btu	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. MMBtu is one million Btus.
Capacity	Pipeline Capacity, Underground Storage Withdrawal Capacity, Underground Storage Capacity and Peaking Capacity as defined in these Terms and Conditions.
Capacity Allocators	The proportion of the Customer's Total Capacity Quantity that comprises Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity.
Ccf	A volume of Gas equal to one hundred cubic feet.
City Gate	The interconnection between a Delivering Pipeline and the Company's distribution facilities.
Company	Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities.
Company Gas Allowance	The difference between the sum of all amounts of Gas received into the Company's distribution system and the sum of all amounts of Gas delivered from the Company's distribution system as calculated by the Company for the most recent twelve (12) month period ending July 31. Such difference shall include, but not be limited to, Gas consumed by the Company for its own purposes, line losses and Gas vented and lost as a result of an event of Force Majeure, excluding gas otherwise accounted for.

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Company-Managed Supplies	Capacity contracts held and managed by the Company in accordance with governing tariffs, but made available to the Supplier pursuant to Section 13.9 of these Terms and Conditions, including supply-sharing contracts and load-management contracts.
Consumption Algorithm	A mathematical formula used to estimate a Customer's daily consumption.
Critical Day	In accordance with Section 19.0 of these Terms and Conditions, a Day declared at any time by the Company in its reasonable discretion when unusual operating conditions may jeopardize operation of the Company's distribution system.
Customer	The recipient of Default Service and/or Distribution Service whose Gas Usage is recorded by a meter or group of meters at a specific location and who is a Customer of record of the Company.
Daily Baseload	The Customer's average usage per day that is assumed to be unrelated to weather.
Daily Index	<p>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)."</p> <p>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 MDPU approves a suitable replacement.</p>

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Day or Gas Day	A period of twenty-four (24) consecutive hours beginning at 10:00 a.m., E.T., and ending at 10:00 a.m., E.T., the next calendar day, or other such hours used by the Delivering Pipeline.
Dekatherm	Ten Therms.
Default Service	Gas commodity service provided to a Customer who is not receiving Supplier Service, in accordance with Section 15 of these Terms and Conditions. The provision of Default Service shall be the responsibility of the Company and shall be provided to the Customer by the Company or its designated supplier pursuant to law or regulation.
Delivering Pipeline	The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.
Delivery Point	The interconnection between the Company's facilities and the Customer's facilities.
Design Winter	The forecasted Winter during which the Company's system experiences the highest aggregate Gas Usage.
Designated Receipt Point	For each Customer, the Company designated interconnection between a Delivering Pipeline and the Company's distribution facilities at which point, or such other point as the Company may designate from time to time for operational purposes, the Supplier will make deliveries of Gas for the Customer's account.

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Designated Representative	The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Distribution Service in accordance with the provisions of Section 25.0 of these Terms and Conditions.
Distribution Service	The transportation and delivery by the Company of Customer purchased Gas on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point pursuant to these Terms and Conditions.
Gas	Natural gas that is received by the Company from a Delivering Pipeline at the Designated Receipt Point and delivered by the Company to the Delivery Point for the Customer's account. In addition, the term shall include amounts of vaporized liquefied natural gas and/or propane-air vapor that are introduced by the Company into its system and made available to the Customer as the equivalent of natural gas that the Customer is otherwise entitled to have delivered by the Company.
Gas Service Area	An area within the Company's distribution system as defined in Section 4.0 of these Terms and Conditions, for the purposes of administering capacity assignments, nominations, balancing, imbalance trading, and Aggregation Pools.
Gas Usage	The actual quantity of Gas used by the Customer as measured by the Company's metering equipment at the Delivery Point.
Heating Factor	The Customer's estimated weather-sensitive usage per degree day.

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Interruptible Distribution Service	Transportation Service provided to the Customer by the Company that is subject to curtailment by the Company and/or the Customer in accordance with Section 17 of these Terms and Conditions.
Maximum Daily Peaking Quantity (MDPQ)	The portion of a Customer's TCQ identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Suppliers' Peaking Service Account pursuant to Section 16.0 of these Terms and Conditions shall be equal to the sum of the Customers' MDPQs in a Supplier's Aggregation Pool
MDPU	The Massachusetts Department of Public Utilities.
Mcf	Ten Ccfs
Month	A calendar month of Gas Days.
Monthly Index	The average of the Daily Indices for the relevant Month.
Nomination	The notice given by the Supplier to the Company that specifies an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of a Customer, including the volume to be received, the Designated Receipt Point(s), the Delivering Pipeline, the delivering contract(s), the shipper, and other such non-confidential information as may be reasonably required by the Company.
Off-Peak Season	The consecutive months May to October, inclusive.
Operational Flow Order	The Company's instructions to the Supplier to take such action as conditions require, including, but not limited

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	to, diverting Gas to or from the Company's distribution system pursuant to Section 19.0 of these Terms and Conditions.
Peak Day	The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage as approved by the MDPU.
Peaking Capacity	Capacity normally used by the Company to provide Peaking Service.
Peak Season	The consecutive months November to April, inclusive.
Peaking Service	A supplemental supply service provided by the Company to effectuate the assignment of pro-rata shares of the Company's Peaking Capacity.
Peaking Service Account	An account whose balance indicates the total volumes of Peaking Service resources available to a Supplier, where the maximum balance in the account shall equal the Peaking Supply assigned to the Supplier pursuant to these Terms and Conditions.
Peaking Service Rule Curve	A system of operational parameters associated with the use of the Company's Peaking Capacity including, but not limited to, indicators of the necessary levels of Peaking Supply that must be maintained in Suppliers' Peaking Service Accounts in order for the Company to meet system demands under Design Winter conditions. The Company will post the Peaking Service Rule Curve on its Website as identified in Section 23.0 of these Terms and Conditions

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Peaking Supply	The aggregate amount of peaking supply required to meet the Company's forecasted peaking-supply needs during a Design Winter.
Peaking Supply Allocator	An allocation factor that represents the proportion of a Customer's estimated Gas Usage during the Design Winter that is generally served with Peaking Service supplies.
Pipeline Capacity	Transportation capacity on interstate pipeline systems normally used for deliveries of Gas to the Company, exclusive of Underground Storage Withdrawal Capacity and Underground Storage Capacity.
Pre-Determined Allocation Method	Instructions from the Supplier to the Company for the allocation of discrepancies in confirmed nominations among the Supplier's Aggregation Pools and/or Customers as set forth in the Supplier's Service Agreement.
Reference Period	A period of at least twelve (12) months for which a Customer's Gas Usage information is typically available to the Company.
Supplier	Any entity licensed by the MDPU to sell Gas to retail Customers in Massachusetts, that has met the Company's requirements set forth in these Terms and Conditions, and that has been designated by the Customer to supply Gas to a Designated Receipt Point for the Customer's account.
Supplier Service	The sale of Gas to a Customer by a Supplier.

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Therm	An amount of Gas having a thermal content of 100,000 Btus.
Total Capacity Quantity	The total amount of Capacity assignable to a Supplier (TCQ) on behalf of a Customer.
Underground Storage Capacity	Contracts for capacity in off-system storage facilities used to accumulate and maintain gas inventories for redelivery to the Company's city gates.
Underground Storage Withdrawal Capacity	Capacity for the withdrawal of gas inventories maintained in off-system storage facilities, as well as the transportation capacity used to deliver such gas to the Company's city gates.
Winter	The period November 1 through March 31.

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DISTRIBUTION SERVICE TERMS AND CONDITIONS

3.0 CHARACTER OF SERVICE

- 3.1 The service that the Company will supply to any Customer shall be limited to the character of service which is available at the location to which such service is proposed to be furnished.
- 3.2 The furnishing of service by the Company under the Schedule of Rates and in accordance with these Terms and Conditions and the rules and regulations of the MDPU, and acceptance by the Customer constitutes a contract between the Company and the Customer under these provisions.
- 3.3 The benefits and obligations of accepting service shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as applicable, of the Customer.
- 3.4 All rates within the Schedule of Rates are predicated upon service to a Customer at a single Delivery Point and metering installation, except as otherwise specifically provided by a given rate. Where service is supplied to a Customer at more than one Delivery Point or metering installation, each single Delivery Point or metering installation shall be considered to be a separate Customer for purposes of applying the Schedule of Rates, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.
- 3.5 The Company may refuse to supply service to loads of unusual characteristics which, in its sole reasonable 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.

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DISTRIBUTION SERVICE TERMS AND CONDITIONS

4.0 GAS SERVICE AREAS AND DESIGNATED RECEIPT POINTS

4.1 The Gas Service Area for purposes of administering capacity assignments, nominations, balancing, imbalance trading, and Aggregation Pools pursuant to these Terms and Conditions shall be defined to include the municipalities listed, as follows:

Attleboro, North Attleboro, and Plainville ,Fall River, Somerset, Swansea, and Westport

4.2 For each Aggregation Pool as set forth by Section 24.6, the Company will designate at least one specific interconnection between a Delivering Pipeline and the Company's distribution facilities, at which point, or such other point as the Company may designate from time to time, the Supplier will make deliveries for the Aggregation Pool. The interconnections that the Company may assign as the Customer's Designated Receipt Point for the Aggregation Pool as follows:

- (1) Algonquin Gas Pipeline: North Attleboro
- (2) Algonquin Gas Pipeline: Fall River Station Number 16

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DISTRIBUTION SERVICE TERMS AND CONDITIONS

5.0 CUSTOMER REQUEST FOR SERVICE FROM COMPANY

- 5.1 Application for Distribution Service, Default Service, or any other service offered by the Company to a Customer will be received through any duly authorized representative or agent of the Company.
- 5.2 Before any service from the Company may commence, the Customer must request such service. A Customer applying for Distribution Service must also arrange for gas commodity service with a Supplier pursuant to Section 24.0. A Customer may act as its own Supplier provided it meets all of the Supplier requirements delineated in Section 24.0.
- 5.3 A non-residential Customer applying for service may be required to supply a security deposit in accordance with Section 14.0 of these Terms and Conditions. The Company reserves the right to refuse service to any non-residential applicant who has not paid a deposit as required by the Company.
- 5.4 The Company may accept oral application by a prospective Customer for residential service, except as noted below in Section 5.5. All applicants must be of legal age to contract for service with the Company, and the Company reserves the right to verify the identity of the Customer and the application information given by the proposed Customer, through commercially or publicly available means. The Company may require an application for non-residential service to be in writing. When a written application for non-residential service is required by the Company, such service shall not commence until the Company has received the Customer's completed application form, except that the Company may, at its option, provide service to the Customer for an interim period not to exceed ten (10) Business Days pending the receipt of the Customer's completed application. No agent or employee of the Company is authorized to modify or affect by oral promise, agreement or representation the provisions of such written application.
- 5.5 In the event that an oral application for service is received by the Company from an applicant who is not currently a Customer of record of the Company for service at a location where service is disconnected for non-payment, the Company may request

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application to be made in writing to any agent or duly authorized representative as a precondition for service, unless otherwise ordered by the MDPU. The Company reserves the right to refuse service, at any location, to an applicant who is indebted to the Company for any service furnished to such applicant. However, the Company shall commence service if the applicant has agreed to a reasonable payment plan.

- 5.6 Upon receipt of an application from a prospective Customer setting forth the location of the premises to be served, the extent of the service to be required and any other pertinent information requested by the Company, the Company will advise the Customer of the type and character of the service it will furnish, under the applicable tariff, and if required, the location of the Company's metering and related equipment. The Company will have sole reasonable discretion on the location of meters and other related equipment. Upon request, the Company will furnish detailed information describing the connections necessary between the Company's facilities and the Customer's premises and Customer and Company responsibilities for installation of facilities.
- 5.7 An application for service will not be approved until the Customer has delivered to the Company a fully completed request for service form and the Company has determined that an adequate flow of Gas can be delivered to the Customer's Delivery Point under normal operating conditions.
- 5.8 Whenever the estimated expenditures necessary to supply Gas to a Customer or to resume service to a Customer after a discontinuance of service for over twelve (12) months, 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 expenditures, the Company may, in addition to the payments for Gas under the applicable rates, require the Customer to pay the whole or a part of such expenditures, or make such other reasonable payments as the Company may deem necessary.
- 5.9 The Company reserves the right to reject any application for service if the amount or nature of the service applied for, or the distance of the premises to be served from existing, suitable gas distribution facilities, or the difficulty of access thereto is such that the estimated income from the service applied for is insufficient to yield a reasonable

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return to the Company, unless such application is accompanied by a cash payment or an undertaking satisfactory to the Company guaranteeing a stipulated revenue for a definite period of time, or both.

- 5.10 A Customer shall be and remain 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 obtained by the Company. Such final meter reading shall not be unduly delayed by the Company. The billing rendered by the Company based on such final meter reading shall be payable upon receipt. In the event that the Customer of record fails to give notice of termination of service to the Company or hinders the Company's 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 Customer assumes responsibility for taking service at such service location. The Customer shall be liable for all costs incurred by the Company when the Customer prevents access to the Company's equipment.
- 5.11 In the absence of a duly constituted Customer of record, receipt of service shall constitute the recipient a Customer of the Company and shall bind such Customer to the provisions of the Schedule of Rates but shall not relieve such Customer from an obligation to execute an application for service.

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6.0 CUSTOMER INSTALLATION

- 6.1 The Customer shall furnish, maintain, and operate the facilities between the Delivery Point and the Customer's equipment, unless otherwise agreed upon in writing by the Company and the Customer.
- 6.2 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 dangerous, defective or in violation of the Company's requirements.
- 6.3 The Company shall not be required to commence or continue service unless and until the Customer has complied with all requirements of any and all governmental authorities and the Company with reference to the use of Gas on the premises. All inspections, reports and approvals (where required), must be received in writing by the Company before service shall be commenced or reconnected.
- 6.4 The Customer assumes full responsibility for the proper use of Gas delivered by the Company and for the condition, suitability and safety of any and all equipment on the Customer's premises, or owned or controlled by the Customer which is not the Company's property. The Customer shall indemnify and save harmless the Company from and against any and all claims, expenses, legal fees, losses, suits, awards or judgments for injuries to or deaths of persons or damage of any kind, whether to property or otherwise, arising directly or indirectly by reason of: (i) the routine presence in or use of Gas from pipes owned or controlled by the Customer; or (ii) the failure of the Customer to perform any of its duties and obligations as set forth in the Schedule of Rates where such failure creates safety hazards; or (iii) the Customer's improper use of Gas or gas appliances. The Company shall be liable only for direct damages resulting from the Company's conduct of its business pursuant to this section to the extent set forth in Section 20.2.
- 6.5 The Customer shall notify the Company in writing before making any significant change in the Customer's gas equipment which would affect the Company's facilities required to serve the Customer. The Customer shall be liable for any damage to the Company's

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property caused by Customer's additional or changed installation if made without prior notification to the Company.

- 6.6 The Customer shall not install, own or maintain gas piping across or in the public way or any recorded private way without the prior written consent of the Company in each case obtained.
- 6.7 The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, barriers, and foundations for the protection of the equipment to be installed upon the Customer's premises, whether such equipment is furnished by the Customer or the Company. If the Customer refuses, the Company may at its option charge the Customer for furnishing and maintaining the necessary protection of the equipment. 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.

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7.0 COMPANY INSTALLATION

- 7.1 The Company shall own, operate and maintain, at its expense, its gas distribution facilities to the Delivery Point.
- 7.2 Unless otherwise specified herein, the Company will furnish and install, at locations it designates, one or more meters for the purpose of measuring the Gas delivered.
- 7.3 Whenever the Company determines that an unauthorized use of Gas is being made on the premises of a Customer, the Company may make such changes in its meters, appliances or other equipment on said premises or take such other corrective action as may be appropriate to insure the safety and security of the equipment and its installation under the circumstances. Any such changes shall be made at the Customer's expense. Nothing in this paragraph shall be deemed to constitute a waiver of any other rights of redress that may be available to the Company or to limit in any way any legal recourse that may be open to the Company.
- 7.4 Any properly identified employee of the Company shall have access to the premises of the Customer at all reasonable times for the purposes of reading meters, testing the Customer's load, inspecting the Customer's premises and equipment, or of repairing, removing or exchanging any or all equipment belonging to the Company and for the purpose of removing its property on the termination of any service agreement or the discontinuance of service.
- 7.5 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. Unless there is a violation of the Massachusetts Sanitary Code 105 C.M.R. 410.354 for which the Customer is not responsible, the Customer will be held responsible to the Company for any theft, leakage or waste of Gas which may occur beyond the point of the meter installation.
- 7.6 Where service under the Schedule of Rates is to be used for temporary purposes only, the Customer may be required to pay the cost of installation and removal of equipment required to render service in addition to payments for Gas Usage. Said costs of

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installation and removal may be required to be paid in advance of any construction by the Company. If, in the Company's sole reasonable judgment, any such installation presents unusual difficulties as to metering the service supplied, the Company may estimate consumption for purposes of applying the Schedule of Rates. Unless otherwise approved by the Company in writing, temporary service shall be defined as installations intended for removal within a period not to exceed twelve (12) months.

- 7.7 The Company shall not be required to install the equipment necessary to provide its service unless the Customer shall have obtained and provided to the Company at its request all certificates, permits (excepting street permits) and licenses from governmental authorities and such grants of rights-of-way as may be requisite to enable the Company to install and furnish the requested service. The subsequent termination of any certificate, permit, license or right-of-way requisite for such service shall terminate any contract then existing for such service without any liability on the Company for breach of such contract or failure to furnish service.
- 7.8 The Company shall make, or cause to be made, application for any necessary street permits and shall not be required to supply service until a reasonable time after such permits are granted.
- 7.9 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 not interfere with or alter the meter, seals or other property used in connection with the rendering of service or permit the same to be done by any person other than the authorized agents or employees of the Company. The Customer shall be responsible for all damage to, or loss of, such property unless occasioned by circumstances beyond the Customer's control. Such property shall be installed at points most convenient for the Company's access and service and in conformance with public regulations in force from time to time. The costs of relocating such property shall be borne by the Customer when done at the Customer's request, or for the Customer's convenience, or if necessary to remedy any violation of public law or regulation caused by the Customer.

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- 7.10 Unless there is negligence on the part of the Company, the Company shall not be liable for damage to the person or property of the Customer or any other persons resulting from the use of Gas or the presence of the Company's appliances and equipment on the Customer's premises. In no event shall the Company be liable to any party for any indirect, consequential, 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.

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7.11 The Company shall maintain the accuracy of all metering equipment installed pursuant hereto by regular testing and calibration in comparison to recognized standards. Any meter tested and found to register less than or equal to 2% above or below the recognized comparative standard shall be considered correct and accurate. A Customer may request the Company to test the accuracy of any of its metering equipment installed upon the Customer's premises. The Company may remove and test its meters at no charge to residential Customers. The Company may charge non-residential Customers for this testing if the meter tested is found to register less than or equal to 2% above or below the recognized comparative standard, and such test was conducted as part of an investigation into a high bill complaint by the Customer. Any such test shall be conducted according to the standards therefor as established by this paragraph.

In the event that any meter fails to register or registers incorrectly, the Company shall reasonably determine the length of the period during which such meter failed to register or registered incorrectly and the quantity of Gas delivered during such period, based upon available information, including the Customer's records of Gas Usage and operation at the Customer's facility. The Customer shall reimburse the Company for any unscheduled maintenance or repairs to telemetering equipment that is required to restore meter operation as a result of faulty telephone or electrical connections, or as a result of the actions of the Customer. The Company shall be responsible for restoring telephone or electrical connections as a result of its actions.

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8.0 QUALITY AND CONDITION OF GAS

- 8.1 Gas delivered to the Company by or for the Customer shall conform, in all respects, to the gas quality standards of the Delivering Pipeline. All Gas tendered by a Supplier at a Designated Receipt Point shall be of merchantable quality and shall be interchangeable with Gas purchased by the Company from its suppliers. The Company reserves the right to refuse non-conforming Gas.
- 8.2 In no event shall the Company be obligated to accept and deliver any Gas that does not meet the quality standards of the Delivering Pipeline.
- 8.3 The Company reserves the right to commingle Gas tendered by a Supplier at a Designated Receipt Point with other gas supplies, including liquefied natural gas and propane-air vapor.
- 8.4 Gas tendered by a Supplier at a Designated Receipt Point will be at a pressure sufficient to enter the Company's distribution system without requiring the Company to adjust its normal operating pressures to receive the Gas. The Company has no obligation to receive Gas at a pressure that exceeds the maximum allowable operating pressure of the Company's distribution system at the Designated Receipt Point.

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9.0 POSSESSION OF GAS

- 9.1 Gas shall be deemed to be in the control and possession of the Company after such Gas is delivered to the Designated Receipt Point and until the Gas is delivered to the Customer at the Delivery Point. The Company shall not be responsible for the Gas when the Gas is not in the Company's control and possession.
- 9.2 The Company shall not be liable to the Supplier or the Customer for any loss arising from or out of Distribution Service, including loss of Gas in the possession of the Company or for any other cause, except for the negligence of the Company's own employees or agents.

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10.0 COMPANY GAS ALLOWANCE

The amount of Gas tendered by the Supplier to the Designated Receipt Point will be reduced, upon delivery to the Customer's Delivery Point, by the Company Gas Allowance. Such adjustment will be included in the Company's Peak Season Cost of Gas Adjustment filing with the MDPU, and at the Company's option, will be posted on the Company's website.

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11.0 DAILY METERED DISTRIBUTION SERVICE

11.1 Eligibility

All Customers (and their Suppliers) taking firm 365-day Distribution Service from the Company are eligible for Daily-Metered Distribution Service in accordance with Section 11.0 of these Terms and Conditions. Section 11.0 also applies to Customers taking Interruptible Distribution Service pursuant to Section 17.0.

11.2 Distribution Service Provided

This service provides transportation of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers electing to have Gas Usage recorded on a daily basis at the Delivery Point.

11.3 Nominations and Scheduling of Service

11.3.1 The Supplier is responsible for nominating and delivering on every Day an amount of Gas that equals the aggregated Gas Usage of Customers in the Aggregation Pool.

11.3.2 Nominations will be communicated to the Company by electronic means as determined by the Company pursuant to Section 23.0, or, in the event of failure of such electronic means, by another alternative means including fax as specified in the Supplier's Service Agreement.

11.3.3 Nominations for the first Day of a Month shall be submitted to the Company no later than two (2) hours prior to the deadline for first of the Month nominations of the Delivering Pipeline or such lesser period as determined by the Company. The Company will make available, from time to time, a schedule of nomination due dates. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis.

11.3.4 The Supplier may make intra-Month nominations relating to changes to existing nominations for a given Month no later than two (2) hours prior to the deadline for intra-

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Month nominations of the Delivering Pipeline for the Gas Day on which the nomination is to be effective, or such lesser period as determined by the Company. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis.

11.3.5 The Supplier may make intra-Day nominations relating to changes to existing nominations within a given day no later than two (2) hours prior to the intra-Day nomination deadline for the Delivering Pipeline on which the nomination is to be effective, or such lesser period as determined by the Company. Intra-Day nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis.

11.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Delivering Pipeline. The Company will attempt to confirm the nominated volume with the Delivering Pipeline. In the event of a discrepancy between the volume nominated to the Company by the Supplier and the volume nominated by the Supplier to the Delivering Pipeline, the lower volume will be deemed confirmed. No later than twenty-four (24) hours on the Business Day following the Gas Day of the Delivering Pipeline, the Supplier may allocate such discrepancy between the Supplier's Aggregation Pools within the same Gas Service Area based on a predetermined allocation method set forth in the Supplier Service Agreement. If no predetermined allocation method has been established prior to the event of such discrepancy, the Company will allocate the discrepancy on a pro rata basis.

11.3.7 Nominations may not be accepted, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Distribution Service under the distribution tariffs in effect from time to time and these Terms and Conditions.

11.4 **Determination of Receipts**

11.4.1 The quantity of Gas deemed received by the Company for the Supplier's Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Delivering Pipeline(s).

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11.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Section 10.0 of these Terms and Conditions.

11.5 Metering and Determination of Deliveries

11.5.1 The Company shall furnish and install, at the Customer's expense, telemetering equipment and any related equipment for the purpose of measuring Gas Usage at each Customer's Delivery Point. The Company shall require each Customer to install and maintain, at the Customer's expense, reliably available telephone lines and electrical connections that meet the Company's operating requirements. Telemetering equipment shall remain the property of the Company at all times.

11.5.2 Should a Customer or a Supplier request new telemetering equipment or request that a communication device be attached to the existing telemetering equipment, the Company shall provide, install, test, and maintain the requested telemetering equipment or communication device. The requested telemetering equipment or communication device must meet the Company's requirements. The Customer or Supplier shall bear the cost of providing and installing the telemetering equipment, communication device, or any other related equipment, and shall have electronic access to the Customer's Gas Usage information. Upon installation, the telemetering equipment or communication device shall become the property of the Company and will be maintained by the Company. The Company shall complete installation of the telemetering equipment or communication device, if reasonably possible, within thirty (30) days of receiving a written request from the Customer or Supplier provided that the Customer completes the installation of any required telephone or electrical connections within ten (10) days of such request. The Company shall bill the Customer or Supplier upon installation.

11.6 Balancing

11.6.1 The Supplier will maintain a balance between receipts at the Designated Receipt Point(s) and the aggregated Gas Usage of Customers in each Aggregation Pool. If the Delivering Pipeline posts notice on its electronic bulletin board that its customers will be required to adhere to a maximum hourly flow rate, the Supplier will be deemed to have notice that

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Maximum Hourly Flows will be in effect on the Company's distribution facilities as of the same time and for the same period as maximum hourly flows are in effect on the Delivering Pipeline. The Supplier's maximum hourly flow will be established based on an allocation of even hourly flows of daily receipts of gas scheduled in the relevant period in accordance with the applicable transportation tariff of the Delivering Pipeline. All Gas Usage in excess of the Suppliers maximum hourly flow rate will be subject to an unauthorized overrun penalty for each Dekatherm not delivered of 5 times the Daily Index. The Company will notify the Supplier of the Supplier's maximum hourly flow.

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

Off-Peak Season: The difference between the Supplier's aggregate actual receipts on the Delivering Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool shall be within 15% of said receipts. The Supplier 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 Supplier's aggregate actual receipts on the Delivering Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool shall be within 10% of said receipts. The Supplier 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 underdelivery or an overdelivery, and so notify the Supplier when a Critical Day is declared pursuant to Section 19.0.

Critical Day Aggravated by Underdelivery. The Supplier will be charged a penalty of 5 times the Daily Index for the aggregated

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Gas Usage of Customers in the Aggregation Pool that exceeds 102% of the Supplier's aggregate actual receipts on the Delivering Pipeline to the Gas Service Area. The Supplier will be charged a penalty of 0.1 times the Daily Index for the differences between said receipts and said usage that exceed 20% of said receipts [(Receipts - Usage) > (20% x Receipts)].

Critical Day Aggravated by Overdelivery. The Supplier will be charged a penalty of 0.1 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceeds 120% of the Supplier's aggregate actual receipts on the Delivering Pipeline to the Gas Service Area. The Supplier will be charged a penalty of 5 times the Daily Index for differences between said receipts and said usage that exceed 2% of said receipts [(Receipts - Usage > (2% x Receipts)].

In the event that the Delivering Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this section at each Designated Receipt Point.

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

11.6.4 For each Aggregation Pool, the Supplier must maintain total Monthly receipts within a reasonable tolerance of total Monthly Gas Usage. Any differences between total Monthly receipts for an Aggregation Pool and the aggregated Gas Usage of Customers in the Aggregation Pool, expressed as a percentage of total Monthly receipts 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	The highest average of seven consecutive

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	Month.	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% Underdelivery 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.

- 11.6.5 In addition to the charges set forth in Section 11.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.
- 11.6.6 If, during any fifteen (15) consecutive Days, the Supplier delivers an amount less than 70% of the sum of the aggregated Gas Usage of Customers in the Aggregation Pool in said Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Days. The Supplier shall have the opportunity to cure the imbalance with the demonstration of verifiable imbalance trades or otherwise within twenty-four (24) hours of notification by the Company. If the Supplier is declared ineligible to nominate Gas for such 30 Days, the Supplier may be reinstated at the end of the 30 Days, provided it posts security equal to the product of: (1) the maximum aggregate daily Gas Usage of Customers in the Aggregation Pool expressed in MMBtu and (2) \$300. If, within twelve (12) Months of the first offense, such Supplier is declared ineligible to nominate Gas pursuant to this section, the Supplier will be

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disqualified from service under these Terms and Conditions for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under these Terms and Conditions, the Company shall have the right to use such security to satisfy the Supplier's obligations. Such security may be used by the Company to secure Gas, transportation, storage, gathering and to cover other related costs incurred as a result of the Supplier's default. The security may also be used to satisfy any outstanding claims that the Company may have against the Supplier, including imbalance charges, cash-out charges, pipeline penalty charges, and other charges.

- 11.6.7 If, as a result of the Company interrupting or curtailing service pursuant to Section 17.0 of these Terms and Conditions, the Supplier incurs a daily imbalance penalty due to overdelivery, the Company will waive such penalty for the first Day of the interruption or curtailment period. If the Company has issued notice of an interruption or curtailment in service and the Supplier is unable to change its nomination, or if the Supplier's Gas has been delivered to the Designated Receipt Point, then the Company will credit such Gas against the Supplier's imbalance.

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12.0 NON-DAILY METERED DISTRIBUTION SERVICE

12.1 Eligibility

All firm Customers (and their Suppliers) taking Distribution Service who have an annual load of less than 100,000 ccf per year are eligible for Non-Daily Metered Distribution Service in accordance with Section 12.0 of these Terms and Conditions.

12.2 Distribution Service Provided

This service provides firm, 365-day transportation of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement for recording Gas Usage at the Delivery Point on a daily basis. Daily nominations are calculated by the Company on the basis of a consumption algorithm, and the Supplier is obligated to deliver to the Designated Receipt Point(s) such quantities. The Company shall make the consumption algorithm available to the Supplier up request of the Supplier.

12.3 Nominations and Scheduling of Service

12.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume (“ATV”), as determined in Section 12.3.2, to the Designated Receipt Points on every Day for each Aggregation Pool.

12.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking Non-Daily Metered Distribution Service for each Day using a consumption algorithm based on the degree day forecast for that Day. Information on the consumption algorithm shall be posted on the Company’s Website as identified in Section 23.0. On each Business Day, the Company will communicate the forecasted ATV to the Supplier for the subsequent four (4) Days. The Company shall apply the ATV for a required Supplier nomination according to the following schedule:

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- (1) The ATV applied for a Day immediately following a Business Day will be communicated to the Supplier two (2) hours prior to the Company's nomination deadline for that Day as set forth in Sections 12.3.4 and 12.3.5.
 - (2) The ATV applied for a Day not immediately following a Business Day will be communicated to the Supplier two (2) hours prior to the Company's nomination deadline for the Day immediately following the last Business Day as set forth in Sections 12.3.4 and 12.3.5.
- 12.3.3 Nominations will be communicated to the Company by electronic means as determined by the Company pursuant to Section 23.0, or, in the event of failure of such electronic means, by another alternative means including fax as specified in the Supplier's Service Agreement.
- 12.3.4 Nominations for the first Day of a Month shall be submitted to the Company no later than two (2) hours prior to the deadline for first of the Month nominations of the Delivering Pipeline or such lesser period as determined by the Company. The Company will make available, from time to time, a schedule of nomination due dates. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis.
- 12.3.5 The Supplier shall provide a intra-Month nomination no later than two (2) hours prior to the deadline of the Delivering Pipeline for the next Gas Day, or such lesser period as determined by the Company. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis.
- 12.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Delivering Pipeline. The Company will attempt to confirm the nominated volume with the Delivering Pipeline. In the event of a discrepancy between the volume nominated to the Company by the Supplier and the volume nominated by the Supplier to the Delivering Pipeline, the lower volume will be deemed confirmed. No later than twenty-four (24) hours on the Business Day following the Gas Day of the Delivering Pipeline, the Supplier may allocate such discrepancy between the Supplier's Aggregation Pools within the same Gas Service Area based on a predetermined allocation method set

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forth in the Supplier Service Agreement. If no predetermined allocation method has been established prior to the event of such discrepancy, the Company will allocate the discrepancy on a pro rata basis. The Company will not confirm any volume nominated by the Supplier in excess of the ATV.

- 12.3.7 In the event that the Supplier is unable to deliver a confirmed ATV nomination, the Supplier may make intra-Day nominations relating to changes to existing nominations within a given day no later than two (2) hours prior to the intra-Day nomination deadline for the Delivering Pipeline on which the nomination is to be effective, or such lesser period as determined by the Company; provided, however, that the nomination must be in conformance with the requirements of and must be permitted by the Delivering Pipeline. Intra-Day nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis. The Company shall not adjust the ATV applied for that Day, unless in accordance with Section 19 of these Terms and Conditions.
- 12.3.8 Nominations may not be accepted, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Distribution Service under the transportation tariffs in effect from time to time and these Terms and Conditions.
- 12.3.9 All quantities of Gas overdelivered or underdelivered to the Company's system in violation of an OFO pursuant to Section 19.0 will be subject to the Critical Day provisions of Section 12.6.1 of these Terms and Conditions, and the delivered quantity specified in the OFO will replace the ATV.
- 12.4 Determination of Receipts
- 12.4.1 The quantity of Gas deemed received by the Company for the Supplier's Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Delivering Pipeline(s).
- 12.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Section 10.0 of these Terms and Conditions.

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12.5 Metering and the Determination of Deliveries

The Company shall record the Customer's Gas Usage at the Delivery Point by making actual meter reads on a monthly or bi-monthly basis pursuant to Section 14.0 of these Terms and Conditions. In the event that the Customer's Gas Usage is metered on a bi-monthly basis, the Company shall make available to the Supplier estimates of the Customer's Gas Usage for each of the two billing months.

12.6 Balancing

12.6.1 Any difference between the Supplier's ATV for an Aggregation Pool and the receipts on the Delivering Pipeline to the appropriate Designated Receipt Point(s) will be cashed out by the Company according to the following:

Off-Peak Season: For receipts less than the ATV, the difference will be cashed out at 1.1 times the Daily Index. For receipts greater than the ATV, the difference will be cashed out at 0.8 times the Daily Index.

Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the difference will be cashed out at 1.1 times the Daily Index. For receipts less than 95% of the ATV, the first 5% difference will be cashed out at 1.1 times the Daily Index, and the remaining difference will be cashed out at 2 times the Daily Index. For receipts greater than the ATV, the difference will be cashed out at 0.8 times the Daily Index.

Critical Day: The Company will determine if the Critical Day will be aggravated by an underdelivery or an overdelivery, and so notify the Supplier when a Critical Day is declared pursuant to Section 19.0.

Critical Day Aggravated by Underdelivery. For receipts less than the ATV, the difference will be cashed out at 5 times the Daily Index. For receipts greater than the ATV but less than or equal

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to 125% of the ATV, the difference will be cashed out at the Daily Index. For receipts in excess of 125% of the ATV, the first 25% difference will be cashed out at the Daily Index, and the remaining difference will be cashed out at 0.8 times the Daily Index.

Critical Day Aggravated by Overdelivery. For receipts greater than the ATV, the difference will be cashed out at 0.4 times the Daily Index. For receipts less than the ATV but greater than or equal to 75% of the ATV, the difference will be cashed out at the Daily Index. For receipts less than 75% of the ATV, the first 25% difference will be cashed out at the Daily Index and the remaining difference will be cashed out at 1.1 times the Daily Index.

In the event that the Delivering Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this section at each Designated Receipt Point.

- 12.6.2 In addition to the charges set forth in Section 12.6.1, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.
- 12.6.3 If, during any fifteen (15) consecutive Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Days. The Supplier shall have the opportunity to cure the imbalance with the demonstration of verifiable imbalance trades or otherwise within twenty-four (24) hours of notification by the Company. If the Supplier is declared ineligible to nominate gas for such 30 Days, the Supplier may be reinstated at the end of the 30 Days, provided it posts security equal to the product of: (1) the Supplier's estimated maximum aggregate daily Gas Usage of Customers in the Aggregation Pool expressed in MMBtu and (2) \$300. If, within twelve (12) Months of the first offense, such Supplier is declared ineligible to nominate Gas pursuant to this section, the Supplier will be disqualified from service under these Terms and Conditions for one (1) full year from the time of the second disqualification. If the

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Supplier defaults on its obligations under these Terms and Conditions, the Company shall have the right to use such security to satisfy the Supplier's obligations. Such security may be used by the Company to secure Gas, transportation, storage, gathering and to cover other related costs incurred as a result of the Supplier's default. The security may also be used to satisfy any outstanding claims that the Company may have against the Supplier, including imbalance charges, cash-out charges, pipeline penalty charges, and other charges.

- 12.6.4 The Company shall use a daily cash out calculation to account for Company balancing requirements due to differences in forecast versus actual degree days. Using the consumption algorithm described in Section 12.3.2, the Company will recalculate the ATV for each Aggregation Pool for each day of the Month, substituting actual degree days for forecast degree days. Daily recalculations shall be compared to the Aggregation Pool's daily ATV, and the difference shall be cashed out at 100% of the Daily Index.
- 12.6.5 During the billing months of both June and December, the Company shall use a six-month cash-out calculation to account for differences in forecast usage versus billed usage. The Company may cash-out differences in forecast usage versus billed usage at intervals that are less than six months as provided by the Supplier Service Agreement.
- (1) In the billing month of June, using the recalculated ATV values described in Section 12.6.4, the Company will compare the sum of the recalculated ATV values for each Aggregation Pool for the six-month period of November 1 through April 30 to the sum of billed usage volumes used by each Aggregation Pool for that same period. The differences shall be cashed out at 100% of the average of the Daily Index weighted by actual degree days over the same period. The Peak period cash-out shall be calculated and provided to Suppliers within 60 days of the month ending April 30.
 - (2) In the billing month of December, using the recalculated ATV values described in Section 12.6.4, the Company will compare the sum of the recalculated ATV values for each Aggregation Pool for the six-month period of May 1 through October 31 to the sum of billed usage volumes used by each Aggregation Pool for that same period. The differences shall be cashed out at 100% of the average of the Daily Index over

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the same period. The Off-Peak period cash-out shall be calculated and provided to Suppliers within 60 days of the month ending October 31.

The Company shall allow Suppliers to trade seasonal differences. Prior to the seasonal cash out, the Company shall make available a list of Suppliers. Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Section 4.0, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.

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13.0 CAPACITY ASSIGNMENT

13.1 Applicability

Section 13.0 of these Terms and Conditions applies to all Suppliers providing Supplier Service to a Customer or Customers taking Daily-Metered or Non-Daily Metered Distribution Service from the Company pursuant to Section 11.0 or 12.0, respectively, of these Terms and Conditions. Section 13.0 shall also apply, to the extent noted herein, to any Customer acting as its own Supplier and taking Daily-Metered or Non-Daily Metered Distribution Service from the Company. The Company will assign and the Supplier shall accept each Customer's pro-rata shares of Capacity, if any, as established in accordance with this Section.

13.2 Identification of Capacity for Assignment

13.2.1 On or before September 1 of each year, the Company shall post on its Website or other such means the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning the following October. Such posting shall list, by Gas Service Area, all resource contracts eligible for assignment, the Capacity resource-allocation percentage by load factor, and the associated Capacity cost by load factor. Such posting shall also provide notice of any potential or pending contract change, including known and disclosable contract terminations, that are scheduled to require action by the Company between September 1 of the current year and October 31 of the next year. For capacity assignments occurring November 1, 2000 resource-allocation percentages and resource-allocation costs, will be posted by the Company no later than October 15, 2000.

13.2.2 The Company shall post on its Website or other such means notice to Suppliers of any unscheduled contract changes that would affect the Capacity resource-allocation percentage or the associated Capacity cost. The Company will affirmatively notify all Suppliers serving Customers in the Company's system via electronic mail, facsimile or telephone, that such change has been posted. Such posting shall identify the contract under renegotiation and describe the nature of the renegotiation to the extent permitted by applicable confidentiality agreements. Such notice shall also provide an opportunity

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for Suppliers to comment on the contract under renegotiation. The Company shall further notify Suppliers of the results of such renegotiation no less than 60 days prior to the effective date of the contract change.

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- 13.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates or lesser rate paid by the Company, the assignment of certain capacity contracts, including Canadian, Section 7(c) and other contracts that are not assignable to third parties.
- 13.3 Determination of Pro-Rata Shares of Capacity
- 13.3.1 The Company shall establish a Total Capacity Quantity (“TCQ”) for each Customer taking Distribution Service. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf of a Customer.
- 13.3.2 For a Customer receiving Default Service on or after November 1, 2000, the TCQ shall be the Customer’s estimated Gas Usage on the Peak Day as determined by the Company each October prior to the Customer’s enrollment into Supplier Service. The Company shall derive such estimate using a Daily Baseload and a Heating Factor based upon the Customer’s historic Gas Usage during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable.
- 13.3.3 For a Customer receiving only Distribution Service from the Company on February 1, 1999, or who had a written request filed with the Company on or before February 1, 1999 to receive only Distribution Service, the TCQ shall be zero except in cases where the Customer elects to have capacity assigned to its Supplier pursuant to Section 13.10, when the TCQ shall be less than or equal to the Customer’s estimated Gas Usage on the Peak Day as determined by the Company. The Company shall derive such estimate using a Daily Baseload and a Heating Factor based upon the Customer’s historic Gas Usage during a Reference Period ending in October 1999.
- 13.3.4 For a Customer that has converted from receiving Default Service to receiving only Distribution Service during the period beginning February 2, 1999 through and including March 31, 2000, the TCQ shall be zero until October 31, 2000, when the TCQ shall be changed to equal the Customer’s estimated Gas Usage on the Peak Day as determined by the Company. The Company shall derive such estimate using a Daily Baseload and a Heating Factor based upon the Customer’s historic Gas Usage during a Reference Period

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ending in October 1999. In the event that the Customer returns to Default Service prior to November 1, 2000, or if the Customer converts from daily-metered Distribution Service to non-daily-metered Distribution Service prior to November 1, 2000, the TCQ for the Customer shall be changed from zero to equal the Customer's estimated Gas Usage on the Peak Day as established above.

- 13.3.5 For a new Customer taking only Distribution Service as its initial service after February 1, 1999, the TCQ shall be zero except in cases where the Customer is a new Customer of record at a meter location where a former Customer of record received firm service from the Company any time during the preceding twenty-four (24) months, when the TCQ established by the Company for the former Customer shall become the TCQ for the new Customer. The Company will reduce said TCQ value for the new Customer upon a demonstration by the new Customer, or its designated representative, that a material and permanent difference between the former Customer's load profile and the new Customer's load profile warrants such a reduction. In the event that Default Service is provided at a new meter location for Gas Usage associated with new construction or an existing structure converting to natural gas service, the TCQ shall be zero, provided that the Customer initiates Supplier Service in accordance with Section 24.5 of these Terms and Conditions within 120 days of gas flow, or within 60 days of gas flow for Customers taking Distribution Service under Rate Schedule G-53 . Upon application by a new Customer, the LDC will provide that Customer with a description of the Customer's service options, a list of Suppliers authorized to provide service on its system and contact information for those Suppliers.
- 13.3.6 Once the Company establishes a TCQ for a Customer pursuant to this Section 13.3, it shall remain in effect for the purpose of determining the Customer's pro-rata shares of Capacity until such time that the Customer returns to Default Service. The Company shall establish a new TCQ value for the Customer pursuant to Section 13.3.2 if the Customer elects to take Supplier Service after returning to Default Service, unless otherwise established herein.
- 13.3.7 Notwithstanding the provisions of Section 13.3.6, where a Customer's TCQ is established on the basis of less than 12-months historical data, the TCQ may be recalculated at the Customer's request, or by request of the Customer's designated

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representative, upon the collection of 12-months of usage data. In the event that the TCQ established on the basis of 12-months usage data differs significantly from the TCQ initially established, the Company shall adjust the Customer's TCQ to be consistent with the 12-months usage data. Upon request by the Customer, or the Customer's designated representative, the Company shall change a Customer's TCQ where an error has occurred in the calculation of the TCQ or where the Customer, or its designated representative, demonstrates that a material and permanent change in the Customer's load profile warrants such an adjustment in the Customer's TCQ.

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- 13.3.8 The Company shall determine the pro-rata shares of Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity assignable to a Supplier on behalf of a Customer as the product of the Customer's TCQ times the applicable Capacity Allocators. The Capacity Allocators for each class of Customers billed under the Company's Schedule of Rates shall be set forth annually in Appendix A to these Terms and Conditions.
- 13.3.9 The Company shall determine the pro-rata share of Underground Storage Capacity assignable to a Supplier on behalf of a Customer consistent with the tariffs governing the associated Underground Storage Withdrawal Capacity.
- 13.3.10 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Section 16.0 of these Terms and Conditions.
- 13.4 Capacity Assignments
- 13.4.1 On each Assignment Date, the Company will assign to the Supplier the pro-rata shares of Capacity on behalf of each Customer as determined by the Company in accordance with Sections 13.2, 13.3 and 13.7.
- (1) The total amount of Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall, subject to the provisions of Section 13.4.2, be equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity for all Customers enrolled in said Aggregation Pool as of five (5) Business Days prior to the Assignment Date.
 - (2) Whenever the Company assigns incremental Underground Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Underground Storage Capacity pursuant to Section 13.8.

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- (3) The Peaking Capacity assigned to the Supplier shall establish the MDPQ for the Aggregation Pool in the Supplier's Service Agreement. In the event that the Company increases a Supplier's MDPQ, the Company shall also assign to that Supplier additional Peaking Supply pursuant to Section 16.0.

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- 13.4.2 Except for the assignment of the initial block of capacity, the Company shall execute capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of 200 MMBtus of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity to be assigned to the Supplier pursuant to Section 13.4.1 is equal to or greater than 150 MMBtus. The Supplier shall accept additional increments of Capacity in blocks of 200 MMBtus on the following Assignment Dates commensurate with any cumulative increase in the sum of pro-rata shares of Capacity assignable to the Supplier that are equal to or greater than 150 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assignable Capacity as established in accordance with Section 13.4.1.
- 13.4.3 The Supplier shall accept, on behalf of any Customer taking Daily-Metered Distribution Service pursuant to Section 11.0 of these Terms and Conditions, and not combined by the Supplier into an Aggregation Pool under Section 24.6, the assignment of Capacity in the amount equal to the Customer's TCQ, as established pursuant to Section 13.3. Daily-Metered Customers shall be eligible for assignment of Capacity pursuant to the provisions of Section 13.4.2 to the extent that such Customers are combined by a Supplier into an Aggregation Pool within a designated Gas Service Area. In the event that a Customer is acting as its own Supplier, the Company shall assign Capacity to the Customer in an amount equal to the Customer's TCQ, as established pursuant to Section 13.3. In no case, shall a Customer who is acting as its own Supplier be eligible for the assignment of Capacity pursuant to the provisions of Section 13.4.2.
- 13.5 Release of Contracts
- 13.5.1 With the exception of Company-Managed Supplies, capacity contracts shall be released by the Company to the Supplier, at the maximum tariff rate or lesser rate paid by the Company and including all surcharges, through pre-arranged capacity releases, pursuant to applicable laws and regulations and the terms of the governing tariffs. In lieu of such capacity release, the Supplier may authorize the Company to retain the capacity for

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management and cost mitigation under the Company's Capacity Mitigation Service pursuant to Section 13.11 of these Terms and Conditions.

13.5.2 Capacity contracts released to a Supplier on an Assignment Date shall be released for a term beginning on the first day of the Month following the Assignment Date through the termination date of the respective capacity contract being assigned.

13.5.3 The Company reserves the right to adjust releases of Underground Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Underground Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but not be limited to, the reassignment of certain Underground Storage Capacity and Underground Storage Withdrawal Capacity as Company-Managed Supplies in order for the Company to maintain operational control over capacity resources associated with system balancing, and/or the retention of specific capacity resources associated with system balancing and the implementation of a balancing charge to offset the associated costs.

In order to provide notice of the potential for such an adjustment, the Company will post information regarding its customer-migration statistics each September 1, including the percentage of Underground Storage Withdrawal Capacity assigned to Suppliers in accordance with this section. To the extent that the Company determines that such adjustment is necessary, based on the level of capacity assigned to Suppliers, the Company shall notify Suppliers of the terms of the proposed adjustment no later than 90 days prior to the implementation of such adjustment.

13.6 Annual Reassignment of Capacity

13.6.1 On each Annual Reassignment Date, the Company shall adjust the capacity assignments previously made to a Supplier to conform with the Company's resource and requirements plans. Such previously assigned Capacity shall be replaced by the assignment to the Supplier of the pro-rata shares of the same or similarly situated Capacity on behalf of the Customers enrolled in the Supplier's Aggregation Pools (as of the first day of the Month following the Annual Reassignment Date).

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- 13.6.2 If the reassignment of Underground Storage Withdrawal Capacity requires adjustments to the Underground Storage Capacity previously assigned to a Supplier, the Company shall reassign Underground Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to inventories in place pursuant to Section 13.8 of these Terms and Conditions.
- 13.6.3 If the reassignment of Peaking Capacity is required by adjustments to the MDPQ for the Supplier's Aggregation Pool, the Company shall reassign Peaking Supply to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to supplies pursuant to Section 16.0 of these Terms and Conditions.
- 13.7 Recall of Capacity
- 13.7.1 If the pro-rata shares of Capacity assignable to a Supplier declines because one or more of the Supplier's Customers has returned to Default Service, the Company shall have the right, but not the obligation, to recall from the Supplier the pro-rata shares of Capacity previously assigned to the Supplier on behalf of such Customers. The decision on whether to exercise its capacity-recall rights shall be made by the Company in its sole reasonable discretion subject to the conditions set forth in Section 13.7.2. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the first Assignment Date following the effective date of the Customer's return to Default Service.
- If the Company elects to recall Underground Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Underground Storage Capacity associated with the affected Aggregation Pool in accordance with Section 13.8 of these Terms and Conditions. If the Company elects to reduce the MDPQ in the Supplier Service Agreement, the Company shall reduce the Peaking Supply associated with the affected Aggregation Pool in accordance with Section 16.0 of these Terms and Conditions.
- 13.7.2 The Company shall, in its sole reasonable discretion, determine whether to exercise its capacity-recall rights pursuant to Section 13.7.1, except in the following circumstances, where the Company shall recall capacity associated with Customers returning to Default

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Service at the time of the next Assignment Date in accordance with the provisions of Section 24.5 of these Terms and Conditions:

- (1) The Supplier returning said Customers to the Company's Default Service certifies that it is ceasing all business operations in Massachusetts;
- (2) The Supplier returning said Customers to the Company's Default Service certifies that it will no longer offer service to a particular market sector, *i.e.*, residential, small commercial and industrial ("C&I"), medium C&I, and/or large C&I Customers, and therefore, once such Customers are returned to Default Service, the Supplier is not eligible to re-enroll Customers of that type for a minimum time period of one year;
- (3) The Supplier demonstrates that it has provided Supplier Service to the Customer for at least 12 consecutive months and that the Capacity to be recalled by the Company has been held by the Supplier, on behalf of the Customer, for a period equal to the sum of one or more 12-month increments. Except that, the Company will recall capacity associated with a Customer who converted from Default Service to receiving only Distribution Service during the period between November 1, 1999 and March 31, 2000, and was assigned Capacity pursuant to sections 13.3 and 13.4 as of November 1, 2000.
- (4) To the extent that the return of Customers to Default Service does not occur pursuant to the conditions set forth in Sections 13.7.2(1), (2) or (3), the Company's discretion to recall Capacity shall be exercised so as to preclude the inappropriate avoidance of Capacity-cost responsibility, while minimizing the potential for inhibiting the routine enrollment, switching and termination of Customers from Supplier Service to Default Service.

13.7.3 In the event that a Customer in a Supplier's Aggregation Pool switches to another Supplier, the Company shall recall from the former Supplier said Customer's pro-rata shares of Capacity for reassignment to the new Supplier pursuant to Section 13.4. There shall be no change in the Customer's TCQ used to determine the Customer's pro-rata shares of Capacity for reassignment to the new Supplier. The recall of such Capacity

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from the Customer's former Supplier and the assignment of Capacity to the new Supplier shall be made on the Assignment Date following the effective date of the Customer's switch in Suppliers.

If the Company recalls Underground Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Underground Storage Capacity associated with the affected Aggregation Pool in accordance with Section 13.8 of these Terms and Conditions. If the Company reduces the MDPQ in the Customer's former Supplier's Service Agreement, the Company shall also reduce the Peaking Supply associated with the affected Aggregation Pool in accordance with Section 16.0 of these Terms and Conditions.

- 13.7.4 The recall of Capacity by the Company shall entail the recall of released contracts pursuant to governing tariffs, and/or the reduction in assigned quantities set forth in the Supplier's Service Agreement. The recall of Capacity shall be executed in decrements of 200 MMBtus, commensurate with the cumulative reduction in the pro-rata shares of Capacity assignable to the Supplier that is equal to or greater than 150 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.
- 13.7.5 In the event that a Supplier is declared ineligible to nominate Gas for thirty (30) days pursuant to Sections 11.6.6 or 12.6.3 of these Terms and Conditions, the Company shall have the right to recall any or all Capacity assigned to said Supplier. If the Supplier is reinstated at the end of such 30-day period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Section 13.4. There shall be no change in the TCQ values used to determine the Supplier's Customers' pro-rata shares of Capacity for reassignment.
- 13.7.6 In the event that a Supplier is disqualified from service for one (1) full year pursuant to Sections 11.6.6 or 12.6.3 of these Terms and Conditions, the Company shall recall any or all Capacity assigned to said Supplier. If the Supplier is reinstated at the end of such period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Sections 13.4 and 13.5.

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- 13.7.7 In the event that the Supplier fails to meet the applicable registration and certification requirements established by law or regulation, fails to satisfy the requirements and practices as set forth in Section 24.3 of these Terms and Conditions, fails to be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign capacity, fails to make timely payment under the assigned contracts, or fails to comply with or perform any of the obligations on its part established in these Terms and Conditions or in the Supplier Service Agreement, the Company shall have the right to recall permanently any or all Capacity assigned to said Supplier. This section shall also apply to a Customer acting as its own Supplier.
- 13.7.8 The Supplier shall forfeit its rights to Capacity recalled by the Company pursuant to this section. Such forfeiture shall be effected in accordance with applicable laws and regulations and the governing tariffs. In the event of capacity forfeiture pursuant to this Section, the Supplier shall be responsible to compensate the Company for any payments due under the contracts prior to forfeiture, as well as any interest due thereon. The Company will not exercise discretion in the application of the forfeiture provisions of this Section. This section shall also apply to a Customer acting as its own Supplier.

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- 13.8 Underground Storage Capacity
- 13.8.1 On each Assignment Date, the Company shall release Underground Storage Capacity to a Supplier that accepts the assignment of Underground Storage Withdrawal Capacity pursuant to Section 13.4. The Company shall assign such Underground Storage Capacity consistent with the tariffs governing the release of the associated Underground Storage Withdrawal Capacity.
- 13.8.2 If the Company assigns Underground Storage Capacity to a Supplier pursuant to Section 13.8.1 above, the Company shall transfer in-place gas inventories to the Supplier. For incremental assignments, the quantity of incremental inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Underground Storage Capacity assigned to the Supplier on the Assignment Date, times the applicable Storage Inventory Percentage described in Section 13.8.5. The Supplier shall be charged the Company's weighted average cost of inventories in off-system storage facilities for each Dekatherm transferred from the Company to the Supplier. The Company shall post the Company's weighted average cost of inventories, by Gas Service Area, on its Website by the 15th of the Month preceding the next Assignment Date.
- 13.8.3 In the event that the Company recalls Underground Storage Withdrawal Capacity from the Supplier pursuant to Section 13.7, the Company shall also recall Underground Storage Capacity from the Supplier. The Company shall determine the total Underground Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Underground Storage Withdrawal Capacity returned to the Company.
- 13.8.4 If the Company recalls Underground Storage Capacity from a Supplier pursuant to Section 13.8.3, the Supplier shall transfer in-place gas inventories to the Company. The quantity of inventories to be transferred from the Supplier to the Company shall be determined by multiplying the decremental Underground Storage Capacity times the applicable Storage Inventory Percentage described in Section 13.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in the off-system storage facilities serving the applicable Aggregation Pool as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall post

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the Company's weighted average cost of inventories, by Gas Service Area, on its Website by the 15th of the Month preceding the next Assignment Date.

- 13.8.5 Underground Storage Inventory Percentages shall be the ratio of the unassigned inventory levels in each storage resource that exists on the Assignment Date and the maximum Underground Storage Capacity of each storage resource less any Underground Storage Capacity previously assigned.
13. 9 Company-Managed Supplies
13. 9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain capacity contracts, including Canadian, Section 7(c) and other contracts that are not assignable to third-parties.
13. 9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Sections 13.4 and 13.8.
13. 9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies.
13. 9.4 The Company shall invoice the Supplier for its pro-rata shares of the demand charges for capacity contracts assigned to the Supplier as Company-Managed Supplies. The Company shall also flow through to the Supplier all costs incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.
- 13.9.5 The Company shall nominate quantities to the Delivering Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned the Company-Managed Supply, provided that the requested nomination conforms to the tariffs governing the resource. The Supplier shall communicate its desired nomination quantities to the Company subject to the provisions in Sections 11.3 and 12.3 of these Terms and Conditions, unless earlier deadlines are required by the applicable contract terms.
- 13.10 Open-Season Capacity Assignments

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A Customer that was either receiving only Distribution Service from the Company on February 1, 1999, or had a written request filed with the Company on or before February 1, 1999 to receive only Distribution Service, may elect for its Supplier to accept the assignment of its pro-rata shares of Capacity as determined by the Company in accordance with Section 13.3. The Customer must have submitted to the Company, on or before the last day of the designated open season, a completed application for capacity that is signed by both the Customer and Supplier. All assignments of Capacity made on behalf of such electing Customer shall be executed in accordance with Sections 13.0 and 16.0 of these Terms and Conditions.

13.11 Capacity Mitigation Service

13.11.1 Capacity Mitigation Service is available to Suppliers that have been assigned capacity pursuant to Section 13.4 of these Terms and Conditions. Such Suppliers shall have the option to take Capacity Mitigation Service from the Company for contracts that would otherwise be released to the Supplier in accordance with Section 13.5 of these Terms and Conditions. Company-Managed Supplies and Peaking Capacity are excluded from the Capacity Mitigation Service.

13.11.2 Within five (5) Business Days prior to the Annual Reassignment Date, the Supplier must designate those contracts that would otherwise be released to the Supplier pursuant to Section 13.5, as contracts to be managed by the Company for cost mitigation in accordance with the Company's Capacity Mitigation Service. Such designation will be effective for the period November 1 through October 31. Such notice shall be communicated in accordance with the Supplier's Service Agreement.

13.11.3 The Supplier shall pay to the Company the maximum-tariff rate or lesser rate paid by the Company, including all surcharges, for the capacity contracts that are retained and managed by the Company. The Company shall bill the Supplier monthly for such charges.

13.11.4 The Company will market capacity contracts designated by Suppliers for mitigation through the Capacity Mitigation Service. The Supplier shall receive a credit on its bill

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for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from the marketing of such capacity contracts, less 15 percent, which will be retained by the Company in exchange for such contract management. Such credit shall be determined on a contract-specific basis at the end of each Month, and will be included in the bill sent to the Supplier in the following Month.

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14.0 BILLING AND SECURITY DEPOSITS

14.1 The Customer shall be responsible for all charges for service furnished by the Company under the Company's applicable rates as filed from time to time with the MDPU, from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Default Service.

14.2 The Company shall offer two billing service options to Customers taking Distribution Service: Standard Complete Billing Service and Standard Passthrough Billing Service. The Supplier shall inform the Company of the selected billing option in accordance with the provisions set forth in Section 24.5.

14.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Distribution Service and Supplier Service. The Company shall use the rates supplied by the Supplier to calculate the Supplier's portion of the single bill, and integrate this billing within a single mailing to the Customer. The Company may charge a fee to the Supplier for providing this billing service as approved by the MDPU.

The Supplier shall adhere to the customer classes and rate pricing structure as specified in the Company's current Schedule of Rates on file with and approved by the MDPU. The Company shall reasonably accommodate, at the Supplier's expense, different customer classes or rate structures as agreed to by the Company and the Supplier in the Supplier Service Agreement.

The Company shall provide an electronic file for the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current bill cycle. Customer revenue due the Supplier shall be transferred to the Supplier in accordance with the Supplier Service Agreement. Upon receipt of Customer payments, the Company shall provide a file for the Supplier summarizing all revenue from Supplier sales which have been received and recorded that day.

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If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Distribution Service, and if any payment remains, it shall be applied to Supplier Service.

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14.2.2 Standard Passthrough Billing Service

The Customer taking Distribution Service shall receive two (2) bills: the Company shall issue one bill for Distribution Service; and the Supplier shall issue a second bill for Supplier Service.

The Supplier shall be responsible for the collection of amounts due to the Supplier from the Customer. Customer payment responsibility with Competitive Suppliers shall be governed by the particular Customer/Competitive Supplier Contract.

Within three (3) Business Days following the end of the Customer's billing cycle, the Company shall provide an electronic file for the Supplier that will contain the Customer's usage being billed including the current and previous meter readings. The Company may charge a fee to the Supplier for providing the billing information described in this section as approved by the MDPU.

14.2.3 The Company shall print twelve (12) months' of historic usage data on the bill it issues to the Customer, in addition to the usage data for the current billing period.

14.2.4 Existing Company service fees, such as interest charges for unpaid balances and returned check charges, shall remain in effect and shall be assessed, as applicable, according to these Terms and Conditions.

14.3 The Company shall inform a Customer when Supplier Service has been initiated by a Supplier, along with information on how the Customer may file a complaint regarding an unauthorized initiation of Service. This information shall be included on the first bill rendered to the Customer after such initiation.

14.4 The Company shall schedule meter reads on a monthly or bimonthly cycle for billing purposes.

14.5 If the Customer receives Default Service or Non-Daily Metered Distribution Service pursuant to these Terms and Conditions and the applicable tariffs, the term billing month

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as used in the Schedule of Rates shall refer to the time period between two (2) consecutive regular monthly meter readings (or estimates of such monthly meter readings), the later of which occurs in the month to which reference is made, unless otherwise specifically stated within the Schedule of Rates. In the event that such time period is five (5) days greater or five (5) days less than thirty (30) days, billings will be appropriately adjusted by the Company.

- 14.6 The Company may, at its option, read meters and render bills on a bi-monthly basis to Customers in part or all of its service territory. When bills are rendered bi-monthly, the Company's Schedule of Rates will be applied in the following manner to compensate for such change:
- (1) The charge for the initial consumption block and the quantity of use in each block shall be multiplied by two.
 - (2) Monthly minimum charges, special equipment charges, demand charges and other additive charges contained in Schedule of Rates shall be multiplied by two.
 - (3) Where consumption blocks are increased based on equipment rating or capacity, such increases shall be multiplied by two.
- 14.7 The Company may render an estimated bill in the event that a regular meter reading cannot be obtained as normally scheduled. At the Company's option, Customers whose meters are scheduled to be read bi-monthly may be billed in each intervening billing month on an estimated basis. Estimated bills shall be payable when rendered.
- 14.8 Any Customer who would otherwise receive an estimated bill as provided above may elect to receive a bill based on actual meter readings by reading its meter at the time prescribed by the Company, recording the meter reading accurately on an appropriate form (which will be furnished by the Company upon request of the Customer) and immediately submitting the meter reading to the Company, or by such other means as arranged by the Company.

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- 14.9 The Customer shall be liable for all rates, charges and surcharges allowed for in the Schedule of Rates related to services provided to each Customer individually.
- 14.10 If the Company is unable to gain access to the Customer's premises to obtain actual meter reads for a non-residential account for more than three (3) billing months, the Company may install automatic meter reading devices, or relocate the meter to an outside location, at the Customer's expense. In the event that the Customer is receiving Supplier Service, the Company shall notify the Customer's Supplier of any change in the Customer's account number upon the change in meter device or location.
- 14.11 A Customer acting as its own Supplier will be subject to the billing and payment requirements in Section 24.8 of these Terms and Conditions.
- 14.12 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.
- 14.13 Unless otherwise specified, bills of the Company are payable when rendered (received) and may be paid at the office of the Company or at any authorized collector or agency. A Supplier may apply for authorization as a collector of Company bills in the Supplier Service Agreement. Bills shall be deemed rendered and other notices duly given, when delivered to the Customer personally or three (3) days following the date of mailing to the premises supplied or to the last known address of the Customer, or when left at either of such places.
- 14.14 Bills rendered to residential Customers on a billing month basis for which payment has not been received within 45 days from the date rendered or a period of time greater than has elapsed between the rendering of such bill and the rendering of the most recent previous bill, whichever period is greater, shall be considered past due.
- 14.15 Bills rendered to non-residential customers on a billing month basis for which payment has not been received by the Company within 25 days from the date thereof -- 55 days for bills rendered to the Commonwealth of Massachusetts, or any agency, city, town, county or political subdivision thereof-- shall be considered past due and bear interest as specified in Appendix B hereof on any unpaid balance from the date of the bill until the

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date of payment. The rate of interest shall be determined annually in accordance with the MDPU regulations at 220 C.M.R. 26.00 and shall become effective each year with February bills.

- 14.16 The Company may assess a Returned Check Fee as specified in Appendix B to any Customer whose check made payable to the Company is dishonored by any bank when presented for payment by the Company.
- 14.17 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 for any period of time, the amount of the bill of such Customer shall be estimated by the Company from available data. Such estimates shall be binding upon both the Company and the Customer of record, unless a Customer of record disputes such estimate by following the billing and termination procedures of the MDPU. Such billing and termination procedures appear on the reverse side of each bill rendered by the Company for gas service.
- 14.18 Subject to law and the applicable regulations of the MDPU, security deposits may be required from new non-residential accounts; or from non-residential accounts for service of a similar character at any location under any name if this service has been properly terminated during the last eighteen (18) months due to non-payment; or if a non-residential account has failed to pay at least two bills, not reasonably in dispute within forty-five (45) days from the date of receipt of each such bill during the same 18-month period.

The maximum amount of any security deposit required shall not exceed the equivalent of either: 1) two billing months' average Gas Usage; or 2) the Gas Usage for any one billing month, whichever is greater. The security deposit, plus any accrued interest not previously credited to the account shall be refunded without request if the Customer has paid all bills for Gas Usage for any twenty-four (24) month period from the date of deposit and without leaving such bills unpaid within forty-five (45) days of receipt.

Interest will be paid on all cash deposits held over six months at a rate equivalent to the rate paid on two-year United States Treasury notes for the preceding twelve (12) months

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ending December 31 of any year, or as otherwise determined by the MDPU. The Company may terminate a Customer's Distribution Service if the deposit is not made between ten (10) and fourteen (14) days time after it has been requested in writing.

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15.0 DEFAULT SERVICE

- 15.1 Default Service is the supply service provided by the Company for Customers not electing to subscribe to Supplier Service and shall be provided by the Company or its designated supplier in accordance with tariffs approved by the MDPU. Each Customer receiving Default Service shall receive one bill from the Company reflecting unbundled charges for services.
- 15.2 A Customer receiving Default Service on October 31, 2000 shall continue to receive Default Service unless the Customer elects to take gas supply service from a Supplier and until such time that Supplier Service is initiated for the Customer in accordance with Section 24.5 of these Terms and Conditions. If said Customer terminates Supplier Service, if a Supplier terminates service to said Customer, or if said Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Sections 11.6.5, 12.6.3, or 24.3 of these Terms and Conditions, the Company will provide Default Service to the Customer. Pursuant to Section 24.5 of these Terms and Conditions, the Company will initiate Default Service for the Customer and will provide Default Service to the Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.
- 15.3 Any Customer whose Supplier has been assigned Capacity on behalf of said Customer pursuant to Section 13.0 of these Terms and Conditions may elect to return to Default Service if no longer receiving Supplier Service from a Supplier. If necessary, the Company will initiate Default Service for the Customer pursuant to Section 24.5 of these Terms and Conditions, and will provide the Customer with Default Service until such time that Supplier Service is initiated for the Customer by a new Supplier. The Company will provide Default Service to said Customer up to a maximum daily level of Gas Usage not to exceed the Total Capacity Quantity (TCQ) of recallable capacity assigned to the Customer's former Supplier.
- 15.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Section 13.0 of these Terms and Conditions terminates Supplier Service to said Customer, the Customer may select another Supplier. If necessary, the Company will initiate Default Service for the Customer pursuant to Section 24.5 of these Terms

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and Conditions, and will provide the Customer with Default Service until such time that Supplier Service is initiated for the Customer by a new Supplier. The Company will provide Default Service to said Customer up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable capacity assigned to the Customer's former Supplier.

- 15.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Section 13.0 of these Terms and Conditions becomes ineligible to serve said Customer pursuant to Sections 11.6.5, 12.6.3, or 24.3 of these Terms and Conditions, the Company will provide the Customer with Default Service up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable capacity assigned to the Customer's Supplier.
- 15.6 The Company shall be under no obligation to provide Default Service to a Customer at a maximum daily level in excess of the TCQ of recallable capacity assigned to a Supplier on behalf of said Customer. The Company may elect to provide Default Service to such Customer if, and to the extent that, adequate system capacity and supplies are available and upon the same terms and subject to the same conditions as any new Customer seeking to take Default Service.

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16.0 PEAKING SERVICE

16.1 Availability

Peaking Service is available to all Suppliers providing Supplier Service to a Customer or Customers taking Daily-Metered or Non-Daily Metered Distribution Service from the Company pursuant to Section 11.0 or 12.0, respectively, of these Terms and Conditions. Section 16.0 shall also apply, to the extent noted herein, to any Customer acting as its own Supplier and taking Daily-Metered or Non-Daily Metered Distribution Service from the Company. The Company will assign and the Supplier shall accept each Customer's pro-rata shares of Capacity, if any, as established in accordance with this Section.

16.2 Character of Service

16.2.1 Peaking Service shall be provided by the Company subject to an executed Supplier Service Agreement that sets forth the Maximum Daily Peaking Quantity (MDPQ) and the assigned Peaking Supply for each of the Supplier's Aggregation Pools.

16.2.2 The Company shall provide quantities of Gas, at the Supplier's request, from the Supplier's Peaking Service Account as established in accordance with Section 16.4. Such quantities shall be deemed delivered by the Company and received by the Company at the Designated Receipt Point(s) for the Aggregation Pool. Peaking Service shall be firm and available to the Supplier each Gas Day in accordance with the balance of the Supplier's Peaking Service Account and the parameters of the Company's Peaking Service Rule Curve.

16.3 Peaking Service Rate Components

16.3.1 The applicable rates for Peaking Service shall be established in the Company's tariffs as approved by the MDPU. The Supplier shall pay a peaking-demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company over the six months of the Peak Season. Such unit-demand charge shall be equal to the total capacity costs and other fixed costs associated with the Company's peaking resources, excluding such costs

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that are collected through distribution rates, divided by the estimated peaking resources needed to meet the Company's total system Peak-Day requirement.

- 16.3.2 The Supplier shall pay a commodity charge equal to the weighted average cost of peaking supplies plus fuel retention and carrying charges. The Company shall post the Company's weighted average cost of peaking supplies on its Website by the 15th of the Month preceding the next Assignment Date. The commodity charge will be multiplied by the volumes of Peaking Service gas nominated by the Supplier during each Month.
- 16.4 Peaking Supply
- 16.4.1 The Customer's portion of the Peaking Supply that shall be assigned to the Supplier on behalf of the Customer shall be equal to the Peaking Supply multiplied by the ratio of the Customer's MDPQ to the aggregate MDPQ of the total system.
- 16.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Section 13.4. If the Company assigns incremental Peaking Supply to a Supplier, the Company shall credit the balance of the Supplier's Peaking Service Account for volumes available through October 31 in accordance with the Peaking Service Rule Curve as set forth on the Company's Website. The amount credited to the Supplier's Peaking Service Account shall be determined by multiplying the incremental Peaking Supply by the Peaking Inventory Percentage described in Section 16.4.5.
- 16.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Section 13.7. The Company shall determine the Supplier's total Peaking Supply for recall to be equal to the difference between the cumulative total Peaking Supply assigned to the Supplier as of the previous Assignment Date and the total Peaking Supply that is assignable to the Supplier in accordance with Section 16.4.1 above.
- 16.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Section 16.4.3, the Company shall debit the balance of the Supplier's Peaking Service Account for volumes available through October 31 in accordance with the Peaking Service Rule Curve as set

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forth on the Company's Website. The amount debited from the Supplier's Peaking Service Account shall be determined by multiplying the decremental Peaking Supply by the Peaking Inventory Percentage described in Section 16.4.5.

- 16.4.5 The Peaking Inventory Percentage shall represent the level of Peaking Supply assumed to be available to a Supplier in its Peaking Service Account as of the first day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply. Each September, the Company shall post on its Website the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking Supply assignments executed on each of the twelve Assignment Dates beginning in October.
- 16.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal to the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first day of the Month following the Annual Reassignment Date) as determined in accordance with Section 16.4.1 above.
- 16.5 Nomination of Peaking Service
- 16.5.1 The Supplier shall nominate to the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Section 16.4.2 that the Supplier desires to be provided from its Peaking Service Account for the applicable Day. For an Aggregation Pool of Customers taking Daily Metered Distribution Service, the notice given by the Supplier to the Company for an applicable Day shall be made in accordance with Section 11.3 of these Terms and Conditions. For an Aggregation Pool of Customers taking Non-Daily Metered Distribution Service, the notice given by the Supplier to the Company for an applicable Day shall be made in accordance with Section 12.3 of these Terms and Conditions.
- 16.5.2 In response to a valid nomination for Peaking Service, the Company shall provide the requested quantity of Gas which shall be deemed to be delivered by the Company and received by the Company at the Designated Receipt Point(s) of the Supplier's Aggregation Pool, subject to the limitations herein. Nominated quantities shall be included in the determination of receipts at the Designated Receipt Point(s) for the

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Supplier's Aggregation Pool which factors into the daily balancing provisions set forth in these Terms and Conditions.

16.5.3 The Company may reject a Supplier's nomination for Peaking Service if the nominated quantity would cause the balance of the Supplier's Peaking Service Account to fall to a level that is 10% or more below the minimum allowable account balance for the Month in which the nomination requested as computed in accordance with the Peaking Service Rule Curve. Under such circumstances, the Company shall require the Supplier to nominate the pipeline and/or storage resources, within the contract entitlements assigned to the Supplier under Section 13.0 hereof, required to maintain the Supplier's Peaking Service Account above the minimum allowable account balance described above. The balance of the Supplier's Peaking Service Account may not in any event fall below zero.

16.5.4 The Company shall provide Peaking Service supplies to the Supplier only when the volumes in the Peaking Service Account for the Aggregation Pool are greater than zero.

16.6 Peaking Service Critical Day Provisions

16.6.1 In the event that the volumes in a Supplier's Peaking Service Account for an Aggregation Pool are reduced to a level below the minimum allowable account balance as computed in accordance with the Company's Peaking Service Rule Curve, the Company may issue an OFO to such Supplier pursuant to Section 19.0 of these Terms and Conditions.

16.6.2 In the event that the total volumes of all Peaking Service Accounts within one or more of the Company's Gas Service Areas are reduced to levels below the total minimum allowable account balances as computed in accordance with the Company's Peaking Service Rule Curve, the Company may declare a Critical Day and issue a blanket OFO pursuant to Section 19.0 of these Terms and Conditions.

16.6.3 If, on a Critical Day, the Company projects, based on the Supplier's nominations, that the Supplier's scheduled deliveries to the Designated Receipt Points of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Delivering

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Pipeline, the Company may issue an OFO to the Supplier in accordance with Section 19.0 of these Terms and Conditions.

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17.0 INTERRUPTIBLE DISTRIBUTION SERVICE

17.1 Until such time that standardized terms and conditions for Interruptible Distribution Service are developed, the terms of customer-specific contracts shall be consistent with the Company's Distribution Service Terms and Conditions established herein.

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18.0 DISCONTINUANCE OF SERVICE

- 18.1 The Company may discontinue the supply of service and/or remove its equipment from the Customer's premises if the Customer fails to comply with the provisions of the Schedule of Rates or any supplementary or special agreement entered into with the Company, subject to any applicable billing and termination procedures of the MDPU. The Company may assess an Account Restoration Charge pursuant to Appendix B of these Terms and Conditions upon such discontinuance of supply. Any such charge must be paid as a precondition to restoration of service.
- 18.2 Whenever the Company reasonably determines that a Customer is diverting and/or stealing service, the Company may discontinue its service to such Customer and remove the meter.
- 18.3 The Company shall notify a Customer's Supplier of record that it has initiated any applicable billing and termination procedures of the MDPU. In the event that the Company discontinues Distribution Service to a Customer in accordance with the provisions set forth above, the Company shall provide electronic notification to the Customer's Supplier of record upon final billing to the Customer. The Company shall not be liable for any revenue loss to the Supplier as a result of any such disconnection.

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19.0 OPERATIONAL FLOW ORDERS AND CRITICAL DAYS

- 19.1 In the event of a material and significant threat to the operational integrity of the Company's system, the Company may declare a Critical Day.
- 19.2 Circumstances constituting a threat to the operational integrity of the system that may cause the Company to declare a Critical Day shall include, but not be limited to: (1) a failure of the Company's distribution, storage or production facilities; (2) near-maximum utilization of the Company's distribution, storage, production, and supply resources; (3) inability to fulfill firm service obligations; and (4) issuance of an OFO or similar notice by upstream transporters. A Critical Day may not be declared on all or a portion of the system for the purpose of maintaining interruptible services on that portion of the system, but interruptible gas may flow at times or on portions of the system when such flow would not violate any operational control restrictions or provisions of this Tariff.
- 19.3 In the event that the Company has declared a Critical Day, the Company will have the right to issue an operational flow order ("OFO") in which the Company may instruct Suppliers to take such action as conditions require, including, but not limited to, diverting Gas to or from the Company's distribution system, within the contract entitlements, if any, assigned to the Supplier under Section 13.0 hereof. An OFO may be issued on a pipeline or point-specific basis. An OFO may be issued by the Company as a blanket order to all Suppliers, or to an individual Supplier whose action are determined by the Company to jeopardize system integrity. The Company may issue an OFO to an individual Supplier if the Company faces gas cost exposure in excess of daily cashout or imbalance penalty revenues as set forth in Sections 11.6 and 12.6 for any underdeliveries or overdeliveries caused by that Supplier.
- 19.4 The Company will provide the Supplier with as much notice as is reasonably practicable of the issuance and removal of a Critical Day or an OFO; under most circumstances, the Company intends to provide at least twenty-two (22) hours notice prior to the start of the Gas Day for the issuance of the Critical Day or OFO. Notification of the issuance and removal of a Critical Day or an OFO will be made on the Company's Website or by other means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers regarding any necessary change to the

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Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.

- 19.5 All quantities of Gas overdelivered or underdelivered to the Company's system in violation of an OFO will be subject to the Critical Day provisions of Sections 11.6 and 12.6 of these Terms and Conditions.

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20.0 FORCE MAJEURE AND LIMITATION OF LIABILITY

20.1 Neither the Company nor the Supplier will be liable for any act, omission, or circumstance occasioned by or in consequence of any event constituting Force Majeure, and unless it is otherwise expressly provided herein, the obligations of the Company and the Supplier then existing hereunder will be excused during the period thereof to the extent affected by such event of Force Majeure, provided that reasonable diligence is exercised to overcome such event. As used herein, Force Majeure will mean the inability of the Company or the Supplier to fulfill its contractual or regulatory obligations as a result of compliance by either party with an order, regulation, law, code or operating standard imposed by a governmental authority; by reason of any act of God or public enemy; by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, breakage or accident to machinery or pipeline (which breakage or accident is not the result of the Company's negligence or misconduct); by reason of any declaration of Force Majeure by upstream transporting pipelines; or by reason of any other cause, whether the kind enumerated herein or otherwise, not within the control of the party claiming Force Majeure and which by the exercise of reasonable diligence such party is unable to prevent or overcome. Notwithstanding the foregoing, the Customer's and the Supplier's obligation to make any payments required under the applicable tariff or by these Terms and Conditions will in no case be excused by an event of Force Majeure. Nor will a failure to settle or prevent any labor dispute or other controversy with employees or with anyone purporting or seeking to represent employees be considered to be a matter within the control of the party claiming excuse. The party claiming Force Majeure will, on request, provide the other party with a written explanation thereof, and of the remedy being undertaken.

20.2 The Company shall be liable only for direct damages resulting from the Company's conduct of business when the Company, its employees or agents have acted in a negligent or intentionally wrongful manner. In no event shall the Company be liable to any party for any indirect, consequential, 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.

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- 20.3 If the Company is unable to render firm Distribution Service to the Customer taking such service as contemplated by these Terms and Conditions as a result of Force Majeure, and such inability continues for a period of thirty (30) days, the Customer may provide written notice to the Company of its desire to terminate Distribution Service at the expiration of thirty (30) days from the Company's receipt of such notice, but no sooner than sixty (60) days following the outset of the Force Majeure. If the Company has not restored Distribution Service to the Customer at the end of such notice period, the Customer's Distribution Service will terminate and both parties will be released from further performance hereunder, except for obligations to pay sums due and owing as of the date of termination. In such event, a Customer taking firm Distribution Service pursuant to a Rate Schedule that includes distribution-service demand charges, shall be eligible for an adjustment to the billed demand charges or a reimbursement of paid demand charges on a pro-rated basis to match the period in which the Company is unable to render Distribution Service as a result of the Force Majeure.
- 20.4 Consistent with the provisions of Section 20.2 of these Terms and Conditions, the Company and the Supplier shall indemnify and hold the other and their respective affiliates, and the directors, officers, employees, and agents of each of them (collectively, "Affiliates") harmless from and against any and all losses, damages, costs (including reasonable attorney's fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "Liabilities"), resulting from claims of third parties to the extent that such claims arise from negligent acts or omissions or willful misconduct in connection with the performance of obligations under these Terms and Conditions. No party shall be entitled to indemnification or be held harmless where its own negligent acts or omissions contribute to or cause such damages, costs, fines, penalties or liabilities.

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21.0 CURTAILMENT

- 21.1 Whenever the integrity of the Company's system or the gas supply of the Company's Customers taking firm Default Service or Distribution Service 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 reasonable 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 therefor in any respect. The Company will use efforts reasonable under the circumstances to overcome the cause of such curtailment, interruption or reduction and to resume full performance.
- 21.2 The Company shall post notice of curtailment as soon as practicable to the Suppliers of affected Customers via the Company's Website as identified in Section 23.0 or by alternative means as specified in the Supplier Service Agreement.
- 21.3 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.
- 21.4 If the Company is required to curtail or interrupt service due to capacity constraints, the Company's interruptible services shall have a priority subordinate to the Company's firm Distribution Service and Default Service Customers.
- 21.5 In any case where the Company determines in its judgment that a curtailment or interruption of firm services is necessary, the Company will curtail and/or interrupt Default Service and firm Distribution Service Customers on a nondiscriminatory basis consistent with the Company's curtailment policy or emergency plan, as is in effect and on file with the MDPU.

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- 21.6 In the event service to a Customer is terminated or curtailed due to a failure to have Gas delivered to the Designated Receipt Point, the affected Customer will take all reasonable action to return to the taking of Distribution Service as rapidly as practicable.

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22.0 TAXES

- 22.1 In the event a tax of any kind is imposed or removed by any governmental authority on the transportation of Gas or on the gross revenues derived from the transportation of Gas at retail (exclusive, however, of taxes based on the Company's net income), the rate for service herein stated will be adjusted to reflect said tax. Similarly, the effective rate for service hereunder will be adjusted to reflect any refund of imposition of any surcharges or penalties applicable to service hereunder which are imposed or authorized by any governmental or regulatory authorities.
- 22.2 The Customer will be responsible for all taxes or assessments that may now or hereafter be levied with respect to the Gas or the handling or subsequent disposition thereof after its delivery to the Delivery Point. However, if the Company is required by law to collect and/or remit such taxes, the Customer will reimburse the Company for all amounts so paid. If the Customer claims exemption from any such taxes, the Customer will provide 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.
- 22.3 The Supplier will be responsible for all production, severance, ad valorem or similar taxes levied on the production or transportation of the Gas before its delivery to the Designated Receipt Point. The Supplier will also be responsible for sales taxes imposed on Gas delivered for the Customer's account. However, if the Company is required by law to remit such taxes to the collecting authority, it will do so and invoice the Supplier for such taxes paid on the Supplier's behalf.

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23.0 COMMUNICATIONS

All communications called for between a Supplier and the Company shall be made through the Company's Internet Website ("Website") at <http://www.LDCWEBSITE.com>, or by other alternative means as agreed to by the Company and the Supplier in the Supplier Service Agreement. Communications using the Website or the alternative mode shall be binding.

The Company has the right to change its Website address and the alternative mode of communication and will notify the Supplier of such change. Such a change shall not require filing of these Terms and Conditions with the MDPU.

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24.0 SUPPLIER TERMS AND CONDITIONS

24.1 Applicability

The following Terms and Conditions shall apply to every registered Supplier authorized to do business within the Commonwealth of Massachusetts, and to every Customer doing business with said Suppliers.

24.2 Obligations of Parties

24.2.1 Customer

Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. The Customer must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Sections 24.2.3 and 24.3 below and who meets any applicable registration and licensing requirements established by law or regulation.

24.2.2 Company

The Company shall provide transportation of Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to Sections 11.0 or 12.0 of these Terms and Conditions and the applicable tariffs for firm and interruptible Distribution Service.

Pursuant to these Terms and Conditions and the Supplier Service Agreement, the Company shall offer Distribution Service, metering, billing, and information services for a Customer to purchase Supply Service from a Supplier, provided that the Supplier meets applicable registration and licensing requirements established by law or regulation. The Company is prohibited from providing these services to a Supplier that has not met applicable registration and licensing requirements established by law or regulation. In addition, the Company is prohibited from providing these services to a Supplier for a

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new Customer if the Supplier does not meet applicable registration and licensing requirements established by law or regulation.

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The Company will also:

- (1) Provide customer service and support, including call center functions, for services provided by the Company;
- (2) Respond to service interruptions, reported gas leaks, and to other customer safety calls;
- (3) Handle connections, curtailments, and terminations for services provided by the Company;
- (4) Read meters;
- (5) Submit bills to Customers for Distribution Service, and if contracted by the Supplier, for Supplier Service in accordance with Section 14.2.1;
- (6) Address billing inquiries for Distribution Service;
- (7) Answer general questions about Distribution Service;
- (8) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;
- (9) Provide to Customers, on request, a list of Suppliers that are qualified to operate on its system;
- (10) Arrange for or provide Default Service to the Customer at the request of the Customer in accordance with the Company's tariff; and,
- (11) Provide information regarding, at minimum, rate tariffs, billing cycles, capacity assignment methods, and consumption algorithms, on its Website or by alternate electronic means.

24.2.3 Supplier

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Each Supplier must meet the applicable registration and licensing requirements established by law or regulation.

The Supplier shall act on behalf of the Customer to acquire supplies and to deliver such supplies to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of the applicable tariff for Distribution Service.

The Supplier is responsible for enrolling customers pursuant to Section 24.5 of these Terms and Conditions.

The Supplier must request, complete and sign a Supplier Service Agreement to act as a Supplier on the Company's system, satisfy the Supplier requirements and practices as set forth in Section 24.3 of these Terms and Conditions, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign capacity, if any, under Section 13.0, and be and remain eligible to provide service to Customers in Massachusetts.

The Supplier is responsible for completing all transactions with the Company pursuant to Section 23.0, and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Section 24.5 and Appendix B.

24.3 **Supplier Requirements and Practices**

24.3.1 The Company shall have the right to establish reasonable financial and non-discriminatory credit standards for qualifying Suppliers. Accordingly, in order to serve Customers on the Company's system, the Supplier shall provide the Company, on a confidential basis, with audited balance sheet and other financial statements, such as annual reports to shareholders and 10-K reports, for the previous three (3) years, as well as two (2) trade and two (2) banking references. To the extent that such annual reports and 10-K reports are not publicly available, the Supplier shall provide the Company with a comparable list of all corporate affiliates, parent companies and subsidiaries. The Supplier shall also provide its most recent reports from credit reporting and bond rating

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agencies. The Supplier shall be subject to a credit investigation by the Company. The Company will review the Supplier's financial position periodically.

24.3.2 The Supplier shall also confirm in the Supplier Service Agreement that:

- (1) The Supplier is not operating under any chapter of bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any information creditors' committee agreement.
- (2) The Supplier is not aware of any change in business conditions which would cause a substantial deterioration in its financial conditions, a condition of insolvency, or the inability to exist as an ongoing business entity.
- (3) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and that the Supplier must have paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (4) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.
- (5) The Supplier's Massachusetts business advertising and marketing materials conform to all applicable Massachusetts state and federal laws and regulations.

24.3.3 In the event the Supplier has not demonstrated to the Company's satisfaction that it has met the Company's credit evaluation standards, the Company shall require the Supplier to provide one of the following at the Maximum Financial Liability as calculated below:

- (a) Advance deposit;
- (b) Letter of credit;
- (c) Surety bond;

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- (d) Financial guaranty from a parent company that meets the creditworthiness criteria.

The Company shall base the Supplier's Maximum Financial Liability as two (2) times the highest Month's aggregated Gas Usage of all Customers currently served by the Supplier at the highest Monthly Index in the preceding twenty-four (24) Months. This amount may be updated continuously, and at minimum, whenever the aggregated Gas Usage of all Customers served by the Supplier changes by more than 25%. The Supplier agrees that the Company has the right to access and apply the deposit, letter of credit or bond to any payment of any outstanding claims that the Company may have against the Supplier, including imbalance charges, cash-out charges, pipeline penalty charges, and other amounts owed to the Company, or to secure additional gas supplies, including payment of the cost of the gas supplies, the cost of transportation storage, gathering and other related costs incurred in bringing those gas supplies into the Company's system. The Supplier shall continue its obligation to maintain its financial security instrument until it has satisfied all of its outstanding claims of the Company. The Supplier's financial security as established above must be in place no later than five (5) Business Days prior to the first day of each calendar month in order for the Supplier to maintain its eligibility to provide service to Customers.

24.3.4 The Supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of gas supplies which it desires the Company to transport to its Customers, and that it has or will have entered into the necessary upstream transportation arrangements for the delivery of these gas supplies to the Designated Receipt Point.

24.3.5 The Supplier shall warrant to the Company that it has good title to or lawful possession of all Gas delivered to the Company at the Designated Receipt Point on behalf of the Supplier or the Supplier's Customers. The Supplier shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damage, costs, losses, taxes, and expenses arising from or out of any adverse legal claims of third parties to or against said gas supply.

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- 24.3.6 The Supplier shall be responsible for making all necessary arrangements and securing all required regulatory or governmental approvals, certificates or permits to enable Gas to be delivered to the Company's system.
- 24.3.7 By agreeing to provide service under these Terms and Conditions, the Supplier acknowledges that adherence to any applicable truth in advertising law is required. Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the Truth in Advertising Regulations, 940 C.M.R. 3.00 et seq.; 940 C.M.R. 6.00 et seq.; Federal Trade Commission Telemarketing Sales Rules, 16 C.F.R. Part 310; or the regulations promulgated pursuant to the Federal Trade Commission Act, 15 U.S.C. 45 (a) (1), may be suspended or disqualified from acting as a Supplier on the Company's system.
- 24.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in these Terms and Conditions or in the Supplier Service Agreement (e.g., but not limited to, failure to deliver Gas or late payment of bills rendered or failure to execute a capacity assignment), the Company maintains the right to terminate the Supplier's eligibility to act as a Supplier on the Company's system. Written notice of such an intent to terminate the Supplier's eligibility shall be given to both the Supplier and its Customers. Notification of the Supplier shall be via Registered U.S. Mail - Return Receipt Requested or other means of documented delivery. Upon issuance of such written notice, the Company shall have the right to terminate the Supplier's eligibility to act as a Supplier on the Company's system at the expiration of ten (10) days after the giving of such notice, unless within such ten (10) day period the Supplier shall remedy to the full satisfaction of the Company such failure. Termination of such Supplier eligibility for any such cause shall be a cumulative remedy as to the Company, and shall not release the Supplier from its obligation to make payment of any amount or amounts due or to become due from the Supplier to the Company under the Company's applicable tariffs. Customers whose Supplier's deliveries have been terminated will be placed on Default Service pursuant Section 15.0 of these Terms and Conditions.
- 24.4 Access to Usage History and Current Billing Information

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The Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier. Such authorization shall consist of (i) letter of authorization; (ii) third-party verification; or (iii) a customer-initiated call to an independent third-party, consistent with 220 C.M.R. § 11.05.

The Company shall be required to provide the most recent twelve (12) months' of a Customer's historic usage data to a Supplier, provided that the Supplier has received the appropriate authorization as set forth above. This information shall be provided in electronic form.

24.5 **Enrollment, Cancellation, and Termination of Supplier Service**

24.5.1 The Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to initiating Supplier Service to the Customer. Such authorization shall be in accordance with regulations established by the MDPU.

24.5.2 The Supplier must provide the Company with the following minimum information electronically in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Section 24.5 of these Terms and Conditions:

- (a) The Customer's name and current Authorization Number;
- (b) The name of the Supplier;
- (c) The Customer's billing option;
- (d) The type of change in Supplier Service (e.g., commencement of service, termination of service, or cancellation of service due to the rescission of an agreement with the Supplier by the Customer);
- (e) Type of Customer authorization for the change in service;

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(f) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's electronic enrollment request as provided by a Supplier is complete and accurate, and matches the Customer's account record. In the event that the enrollment request is incomplete, inaccurate, or does not match the Customer's account record, then the Company will electronically notify the Supplier so that the Supplier can resolve any discrepancies. The Supplier shall not submit an electronic enrollment request until any applicable right of rescission has lapsed.

- 24.5.3 A change in Supplier Service will normally be made on a monthly metering and billing cycle basis, with changes taking effect on the date of the Customer's next scheduled meter read. Enrollment forms must be transmitted no less than ten (10) Business Days prior to the Customer's next scheduled meter read. If more than one Supplier submits a Supplier Service transaction for a given Customer during the monthly billing cycle, the first transaction that is received during the cycle shall be accepted. All other transactions shall be rejected. Rejected transactions may be resubmitted after the Customer's next scheduled meter read.
- 24.5.4 If the Supplier submits information to the Company to terminate Supplier Service to a Customer less than ten (10) days before the next scheduled meter read, Supplier Service shall be terminated on the date of the Customer's subsequent scheduled meter read. The Company shall electronically confirm the termination date for Supplier Service.
- 24.5.5 To terminate Supplier Service with a Supplier and to initiate Default Service, a Customer shall so inform the Company and the Supplier. For residential customers, Supplier Service shall be terminated within two (2) Business Days following the date that the Customer informs the Company; for all other customers, Supplier Service shall be terminated on the date of the Customer's next scheduled meter read provided that the Company receives notice of such termination no less than 10 days in advance of the next scheduled meter read. Where such notice is received by the Company in less than 10 days in advance of the next scheduled read, the termination shall be effective as of the date of the following scheduled read. The Company shall send the Customer's termination date for Supplier Service to the Supplier.

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- 24.5.6 In those instances when a Customer who is receiving Supplier Service from an existing Supplier initiates such service with a new Supplier, the Company shall send the date for Customer's change in Supplier Service to the existing Supplier.
- 24.5.7 A Customer who moves within the Company's service territory shall have the opportunity to notify its existing Supplier that it seeks to continue Supplier Service with said Supplier. Upon such notification, the Supplier may enroll the Customer pursuant to the provisions set forth in this section in order to initiate Supplier Service for the Customer at the new location. The Company shall make the necessary adjustments to the Supplier's affected Aggregation Pools, including but not limited to, changes to Designated Receipt Points, and quantities of capacity for assignment, if any, pursuant to these Terms and Conditions and the Supplier's Service Agreement with the Company. In the event that the existing Supplier does not enroll the Customer for Supplier Service at the new location, the Company shall arrange for or provide Default Service to the Customer.
- 24.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's existing Supplier must enroll the Customer pursuant to the provisions set forth in this section in order to initiate Supplier Service for the Customer. Otherwise, the Customer shall receive Default Service in accordance with Section 15.0.
- 24.5.9 The Company may charge fees to the Supplier for processing the transactions described in this section, as approved by the MDPU. These fees are included in Appendix B.
- 24.6 Aggregation Pools
- 24.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Distribution Service of the respective Customers. Customers receiving non-daily metered Distribution Service from the Company must be aggregated in a separate pool from Customers subscribing to daily-metered service.

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- 24.6.2. Within the Company's designated Service Area, all non-daily metered Customers served by a Supplier shall be aggregated by the Company into a single Aggregation Pool pursuant to Section 12.0 of these Terms and Conditions and the applicable tariffs.
- 24.6.3 Daily metered Customers taking Distribution Service pursuant to Section 11.0 of these Terms and Conditions and the applicable tariffs can be combined by a Supplier into a single Aggregation Pool within the Company's designated Service Area.
- 24.6.4 A separate Supplier Account will be established for each Supplier Aggregation Pool.
- 24.6.5 The election of any service from the Company by the Supplier shall apply to the entire Aggregation Pool and not just an individual customer in the Aggregation Pool.
- 24.6.6 The Company may charge a monthly fee to the Supplier for each Aggregation Pool pursuant to Appendix B.
- 24.7 Imbalance Trading
- 24.7.1 Prior to the imposition of imbalance charges, the Supplier may engage in trading daily and monthly imbalances for the previous Month, provided that Daily imbalance trades are communicated to the Company within three (3) Business Days upon the Company's provision of information on Supplier imbalances for said Month.
- 24.7.2 The Company will make available a list of Suppliers by Gas Service Area making deliveries during the previous Month.
- 24.7.3 Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Section 4.0, unless waived by the Company.
- 24.7.4 Daily imbalance trades must be point-specific on those days when the Delivering Pipeline required the Company to balance on a point-specific basis.
- 24.8 Billing and Payment

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By the tenth (10th) Business Day of the calendar month, the Company shall render to the Supplier a statement of the quantities delivered and amounts owed by the Supplier for the prior Month. The Company will provide Suppliers with their Customers' consumption data based on estimated or actual meter readings at the appropriate cycle read dates for each Customer in the Aggregation Pool pursuant to Section 14.0 of these Terms and Conditions. This data will be provided electronically on a rolling basis as readings or estimates are made.

Calculation of the charges applicable to the Aggregation Pool will be based on aggregated Gas Usage and other such indicators of all Customers in the Aggregation Pool. Billing for charges applicable to an Aggregation Pool, including but not limited to imbalance charges, credits or penalties, shall be billed to the Supplier on a calendar month basis.

The Supplier shall have ten (10) Business Days from the date of such statement to render payment to the Company. The Supplier shall render payment by means of electronic funds transfer to the Company. The late payment rate, as calculated pursuant to 220 C.M.R. 26.10, will apply to all amounts outstanding after ten days.

If the correctness of the Company's bill to the Supplier is questioned or disputed by the Supplier, an explanation should be promptly requested from the Company. If the bill is determined to be incorrect, the Company shall issue a corrected bill. In the event that the Supplier and the Company fail to agree on the amount of the bill, the Supplier shall follow the billing and termination procedures of the MDPU.

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25.0 CUSTOMER DESIGNATED REPRESENTATIVE

- 25.1 The Customer may appoint a Supplier as a Designated Representative to satisfy or undertake the Customer's following transportation duties and obligations: submitting and/or receiving notices on behalf of a Customer; making nominations on behalf of a Customer; arranging for trades of imbalances on behalf of a Customer as permitted under these Terms and Conditions; and, performing operational and transportation-related administrative tasks on behalf of a Customer as permitted by the Company. Under no circumstances will the appointment of a Designated Representative relieve a Customer of the responsibility to make full and timely payment to the Company for all Distribution Service provided under these Terms and Conditions.
- 25.2 A request by the Supplier to the Company that contains the Customer's account number and the type of Customer authorization obtained in accordance with MDPU regulations pursuant to Section 24.5 of these Terms and Conditions will be deemed to be confirmation that the Customer has designated the Supplier as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.
- 25.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Distribution Service which is provided by the Designated Representative. All such information shall be deemed to have been provided by the Customer. Similarly, any notice or other information provided by the Company to the Designated Representative concerning the provision of Distribution Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any information concerning Distribution Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.
- 25.4 The Customer shall agree to indemnify the Company and hold it harmless from any liability (including reasonable legal fees and expenses) that the Company incurs as a result of the Designated Representative's negligence or willful misconduct in its performance of agency functions on the Customer's behalf.

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APPENDIX A
Capacity Allocators

		% of Peak Day Requirement			
		Pipeline	Storage	Peaking	Total
Residential General	R-1, R-2	54.82%	12.92%	32.26%	100.0%
Residential Heating	R-3, R-4	43.97%	16.02%	40.01%	100.0%
C&I Small LLF	G-41	41.80%	16.64%	40.56%	100.0%
C&I Medium LLF	G-42	42.76%	16.36%	40.88%	100.0%
C&I Large LLF	G-43	41.60%	16.70%	41.71%	100.0%
C&I Small HLF	G-51	59.98%	11.44%	28.58%	100.0%
C&I Medium HLF	G-52	56.10%	12.55%	31.35%	100.0%
C&I Large HLF	G-53	79.50%	5.869%	14.64%	100.0%
Non-Exempt Transportation					
Residential Heating	T-3	43.97%	16.02%	40.01%	100.0%
C&I Small LLF	T-41	41.80%	16.64%	40.56%	100.0%
C&I Medium LLF	T-42	42.76%	16.36%	40.88%	100.0%
C&I Large LLF	T-43	41.60%	16.70%	41.71%	100.0%
C&I Small HLF	T-51	59.98%	11.44%	28.58%	100.0%
C&I Medium HLF	T-52	56.10%	12.55%	31.35%	100.0%
C&I Large HLF	T-53	79.50%	5.869%	14.64%	100.0%
High Load Factor		62.53%	10.71%	26.76%	100.0%
Low Load Factor		43.51%	16.15%	40.34%	100.0%

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		% of Total Capacity Pipeline	Storage	Peaking
Residential General	R-1, R-2	0.61%	0.40%	0.40%
Residential Heating	R-3, R-4	66.62%	68.41%	68.41%
C&I Small LLF	G-41	9.84%	11.04%	11.04%
C&I Medium LLF	G-42	14.50%	15.64%	15.64%
C&I Large LLF	G-43	0.84%	0.95%	0.95%
C&I Small HLF	G-51	1.39%	0.75%	0.75%
C&I Medium HLF	G-52	3.59%	2.27%	2.27%
C&I Large HLF	G-53	2.61%	0.54%	0.54%
Non-Exempt Transportation				
Residential Heating	T-3	0.3%	68.41%	68.41%
C&I Small LLF	T-41	0.5%	11.04%	11.04%
C&I Medium LLF	T-42	6.4%	15.64%	15.64%
C&I Large LLF	T-43	0.2%	0.95%	0.95%
C&I Small HLF	T-51	0.0%	0.75%	0.75%
C&I Medium HLF	T-52	0.4%	2.27%	2.27%
C&I Large HLF	T-53	0.9%	0.54%	0.54%
Total		100.0%	100.0%	100.0%

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APPENDIX B

Schedule of Administrative Fees and Charges

Customer Fees & Charges

Interest Charge on Past-Due Bills	Variable Rate [1]
Returned Check Fee	\$ 10.00
Account Restoration Charge	\$ 10.00

Supplier Fees & Charges

Aggregation Pool Fee (Section 24.6.6)	TBD
Customer Cancellation and Termination Fee (Section 24.5.9)	TBD
Customer Enrollment Fee (Section 24.5.9)	TBD
Late Payment Charge (Section 24.8)	Variable Rate [1]
Standard Complete Billing Service Fee (Section 14.2.1)	TBD
Standard Passthrough Billing Service Fee Section 14.2.2)	TBD

[1] Calculated annually in accordance with the MDPU regulations at 220 C.M.R. 26.00.

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