

**NEW HAMPSHIRE GAS CORPORATION**

**DG 10-249**

**Supplemental Testimony of Jennifer Boucher**

1 **Q. Please state your name, employer and business address.**

2 A. My name is Jennifer Boucher. I am employed by The Berkshire Gas Company  
3 (“Berkshire”) and my business address is 115 Cheshire Rd., Pittsfield, MA 01201.  
4

5 **Q. What is your position?**

6 A. I am the Manager - Regulatory Economics for Berkshire.  
7

8 **Q. Have you previously submitted testimony in this proceeding?**

9 A. Yes. On September 15, 2010, I submitted testimony in support of New  
10 Hampshire Gas Company’s (“NHGC”) cost of gas (“COG”) rates for the winter  
11 period, November 1, 2010 through April 30, 2011.  
12

13 **Q. What is the purpose of your supplemental testimony in this proceeding?**

14 A. The purpose of my supplemental testimony is to request that the Commission  
15 allow the Company to suspend its Fixed Price Option (“FPO”) Program for the  
16 2010-2011 winter COG period as a result of an embargo at the Selkirk, NY  
17 terminal of the Enterprise TE Products Pipeline Company LLC (“Enterprise TE”).  
18

19 **Q. Please describe the embargo affecting the Selkirk terminal.**

20 A. The Company understands that a propane leak occurred on the Enterprise TE  
21 pipeline on August 27, 2010 in Gilboa, New York. Since that time, a 100+ mile  
22 segment of the pipeline has been shut down pursuant to corrective action  
23 requirements outlined in the Pipeline and Hazardous Materials Safety  
24 Administration (“PHMSA”) Corrective Action Order. Subsequently, on  
25 September 22, 2010 a representative of Enterprise TE conveyed the following  
26 information:  
27

1           *We are working diligently to safely bring the pipeline segment downstream of*  
2           *Watkins Glen back to service. Unfortunately, we anticipate it will take*  
3           *longer than 8 weeks to complete the corrective action requirements outlined*  
4           *in the PHMSA Corrective Action Order (the "CAO"). Moreover, while we*  
5           *hope to expedite the resumption of service, there is a chance that the pipeline*  
6           *segment could be down into the upcoming heating season. As you know, this*  
7           *will affect the Harford Mills, Oneonta, and Selkirk terminals. We are meeting*  
8           *with PHMSA representatives next week to discuss the CAO. Thereafter, we*  
9           *will provide an updated estimate concerning the time required to bring the*  
10           *pipeline segment back to service.*

11  
12           Subsequently, on September 24, 2010 Enterprise TE filed a "Notice of Embargo"  
13           tariff with the Federal Energy Regulatory Commission, a copy of which is  
14           provided as Attachment A. The notice states:

15  
16           *As of September 3, 2010, Enterprise TE Products Pipeline Company LLC*  
17           *("Enterprise TE") FERC Tariff No. [W]49 54.0.0 is under temporary*  
18           *embargo for specific pipeline movements. The pipeline system is out of*  
19           *service at the Harford Mills, Oneonta, and Selkirk, New York terminals*  
20           *due to a required shut down. This temporary embargo is effective until*  
21           *Enterprise TE's return to service plan is approved by the Pipeline and*  
22           *Hazardous Materials Safety Administration. Accordingly, Enterprise TE*  
23           *requests that the temporary embargo remain in effect until a tariff filing is*  
24           *made which cancels the embargo and specifies the date that the pipeline is*  
25           *operational.*

26  
27           **Q. Please describe NHGC's FPO Program.**

28           A. NHGC first implemented an FPO Program in 2000 designed to provide a set price  
29           during the winter heating season for customers seeking price certainty. The  
30           original FPO plan was modified in 2001 to expand the program and change the  
31           FPO rate calculation methodology. In September 2005, the Company filed a

1 petition to simplify the FPO rate calculation and reduce customer confusion  
2 regarding winter FPO and COG pricing. These improvements were approved by  
3 the Commission in Order 24,516 on September 19, 2005.

4  
5 The FPO rate is derived each winter by applying a \$0.02 per therm premium to  
6 the established COG rate. Customers are notified by October 1<sup>st</sup> each year of  
7 their pricing options and enrollment in the FPO program closes on October 19<sup>th</sup> or  
8 earlier if 50% of the expected winter usage is subscribed. Customers are accepted  
9 into the program on a first-come, first-served basis.

10

11 **Q. How does the Company's Propane Purchasing Stabilization Plan affect the**  
12 **FPO Program?**

13 A. The Company's Propane Purchasing Stabilization Plan (the "Plan") approved in  
14 Order 24,617 on April 28, 2006 was established in response to the Commission's  
15 concerns regarding NHGC's lack of a formal propane purchasing policy.  
16 Pursuant to the Plan, each year, NHGC purchases up to 65% of its projected  
17 winter firm demand during the immediately preceding months of April through  
18 September. The Plan's methodical approach to securing winter supplies based on  
19 a predetermined schedule over an extended period of time has provided stability  
20 for all of NHGC's customers, FPO and non-FPO. Specifically for the FPO  
21 program, the Plan allows the Company to "fix" the price of a significant portion  
22 of its winter supply prior to setting the winter COG rate.

23

24 **Q. Describe the steps the Company has taken to implement the Plan for the**  
25 **2010-2011 winter period.**

26 A. In early 2010, the Company issued an RFP to potential suppliers and ultimately  
27 entered into an agreement with Texas Liquids to secure 700,000 gallons of  
28 propane. Similar to previous years, and based on the reliability of supplies over  
29 the previous winters, NHGC elected to acquire the Plan volumes at Selkirk and to  
30 arrange for delivery of those volumes by truck from Selkirk to Keene. The

1 weighted average cost of the Plan volumes amounted to \$1.3613 per gallon which  
2 was included on Schedule B-2 of the original winter filing.

3

4 **Q. How do the recent developments in Selkirk affect the Plan?**

5 A. The Company selected Texas Liquids as its Plan supplier because of Texas  
6 Liquids' record for reliability over the last several years. In particular, in 2007,  
7 when propane supplies to the Northeast were heavily restricted due to the railroad  
8 strike in Canada and shipping delays to the SEA-3 terminal, Texas Liquids  
9 delivered these Plan volumes to NHGC without disruption. Further, Texas  
10 Liquids has demonstrated that it has the flexibility to secure product at numerous  
11 locations, including Westfield MA, Providence RI and various other locations in  
12 the Northeast and Canada.

13

14 For the duration of the current embargo of the Selkirk terminal, Texas Liquids has  
15 indicated that Plan volumes may be sourced approximately 165 miles west at the  
16 Watkins Glen terminal. However, a trucking differential of approximately \$0.20  
17 per therm as well as significant trucking wait time/detention charges are likely to  
18 be incurred.

19

20 **Q. How would the increased trucking charges impact the FPO program?**

21 A. These incremental charges were not known or contemplated at the time of the  
22 Company's initial filing. Accordingly, the charges were not included in the  
23 derivation of the FPO rate of \$1.5212 per therm.

24

25 **Q. What would be the impact on the non-FPO rate, if the FPO rate is not**  
26 **suspended?**

27 A. Since the non-FPO rate is subject to changes in market prices, unless the FPO rate  
28 is suspended, non-FPO customers will bear significant increases in propane  
29 delivery costs as a result of the Selkirk embargo. Furthermore, NHGC has  
30 observed increases in propane spot prices by virtue of market forces with respect  
31 to the outage, which increases will likely continue into the winter season until the

1 pipeline service is restored. Importantly, if the FPO program is not suspended,  
2 NHGC's non-FPO customers will subsidize those commodity and delivery costs  
3 not borne by the FPO participants (who will enjoy a "locked-in" rate). Based on  
4 current market conditions, the non-FPO rate would likely see an immediate  
5 increase of 20% to approximately \$1.80 per therm. However, if the Commission  
6 adopts the Company's recommendation that the FPO Program be suspended for  
7 the upcoming winter period, then all customers will appropriately share in the  
8 incremental costs associated with the embargo at the Selkirk terminal.

9

10 **Q. How will customers be notified of the suspension of the FPO program?**

11 A. The Company proposes to send a letter to all customers in early October: 1)  
12 notifying customers of the suspension of the FPO program for the coming winter;  
13 2) generally informing customers about the nature of the Selkirk outage; and 3)  
14 conveying that the Company has made arrangements for winter supplies at  
15 alternate locations in the event that the outage continues for an extended period of  
16 time. A draft of the proposed letter is included as Attachment B.

17

18 **Q. Does this conclude your supplemental testimony?**

19 A. Yes, it does.

**FERC ICA OIL TARIFF**

**FERC No. 54.0.0**  
**(Cancels FERC No. 49)**

**NOTICE OF TEMPORARY EMBARGO**  
**ENTERPRISE TE PRODUCTS PIPELINE COMPANY LLC**

LOCAL PIPELINE TARIFF  
FOR  
NON-INCENTIVE AND VOLUME INCENTIVE RATES

CONTAINING

RULES AND REGULATIONS

GOVERNING THE TRANSPORTATION AND HANDLING OF

PROPANE, BUTANES AND BUFFER MATERIAL

TRANSPORTED BY PIPELINE

FROM ORIGINS

IN

LOUISIANA, OHIO, PENNSYLVANIA AND TEXAS

TO DESTINATIONS

IN

ARKANSAS, ILLINOIS, INDIANA, KENTUCKY, LOUISIANA, MISSOURI, NEW YORK, OHIO, AND PENNSYLVANIA

~~[C] Issued on less than one (1) day's notice under authority of 18 CFR § 341.14. This tariff publication is conditionally accepted subject to refund pending a 30 day review period.~~

[N] This is a baseline filing in compliance with the Commission's Order on Electronic Tariff Filings in Docket No. RM01-5-000; Order No. 714 (Final Rule dated September 19, 2008).

**NOTE THE FOLLOWING NOTICE OF TEMPORARY EMBARGO:**

As of September 3, 2010, Enterprise TE Products Pipeline Company LLC ("Enterprise TE") FERC Tariff No. [W]49 54.0.0 is under temporary embargo for specific pipeline movements. The pipeline system is out of service at the Harford Mills, Oneonta, and Selkirk, New York terminals due to a required shut down. This temporary embargo is effective until Enterprise TE's return to service plan is approved by the Pipeline and Hazardous Materials Safety Administration. Accordingly, Enterprise TE requests that the temporary embargo remain in effect until a tariff filing is made which cancels the embargo and specifies the date that the pipeline is operational.

All rates in this tariff are expressed in cents-per-barrel of forty-two (42) U.S. gallons and are subject to change as provided by law and are governed by the provisions found under the General Rules & Regulations herein.

The provisions published herein will--if effective--not result in an effect on the quality of the human environment.

**ISSUED**

**September 24, 2010**

**EFFECTIVE**

**October 25, 2010**

ISSUED AND COMPILED BY

Andrew Hill, Jr.  
Director, Tariffs & Planning  
Enterprise TE Products Pipeline Company LLC  
1100 Louisiana Street, Suite 1000  
Houston, Texas 77002-5227  
(713) 381-3988

~~[C] Table of Contents from FERC Tariff No. 39 has been cancelled.~~  
~~[C] Table of Contents from FERC Tariff No. 46 has been cancelled.~~

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## GENERAL RULES & REGULATIONS

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The General Rules & Regulations published herein apply in their entirety to the services covered by this tariff, i.e., to the transportation and handling of Product(s) between the origin(s) and destination(s) named herein.

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### ITEM NO. 5 A List of Definitions

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<b>Agreement</b>	Refers to the agreed transportation arrangements between Shipper and Carrier.
<b>Agreement Period(s)</b>	Refers to the period beginning on the Commencement Date or any anniversary thereof ending 365 or, if applicable, 366 days later during the Agreement Term.
<b>Agreement Term</b>	Refers to the period beginning on the Commencement Date and continuing for five (5) consecutive Agreement Periods.
<b>Barrel</b>	Forty-two (42) United States Gallons at 60° F.
<b>Batch</b>	A quantity of Products handled through the pipeline as a unit.
<b>Buffer Material</b>	Carrier designated buffer material meeting Carrier's then current product specification, dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Butanes</b>	Butanes are defined as iso-butane and/or refinery grade normal butane, meeting Carrier's then current product specification dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Carrier</b>	Refers to Enterprise TE Products Pipeline Company LLC.
<b>Commencement Date</b>	The date established pursuant to the Agreement.
<b>Deficiency Charge(s)</b>	Charges assessed against Shipper resulting from Shipper not satisfying the Minimum Annual Volume requirements as set forth in Item No. 145 of this tariff.
<b>LPGs</b>	Means liquefied petroleum gases or means Product(s).
<b>Minimum Annual Volume</b>	Refers to Shipper's guarantee to ship and take delivery of at destination a minimum quantity of Propane for each Agreement Period as set forth in Item No. 145 of this tariff.
<b>Minimum Guaranteed Volume</b>	Refers to Shipper's guarantee to ship and take delivery of at destination a minimum quantity of one hundred thousand (100,000) Barrels per month of Butanes for the Obligation Period.
<b>Month</b>	Represents the period beginning at 12:00 a.m. (midnight) local Houston, Texas, time on the first day of a calendar month and ending at 12:00 a.m. (midnight) local Houston, Texas, time on the first day of the next calendar month.
<b>Obligation Period(s)</b>	Refers to any twelve (12) consecutive Month period.
<b>Prepaid Rate</b>	Represents [U] forty-two cents (42.0¢) per Barrel.
<b>Prepaid Transportation</b>	Represents Deficiency Charges to be credited to Shipper's account.
<b>Product(s)</b>	Refers collectively to Propane, Butanes (including iso-butane and/or refinery grade normal butane) and Buffer Material.
<b>Propane</b>	Propane meeting Carrier's then current product specification, dated May 14, 2010, as such may be modified from time to time. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.
<b>Refined Products</b>	When mentioned in this tariff, covers finished gasoline, jet fuel, kerosene, fuel oil, diesel oil, petroleum distillate, subgrade gasoline, natural gasoline, condensate, raffinate, straight-run gasoline and naphtha.
<b>Shipment(s)</b>	Represents the transportation of Product under the terms and conditions of this tariff.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 5

### A List of Definitions (Continued)

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<b>Shipper(s)</b>	The party or parties who enter(s) into Agreement with Carrier for the transportation of Product under the terms and conditions of this tariff.
<b>Transit Time</b>	Means the time a Shipment would take to move from origin to destination.
<b>Volume(s)</b>	Represents the aggregate quantity of Product transported for a Shipper pursuant to the terms of the Agreement.

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### ITEM NO. 10

### Application of Rates for Intermediate Points

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For Product Shipments accepted for transportation from any origin not named in this tariff, that is intermediate to the origin and destination between which the rate is published herein, through such unnamed point, Carrier will apply to such unnamed origin the rate published from the origin specified herein. For Product Shipments accepted for transportation to any destination not named in this tariff, that is intermediate to the origin and destination between which the rate is published herein, through such unnamed point, Carrier will apply to such unnamed destination the rate published to the destination specified herein.

Carrier will file a tariff publication applicable to the transportation movement within thirty (30) days of the start of the service if the intermediate point is to be used on a continuous basis for more than thirty (30) days.

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### ITEM NO. 15

### Buffer Material

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Shipper may be required to furnish Buffer Material satisfactory to Carrier for the transportation of Butanes under this tariff. When Carrier requires Shipper to provide Buffer Material, Shipper shall pay the motor fuel or unfinished gasoline tariff rate for such Buffer Material. The applicable rate can be found under Item [W] ~~No. 220~~ Nos. 300 and 330, respectively, in Carrier's FERC Tariff No. [W] ~~34~~ 55.0.0, supplements thereto or successive issues thereof, as the non-incentive rate for motor fuel or unfinished gasoline from Baytown, Texas to Chicago, Illinois. The maximum quantity of Buffer Material required for any one Shipment shall be four thousand (4,000) Barrels.

For the purpose of assessing transportation charges, that portion of the Shipment delivered into or through either Shipper's or Carrier's pressure storage at destination shall constitute Butanes and that portion delivered into Shipper's conventional storage at destination shall constitute Buffer Material.

For the purpose of determining Carrier's responsibility for Butanes, Carrier will receive credit for all Buffer Material delivered, whether delivered into conventional storage or through pressure storage in a Product mix.

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~~[C]This item number and title have been cancelled. The language from Item No. 17 in FERC Tariff Nos. 39 and 40 has been brought forward in its entirety and relocated to Item Nos. 155 and 145, respectively.~~

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### ITEM NO. 20

### Claims, Time for Filing

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As a condition precedent to recovery, claims must be made in writing to Carrier within nine (9) months after receipt of delivery of the Shipment, or in case of a failure to make delivery, then within nine (9) months after a reasonable time for delivery has elapsed. Suit against Carrier must be instituted by Shipper or its consignee only within two (2) years and one (1) day from the day when notice in writing is given by Carrier to the claimant that Carrier has disallowed the claim or any part or parts thereof specified in the notice. Where claims for loss or damage are not filed or suits are not instituted thereon in accordance with the foregoing provisions, such claims will not be paid, and Carrier shall not be liable therefor.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 25

### Conversion Charge for ISO-Storage

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Carrier will annually evaluate the demand for iso-butane service for the period beginning on the first day of October and ending on the last day of March of the next succeeding calendar year (the "ISO Delivery Season") and determine if Carrier will (i) convert a storage facility at Todhunter, Ohio (the "Facility") to iso-butane service (the "ISO Storage Conversion") and (ii) accept up to Fifty Thousand (50,000) Barrels of iso-butane each month during the ISO Delivery Season at its Mont Belvieu, Texas origin for delivery to Marcus Hook and Twin Oaks, Pennsylvania ("ISO Delivery Service") specified by footnote No. 6 in Item No. 150 as follows:

a. Prior to April 1 of each calendar year, a Shipper may notify the Carrier of its intent to utilize ISO Delivery Service during the upcoming ISO Delivery Season (an "ISO Commitment Notice").

b. The ISO Commitment Notice shall specify the aggregate number of Barrels of iso-butane that Shipper intends to deliver for ISO Delivery Service (the "Shipper ISO Volume"). If Carrier implements ISO Delivery Service, the ISO Commitment Notice shall be binding on Shipper.

c. Upon receipt of a Shipper's ISO Commitment Notice, Carrier will evaluate its projected storage demand for refinery grade normal butane at the Facility for the period beginning on April 1 and extending through September 30 of the current calendar year (the "Projected Butane Demand").

d. If the Projected Butane Demand is less than Four Hundred Thousand (400,000) Barrels (the "Butane Demand Threshold"), then Carrier shall implement ISO Delivery Service pursuant to the following terms and conditions:

(i) Carrier will, subject to Paragraph (i) below, proceed with the ISO Storage Conversion necessary to accommodate the applicable Shipper ISO Volume;

(ii) Shipper will pay Carrier [U] Two-Hundred Thousand Dollars (\$200,000.00), as a Conversion Charge for Carrier's ISO-Storage ("CCI"); and

(iii) Carrier will, subject to Paragraph (i) below, implement ISO Delivery Service for Shipper, up to the applicable Shipper ISO Volume.

e. If the Projected Butane Demand is greater than the Butane Demand Threshold, then Carrier may, but is not required to, proceed with the ISO Storage Conversion and ISO Delivery Service pursuant to Paragraph (d) above, whereupon, Shipper and Carrier shall comply with the terms of said Paragraph (d).

f. If Carrier implements ISO Delivery Service and the aggregate Shipper ISO Volume for the applicable ISO Delivery Season is in excess of two hundred thousand (200,000) Barrels (the "Maximum ISO Conversion"), Carrier will provide ISO Delivery Service to each Shipper on a pro-rata basis.

g. If Carrier implements ISO Delivery Service and any (i) existing Shipper desires to increase its Shipper ISO Volume ("Incremental Shipper") or (ii) Shipper who failed to provide a ISO Commitment Notice prior to April 1 of the applicable ISO Delivery Season desires to obtain ISO Delivery Service for such ISO Delivery Season (a "Supplemental Shipper"), Carrier will provide ISO Delivery Service to such Incremental Shipper and Supplemental Shipper to, and only to the extent Carrier has additional capacity from time to time after meeting the full requirements of the original Shippers. Each Incremental Shipper and Supplemental Shipper shall be entitled to ISO Delivery Service on a pro-rata basis. Supplemental Shippers are required to make the CCI Payment, subject to refund pursuant to Paragraph (h) below.

h. If Carrier implements ISO Delivery Service and Shipper has ratably nominated delivery during the ISO Delivery Season, but Carrier is unable to deliver at least two hundred thousand (200,000) Barrels of iso-butane for the applicable ISO Delivery Season, Carrier shall refund to Shipper an amount equal to [U]One Dollar (\$1.00) per Barrel for each undelivered Barrel less than two hundred thousand (200,000) Barrels of Shippers' ISO Volume that Carrier was unable to accept or deliver during the applicable ISO Delivery Season, not to exceed the CCI Payment.

i. Carrier is not required to convert the Facility or provide ISO Delivery Service in excess of the Maximum ISO Conversion.

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### ITEM NO. 30

### December-through-February Charges

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If, during a single calendar month in the period December through February, Shipper receives deliveries at northeast terminals in excess of the total volume delivered to the same Shipper at such terminals during the preceding March-through-November period, a charge of [U]thirty cents (30¢) per Barrel in addition to all other charges shall apply to such excess volume. Northeast terminals as used herein shall mean Du Bois and Greensburg, Pennsylvania; Harford Mills, Oneonta, Selkirk and Watkins Glen, New York.

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[C](For paragraph b, see Item No. 40.)

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 35                      **Delivery Services at Joliet and Lemont, Illinois**

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Movements of refinery grade normal butane are subject to Carrier's approval and Carrier reserves the right to reject any movement of refinery grade normal butane under this tariff which would disrupt the efficient use of Carrier's facilities.

Shippers desiring delivery of refinery grade normal butane to Joliet or Lemont, Illinois must agree to take delivery of all interface material in Carrier's interface sphere and the interface material created during the movement of the product to the destination.

The maximum Batch size of refinery grade normal butane will be ten thousand (10,000) Barrels, unless otherwise agreed to by Carrier.

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### ITEM NO. 40                      **Facilities Required at Origin and Destination**

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Carrier will provide such facilities at the origin as it deems necessary for the operation of the pipeline. Product will be accepted for transportation hereunder only when Shipper has provided facilities satisfactory to Carrier capable of delivering Product at pressures and at volumetric flow levels required by Carrier.

Product will be accepted for transportation hereunder only when Shipper or consignee has provided the necessary facilities at destination for receiving such Product at time of arrival without delay at pressures and at volumetric flow levels required by Carrier

Delivery will be made at the applicable destinations during hours established from time to time by Carrier.

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### ITEM NO. 45                      **Identity of Shipments**

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In view of the impracticability of maintaining the separate identity of Shipments, Shipments will not be segregated but will be commingled and deliveries will be made at destination from Carrier's common Product stream.

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[C]See Item No. 50.

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### ITEM NO. 50                      **Inventory Requirement**

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Shipper must maintain inventory of Propane in accordance with Carrier's then current Propane inventory policy dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

With respect to Butanes and Buffer Material, Shipper will be subject to Transit Time requirement.

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### ITEM NO. 55                      **Liability of Carrier**

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Carrier shall not be liable for any loss or delay of, or damage to Product in or formerly in its possession caused by an act of God, public enemy, quarantine, authority of law, strike, riot, fire, flood, or act or default of Shipper or consignee, or for any other cause not due to the negligence of Carrier, whether similar or dissimilar to the causes herein enumerated; in such cases Shipper shall stand the loss in the same proportion as the amount accepted for transportation and actually in Carrier's custody bears to the whole of the Shipment of all Shippers participating in the Shipment from which the loss occurs, and the Shipper shall be entitled to receive only such portion of its Product as is left after deducting a due proportion of the loss as so determined.

Carrier shall not be liable for discoloration, commingling, contamination or deterioration of Product transported unless such discoloration, commingling, contamination or deterioration is caused by the sole negligence of Carrier. Normal commingling which occurs between Shipments may be divided as equitably as practicable among Shippers participating in the Shipments involved in commingling. Shipper shall be responsible for commingling between butane and Buffer Material in the Shipment.

Because Propane being transported by Carrier is not odorized, Carrier shall not be liable for any damages or losses of any nature that is attributable to the delivery of Propane that is not odorized, and Shipper shall unconditionally indemnify and hold Carrier harmless therefrom.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 60

### Measurement and Deductions

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Except as otherwise provided, Carrier shall make no charge for metering Product upon receipt and delivery. Observed volumes of Product at operating pressures and temperatures shall be corrected to net volume at 60°F and equilibrium vapor pressure.

Except as otherwise provided in this item and Item No. 55 of this tariff, Carrier will be accountable for delivery at destination of one hundred percent (100%) of the Product tendered at the origin.

Shipper shall be responsible for product downgrades and/or interfaces.

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### ITEM NO. 65

### Minimum Consignment

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For Propane product movements with origin in Louisiana and Texas (excluding the West Memphis, Arkansas destination), the minimum consignment of Propane to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of two thousand (2,000) Barrels of Propane may be consigned to any such destination when the Carrier can combine such consignment with eighteen thousand (18,000) Barrels or more of Propane of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Propane of the same specifications consigned to destinations beyond.

For Propane product movements with a destination of West Memphis, Arkansas, the minimum consignment of Propane to the destination named herein shall be fifteen thousand (15,000) Barrels; provided a minimum of two thousand (2,000) Barrels may be consigned to such destination when the Carrier can combine such consignment with thirteen thousand (13,000) Barrels or more of Propane of the same specifications consigned to the same destination.

For Propane product movements with origin in Ohio and Pennsylvania, the minimum consignment of Propane to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of one thousand (1,000) Barrels of Propane may be consigned to any such destination when the Carrier can combine such consignment with nineteen thousand (19,000) Barrels or more of Propane of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Propane of the same specifications consigned to destinations beyond.

For Butanes product movements with origin in Louisiana and Texas, the minimum consignment of Butanes to any destination named herein shall be twenty thousand (20,000) Barrels; provided a minimum of five thousand (5,000) Barrels of Butanes may be consigned to any such destination when the Carrier can combine such consignment with fifteen thousand (15,000) Barrels or more of Butanes of the same specifications consigned to the same destination, or with twenty thousand (20,000) Barrels or more of Butanes of the same specifications consigned to destinations beyond.

Carrier may deliver any Shipment by intermittent pumping.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 70

### Minimum Shipment

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For Propane product movements with origin in Louisiana and Texas (excluding the West Memphis, Arkansas and Calvert City, Kentucky destinations), Carrier may delay transportation of a Shipment until it can be combined with Propane of the same specifications at Mont Belvieu, Texas, to make a pipeline batch of at least fifty thousand (50,000) Barrels for transportation as far as Todhunter, Ohio. Propane will be accepted for transportation at Arcadia, Louisiana, only in such quantities as can be injected into Propane of the same specifications passing such point in Carrier's pipeline.

For Propane product movements with origin in Ohio and Pennsylvania, the minimum quantity of Propane which will be accepted by Carrier from the Lima origin shall be seventy-five thousand (75,000) Barrels; provided, however, a tender of not less than fifty thousand (50,000) Barrels will be accepted when it can be combined with other tenders from the Lima origin to make a batch of at least seventy-five thousand (75,000) Barrels. A tender of not less than ten thousand (10,000) Barrels will be accepted at the Todhunter or Floreffe Junction origins when it can be combined with Propane of the same specification to make a batch of fifty thousand (50,000) Barrels or more.

For Propane product movements with a destination of West Memphis, Arkansas, the minimum quantity of Propane which will be accepted by Carrier from the Mont Belvieu origin shall be twenty-five thousand (25,000) Barrels; provided, however, that a tender of not less than ten thousand (10,000) Barrels will be accepted when it can be combined with Propane of the same specification to make a batch of twenty-five thousand (25,000) Barrels or more.

For Propane product movements with a destination of Calvert City, Kentucky, Carrier may delay transportation of a Shipment until it can be combined with Propane of the same specifications at origin, to make pipeline Batch of at least fifty thousand (50,000) Barrels for transportation as far as Todhunter, Ohio.

For Butane product movements with origin in Louisiana and Texas, the minimum quantity of Butanes which will be accepted by Carrier at the origin named herein, excluding Arcadia, Louisiana shall be fifty thousand (50,000) Barrels; provided, however, a tender of not less than twenty thousand (20,000) Barrels will be accepted when it can be combined with Butanes of the same specifications to make a batch of fifty thousand (50,000) Barrels or more at Mont Belvieu, Texas for transportation as far as Todhunter, Ohio. Butanes will be accepted for transportation at Arcadia, Louisiana, only in such quantities as can be injected into Butanes of the same specifications passing such point in Carrier's pipeline.

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### ITEM NO. 75

### Non-Compatible Product Handling

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Shipper will be responsible for any Product that is delivered to Carrier at any origin that does not meet the certificate requirements as set forth in Item No. 130 (Testing). Carrier will provide Shipper with one of the three options to handle the non-compatible Product: (1) Shipper will remove the non-compatible Product or (2) Shipper shall pay a penalty in the amount of [U]twenty (20¢) cents per gallon for reprocessing the non-compatible Product or (3) Shipper shall pay Carrier actual cost for the disposal plus handling and maintenance charges associated with the disposal of the non-compatible Product.

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## GENERAL RULES & REGULATIONS (Continued)

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### **ITEM NO. 80**                      **Payment of Transportation and Other Charges**

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The transportation charges and all other charges accruing on Products accepted for transportation under this tariff shall be based on the rates applicable herein.

Carrier may require that all payments to Carrier for services pertaining to the transportation of Products be wire-transferred in accordance with the instructions on the Carrier's invoice to Shipper.

In the event Carrier determines that the financial condition of a Shipper or Shipper's guarantor (if any) is or has become impaired or unsatisfactory or Carrier determines it is necessary to obtain security from a Shipper, Carrier, upon notice to Shipper, will require any of the following prior to Carrier's delivery of Shipper's Products in Carrier's possession or prior to Carrier's acceptance of Shipper's Products: (1) prepayment of all charges by wire transfer and shall be held by the Carrier without interest accruing thereon until credited to the Shipper, (2) a letter of credit at Shipper's expense in favor of Carrier in an amount sufficient to ensure payment of all such charges and, in a form, and from an institution acceptable to Carrier, or (3) a guaranty in an amount sufficient to ensure payment of all such charges, and in a form, and from a third party acceptable to Carrier. In the event Shipper fails to comply with any such requirement on or before the date supplied in Carrier's notice to Shipper, Carrier shall not be obligated to provide Shipper access to Carrier's facilities or provide services pursuant to this tariff until such requirement is fully met.

Carrier shall have a lien on all Products in its possession belonging to Shipper to secure the payment of charges due by said Shipper and may withhold such Products from delivery until all of such unpaid charges shall have been paid. If such charges shall remain unpaid for ten (10) days after notice of readiness to deliver, or if Shipper has less than five thousand (5,000) gallons of Products in Carrier's system which Shipper fails to remove after ten (10) days' notice from Carrier, Carrier shall have the right to sell said Products at public or private sale. Carrier may be a bidder and purchaser at such sale. From the proceeds of such sale, Carrier may pay itself all charges lawfully accruing and all expenses of such sale, and the balance remaining, if any, shall be held for whomsoever may be lawfully entitled thereto.

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### **ITEM NO. 85**                      **Product Acceptable**

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Carrier reserves the right to reject any Product under this tariff which would have a potential adverse effect on any Product Shipments or otherwise disrupt the efficient use of Carrier's facilities.

Product will be accepted for transportation at origin at such time as Product of the same required specifications is currently being transported or accepted for transportation from such origin to the destination named herein.

Shipper may be required by Carrier to inject oil-soluble corrosion inhibitors acceptable to Carrier in the Product to be transported. Carrier, for corrosion protection, may inject corrosion inhibitors, and Product containing such inhibitors shall be accepted by Shipper or consignee of Shipper at destination.

Shipper will be required to furnish Buffer Material in amounts and product grade specified by Carrier for Shipments of Propane with a destination of West Memphis, Arkansas. Such Buffer Material will be subject to the applicable Propane tariff rate set forth in this tariff, supplements thereto and successive issues thereof. Shipper may be required to furnish Buffer Material satisfactory to Carrier for Shipments of Propane.

Shipper will be required to furnish Carrier designated Buffer Material for Shipments of Propane originating at Lima, Ohio in amounts as reasonably required by Carrier. This Carrier designated Buffer Material will be delivered to Carrier supplied storage at Todhunter, Ohio. Shipper shall pay the applicable rate on such Buffer Material as set forth in Item No. 160.

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### **ITEM NO. 90**                      **Product Disposition If No Facilities Provided At Destination**

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In the event Shipper or its consignee does not have adequate facilities available to receive all or any portion of the Product at its destination in accordance with Carrier's schedules, Carrier shall have the right to make whatever disposition of such undelivered Product which is necessary for the efficient operation of its pipeline system. Carrier shall not be liable to Shipper or its consignee because of such disposition, and Shipper or its consignee shall pay for all costs thereof, the same as if Shipper or consignee had requested or authorized such disposition.

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## **GENERAL RULES & REGULATIONS (Continued)**

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### **ITEM NO. 95 Product Involved in Litigation or Encumbered**

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Carrier shall have the right to reject any Product, when offered for transportation, that may be involved in litigation, or the title of which may be in dispute, or that may be encumbered by lien or charge of any kind, and Carrier may require of Shipper satisfactory evidence of perfect and unencumbered title or satisfactory indemnity bond to protect Carrier against any and all losses.

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### **ITEM NO. 100 Proration of Pipeline Capacity**

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When quantities of Product greater than can be transported are offered to Carrier for Shipment through Carrier's facilities, Carrier shall allocate available transportation on an equitable basis to all Shippers' pursuant to Carrier's then current proration policy, dated May 14, 2010. A copy of this document is available upon request from the tariff compiler referenced on the title page of this tariff.

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### **ITEM NO. 105 Reconsignment**

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If no out-of-line or back-haul movement is required, Shipper may, on forty-eight (48) hours' written notice or any other form of communication agreed upon between Shipper and Carrier, reconsign any Shipment or portion of any Shipment to destinations named in lawful tariffs applying on Product issued by or concurred in by Carrier, provided that such Product so reconsigned shall meet the applicable minimum consignment rules for such destination and further provided that such reconsignment can be reasonably accommodated by Carrier's pumping schedule. All such reconsigned Shipments of Product shall bear the applicable rate from point of origin to final destination as provided in this tariff, or the applicable tariff under which the Product is reconsigned.

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### **ITEM NO. 110 Seasonal Product Movements**

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From October 1st to February 28th, Carrier facilities will be scheduled and operated such that Refined Products will be transported from Lebanon, Ohio to Lima, Ohio provided that during such time period Carrier will, upon request of Shipper, schedule shipments of LPGs from Lima, Ohio to Lebanon, Ohio when and to the extent that such scheduling does not interfere with movements of Refined Products from Lebanon, Ohio to Lima, Ohio.

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### **ITEM NO. 115 Separate Pipeline Agreements**

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Separate agreements, if applicable, in association with pipeline connections or other facilities ancillary to the Carrier's pipeline system and in accordance with this tariff may be required of any Shipper or consignee before any obligation to provide transportation shall rise.

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### **ITEM NO. 120 Tax Registration**

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Shipper and its consignors and consignees shall be required to provide Carrier with proof of registration with or tax exemption from the appropriate Federal and/or State tax authorities related to the collection and payment of fuels excise tax or other similar taxes, levies or assessments. Shipper and its consignors and consignees shall further be required to immediately notify Carrier of any changes in their registration or tax exemption status. Any tax, levy, assessment or other charges imposed by such authority against Carrier as the result of such failure shall be collected by Carrier under the provisions of Item No. 80.

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## GENERAL RULES & REGULATIONS (Continued)

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### ITEM NO. 125

### Tenders

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Carrier shall not be obligated to accept tenders for transportation during any calendar month unless the Shipper shall, on or before the fifth day of the preceding calendar month, notify the Carrier in the Transport 4® website ([www.transport4.com](http://www.transport4.com)), of the quantity of such Product which it desires to deliver at origin.

If requested by Carrier, Shipper shall furnish Carrier with a schedule of the expected deliveries at origin and withdrawals at destination, setting forth Shipper's best estimate of daily rate of deliveries and withdrawals, and dates on which such deliveries and withdrawals shall commence. Acceptance of such schedule shall not constitute an obligation, legal or otherwise, on the part of Carrier to meet such schedule. Shipper shall establish its ability to meet the minimum tender requirements to satisfaction of Carrier before any duty of transportation shall arise.

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### ITEM NO. 130

### Testing

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Shipper shall furnish Carrier with a certificate setting forth in detail specifications of each Shipment offered for transportation hereunder, and Shipper shall be liable for any contamination or damage to other Product in Carrier's custody, or to Carrier's pipeline or other facilities caused by failure of the Shipment tendered to meet the specifications stated in Shipper's certificate.

Carrier may--but shall not be required to--sample and/or test any Shipment prior to acceptance or during receipt of Shipment, and in the event of variance between said certificate and Carrier's test, Carrier's test shall prevail as to the specifications of Product received.

**RATES (In Cents-per-bbl.)**

**ITEM NO. 135 Non-Incentive Rates for Propane (Gulf Coast Origins)**

[U] All rates in this item are unchanged.

Destination	Origin	
	Arcadia (Bienville Parish, LA)	Mont Belvieu (Chambers Co., TX)
Arcadia (Bienville Parish, LA)	--	160.1
Coshocton (Coshocton Co., OH)	325.3	347.5
Dexter (Stoddard Co., MO)	210.1	232.2
Du Bois (Clearfield Co., PA)	364.1 (1)	385.8 (1)
Eagle (Chester Co., PA)	383.0	405.2
Finger Lakes (Schuyler Co., NY)	389.3	411.2
Floreffe Junction (Allegheny Co., PA)	--	331.0
Fontaine (Green Co., AR)	195.9	218.2
Greensburg (Westmoreland Co., PA)	342.4 (1)	364.1 (1)
Harford Mills (Cortland Co., NY) *	* 389.6 (1)	* 411.5 (1)
Kingsland (Cleveland Co., AR)	173.9	185.0
Lebanon (Boone Co., IN)	251.6	273.9
Lima (Allen Co., OH)	270.9	293.4
North Little Rock (Pulaski Co., AR)	172.9	195.2
Oneonta (Otsego Co., NY) *	* 422.9 (1)	* 444.6 (1)
Princeton (Gibson Co., IN)	275.6	298.1
Schaefferstown (Lebanon Co., PA)	393.8	415.9
Selkirk (Albany Co., NY) *	* 451.0 (1)	* 472.7 (1)
Seymour (Jackson Co., IN)	238.1	260.2
Sinking Spring (Berks Co., PA)	393.8	415.9
Todhunter (Butler Co., OH)	289.2	311.4
Twin Oaks (Delaware Co., PA)	393.8	415.9
Watkins Glen (Schuyler Co., NY)	368.6 (1)	390.4 (1)
West Memphis (Crittenden Co., AR)	--	232.2

**RATES (In Cents-per-bbl.)**

**ITEM NO. 140 Non-Incentive Rates for Propane (Non-Gulf Coast Origins)**  
**[U] All rates in this item are unchanged.**

Destination	Origin					
	Floreffe Junction (Allegheny Co., PA)		Lima (Allen Co., OH)		Todhunter (Butler Co., OH)	
Du Bois (Clearfield Co., PA)	256.9	(1)(2)	329.2	(1)(3)	289.5	(1)
Eagle (Chester Co., PA)	274.1	(2)	331.3	(3)	291.6	
Finger Lakes (Schuyler Co., NY)	282.0		354.3	(3)	314.6	
Floreffe Junction (Allegheny Co., PA)	--		--		281.8	
Greensburg (Westmoreland Co., PA)	239.6	(1) (2)	311.6	(1)(3)	271.9	(1)
Harford Mills (Cortland Co., NY) *	* 271.5	(1)	* 343.9	(1)(3)	* 304.1	(1)
Oneonta (Otsego Co., NY) *	* 293.9	(1)	* 366.0	(1)(3)	* 326.4	(1)
Schaefferstown (Lebanon Co., PA)	284.9	(2)	342.1	(3)	302.4	
Selkirk (Albany Co., NY) *	* 318.9		* 390.9	(1)(3)	* 351.2	(1)
Sinking Spring (Berks Co., PA)	284.9	(2)	342.1	(3)	302.4	
Watkins Glen (Schuyler Co., NY)	261.3	(1)	333.6	(1)(3)	293.9	(1)

**RATES (In Cents-per-bbl.)**

**ITEM NO. 145 Volume Incentive Rates for Propane**

~~[C] Rate and routing in this item has been brought forward unchanged from Item No. 85 in FERC Tariff No. 40.~~

	<b>Origin</b>
<b>Destination</b>	Mont Belvieu (Chambers Co., TX)
Calvert City (Marshall Co., KY)	[U] 174.7

~~[C]The language below has been brought forward from Item No. 17 in FERC Tariff No. 40 in its entirety, with changes in wording as indicated.~~

Rate set forth in this item will apply to Shipments of Propane of any Shipper that agrees to in writing to transport a Minimum Annual Volume of three million six hundred fifty thousand (3,650,000) Barrels of Propane during an Agreement Term, subject to the following rules and regulations:

a. If the Volume of Propane shipped by Shipper and delivered at destination during an Agreement Period is less than the Minimum Annual Volume, Shipper shall pay to Carrier within sixty (60) days after the end of the Agreement Period a Deficiency Charge of [U]forty-two cents (42.0¢) times the number of Barrels that Shipper is deficient, an invoice for which shall be submitted by Carrier. Any Deficiency Charge paid by Shipper shall be considered by Carrier as Prepaid Transportation, shall not bear interest, and will be credited to Shipper at the Prepaid Rate of [U]forty-two cents (42.0¢) per Barrel against transportation charges on Propane delivered to Shipper at destination under and during the continuance of this Agreement in any future Agreement Period after the Minimum Annual Volume has been received by Shipper at destination for such future Agreement Period.

b. Upon termination of the Agreement between Carrier and Shipper, any Prepaid Transportation remaining payable to Shipper under the provisions set forth in paragraph a, shall not be reimbursable except that for a period not to exceed six (6) months thereafter or any other period mutually agreed to by Carrier and Shipper, Shipper shall have the right to a credit of [U]forty-two cents (42.0¢) per Barrel against the then existing applicable tariff for Propane shipped by Shipper over Carrier’s facilities from the origin to destination, as set forth in this item, as long as any of the Prepaid Transportation has not been utilized. Any such Shipment of Propane after termination of the Agreement shall be subject to the terms and conditions of the Agreement relative to the transportation of Propane. Any credits for Prepaid Transportation remaining at the expiration of the six (6) Months period shall be automatically forfeited.

c. If the Volume shipped in any Agreement Period is greater than the sum of (i) the Minimum Annual Volume for such Agreement Period and (ii) the Volume of Propane over such Minimum Annual Volume on which Prepaid Transportation is credited under paragraph b, then any such excess Volume up to five hundred thousand (500,000) Barrels shall be credited against Shipper’s Minimum Annual Volume obligations for the next succeeding Agreement Period.

d. If during any Month of an Agreement Period Carrier is unable to transport all Propane tendered for Shipment by Shipper and Shipper thereby fails to comply with the Minimum Annual Volume obligation as set forth in this item, that Volume which was tendered but which was not accepted by Carrier shall be deemed to have been shipped during such Agreement Period for the sole purpose of determining compliance with this item, provided that Shipper has given Carrier written notice within thirty (30) days after the end of the Month of the Volume claimed to have been rejected and reasonable evidence that Shipper was able and ready to deliver such Volume to Carrier for Shipment.

**RATES (In Cents-per-bbl.)**

**ITEM NO. 150**

**Non-Incentive Rates for Butanes**  
**[U] All rates in this item are unchanged.**

<b>Destination</b>	<b>Origin</b>	
	Arcadia (Bienville Parish, LA)	Mont Belvieu (Chambers Co., TX)
Arcadia (Bienville Parish, LA)	--	128.1
Dexter (Stoddard Co., MO)	197.3	203.3
Griffin (Posey Co., IN)	--	210.0
Harford Mills (Cortland Co., NY) *	--	* 359.5 (4)
Joliet (Will Co., IL)	239.9 (5)	262.6 (5)
Lemont (Cook Co., IL)	239.9 (5)	262.6 (5)
Lima (Allen Co., OH)	272.1	294.8
Marcus Hook (Delaware Co., PA)	336.4 (6)	359.5 (6)
North Little Rock (Pulaski Co., AR)	--	162.6
Princeton (Gibson Co., IN)	210.2 (7)	214.9 (7)
Twin Oaks (Delaware Co., PA)	336.4 (6)	359.5 (6)

**RATES (In Cents-per-bbl.)**

**ITEM NO. 155 Volume Incentive Rate for Butanes**

~~[C] Rate and routing in this item has been brought forward unchanged from Item No. 120 in FERC Tariff No. 39.~~

	Origin		
Destination	Mont Belvieu (Chambers Co., TX)		
Joliet (Will Co., IL)	[U]	229.0	(5)

~~[C]The language below has been brought forward from Item No. 17 in FERC Tariff No. 39 in its entirety, with changes in wording as indicated.~~

The rates set forth in this item will apply to Shipments of any Shipper agreeing to in writing to transport a Minimum Guaranteed Volume of one hundred thousand (100,000) Barrels of Butanes per month during the Obligation Period for a minimum of one year, subject to the following terms and conditions:

- a. If at the end of any Month during the term of the Agreement, the Volume of Butanes shipped by Shipper is less than the Minimum Guaranteed Volume, Shipper shall pay Carrier within thirty (30) days after the end of that Month an additional amount equal to the difference between Carrier’s volume incentive and non-incentive rates in effect at the end of that Month, times the number of Barrels Shipper ships during the Month, an invoice for which shall be submitted by Carrier.
- b. If in any Month during the term of the Agreement, Carrier is unable to transport all of the Volume of Butanes tendered for Shipment by Shipper and Shipper thereby fails to comply with the Minimum Guaranteed Volume, such Volume shall be deemed to be shipped during such Month for the purpose of determining such compliance; provided that Shipper gives Carrier written notice within thirty (30) days after the end of the Month of the Volume claimed.
- c. If at any time during the term of the Agreement Carrier gives written notice to Shipper of its intent to decrease the difference between the rate from Mont Belvieu under this item and the rate under Item No. 150 of this tariff to the same destinations to less than [U]twenty-five cents (25.0¢) per Barrel, then Shipper shall have the right to terminate the Agreement upon giving written notice to Carrier of its intent to do so, provided that if Shipper does not give such written notice of termination within sixty (60) days after the effective date of the change in Carrier’s rates resulting in such difference, Shipper shall not have the right to so terminate thereafter. In the event of such termination, Shipper shall have no further minimum Shipment obligation.

**ITEM NO. 160 Non-Incentive Rate for Buffer Material**

~~[C] Rate and routing in this item has been brought forward unchanged from Item No. 150 in FERC Tariff No. 46.~~

	Origin		
Destination	Lima (Allen Co., OH)		
Todhunter (Butler Co., OH)	[U]	40.5	(3)

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## ROUTE DIRECTORY

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Rates in tariff apply via all routes made by use of the line of the Carrier.

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## EXPLANATION OF ABBREVIATIONS

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<b>Bbl.</b>	Barrel
<b>Co.</b>	County
<b>F</b>	Fahrenheit
<b>FERC</b>	Federal Energy Regulatory Commission
<b>No.</b>	Number
<b>&amp;</b>	And
<b>¢</b>	Cents
<b>°</b>	Degrees
<b>%</b>	Percent
<b>\$</b>	Dollar

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## EXPLANATION OF REFERENCE MARKS

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- (1) See Item No. 30 for additional "December-through-February Charges".
  - (2) Rates for these destinations with Floreffe Junction, PA as origin are applicable only on Shipments of Propane which originate in West Virginia and are tendered to Carrier at Floreffe Junction for completion of interstate pipeline transportation of the Propane.
  - (3) From October 1<sup>st</sup> to February 28<sup>th</sup>, this movement cannot be made. See Item No. 110 for "Seasonal Product Movements".
  - (4) Rates apply only to refinery grade normal butane.
  - (5) Rates apply only to iso-butane except for refinery grade normal butane movements meeting the terms and conditions of Item No. 35, Delivery Services at Joliet and Lemont, Illinois.
  - (6) Rates apply only to refinery grade normal butane except for iso-butane movements meeting the terms and conditions of Item No. 25, Conversion Charge for ISO-Storage.
  - (7) Rate includes delivery to connecting pipeline.
    - \* The terminals at Harford Mills, Oneonta, and Selkirk, New York are temporarily shut down.
  - [C] Cancel.
  - [N] New.
  - [U] Unchanged Rate.
  - [W] Change in wording.
-

Dear Valued Customer:

I want to make you aware of an important situation regarding propane pricing and how recent changes may affect you. As you know, New Hampshire Gas relies on propane as its fuel source to provide service to its customers. New Hampshire Gas receives its propane supplies by truck. Typically, our propane tanker trucks are filled at a propane terminal in Selkirk, NY, which is supplied by an underground propane pipeline operated by the Enterprise TE Products Pipeline Company (“Enterprise”).

As you may have read recently, the Enterprise Pipeline (formerly “Texas Eastern”) was the source of a propane leak on August 27, 2010. Since that time, a 165-mile segment of the pipeline has been shut down while federal and state regulators evaluate the condition of the entire facility. Portions of the line may require repair and/or replacement.

Since the August 27<sup>th</sup> shutdown, New Hampshire Gas has worked diligently to secure its propane supplies at alternate supply terminals. While no interruption in supply is anticipated as we use alternate points of delivery, we are incurring significant additional transportation costs and trucking charges, as a result.

At this time, Enterprise is unable to provide a firm date for the return to service of its Selkirk terminal. In order to plan prudently for the upcoming winter season, we expect to continue to take our propane supplies from alternate sources including terminals as far west as Watkins Glen, NY, until further notice.

The increased costs associated with these alternate delivery points require that we 1) factor these costs into our winter commodity rates and 2) suspend our Fixed Price Option Program for the coming winter, as the fixed price is predicated upon the cost of delivery to Selkirk, NY. Nonetheless, New Hampshire Gas expects that the propane volumes it secured over the summer months for delivery this winter will help to lessen any cost increases. Further, New Hampshire Gas fully expects to again offer the Fixed Price Option Program prior to the 2011-12 heating season.

These developments in the regional propane market are beyond our control. Nonetheless, we wanted to make you aware of this situation and let you know that we are doing everything we can to secure reliable sources of propane at the lowest possible cost to you. Providing safe, reliable service has always been our first priority. We are committed to doing so at the least possible cost to our customers, and we appreciate your understanding.

Please do not hesitate to call our office, should you have any questions.

Sincerely,