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May 9, 2014

VIA MPUC CASE FILE

Mr. Harry Lanphear
Administrative Director
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Re: Investigation Into Northern Utilities, Inc., d/b/a Unitil's
Upstream Resources and Transportation Service Policies
Docket No. 2013-00259

Dear Mr. Lanphear:

On behalf of Northern Utilities, Inc. d/b/a Unitil (Northern, or the Company), and pursuant to the Procedural Order commencing this proceeding, enclosed for filing **please find the Proposed Changes to Northern's Retail Choice Program** (Proposed Changes).

In addition, pursuant to the Procedural Order dated May 5, 2014 and issued by the Hearing Examiner in this proceeding, Northern summarizes in this transmittal letter the developments in this proceeding since Northern filed its most recent Updated Status Report on March 6, 2014 and sets forth **the Company's** comments as to whether November 1, 2014 remains a realistic date for resolution of the issues in this proceeding.

As explained in the Proposed Changes, the current Retail Choice Program serves neither the best interests of the Company nor its Maine customers. Under the existing program, Delivery Service Customers fail to receive the full benefit of the **Company's** upstream assets, and Sales Customers pay higher rates due to the misallocation of upstream capacity costs among customer classes. Meanwhile, uncertainty as to whether Sales Customers will migrate to Delivery Service and whether new Delivery Service Customers will elect to be capacity exempt customers renders it difficult for the Company to plan for capacity and procurement. Recent increases in the use of natural gas in Maine and New England exacerbate the challenges to the Company stemming from these uncertainties. Northern submits that its Proposed Changes provide necessary and beneficial modifications to the current capacity assignment rules and will

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facilitate the Company's efforts to secure sufficient additional capacity to assure supply reliability for its Maine customers.

The Company proposes a two-phased approach that consists of an initial phase with "interim" proposals for effect November 1, 2014, and a second phase with "end state" proposals for effect in approximately three to four years, when the Company has acquired sufficient pipeline capacity to meet the design day requirements of all of its customers. Each phase is subject to Commission approval.

Under the Interim proposal, the Company will provide for the assignment of pipeline, storage and peaking capacity resources to all customers on a uniform basis without regard to the customer's rate class; provide suppliers with improved physical release of U.S.-based pipeline and storage capacity resources deliverable to the Company's system and without seasonal restrictions; and continue to provide Company-managed supply for pipeline and storage resources that require non-U.S. capacity and for the Bay State Exchange Agreement, as well as off-system and on-system peaking resources. The Company will set prices based on actual costs, continuing the current Total Contract Quantity (TCQ) for existing Delivery Service Customers, including capacity exempt customers, and establish the TCQ for new Delivery Service Customers at 100% of design day demand.

Once the Company acquires sufficient capacity to meet design day needs of all customers, it will implement the End State Tariff Changes. Under the End State Proposal, Northern would begin capacity assignment to all Delivery Service Customers and eliminate capacity exempt status; and provide physical access to all supply resources based on a slice-of-the-system approach, with the exception of on-system peaking resources, which Northern will continue to manage. Also, the Company will eliminate re-entry fees and stay-out provisions for customers electing Delivery Service. Finally, the Company will establish a Dual Fuel Credit equal to 50% of the customer's dual fuel capacity, subject to annual review and other conditions.

In contrast to the Retail Choice Program for Maine, the Company anticipates fewer proposed changes to the New Hampshire program. The most notable change for the New Hampshire Division will be the Company's proposed elimination of capacity exempt status for all customers. Northern anticipates filing the proposed changes to the New Hampshire program in the near future.

I. Developments Since Northern's Most Recent Updated Status Report

Northern has considered carefully all of the input it received from the OPA and other stakeholders, including during the March 3, 2014 stakeholder workshop held at Northern's corporate headquarters in Hampton, New Hampshire. At the workshop, competitive suppliers suggested an exemption for dual fuel customers, whose ability to switch to an alternate fuel on design days reduces the Company's winter period, design day requirements, and associated capacity needs. Pursuant to this suggestion, Northern has incorporated into its Proposed Changes a credit for dual fuel capacity. In

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addition, in response to feedback, Northern added a coincidence factor to its end state TCQ calculation to ensure that the sum of individual customer TCQs would not exceed the total company design day requirement.

The Proposed Changes reflect Northern's judgment as to what will most appropriately and efficiently satisfy the goals of revising the tariff terms and conditions, so as to rectify the issues summarized above, and also reflect the conversations that Northern has had over the preceding months with various stakeholders. **It is Northern's** hope and expectation that this process has helped to narrow issues among stakeholders that may have existed at the outset of this process.

II. Expected Implementation And Other Important Dates

Northern believes that implementation of the Interim Phase of the Company's two-phase modification of the Retail Choice Program by November 1, 2014 remains a realistic goal. As explained more fully in the attached Proposed Changes, the Interim Proposal will remain effective until the Company acquires sufficient capacity to meet the design day needs of all of its customers. Once the Company acquires such capacity, and assuming prior Commission approval, it will implement the second and final phase of its modification, the End State Proposal, which will fully implement **the Company's** expansion of its capacity planning and procurement responsibilities. Northern anticipates the End State Proposal to be in place and effective within 3 to 4 years. Such a time horizon has the benefit of providing retail suppliers who participate in the Program with ample opportunity to adapt to the new end state rules.

The Company seeks three specific approvals from the Commission in relation to this filing. First, the Company seeks approval of its proposed interim tariff. In order for Northern to implement the Interim Phase on November 1, 2014, the Company anticipates that it will require Commission approval of its interim tariff by September 1, 2014.

Second, the Company requests Commission approval of an increase in its long-term capacity contracting authority to include the requirements of all customer loads, which is the fundamental proposal of this filing. The Company anticipates filing for approval of one or more precedent agreements for new pipeline capacity contracts during the summer of 2014. The Company anticipates that such precedent agreements will require Commission approval during the first quarter of 2015. The Commission's decision on **the Company's** request for approval to increase its capacity contracting will directly impact the ultimate contract quantity of such precedent agreements. The Company looks forward to working with the Commission, Staff, OPA and other parties in determining an effective procedural schedule that would provide for a thorough review of the proposal and also accommodate review and approval of anticipated precedent agreements for pipeline capacity.

Third, the Company requests approval, also during the first quarter of 2015, of the form of the end state tariff, which would become effective at such time as long-

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term capacity resources sufficient to meet the capacity resource requirements of all customers are brought into service and the Commission subsequently approves an actual effective date. Although the end state tariff codifies capacity assignment provisions that support the contracting authority, since fulfillment of the conditions for the end state tariff would be several years into the future, the effective date of the end state tariff could follow at a later date. There are several reasons why the form of the end state tariff needs to be approved simultaneously with the precedent agreements. First, the end state tariff form is integrally linked to the interim tariff and to the overall transition of how Northern and its Maine customers transition to a more economically and operationally equitable and efficient system; second, confirmation of the form of the end state tariff is also directly tied to the capacity contracts that the Company enters; third, approval of the form of the end state tariff allows retail suppliers and customers adequate and necessary opportunity to understand and adopt to the new rules; and finally, adoption of the form of the end state tariff, prior to its actual effective date, signals commitment to a more equitable retail choice program.

In addition to the Interim and End State Proposals, Northern proposes to modify Section 4.2 of the Delivery Service Terms and Conditions. Section 4.2 lists the points at which **marketers are required to deliver supply on Northern's system** to ensure ultimate delivery to customers. Currently, Section 4.2 lists receipt points on the Granite pipeline, **rather than Northern's city-gates** on the Granite pipeline. The proposed tariff identifies Northern city-gates as the points where marketers are required to deliver supply.

With best wishes.

Yours sincerely,


John W. Gulliver

JWG:bev
Enclosure

**Investigation Into Northern Utilities, Inc. d/b/a
Unitil's Upstream Resources and Transportation
Service Policies**

Docket No. 2013-00259

**Proposed Changes to Northern's
Retail Choice Program
Submitted by Northern Utilities, Inc.**

May 9, 2014

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1.0 Introduction

Northern Utilities, Inc. (“Northern” or the “Company”), a subsidiary of Unitil Corporation since 2008, has been operating a Retail Choice Program (the “Program”) in the State of Maine since 2005. The Program allows new and existing Commercial and Industrial (“C&I”) customers the option to choose a third-party supplier of natural gas while retaining Northern for delivery service on the Company’s distribution system. However, over the last nearly ten years, Northern has determined that the program requires modifications to address two significant concerns related to the impact of the Program on the Company and its customers.

1. The Program does not allow the Company to plan for, procure, or assign capacity resources for all customer loads, which has resulted in significant price volatility, reliability concerns, and uncertain planning requirements.
2. The Program’s capacity assignment rules produce a misalignment between cost and benefits, which has resulted in an inconsistency between cost causation and cost allocation, estimated prices acting as a proxy for actual costs, and impediments to customers’ ability to migrate between sales and transportation service.

The Company proposes changes to the Program to address these concerns, enabling Northern to serve all customers more efficiently and economically. This report describes the Company’s proposals to adapt its capacity planning and procurement responsibilities to include all customer loads and to modify certain capacity assignment rules related to the Program.

Northern is bringing forth these proposals due to its concerns related to the structure of Program. The Program’s current rules prevent the Company from securing sufficient additional capacity to assure supply reliability for its customers, as the Company grows its distribution system. The acquisition of additional capacity is consistent with the New England Governors’ recent statement on energy infrastructure in the region.¹

¹ “To ensure a reliable, affordable and diverse energy system, we need investments in additional energy efficiency, renewable generation, natural gas pipelines, and electric transmission. These investments will also serve to balance intermittent generation, reduce peak demand, and displace some of the least efficient and most polluting fossil fuel generation, enabling the states to meet clean energy and greenhouse gas reduction goals while improving the economic competitiveness of our region.” New England Governors’ Commitment to Regional Cooperation on Energy Infrastructure Issues, December 6, 2013, at http://nescoc.com/uploads/New_England_Governors_Statement-Energy_12-5-13_final.pdf.

In addition, under the existing rules, the prices charged to suppliers for capacity and related Company-managed supply are not equal to the cost of service, which imposes unnecessary price risk on the Company's sales service customers.

The Company proposes to change the Program to assure that there is adequate capacity upstream of its distribution system to meet its customer's distribution demands in a reliable and cost effective manner and to equitably align the benefits and costs associated with this capacity. The timing of the proposed changes to the Program is important, as it will enable the Company to take full advantage of proposed pipeline projects into the region. To that end, the Company plans to make a similar filing in New Hampshire in the near future, though the proposed changes to the tariffs in New Hampshire will not need to be as extensive as those in Maine.

2.0 Summary of Proposals and Approvals Sought

The Company's proposals address two significant concerns with the current Program. First, the Program does not authorize the Company to plan for, procure, and assign capacity resources for all customer loads. Presently, the Company serves three types of customer loads: Residential Sales, C&I Sales, and C&I Delivery Service. The Company's ability to plan for, procure, and assign capacity resources excludes a portion of the C&I Delivery Service Customers, i.e., "capacity-exempt" customer loads, which represent a significant portion of the Company's design day requirements. At the same time, the Company is the only entity to hold firm capacity from liquid supply points to the interconnection between the Joint Facilities² and Granite State Gas Transmission, Inc. ("Granite") at Eliot and Westbrook, where most of the Company's Maine Division load is served. Because such capacity is less than total demand in the Company's service area, the Company and retail suppliers must purchase gas supplies in markets that are increasingly constrained and lack liquidity, especially in periods of high demand, exposing customers to significant price volatility and reliability concerns.

The Company is considering contracting for additional capacity on one or more proposed pipeline projects into the region to address these concerns. Expanded access to pipeline capacity would benefit all Sales Service and Delivery Service customers as well as provide the potential for economic growth and environmental benefits to Maine. To this end, the Company proposes that all customers share in the costs of additional pipeline capacity.

The second concern relates to the cost-benefit mismatch in the capacity assignment rules. Under the current Program in Maine, only 50% of a customer's design day requirements are assigned capacity resources when they migrate from Sales Service to Delivery Service. This leaves the remaining Sales Service customers to bear the costs of the unassigned capacity resources. Also, the Company annually assigns retail suppliers only five months of storage and peaking resources through a Company-managed service, even though retail suppliers pay the equivalent of twelve months of demand charges and, therefore, cannot utilize this capacity during the other seven months. In addition, the current Program imposes fees and restrictions on customers who migrate between Sales and Delivery Service.³ Lastly, charges for Company-

² The Joint Facilities are the interstate pipeline facilities jointly owned and shared by Maritimes & Northeast Pipeline and Portland Natural Gas Transmission System.

³ For example, customers returning to sales service from delivery service are charged a re-entry fee for a period of twelve months. The re-entry fee is established annually as 25 percent of the average demand cost

managed service are based on estimated system average costs, as opposed to the actual costs of the assigned resources, leading to price distortions.

The Company's proposals address these concerns by:

1. Adapting the Company's planning, procurement, and assignment responsibilities to include all customer loads, including capacity exempt C&I Delivery Service customers;
2. Assigning capacity to all C&I Delivery Service customers based upon 100% of their winter period, design day requirements;
3. Recalculating annually for Delivery Service customers the amount of assigned capacity based upon updated winter period, design day requirements;
4. Providing retail suppliers with a physical release of assigned capacity that includes pipeline and storage resources, continuing the Company-managed service only to provide on-system peaking service; setting charges for the Company-managed service based on actual costs;
5. Assigning capacity on a "slice-of-system" basis, in which all customers are assigned a pro-rata share of the Company's supply portfolio based on their winter period, design day requirement;
6. Releasing all pipeline and storage resources in accordance with the terms of the underlying agreements; removing use restrictions, such as seasonal limitations; and
7. Eliminating fees and restrictions on migrations between Sales Service and Delivery Service.

The Company proposes a two-phased approach that consists of an initial phase with "interim" proposed tariff changes for effect November 1, 2014, and a second phase with "end state" proposed tariff changes for effect in approximately three to four years, when the Company has acquired sufficient pipeline capacity to meet the design day requirements of all of its customers. This two-phased approach provides an orderly transition to the proposed end state, while minimizing short-term impacts on current market participants. Each phase would be subject to Commission approval under this (or a subsequent) docket.

In an effort to involve impacted parties in the proceeding, the Company held a workshop with market participants on March 3, 2014 to discuss the proposals and receive feedback.

of Northern's resource portfolio and applied to the capacity exempt portion of a customer's design day demand. For the 12 months ending April 2014, the re-entry fee averaged \$0.29 per Mcf for customers who had returned to Sales Service, which is 3.1% of their gas supply costs and 2.3% of their total bill.

Marketers suggested an exemption for dual fuel customers since they are able to switch to an alternate fuel on design days, and thus reduce the Company's winter period, design day requirements and associated capacity needs. The Company has considered this suggestion and has incorporated in its proposals a credit for dual fuel capability. The Company also modified its end state TCQ calculation based upon feedback during the workshop to include a Coincidence Factor.

In addition to this summary, this report contains the following sections:

- Section 3: an overview of the current Program, and a discussion of how recent changes in the natural gas marketplace are affecting the Program.
- Section 4: a discussion of the Company's objectives and approach for developing the proposed changes.
- Section 5: a description of the interim proposal.
- Section 6: a description of the end state proposal.
- Section 7: an overview of the Company's implementation plans.
- Section 8: summary and conclusions

2.1 Approvals Sought

Northern respectfully requests that the Commission issue the following, interrelated approvals:

- The Company requests Commission approval of the interim tariff provided in Appendix A by September 1, 2014, to be effective November 1, 2014.
- The Company requests Commission approval to change its long-term capacity contracting authority to include all customer loads, consistent with the end state tariff, provided in Appendix B to this filing. As has been previously noted, the Company anticipates filing for approval of one or more precedent agreements for new pipeline capacity contracts during the summer of 2014. The Company anticipates that such precedent agreements will require Commission approval during the first quarter of 2015 and, thus, the Company requests Commission approval to change its long-term capacity contracting authority consistent with this schedule.
- The Company requests approval, at the same time as approval of the change in contracting authority describe above, of the form of the end state tariff provided in Appendix B, with the end state tariff to become effective when the Company has procured long-term capacity resources sufficient to meet the capacity resource

requirements of all customers and these resources are in service, and the Commission subsequently approves an actual effective date.

3.0 Retail Choice Program

3.1 Overview

Unitil began its Retail Choice Program in 2005 following the Maine Public Utilities Commission’s (the “Commission”) approval of a Stipulation and Settlement (“Settlement”) negotiated by several market participants, including Northern, the Office of Public Advocate, and marketers, in Docket Nos. 2005-87 and 2005-273. Presently, participation in the Company’s Program is significant, as shown below in Figures 3.1 and 3.2.

Figure 3.1: Projected Unitil Customers in 2013-14

Projected Customers	Maine	Pct of System	NH	Pct of System	ME & NH	Pct of System
Residential Sales Service	21,982	70%	24,143	78%	46,125	74%
C&I Sales Service	7,296	23%	5,774	19%	13,070	21%
C&I Delivery Service	2,041	7%	920	3%	2,961	5%
Total	31,318	100%	30,837	100%	62,156	100%

Figure 3.1 shows that over 2,000 C&I customers participate in Maine’s Retail Choice Program. This represents 7% of all customers, and 22% of C&I customers (i.e., those currently eligible for the Program).⁴

Maine customers participating in the Program use more than 7.0 Bcf of natural gas annually, which represents 66% of all Company throughput, and 77% of C&I throughput in the Maine Division,⁵ as shown in Figure 3.2.

⁴ 22% equals 2,041 C&I customers on Delivery Service divided by 9,337 total C&I customers (2,041 + 7,296).
⁵ 77% equals 7,049,890 Dth of C&I Delivery Service throughput divided by 9,155,923 Dth (7,049,890 + 2,106,033) of total C&I throughput.

Figure 3.2: Projected Unitil Throughput in 2013-14

Projected Annual Throughput	Maine (Dth)	Pct of System	NH (Dth)	Pct of System	ME & NH (Dth)	Pct of System
Residential Sales Service	1,450,718	14%	2,778,870	26%	4,229,588	20%
C&I Sales Service	2,106,033	20%	2,799,361	26%	4,905,394	23%
C&I Delivery Service	7,049,890	66%	5,232,268	48%	12,282,158	57%
Total Annual Throughput	10,606,641	100%	10,810,500	100%	21,417,141	100%

An important element of the Program is the capacity assignment rules, which are summarized below in Figure 3.3. Customers migrating from Sales to Delivery Service are assigned capacity equal to 50% of their design day demand requirements. New customers to Northern’s system have the option of electing Delivery Service without any assignment of capacity. This aspect of the program impacts both supply planning issues as well as cost benefit issues, that Northern believes must be addressed and will be discussed later.

Maine’s program differs from Northern’s other Unitil subsidiary retail choice programs offered in its New Hampshire and Massachusetts service territories in several key areas. First, although Maine customers are assigned capacity, no storage or pipeline contracts are actually released, whereas capacity is released in both New Hampshire and Massachusetts. Since there are no actual releases of capacity, marketers nominate their gas through Northern as Company-Managed Supply and Northern arranges for delivery to Northern’s citygates and subsequently bills the marketer for the gas and capacity.

Second, under the Maine program the Company assigns capacity from November through March only, whereas in the New Hampshire and Massachusetts service territories, the capacity is assigned year-round.

Third, in New Hampshire and Massachusetts, the Company assigns capacity based upon 100% of the design day requirements of eligible customers. In Maine, the Company assigns only 50% of the design day requirement of these customers.

Finally, in New Hampshire and Massachusetts, marketers pay actual demand and commodity costs. In Maine, marketers pay estimated commodity costs, with the difference between actual and estimated costs being flowed through to sales customers. For demand costs, Maine

marketers pay a rate effective November 1st and held constant through the planning year. As with commodity costs, any changes in demand costs are flowed through to sales customers.

Figure 3.3: Summary of Capacity Assignment Terms and Conditions

Item	Description
Total Contract Quantity (TCQ)	Total Contract Quantity is the amount of capacity assigned to Delivery Service customers. It is determined based on the customer's entry into delivery service (i.e., whether they are a new customer or existing customer), and remains fixed indefinitely regardless of changes in the customer's design day requirements, so long as customer remains on Delivery Service.
New C&I Customers (Delivery)	C&I customers at new service locations who take Delivery Service within a specified period shall have a TCQ equal to zero. Therefore, the TCQ for such customers is zero, and the customers are considered "fully exempt" from capacity assignment, or simply "capacity exempt".
Existing C&I Customers (Sales to Delivery)	C&I customers at existing service locations who switch from Sales Service to Delivery Service are assigned capacity for 50% of their winter period, design day requirement. Therefore, the TCQ for such customers is 50% of their winter period, design day requirement, and the customers are considered "partially exempt" from capacity assignment.
Customer Migration Fees	C& I Delivery Service customers migrating to Sales Service are subject to Re-Entry Fees equal to 25% of the average demand cost of the Company's portfolio times the unassigned portion of the customer's winter period, design day requirement. The fees are payable for 12 months. Delivery Service customers returning to Sales Service must remain on Sales Service for 12 months. ⁶
Capacity Assignment Method	Capacity is assigned to retail suppliers through a Company-managed service (i.e., there is no physical release).
Capacity Resources	The Company-managed service includes only storage and peaking resources, and its use is limited to the five winter months of November through March.
Demand Charges for Company-managed Service	Demand charges are calculated based on estimated, annual demand costs for all capacity in the Company's portfolio, including capacity resources not assigned to marketers, recovered over the five winter months. Differences between actual and estimated annual demand costs are recovered through the Sales Service reconciliation mechanism.
Commodity Charges for Company-managed Service	Commodity charges are calculated based on the Company's estimated, monthly commodity cost. Differences between actual and estimated monthly commodity costs are recovered through the sales service reconciliation mechanism.

⁶ The Re-Entry Fee is in place to address potential cost shifting from Delivery Service customers returning to Sales Service. Since the Company has procured no more than 50% of the capacity for Delivery Service customers, there is the potential that the additional capacity needed to serve returning customers could cost more than the current capacity and thus unduly burden existing Sales Service customers with these costs.

3.2 Analysis of the Program

As previously mentioned, Northern's experience with the Program has identified a number of concerns that need to be addressed. The concerns can be broken into two categories: (a) the Company is not able to plan for, procure, or assign capacity resources for all customer loads, which creates planning uncertainty that is increasingly important in today's New England natural gas market; (b) the capacity assignment rules misalign costs and benefits, which creates cost-inequities between customer classes due to insufficient pipeline capacity. These concerns are described in greater detail below.

3.2(a) Planning Uncertainty

The current capacity assignment rules limit the Company's ability to assign capacity to Delivery Service customers. In the case of customers at new service locations, there is no requirement for capacity assignment. In the case of customers at existing service locations who switch from Sales Service to Delivery Service, the requirement for capacity assignment is equal to 50% of their winter period, design day requirement. These rules are consistent with the Commission's directive in Docket Nos. 2005-87 and 2005-273.

"The arrangement also provides a clear directive that Northern need not hold 100% capacity as a backstop for its transportation load, something it argued it was constrained to do unless otherwise directed by the Commission. This will certainly obligate Northern to mitigate unneeded capacity about the 50% level."⁷

Consequently, the capacity assignment rules have reduced the scope of the Company's long-term supply planning and limited its ability to contract for additional capacity on proposed pipeline projects in the region. Continuing this policy will result both in less long-term upstream capacity from liquid supply points and in greater reliance on market area supplies to meet the Company's design day requirement.

The capacity assignment rules also permit many possible options for consideration in the Company's capacity planning responsibility, creating uncertainty and making it difficult for the Company to conduct capacity planning and procurement of long-term supply resources (in an industry that relies heavily on long-term planning and procurement). In the case of new customers, for example, the TCQ would be zero if they initiate Delivery Service within 120 days of initial service, 50% of their design day demand if they elect Delivery Service after 120 days of

⁷ Maine Public Utilities Commission, Docket Nos. 2005-87 and 2005-273, April 26, 2005, Order – Part 2 at 5.

initial service, or Northern’s planning responsibility would be 100% of their design day demand if they elect Sales Service. Such disparate options create planning uncertainty and lead to inefficient portfolio design and resource procurement. For example, if, hypothetically, the Company forecasted C&I demand to increase at a rate of 2% per year, it would not know how much of that 2% would require capacity from Northern.

An analysis of current and projected participation in the Company’s Retail Choice Program highlights Northern’s difficulty in planning for future demand requirements. Maine customers participating in the Program use more than 43,600 Dth of natural gas per design day, which represents 52% of all design day requirements in the Company’s Maine Division, and 63% of C&I design day requirements in its Maine Division.⁸

Figure 3.4: Projected Unutil Design Day Requirements in 2013-14

Design Day Requirements	ME (Dth)	% of Total System	NH (Dth)	% of Total System	ME & NH (Dth)	% of Total System
Residential Sales Service	15,042	18%	22,089	33%	37,131	24%
C&I Sales Service	25,144	30%	21,692	32%	46,836	31%
<u>C&I Delivery Service</u>	<u>43,664</u>	<u>52%</u>	<u>24,042</u>	<u>35%</u>	<u>67,706</u>	<u>45%</u>
Total System	83,850	100%	67,823	100%	151,673	100%
Planning Obligation						
Residential Sales Service	15,042	18%	22,089	33%	37,131	24%
C&I Sales Service	25,144	30%	21,692	32%	46,836	31%
Capacity Assigned C&I Delivery Service	<u>16,000</u>	<u>19%</u>	<u>11,174</u>	<u>16%</u>	<u>27,174</u>	<u>18%</u>
Total – Planning Obligation	56,186	67%	54,955	81%	111,141	73%
Outside of Company’s Planning Obligation						
Capacity Exempt C&I Delivery Service	27,664	33%	12,868	19%	40,532	27%

⁸ 63% equals 43,664 Dth of C&I Delivery Service Design Day Requirements divided by 68,808 Dth of total C&I Design Day Requirements (43,664 + 25,144).

Figure 3.4 illustrates the breakdown between capacity assigned and capacity exempt requirements among the Program customers (i.e., C&I Delivery customers). In particular, capacity assigned C&I load is 19% of projected total system design day requirements in 2013-2014, while capacity exempt load is 33%. In other words, presently the Company does not plan for nor procure capacity for 33% of Maine’s design day requirements.

Figure 3.4 also illustrates the disparity between the Company’s actual distribution planning requirements of 83,850 Dths per day, and its current supply planning and procurement responsibilities of 56,186 Dths per day. This misalignment creates uncertainty and a challenge for providing reliable service to all customers.

Potential capacity exempt load is much larger, since C&I Sales Service customers are also eligible for Delivery Service, as shown in Figure 3.5. These customers represent more than 25,000 Dth or 30% of design day requirements (see “C&I Sales Service” in Figure 3.4). If all were to migrate to Delivery Service, then capacity exempt load would grow by approximately 12,500 Dths to more than 40,000 Dth, or 48% of design day requirements. This would leave the Company’s supply planning and procurement responsibility for only 52% of design day requirements.⁹ In other words, under the current capacity assignment rules, nearly half of the Company’s design day requirements could be capacity exempt.

Figure 3.5: Potential Capacity Exempt Load

Design Day Requirements	ME (Dth)	% of Total System
Current Capacity Exempt C&I Delivery Service	27,664	33%
Potential Additional Capacity Exempt C&I Delivery Service	12,572	15%
<u>Total Potential Capacity Exempt C&I Delivery Service</u>	<u>40,236</u>	<u>48%</u>

In practical terms, the Company is faced with a difficult and uncertain planning process that limits its ability to plan accurately for and procure long-term capacity, especially given that

⁹ 48% equals 27,664 Dth of current Capacity Exempt Delivery Service Design Day Requirements plus 12,572 Dth of additional Capacity Exempt Delivery Service Design Day Requirements (25,144 x 50%) divided by 83,850 Dth of Total System Design Day Requirements.

current C&I Sales Service customers are also eligible for Delivery Service. On the one hand, purchasing capacity for C&I Sales Customers could lead to cost shifting to remaining Sales Service customers if customers migrate to Delivery Service. On the other hand, not purchasing capacity could lead to the Company's constructing a less-than-optimal (insufficient) portfolio that relies too heavily on short-term resources and is subject to price swings. Adding to this uncertainty is the extent to which Delivery Service customers return to Sales Service. Moreover, capacity procurement is a long-lead time endeavor, and changes to the capacity portfolio cannot be made quickly, so capacity assignment rules that promote stable planning requirements are needed.

The Company believes that aligning distribution and supply resource planning will address these uncertainties and furthermore will be critical to the continued expansion of natural gas service to more homes and businesses in Maine in a way that promotes competitive prices and reliable service.

3.2(b) The Importance of Planning in New England's Natural Gas Market

Northern's need to plan for all customers is further supported by recent changes in the New England natural gas market. Since Northern's Program began in 2005, natural gas demand has increased significantly throughout the region as a result of more residential, commercial, and industrial customer conversions, fuel switching in the power generation sector, and the addition of non-traditional demand loads (e.g., Compressed Natural Gas (CNG) use and natural gas use as a transportation fuel). These conversions have resulted in significant economic benefits, through lower fuel prices, and environmental benefits, through reduced emissions, for the state and region.

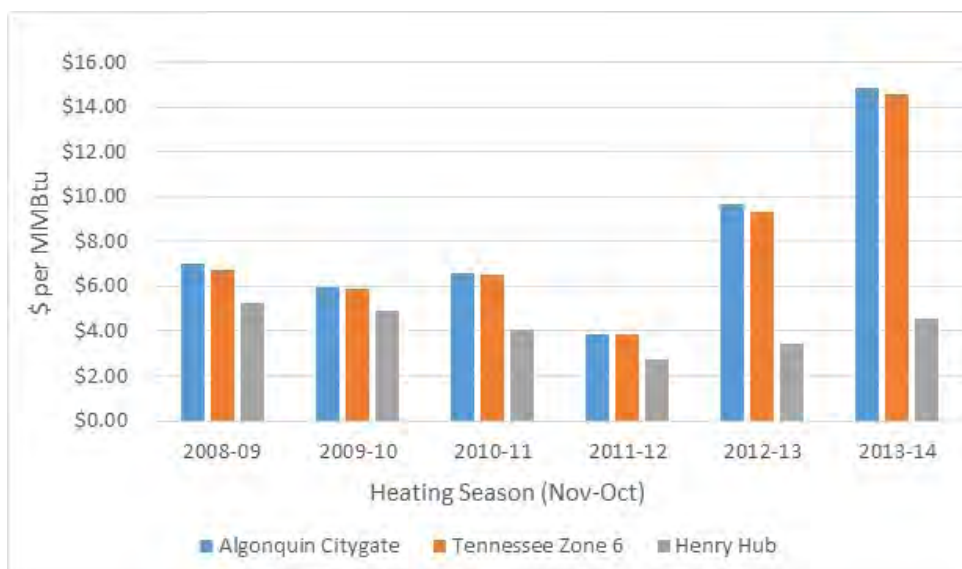
Meanwhile, the amount of pipeline capacity serving the region has remained relatively constant, thereby not keeping pace with natural gas demand. Additionally, imported LNG supplies have decreased due to higher prices for LNG in other markets, while there has been a reduction in available natural gas supplies from Eastern Canada.

These changes have led to growing supply constraints in the New England market, which will continue until pipelines build new capacity into the region. Many customers are buying gas downstream and at the interconnection between Granite and Joint Facilities, leading to price spikes during periods of high demand and increasing financial risks due to higher, more volatile prices.

An indication that New England’s wholesale market can be illiquid and expensive, especially during periods of high demand, is shown on Figure 3.6. Specifically, Figure 3.6 shows the growing differential between national market winter season prices (represented by Henry Hub) and regional market winter season prices (represented by Algonquin Citygate and Tennessee Zone 6), with basis prices rising from \$1.70 and \$1.43 per MMBtu in 2008/2009, respectively, to \$10.27 and \$10.02 this winter in 2013 - 2014.¹⁰ Monthly and Daily price data shows even wider spreads between national and regional market prices.

This analysis uses the Algonquin Citygate and Tennessee Zone 6 markets as proxies for the Maine market. However, it is important to note that service to Maine is additionally constrained by the fact that supplies on Algonquin and Tennessee cannot be delivered physically to Westbrook, Eliot or Lewiston, where supply is needed to meet Maine customer requirements.

Figure 3.6: Growing Differential in Winter Prices (\$ per MMBtu)



The constraints have increased price volatility, leading to upward pressure on the Company’s peaking and winter service costs. The Company has also experienced an increase in reliability concerns, due to decreased operational flexibility of upstream pipelines, more Operational Flow Orders, the need for emergent repairs, and generally more constraints on the pipeline grid. The Company is concerned that increased reliance upon New England city-gate supplies by both the Company and marketers poses a reliability risk to customers. There is no assurance that

¹⁰ Winter Season is based on the average of November through March monthly index prices.

sufficient New England city-gate supplies will always be available when they are needed, particularly under design day and winter season conditions. If sufficient New England city-gate supplies were unavailable to either the Company or a marketer on a given day, such shortfall in supply would affect the entire system, the effects of which could not be isolated to only those customers for whom Northern does not purchase sufficient capacity, *i.e.* capacity exempt customers.

For Delivery Service customers, the constraints have resulted in (i) higher prices, (ii) greater difficulty finding commercially reasonable fixed prices in the market, (iii) limited options, in some cases resulting in a decision to return to Sales Service, and (iv) increasing cost pressures, reducing competitiveness in global markets.¹¹

The effects of the current market conditions can be alleviated by adding pipeline capacity into the region, which would provide customers with additional access to liquid supply points. Even if regional prices remain volatile (such as Algonquin Citygate), new pipeline capacity would protect customers from such volatility by providing additional access to supply points that are less volatile, all else being equal.

Currently, there are several proposals to add pipeline capacity into the region, including Tennessee's Northeast Expansion, Spectra's Atlantic Bridge project, and PNGTS's Continent-to-Coast project. The anticipated in-service dates for these projects are in the range of 2017-2018.

However, pipeline companies typically require significant long-term (15- to 20-year) financial commitments to support the investment needed to bring new pipeline capacity into service. The Company is best positioned to undertake such long-term, financially significant commitments as required to meet the obligations of its customers, as noted by one marketer at the hearing on the current Program.

Regarding which entity is best positioned to enter into long-term contract commitments, the supplier representative noted:

¹¹ Major businesses in Northern New England felt the impact of these constraints this past winter, including Verso Paper (whose mill in Bucksport closed for two weeks) and Gorham Paper and Tissue (who laid off 20-50 employees). Both companies cited natural gas prices as a primary factor for these operational decisions. Although neither is a customer of the Company, the Company's customers face the same natural gas market conditions. See "Verso Paper to idle Bucksport mill for two weeks," Portland Press Herald, January 11, 2014 and "Natural gas price spike forces Gorham mill layoffs," New Hampshire Union Leader, January 4, 2014.

Actually, I think the customers would benefit greatly from a reliability standpoint by having access to these peaking resources, which quite honestly is difficult for a supplier to go out and purchase themselves. These type [sic] of resources are typically contacted for very long terms at high cash outlay, which typically a utility is best positioned to contract for.¹²

While the supplier representative was speaking in reference to peaking supplies, the same thought process applies to new pipeline capacity – i.e., long-term contacts that require high cash outlay. In addition, there is significant lead-time associated with pipeline construction, as permitting and construction can take several years.

The need for additional pipeline capacity is clear. There are two options available to the Company: (i) procure capacity to meet only the current planning standards, while excluding current capacity exempt customer loads or (ii) procure capacity to meet the proposed planning standards, including all customer loads. By choosing the latter option, both Northern's sales and distribution customers will benefit from more stable prices and costs and benefits that are equal among customer classes.

3.2(c) Misalignment in Capacity Assignment Rules

In addition to providing insufficient planning requirements, the current rules also do not align the costs and benefits of capacity assignment. Some examples of misalignment include:

- Because Northern assigns only 50% of each customer's design day requirement when the customer elects to switch from Sales Service to Delivery Service, Northern recovers the cost of the remaining 50% from Sales Service customers. The Delivery Service customers benefited from the remaining 50% of capacity when they were receiving Sales Service, but remaining Sales Service customers must pay for the capacity that was acquired to supply Delivery Service customers.¹³
- The Capacity Assignment Demand Charge recovers annual demand costs for pipeline, storage and peaking capacity, but capacity assignment is only available from November through March each year and includes only storage and peaking capacity, excluding pipeline capacity. Northern's portfolio includes capacity, which is available for the entire

¹² Maine Public Utilities Commission, Docket Nos. 2005-87 and 2005-273, April 26, 2005, Order – Part 2 at 4.

¹³ While Northern has the obligation to mitigate costs in these circumstances, pipeline contracts are long-term in nature, so Northern does not have the ability to simply avoid the cost for 50 percent of the capacity procured for migrating customers.

gas year, November through October as well as pipeline capacity. In this case, Sales Service customers benefit from the capacity, which Delivery Service customers pay for.

- The Company-managed commodity prices are based on a blend of estimated direct costs and estimated system average costs, rather than on the actual, direct cost of service. Suppliers have a known, monthly price when service is nominated, but the cost of service is not known by the Company. Northern recovers any difference in cost of service and Company-managed commodity prices from Sales Service customers. Delivery Service customers benefit from known, monthly prices, since marketers will only nominate supplies when market prices are higher than the known Company-managed commodity price, but Sales Service customers bear any potential costs of this aspect of the program. Specifically, Northern's peaking supply contracts typically include a substantial exposure to daily index pricing, but the Program shields marketers from this completely by providing known monthly prices.
- Under current rules, customer migration between Delivery Service and Sales Service results in cost shifting. In the case of a transportation customer returning to Sales Service, the customer is assessed a Re-Entry Fee to address potential cost shifting from Delivery Service customers returning to Sales Service. Since the Company has procured no more than 50% of the capacity for Delivery Service customers, there is the potential that the additional capacity needed to serve returning customers could cost more than the current capacity and, thus, unduly burden existing Sales Service customers with these costs. Alternatively, if a Delivery Service customer returns to service but the Company has ample capacity to meet their incremental need, the customer is paying for capacity that Northern is not acquiring. In addition, the returning customer must then stay with the Company for at least one year before it can opt for transportation service again.

In order to better align costs and benefits, Northern proposes to modify the rules to allow 100% capacity assignment, eliminate Company-managed service, replace the estimated demand and commodity charges with actual monthly releases of capacity, and allow for free migration of customers between Delivery and Sales Service. These changes would result in the Maine Program being similar, but not identical, to the Customer Choice Programs in Massachusetts and New Hampshire. However, Northern will seek changes in New Hampshire that are consistent with the proposals herein and anticipates operating identical programs in both Divisions. Ultimately, these changes would provide better price signals for marketers in making purchasing and dispatching decisions as well as provide additional flexibility in managing the

resources assigned to them, and remove risk to Sales Service customers associated with Delivery Service activities.

3.2(d) Cost-Benefit Misalignment

Under the current Program, the procurement of new pipeline capacity for only Northern's current sales customers would result in inequities between the Company and third party providers serving customers behind Northern's citygates. Additional capacity to the region, all things equal, would result in a decrease in regional prices and reduce price volatility; the benefits of which would be enjoyed by all customers. However, if capacity exempt customers are not allocated full system costs (i.e., pipeline demand costs), they would enjoy the benefit of additional capacity into the region without having to incur their full share of the incremental cost. New customers would be more likely to view Delivery Service as preferable to Sales Service due to the avoidance of the incremental costs required by the Company to acquire the additional pipeline capacity. In addition, existing C&I Sales Customers would have an incentive to migrate to Delivery Service in order to take advantage of less volatile (and possibly lower) regional prices, and avoid paying for the full cost of the new pipeline capacity. The proposed changes ensure that costs are allocated equitably across all customers. It is Northern's view that all customers should share in both the costs and benefits of the Company's resource portfolio.

4.0 Objectives and Approach

This section describes the Company's objectives and approach in developing the proposed changes to the Program.

4.1 Objectives

The Company's overall objective is to continue the Program in a way that is equitable to all customers. The Company's specific objectives include:

- Adapt the Company's upstream capacity planning obligations;
- Expand access to liquid markets;
- Provide suppliers with physical access to all upstream supply resources;
- Align the allocation of capacity costs with the allocation of capacity benefits;
- Redesign pricing mechanism to reflect actual cost;
- Eliminate barriers to customer migration between Sales and Delivery Service; and
- Align distribution and supply planning requirements such that the Company and its customers are indifferent to the supply decisions of other customers.

4.2 The Company is Best Positioned to Meet the Objectives

The Company, as the service area's natural gas distributor, is best positioned to meet these objectives. Specifically, the Company has:

- Long-term commitment to its customers through its investment in the distribution system;
- A diverse customer base that includes residential, commercial, and industrial customers, allowing for the repurposing of capacity if its customer profile changes;
- An established business whose creditworthiness makes it an attractive counterparty for long-term agreements; and
- Supply resource plans and cost recovery mechanisms that provide for full review by all market participants and approval by the Commission in a manner that ensures the cost of capacity resources are fully recovered from those who benefit from such resources.

4.3 Proposed Approach

To achieve these objectives, the Company proposes a two-phased approach that makes initial interim modifications in 2014 (see Section 5.0), and additional end state modifications within three to four years (see Section 6.0), when it is anticipated that the Company would have acquired capacity sufficient to meet the design day requirements of all of its customers. This two-phased approach provides for an orderly transition to the proposed end state, while minimizing potential impacts on current market participants. The two-phased approach also allows the Company sufficient time to contract for and receive additional in service capacity and the Commission to review each phase.

5.0 Interim Proposal

This section describes the Company's interim proposal for changes to the Program. The specific tariff changes to the Delivery Service Terms and Conditions that codify the Interim Proposal are contained in Appendix A. The Company requests Commission approval of the interim tariff provided in Appendix A by September 1, 2014, to be effective November 1, 2014.

5.1 Description of Interim Proposal

With its interim proposal, the Company would initiate the process to expand its supply planning and procurement responsibilities in order to begin planning and procurement to meet design requirement of all customers. The Company recognizes that its current portfolio of capacity contracts is insufficient to reliably supply the full planning obligations for all customers. Also, additional capacity to liquid supply points requires significant lead time. The interim proposal recognizes this limitation, so the Company is not proposing full capacity assignment to begin immediately. However, the Company is proposing a number of capacity allocation and pricing changes that address the most pressing concerns with the capacity assignment program under the current Delivery Service Terms and Conditions. During the interim period, existing Delivery Service customers will not be allocated any additional capacity on a design day basis, but the capacity allocation and pricing process will better align the costs and benefits of the capacity in Northern's portfolio.

As part of this proposal, the Company will establish a slice-of-system approach, providing for the assignment of pipeline, storage, and peaking capacity resources to all customers on a uniform basis without regard to the customer's rate class.¹⁴ Currently, the Company assigns only storage and peaking capacity to suppliers on its system. While the cost of pipeline capacity is included in the demand rate under the current program, suppliers do not have access to this portion of Northern's portfolio. Under the interim proposal, Northern proposes to change allocation of the capacity assigned to include all of Northern's capacity, including pipeline capacity. Under the current rules, suppliers are assigned the cost of pipeline capacity without the corresponding benefit of that portion of the Company's portfolio. This change in the interim

¹⁴ The current New Hampshire Division capacity assignment program provides for assignment of pipeline, storage, and peaking capacity resources at differentiated capacity allocation factors between high load factor and low load factor customers. The Company's Interim Proposal in this proceeding includes a single set of capacity allocation factors to be applied to all customer rate classes. The Company plans to propose utilizing a single set of capacity allocation factors in the New Hampshire Division.

period is intended to align the benefits of Northern's pipeline capacity with the parties who are paying for this portion of the portfolio.

The Company will provide suppliers with physical release of the U.S.-based pipeline and storage capacity resources that are deliverable to the Company's system, without seasonal restrictions that are not part of the underlying agreements, similar to the Company's approach in its New Hampshire division. Offering release of physical capacity, rather than Company-managed service, is an important aspect of the proposed changes to the Program. Release of physical capacity provides greater flexibility and value to many suppliers than Company-managed service. Since suppliers will have the flexibility and control to secure their own upstream supplies, it will reduce the volume of Company-managed supply obligations of the Company. Limiting Company-managed supply obligations will increase the predictability of Northern's overall daily supply requirements, as the current level of Company-managed supply obligations create large swings in Northern's overall daily supply requirements. Releasing capacity directly to suppliers is the most efficient way to allocate the full contractual rights of the assigned capacity contracts.

The Company will continue to provide suppliers with Company-managed supply for pipeline and storage resources that require either non-U.S. capacity or the Bay State Exchange Agreement for ultimate delivery to Northern. The Company will also continue to provide suppliers with Company-managed supply for both off-system and on-system peaking capacity resources. The Company believes that Company-managed supply for assignment of these resources makes sense during the interim period, as it will provide suppliers with sufficient time to learn the business practices and requirements for transacting with all the different upstream pipelines utilized in the delivery of these resources.

The Company will set prices for Company-managed supplies based on actual costs. This change will assure that the price of Company-managed supplies is equal to the cost of service for such supplies, which will provide much needed protection for the Company's sales service customers, who are currently absorbing the difference between Company-managed supply prices and commodity costs.

The Company will maintain the previously established TCQ for existing Delivery Service customers, and establish a TCQ for new Delivery Service customers based on 100% of design day demand. Maintenance of the previously established TCQ for existing Delivery Service customers, including exemptions from capacity assignment, is critical during the interim period, because the Company does not currently hold sufficient upstream capacity to be able to expand

capacity assignment to all customers. However, the Company proposes to modify its practices for establishing TCQ for new Delivery Service customers during the interim period, such that customer's supply choices do not affect Northern's planning obligations. This modification will apply both to Sales Service customers migrating to Delivery Service and new service locations, who elect Delivery Service as their initial service.

The Company will maintain these interim changes until the Company has acquired capacity sufficient to meet the design day needs of all customers, at which point the Company will implement the end state proposals.

5.2 Summary of Interim Proposal

Figure 5.1 below summarizes the proposed interim changes.

Figure 5.1: Summary of Proposed Interim Changes

Item	Description
Total Contract Quantity (TCQ)	TCQ is the amount of capacity assigned to Delivery Service customers. The TCQ continues to remain fixed for existing Delivery Service customers regardless of changes in customers design day capacity, so long as customer remains on Delivery Service.
New C&I Customers (Delivery)	Customers at a new service location who take Delivery Service within a specified period are now assigned full capacity (i.e., TCQ is 100% of design day requirement).
Existing C&I Customers (Sales to Delivery)	Customers at an existing service location who take Delivery Service are now assigned full capacity (i.e., TCQ is 100% of design day requirement).
Customer Migration Fees	Re-entry fees apply to Delivery Service customers returning to Sales Service in those cases where TCQ is less than the estimated design day requirement at the time they migrated from Sales Service to Delivery Service; otherwise, there are no re-entry fees. Delivery Service customers returning to Sales Service must remain on Sales Service for 12 months.
Capacity Assignment Method	Capacity is assigned to retail suppliers on a slice-of-system basis and consists of capacity release resources and Company-managed resources. Pipeline, storage, and peaking capacity are allocated to customers on a uniform basis without regard to a customer's rate class.
Capacity Resources	<p><u>Released resources:</u> All pipeline and storage resources with an entirely U.S. transportation path that do not require non- U.S. transportation or Bay State exchange for delivery to Northern.</p> <p><u>Company-managed resources:</u> All pipeline and storage resources requiring either non-U.S. transportation or Bay State exchange for delivery to Northern, including both off-system and on-system peaking.</p>
Demand Charges for Capacity Assigned Resources	<p><u>Released resources:</u> Suppliers pay pipeline companies at tariff rates equivalent to those paid by Northern.</p> <p><u>Company-managed resources:</u> Demand charges are based on actual demand costs of each contract assigned, as though supplier contracted directly for the capacity resource.</p>
Commodity Charges for Capacity Assigned Resources	<p><u>Released resources:</u> Suppliers procure and pay for their own supply.</p> <p><u>Company-managed resources:</u> Commodity charges are based on actual commodity costs of each contract assigned, as though supplier contracted directly for the capacity resource.</p>

6.0 End State Proposal

This section describes the Company's end state proposal for changes to the Program. The specific tariff changes to the Delivery Service Terms and Conditions that codify the End State Proposal are contained in Appendix B. The Company requests approval in the first quarter of 2015, of the form of the end state tariff, which would not become effective until the following conditions have been met:

1. The Commission has approved the modifications to both Northern's planning obligation and its Delivery Service Terms and Conditions, contained in Appendix B, as requested in this filing.
2. The Company has entered into precedent agreements for sufficient incremental transportation capacity back to liquid supply points such that Northern's portfolio of capacity is sufficient to meet the full design day requirements of all customers on its distribution system, subject to the TCQ calculations described below.
3. Both the Commission and the New Hampshire Public Utilities Commission have reviewed and approved these precedent agreements and the resulting capacity contracts.
4. These resulting capacity contracts are scheduled to go into service and the Commission approves the actual effective date of the end state Delivery Service Terms and Conditions.

6.1 Description of End State Proposal

With its end state proposal, the Company would complete the process to expand its capacity planning and procurement responsibilities. The end state becomes effective when the resulting capacity contracts are in service. Northern believes that this provision is necessary in order to maintain a balance between its distribution service demands and its capacity portfolio. Abundant North American natural gas supplies cannot access Maine due to pipeline capacity constraints during peak periods. Continued growth of Northern's distribution system without adding sufficient pipeline capacity to its distribution system will exacerbate this situation and is unsustainable. Northern proposes to expand its capacity planning and procurement responsibilities because this approach best assures that customers have access to liquid supply points at more stable prices. Northern is uniquely situated as the ideal party to engage in this role due to the long duration and high cash outlay required for capacity commitments.

To reach the end state, the Company needs to acquire capacity sufficient to meet the design day needs of all of its customers, subject to dual fuel capacity credits, discussed below. At that point, the Company would begin capacity assignment for all existing Delivery Service customers, eliminating capacity exempt status. Expansion of capacity assignment to include all customers goes hand in hand with expanded capacity planning and procurement responsibilities. All customers will benefit from capacity expansion, including those that are currently capacity exempt, since increased capacity into the region will likely have the effect of lowering regional natural gas prices. Eliminating capacity exempt status will have the effect of allocating capacity costs to all customers.

Under the Program, a TCQ value is determined for each delivery service customer. The TCQ indicates the amount of capacity from the Company's portfolio that will be assigned to the customer. In the end state, the Company will update customer TCQ values for all delivery service customers by August 1 each year. Conceptually, the end state TCQ represents the customer's share of the portfolio relative to the customer's contribution to the Company's design day load.

More specifically, as a guide to the formula provided in Appendix C, the End State TCQ calculation will have the following features:

- TCQ for each customer will be based on annual calculation, reflecting 100% of Customer's Design Day Load, adjusted for Dual Fuel Capability Credit, Capacity Ratio and Coincidence Factor.
- Dual Fuel Capability Credits will be available to certain large customers, who meet the requirement described more fully below.
- Capacity Ratio is the ratio between the deliverable capacity to Northern's distribution system and its design day planning requirement.
- Coincidence Factor is the ratio between Northern's aggregate design day planning requirement and the sum of each Customer's Design Day Loads.
- No Capacity Exempt Status; Customer's Design Day Load for initial TCQ is based on estimate by the Company, subject to the adjustments described above.
- Any excess or deficiency in capacity of Northern's natural gas supply portfolio compared to Planning Load obligation shared equally between Sales Service and Delivery Service customers due to the Capacity Ratio and Coincidence Factors, described above.

Northern will provide suppliers with physical access to all supply resources, including non-U.S. capacity and resources requiring the Bay State Exchange Agreement, through a 12-month capacity release each year based on the slice-of-system approach, except for on-system peaking resources, which will continue to be Company-managed. As discussed when presenting the interim proposal, physical release of capacity is generally more valuable to suppliers than the current Company-managed form of assignment, since suppliers have more control and flexibility when the capacity is directly released to them. When the Company implements the end state, Northern proposes to further expand the capacity release feature of the capacity assignment portfolio. Northern's vision of the Program in its end state is that suppliers have responsibility for procuring and transporting the vast majority of the commodity they sell to Delivery Service customers, while the Company has the responsibility for planning and procurement of capacity back to liquid supply points and maintaining any on-system production facilities (i.e., LNG plants).

Northern would also eliminate all re-entry fees and stay out provisions. The Re-Entry Fee is in place to address potential cost shifting from Delivery Service customers returning to Sales Service. Since the Company would have adequate capacity for all customers under the end state proposal, and all customers would financially support the capacity, customer migration would no longer cause cost shifting.

To address the needs of customers with alternate fuel options, the Company will also establish a Dual Fuel Capacity Credit, equal to 50% of the customer's dual fuel capability, subject to the following provisions:

- Within 90 days of approval of the end state Delivery Service Terms and Conditions by the Commission, any Customer taking service under rate class T-42 or T-52, wishing to elect the Dual Fuel Credit shall complete a Dual Fuel Credit Application. Only Customers whose initial Dual Fuel Credit Application(s) are received by the Company on or before this date shall be eligible to receive the Dual Fuel Credit.
- The Company shall review all initial Dual Fuel Credit Applications, including physical inspection of the dual fuel equipment at the Customer's location, to verify dual fuel capability and any other means deemed reasonable by the Company. Upon approval of a Dual Fuel Credit Application, the Company shall apply a Dual Fuel Credit to the Customer's TCQ calculation, to be effective for the initial Annual Reassignment Date (November 1) and the subsequent eleven (11) Assignment Dates (through October 31).

- The Customer must renew its Dual Fuel Credit annually by completing a new Dual Fuel Credit Application on or before June 1 each year to be effective on the upcoming Annual Reassignment Date (November 1) and the subsequent eleven (11) Assignment Dates (through October 31). Only Customers whose annual Dual Fuel Credit Application(s) are received by the Company on or before this date shall be eligible to renew the Dual Fuel Credit. Any Customer failing to provide updated Dual Fuel Applications in a timely manner shall become permanently ineligible for the Dual Fuel Credit.
- The Company shall conduct physical inspections of dual fuel equipment at the Customer's facilities no less than once for every 5 years the Customer receives a Dual Fuel Credit.
- Customers must remain on Delivery Service in order to continue eligibility for the Dual Fuel Credit. If the Customer receives Sales Service, the Customer shall become permanently ineligible for the Dual Fuel Credit with the exception that, if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Customer shall remain eligible for the Dual Fuel Credit if a replacement Supplier is initiated within 60 days.

The Company acknowledges that customers receiving the dual fuel credit could potentially impose additional costs on Northern, if they were to switch from Delivery Service to Sales Service. However, Northern has limited eligibility for dual fuel credits to customers, who have taken Delivery Service for a substantial period and believes that the likelihood of these customers switching to Sales Service is quite low, given this history. If any customers, who had a dual fuel credits, switched back to Sales Service, Northern would monitor the costs to supply this group of customers for takes above their TCQ and propose to recover any significant incremental cost from this group, if such were ever incurred.

The Company decided to propose a dual fuel credit as part of the End State Proposal in order to balance the needs of the large C&I customers on the system, who have made significant investments to install and maintain dual fuel capability with the Company's reliability and cost allocation objectives for the design of the Program. The Company proposes a 50% dual fuel capacity credit, as this approach recognizes the value of the customer's investment for this capability, while still assuring that all customers contribute to the cost of capacity, since all customers will benefit from capacity to Northern's distribution system. The Company does not propose to retain any call rights on dual fuel customers' alternative fuel capabilities. Customers with such capability continue to retain complete control over their resource.

6.2 Summary of End State Proposal

Figure 6.1 below summarizes the proposed end state changes.

Figure 6.1: Summary of Proposed End State Changes

Item	Description
Total Contract Quantity (TCQ)	<p>TCQ is the amount of capacity assigned to Delivery Service customers. TCQ is now recalculated annually based on the customer's previous year's actual design day requirements, and to reflect the ratio of Portfolio Capacity to System Design Day Demand, and to synchronize all design day calculations with the System Design Day Demand.</p> <p>Dual Fuel Capacity Credits are offered to eligible customers.</p> <p>The formula for TCQ and Dual Fuel Capacity Credits is contained in Appendix C.</p>
New C&I Customers (Delivery)	<p>Customers at a new service location who take Delivery Service are now assigned full capacity (i.e., TCQ is 100% of design day requirement), as described in Appendix C.</p>
Existing C&I Customers (Sales to Delivery)	<p>TCQ of current Delivery Service customers who remain on Delivery Service is recalculated annually as detailed above.</p> <p>As with interim proposal, customers at an existing service location who take Delivery Service are assigned full capacity (i.e., TCQ is 100% of design day requirement).</p>
Customer Migration Fees	<p>No re-entry fees or stay out provisions for any customers.</p>
Capacity Assignment Method	<p>As with interim proposal, capacity is assigned to retail suppliers on a slice-of-system basis and consists of capacity release resources and Company-managed resources. Pipeline, Storage, and Peaking Capacity are allocated to all customers on a uniform basis without regard to a customer's rate class.</p>
Capacity Resources	<p><u>Released resources:</u> Suppliers are designated as the replacement shipper for all long-term, upstream capacity resources, subject to the conditions of the underlying contracts.</p> <p><u>Company-managed resources:</u> Limited to on-system peaking resources only.</p>
Demand Charges for Capacity Assigned Resources	<p>As with interim proposal:</p> <p><u>Released resources:</u> Suppliers pay pipeline companies at tariff rates equivalent to those paid by Northern.</p> <p><u>Company-managed resources:</u> Demand charges are based on actual demand costs of each contract assigned, as though supplier contracted directly for the capacity resource.</p>
Commodity Charges for Capacity Assigned Resources	<p>As with interim proposal:</p> <p><u>Released resources:</u> Suppliers procure and pay for their own supply.</p> <p><u>Company-managed resources:</u> Commodity charges are based on actual commodity costs of each contract assigned, as though supplier contracted directly for the capacity resource.</p>
Dual Fuel Credit	<p>Eligible customers may apply for a Dual Fuel Capability Credit equal to 50% of the customer's dual fuel capability.</p>

7.0 Implementation Plan

This section describes the Company's implementation plan for changes to the Program.

Implementation of the Company's proposals is critical to the success of the Program. Over the next several months, the Company will develop a detailed work plan, including tasks and schedule, to implement the proposals. The work plan will include several areas, including:

- **Regulatory approval.** The Company requests approval of the interim and end state proposals and attached tariffs, included in this filing. The Company also will require regulatory approval of any new, long-term capacity contracts. The Company will continue to prepare and provide its Integrated Resource Plan to the Commission and other interested parties, informing of the Company's ongoing capacity planning and procurement process.
- **Communications.** Customer and marketer awareness of the substance and timing of the proposed changes is critical to the success of the Program. The Company has already begun that process with a stakeholder meeting on March 3, 2104. The Company will also provide a copy of this filing to all active marketers on its system. In addition, the Company plans to send letters to current and eligible Delivery Service customers alerting them of these impending changes and timeframe. The Company will also hold meetings, as needed, with the largest customers.

Further, the Company will also utilize letters, calls, and meetings, as needed, to discuss design, implementation, and administration of the Company's proposals with marketers. Marketers will receive notification of 2014-15 capacity assignment plan as soon as possible (no later than September 15, 2014). Such notification will include capacity resources to be released, along with the Company-managed resources and capacity allocation factors.

- **Billing and administration.** Implementation of these proposals will also require several billing and administrative changes. It will be necessary to update the capacity assignment calculation and establish a work flow for the annual TCQ update. Regarding the Company's billing and administrative systems, no major infrastructure changes are anticipated. Any additional training related to the implementation of these proposals will be provided, as needed, for Company personnel and marketers.

8.0 Summary and Conclusion

As set forth above, the Company's Retail Choice Program in Maine is not currently serving the best interests of all of its customers. Delivery Service Customers are not receiving the benefit of the Company's full range of upstream transportation, storage, and peaking assets. Sales Customers are paying higher rates because the cost of upstream capacity is not properly allocated among all customers. The Company faces capacity planning and procurement issues, because it cannot predict with any certainty which customers will remain as Sales Customers or migrate to Delivery Service and whether new Delivery Service Customers that have not previously been Sales Customers will elect to be capacity exempt. This lack of certainty puts the Company in an untenable situation, particularly at a time when it must make critical decisions about how much capacity to purchase from the interstate pipeline capacity projects that have been proposed by major pipeline companies serving the region that will increase gas supply and help stabilize natural gas prices in Maine.

As a result, the Company proposes a two-step process to modify the Retail Choice Program. First, the Company proposes to implement its Interim Proposal, as described in Section 5.0, and file the proposed Interim Tariff Changes in Appendix A to be effective on November 1, 2014. That Interim Proposal provides for the assignment of pipeline, storage, and peaking capacity resources to all customers on a uniform basis without regard to the customer's rate class. The Company will provide suppliers with a physical release of all the U.S.-based pipeline and storage capacity resources that are deliverable to the Company's system, without seasonal restrictions. This will provide greater flexibility and value to many suppliers than Company-managed supply under the current Program. The Company will continue to provide Company-Managed supply for pipeline and storage resources that require non-U.S. capacity and for the Bay State Exchange Agreement as well as off-system and on-system peaking resources. Prices will be set based on actual costs, continuing the current TCQ for existing Delivery Service Customers, including capacity exempt customers, and establishing the TCQ for new Delivery Service Customers at 100% or design day demand. The Interim Proposal will remain in effect until the Company acquires capacity sufficient to meet the design day needs of all of its customers. The Company will maintain a dialog with suppliers, customers, and other stakeholders in preparation for a November 1, 2014 effective date for the implementation of the Interim Proposal.

Once the Company acquires capacity to meet the design day needs of all customers, it will implement the End State Proposal, as described in Section 6.0, by filing the proposed End State Tariff Changes in Appendix B for approval of a specific effective date by the Commission. The Company would begin capacity assignment to all existing Delivery Service Customers and would eliminate the capacity exempt status. All customers would benefit from the expansion of capacity, which the Company is in the best position to secure for its customers. In the End State, the Company will provide physical access to all supply resources, including non-U.S. capacity and resources requiring the Bay State Exchange Agreement through a 12-month capacity release each year, based on a slice-of-the-system approach, except for on-system peaking resources, which the Company will continue to manage. The Company also will eliminate re-entry fees and stay-out provisions for customers electing Delivery Service because capacity will be allocated on the basis of the customer's requirement, regardless of whether it is a Delivery Service or Sales Service Customer. Furthermore, the Company will establish, in response to comments from the suppliers, a Dual Fuel Credit equal to 50% of the customer's dual fuel capacity, subject to annual review and other conditions.

The Company appreciates the opportunity to present its proposals to the Commission and looks forward to further discussing the proposals with the Commission Staff, the Office of Public Advocate, customers, suppliers, and other stakeholders.

Appendix A: Proposed Tariff Changes, Interim

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1. **APPLICABILITY**

- 1.1 The Company shall apply this tariff on a non-discriminatory and non-preferential basis to all Commercial and Industrial Customers who obtain Delivery Service from the Company, except as this tariff is explicitly modified by order of the MPUC. The provisions of Section 20 of the Delivery Service Terms and Conditions (“Delivery Service T&C”) will specifically apply to all entities designated by the Customer as set forth in Delivery Service T&C, Section 20.5 to supply Gas to a Designated Receipt Point for the Customer’s account.
- 1.2 The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of this tariff.
- 1.3 In the event that the Company incurs minimum bill, inventory, transition, take or pay, imbalance, or any other charges associated with the provision of Delivery Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the MPUC.

2. **DEFINITIONS**

Adjusted Target Volume (“ATV”):

The volume of Gas determined by the Company using a Consumption Algorithm and required to be nominated and delivered each Gas Day by the Supplier on behalf of Customers taking non-daily metered Delivery Service.

Aggregation Pool:

One or more Customer accounts whose Gas Usage is served by the same Supplier and aggregated pursuant to Delivery Service T&C, Section 20.6 of this tariff 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.

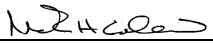
Annual Reassignment Date:

Five (5) Business Days prior to November 1 of each year when the Company reassigns Capacity to Suppliers pursuant to Delivery Service T&C, Section 11.6 of this tariff.

Assignment Date:

Five (5) Business Days prior to the first Gas Day of each month when the Company assigns Capacity to Suppliers pursuant to Delivery Service T&C, Section 11.4 of this tariff.

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Authorization Number: A number unique to the Customer 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 Delivery Service T&C, Section 20.4, and to initiate or terminate Supplier Service as set forth in Delivery Service T&C, Section 20.5 of this tariff.

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.

Business Day: Monday through Friday excluding holidays recognized by the Company. Where relevant, a Business Day shall consist of the hours during which the Company is open for business with the public. If any performance date referenced in this Tariff is not a Business Day, such performance shall be the next succeeding Business Day.

Capacity: Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity as defined in this tariff.

Capacity Allocators: The estimated proportions of the Customer's Total Capacity Quantity that comprise Pipeline Capacity, Storage Withdrawal Capacity and Peaking Capacity.

Capacity Assignment Interim Period:

The period, as described in Section 11 of this tariff, beginning November 1, 2014, and ending, upon Commission approval, once the Company has the resources to assign a full share of Capacity to all Delivery Service Customers.

Capacity Mitigation Service:

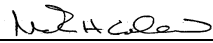
The service available to Suppliers in accordance with Delivery Service T&C, Section 11.10.

City Gate: The interconnection between a Delivering Pipeline and the Company's distribution facilities.

CCF: One hundred cubic feet

Commodity: See Gas.

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Company: Northern Utilities, Inc.

Company Gas Allowance: The difference between the sum of all amounts of Gas received into the Company's distribution system (including Gas produced by the Company) and the sum of all amounts of Gas delivered from the Company's distribution system divided by said amount of Gas received. 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 force majeure, excluding Gas otherwise accounted for.

Company-Managed Supplies:

Capacity and Supply contracts held and managed by the Company and made available to the Supplier pursuant to Delivery Service T&C, Section 11.9 of this tariff 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 Delivery Service T&C, Section 16 of this tariff, 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 Delivery 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.

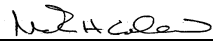
Daily Baseload: The Customer's average usage per Gas Day that is assumed to be unrelated to weather.

Daily Index: The mid-point of the range of prices as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Tennessee Zone 6 delivered" for the relevant Gas Day listed under "Flow date(s)".

In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of Gas as the basis for this calculation until such time that the MPUC approves a suitable replacement.

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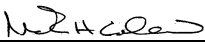
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- Delivery Point:** The interconnection between the Company's facilities and the Customer's facilities.
- Delivery Service:** The distribution of Gas by the Company on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point and related Customer services.
- Design Peak Season:** The forecasted Peak Season during which the Company's system experiences the highest aggregate Gas Usage.
- Designated Receipt Point:** For each Customer, the Company designated interconnection between a Transporting 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.
- Designated Representative:** The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Delivery Service in accordance with the provisions of Delivery Service T&C, Section 21 of this tariff.
- Effective Degree Day:** A measure used to estimate weather-sensitive Gas consumption calculated by subtracting the average temperature for each day from the number 65, plus factoring in wind speed. Each degree day that represents a degree below 65 is considered an Effective Degree Day.
- Gas:** Natural Gas that is received by the Company from a Transporting 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 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

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calendar day, or other such hours used by the Transporting Pipeline.

Gas Service Area: An area within the Company's distribution system as defined in Delivery Service T&C, Section 4 of this tariff, 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 Gas consumption per Heating Degree Day.

MMBtu : One million Btus.

Maximum Daily Peaking Quantity ("MDPQ"): The portion of a Customer's Total Capacity Quantity identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Supplier's Peaking Service Account pursuant to Delivery Service T&C, Section 14 of this tariff shall be equal to the sum of the MDPQs for all Customers in that Supplier's Aggregation Pool.

MPUC Maine Public Utilities Commission

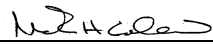
Month: A calendar month of Gas Days.

Monthly Index: The average of the Daily Index numbers for all Gas Days in a Month.

Nomination: The notice given by the Supplier to the Company that specifies, in accordance with the Supplier Service Agreement attached as Appendix B, an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of one or more Customers, including the volume to be received, the Designated Receipt Point(s), the Transporting 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 of May to October, inclusive.

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**Operational Flow Order
("OFO"):**

The Company's instructions to the Supplier to take such action as conditions require including, but not limited to, diverting Gas to or from the Company's distribution system pursuant to Delivery Service T&C, Section 16 of this tariff.

Peak Day:

The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage.

Peak Season:

The consecutive months of November to April, inclusive.

Peaking Capacity:

Capacity in addition to upstream pipeline and underground storage Capacity normally used by the Company to meet daily requirements during a Design Peak Season and acquired specifically for the Peak Season.

Peaking Service:

A Company-managed resource consisting of Peaking Capacity and Peaking Supply.

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 this tariff.

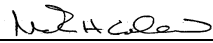
**Peaking Service Rule
Curve:**

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 Peak Season conditions. The Company will communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Peaking Service Rule Curve as identified in Delivery Service T&C, Section 14 of this tariff.

Peaking Supply:

The aggregate amount of Supply in excess of upstream pipeline and underground storage Supply required to meet the Company's forecasted Supply needs during a Design Peak Season and acquired specifically for the Peak Season.

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Peaking Supply Allocator:

An allocation factor that represents the proportion of a Customer's estimated Gas Usage during the Design Peak Season 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's city gates, exclusive of Storage Withdrawal Capacity.

Pre-Determined Allocation:

Instructions from the Supplier to the Company for the method allocation of discrepancies in confirmed Nominations among the Supplier's Aggregation Pools and/or Customers as set forth in the Supplier Service Agreement.

Rate Schedules:

The schedules of rates included in the Company's M.P.U.C. Gas Tariff.

Reference Period:

A period of at least twelve (12) months for which a Customer's Gas Usage information is typically available to the Company.

Sales Service:

Commodity service provided on a firm basis to a Customer who is not receiving Supplier Service, in accordance with the provisions set forth in this tariff. The provision of Sales 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.

Seasonal Storage Capacity:

Contracts for Capacity in off-system storage facilities used to accumulate and maintain Gas inventories for re-delivery to the Company's city gates normally during the Peak Season.

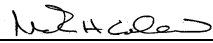
Storage Withdrawal Capacity:

Capacity for the withdrawal of Gas inventories maintained in off-system storage facilities, as well as the Pipeline Capacity used to deliver such Gas to the Company's city gates.

Supplier:

Any entity that has met the Company's requirements set forth in Section 20 of the Delivery Service Terms and Conditions, and that has been designated by a Customer to supply Gas to

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a Designated Receipt Point for the Customer's account; provided, however, that a Customer may act as its own Supplier in accordance with Section 5.2 of the Delivery Service Terms and Conditions.

Supplier Service: The sale of Gas to a Customer by a Supplier.

Supplier Service Agreement: An agreement, substantially in the form set forth in Appendix B, which must be executed by the Company and a Supplier in order for the Supplier to serve Customers on the Company's system.

Supply: See Gas.

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

Total Capacity Quantity ("TCQ"): The total amount of Capacity assignable to a Supplier on behalf of a Customer.

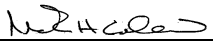
Transporting Pipeline: The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.

3. **CHARACTER OF SERVICE**

3.1 All rates within the Rate Schedules 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 Rate Schedule, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.

3.2 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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9. **DAILY METERED DELIVERY SERVICE**

9.1 **Applicability**

Delivery Service T&C, Section 9 of this tariff shall be applicable in the following conditions:

- 9.1.1 All Customers whose service may be interrupted at any time during the year shall be required to take daily metered Delivery Service.
- 9.1.2 Any Customer, regardless of annual Gas Usage, may elect daily metered Delivery Service.
- 9.1.3 Customers under Rate Schedules G-42 and G-52 wishing to take Delivery Service are required to take Daily Metered Delivery Service. In addition, the Company may require a Customer to take daily metered Delivery Service if the Company determines that the daily Gas Usage characteristics of the Customer cannot be accurately modeled using the Company's Consumption Algorithm or if the volumes reasonably anticipated by the Company to be used by the Customer are of a size that may materially affect the integrity of the Company's distribution system.

9.2 **Delivery Service Provided**

This service provides delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day. For Customers taking Delivery Service under Rate Schedules Rate T-42 and Rate T-52, this service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point.

9.3 **Nominations and Scheduling of Service**

- 9.3.1 The Supplier is responsible for nominating and delivering to the Designated Receipt Point(s) every Gas Day an amount of Gas that equals the aggregated Gas Usage of Customers in the Aggregation Pool plus the Company Gas Allowance in accordance with Delivery Service T&C, Section 8 of this tariff.
- 9.3.2 Nominations shall be communicated to the Company by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means.

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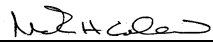
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- 9.3.3 Nominations for the first Gas Day of a Month shall be submitted to the Company no later than two (2) hours prior to the deadline for first of the Month Nominations of the Transporting Pipeline or such lesser period as determined by the Company. 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 basis consistent with that utilized for its own operations.
- 9.3.4 The Supplier may make daily Nominations including, but not limited to, changes to existing Nominations, within a given Month no later than two (2) hours prior to the deadline for daily Nominations of the Transporting 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 basis consistent with that utilized for its own operations.
- 9.3.5 The Supplier may make intra-Gas Day Nominations, including but not limited to changes to existing Nominations, within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting Pipeline on which the Nomination is to be effective, or such lesser period as determined by the Company. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.
- 9.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting 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 Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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.
- 9.3.7 Nominations may be rejected, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Delivery Service in effect from time to time.

9.4 Determination of Receipts

- 9.4.1 The quantity of Gas deemed received by the Company for the Supplier's

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Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Transporting Pipeline(s).

9.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

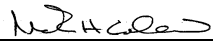
9.5 Metering and Determination of Deliveries

9.5.1 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. Telemetering equipment shall remain the property of the Company at all times. The Company shall require each Customer to install and maintain, at the Customer's expense, reliable telephone lines and electrical connections that meet the Company's operating requirements. The Company may require the Customer to furnish a dedicated telephone line. If the Customer fails to maintain such telephone lines and electrical connections for fourteen (14) consecutive days after notification by the Company, the Company may discontinue service to the Customer.

9.5.2 Should a Customer or a Supplier request that additional telemetering equipment or a communication device be attached to the existing telemetering equipment in addition to that provided pursuant to Delivery Service T&C, Section 9.5.1, the Company shall install, test, and maintain the requested telemetering equipment or communication device; provided that such telemetering equipment or communication device does not interfere with the operation of the equipment required for the Company's purposes and otherwise meet the Company's requirements. The Customer or Supplier shall provide such telemetering equipment or communication device, unless the Company elects to do so. 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 bill the Customer or Supplier after installation.

9.5.3 The Company shall complete installation of telemetering equipment and communication devices, if reasonably possible, within sixty (60) 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.

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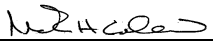
that maximum hourly flows will be in effect on the Company's distribution facilities as of the same time and for the same period as maximum hourly flows are in effect on the Transporting Pipeline. The Supplier's maximum hourly flow will be established based on an allocation of even hourly flows of daily receipts of Gas scheduled in the relevant period in accordance with the applicable transportation tariff of the Transporting Pipeline. All Gas Usage in excess of the Supplier's maximum hourly flow rate shall be subject to an additional charge of 5 times the Daily Index for each Dekatherm in excess of the Supplier's maximum hourly flow. The Company will notify the Supplier of the Supplier's maximum hourly flow.

- 9.6.6 If, during any fifteen (15) consecutive Gas 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 Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas 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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 disqualified from service under this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, and storage, 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.

9.7 Cash Out

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:

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

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

10. NON-DAILY METERED DELIVERY SERVICE

10.1 Applicability

Delivery Service T&C, Section 10 of this tariff applies to any Customer taking Delivery Service under Rate Schedules T-40, T-41, T-50, and T-51 that has not elected Daily Metered Service pursuant to Section 9.1.2 and to Customer's Supplier.

10.2 Delivery Service Provided

This service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement of 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.

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10.3 Nominations and Scheduling of Service

- 10.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume (“ATV”), as determined in Delivery Service T&C, Section 10.3.2, to the Designated Receipt Points on every Gas Day for each Aggregation Pool.
- 10.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking non-daily metered Delivery Service for each Gas Day using a Consumption Algorithm. The ATV shall include the Company Gas Allowance. On each Business Day, the Company will communicate, electronically, by facsimile, or by other agreeable alternative means, the forecasted ATV to the Supplier for at least the subsequent four (4) Gas Days. The ATV in effect for any Gas Day shall be the most recent ATV for that Gas Day communicated to the Supplier by the Company. The ATV for a given Gas Day shall not be effective unless it has been communicated to the Supplier at least two (2) hours prior to the Company’s Supplier Nomination deadline for that Gas Day, which shall be at least two (2) hours prior to the deadline for nominations on the Transporting Pipeline, or such lesser period as determined by the Company.
- 10.3.3 Nominations will be communicated to the Company electronically, by facsimile, or other agreeable alternative means.
- 10.3.4 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 Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.5 The Supplier shall provide an intra-Month Nomination no later than two (2) hours prior to the deadline of the Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting Pipeline. In the event of a discrepancy between the volume nominated to the Company by

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the Supplier and the volume nominated by the Supplier to the Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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. The Company will not confirm any volume nominated by the Supplier in excess of the ATV.

10.3.7 In the event that the Supplier is unable to deliver a confirmed ATV Nomination, the Supplier may make intra-Gas Day Nominations relating to changes to existing Nominations within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting 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 Transporting Pipeline. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized by the Company for its own operations. The Company shall not adjust the ATV applied for that Gas Day.

10.3.8 Nominations may be rejected if they do not satisfy the conditions for Delivery Service in effect from time to time.

10.3.9 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an Operational Flow Order ("OFO") declared by the Company pursuant to Delivery Service T&C, Section 16 will be subject to the Critical Day provisions of Delivery Service T&C, Section 10.6.1 of this tariff, and the delivered quantity specified in the OFO will replace the ATV.

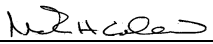
10.4 Determination of Receipts

10.4.1 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 Transporting Pipeline(s).

10.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

10.5 Metering and the Determination of Deliveries

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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. 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.

10.6 Balancing

10.6.1 Any difference between the Supplier's ATV for an Aggregation Pool and the receipts on the Transporting 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 Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts less than 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the first 5% difference, and the Supplier shall be charged two (2) times the Daily Index for the remaining difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Delivery Service T&C, Section 16.

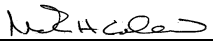
Critical Day That Will Be Aggravated by Under-delivery

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged five (5) times the Daily Index for the difference between the ATV and actual receipts.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged the following amounts for all receipts in excess of the ATV:

- (a) up to 25% in excess of the ATV, the Supplier shall be charged the Daily Index for the difference.

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- (b) for receipts in excess of 25% above the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day That Will Be Aggravated By Over-delivery.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.4 times the Daily Index for receipts greater than the ATV.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged the following amounts--for receipts less than the ATV but greater than or equal to 75% of the ATV, the Supplier shall be charged the Daily Index for the first 25% difference, and the Supplier shall be charged 1.1 times the Daily Index for the remaining difference.

10.6.2 In addition to the charges set forth in Delivery Service T&C, Section 10.6.1, the Company shall use a daily balancing charge calculation to account for balancing costs it incurs in serving each Aggregation Pool due to differences in forecast versus actual Effective Degree Days. The daily balancing charge shall be based on the sum of the absolute values of the daily differences between the Aggregation Pool's ATV and the recalculated ATV value described in Delivery Service T&C, Section 10.7.1 below. Such charge shall be billed to the Supplier monthly and shall reflect the cost of resources used by the Company to balance such differences for each Gas Day of the Month. The Company shall calculate such charge annually in its Peak Season cost of Gas filing according to a formula as set forth in Appendix A.

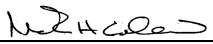
In the event that the Transporting Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this Section at each Designated Receipt Point.

10.6.3 In addition to the charges set forth in Delivery Service T&C, Sections 10.6.1 and 10.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

10.7 **Cash Out**

10.7.1 The Company shall use a daily cash out calculation to account for imbalances due to differences in forecast versus actual Effective Degree Days. Using a Consumption Algorithm, the Company will recalculate the ATV for each Aggregation Pool for each Gas Day of the Month,

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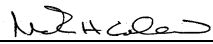
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substituting actual Effective Degree Days for forecast Effective Degree Days. Daily recalculations shall be compared to the Aggregation Pool's daily ATV, and the difference shall be cashed out at 100% of the Daily Index.

- 10.7.2 During the processing of both the June and December Supplier billings, 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) During the processing of the June Supplier billings, using the recalculated ATV values described in Section 10.7.1, 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 rendering Supplier billings, in accordance with Section 20.8, for the month of April.
- (2) During the processing of the December Supplier billings, using the recalculated ATV values described in Section 10.7.1, 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 the same period. The Off-Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of October.
- 10.7.3 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 Delivery Service T&C, Section 4, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.
- 10.7.4 If, during any fifteen (15) consecutive Gas Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas Days. The Supplier shall have the opportunity to cure the imbalance with the demonstration of

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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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, 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.

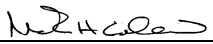
11. CAPACITY ASSIGNMENT

11.1 Applicability

Delivery Service T&C, Section 11 of this tariff applies to all Suppliers that have enrolled one or more Customers into one or more Aggregation Pools and shall include Customers acting as their own Supplier. The Company shall assign and the Supplier shall accept each Customer's pro-rata share of Capacity, if any, as established in accordance with this Section.

The Company is currently in a Capacity Assignment Interim Period. The purpose of the Capacity Assignment Interim Period is to provide Capacity Assignment rules from November 1, 2014 until the Company has secured sufficient Capacity to support changes in Delivery Service Terms and Conditions, Sections 11, 13 and 14 of this tariff, as approved by the M.P.U.C. in Docket No. 2014-_____. The Company shall request approval from the M.P.U.C. of both new Capacity and for the end of the Capacity Assignment Interim Period.

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11.2 Identification of Capacity for Assignment

11.2.1 On or before September 15 of each year, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning in October.

11.2.2 The Company shall identify the specific contracts and resources for assignment to Suppliers based on the Company's Capacity and resource plans. Such identified contracts and resources shall be used to determine the pro-rata shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool.

11.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates, the assignment of certain Capacity contracts including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section 7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)] and other contracts that are not assignable to third-parties due to governing tariffs.

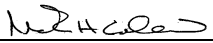
11.3 Determination of Pro-Rata Shares of Capacity

11.3.1 The Company shall establish a Total Capacity Quantity ("TCQ") for each Customer taking Delivery Service. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf of a Customer. Each TCQ established pursuant to Section 11.3 of this tariff shall be in effect only during the Capacity Assignment Interim Period.

11.3.2 For all Customers receiving Sales Service who switch to Delivery Service at any time after October 31, 2014, 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 correlating the Customer's actual historical Gas Usage with actual Effective Degree Days during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable. If actual Gas Usage is not reflective of the expected future Gas Usage, the Company and Customer may mutually agree on the applicable estimated Gas Usage.

11.3.3 Any Customer taking Delivery Service prior to November 1, 2014 shall

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retain the TCQ previously established by the Company throughout the Capacity Assignment Interim Period unless such Customer returns to Sales Service, in which case the provisions of Section 11.3.5 shall apply.

11.3.4 For all interruptible Sales Service customer migrating to Delivery Service or a new Commercial and Industrial Customer taking Delivery Service as its initial service, the TCQ shall be the Customer's estimated Gas Usage on the Peak Day as determined by the Company prior to the Customer's enrollment into Supplier Service.

11.3.5 Once the Company establishes a TCQ for a Customer pursuant to this Delivery Service T&C, Section 11.3, 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 Sales Service or the completion of the Capacity Assignment Interim Period. The Company shall establish a new TCQ value for the Customer pursuant to Delivery Service T&C, Section 11.3.2 if the Customer again elects to take Supplier Service after returning to Sales Service, unless otherwise established herein.

11.3.6 The Company shall determine the pro-rata shares of Pipeline Capacity, 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 shall be set forth annually in Appendix C to this tariff.

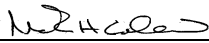
The Capacity Allocator for Pipeline Capacity shall be equal to the ratio of the maximum daily Pipeline Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Storage Withdrawal Capacity shall be equal to the ratio of the maximum daily Storage Withdrawal Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Peaking Capacity shall be equal to the ratio of the maximum daily Peaking Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

11.3.7 The Company shall determine the pro-rata share of Seasonal Storage Capacity assignable to a Supplier on behalf of a Customer consistent with

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the Delivery Service T&C, Sections 11.4.1 (a), 11.4.1 (b) and 11.8 of this tariff.

11.3.8 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Delivery Service T&C, Section 14 of this tariff.

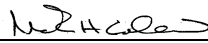
11.4 Capacity Assignments

11.4.1 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 Delivery Service T&C, Sections 11.2, 11.3 and 11.7.

- (a) The total amount of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall be at least equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, 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.
- (b) Storage Withdrawal Capacity shall be subject to Operational Flow Orders that are issued by the Company pursuant to Delivery Service T&C, Section 16 of this tariff, in the event that the Company requires the Supplier to deliver or to store quantities of Gas for the purposes of managing system imbalances and maintaining Delivery Service. Whenever the Company assigns incremental Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Seasonal Storage Capacity pursuant to Delivery Service T&C, Section 11.8.
- (c) The Peaking Capacity assigned to the Supplier shall establish the Maximum Daily Peaking Quantity ("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 Delivery Service T&C, Section 14.

11.4.2 The Company shall execute Capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity assigned to the Supplier pursuant to Part VII, Section 11.4.1 exceeds 150 MMBtus. The Supplier shall accept additional increments of Capacity on the subsequent Assignment Dates commensurate with any cumulative

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increase in the sum of pro-rata shares of Capacity assigned to the Supplier, as rounded to the nearest 200 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assigned Capacity as established in accordance with Part VII, Section 11.4.1. Part VII, Section 11.4.2 shall not apply to a Customer that is acting as its own Supplier.

11.4.3 If 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 Delivery Service T&C, Section 11.3.

11.5 Release of Contracts

11.5.1 With the exception of Company-Managed Supplies and Peaking Capacity, 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.

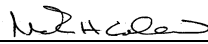
11.5.2 Capacity contracts released to a Supplier on an Assignment Date shall be released for a term beginning on the first Gas Day of the Month following the Assignment Date through the expiration date of the respective capacity contract being assigned.

11.5.3 The Company reserves the right to adjust releases of Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but are not limited to, the reassignment of certain 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.

11.6 Annual Reassignment of Capacity

11.6.1 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, as such plans may change during the Capacity Assignment Interim Period. Such previously assigned Capacity shall be replaced by the assignment to the Supplier of the pro-rata shares of Capacity on behalf of the Customers enrolled in the

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Supplier's Aggregation Pools (as of the first Gas Day of the Month following the Annual Reassignment Date).

11.6.2 If the reassignment of Storage Withdrawal Capacity requires adjustments to the Seasonal Storage Capacity previously assigned to a Supplier, the Company shall reassign Seasonal Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to inventories in place pursuant to Delivery Service T&C, Section 11.8 of this tariff.

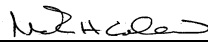
11.6.3 If the reassignment of Peaking Capacity requires adjustments to the MDPQ for the Supplier's Aggregation Pool, the Company shall reassign Peaking Supply to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to supplies pursuant to Delivery Service T&C, Section 14 of this tariff.

11.7 Recall of Capacity

11.7.1 If the pro-rata shares of Capacity assignable to a Supplier decline because one or more of the Supplier's Customers has returned to Sales 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. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the Assignment Date following the effective date of the Customer's return to Sales Service. Notwithstanding the foregoing, in the following circumstances the Company shall be required to recall Capacity associated with Customers returning to Sales Service:

- (a) The Supplier returning the Customers to Sales Service certifies that it is ceasing all business operations in Maine;
- (b) The Supplier returning the Customers to Sales Service certifies that it will no longer offer service to a particular market sector (e.g., small commercial and industrial Customers) and, therefore, once such Customers are returned to Sales Service, the Supplier is not eligible to re-enroll Customers of that type; or
- (c) The Supplier demonstrates that it has provided Supplier Service to the Customer for a 12-month period, and for a period of no less than any 12-month increment, prior to the Customer's return to Sales Service.

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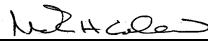
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- 11.7.2 If the Company elects to recall Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.
- 11.7.3 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 Delivery Service T&C, Section 11.4. 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 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.
- 11.7.4 If the Company recalls Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.
- 11.7.5 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 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 assigned to the Supplier, rounded to the nearest 200 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.
- 11.7.6 In the event that a Supplier is declared ineligible to nominate Gas for thirty (30) Gas Days pursuant to Delivery Service T&C, Sections 9.6.6 or 10.7.4 of this tariff, the Company shall have the right to recall any or all Capacity assigned to said Supplier. If the Supplier is reinstated at the end

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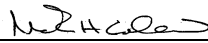
of such 30 Gas Days, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Delivery Service T&C, Sections 11.4 and 11.5. There shall be no change in the TCQ values used to determine the Supplier's Customers' pro-rata shares of Capacity for reassignment.

- 11.7.7 In the event that a Supplier is disqualified from service for one (1) full year pursuant to Delivery Service T&C, Sections 9.6.6 or 10.7.4 of this tariff, 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 period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Delivery Service T&C, Sections 11.4 and 11.5
- 11.7.8 In the event that the Supplier fails to meet the applicable registration and licensing requirements established by law or regulation, fails to satisfy the requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, 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 this tariff 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.
- 11.7.9 The Supplier shall forfeit its rights to Capacity recalled by the Company pursuant to this Section. Such forfeiture shall be effectuated 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.

11.8 Seasonal Storage Capacity

- 11.8.1 On each Assignment Date, the Company shall release Seasonal Storage Capacity to a Supplier that accepts the assignment of Storage Withdrawal Capacity pursuant to Delivery Service T&C, Section 11.4. The Company shall assign such Seasonal Storage Capacity consistent with the tariffs governing the release of the associated Storage Withdrawal Capacity.

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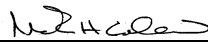
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- 11.8.2 If the Company assigns Seasonal Storage Capacity to a Supplier pursuant to Delivery Service T&C, Section 11.8.1 above, the Company shall transfer in-place Gas inventories to the Supplier. The quantity of inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Seasonal Storage Capacity assigned to the Supplier on the Assignment Date times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. 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 communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two Business Days prior to each Assignment Date.
- 11.8.3 In the event that the Company recalls Storage Withdrawal Capacity from the Supplier pursuant to Delivery Service T&C, Section 11.7, the Company shall also recall Seasonal Storage Capacity from the Supplier. The Company shall determine the total Seasonal Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Storage Withdrawal Capacity returned to the Company.
- 11.8.4 If the Company recalls Seasonal Storage Capacity from a Supplier pursuant to Delivery Service T&C, Section 11.8.3, 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 Seasonal Storage Capacity times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in off-system storage facilities as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two (2) Business Days prior to each Assignment Date.
- 11.8.5 Seasonal storage inventory percentages shall represent the amount of Seasonal Storage Capacity in each assigned storage resource that are assumed to be filled with inventories as of the first Gas Day of the month following the Assignment Date. Each September, the Company shall communicate, by electronic means as determined by the Company or, in

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the event of failure of such electronic means, by facsimile or other agreeable alternative means, the storage inventory percentages for each resource that shall be applied to incremental or decremental Seasonal Storage Capacity assignments executed on each of the twelve (12) Assignment Dates beginning in October.

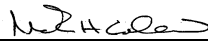
11.9 Company-Managed Supplies

- 11.9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain Capacity contracts including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section 7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)], and other contracts that are not assignable to third-parties.
- 11.9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Delivery Service T&C, Sections 11.4 and 11.8.
- 11.9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies pursuant to the tariffs governing the resources.
- 11.9.4 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, including Supply costs, incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.
- 11.9.5 The Company shall nominate quantities to the Transporting Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned Company-Managed Supplies, 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 Delivery Service T&C, Sections 9.3 and 10.3 of this tariff.

11.10 Capacity Mitigation Service

- 11.10.1 Capacity Mitigation Service is available to Suppliers that have been assigned Capacity pursuant to Delivery Service T&C, Section 11 of this tariff. 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 this tariff.

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- 11.10.2 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 Delivery Service T&C, Section 11.5, 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.
- 11.10.3 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.
- 11.10.4 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 for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from 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.

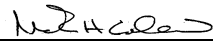
12. BILLING AND SECURITY DEPOSITS

- 12.1 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 MPUC, from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Sales Service.
- 12.2 The Company shall offer two billing service options to Customers taking only Delivery 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 Delivery Service T&C, Section 20.5.

12.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Delivery 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

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Company shall provide this billing service to Supplier at a mutually agreed upon fee.

The Supplier shall adhere to the Customer classes and rate structure as specified in the Company's then current Rate Schedule on file with and approved by the MPUC. 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 to the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current billing 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.

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

12.2.2 Standard Passthrough Billing Service

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

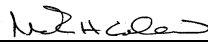
The Supplier shall be responsible for the collection of amounts due to the Supplier from the Customer. Customer payment responsibility with Suppliers shall be governed by the particular Customer/Supplier contract.

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.

12.3 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.

12.4 Customer acting as its own Supplier will be subject to the billing and payment requirements in Delivery Service T&C, Section 20.8 of this tariff.

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12.5 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

13. **SALES SERVICE**


13.1 Sales Service is the Commodity 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 this tariff. Each Customer receiving Sales Service shall receive one bill from the Company reflecting delivery and Commodity charges.

13.2 A Customer receiving Sales Service on the issuance date of these Terms and Conditions shall continue to receive Sales Service unless the Customer elects to take Supplier Service and until such time that Supplier Service is initiated for the Customer in accordance with Delivery Service T&C, Section 20.5 of this tariff. If the Customer terminates Supplier Service, if a Supplier terminates service to the Customer, or if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide Sales Service to the Customer. Pursuant to Delivery Service T&C, Section 20.5 of this tariff, the Company will initiate Sales Service for the Customer and will provide Sales Service to the Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.

13.3 Any Customer may elect to return to Sales Service if the Customer is no longer receiving Supplier Service. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until such time that Supplier Service is initiated for the Customer by a new Supplier.

13.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff terminates Supplier Service to the Customer, the Customer may select another Supplier. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until Supplier Service is initiated for the Customer by a new Supplier.

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- 13.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide the Customer with Sales Service.
- 13.6 Any Customer switching from Delivery Service to Sales Service after June 30, 2006, shall pay a Delivery-to-Sales Service Fee as set out in Appendix D of these Delivery Service T&C for twelve (12) months beginning with the first billing month cycle on Sales Service. The monthly Delivery-to-Sales Service Fee shall be based on the Customer's portion of Peak Day Gas Usage that has no associated Capacity assignment times 25% of the Company's then-current monthly component of the November through October annual average unit capacity cost. Such annual average unit capacity cost shall be determined once a year, prior to November 1. Any Customer who switches from Delivery Service to Sales Service shall be required to remain on Sales Service for a minimum of one year.

14. PEAKING SERVICE

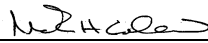
14.1 Applicability

Delivery Service T&C, Section 14 of this tariff applies to all Suppliers, and to all Customers acting as their own Supplier, that have been assigned, or have elected to be assigned, Capacity on behalf of themselves or Customers in their Aggregation Pools pursuant to Delivery Service T&C, Section 11 of this tariff.

14.2 Character of Service

14.2.1 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.

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14.2.2 The Company shall provide quantities of Gas, at the Supplier's request, from the Supplier's Peaking Service Account as established in accordance with Delivery Service T&C, Section 14.4. 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.

14.3 Rates and Charges

14.3.1 The applicable rates for Peaking Service shall be established in the Company's tariff. The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for 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 costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company's total system Peak Day requirement. Such rates shall be updated annually and provided in Appendix A to this tariff.

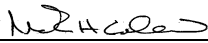
14.3.2 The Supplier shall pay a peaking commodity charge based on Peaking Service Supply volumes nominated by the Supplier and delivered by the Company pursuant to Section 14.5. Such unit commodity charge shall be equal to the total Supply costs and other variable costs associated with the Company's peaking resources, which would be incurred as though the Supplier contracted directly for the Company's peaking resources.

14.4 Peaking Supply

14.4.1 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.

14.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Delivery Service T&C, Section 11.4. 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. The amount credited to the Supplier's Peaking Service Account shall be determined by

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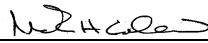
multiplying the incremental Peaking Supply by the peaking inventory percentage described in Delivery Service T&C, Section 14.4.5.

- 14.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Delivery Service T&C, Section 11.7. 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 Delivery Service T&C, Section 14.4.1 above.
- 14.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Delivery Service T&C, Section 14.4.3, 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. 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 Delivery Service T&C, Section 14.4.5.
- 14.4.5 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 Gas Day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply. Each September, the Company shall communicate electronically, by facsimile or by other agreeable alternative means the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking Supply assignments executed on each of the twelve (12) Assignment Dates beginning in October.
- 14.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first Gas Day of the Month following the Annual Reassignment Date) as determined in accordance with Delivery Service T&C, Section 14.4.1 above.

14.5 Nomination of Peaking Service

- 14.5.1 The Supplier shall nominate with the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Delivery Service T&C, Section 14.4.2, that the Supplier desires to be provided from its Peaking Service Account for the applicable Gas Day. For an Aggregation Pool of Customers taking daily metered Delivery Service, the

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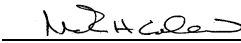
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notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 9.3 of this tariff. For an Aggregation Pool of Customers taking non-daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 10.3 of this tariff.

14.5.2 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 Supplier's Aggregation Pool, which factors into the daily balancing provisions set forth in this tariff.

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14.5.3 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 is 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 Delivery Service T&C, Section 11, 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 (0).

14.5.4 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 (0).

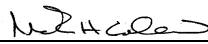
14.6 Peaking Service Critical Day Provisions

14.6.1 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 Delivery Service T&C, Section 16 of this tariff.

14.6.2 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 Delivery Service T&C, Section 16 of this tariff.

14.6.3 If, on a Critical Day, the Company projects, based on the Supplier's Nominations, that the Supplier's scheduled deliveries to the Designated Receipt Point(s) of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Transporting Pipeline, the Company may issue an OFO to the Supplier in accordance with Delivery Service T&C, Section 16 of this tariff.

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15. DISCONTINUANCE OF SERVICE

The Company shall notify a Customer's Supplier of record that it has initiated any applicable billing and termination procedures as prescribed by the MPUC. In the event that the Company discontinues Delivery 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.

16. OPERATIONAL FLOW ORDERS AND CRITICAL DAYS

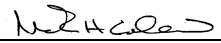
16.1 In the event of a material and significant threat to the operational integrity of the Company's system, the Company may declare a Critical Day.

16.2 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 service 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.

16.3 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 Delivery Service T&C, Section 11 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 actions 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 penalties as set forth in Delivery Service T&C, Sections 9.6, 9.7, 10.6, and 10.7 for any under-deliveries or over-deliveries caused by that Supplier.

16.4 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

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be made by means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers any change to the Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.

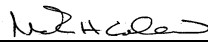
- 16.5 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an OFO will be subject to the Critical Day provisions of Delivery Service T&C, Sections 9.6 and 10.6 of this tariff.

17. **FORCE MAJEURE AND LIMITATION OF LIABILITY**

17.1 Neither the Company nor the Supplier will be liable to the other 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, or breakage or accident to machinery or pipeline (which breakage or accident is not the result of the negligence or misconduct of the party claiming force majeure); 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 this tariff 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.

17.2 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

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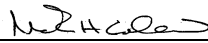
its agents or employees, under this tariff or in accordance with or required by law, including, without limitation, termination of the Customer's service.

- 17.3 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 damages, costs (including attorney's fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of either party in connection with the performance of the indemnifying party's obligations under this tariff. The Company and the Supplier shall waive recourse against the other party and its affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under this tariff.

18. CURTAILMENT

- 18.1 Whenever the integrity of the Company's system or the Supply of the Company's Customers taking Sales Service or Delivery 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, consistent with Section 10 of the General Terms and Conditions of this tariff. 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.
- 18.2 The Company shall communicate notice of curtailment as soon as practicable to the Suppliers of affected Customers by means as specified in the Supplier Service Agreement.
- 18.3 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.
- 18.4 If the Company is required to curtail or interrupt service due to capacity constraints, the Company's interruptible service shall have a priority subordinate to the Company's firm Delivery Service and Sales Service Customers.

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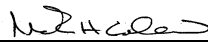
18.5 In any case where the Company determines in its judgment that a curtailment or interruption of firm services is necessary due to circumstances as described in Section 16.2 of these Delivery Service T&C and/or in Section 10 of the General Terms and Conditions, the Company will curtail and/or interrupt firm Delivery Service and Sales Service Customers on a nondiscriminatory basis. In the case when the Company requests that the Supplier continues to deliver its gas supply to maintain the Company's system integrity and thus, any curtailment and/or interruption of firm Delivery Service Customers results in the Suppliers of affected Customers relinquishing gas supply to the Company, such relinquished gas supply shall be separately cashed out at the Absolute High price for that Gas Day as published in Gas Daily.

19. **TAXES**

19.1 In the event a tax of any kind is imposed or removed by any governmental authority on the distribution of Gas or on the gross revenues derived from the distribution 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.

19.2 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.

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19.3 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.

20. SUPPLIER TERMS AND CONDITIONS

20.1 Applicability

The following terms and conditions shall apply to every Supplier providing Supplier Service in the State of Maine, to every Customer doing business with said Suppliers, and to Customers acting as their own Supplier.

20.2 Obligations of Parties

20.2.1 Customer

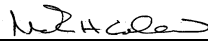
Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. A Customer electing Supplier Service must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Delivery Service T&C, Sections 20.2.3 and 20.3 below and who meets any applicable registration requirements established by law or regulation.

20.2.2 Company

The Company shall deliver Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to this tariff and, among other things, shall:

- (a) Provide Customer service and support, including call center functions, for services provided by the Company under this tariff;
- (b) Respond to service interruptions, reported Gas leaks, and to other Customer safety calls;
- (c) Handle connections, curtailments, and terminations for services provided by the Company under this tariff;
- (d) Read meters;

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- (e) Submit bills to Customers for Delivery Service and if contracted by the Supplier, for Supplier Service in accordance with Delivery Service T&C, Section 12.2.1;
- (f) Address billing inquiries for Delivery Service;
- (g) Answer general questions about Delivery Service;
- (h) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;
- (i) Arrange for or provide Sales Service to the Customer at the request of the Customer in accordance with the Company's tariff; and
- (j) Provide information regarding, at a minimum, rate tariffs, billing cycles, Capacity assignment methods, and Consumption Algorithms.

20.2.3 Supplier

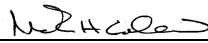
The Supplier shall act on behalf of the Customer to acquire Supplies and to deliver them to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of this tariff.

The Supplier is responsible for enrolling Customers pursuant to Delivery Service T&C, Section 20.5 of this tariff.

The Supplier must request, complete and sign a Supplier Service Agreement, attached hereto as Appendix B, to act as a Supplier on the Company's system, satisfy the Supplier requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign Capacity, if any, under Delivery Service T&C, Section 11, and be and remain eligible to provide service to Customers in Maine.

The Supplier is responsible for completing all transactions with the Company and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Delivery Service T&C, Section 20.5 and Appendix A.

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20.3 Supplier Requirements and Practices

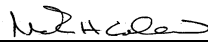
20.3.1 The Company shall have the right to establish reasonable financial and non-discriminatory credit standards for qualifying Suppliers. Accordingly, in order to serve Customers on the Company's system, the Supplier shall provide the Company, on a confidential basis, with audited balance sheet and 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 to shareholders 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 agencies. The Supplier shall be subject to a credit investigation by the Company. The Company shall review the Supplier's financial position periodically.

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

- (a) 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.
- (b) 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.
- (c) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and the Supplier has paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (d) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.
- (e) The Supplier's Maine business advertising and marketing materials conform to all applicable state and federal laws and regulations.

20.3.3 In the event the Supplier has not demonstrated to the Company's satisfaction that it has met the Company's credit evaluation standards, the

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Company shall require the Supplier to provide one of the following at the Maximum Financial Liability as calculated below:

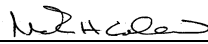
- (a) Advance deposit;
- (b) Letter of credit;
- (c) Surety bond; or
- (d) Financial guaranty from a parent company that meets the creditworthiness criteria.

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 costs of the Gas supplies themselves, the cost of transportation storage, 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 with 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.

20.3.4 The Supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of 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.

20.3.5 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 hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, taxes, and expenses

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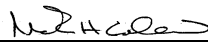
arising from or out of any adverse legal claims of third parties to or against said Gas.

- 20.3.6 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.
- 20.3.7 By agreeing to provide service under this tariff, the Supplier acknowledges that adherence to any applicable law regarding unfair trade practices, truth in advertising law, or law of similar import is required. Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the 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.
- 20.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement (e.g., 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 the Supplier, its Customers, and the MEPUC. Notification to 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) Gas Days after the giving of such notice, unless within such ten (10) Gas 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 Sales Service pursuant Delivery Service T&C, Section 13 of this tariff.

20.4 Access to Usage History and Current Billing Information

The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier.

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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.

20.5 Enrollment, Cancellation, and Termination of Supplier Service

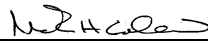
20.5.1 The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to initiating Supplier Service to the Customer.

20.5.2 The Supplier must provide the Company with the following minimum information in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Delivery Service T&C, Section 20.5 of this tariff:

- (a) The Customer's name and current Authorization Number;
- (b) The name of the Supplier;
- (c) The Customer's billing option (for commencement of service);
- (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); and
- (e) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's 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 notify the Supplier so that the Supplier can resolve any discrepancies.

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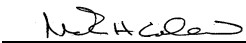
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- 20.5.3 A change in Supplier Service will normally be made on a monthly metering and billing cycle basis, with changes taking effect on the date of the Customer's next scheduled meter read. Enrollment forms must be transmitted no less than ten (10) 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 completed 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.
- 20.5.4 If the Supplier submits information to the Company to terminate Supplier Service to a Customer less than ten (10) Gas 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 confirm the termination date for Supplier Service.
- 20.5.5 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 the Customer's change in Supplier Service to the existing Supplier.
- 20.5.6 To terminate Supplier Service with a Supplier and to initiate Sales Service, a Customer shall so inform the Company and the Supplier. 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 ten (10) days in advance of the next scheduled meter read. Where such notice is received by the Company in less than ten (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.
- 20.5.7 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 this tariff 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 Sales Service to the Customer.

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20.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's 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 Sales Service in accordance with Delivery Service T&C, Section 13.

20.5.9 The Company may charge fees to the Supplier for processing the transactions described in this Section, as approved by the MPUC. These fees are included in Appendix A.

20.6 Aggregation Pools

20.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Delivery Service of the respective Customers. Non-daily metered Customers subscribing to Delivery Service under Rate Schedules T-40, T-41, T-50, T-51 must be aggregated in a separate pool from Customers subscribing to daily metered service under Rate Schedules T-42 and T-52.

20.6.2 Non-daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 10 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

20.6.3 Daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 9 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

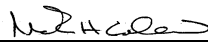
20.6.4 A separate Supplier account will be established for each Supplier Aggregation Pool.

20.6.5 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.

20.7 Imbalance Trading

20.7.1 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.

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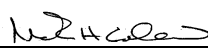
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- 20.7.2 The Company will make available a list of Suppliers by Gas Service Area making deliveries during the previous Month.
- 20.7.3 Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Delivery Service T&C, Section 4, unless waived by the Company.
- 20.7.4 Daily imbalance trades must be point-specific on those Gas Days when the Transporting Pipeline required the Company to balance on a point-specific basis.

20.8 Billing and Payment

- 20.8.1 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 Delivery Service T&C, Section 12 of this tariff. This data will be provided on a rolling basis as readings or estimates are made.
- 20.8.2 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.
- 20.8.3 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 will apply to all amounts outstanding after ten (10) days.
- 20.8.4 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 may file a complaint with the Commission to resolve such complaint.

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Title: Treasurer

DELIVERY SERVICE TERMS AND CONDITIONS

21. CUSTOMER DESIGNATED REPRESENTATIVE

- 21.1 The Customer may appoint a Designated Representative to satisfy or undertake the Customer's duties and obligations; including, but not limited to submitting and/or receiving notices, making nominations, arranging for trades of imbalances, and performing operational and administrative tasks; provided, however, that under no circumstances will the appointment of a Designated Representative relieve the Customer of the responsibility to make full and timely payment to the Company for all Delivery Service provided under this tariff.
- 21.2 A request by a Designated Representative to the Company that contains the Customer's Authorization Number will be deemed to be confirmation that the Customer has designated such person or entity as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.
- 21.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Delivery Service that 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 Delivery Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any information concerning Delivery Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.
- 21.4 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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 Northern Utilities, Inc.

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DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: \$0.95 per MMBtu of Daily Imbalance Volumes

- Updated effective every November 1 to reflect the Company’s latest balancing resources and associated capacity costs.
-
- Daily Imbalance Volumes represent the difference between ATV and ATV adjusted for actual EDDs.

II. Peaking Service Demand Rate:

III. Customer Telemetering Fees:

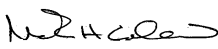
<u>SERVICE</u>	<u>PRICING</u>
<ul style="list-style-type: none"> • One-time Installation Charge: <ul style="list-style-type: none"> • Telemetering – instrumented meter • Telemetering-non-instrumented meter 	<ul style="list-style-type: none"> • \$1,400/unit • \$ 475/unit
<ul style="list-style-type: none"> • Monthly Maintenance Fee 	<ul style="list-style-type: none"> • \$ 6.00/month
<ul style="list-style-type: none"> • Monthly Surcharge Fee in lieu of One-time Installation Charge for non-instrumented meter (Optional) 	<ul style="list-style-type: none"> • \$ 8.50/month

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Title:



Treasurer

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DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX C

Capacity Allocators

Capacity Allocators shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Capacity Allocators shall be applicable for capacity assignments during the period of November 1, 2014 through October 31, 2015.

CAPACITY ASSIGNMENT

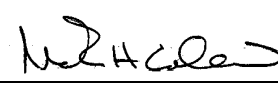
Commercial and Industrial

(Percentages of Total Capacity Quantity)

All Commercial and Industrial Customers

Pipeline:	[TBD]%
Storage:	[TBD]%
Peaking:	[TBD]%

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DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX D

Delivery-to-Sales Service Fee

A. Purpose:

Customers who elect to switch from Firm Delivery Service to Firm Sales Service after June 30, 2006, will be required to pay a fee for costs associated with capacity resources on-hand that are necessary to serve the unassigned capacity portion of the gas commodity requirements of such Customers. The Company shall charge Customers a monthly Delivery-to-Sales Service Fee for the first twelve months after switching from Firm Delivery to Firm Sales Service.

B. Application of Delivery-to-Sales Service Fee:

A Delivery-to-Sales Service Fee shall be calculated for the Customer that has switched to Firm Sales Service during the first billing month under such service. The Delivery-to-Sales Service Fee shall be calculated to the nearest one-cent and will be applied to the Customer's monthly Firm Sales Service bill as a separate monthly charge per bill for the initial twelve consecutive billing months.

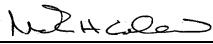
C. Calculation of Delivery-to-Sales Service Fee:

The Delivery-to-Sales Service Fee to be assessed monthly shall be twenty-five percent (25%) of the monthly component of the Company's annual average unit cost of system capacity resources, as derived once a year for the upcoming period of November through October, multiplied by the unassigned Capacity portion of the Customer's Peak Day Gas Usage at the time the Customer switches from Firm Delivery Service to Firm Sales Service. Peak Day Gas Usage shall be determined as set out in Section 11.3.2 of the Company's Delivery Service Terms and Conditions.

D. Information to be Filed with the Commission:

Once a year, by September 1, the Company shall file with the Commission the Company's upcoming annual system average unit capacity cost, multiplied by 25%, to show the unit cost applicable to the unassigned Capacity portion of a Customer's Peak day Gas Use. Also by September 1 of every year, the Company shall file with the Commission a report showing the number of customers assessed a Delivery-to-Sales Service Fee and the amount of Delivery-to-Sales Service Fee charges recovered to-date. Pursuant to the Company's Cost of Gas Factor Clause, the Company will also report actual Delivery-to-Sales Service Fee revenues as credits to the Company's total Maine Division Peak Period Demand Costs.

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Seventh Revised Page 160-a
Superseding Sixth Revised Page 160-a

DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX D

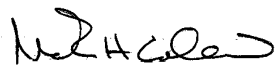
**Delivery-to-Sales Service Fee
(continued)**

The Delivery-to-Sales Service Fee shall be calculated and filed with the Commission each year with the Peak Period Cost of Gas filing. The following Delivery-to-Sales Service Fee Unit Charge shall be applicable for the period of November 1, 2014 through October 31, 2015.

Effective Dates:	November 1, 2014 – October 31, 2015
Annual Average Unit Cost:	\$ TBD per MMBtu
25% - Annual Charge for Fee:	\$ TBD per MMBtu
Monthly Unit Charge for Fee:	\$ TBD per MMBtu of Unassigned Capacity portion of Peak Day Gas Usage

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Treasurer

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DELIVERY SERVICE TERMS AND CONDITIONS

1. APPLICABILITY

- 1.1 The Company shall apply this tariff on a non-discriminatory and non-preferential basis to all Commercial and Industrial Customers who obtain Delivery Service from the Company, except as this tariff is explicitly modified by order of the MPUC. The provisions of Section 20 of the Delivery Service Terms and Conditions (“Delivery Service T&C”) will specifically apply to all entities designated by the Customer as set forth in Delivery Service T&C, Section 20.5 to supply Gas to a Designated Receipt Point for the Customer’s account.
- 1.2 The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of this tariff.
- 1.3 In the event that the Company incurs minimum bill, inventory, transition, take or pay, imbalance, or any other charges associated with the provision of Delivery Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the MPUC.

2. DEFINITIONS

Adjusted Target Volume (“ATV”):

The volume of Gas determined by the Company using a Consumption Algorithm and required to be nominated and delivered each Gas Day by the Supplier on behalf of Customers taking non-daily metered Delivery Service.

Aggregation Pool:

One or more Customer accounts whose Gas Usage is served by the same Supplier and aggregated pursuant to Delivery Service T&C, Section 20.6 of this tariff 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.

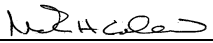
Annual Reassignment Date:

Five (5) Business Days prior to November 1 of each year when the Company reassigns Capacity to Suppliers pursuant to Delivery Service T&C, Section 11.6 of this tariff.

Assignment Date:

Five (5) Business Days prior to the first Gas Day of each month when the Company assigns Capacity to Suppliers pursuant to Delivery Service T&C, Section 11.4 of this tariff.

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DELIVERY SERVICE TERMS AND CONDITIONS

Authorization Number: A number unique to the Customer 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 Delivery Service T&C, Section 20.4, and to initiate or terminate Supplier Service as set forth in Delivery Service T&C, Section 20.5 of this tariff.

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.

Business Day: Monday through Friday excluding holidays recognized by the Company. Where relevant, a Business Day shall consist of the hours during which the Company is open for business with the public. If any performance date referenced in this Tariff is not a Business Day, such performance shall be the next succeeding Business Day.

Capacity: Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity as defined in this tariff.

Capacity Allocators: The estimated proportions of the Customer's Total Capacity Quantity that comprise Pipeline Capacity, Storage Withdrawal Capacity and Peaking Capacity.

Capacity Assignment Interim Period:

The period-, as described in Section 11 of this tariff, beginning November 1, 2014, and ending, upon Commission approval, -once the Company has the resources to assign a full share of Capacity to all Delivery Service Customers.

Capacity Mitigation Service:

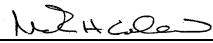
The service available to Suppliers in accordance with Delivery Service T&C, Section 11.10.

City Gate: The interconnection between a Delivering Pipeline and the Company's distribution facilities.

CCF: One hundred cubic feet

Commodity: See Gas.

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DELIVERY SERVICE TERMS AND CONDITIONS

Company: Northern Utilities, Inc.

Company Gas Allowance: The difference between the sum of all amounts of Gas received into the Company's distribution system (including Gas produced by the Company) and the sum of all amounts of Gas delivered from the Company's distribution system divided by said amount of Gas received. 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 force majeure, excluding Gas otherwise accounted for.

Company-Managed Supplies:

Capacity and Supply contracts held and managed by the Company and made available to the Supplier pursuant to Delivery Service T&C, Section 11.9 of this tariff 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 Delivery Service T&C, Section 16 of this tariff, 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 Delivery 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.

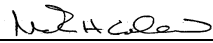
Daily Baseload: The Customer's average usage per Gas Day that is assumed to be unrelated to weather.

Daily Index: The mid-point of the range of prices as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Tennessee Zone 6 delivered" for the relevant Gas Day listed under "Flow date(s)".

In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of Gas as the basis for this calculation until such time that the MPUC approves a suitable replacement.

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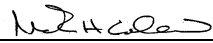
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DELIVERY SERVICE TERMS AND CONDITIONS

- Delivery Point:** The interconnection between the Company's facilities and the Customer's facilities.
- Delivery Service:** The distribution of Gas by the Company on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point and related Customer services.
- Design Peak Season:** The forecasted Peak Season during which the Company's system experiences the highest aggregate Gas Usage.
- Designated Receipt Point:** For each Customer, the Company designated interconnection between a Transporting 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.
- Designated Representative:** The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Delivery Service in accordance with the provisions of Delivery Service T&C, Section 21 of this tariff.
- Effective Degree Day:** A measure used to estimate weather-sensitive Gas consumption calculated by subtracting the average temperature for each day from the number 65, plus factoring in wind speed. Each degree day that represents a degree below 65 is considered an Effective Degree Day.
- Gas:** Natural Gas that is received by the Company from a Transporting 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 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

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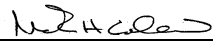
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DELIVERY SERVICE TERMS AND CONDITIONS

calendar day, or other such hours used by the Transporting Pipeline.

- Gas Service Area:** An area within the Company's distribution system as defined in Delivery Service T&C, Section 4 of this tariff, 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 Gas consumption per Heating Degree Day.
- MMBtu :** One million Btus.
- Maximum Daily Peaking Quantity ("MDPQ"):** The portion of a Customer's Total Capacity Quantity identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Supplier's Peaking Service Account pursuant to Delivery Service T&C, Section 14 of this tariff shall be equal to the sum of the MDPQs for all Customers in that Supplier's Aggregation Pool.
- MPUC** Maine Public Utilities Commission
- Month:** A calendar month of Gas Days.
- Monthly Index:** The average of the Daily Index numbers for all Gas Days in a Month.
- Nomination:** The notice given by the Supplier to the Company that specifies, in accordance with the Supplier Service Agreement attached as Appendix B, an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of one or more Customers, including the volume to be received, the Designated Receipt Point(s), the Transporting 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 of May to October, inclusive.

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DELIVERY SERVICE TERMS AND CONDITIONS

**Operational Flow Order
("OFO"):**

The Company's instructions to the Supplier to take such action as conditions require including, but not limited to, diverting Gas to or from the Company's distribution system pursuant to Delivery Service T&C, Section 16 of this tariff.

Peak Day:

The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage.

Peak Season:

The consecutive months of November to April, inclusive.

Peaking Capacity:

Capacity in addition to upstream pipeline and underground storage Capacity normally used by the Company to meet daily requirements during a Design Peak Season and acquired specifically for the Peak Season.

Peaking Service:

A Company-managed resource consisting of Peaking Capacity and Peaking Supply.

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 this tariff.

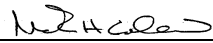
**Peaking Service Rule
Curve:**

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 Peak Season conditions. The Company will communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Peaking Service Rule Curve as identified in Delivery Service T&C, Section 14 of this tariff.

Peaking Supply:

The aggregate amount of Supply in excess of upstream pipeline and underground storage Supply required to meet the Company's forecasted Supply needs during a Design Peak Season and acquired specifically for the Peak Season.

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Peaking Supply Allocator:

An allocation factor that represents the proportion of a Customer's estimated Gas Usage during the Design Peak Season 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's city gates, exclusive of Storage Withdrawal Capacity.

Pre-Determined Allocation:

Instructions from the Supplier to the Company for the method allocation of discrepancies in confirmed Nominations among the Supplier's Aggregation Pools and/or Customers as set forth in the Supplier Service Agreement.

Rate Schedules:

The schedules of rates included in the Company's M.P.U.C. Gas Tariff.

Reference Period:

A period of at least twelve (12) months for which a Customer's Gas Usage information is typically available to the Company.

Sales Service:

Commodity service provided on a firm basis to a Customer who is not receiving Supplier Service, in accordance with the provisions set forth in this tariff. The provision of Sales 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.

Seasonal Storage Capacity:

Contracts for Capacity in off-system storage facilities used to accumulate and maintain Gas inventories for re-delivery to the Company's city gates normally during the Peak Season.

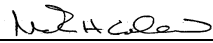
Storage Withdrawal Capacity:

Capacity for the withdrawal of Gas inventories maintained in off-system storage facilities, as well as the Pipeline Capacity used to deliver such Gas to the Company's city gates.

Supplier:

Any entity that has met the Company's requirements set forth in Section 20 of the Delivery Service Terms and Conditions, and that has been designated by a Customer to supply Gas to

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DELIVERY SERVICE TERMS AND CONDITIONS

a Designated Receipt Point for the Customer's account; provided, however, that a Customer may act as its own Supplier in accordance with Section 5.2 of the Delivery Service Terms and Conditions.

Supplier Service: The sale of Gas to a Customer by a Supplier.

Supplier Service Agreement: An agreement, substantially in the form set forth in Appendix B, which must be executed by the Company and a Supplier in order for the Supplier to serve Customers on the Company's system.

Supply: See Gas.

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

Total Capacity Quantity ("TCQ"): The total amount of Capacity assignable to a Supplier on behalf of a Customer.

Transporting Pipeline: The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.

3. CHARACTER OF SERVICE

3.1 All rates within the Rate Schedules 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 Rate Schedule, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.

3.2 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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DELIVERY SERVICE TERMS AND CONDITIONS

4. GAS SERVICE AREAS AND DESIGNATED RECEIPT POINTS

4.1 There shall be one (1) Gas Service Area defined for purposes of administering Capacity assignments, Nominations, balancing, imbalance trading, and Aggregation Pools pursuant to this tariff. Each such Gas Service Area shall be defined to include the municipalities listed within each such Gas Service Area, as follows:

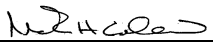
(1) Area 1: Northern Utilities, Inc. - Maine Gas Service Area

The towns of Auburn, Biddeford, Cape Elizabeth, Cumberland, Eliot, Gorham, Kennebunk, Kittery, Lewiston, Lisbon, Lisbon Falls, New Gloucester, North Berwick, Old Orchard Beach, Portland, Saco, Sanford, Scarborough, South Berwick, South Portland, Wells, Westbrook, York and the contiguous territory served by the Company.

4.2 For each Aggregation Pool as set forth by Delivery Service T&C, Section 20.6, the Company will designate at least one specific interconnection between a Transporting 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 are as follows:

(1) Name Transporting Pipelines: Granite State Gas Transmission, Inc.;
~~Portland Natural Gas Transmission System (PNGTS).~~

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DELIVERY SERVICE TERMS AND CONDITIONS

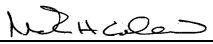
Names of City Gates: ~~Pleasant Street, Westbrook.~~

METER	Location Name	Description	Location	State
83812	Debbie Lane	Delivery Meter	Eliot	ME
83810	Marshwood	Delivery Meter	South Berwick	ME
82301	Pratt & Whitney	Delivery Meter	North Berwick	ME
83814	Hussey	Delivery Meter	North Berwick	ME
83815	NE Mill Works	Delivery Meter	North Berwick	ME
62501	Wells (Rt. 109)	Delivery Meter	Wells	ME
82701	Twine Mill Rd.	Delivery Meter	Kennebunk	ME
82002	Biddeford Industrial Park	Delivery Meter	Biddeford	ME
82003	Biddeford Railroad Ave.	Delivery Meter	Biddeford	ME
83811	Saco Brick	Delivery Meter	Saco	ME
82802	Moody St.	Delivery Meter	Saco	ME
82901	Cascade Rd.	Delivery Meter	Old Orchard Beach	ME
81602	Scarborough Industrial Park	Delivery Meter	Scarborough	ME
81601	Roundwood	Delivery Meter	Scarborough	ME
81202	Payne Rd.	Delivery Meter	South Portland	ME
81103	Congress St.	Delivery Meter	Portland	ME
83813	Blueberry Rd.	Delivery Meter	Portland	ME
81301	Larrabee Rd.	Delivery Meter	Westbrook	ME
81102	Warren Ave	Delivery Meter	Portland	ME

5. CUSTOMER REQUEST FOR SERVICE FROM COMPANY

- 5.1 Application for Delivery Service, Sales Service, or any other service offered by the Company to a Customer will be received by 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 Delivery Service only must also arrange for Supplier Service with a Supplier pursuant to Delivery Service T&C, Section 20. A Customer may act as its own Supplier provided it meets all of the Supplier requirements delineated in Delivery Service T&C, Section 20.

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DELIVERY SERVICE TERMS AND CONDITIONS

6. QUALITY AND CONDITION OF GAS

- 6.1 Gas delivered to the Company by or for the Customer shall conform, in all respects, to the Gas quality standards of the Transporting 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.
- 6.2 In no event shall the Company be obligated to accept and deliver any Gas that does not meet the quality standards of the Transporting Pipeline.
- 6.3 The Company reserves the right to commingle Gas tendered by a Supplier at a Designated Receipt Point with other Gas, including liquefied natural Gas and propane-air vapor.
- 6.4 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.

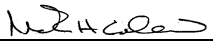
7. POSSESSION OF GAS

- 7.1 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.
- 7.2 The Company shall not be liable to the Supplier or the Customer for any loss arising from or out of Delivery 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.

8. COMPANY GAS ALLOWANCE

- 8.1 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. The Company Gas Allowance shall be in effect from November 1 through October 31. Such adjustment shall be recalculated prior to the Company's Peak Period Cost of Gas filing with the MPUC.

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DELIVERY SERVICE TERMS AND CONDITIONS

9. DAILY METERED DELIVERY SERVICE

9.1 Applicability

Delivery Service T&C, Section 9 of this tariff shall be applicable in the following conditions:

- 9.1.1 All Customers whose service may be interrupted at any time during the year shall be required to take daily metered Delivery Service.
- 9.1.2 Any Customer, regardless of annual Gas Usage, may elect daily metered Delivery Service.
- 9.1.3 Customers under Rate Schedules G-42 and G-52 wishing to take Delivery Service are required to take Daily Metered Delivery Service. In addition, the Company may require a Customer to take daily metered Delivery Service if the Company determines that the daily Gas Usage characteristics of the Customer cannot be accurately modeled using the Company's Consumption Algorithm or if the volumes reasonably anticipated by the Company to be used by the Customer are of a size that may materially affect the integrity of the Company's distribution system.

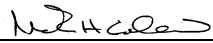
9.2 Delivery Service Provided

This service provides delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day. For Customers taking Delivery Service under Rate Schedules Rate T-42 and Rate T-52, this service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point.

9.3 Nominations and Scheduling of Service

- 9.3.1 The Supplier is responsible for nominating and delivering to the Designated Receipt Point(s) every Gas Day an amount of Gas that equals the aggregated Gas Usage of Customers in the Aggregation Pool plus the Company Gas Allowance in accordance with Delivery Service T&C, Section 8 of this tariff.
- 9.3.2 Nominations shall be communicated to the Company by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means.

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- 9.3.3 Nominations for the first Gas 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 Transporting 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 basis consistent with that utilized for its own operations.
- 9.3.4 The Supplier may make daily Nominations including, but not limited to, changes to existing Nominations, within a given Month no later than two (2) hours prior to the deadline for daily Nominations of the Transporting 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 basis consistent with that utilized for its own operations.
- 9.3.5 The Supplier may make intra-Gas Day Nominations, including but not limited to changes to existing Nominations, within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting Pipeline on which the Nomination is to be effective, or such lesser period as determined by the Company. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.
- 9.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting 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 Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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.
- 9.3.7 Nominations may be rejected, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Delivery Service in effect from time to time.

9.4 Determination of Receipts

- 9.4.1 The quantity of Gas deemed received by the Company for the Supplier's

DELIVERY SERVICE TERMS AND CONDITIONS

Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Transporting Pipeline(s).

9.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

9.5 Metering and Determination of Deliveries

9.5.1 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. Telemetering equipment shall remain the property of the Company at all times. The Company shall require each Customer to install and maintain, at the Customer's expense, reliable telephone lines and electrical connections that meet the Company's operating requirements. The Company may require the Customer to furnish a dedicated telephone line. If the Customer fails to maintain such telephone lines and electrical connections for fourteen (14) consecutive days after notification by the Company, the Company may discontinue service to the Customer.

9.5.2 Should a Customer or a Supplier request that additional telemetering equipment or a communication device be attached to the existing telemetering equipment in addition to that provided pursuant to Delivery Service T&C, Section 9.5.1, the Company shall install, test, and maintain the requested telemetering equipment or communication device; provided that such telemetering equipment or communication device does not interfere with the operation of the equipment required for the Company's purposes and otherwise meet the Company's requirements. The Customer or Supplier shall provide such telemetering equipment or communication device, unless the Company elects to do so. 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 bill the Customer or Supplier after installation.

9.5.3 The Company shall complete installation of telemetering equipment and communication devices, if reasonably possible, within sixty (60) 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.

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9.5.4 The Company may, at its sole discretion, bill the Customer on a calendar month or cycle month basis.

9.6 Balancing

9.6.1 The Supplier must maintain a balance between daily receipts and daily Gas Usage within the following tolerances:

Off-Peak Season: The difference between the Supplier's aggregate actual receipts on the Transporting 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 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 Transporting 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 0.5 times the Daily Index for all differences not within the 10% tolerance.

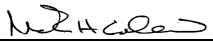
Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Delivery Service T&C, Section 16.

Critical Day That Will Be Aggravated by Under-delivery.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged 5 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceeds 102% of the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged 0.1 times the Daily Index to the extent that the difference between the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool exceeds 20% of said receipts [(Receipts - Usage) > (20% x Receipts)].

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Critical Day That Will Be Aggravated by Over-delivery.

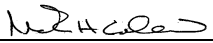
Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.1 times the Daily Index to the extent that the difference between the Supplier's aggregated Gas Usage of Customers in the Aggregation Pool exceeds 120% of the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 5 times the Daily Index to the extent that the difference between the Supplier's actual receipts on the Transporting Pipeline to each Gas Service Area and the Supplier's aggregated Gas Usage of Customers in the Aggregation Pool exceeds 2% of said receipts [(Receipts - Usage > (2% x Receipts)].

Point Specific Balancing: In the event that the Transporting Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this Section at each Designated Receipt Point.

- 9.6.2 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.
- 9.6.3 In addition to the charges set forth in Delivery Service T&C, Section 9.6.1, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.
- 9.6.4 If, as a result of the Company interrupting or curtailing service pursuant to Delivery Service T&C, Section 18 of this tariff, the Supplier incurs a daily imbalance penalty due to over-delivery, 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.
- 9.6.5 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 Transporting 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

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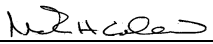
that maximum hourly flows will be in effect on the Company's distribution facilities as of the same time and for the same period as maximum hourly flows are in effect on the Transporting Pipeline. The Supplier's maximum hourly flow will be established based on an allocation of even hourly flows of daily receipts of Gas scheduled in the relevant period in accordance with the applicable transportation tariff of the Transporting Pipeline. All Gas Usage in excess of the Supplier's maximum hourly flow rate shall be subject to an additional charge of 5 times the Daily Index for each Dekatherm in excess of the Supplier's maximum hourly flow. The Company will notify the Supplier of the Supplier's maximum hourly flow.

- 9.6.6 If, during any fifteen (15) consecutive Gas 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 Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas 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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 disqualified from service under this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, and storage, 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.

9.7 Cash Out

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:

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

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

10. NON-DAILY METERED DELIVERY SERVICE

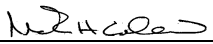
10.1 Applicability

Delivery Service T&C, Section 10 of this tariff applies to any Customer taking Delivery Service under Rate Schedules T-40, T-41, T-50, and T-51 that has not elected Daily Metered Service pursuant to Section 9.1.2 and to Customer's Supplier.

10.2 Delivery Service Provided

This service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement of 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.

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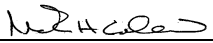
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DELIVERY SERVICE TERMS AND CONDITIONS

10.3 Nominations and Scheduling of Service

- 10.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume (“ATV”), as determined in Delivery Service T&C, Section 10.3.2, to the Designated Receipt Points on every Gas Day for each Aggregation Pool.
- 10.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking non-daily metered Delivery Service for each Gas Day using a Consumption Algorithm. The ATV shall include the Company Gas Allowance. On each Business Day, the Company will communicate, electronically, by facsimile, or by other agreeable alternative means, the forecasted ATV to the Supplier for at least the subsequent four (4) Gas Days. The ATV in effect for any Gas Day shall be the most recent ATV for that Gas Day communicated to the Supplier by the Company. The ATV for a given Gas Day shall not be effective unless it has been communicated to the Supplier at least two (2) hours prior to the Company’s Supplier Nomination deadline for that Gas Day, which shall be at least two (2) hours prior to the deadline for nominations on the Transporting Pipeline, or such lesser period as determined by the Company.
- 10.3.3 Nominations will be communicated to the Company electronically, by facsimile, or other agreeable alternative means.
- 10.3.4 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 Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.5 The Supplier shall provide an intra-Month Nomination no later than two (2) hours prior to the deadline of the Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting Pipeline. In the event of a discrepancy between the volume nominated to the Company by

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the Supplier and the volume nominated by the Supplier to the Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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. The Company will not confirm any volume nominated by the Supplier in excess of the ATV.

10.3.7 In the event that the Supplier is unable to deliver a confirmed ATV Nomination, the Supplier may make intra-Gas Day Nominations relating to changes to existing Nominations within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting 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 Transporting Pipeline. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized by the Company for its own operations. The Company shall not adjust the ATV applied for that Gas Day.

10.3.8 Nominations may be rejected if they do not satisfy the conditions for Delivery Service in effect from time to time.

10.3.9 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an Operational Flow Order ("OFO") declared by the Company pursuant to Delivery Service T&C, Section 16 will be subject to the Critical Day provisions of Delivery Service T&C, Section 10.6.1 of this tariff, and the delivered quantity specified in the OFO will replace the ATV.

10.4 Determination of Receipts

10.4.1 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 Transporting Pipeline(s).

10.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

10.5 Metering and the Determination of Deliveries

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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. 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.

10.6 Balancing

10.6.1 Any difference between the Supplier's ATV for an Aggregation Pool and the receipts on the Transporting 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 Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.
- Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts less than 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the first 5% difference, and the Supplier shall be charged two (2) times the Daily Index for the remaining difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.
- Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Delivery Service T&C, Section 16.

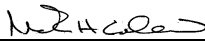
Critical Day That Will Be Aggravated by Under-delivery

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged five (5) times the Daily Index for the difference between the ATV and actual receipts.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged the following amounts for all receipts in excess of the ATV:

- (a) up to 25% in excess of the ATV, the Supplier shall be charged the Daily Index for the difference.

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- (b) for receipts in excess of 25% above the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day That Will Be Aggravated By Over-delivery.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.4 times the Daily Index for receipts greater than the ATV.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged the following amounts--for receipts less than the ATV but greater than or equal to 75% of the ATV, the Supplier shall be charged the Daily Index for the first 25% difference, and the Supplier shall be charged 1.1 times the Daily Index for the remaining difference.

10.6.2 In addition to the charges set forth in Delivery Service T&C, Section 10.6.1, the Company shall use a daily balancing charge calculation to account for balancing costs it incurs in serving each Aggregation Pool due to differences in forecast versus actual Effective Degree Days. The daily balancing charge shall be based on the sum of the absolute values of the daily differences between the Aggregation Pool's ATV and the recalculated ATV value described in Delivery Service T&C, Section 10.7.1 below. Such charge shall be billed to the Supplier monthly and shall reflect the cost of resources used by the Company to balance such differences for each Gas Day of the Month. The Company shall calculate such charge annually in its Peak Season cost of Gas filing according to a formula as set forth in Appendix A.

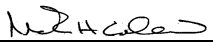
In the event that the Transporting Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this Section at each Designated Receipt Point.

10.6.3 In addition to the charges set forth in Delivery Service T&C, Sections 10.6.1 and 10.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

10.7 **Cash Out**

10.7.1 The Company shall use a daily cash out calculation to account for imbalances due to differences in forecast versus actual Effective Degree Days. Using a Consumption Algorithm, the Company will recalculate the ATV for each Aggregation Pool for each Gas Day of the Month,

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substituting actual Effective Degree Days for forecast Effective 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.

- 10.7.2 During the processing of both the June and December Supplier billings, 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) During the processing of the June Supplier billings, using the recalculated ATV values described in Section 10.7.1, 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 rendering Supplier billings, in accordance with Section 20.8, for the month of April.
- (2) During the processing of the December Supplier billings, using the recalculated ATV values described in Section 10.7.1, 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 the same period. The Off-Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of October.
- 10.7.3 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 Delivery Service T&C, Section 4, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.
- 10.7.4 If, during any fifteen (15) consecutive Gas Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas Days. The Supplier shall have the opportunity to cure the imbalance with the demonstration of

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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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, 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. CAPACITY ASSIGNMENT

11.1 Applicability

Delivery Service T&C, Section 11 of this tariff applies to all Suppliers that have enrolled one or more Customers into one or more Aggregation Pools and shall include Customers acting as their own Supplier. The Company shall assign and the Supplier shall accept each Customer's pro-rata share of Capacity, if any, as established in accordance with this Section.

The Company is currently in a Capacity Assignment Interim Period. The purpose of the Capacity Assignment Interim Period is to provide Capacity Assignment rules from November 1, 2014 and continue until the Company has secured sufficient Capacity to support changes in Delivery Service Terms & Conditions, Sections 11, 13 and 14 of this tariff, as approved by the M.P.U.C. in Docket No. 2014- . Suppliers and Customers should be aware of changes in Sections 11, 13 and 14 contemplated in Docket No. 2014 . The Company shall request approval from the M.P.U.C. of both new long-term Capacity and for the end of the Capacity Assignment Interim Period.

11.2 Identification of Capacity for Assignment

11.2.1 On or before September 15 of each year, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable

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alternative means, the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning in October.

11.2.2 The Company shall identify, ~~by Gas Service Area~~, the specific contracts and resources for assignment to Suppliers based on the Company's Capacity and resource plans. Such identified contracts and resources shall be used to determine the pro-rata shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool.

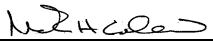
11.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates, the assignment of certain Capacity contracts including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section 7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)] and other contracts that are not assignable to third-parties due to governing tariffs.

11.3 Determination of Pro-Rata Shares of Capacity

11.3.1 The Company shall establish a Total Capacity Quantity ("TCQ") for each Customer taking Delivery Service. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf of a Customer. Each TCQ established pursuant to Delivery Service T&C, Section 11.3 of this tariff shall be in effect only during the Capacity Assignment Interim Period.

11.3.2 For all Customers ~~taking Delivery Service on January 1, 2006 and all Customers~~ receiving Sales Service who switch to Delivery Service at any time after ~~January 1, 2006~~ October 31, 2014, the TCQ shall be ~~fifty percent (50%) of~~ 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 correlating the Customer's actual historical Gas Usage with actual Effective Degree Days during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable. If actual Gas Usage is not reflective of the expected future Gas Usage, the

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Company and Customer may mutually agree on the applicable estimated Gas Usage.

11.3.3 ~~Any Customer who is assigned 50% of its Gas Usage on Peak Day may elect for its Supplier to accept additional assignment of its pro-rata share of Capacity up to the remaining 50% of its Gas Usage on Peak Day as determined by the Company in accordance with Delivery Service T&C, Section 11.2 and, subject to availability, as determined by the Company in its sole reasonable discretion. In order to make such election, the Customer must have submitted to the Company, on or before ten (10) days prior to the first Assignment Date prior to the original effective date of this tariff, 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 Delivery Service T&C, Sections 11 and 14 of this tariff.~~ Any Customer taking Delivery Service prior to November 1, 2014 shall retain the TCQ previously established by the Company throughout the Capacity Assignment Interim Period unless such Customer returns to Sales Service, in which case the provisions of Section 11.3.5 shall apply.

11.3.4 ~~An~~ For all interruptible Sales Service customer migrating to Distribution Delivery Service or a new Commercial and Industrial Customer taking Distribution Delivery Service as its initial service, the TCQ shall be the Customer's estimated Gas Usage on the Peak Day as determined by the Company prior to the Customer's enrollment into Supplier Service. ~~may elect to be capacity exempt with a TCQ of 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, in which case the TCQ established by the Company for the former Customer shall become the TCQ for the new Customer. The Company may reduce said TCQ value for the new Customer, if, in its sole reasonable discretion, the Company determines that the old Customer's TCQ exceeds the new Customer's estimated future consumption on the Peak Day. In the event that Sales Service is provided at a new meter location for a new Commercial and Industrial Customer and the Customer migrates to Distribution Service, the TCQ shall be zero provided that, the Customer initiates Delivery Service in accordance with these Terms and Conditions within 120 days of the initial gas flow if their estimated annual use is less than 100,000 ccf, or within 60 days of the initial gas flow if their estimated annual use is greater than 100,000 ccf.~~

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11.3.5 Once the Company establishes a TCQ for a Customer pursuant to this Delivery Service T&C, Section 11.3, 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 Sales Service or the completion of the Capacity Assignment Interim Period. The Company shall establish a new TCQ value for the Customer pursuant to Delivery Service T&C, Section 11.3.2 if the Customer again elects to take Supplier Service after returning to Sales Service, unless otherwise established herein.

11.3.6 The Company shall determine the pro-rata shares of Pipeline Capacity, 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 Rate Schedule~~ shall be set forth annually in Appendix C to this tariff.

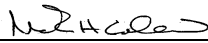
The Capacity Allocator for Pipeline Capacity shall be equal to the ratio of the maximum daily Pipeline Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Storage Withdrawal Capacity shall be equal to the ratio of the maximum daily Storage Withdrawal Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Peaking Capacity shall be equal to the ratio of the maximum daily Peaking Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

11.3.7 The Company shall determine the pro-rata share of Seasonal Storage Capacity assignable to a Supplier on behalf of a Customer consistent with

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the Delivery Service T&C, Sections 11.4.1 (a), 11.4.1 (b) and 11.8 of this tariff.

11.3.8 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Delivery Service T&C, Section 14 of this tariff.

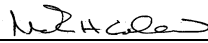
11.4 Capacity Assignments

11.4.1 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 Delivery Service T&C, Sections 11.2, 11.3 and 11.7.

- (a) The total amount of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall be at least equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, 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.
- (b) Storage Withdrawal Capacity shall be subject to Operational Flow Orders that are issued by the Company pursuant to Delivery Service T&C, Section 16 of this tariff, in the event that the Company requires the Supplier to deliver or to store quantities of Gas for the purposes of managing system imbalances and maintaining Delivery Service. Whenever the Company assigns incremental Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Seasonal Storage Capacity pursuant to Delivery Service T&C, Section 11.8.
- (c) The Peaking Capacity assigned to the Supplier shall establish the Maximum Daily Peaking Quantity ("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 Delivery Service T&C, Section 14.

11.4.2 The Company shall execute Capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity assigned to the Supplier pursuant to Part VII, Section 11.4.1 exceeds 150 MMBtus. The Supplier shall accept additional increments of Capacity on the following subsequent Assignment Dates commensurate with any

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cumulative increase in the sum of pro-rata shares of Capacity assigned to the Supplier, as rounded to the nearest 200 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assigned Capacity as established in accordance with Part VII, Section 11.4.1. Part VII, Section 11.4.2 shall not apply to a Customer that is acting as its own Supplier.

11.4.2~~3~~ If 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 Delivery Service T&C, Section 11.3.

11.5 Release of Contracts

11.5.1 With the exception of Company-Managed Supplies and Peaking Capacity ~~With respect to any Pipeline Capacity that is assigned to the Supplier,~~ 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.

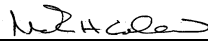
11.5.2 Capacity contracts released to a Supplier on an Assignment Date shall be released for a term beginning on the first Gas Day of the Month following the Assignment Date through the expiration date of the respective capacity contract being assigned.

11.5.3 The Company reserves the right to adjust releases of Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but are not limited to, the reassignment of certain 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.

11.6 Annual Reassignment of Capacity

11.6.1 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, as such plans may change during the Capacity Assignment Interim Period. Such previously assigned

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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 Gas Day of the Month following the Annual Reassignment Date).

11.6.2 If the reassignment of Storage Withdrawal Capacity requires adjustments to the Seasonal Storage Capacity previously assigned to a Supplier, the Company shall reassign Seasonal Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to inventories in place pursuant to Delivery Service T&C, Section 11.8 of this tariff.

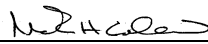
11.6.3 If the reassignment of Peaking Capacity requires adjustments to the MDPQ for the Supplier's Aggregation Pool, the Company shall reassign Peaking Supply to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to supplies pursuant to Delivery Service T&C, Section 14 of this tariff.

11.7 Recall of Capacity

11.7.1 If the pro-rata shares of Capacity assignable to a Supplier decline because one or more of the Supplier's Customers has returned to Sales 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. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the Assignment Date following the effective date of the Customer's return to Sales Service. Notwithstanding the foregoing, in the following circumstances the Company shall be required to recall Capacity associated with Customers returning to Sales Service:

- (a) The Supplier returning the Customers to Sales Service certifies that it is ceasing all business operations in Maine;
- (b) The Supplier returning the Customers to Sales Service certifies that it will no longer offer service to a particular market sector (e.g., small commercial and industrial Customers) and, therefore, once such Customers are returned to Sales Service, the Supplier is not eligible to re-enroll Customers of that type; or
- (c) The Supplier demonstrates that it has provided Supplier Service to the Customer for a 12-month period, and for a period of no less

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than any 12-month increment, prior to the Customer's return to Sales Service.

- 11.7.2 If the Company elects to recall Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.
- 11.7.3 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 Delivery Service T&C, Section 11.4. 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 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.
- 11.7.4 If the Company recalls Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.
- 11.7.5 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 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 assigned to the Supplier, rounded to the nearest 200 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.
- 11.7.6 In the event that a Supplier is declared ineligible to nominate Gas for thirty (30) Gas Days pursuant to Delivery Service T&C, Sections 9.6.6 or

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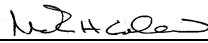
10.7.4 of this tariff, the Company shall have the right to recall any or all Capacity assigned to said Supplier. If the Supplier is reinstated at the end of such 30 Gas Days, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Delivery Service T&C, Sections 11.4 and 11.5. There shall be no change in the TCQ values used to determine the Supplier's Customers' pro-rata shares of Capacity for reassignment.

- 11.7.7 In the event that a Supplier is disqualified from service for one (1) full year pursuant to Delivery Service T&C, Sections 9.6.6 or 10.7.4 of this tariff, 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 period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Delivery Service T&C, Sections 11.4 and 11.5
- 11.7.8 In the event that the Supplier fails to meet the applicable registration and licensing requirements established by law or regulation, fails to satisfy the requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, 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 this tariff 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.
- 11.7.9 The Supplier shall forfeit its rights to Capacity recalled by the Company pursuant to this Section. Such forfeiture shall be effectuated 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.

11.8 Seasonal Storage Capacity

- 11.8.1 On each Assignment Date, the Company shall release Seasonal Storage Capacity to a Supplier that accepts the assignment of Storage Withdrawal Capacity pursuant to Delivery Service T&C, Section 11.4. The Company

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shall assign such Seasonal Storage Capacity consistent with the tariffs governing the release of the associated Storage Withdrawal Capacity.

- 11.8.2 If the Company assigns Seasonal Storage Capacity to a Supplier pursuant to Delivery Service T&C, Section 11.8.1 above, the Company shall transfer in-place Gas inventories to the Supplier. The quantity of inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Seasonal Storage Capacity assigned to the Supplier on the Assignment Date times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. 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 communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two Business Days prior to each Assignment Date.
- 11.8.3 In the event that the Company recalls Storage Withdrawal Capacity from the Supplier pursuant to Delivery Service T&C, Section 11.7, the Company shall also recall Seasonal Storage Capacity from the Supplier. The Company shall determine the total Seasonal Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Storage Withdrawal Capacity returned to the Company.
- 11.8.4 If the Company recalls Seasonal Storage Capacity from a Supplier pursuant to Delivery Service T&C, Section 11.8.3, 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 Seasonal Storage Capacity times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in off-system storage facilities as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two (2) Business Days prior to each Assignment Date.
- 11.8.5 Seasonal storage inventory percentages shall represent the amount of Seasonal Storage Capacity in each assigned storage resource that are

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assumed to be filled with inventories as of the first Gas Day of the month following the Assignment Date. Each September, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the storage inventory percentages for each resource that shall be applied to incremental or decremental Seasonal Storage Capacity assignments executed on each of the twelve (12) Assignment Dates beginning in October.

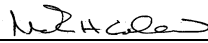
11.9 Company-Managed Supplies

- 11.9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain Capacity contracts including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section 7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)], and other contracts that are not assignable to third-parties.
- 11.9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Delivery Service T&C, Sections 11.4 and 11.8.
- 11.9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies pursuant to the tariffs governing the resources.
- 11.9.4 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, including Supply costs, incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.
- 11.9.5 The Company shall nominate quantities to the Transporting Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned Company-Managed Supplies, 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 Delivery Service T&C, Sections 9.3 and 10.3 of this tariff.

11.10 Capacity Mitigation Service

- 11.10.1 Capacity Mitigation Service is available to Suppliers that have been assigned Capacity pursuant to Delivery Service T&C, Section 11 of this tariff. Such Suppliers shall have the option to take Capacity Mitigation

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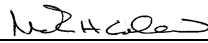
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Service from the Company for contracts that would otherwise be released to the Supplier in accordance with this tariff.

- 11.10.2 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 Delivery Service T&C, Section 11.5, 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.
- 11.10.3 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.
- 11.10.4 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 for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from 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.

~~11.11~~ Rates and Charges

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~~11.11.1 The demand charge for the assignment of capacity up to 50% of the Customer's Peak Day Gas Usage and any additional assignment of Storage Withdrawal Capacity and Peaking Capacity shall be at the Company's system average cost of all its capacity resources. The monthly billing of the assignment of capacity shall correspond with the monthly assignment of such capacity, and as such, assignment of Storage Withdrawal and Peaking resources shall be billed over the five-month period of November through March at the Company's monthly system average cost of all capacity resources times the ratio of 12/5.~~

~~11.11.2 The commodity charge for the delivered supplies associated with the assignment of capacity up to 50% of the Customer's Peak Day Gas Usage and any additional assignment of Storage Withdrawal Capacity and Peaking Capacity shall be at the Company's system average delivered cost of all its commodity supplies for the suppliers' nomination months of November through March, as established by the Company prior to each month of the November through March period.~~

12. BILLING AND SECURITY DEPOSITS

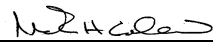
- 12.1 The Customer shall be responsible for all charges for service furnished by the Company under the Company's applicable rates, as filed from time to time with the MPUC, from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Sales Service.
- 12.2 The Company shall offer two billing service options to Customers taking only Delivery 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 Delivery Service T&C, Section 20.5.

12.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Delivery 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 shall provide this billing service to Supplier at a mutually agreed upon fee.

The Supplier shall adhere to the Customer classes and rate structure as specified in the Company's then current Rate Schedule on file with and

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approved by the MPUC. 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 to the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current billing 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.

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

12.2.2 Standard Passthrough Billing Service

The Customer taking Delivery Service shall receive two (2) bills: the Company shall issue one bill for Delivery 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 Suppliers shall be governed by the particular Customer/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.

- 12.3 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.
- 12.4 Customer acting as its own Supplier will be subject to the billing and payment requirements in Delivery Service T&C, Section 20.8 of this tariff.
- 12.5 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

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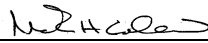
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13. SALES SERVICE

- 13.1 Sales Service is the Commodity 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 this tariff. Each Customer receiving Sales Service shall receive one bill from the Company reflecting delivery and Commodity charges.
- 13.2 A Customer receiving Sales Service on the issuance date of these Terms and Conditions shall continue to receive Sales Service unless the Customer elects to take Supplier Service and until such time that Supplier Service is initiated for the Customer in accordance with Delivery Service T&C, Section 20.5 of this tariff. If the Customer terminates Supplier Service, if a Supplier terminates service to the Customer, or if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide Sales Service to the Customer. Pursuant to Delivery Service T&C, Section 20.5 of this tariff, the Company will initiate Sales Service for the Customer and will provide Sales Service to the Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.
- 13.3 Any Customer ~~whose Supplier has been assigned Capacity on behalf of said Customer pursuant to Delivery Service T&C, Section 11 of this tariff~~ may elect to return to Sales Service if the Customer is no longer receiving Supplier Service. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until such time that Supplier Service is initiated for the Customer by a new Supplier. ~~The Company will provide Sales 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, plus any portion of the Peak Day Gas Usage that was not included in the TCQ.~~
- 13.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff terminates Supplier Service to the Customer, the Customer may select another Supplier. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until Supplier Service is initiated for the Customer by a new Supplier. ~~The Company will provide Sales Service to the 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.~~

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13.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide the Customer with Sales Service ~~up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable Capacity assigned to the Customer's Supplier.~~

~~13.6 The Company shall be under no obligation to provide Sales Service to a Customer at a maximum daily level in excess of the TCQ of recallable Capacity assigned to a Supplier on behalf of the Customer. The Company may elect to provide Sales Service to the 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 Sales Service.~~

~~13.7~~ 13.6 Any Customer switching from Delivery Service to Sales Service after June 30, 2006, shall pay a Delivery-to-Sales Service Fee as set out in Appendix D of these Delivery Service T&C for twelve (12) months beginning with the first billing month cycle on Sales Service. The monthly Delivery-to-Sales Service Fee shall be based on the Customer's portion of Peak Day Gas Usage that has no associated Capacity assignment times 25% of the Company's then-current monthly component of the November through October annual average unit capacity cost. Such annual average unit capacity cost shall be determined once a year, prior to November 1. Any Customer who switches from Delivery Service to Sales Service shall be required to remain on Sales Service for a minimum of one year.

14. PEAKING SERVICE

14.1 Applicability

Delivery Service T&C, Section 14 of this tariff applies to all Suppliers, and to all Customers acting as their own Supplier, that have been assigned, or have elected to be assigned, Capacity on behalf of themselves or Customers in their Aggregation Pools pursuant to Delivery Service T&C, Section 11 of this tariff.

14.2 Character of Service

14.2.1 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.

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14.2.2 The Company shall provide quantities of Gas, at the Supplier's request, from the Supplier's Peaking Service Account as established in accordance with Delivery Service T&C, Section 14.4. 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.

14.3 Rates and Charges

14.3.1 The applicable rates for Peaking Service shall be established in the Company's tariff. The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for 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 costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company's total system Peak Day requirement. Such rates shall be updated annually and provided in Appendix A to this tariff.

14.3.2 The Supplier shall pay a peaking commodity charge based on Peaking Service Supply volumes nominated by the Supplier and delivered by the Company pursuant to Section 14.5. Such unit commodity charge shall be equal to the total Supply costs and other variable costs associated with the Company's peaking resources, which would be incurred as though the Supplier contracted directly for the Company's peaking resources.

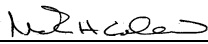
~~14.3.1 The applicable rates for Peaking Service shall be the same as the rate for capacity assignment set forth in Section 11.11.~~

14.4 Peaking Supply

14.4.1 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.

14.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Delivery Service T&C, Section 11.4. 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. The amount credited to the Supplier's Peaking Service Account shall be determined by

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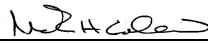
multiplying the incremental Peaking Supply by the peaking inventory percentage described in Delivery Service T&C, Section 14.4.5.

- 14.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Delivery Service T&C, Section 11.7. 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 Delivery Service T&C, Section 14.4.1 above.
- 14.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Delivery Service T&C, Section 14.4.3, 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. 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 Delivery Service T&C, Section 14.4.5.
- 14.4.5 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 Gas Day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply. Each September, the Company shall communicate electronically, by facsimile or by other agreeable alternative means the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking Supply assignments executed on each of the twelve (12) Assignment Dates beginning in October.
- 14.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first Gas Day of the Month following the Annual Reassignment Date) as determined in accordance with Delivery Service T&C, Section 14.4.1 above.

14.5 Nomination of Peaking Service

- 14.5.1 The Supplier shall nominate with the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Delivery Service T&C, Section 14.4.2, that the Supplier desires to be provided from its Peaking Service Account for the applicable Gas Day. For an Aggregation Pool of Customers taking daily metered Delivery Service, the

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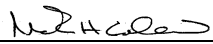
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notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 9.3 of this tariff. For an Aggregation Pool of Customers taking non-daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 10.3 of this tariff.

- 14.5.2 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 Supplier's Aggregation Pool, which factors into the daily balancing provisions set forth in this tariff.

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14.5.3 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 is 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 Delivery Service T&C, Section 11, 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 (0).

14.5.4 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 (0).

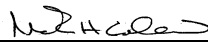
14.6 Peaking Service Critical Day Provisions

14.6.1 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 Delivery Service T&C, Section 16 of this tariff.

14.6.2 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 Delivery Service T&C, Section 16 of this tariff.

14.6.3 If, on a Critical Day, the Company projects, based on the Supplier's Nominations, that the Supplier's scheduled deliveries to the Designated Receipt Point(s) of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Transporting Pipeline, the Company may issue an OFO to the Supplier in accordance with Delivery Service T&C, Section 16 of this tariff.

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be made by means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers any change to the Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.

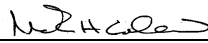
- 16.5 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an OFO will be subject to the Critical Day provisions of Delivery Service T&C, Sections 9.6 and 10.6 of this tariff.

17. **FORCE MAJEURE AND LIMITATION OF LIABILITY**

17.1 Neither the Company nor the Supplier will be liable to the other 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, or breakage or accident to machinery or pipeline (which breakage or accident is not the result of the negligence or misconduct of the party claiming force majeure); 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 this tariff 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.

17.2 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

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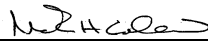
its agents or employees, under this tariff or in accordance with or required by law, including, without limitation, termination of the Customer's service.

- 17.3 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 damages, costs (including attorney's fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of either party in connection with the performance of the indemnifying party's obligations under this tariff. The Company and the Supplier shall waive recourse against the other party and its affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under this tariff.

18. CURTAILMENT

- 18.1 Whenever the integrity of the Company's system or the Supply of the Company's Customers taking Sales Service or Delivery 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, consistent with Section 10 of the General Terms and Conditions of this tariff. 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.
- 18.2 The Company shall communicate notice of curtailment as soon as practicable to the Suppliers of affected Customers by means as specified in the Supplier Service Agreement.
- 18.3 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.
- 18.4 If the Company is required to curtail or interrupt service due to capacity constraints, the Company's interruptible service shall have a priority subordinate to the Company's firm Delivery Service and Sales Service Customers.

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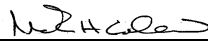
18.5 In any case where the Company determines in its judgment that a curtailment or interruption of firm services is necessary due to circumstances as described in Section 16.2 of these Delivery Service T&C and/or in Section 10 of the General Terms and Conditions, the Company will curtail and/or interrupt firm Delivery Service and Sales Service Customers on a nondiscriminatory basis. In the case when the Company requests that the Supplier continues to deliver its gas supply to maintain the Company's system integrity and thus, any curtailment and/or interruption of firm Delivery Service Customers results in the Suppliers of affected Customers relinquishing gas supply to the Company, such relinquished gas supply shall be separately cashed out at the Absolute High price for that Gas Day as published in Gas Daily.

19. TAXES

19.1 In the event a tax of any kind is imposed or removed by any governmental authority on the distribution of Gas or on the gross revenues derived from the distribution 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.

19.2 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.

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DELIVERY SERVICE TERMS AND CONDITIONS

19.3 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.

20. SUPPLIER TERMS AND CONDITIONS

20.1 Applicability

The following terms and conditions shall apply to every Supplier providing Supplier Service in the State of Maine, to every Customer doing business with said Suppliers, and to Customers acting as their own Supplier.

20.2 Obligations of Parties

20.2.1 Customer

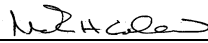
Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. A Customer electing Supplier Service must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Delivery Service T&C, Sections 20.2.3 and 20.3 below and who meets any applicable registration requirements established by law or regulation.

20.2.2 Company

The Company shall deliver Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to this tariff and, among other things, shall:

- (a) Provide Customer service and support, including call center functions, for services provided by the Company under this tariff;
- (b) Respond to service interruptions, reported Gas leaks, and to other Customer safety calls;
- (c) Handle connections, curtailments, and terminations for services provided by the Company under this tariff;
- (d) Read meters;

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DELIVERY SERVICE TERMS AND CONDITIONS

- (e) Submit bills to Customers for Delivery Service and if contracted by the Supplier, for Supplier Service in accordance with Delivery Service T&C, Section 12.2.1;
- (f) Address billing inquiries for Delivery Service;
- (g) Answer general questions about Delivery Service;
- (h) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;
- (i) Arrange for or provide Sales Service to the Customer at the request of the Customer in accordance with the Company's tariff; and
- (j) Provide information regarding, at a minimum, rate tariffs, billing cycles, Capacity assignment methods, and Consumption Algorithms.

20.2.3 Supplier

The Supplier shall act on behalf of the Customer to acquire Supplies and to deliver them to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of this tariff.

The Supplier is responsible for enrolling Customers pursuant to Delivery Service T&C, Section 20.5 of this tariff.

The Supplier must request, complete and sign a Supplier Service Agreement, attached hereto as Appendix B, to act as a Supplier on the Company's system, satisfy the Supplier requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign Capacity, if any, under Delivery Service T&C, Section 11, and be and remain eligible to provide service to Customers in Maine.

The Supplier is responsible for completing all transactions with the Company and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Delivery Service T&C, Section 20.5 and Appendix A.

DELIVERY SERVICE TERMS AND CONDITIONS

20.3 Supplier Requirements and Practices

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

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

- (a) 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.
- (b) 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.
- (c) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and the Supplier has paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (d) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.
- (e) The Supplier's Maine business advertising and marketing materials conform to all applicable state and federal laws and regulations.

20.3.3 In the event the Supplier has not demonstrated to the Company's satisfaction that it has met the Company's credit evaluation standards, the

DELIVERY SERVICE TERMS AND CONDITIONS

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; or
- (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 costs of the Gas supplies themselves, the cost of transportation storage, 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 with 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.

20.3.4 The Supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of 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.

20.3.5 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 hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, taxes, and expenses

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DELIVERY SERVICE TERMS AND CONDITIONS

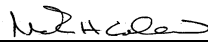
arising from or out of any adverse legal claims of third parties to or against said Gas.

- 20.3.6 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.
- 20.3.7 By agreeing to provide service under this tariff, the Supplier acknowledges that adherence to any applicable law regarding unfair trade practices, truth in advertising law, or law of similar import is required. Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the 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.
- 20.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement (e.g., 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 the Supplier, its Customers, and the MEPUC. Notification to 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) Gas Days after the giving of such notice, unless within such ten (10) Gas 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 Sales Service pursuant Delivery Service T&C, Section 13 of this tariff.

20.4 Access to Usage History and Current Billing Information

The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier.

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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.

20.5 Enrollment, Cancellation, and Termination of Supplier Service

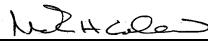
20.5.1 The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to initiating Supplier Service to the Customer.

20.5.2 The Supplier must provide the Company with the following minimum information in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Delivery Service T&C, Section 20.5 of this tariff:

- (a) The Customer's name and current Authorization Number;
- (b) The name of the Supplier;
- (c) The Customer's billing option (for commencement of service);
- (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); and
- (e) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's 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 notify the Supplier so that the Supplier can resolve any discrepancies.

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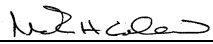
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Superseding ~~Original~~ ~~First~~ ~~Revised~~ Page 142

DELIVERY SERVICE TERMS AND CONDITIONS

- 20.5.3 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 completed 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.
- 20.5.4 If the Supplier submits information to the Company to terminate Supplier Service to a Customer less than ten (10) Gas 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 confirm the termination date for Supplier Service.
- 20.5.5 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 the Customer's change in Supplier Service to the existing Supplier.
- 20.5.6 To terminate Supplier Service with a Supplier and to initiate Sales Service, a Customer shall so inform the Company and the Supplier. 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 ten (10) days in advance of the next scheduled meter read. Where such notice is received by the Company in less than ten (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.
- 20.5.7 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 this tariff 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 Sales Service to the Customer.

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20.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's 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 Sales Service in accordance with Delivery Service T&C, Section 13.

20.5.9 The Company may charge fees to the Supplier for processing the transactions described in this Section, as approved by the MPUC. These fees are included in Appendix A.

20.6 Aggregation Pools

20.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Delivery Service of the respective Customers. Non-daily metered Customers subscribing to Delivery Service under Rate Schedules T-40, T-41, T-50, T-51 must be aggregated in a separate pool from Customers subscribing to daily metered service under Rate Schedules T-42 and T-52.

20.6.2 Non-daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 10 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

20.6.3 Daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 9 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

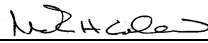
20.6.4 A separate Supplier account will be established for each Supplier Aggregation Pool.

20.6.5 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.

20.7 Imbalance Trading

20.7.1 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.

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DELIVERY SERVICE TERMS AND CONDITIONS

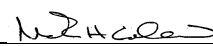
21. CUSTOMER DESIGNATED REPRESENTATIVE

- 21.1 The Customer may appoint a Designated Representative to satisfy or undertake the Customer's duties and obligations; including, but not limited to submitting and/or receiving notices, making nominations, arranging for trades of imbalances, and performing operational and administrative tasks; provided, however, that under no circumstances will the appointment of a Designated Representative relieve the Customer of the responsibility to make full and timely payment to the Company for all Delivery Service provided under this tariff.
- 21.2 A request by a Designated Representative to the Company that contains the Customer's Authorization Number will be deemed to be confirmation that the Customer has designated such person or entity as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.
- 21.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Delivery Service that 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 Delivery Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any information concerning Delivery Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.
- 21.4 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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DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: \$0.95 per MMBtu of Daily Imbalance Volumes

- Updated effective every November 1 to reflect the Company's latest balancing resources and associated capacity costs.
-
- Daily Imbalance Volumes represent the difference between ATV and ATV adjusted for actual EDDs.

II. Peaking Service Demand Rate:

III. Customer Telemetry Fees:

<u>SERVICE</u>	<u>PRICING</u>
<ul style="list-style-type: none">• One-time Installation Charge:<ul style="list-style-type: none">• Telemetry – instrumented meter• Telemetry-non-instrumented meter	<ul style="list-style-type: none">• \$1,400/unit• \$ 475/unit
<ul style="list-style-type: none">• Monthly Maintenance Fee	<ul style="list-style-type: none">• \$ 6.00/month
<ul style="list-style-type: none">• Monthly Surcharge Fee in lieu of One-time Installation Charge for non-instrumented meter (Optional)	<ul style="list-style-type: none">• \$ 8.50/month

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DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX C

Capacity Allocators

Capacity Allocators shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Capacity Allocators shall be applicable for capacity assignments during the period of November 1, ~~2013~~ 2014 through October 31, ~~2014~~ 2015.

~~50%~~ CAPACITY ASSIGNMENT

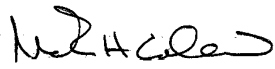
Commercial and Industrial

(Percentages of ~~50% of Peak Day Gas Usage~~ Total Capacity Quantity)

Winter Use ~~High Winter Use~~ All Commercial and Industrial Customers ~~Low~~

Pipeline:	N/A <u>[TBD]%</u>	N/A
Storage:	62.24 <u>[TBD]%</u>	% 62.24%
Peaking:	[TBD]%	37.76% <u>37.76%</u>

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Superseding ~~Original~~ ~~First~~ ~~Revised~~ Page 160

DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX D

Delivery-to-Sales Service Fee

A. Purpose:

Customers who elect to switch from Firm Delivery Service to Firm Sales Service after June 30, 2006, will be required to pay a fee for costs associated with capacity resources on-hand that are necessary to serve the unassigned capacity portion of the gas commodity requirements of such Customers. The Company shall charge Customers a monthly Delivery-to-Sales Service Fee for the first twelve months after switching from Firm Delivery to Firm Sales Service.

B. Application of Delivery-to-Sales Service Fee:

A Delivery-to-Sales Service Fee shall be calculated for the Customer that has switched to Firm Sales Service during the first billing month under such service. The Delivery-to-Sales Service Fee shall be calculated to the nearest one-cent and will be applied to the Customer's monthly Firm Sales Service bill as a separate monthly charge per bill for the initial twelve consecutive billing months.

C. Calculation of Delivery-to-Sales Service Fee:

The Delivery-to-Sales Service Fee to be assessed monthly shall be twenty-five percent (25%) of the monthly component of the Company's annual average unit cost of system capacity resources, as derived once a year for the upcoming period of November through October, multiplied by ~~the unassigned Capacity portion of 50% of~~ the Customer's Peak Day Gas Usage at the time the Customer switches from Firm Delivery Service to Firm Sales Service. Peak Day Gas Usage shall be determined as set out in Section 11.3.2 of the Company's Delivery Service Terms and Conditions.

D. Information to be Filed with the Commission:

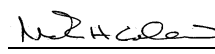
Once a year, by September 1, the Company shall file with the Commission the Company's upcoming annual system average unit capacity cost, multiplied by 25%, to show the unit cost applicable to ~~the unassigned Capacity portion of 50% of~~ a Customer's Peak day Gas Use. Also by September 1 of every year, the Company shall file with the Commission a report showing the number of customers assessed a Delivery-to-Sales Service Fee and the amount of Delivery-to-Sales Service Fee charges recovered to-date. Pursuant to the Company's Cost of Gas Factor Clause, the Company will also report actual Delivery-to-Sales Service Fee revenues as credits to the Company's total Maine Division Peak Period Demand Costs.

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~~Sixth~~ Seventh Revised Page 160-a
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DELIVERY SERVICE TERMS AND CONDITIONS

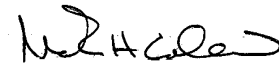
APPENDIX D

**Delivery-to-Sales Service Fee
 (continued)**

The Delivery-to-Sales Service Fee shall be calculated and filed with the Commission each year with the Peak Period Cost of Gas filing. The following Delivery-to-Sales Service Fee Unit Charge shall be applicable for the period of November 1, ~~2013-2014~~ through October 31, ~~2014~~2015.

Effective Dates:	November 1, 2013-2014 – October 31, <u>2014</u><u>2015</u>
Annual Average Unit Cost:	\$ 235.75 <u>TBD</u> per MMBtu
25% - Annual Charge for Fee:	\$ 58.94 <u>TBD</u> per MMBtu
Monthly Unit Charge for Fee:	\$ 4.91 <u>TBD</u> per MMBtu of Unassigned Capacity portion of Peak Day Gas Usage

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Appendix B: Proposed Tariff Changes, End State

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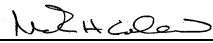
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- Authorization Number:** A number unique to the Customer generated by the Company and printed on the Customer's bill that the Customer must furnish to the Supplier to enable the Supplier to obtain the Customer's Gas Usage information pursuant to Delivery Service T&C, Section 20.4, and to initiate or terminate Supplier Service as set forth in Delivery Service T&C, Section 20.5 of this tariff.
- 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.
- Business Day:** Monday through Friday excluding holidays recognized by the Company. Where relevant, a Business Day shall consist of the hours during which the Company is open for business with the public. If any performance date referenced in this Tariff is not a Business Day, such performance shall be the next succeeding Business Day.
- Capacity:** Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity as defined in this tariff.
- Capacity Allocators:** The estimated proportions of the Customer's Total Capacity Quantity that comprise Pipeline Capacity, Storage Withdrawal Capacity and Peaking Capacity.
- Capacity Mitigation Service:** The service available to Suppliers in accordance with Delivery Service T&C, Section 11.10.
- City Gate:** The interconnection between a Delivering Pipeline and the Company's distribution facilities.
- CCF:** One hundred cubic feet
- Commodity:** See Gas.
- Company:** Northern Utilities, Inc.
- Company Gas Allowance:** The difference between the sum of all amounts of Gas received into the Company's distribution system (including Gas produced by the Company) and the sum of all amounts of Gas delivered from the Company's distribution system divided by said amount of Gas received. Such difference

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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 force majeure, excluding Gas otherwise accounted for.

Company-Managed Supplies:

Capacity and Supply contracts held and managed by the Company and made available to the Supplier pursuant to Delivery Service T&C, Section 11.9 of this tariff 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 Delivery Service T&C, Section 16 of this tariff, 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 Delivery 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 Gas Day that is assumed to be unrelated to weather.

Daily Index: The mid-point of the range of prices as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Tennessee Zone 6 delivered" for the relevant Gas Day listed under "Flow date(s)".

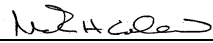
In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of Gas as the basis for this calculation until such time that the MPUC approves a suitable replacement.

Dekatherm: Ten Therms.

Delivery Point: The interconnection between the Company's facilities and the Customer's facilities.

Delivery Service: The distribution of Gas by the Company on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point and related Customer services.

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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 Gas consumption per Heating Degree Day.

MMBtu : One million Btus.

Maximum Daily Peaking Quantity ("MDPQ"): The portion of a Customer's Total Capacity Quantity identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Supplier's Peaking Service Account pursuant to Delivery Service T&C, Section 14 of this tariff shall be equal to the sum of the MDPQs for all Customers in that Supplier's Aggregation Pool.

MPUC Maine Public Utilities Commission

Month: A calendar month of Gas Days.

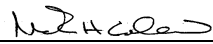
Monthly Index: The average of the Daily Index numbers for all Gas Days in a Month.

Nomination: The notice given by the Supplier to the Company that specifies, in accordance with the Supplier Service Agreement attached as Appendix B, an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of one or more Customers, including the volume to be received, the Designated Receipt Point(s), the Transporting 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 of May to October, inclusive.

Operational Flow Order ("OFO"): The Company's instructions to the Supplier to take such action as conditions require including, but not limited to, diverting Gas to or from the Company's distribution system pursuant to Delivery Service T&C, Section 16 of this tariff.

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a Designated Receipt Point for the Customer's account; provided, however, that a Customer may act as its own Supplier in accordance with Section 5.2 of the Delivery Service Terms and Conditions.

Supplier Service: The sale of Gas to a Customer by a Supplier.

Supplier Service Agreement: An agreement, substantially in the form set forth in Appendix B, which must be executed by the Company and a Supplier in order for the Supplier to serve Customers on the Company's system.

Supply: See Gas.

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

Total Capacity Quantity ("TCQ"): The total amount of Capacity assignable to a Supplier on behalf of a Customer.

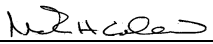
Transporting Pipeline: The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.

3. **CHARACTER OF SERVICE**

3.1 All rates within the Rate Schedules 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 Rate Schedule, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.

3.2 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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4. **GAS SERVICE AREAS AND DESIGNATED RECEIPT POINTS**

4.1 There shall be one (1) Gas Service Area defined for purposes of administering Capacity assignments, Nominations, balancing, imbalance trading, and Aggregation Pools pursuant to this tariff. Each such Gas Service Area shall be defined to include the municipalities listed within each such Gas Service Area, as follows:

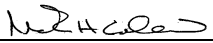
(1) Area 1: Northern Utilities, Inc. - Maine Gas Service Area

The towns of Auburn, Biddeford, Cape Elizabeth, Cumberland, Eliot, Gorham, Kennebunk, Kittery, Lewiston, Lisbon, Lisbon Falls, New Gloucester, North Berwick, Old Orchard Beach, Portland, Saco, Sanford, Scarborough, South Berwick, South Portland, Wells, Westbrook, York and the contiguous territory served by the Company.

4.2 For each Aggregation Pool as set forth by Delivery Service T&C, Section 20.6, the Company will designate at least one specific interconnection between a Transporting 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 are as follows:

(1) Name Transporting Pipelines: Granite State Gas Transmission, Inc.

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such lesser period as determined by the Company. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

- 9.3.5 The Supplier may make intra-Gas Day Nominations, including but not limited to changes to existing Nominations, within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting Pipeline on which the Nomination is to be effective, or such lesser period as determined by the Company. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.
- 9.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting 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 Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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.
- 9.3.7 Nominations may be rejected, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Delivery Service in effect from time to time.

9.4 Determination of Receipts

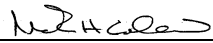
- 9.4.1 The quantity of Gas deemed received by the Company for the Supplier's Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Transporting Pipeline(s).
- 9.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

9.5 Metering and Determination of Deliveries

- 9.5.1 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. Telemetering equipment shall remain the property of the Company at all times. The

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Company shall require each Customer to install and maintain, at the Customer's expense, reliable telephone lines and electrical connections that meet the Company's operating requirements. The Company may require the Customer to furnish a dedicated telephone line. If the Customer fails to maintain such telephone lines and electrical connections for fourteen (14) consecutive days after notification by the Company, the Company may discontinue service to the Customer.

9.5.2 Should a Customer or a Supplier request that additional telemetering equipment or a communication device be attached to the existing telemetering equipment in addition to that provided pursuant to Delivery Service T&C, Section 9.5.1, the Company shall install, test, and maintain the requested telemetering equipment or communication device; provided that such telemetering equipment or communication device does not interfere with the operation of the equipment required for the Company's purposes and otherwise meet the Company's requirements. The Customer or Supplier shall provide such telemetering equipment or communication device, unless the Company elects to do so. 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 bill the Customer or Supplier after installation.

9.5.3 The Company shall complete installation of telemetering equipment and communication devices, if reasonably possible, within sixty (60) 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.

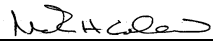
9.5.4 The Company may, at its sole discretion, bill the Customer on a calendar month or cycle month basis.

9.6 Balancing

9.6.1 The Supplier must maintain a balance between daily receipts and daily Gas Usage within the following tolerances:

Off-Peak Season: The difference between the Supplier's aggregate actual receipts on the Transporting 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

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9.6.6 If, during any fifteen (15) consecutive Gas 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 Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas 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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 disqualified from service under this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, and storage, 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.

9.7 Cash Out

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>Over-deliveries</u>	<u>Under-deliveries</u>
0% <= 5%	The average of the Daily Indices for the relevant Month	The highest average of seven consecutive Daily Indices for the relevant Month.
> 5% <= 10%	0.85 times the above stated rate.	1.15 times the above stated rate.
> 10% <= 15%	0.60 times the above stated rate.	1.4 times the above stated rate.

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> 15%	0.25 times the above stated rate.	1.75 times the above stated rate.
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For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to volumes within a tier. For example, if there is a 7% under-delivery on a Transporting Pipeline, volumes that make up the first 5% of the imbalance are priced at the highest average of the seven (7) consecutive Daily Indices. Volumes making up the remaining 2% of the imbalance are priced at 1.15 times the average of the seven (7) consecutive Daily Indices.

10. NON-DAILY METERED DELIVERY SERVICE

10.1 Applicability

Delivery Service T&C, Section 10 of this tariff applies to any Customer taking Delivery Service under Rate Schedules T-40, T-41, T-50, and T-51 that has not elected Daily Metered Service pursuant to Section 9.1.2 and to Customer's Supplier.

10.2 Delivery Service Provided

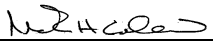
This service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement of recording Gas Usage at the Delivery Point on a daily basis. Daily Nominations are calculated by the Company on the basis of a Consumption Algorithm and the Supplier is obligated to deliver to the Designated Receipt Point(s) such quantities.

10.3 Nominations and Scheduling of Service

10.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume ("ATV"), as determined in Delivery Service T&C, Section 10.3.2, to the Designated Receipt Points on every Gas Day for each Aggregation Pool.

10.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking non-daily metered Delivery Service for each Gas Day using a Consumption Algorithm. The ATV shall include the Company Gas Allowance. On each Business Day, the Company will communicate, electronically, by facsimile, or by other agreeable alternative means, the forecasted ATV to the Supplier for at least the subsequent four (4) Gas

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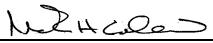
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Days. The ATV in effect for any Gas Day shall be the most recent ATV for that Gas Day communicated to the Supplier by the Company. The ATV for a given Gas Day shall not be effective unless it has been communicated to the Supplier at least two (2) hours prior to the Company's Supplier Nomination deadline for that Gas Day, which shall be at least two (2) hours prior to the deadline for nominations on the Transporting Pipeline, or such lesser period as determined by the Company.

- 10.3.3 Nominations will be communicated to the Company electronically, by facsimile, or other agreeable alternative means.
- 10.3.4 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 Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.5 The Supplier shall provide an intra-Month Nomination no later than two (2) hours prior to the deadline of the Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting 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 Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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. The Company will not confirm any volume nominated by the Supplier in excess of the ATV.
- 10.3.7 In the event that the Supplier is unable to deliver a confirmed ATV Nomination, the Supplier may make intra-Gas Day Nominations relating to changes to existing Nominations within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the

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Transporting 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 Transporting Pipeline. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized by the Company for its own operations. The Company shall not adjust the ATV applied for that Gas Day.

10.3.8 Nominations may be rejected if they do not satisfy the conditions for Delivery Service in effect from time to time.

10.3.9 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an Operational Flow Order ("OFO") declared by the Company pursuant to Delivery Service T&C, Section 16 will be subject to the Critical Day provisions of Delivery Service T&C, Section 10.6.1 of this tariff, and the delivered quantity specified in the OFO will replace the ATV.

10.4 Determination of Receipts

10.4.1 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 Transporting Pipeline(s).

10.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

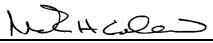
10.5 Metering and the Determination of Deliveries

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. 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.

10.6 Balancing

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

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- Off-Peak Season: For receipts less than the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.
- Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts less than 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the first 5% difference, and the Supplier shall be charged two (2) times the Daily Index for the remaining difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.
- Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Delivery Service T&C, Section 16.

Critical Day That Will Be Aggravated by Under-delivery

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged five (5) times the Daily Index for the difference between the ATV and actual receipts.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged the following amounts for all receipts in excess of the ATV:

- (a) up to 25% in excess of the ATV, the Supplier shall be charged the Daily Index for the difference.
- (b) for receipts in excess of 25% above the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day That Will Be Aggravated By Over-delivery.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.4 times the Daily Index for receipts greater than the ATV.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged the following amounts--for receipts less than the ATV but greater than or equal to 75% of

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the ATV, the Supplier shall be charged the Daily Index for the first 25% difference, and the Supplier shall be charged 1.1 times the Daily Index for the remaining difference.

10.6.2 In addition to the charges set forth in Delivery Service T&C, Section 10.6.1, the Company shall use a daily balancing charge calculation to account for balancing costs it incurs in serving each Aggregation Pool due to differences in forecast versus actual Effective Degree Days. The daily balancing charge shall be based on the sum of the absolute values of the daily differences between the Aggregation Pool's ATV and the recalculated ATV value described in Delivery Service T&C, Section 10.7.1 below. Such charge shall be billed to the Supplier monthly and shall reflect the cost of resources used by the Company to balance such differences for each Gas Day of the Month. The Company shall calculate such charge annually in its Peak Season cost of Gas filing according to a formula as set forth in Appendix A.

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

10.6.3 In addition to the charges set forth in Delivery Service T&C, Sections 10.6.1 and 10.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

10.7 Cash Out

10.7.1 The Company shall use a daily cash out calculation to account for imbalances due to differences in forecast versus actual Effective Degree Days. Using a Consumption Algorithm, the Company will recalculate the ATV for each Aggregation Pool for each Gas Day of the Month, substituting actual Effective Degree Days for forecast Effective 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.

10.7.2 During the processing of both the June and December Supplier billings, 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) During the processing of the June Supplier billings, using the recalculated ATV values described in Section 10.7.1, the Company will compare the sum

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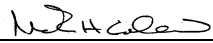
of the recalculated ATV values for each Aggregation Pool for the six-month period of November 1 through April 30 to the sum of billed usage volumes used by each Aggregation Pool for that same period. The differences shall be cashed out at 100% of the average of the Daily Index weighted by actual degree days over the same period. The Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of April.

- (2) During the processing of the December Supplier billings, using the recalculated ATV values described in Section 10.7.1, 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 the same period. The Off-Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of October.

10.7.3 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 Delivery Service T&C, Section 4, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.

10.7.4 If, during any fifteen (15) consecutive Gas Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas 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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, and to cover other

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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. CAPACITY ASSIGNMENT

11.1 Applicability

Delivery Service T&C, Section 11 of this tariff applies to all Suppliers that have enrolled one or more Customers into one or more Aggregation Pools and shall include Customers acting as their own Supplier. The Company shall assign and the Supplier shall accept each Customer's pro-rata share of Capacity, if any, as established in accordance with this Section.

11.2 Identification of Capacity for Assignment

11.2.1 On or before September 15 of each year, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning in October.

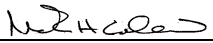
11.2.2 The Company shall identify the specific contracts and resources for assignment to Suppliers based on the Company's Capacity and resource plans. Such identified contracts and resources shall be used to determine the pro-rata shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool.

11.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates, the assignment of certain Capacity contracts that are not assignable to third-parties due to governing tariffs.

11.3 Determination of Pro-Rata Shares of Capacity

11.3.1 On or before July 1 each year, the Company shall establish a Total Capacity Quantity ("TCQ") for each Customer eligible for Delivery Service to be used to determine the pro-rate shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool on each of twelve Assignment Dates beginning in October. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf

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of a Customer. In the event the revisions to this Delivery Service tariff are made effective after July 1 of any year, the Company shall establish and provide a TCQ for each Customer no later than 60 days prior to the effective date.

11.3.2 For all Customers eligible for Delivery Service, the TCQ shall be calculated using the following formula:

$TCQ = ACD * CF * CR$, where

$ACD = CD - DFC$ and

$CF = SD$ divided by the sum of each ACD and

$CR = PC$ divided by the SD.

The variables above are defined as follows:

Adjusted Customer Design Day Demand (ACD) is defined as the Customer Design Day Demand (CD) minus Dual Fuel Credit (DFC).

Customer Design Day Demand (CD) is defined as a Customer's estimated Gas Usage on Peak Day.

Dual Fuel Credit is defined as the dual fuel capability at the Customer's location, pursuant to Section 11.3.4, times 50 percent.

System Design Day Demand (SD) is defined as the Company's total estimated Gas Usage on Peak Day, less any Dual Fuel Credits.

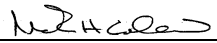
Coincidence Factor (CF) is defined as the ratio of the Company's System Design Day Demand (SD) and the sum of Adjusted Customer Design Day Demand (ACD).

Capacity Ratio (CR) is defined as the ratio of Portfolio Capacity (PC) to System Design Day Demand (SD).

Portfolio Capacity (PC) is defined as the total deliverability to the Company's facilities of the Pipeline, Storage Withdrawal and Peaking Capacity identified in Section 11.2.

11.3.3 The Company shall derive such estimated Gas Usage on Peak Day using a Daily Baseload and a Heating Factor based upon correlating the Customer's actual historical Gas Usage with actual Effective Degree Days during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable. If actual Gas Usage is not reflective of the expected future

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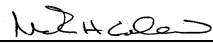
Gas Usage, the Company and Customer may mutually agree on the applicable estimated Gas Usage.

11.3.4 A Dual Fuel Credit shall be applied to an eligible Delivery Service Customer's Adjusted Customer Demand subject to the following:

1. Within 90 days of approval of these Delivery Service T&C by the MPUC, any Customer taking service under rate class T-42 or T-52, wishing to elect the Dual Fuel Credit shall complete a Dual Fuel Credit Application, provided in Appendix E. Only Customers, whose initial Dual Fuel Credit Application(s) are received by the Company on or before this date, shall be eligible to receive the Dual Fuel Credit.
2. The Company shall review all initial Dual Fuel Credit Applications, including physical inspection of the dual fuel equipment at the Customer's location to verify dual fuel capability and any other means deemed reasonable by the Company. Upon approval of a Dual Fuel Credit Application, the Company shall apply a Dual Fuel Credit to the Customer's TCQ calculation, to be effective each of twelve Assignment Dates beginning the first October, following approval of these Delivery Service T&C.
3. The Customer must renew its Dual Fuel Credit annually by completing a new Dual Fuel Credit Application on or before June 1 each year to be effective on each of twelve Assignment Dates beginning each subsequent October. Only Customers, whose annual Dual Fuel Credit Application(s) are received by the Company on or before this date, shall be eligible to renew the Dual Fuel Credit. Any Customer failing to provide updated Dual Fuel Applications in a timely manner shall become permanently ineligible for the Dual Fuel Credit.
4. The Company shall conduct physical inspections of dual fuel equipment at the Customer's facilities no less than once every 5 years the Customer receives a Dual Fuel Credit.
5. Customers must remain on Delivery Service in order to continue eligibility for the Dual Fuel Credit. If the Customer receives Sales Service, the Customer shall become permanently ineligible for the Dual Fuel Credit with the exception that if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Customer shall remain eligible for the Dual Fuel Credit if a replacement Supplier is initiated within 60 days.

11.3.5 For interruptible Sales Service Customers migrating to Delivery Service, the Company shall use historic usage to estimate Gas Usage on Peak Day, subject to Section 11.3.3. For a new Commercial and Industrial Customer taking Delivery Service as its initial service, the Company shall use a

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reasonable estimate for the Gas Usage on Peak Day. The TCQ for such Customers shall be established in accordance with Section 11.3.1 through Section 11.3.4. No Customer shall be exempt from the Capacity Assignment provisions of this tariff, although certain Customers may have TCQ equal to 0 due to the Company's reasonable expectation that the Customer's Gas Usage will be equal to 0 on Peak Day.

- 11.3.6 The Company shall determine the pro-rata shares of Pipeline Capacity, 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 shall be set forth annually in Appendix C to this tariff.

The Capacity Allocator for Pipeline Capacity shall be equal to the ratio of the maximum daily Pipeline Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Storage Withdrawal Capacity shall be equal to the ratio of the maximum daily Storage Withdrawal Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

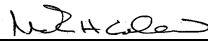
The Capacity Allocator for Peaking Capacity shall be equal to the ratio of the maximum daily Peaking Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

- 11.3.7 The Company shall determine the pro-rata share of Seasonal Storage Capacity assignable to a Supplier on behalf of a Customer consistent with the Delivery Service T&C, Sections 11.4.1 (a), 11.4.1 (b) and 11.8 of this tariff.
- 11.3.8 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Delivery Service T&C, Section 14 of this tariff.

11.4 Capacity Assignments

- 11.4.1 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 Delivery Service T&C, Sections 11.2, 11.3 and 11.7.

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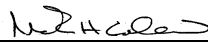
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- (a) The total amount of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall be at least equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, 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.
- (b) Storage Withdrawal Capacity shall be subject to Operational Flow Orders that are issued by the Company pursuant to Delivery Service T&C, Section 16 of this tariff, in the event that the Company requires the Supplier to deliver or to store quantities of Gas for the purposes of managing system imbalances and maintaining Delivery Service. Whenever the Company assigns incremental Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Seasonal Storage Capacity pursuant to Delivery Service T&C, Section 11.8.
- (c) The Peaking Capacity assigned to the Supplier shall establish the Maximum Daily Peaking Quantity ("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 Delivery Service T&C, Section 14.

11.4.2 The Company shall execute Capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity assigned to the Supplier pursuant to Section 11.4.1 of these Delivery Service T&C exceeds 150 MMBtus. The Supplier shall accept additional increments of Capacity on the Assignment Dates commensurate with any cumulative increase in the sum of pro-rata shares of Capacity assigned to the Supplier, as rounded to the nearest 200 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assigned Capacity as established in accordance with Section 11.4.1 of these Delivery Service T&C. Section 11.4.2 of these Delivery Service T&C shall not apply to a Customer that is acting as its own Supplier.

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11.4.3 If 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 Delivery Service T&C, Section 11.3.

11.5 Release of Contracts

11.5.1 With the exception of Company-Managed Supplies and Peaking Capacity, 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.

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

11.5.3 The Company reserves the right to adjust releases of Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but are not limited to, the reassignment of certain 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.

11.6 Annual Reassignment of Capacity

11.6.1 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 Capacity on behalf of the Customers enrolled in the Supplier's Aggregation Pools (as of the first Gas Day of the Month following the Annual Reassignment Date).

11.6.2 If the reassignment of Storage Withdrawal Capacity requires adjustments to the Seasonal Storage Capacity previously assigned to a Supplier, the Company shall reassign Seasonal Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and

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decrements to inventories in place pursuant to Delivery Service T&C, Section 11.8 of this tariff.

11.6.3 If the reassignment of Peaking Capacity requires 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 Delivery Service T&C, Section 14 of this tariff.

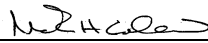
11.7 Recall of Capacity

11.7.1 If the pro-rata shares of Capacity assignable to a Supplier decline because one or more of the Supplier's Customers has returned to Sales 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. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the Assignment Date following the effective date of the Customer's return to Sales Service. Notwithstanding the foregoing, in the following circumstances the Company shall be required to recall Capacity associated with Customers returning to Sales Service:

- (a) The Supplier returning the Customers to Sales Service certifies that it is ceasing all business operations in Maine;
- (b) The Supplier returning the Customers to Sales Service certifies that it will no longer offer service to a particular market sector (e.g., small commercial and industrial Customers) and, therefore, once such Customers are returned to Sales Service, the Supplier is not eligible to re-enroll Customers of that type; or
- (c) The Supplier demonstrates that it has provided Supplier Service to the Customer for a 12-month period, and for a period of no less than any 12-month increment, prior to the Customer's return to Sales Service.

11.7.2 If the Company elects to recall Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. If the Company elects to reduce the MDPQ in the Supplier Service Agreement,

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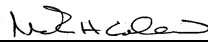
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the Company shall reduce the Peaking Supply associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 14 of this tariff.

- 11.7.3 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 Delivery Service T&C, Section 11.4. 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 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.
- 11.7.4 If the Company recalls Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.
- 11.7.5 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 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 assigned to the Supplier, rounded to the nearest 200 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.

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11.8 Seasonal Storage Capacity

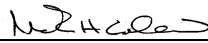
11.8.1 On each Assignment Date, the Company shall release Seasonal Storage Capacity to a Supplier that accepts the assignment of Storage Withdrawal Capacity pursuant to Delivery Service T&C, Section 11.4. The Company shall assign such Seasonal Storage Capacity consistent with the tariffs governing the release of the associated Storage Withdrawal Capacity.

11.8.2 If the Company assigns Seasonal Storage Capacity to a Supplier pursuant to Delivery Service T&C, Section 11.8.1 above, the Company shall transfer in-place Gas inventories to the Supplier. The quantity of inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Seasonal Storage Capacity assigned to the Supplier on the Assignment Date times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. 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 communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two Business Days prior to each Assignment Date.

11.8.3 In the event that the Company recalls Storage Withdrawal Capacity from the Supplier pursuant to Delivery Service T&C, Section 11.7, the Company shall also recall Seasonal Storage Capacity from the Supplier. The Company shall determine the total Seasonal Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Storage Withdrawal Capacity returned to the Company.

11.8.4 If the Company recalls Seasonal Storage Capacity from a Supplier pursuant to Delivery Service T&C, Section 11.8.3, 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 Seasonal Storage Capacity times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in off-system storage facilities as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative

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means, the Company's weighted average cost of inventories, by Gas Service Area, at least two (2) Business Days prior to each Assignment Date.

11.8.5 Seasonal storage inventory percentages shall represent the amount of Seasonal Storage Capacity in each assigned storage resource that are assumed to be filled with inventories as of the first Gas Day of the month following the Assignment Date. Each September, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the storage inventory percentages for each resource that shall be applied to incremental or decremental Seasonal Storage Capacity assignments executed on each of the twelve (12) Assignment Dates beginning in October.

11.9 Company-Managed Supplies

11.9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain Capacity contracts that are not assignable to third-parties.

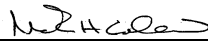
11.9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Delivery Service T&C, Sections 11.4 and 11.8.

11.9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies pursuant to the tariffs governing the resources.

11.9.4 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, including Supply costs, incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.

11.9.5 The Company shall nominate quantities to the Transporting Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned Company-Managed Supplies, 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 Delivery Service T&C, Sections 9.3 and 10.3 of this tariff.

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11.10 Capacity Mitigation Service

11.10.1 Capacity Mitigation Service is available to Suppliers that have been assigned Capacity pursuant to Delivery Service T&C, Section 11 of this tariff. 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 this tariff.

11.10.2 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 Delivery Service T&C, Section 11.5, 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.

11.10.3 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.

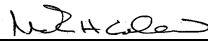
11.10.4 The Company will market Capacity contracts designated by Suppliers for mitigation through the Capacity Mitigation Service. The Supplier shall receive a credit on its bill for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from the Company in exchange for such contract 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.

12. BILLING AND SECURITY DEPOSITS

12.1 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 MPUC, from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Sales Service.

12.2 The Company shall offer two billing service options to Customers taking only Delivery Service: standard complete billing service and standard passthrough billing service. The Supplier shall inform the Company of the selected billing

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option in accordance with the provisions set forth in Delivery Service T&C, Section 20.5.

12.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Delivery 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 shall provide this billing service to Supplier at a mutually agreed upon fee.

The Supplier shall adhere to the Customer classes and rate structure as specified in the Company's then current Rate Schedule on file with and approved by the MPUC. 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 to the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current billing 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.

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

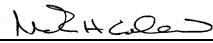
12.2.2 Standard Passthrough Billing Service

The Customer taking Delivery Service shall receive two (2) bills: the Company shall issue one bill for Delivery 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 Suppliers shall be governed by the particular Customer/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

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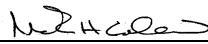
that will contain the Customer's usage being billed including the current and previous meter readings.

- 12.3 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.
- 12.4 Customer acting as its own Supplier will be subject to the billing and payment requirements in Delivery Service T&C, Section 20.8 of this tariff.
- 12.5 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

13. **SALES SERVICE**

- 13.1 Sales Service is the Commodity 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 this tariff. Each Customer receiving Sales Service shall receive one bill from the Company reflecting delivery and Commodity charges.
- 13.2 A Customer receiving Sales Service on the issuance date of these Terms and Conditions shall continue to receive Sales Service unless the Customer elects to take Supplier Service and until such time that Supplier Service is initiated for the Customer in accordance with Delivery Service T&C, Section 20.5 of this tariff. If the Customer terminates Supplier Service, if a Supplier terminates service to the Customer, or if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide Sales Service to the Customer. Pursuant to Delivery Service T&C, Section 20.5 of this tariff, the Company will initiate Sales Service for the Customer and will provide Sales Service to the Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.
- 13.3 Any Customer may elect to return to Sales Service if the Customer is no longer receiving Supplier Service. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until such time that Supplier Service is initiated for the Customer by a new Supplier.
- 13.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff terminates

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Supplier Service to the Customer, the Customer may select another Supplier. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until Supplier Service is initiated for the Customer by a new Supplier.

- 13.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide the Customer with Sales Service.

14. PEAKING SERVICE

14.1 Applicability

Delivery Service T&C, Section 14 of this tariff applies to all Suppliers, and to all Customers acting as their own Supplier, that have been assigned, or have elected to be assigned, Capacity on behalf of themselves or Customers in their Aggregation Pools pursuant to Delivery Service T&C, Section 11 of this tariff.

14.2 Character of Service

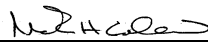
14.2.1 Peaking Service shall be provided by the Company subject to an executed Supplier Service Agreement that sets forth the Maximum Daily Peaking Quantity ("MDPQ") and the assigned Peaking Supply for each of the Supplier's Aggregation Pools.

14.2.2 The Company shall provide quantities of Gas, at the Supplier's request, from the Supplier's Peaking Service Account as established in accordance with Delivery Service T&C, Section 14.4. 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.

14.3 Rates and Charges

14.3.1 The applicable rates for Peaking Service shall be established in the

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Company's tariff. The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for 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 costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company's total system Peak Day requirement. Such rates shall be updated annually and provided in Appendix A to this tariff.

14.3.2 The Supplier shall pay a peaking commodity charge based on Peaking Service Supply volumes nominated by the Supplier and delivered by the Company pursuant to Section 14.5. Such unit commodity charge shall be equal to the total Supply costs and other variable costs associated with the Company's peaking resources, which would be incurred as though the Supplier contracted directly for the Company's peaking resources. The Company shall communicate the unit commodity charge on or before September 15 each year.

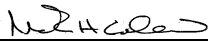
14.4 Peaking Supply

14.4.1 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.

14.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Delivery Service T&C, Section 11.4. 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. 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 Delivery Service T&C, Section 14.4.5.

14.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Delivery Service T&C, Section 11.7. 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

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to the Supplier in accordance with Delivery Service T&C, Section 14.4.1 above.

14.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Delivery Service T&C, Section 14.4.3, 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. 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 Delivery Service T&C, Section 14.4.5.

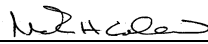
14.4.5 The peaking inventory percentage shall represent the level of Peaking Supply assumed to be available to a Supplier in its Peaking Service Account as of the first Gas Day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply. Each September, the Company shall communicate electronically, by facsimile or by other agreeable alternative means the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking Supply assignments executed on each of the twelve (12) Assignment Dates beginning in October.

14.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first Gas Day of the Month following the Annual Reassignment Date) as determined in accordance with Delivery Service T&C, Section 14.4.1 above.

14.5 Nomination of Peaking Service

14.5.1 The Supplier shall nominate with the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Delivery Service T&C, Section 14.4.2, that the Supplier desires to be provided from its Peaking Service Account for the applicable Gas Day. For an Aggregation Pool of Customers taking daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 9.3 of this tariff. For an Aggregation Pool of Customers taking non-daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 10.3 of this tariff.

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14.5.2 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 Supplier's Aggregation Pool, which factors into the daily balancing provisions set forth in this tariff.

14.5.3 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 is 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 Delivery Service T&C, Section 11, 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 (0).

14.5.4 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 (0).

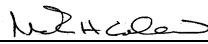
14.6 Peaking Service Critical Day Provisions

14.6.1 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 Delivery Service T&C, Section 16 of this tariff.

14.6.2 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 Delivery Service T&C, Section 16 of this tariff.

14.6.3 If, on a Critical Day, the Company projects, based on the Supplier's Nominations, that the Supplier's scheduled deliveries to the Designated

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Receipt Point(s) of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Transporting Pipeline, the Company may issue an OFO to the Supplier in accordance with Delivery Service T&C, Section 16 of this tariff.

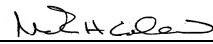
15. **DISCONTINUANCE OF SERVICE**

The Company shall notify a Customer's Supplier of record that it has initiated any applicable billing and termination procedures as prescribed by the MPUC. In the event that the Company discontinues Delivery 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.

16. **OPERATIONAL FLOW ORDERS AND CRITICAL DAYS**

- 16.1 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.
- 16.2 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 service 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.
- 16.3 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 Delivery Service T&C, Section 11 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 actions 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

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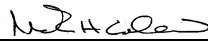
imbalance penalties as set forth in Delivery Service T&C, Sections 9.6, 9.7, 10.6, and 10.7 for any under-deliveries or over-deliveries caused by that Supplier.

- 16.4 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 by means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers any change to the Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.
- 16.5 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an OFO will be subject to the Critical Day provisions of Delivery Service T&C, Sections 9.6 and 10.6 of this tariff.

17. **FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 17.1 Neither the Company nor the Supplier will be liable to the other 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, or breakage or accident to machinery or pipeline (which breakage or accident is not the result of the negligence or misconduct of the party claiming force majeure); 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 this tariff 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,

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on request, provide the other party with a written explanation thereof and of the remedy being undertaken.

17.2 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 this tariff or in accordance with or required by law, including, without limitation, termination of the Customer's service.

17.3 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 damages, costs (including attorney's fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of either party in connection with the performance of the indemnifying party's obligations under this tariff. The Company and the Supplier shall waive recourse against the other party and its affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under this tariff.

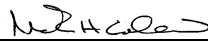
18. **CURTAILMENT**

18.1 Whenever the integrity of the Company's system or the Supply of the Company's Customers taking Sales Service or Delivery 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, consistent with Section 10 of the General Terms and Conditions of this tariff. 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.

18.2 The Company shall communicate notice of curtailment as soon as practicable to the Suppliers of affected Customers by means as specified in the Supplier Service Agreement.

18.3 The Company shall take reasonable care in providing regular and uninterrupted service to its firm Customers, but whenever the Company deems that the situation

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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.

18.4 If the Company is required to curtail or interrupt service due to capacity constraints, the Company's interruptible service shall have a priority subordinate to the Company's firm Delivery Service and Sales Service Customers.

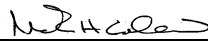
18.5 In any case where the Company determines in its judgment that a curtailment or interruption of firm services is necessary due to circumstances as described in Section 16.2 of these Delivery Service T&C and/or in Section 10 of the General Terms and Conditions, the Company will curtail and/or interrupt firm Delivery Service and Sales Service Customers on a nondiscriminatory basis. In the case when the Company requests that the Supplier continues to deliver its gas supply to maintain the Company's system integrity and thus, any curtailment and/or interruption of firm Delivery Service Customers results in the Suppliers of affected Customers relinquishing gas supply to the Company, such relinquished gas supply shall be separately cashed out at the Absolute High price for that Gas Day as published in Gas Daily.

19. TAXES

19.1 In the event a tax of any kind is imposed or removed by any governmental authority on the distribution of Gas or on the gross revenues derived from the distribution 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.

19.2 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.

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19.3 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.

20. SUPPLIER TERMS AND CONDITIONS

20.1 Applicability

The following terms and conditions shall apply to every Supplier providing Supplier Service in the State of Maine, to every Customer doing business with said Suppliers, and to Customers acting as their own Supplier.

20.2 Obligations of Parties

20.2.1 Customer

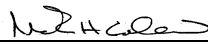
Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. A Customer electing Supplier Service must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Delivery Service T&C, Sections 20.2.3 and 20.3 below and who meets any applicable registration requirements established by law or regulation.

20.2.2 Company

The Company shall deliver Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to this tariff and, among other things, shall:

- (a) Provide Customer service and support, including call center functions, for services provided by the Company under this tariff;
- (b) Respond to service interruptions, reported Gas leaks, and to other Customer safety calls;
- (c) Handle connections, curtailments, and terminations for services provided by the Company under this tariff;

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- (d) Read meters;
- (e) Submit bills to Customers for Delivery Service and if contracted by the Supplier, for Supplier Service in accordance with Delivery Service T&C, Section 12.2.1;
- (f) Address billing inquiries for Delivery Service;
- (g) Answer general questions about Delivery Service;
- (h) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;
- (i) Arrange for or provide Sales Service to the Customer at the request of the Customer in accordance with the Company's tariff; and
- (j) Provide information regarding, at a minimum, rate tariffs, billing cycles, Capacity assignment methods, and Consumption Algorithms.

20.2.3 Supplier

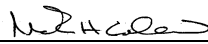
The Supplier shall act on behalf of the Customer to acquire Supplies and to deliver them to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of this tariff.

The Supplier is responsible for enrolling Customers pursuant to Delivery Service T&C, Section 20.5 of this tariff.

The Supplier must request, complete and sign a Supplier Service Agreement, attached hereto as Appendix B, to act as a Supplier on the Company's system, satisfy the Supplier requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign Capacity, if any, under Delivery Service T&C, Section 11, and be and remain eligible to provide service to Customers in Maine.

The Supplier is responsible for completing all transactions with the Company and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Delivery Service T&C, Section 20.5 and Appendix A.

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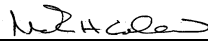
20.3 Supplier Requirements and Practices

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

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

- (a) 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.
- (b) 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.
- (c) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and the Supplier has paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (d) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.
- (e) The Supplier's Maine business advertising and marketing materials conform to all applicable state and federal laws and regulations.

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Supplier shall indemnify the Company and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, taxes, and expenses arising from or out of any adverse legal claims of third parties to or against said Gas.

- 20.3.6 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.
- 20.3.7 By agreeing to provide service under this tariff, the Supplier acknowledges that adherence to any applicable law regarding unfair trade practices, truth in advertising law, or law of similar import is required. Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the 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.
- 20.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement (e.g., 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 the Supplier, its Customers, and the MEPUC. Notification to 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) Gas Days after the giving of such notice, unless within such ten (10) Gas 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 Sales Service pursuant Delivery Service T&C, Section 13 of this tariff.

20.4 Access to Usage History and Current Billing Information

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Title: Treasurer

M.P.U.C.
Northern Utilities, Inc.

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DELIVERY SERVICE TERMS AND CONDITIONS

The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier.

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.

20.5 Enrollment, Cancellation, and Termination of Supplier Service

20.5.1 The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to initiating Supplier Service to the Customer.

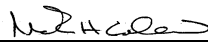
20.5.2 The Supplier must provide the Company with the following minimum information in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Delivery Service T&C, Section 20.5 of this tariff:

- (a) The Customer's name and current Authorization Number;
- (b) The name of the Supplier;
- (c) The Customer's billing option (for commencement of service);
- (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); and
- (e) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's 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 notify the Supplier so that the Supplier can resolve any discrepancies.

20.5.3 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

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20.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's 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 Sales Service in accordance with Delivery Service T&C, Section 13.

20.5.9 The Company may charge fees to the Supplier for processing the transactions described in this Section, as approved by the MPUC. These fees are included in Appendix A.

20.6 Aggregation Pools

20.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Delivery Service of the respective Customers. Non-daily metered Customers subscribing to Delivery Service under Rate Schedules T-40, T-41, T-50, T-51 must be aggregated in a separate pool from Customers subscribing to daily metered service under Rate Schedules T-42 and T-52.

20.6.2 Non-daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 10 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

20.6.3 Daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 9 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

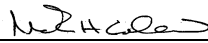
20.6.4 A separate Supplier account will be established for each Supplier Aggregation Pool.

20.6.5 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.

20.7 Imbalance Trading

20.7.1 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.

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- 20.7.2 The Company will make available a list of Suppliers by Gas Service Area making deliveries during the previous Month.
- 20.7.3 Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Delivery Service T&C, Section 4, unless waived by the Company.
- 20.7.4 Daily imbalance trades must be point-specific on those Gas Days when the Transporting Pipeline required the Company to balance on a point-specific basis.

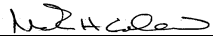
20.8 Billing and Payment

- 20.8.1 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 Delivery Service T&C, Section 12 of this tariff. This data will be provided on a rolling basis as readings or estimates are made.
- 20.8.2 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.
- 20.8.3 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 will apply to all amounts outstanding after ten (10) days.
- 20.8.4 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 may file a complaint with the Commission to resolve such complaint.

21. CUSTOMER DESIGNATED REPRESENTATIVE

- 21.1 The Customer may appoint a Designated Representative to satisfy or undertake the Customer's duties and obligations; including, but not limited to submitting and/or receiving notices, making nominations, arranging for trades of imbalances, and performing operational and administrative tasks; provided, however, that under no circumstances will the appointment of a Designated Representative

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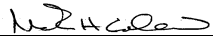
relieve the Customer of the responsibility to make full and timely payment to the Company for all Delivery Service provided under this tariff.

- 21.2 A request by a Designated Representative to the Company that contains the Customer's Authorization Number will be deemed to be confirmation that the Customer has designated such person or entity as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.
- 21.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Delivery Service that 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 Delivery Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any information concerning Delivery Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.
- 21.4 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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DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: \$0.95 per MMBtu of Daily Imbalance Volumes

- Updated effective every November 1 to reflect the Company’s latest balancing resources and associated capacity costs.


-
- Daily Imbalance Volumes represent the difference between ATV and ATV adjusted for actual EDDs.

II. Customer Telemetry Fees:

<u>SERVICE</u>	<u>PRICING</u>
<ul style="list-style-type: none"> • One-time Installation Charge: <ul style="list-style-type: none"> • Telemetry – instrumented meter • Telemetry-non-instrumented meter 	<ul style="list-style-type: none"> • \$1,400/unit • \$ 475/unit
<ul style="list-style-type: none"> • Monthly Maintenance Fee 	<ul style="list-style-type: none"> • \$ 6.00/month
<ul style="list-style-type: none"> • Monthly Surcharge Fee in lieu of One-time Installation Charge for non-instrumented meter (Optional) 	<ul style="list-style-type: none"> • \$ 8.50/month

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APPENDIX C

Capacity Allocators

Capacity Allocators shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Capacity Allocators shall be applicable for capacity assignments during the period of November 1, 2014 through October 31, 2015.

CAPACITY ASSIGNMENT

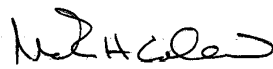
Commercial and Industrial

(Percentages of Total Capacity Quantity)

All Customers

Pipeline:	[TBD]%
Storage:	[TBD]%
Peaking:	[TBD]%

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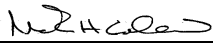
DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX D

Delivery-to-Sales Service Fee

In Compliance with the Commission's Order dated [TBD] in Docket No. 2014 _____, the Delivery-to-Sales Service Fee is terminated.

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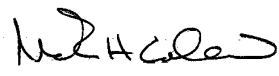
Eighth Revised Page 160-a
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DELIVERY SERVICE TERMS AND CONDITIONS

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DELIVERY SERVICE TERMS AND CONDITIONS

1. APPLICABILITY

- 1.1 The Company shall apply this tariff on a non-discriminatory and non-preferential basis to all Commercial and Industrial Customers who obtain Delivery Service from the Company, except as this tariff is explicitly modified by order of the MPUC. The provisions of Section 20 of the Delivery Service Terms and Conditions (“Delivery Service T&C”) will specifically apply to all entities designated by the Customer as set forth in Delivery Service T&C, Section 20.5 to supply Gas to a Designated Receipt Point for the Customer’s account.
- 1.2 The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of this tariff.
- 1.3 In the event that the Company incurs minimum bill, inventory, transition, take or pay, imbalance, or any other charges associated with the provision of Delivery Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the MPUC.

2. DEFINITIONS

Adjusted Target Volume (“ATV”):

The volume of Gas determined by the Company using a Consumption Algorithm and required to be nominated and delivered each Gas Day by the Supplier on behalf of Customers taking non-daily metered Delivery Service.

Aggregation Pool:

One or more Customer accounts whose Gas Usage is served by the same Supplier and aggregated pursuant to Delivery Service T&C, Section 20.6 of this tariff 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 Delivery Service T&C, Section 11.6 of this tariff.

Assignment Date:

Five (5) Business Days prior to the first Gas Day of each month when the Company assigns Capacity to Suppliers pursuant to Delivery Service T&C, Section 11.4 of this tariff.

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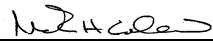
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DELIVERY SERVICE TERMS AND CONDITIONS

- Authorization Number:** A number unique to the Customer 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 Delivery Service T&C, Section 20.4, and to initiate or terminate Supplier Service as set forth in Delivery Service T&C, Section 20.5 of this tariff.
- 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.
- Business Day:** Monday through Friday excluding holidays recognized by the Company. Where relevant, a Business Day shall consist of the hours during which the Company is open for business with the public. If any performance date referenced in this Tariff is not a Business Day, such performance shall be the next succeeding Business Day.
- Capacity:** Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity as defined in this tariff.
- Capacity Allocators:** The estimated proportions of the Customer's Total Capacity Quantity that comprise Pipeline Capacity, Storage Withdrawal Capacity and Peaking Capacity.
- Capacity Mitigation Service:** The service available to Suppliers in accordance with Delivery Service T&C, Section 11.10.
- City Gate:** The interconnection between a Delivering Pipeline and the Company's distribution facilities.
- CCF:** One hundred cubic feet
- Commodity:** See Gas.
- Company:** Northern Utilities, Inc.
- Company Gas Allowance:** The difference between the sum of all amounts of Gas received into the Company's distribution system (including Gas produced by the Company) and the sum of all amounts of Gas delivered from the Company's distribution system divided by said amount of Gas received. Such difference

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DELIVERY SERVICE TERMS AND CONDITIONS

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 force majeure, excluding Gas otherwise accounted for.

Company-Managed Supplies:

Capacity and Supply contracts held and managed by the Company and made available to the Supplier pursuant to Delivery Service T&C, Section 11.9 of this tariff 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 Delivery Service T&C, Section 16 of this tariff, 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 Delivery 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 Gas Day that is assumed to be unrelated to weather.

Daily Index: The mid-point of the range of prices as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Tennessee Zone 6 delivered" for the relevant Gas Day listed under "Flow date(s)".

In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of Gas as the basis for this calculation until such time that the MPUC approves a suitable replacement.

Dekatherm: Ten Therms.

Delivery Point: The interconnection between the Company's facilities and the Customer's facilities.

Delivery Service: The distribution of Gas by the Company on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point and related Customer services.

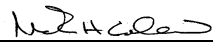
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DELIVERY SERVICE TERMS AND CONDITIONS

- Design Peak Season:** The forecasted Peak Season during which the Company's system experiences the highest aggregate Gas Usage.
- Designated Receipt Point:** For each Customer, the Company designated interconnection between a Transporting 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.
- Designated Representative:** The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Delivery Service in accordance with the provisions of Delivery Service T&C, Section 21 of this tariff.
- Effective Degree Day:** A measure used to estimate weather-sensitive Gas consumption calculated by subtracting the average temperature for each day from the number 65, plus factoring in wind speed. Each degree day that represents a degree below 65 is considered an Effective Degree Day.
- Gas:** Natural Gas that is received by the Company from a Transporting 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 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 Transporting Pipeline.
- Gas Service Area:** An area within the Company's distribution system as defined in Delivery Service T&C, Section 4 of this tariff, for the purposes of administering Capacity assignments, Nominations, balancing, imbalance trading, and Aggregation Pools.

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DELIVERY SERVICE TERMS AND CONDITIONS

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 Gas consumption per Heating Degree Day.

MMBtu : One million Btus.

Maximum Daily Peaking Quantity ("MDPQ"): The portion of a Customer's Total Capacity Quantity identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Supplier's Peaking Service Account pursuant to Delivery Service T&C, Section 14 of this tariff shall be equal to the sum of the MDPQs for all Customers in that Supplier's Aggregation Pool.

MPUC Maine Public Utilities Commission

Month: A calendar month of Gas Days.

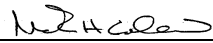
Monthly Index: The average of the Daily Index numbers for all Gas Days in a Month.

Nomination: The notice given by the Supplier to the Company that specifies, in accordance with the Supplier Service Agreement attached as Appendix B, an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of one or more Customers, including the volume to be received, the Designated Receipt Point(s), the Transporting 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 of May to October, inclusive.

Operational Flow Order ("OFO"): The Company's instructions to the Supplier to take such action as conditions require including, but not limited to, diverting Gas to or from the Company's distribution system pursuant to Delivery Service T&C, Section 16 of this tariff.

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DELIVERY SERVICE TERMS AND CONDITIONS

Peak Day: The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage.

Peak Season: The consecutive months of November to April, inclusive.

Peaking Capacity: Capacity in addition to upstream pipeline and underground storage Capacity normally used by the Company to meet daily requirements during a Design Peak Season and acquired specifically for the Peak Season. Peaking Capacity is limited to local Gas production resources, such as liquefied natural Gas vaporization and/or propane-air vaporization facilities and associated storage facilities and excludes off-system Supply contracts.

Peaking Service: A Company-managed resource consisting of Peaking Capacity and Peaking Supply.

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 this tariff.

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 Peak Season conditions. The Company will communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Peaking Service Rule Curve as identified in Delivery Service T&C, Section 14 of this tariff.

Peaking Supply: The aggregate amount of Supply in excess of upstream pipeline and underground storage Supply required to meet the Company's forecasted Supply needs during a Design Peak Season and acquired specifically for the Peak Season. Peaking Capacity is limited to Gas required for local Gas production resources, such as liquefied natural Gas vaporization and/or propane-air vaporization facilities and associated storage facilities and excludes off-system Supply contracts.

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DELIVERY SERVICE TERMS AND CONDITIONS

Peaking Supply Allocator:

An allocation factor that represents the proportion of a Customer's estimated Gas Usage during the Design Peak Season 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's city gates, exclusive of Storage Withdrawal Capacity.

Pre-Determined Allocation:

Instructions from the Supplier to the Company for the method allocation of discrepancies in confirmed Nominations among the Supplier's Aggregation Pools and/or Customers as set forth in the Supplier Service Agreement.

Rate Schedules:

The schedules of rates included in the Company's M.P.U.C. Gas Tariff.

Reference Period:

A period of at least twelve (12) months for which a Customer's Gas Usage information is typically available to the Company.

Sales Service:

Commodity service provided on a firm basis to a Customer who is not receiving Supplier Service, in accordance with the provisions set forth in this tariff. The provision of Sales 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.

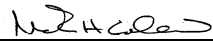
Seasonal Storage Capacity:

Contracts for Capacity in off-system storage facilities used to accumulate and maintain Gas inventories for re-delivery to the Company's city gates normally during the Peak Season.

Storage Withdrawal Capacity:

Capacity for the withdrawal of Gas inventories maintained in off-system storage facilities, as well as the Pipeline Capacity used to deliver such Gas to the Company's city gates.

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Supplier: Any entity that has met the Company's requirements set forth in Section 20 of the Delivery Service Terms and Conditions, and that has been designated by a Customer to supply Gas to a Designated Receipt Point for the Customer's account; provided, however, that a Customer may act as its own Supplier in accordance with Section 5.2 of the Delivery Service Terms and Conditions.

Supplier Service: The sale of Gas to a Customer by a Supplier.

Supplier Service Agreement: An agreement, substantially in the form set forth in Appendix B, which must be executed by the Company and a Supplier in order for the Supplier to serve Customers on the Company's system.

Supply: See Gas.

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

Total Capacity Quantity ("TCQ"): The total amount of Capacity assignable to a Supplier on behalf of a Customer.

Transporting Pipeline: The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.

3. **CHARACTER OF SERVICE**

3.1 All rates within the Rate Schedules 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 Rate Schedule, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.

3.2 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

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accordance with the requirements and specifications of the Company.

4. **GAS SERVICE AREAS AND DESIGNATED RECEIPT POINTS**

4.1 There shall be one (1) Gas Service Area defined for purposes of administering Capacity assignments, Nominations, balancing, imbalance trading, and Aggregation Pools pursuant to this tariff. Each such Gas Service Area shall be defined to include the municipalities listed within each such Gas Service Area, as follows:

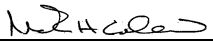
(1) Area 1: Northern Utilities, Inc. - Maine Gas Service Area

The towns of Auburn, Biddeford, Cape Elizabeth, Cumberland, Eliot, Gorham, Kennebunk, Kittery, Lewiston, Lisbon, Lisbon Falls, New Gloucester, North Berwick, Old Orchard Beach, Portland, Saco, Sanford, Scarborough, South Berwick, South Portland, Wells, Westbrook, York and the contiguous territory served by the Company.

4.2 For each Aggregation Pool as set forth by Delivery Service T&C, Section 20.6, the Company will designate at least one specific interconnection between a Transporting 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 are as follows:

(1) Name Transporting Pipelines: Granite State Gas Transmission, Inc.; ~~Portland Natural Gas Transmission System (PNGTS).~~

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Names of City Gates: ~~Pleasant Street, Westbrook.~~

METER	Location Name	Description	Location	State
83812	Debbie Lane	Delivery Meter	Eliot	ME
83810	Marshwood	Delivery Meter	South Berwick	ME
82301	Pratt & Whitney	Delivery Meter	North Berwick	ME
83814	Hussey	Delivery Meter	North Berwick	ME
83815	NE Mill Works	Delivery Meter	North Berwick	ME
62501	Wells (Rt. 109)	Delivery Meter	Wells	ME
82701	Twine Mill Rd.	Delivery Meter	Kennebunk	ME
82002	Biddeford Industrial Park	Delivery Meter	Biddeford	ME
82003	Biddeford Railroad Ave.	Delivery Meter	Biddeford	ME
83811	Saco Brick	Delivery Meter	Saco	ME
82802	Moody St.	Delivery Meter	Saco	ME
82901	Cascade Rd.	Delivery Meter	Old Orchard Beach	ME
81602	Scarborough Industrial Park	Delivery Meter	Scarborough	ME
81601	Roundwood	Delivery Meter	Scarborough	ME
81202	Payne Rd.	Delivery Meter	South Portland	ME
81103	Congress St.	Delivery Meter	Portland	ME
83813	Blueberry Rd.	Delivery Meter	Portland	ME
81301	Larrabee Rd.	Delivery Meter	Westbrook	ME
81102	Warren Ave	Delivery Meter	Portland	ME

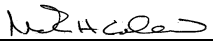
5. CUSTOMER REQUEST FOR SERVICE FROM COMPANY

- 5.1 Application for Delivery Service, Sales Service, or any other service offered by the Company to a Customer will be received by 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 Delivery Service only must also arrange for Supplier Service with a Supplier pursuant to Delivery Service T&C, Section 20. A Customer may act as its own Supplier provided it meets all of the Supplier requirements delineated in Delivery Service T&C, Section 20.

6. QUALITY AND CONDITION OF GAS

- 6.1 Gas delivered to the Company by or for the Customer shall conform, in all respects, to the Gas quality standards of the Transporting 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.
- 6.2 In no event shall the Company be obligated to accept and deliver any Gas that does not meet the quality standards of the Transporting Pipeline.
- 6.3 The Company reserves the right to commingle Gas tendered by a Supplier at a

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Designated Receipt Point with other Gas, including liquefied natural Gas and propane-air vapor.

- 6.4 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.

7. POSSESSION OF GAS

- 7.1 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.
- 7.2 The Company shall not be liable to the Supplier or the Customer for any loss arising from or out of Delivery 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.

8. COMPANY GAS ALLOWANCE

- 8.1 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. The Company Gas Allowance shall be in effect from November 1 through October 31. Such adjustment shall be recalculated prior to the Company's Peak Period Cost of Gas filing with the MPUC.

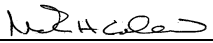
9. DAILY METERED DELIVERY SERVICE

9.1 Applicability

Delivery Service T&C, Section 9 of this tariff shall be applicable in the following conditions:

- 9.1.1 All Customers whose service may be interrupted at any time during the year shall be required to take daily metered Delivery Service.

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- 9.1.2 Any Customer, regardless of annual Gas Usage, may elect daily metered Delivery Service.
- 9.1.3 Customers under Rate Schedules G-42 and G-52 wishing to take Delivery Service are required to take Daily Metered Delivery Service. In addition, the Company may require a Customer to take daily metered Delivery Service if the Company determines that the daily Gas Usage characteristics of the Customer cannot be accurately modeled using the Company's Consumption Algorithm or if the volumes reasonably anticipated by the Company to be used by the Customer are of a size that may materially affect the integrity of the Company's distribution system.

9.2 Delivery Service Provided

This service provides delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day. For Customers taking Delivery Service under Rate Schedules Rate T-42 and Rate T-52, this service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point.

9.3 Nominations and Scheduling of Service

- 9.3.1 The Supplier is responsible for nominating and delivering to the Designated Receipt Point(s) every Gas Day an amount of Gas that equals the aggregated Gas Usage of Customers in the Aggregation Pool plus the Company Gas Allowance in accordance with Delivery Service T&C, Section 8 of this tariff.
- 9.3.2 Nominations shall be communicated to the Company by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means.
- 9.3.3 Nominations for the first Gas 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 Transporting 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 basis consistent with that utilized for its own operations.
- 9.3.4 The Supplier may make daily Nominations including, but not limited to, changes to existing Nominations, within a given Month no later than two (2) hours prior to the deadline for daily Nominations of the Transporting Pipeline for the Gas Day on which the Nomination is to be effective, or

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such lesser period as determined by the Company. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

- 9.3.5 The Supplier may make intra-Gas Day Nominations, including but not limited to changes to existing Nominations, within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting Pipeline on which the Nomination is to be effective, or such lesser period as determined by the Company. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.
- 9.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting 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 Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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.
- 9.3.7 Nominations may be rejected, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Delivery Service in effect from time to time.

9.4 Determination of Receipts

- 9.4.1 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 Transporting Pipeline(s).
- 9.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Delivery Service T&C, Section 8 of this tariff.

9.5 Metering and Determination of Deliveries

- 9.5.1 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. Telemetering equipment shall remain the property of the Company at all times. The

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Company shall require each Customer to install and maintain, at the Customer's expense, reliable telephone lines and electrical connections that meet the Company's operating requirements. The Company may require the Customer to furnish a dedicated telephone line. If the Customer fails to maintain such telephone lines and electrical connections for fourteen (14) consecutive days after notification by the Company, the Company may discontinue service to the Customer.

9.5.2 Should a Customer or a Supplier request that additional telemetering equipment or a communication device be attached to the existing telemetering equipment in addition to that provided pursuant to Delivery Service T&C, Section 9.5.1, the Company shall install, test, and maintain the requested telemetering equipment or communication device; provided that such telemetering equipment or communication device does not interfere with the operation of the equipment required for the Company's purposes and otherwise meet the Company's requirements. The Customer or Supplier shall provide such telemetering equipment or communication device, unless the Company elects to do so. 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 bill the Customer or Supplier after installation.

9.5.3 The Company shall complete installation of telemetering equipment and communication devices, if reasonably possible, within sixty (60) 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.

9.5.4 The Company may, at its sole discretion, bill the Customer on a calendar month or cycle month basis.

9.6 Balancing

9.6.1 The Supplier must maintain a balance between daily receipts and daily Gas Usage within the following tolerances:

Off-Peak Season: The difference between the Supplier's aggregate actual receipts on the Transporting 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

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charged 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 Transporting 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 0.5 times the Daily Index for all differences not within the 10% tolerance.

Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Delivery Service T&C, Section 16.

Critical Day That Will Be Aggravated by Under-delivery.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged 5 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceeds 102% of the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged 0.1 times the Daily Index to the extent that the difference between the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool exceeds 20% of said receipts [(Receipts - Usage) > (20% x Receipts)].

Critical Day That Will Be Aggravated by Over-delivery.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.1 times the Daily Index to the extent that the difference between the Supplier's aggregated Gas Usage of Customers in the Aggregation Pool exceeds 120% of the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 5 times the Daily Index to the extent that the difference

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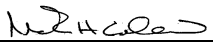
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between the Supplier's actual receipts on the Transporting Pipeline to each Gas Service Area and the Supplier's aggregated Gas Usage of Customers in the Aggregation Pool exceeds 2% of said receipts [(Receipts - Usage > (2% x Receipts)].

- Point Specific Balancing: In the event that the Transporting Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this Section at each Designated Receipt Point.
- 9.6.2 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.
- 9.6.3 In addition to the charges set forth in Delivery Service T&C, Section 9.6.1, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.
- 9.6.4 If, as a result of the Company interrupting or curtailing service pursuant to Delivery Service T&C, Section 18 of this tariff, the Supplier incurs a daily imbalance penalty due to over-delivery, 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.
- 9.6.5 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 Transporting 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 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 Transporting 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 Transporting Pipeline. All Gas Usage in excess of the Supplier's maximum hourly flow rate shall be subject to an additional charge of 5 times the Daily Index for each Dekatherm in excess of the Supplier's maximum hourly flow. The Company will notify the Supplier of the Supplier's maximum hourly flow.

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9.6.6 If, during any fifteen (15) consecutive Gas 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 Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas 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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 disqualified from service under this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, and storage, 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.

9.7 Cash Out

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>Over-deliveries</u>	<u>Under-deliveries</u>
0% <= 5%	The average of the Daily Indices for the relevant Month	The highest average of seven consecutive Daily Indices for the relevant Month.
> 5% <= 10%	0.85 times the above stated rate.	1.15 times the above stated rate.
> 10% <= 15%	0.60 times the above stated rate.	1.4 times the above stated rate.

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> 15%	0.25 times the above stated rate.	1.75 times the above stated rate.
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For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to volumes within a tier. For example, if there is a 7% under-delivery on a Transporting Pipeline, volumes that make up the first 5% of the imbalance are priced at the highest average of the seven (7) consecutive Daily Indices. Volumes making up the remaining 2% of the imbalance are priced at 1.15 times the average of the seven (7) consecutive Daily Indices.

10. NON-DAILY METERED DELIVERY SERVICE

10.1 Applicability

Delivery Service T&C, Section 10 of this tariff applies to any Customer taking Delivery Service under Rate Schedules T-40, T-41, T-50, and T-51 that has not elected Daily Metered Service pursuant to Section 9.1.2 and to Customer's Supplier.

10.2 Delivery Service Provided

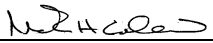
This service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement of recording Gas Usage at the Delivery Point on a daily basis. Daily Nominations are calculated by the Company on the basis of a Consumption Algorithm and the Supplier is obligated to deliver to the Designated Receipt Point(s) such quantities.

10.3 Nominations and Scheduling of Service

10.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume ("ATV"), as determined in Delivery Service T&C, Section 10.3.2, to the Designated Receipt Points on every Gas Day for each Aggregation Pool.

10.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking non-daily metered Delivery Service for each Gas Day using a Consumption Algorithm. The ATV shall include the Company Gas Allowance. On each Business Day, the Company will communicate, electronically, by facsimile, or by other agreeable alternative means, the forecasted ATV to the Supplier for at least the subsequent four (4) Gas

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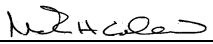
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Days. The ATV in effect for any Gas Day shall be the most recent ATV for that Gas Day communicated to the Supplier by the Company. The ATV for a given Gas Day shall not be effective unless it has been communicated to the Supplier at least two (2) hours prior to the Company's Supplier Nomination deadline for that Gas Day, which shall be at least two (2) hours prior to the deadline for nominations on the Transporting Pipeline, or such lesser period as determined by the Company.

- 10.3.3 Nominations will be communicated to the Company electronically, by facsimile, or other agreeable alternative means.
- 10.3.4 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 Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.5 The Supplier shall provide an intra-Month Nomination no later than two (2) hours prior to the deadline of the Transporting 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 basis consistent with that utilized for its own operations.
- 10.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting 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 Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy 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. The Company will not confirm any volume nominated by the Supplier in excess of the ATV.
- 10.3.7 In the event that the Supplier is unable to deliver a confirmed ATV Nomination, the Supplier may make intra-Gas Day Nominations relating to changes to existing Nominations within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the

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- Off-Peak Season: For receipts less than the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.
- Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts less than 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the first 5% difference, and the Supplier shall be charged two (2) times the Daily Index for the remaining difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.
- Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Delivery Service T&C, Section 16.

Critical Day That Will Be Aggravated by Under-delivery

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged five (5) times the Daily Index for the difference between the ATV and actual receipts.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged the following amounts for all receipts in excess of the ATV:

- (a) up to 25% in excess of the ATV, the Supplier shall be charged the Daily Index for the difference.
- (b) for receipts in excess of 25% above the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day That Will Be Aggravated By Over-delivery.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.4 times the Daily Index for receipts greater than the ATV.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged the following amounts--for receipts less than the ATV but greater than or equal to 75% of

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the ATV, the Supplier shall be charged the Daily Index for the first 25% difference, and the Supplier shall be charged 1.1 times the Daily Index for the remaining difference.

10.6.2 In addition to the charges set forth in Delivery Service T&C, Section 10.6.1, the Company shall use a daily balancing charge calculation to account for balancing costs it incurs in serving each Aggregation Pool due to differences in forecast versus actual Effective Degree Days. The daily balancing charge shall be based on the sum of the absolute values of the daily differences between the Aggregation Pool's ATV and the recalculated ATV value described in Delivery Service T&C, Section 10.7.1 below. Such charge shall be billed to the Supplier monthly and shall reflect the cost of resources used by the Company to balance such differences for each Gas Day of the Month. The Company shall calculate such charge annually in its Peak Season cost of Gas filing according to a formula as set forth in Appendix A.

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

10.6.3 In addition to the charges set forth in Delivery Service T&C, Sections 10.6.1 and 10.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

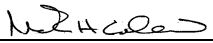
10.7 Cash Out

10.7.1 The Company shall use a daily cash out calculation to account for imbalances due to differences in forecast versus actual Effective Degree Days. Using a Consumption Algorithm, the Company will recalculate the ATV for each Aggregation Pool for each Gas Day of the Month, substituting actual Effective Degree Days for forecast Effective 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.

10.7.2 During the processing of both the June and December Supplier billings, 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) During the processing of the June Supplier billings, using the recalculated ATV values described in Section 10.7.1, the Company will compare the sum

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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 rendering Supplier billings, in accordance with Section 20.8, for the month of April.

- (2) During the processing of the December Supplier billings, using the recalculated ATV values described in Section 10.7.1, 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 the same period. The Off-Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of October.

10.7.3 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 Delivery Service T&C, Section 4, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.

10.7.4 If, during any fifteen (15) consecutive Gas Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas 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 Gas Days, the Supplier may be reinstated at the end of the 30 Gas 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 this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, 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, and to cover other

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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. CAPACITY ASSIGNMENT

11.1 Applicability

Delivery Service T&C, Section 11 of this tariff applies to all Suppliers that have enrolled one or more Customers into one or more Aggregation Pools and shall include Customers acting as their own Supplier. The Company shall assign and the Supplier shall accept each Customer's pro-rata share of Capacity, if any, as established in accordance with this Section.

11.2 Identification of Capacity for Assignment

11.2.1 On or before September 15 of each year, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning in October.

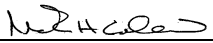
11.2.2 The Company shall identify, ~~by Gas Service Area,~~ the specific contracts and resources for assignment to Suppliers based on the Company's Capacity and resource plans. Such identified contracts and resources shall be used to determine the pro-rata shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool.

11.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates, the assignment of certain Capacity contracts ~~including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(e) or Section 7(e) [Part 157 of the FERC regulations (18 C.F.R. part 157)] and other contracts~~ that are not assignable to third-parties due to governing tariffs.

11.3 Determination of Pro-Rata Shares of Capacity

11.3.1 ~~On or before July 1 each year, The the~~ Company shall establish a Total Capacity Quantity ("TCQ") for each Customer ~~taking eligible for~~ Delivery Service ~~to be used to determine the pro-rate shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool~~

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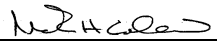
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on each of twelve Assignment Dates beginning in October. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf of a Customer. In the event the revisions to this Delivery Service tariff are made effective after July 1 of any year, the Company shall establish and provide a TCQ for each Customer no later than 60 days prior to the effective date.

- 11.3.2 For all Customers ~~taking Delivery Service on January 1, 2006 and all Customers receiving Sales Service who switch to~~ eligible for Delivery Service ~~at any time after January 1, 2006,~~ the TCQ shall be calculated using the following formula: ~~fifty percent (50%) of 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 correlating the Customer's actual historical Gas Usage with actual Effective Degree Days during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable. If actual Gas Usage is not reflective of the expected future Gas Usage, the~~

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~~Company and Customer may mutually agree on the applicable estimated Gas Usage.~~

TCQ = ACD * CF * CR, where

ACD = CD – DFC and

CF = SD divided by the sum of each ACD and

CR = PC divided by the SD.

The variables above are defined as follows:

Adjusted Customer Design Day Demand (ACD) is defined as the Customer Design Day Demand (CD) minus Dual Fuel Credit (DFC).

Customer Design Day Demand (CD) is defined as a Customer's estimated Gas Usage on Peak Day.

Dual Fuel Credit is defined as the dual fuel capability at the Customer's location, pursuant to Section 11.3.4, times 50 percent.

System Design Day Demand (SD) is defined as the Company's total estimated Gas Usage on Peak Day, less any Dual Fuel Credits.

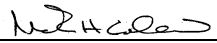
Coincidence Factor (CF) is defined as the ratio of the Company's System Design Day Demand (SD) and the sum of Adjusted Customer Design Day Demand (ACD).

Capacity Ratio (CR) is defined as the ratio of Portfolio Capacity (PC) to System Design Day Demand (SD).

Portfolio Capacity (PC) is defined as the total deliverability to the Company's facilities of the Pipeline, Storage Withdrawal and Peaking Capacity identified in Section 11.2.

11.3.3 ~~The Company shall derive such estimated Gas Usage on Peak Day using a Daily Baseload and a Heating Factor based upon correlating the Customer's actual historical Gas Usage with actual Effective Degree Days during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable. If actual Gas Usage is not reflective of the expected future Gas Usage, the Company and Customer may mutually agree on the applicable estimated Gas Usage. Any Customer who is assigned 50% of its Gas Usage on Peak Day may elect for its Supplier to accept additional assignment of its pro rata share of Capacity up to the remaining 50% of its Gas Usage on Peak Day as determined by the Company in accordance~~

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~~with Delivery Service T&C, Section 11.2 and, subject to availability, as determined by the Company in its sole reasonable discretion. In order to make such election, the Customer must have submitted to the Company, on or before ten (10) days prior to the first Assignment Date prior to the original effective date of this tariff, 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 Delivery Service T&C, Sections 11 and 14 of this tariff.~~

- 11.3.4 ~~A~~ An interruptible Sales Service customer migrating to Distribution Service or a new Commercial and Industrial Customer taking Distribution Service as its initial service may elect to be capacity exempt with a TCQ of 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, in which case the TCQ established by the Company for the former Customer shall become the TCQ for the new Customer. The Company may reduce said TCQ value for the new Customer, if, in its sole reasonable discretion, the Company determines that the old Customer's TCQ exceeds the new Customer's estimated future consumption on the Peak Day. Dual Fuel Credit In the event that Sales Service is provided at a new meter location for a new Commercial and Industrial Customer and the Customer migrates to Distribution Service, the TCQ shall be zero provided that, the Customer initiates Delivery Service in accordance with these Terms and Conditions within 120 days of the initial gas flow if their estimated annual use is less than 100,000 ccf, or within 60 days of the initial gas flow if their estimated annual use is greater than 100,000 ccf. shall be applied to an eligible Delivery Service Customer's Adjusted Customer Demand subject to the following:

1. Within 90 days of approval of these Delivery Service T&C by the MPUC, any Customer taking service under rate class T-42 or T-52, wishing to elect the Dual Fuel Credit shall complete a Dual Fuel Credit Application, provided in Appendix E. Only Customers, whose initial Dual Fuel Credit Application(s) are received by the Company on or before this date, shall be eligible to receive the Dual Fuel Credit.
2. The Company shall review all initial Dual Fuel Credit Applications, including physical inspection of the dual fuel equipment at the Customer's location to verify dual fuel capability and any other means deemed reasonable by the Company. Upon approval of a Dual Fuel Credit Application, the Company shall apply a Dual Fuel Credit to the Customer's TCQ calculation, to be

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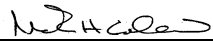
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effective each of twelve Assignment Dates beginning the first October, following approval of these Delivery Service T&C.

3. The Customer must renew its Dual Fuel Credit annually by completing a new Dual Fuel Credit Application on or before June 1 each year to be effective on each of twelve Assignment Dates beginning each subsequent October. Only Customers, whose annual Dual Fuel Credit Application(s) are received by the Company on or before this date, shall be eligible to renew the Dual Fuel Credit. Any Customer failing to provide updated Dual Fuel Applications in a timely manner shall become permanently ineligible for the Dual Fuel Credit.
 4. The Company shall conduct physical inspections of dual fuel equipment at the Customer's facilities no less than once every 5 years the Customer receives a Dual Fuel Credit.
 5. Customers must remain on Delivery Service in order to continue eligibility for the Dual Fuel Credit. If the Customer receives Sales Service, the Customer shall become permanently ineligible for the Dual Fuel Credit with the exception that if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Customer shall remain eligible for the Dual Fuel Credit if a replacement Supplier is initiated within 60 days.
- 11.3.5 ~~Once the Company establishes a TCQ for a Customer pursuant to this Delivery Service T&C, Section 11.3, 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 Sales Service. The Company shall establish a new TCQ value for the Customer pursuant to Delivery Service T&C, Section 11.3.2 if the Customer again elects to take Supplier Service after returning to Sales Service, unless otherwise established herein.~~For interruptible Sales Service Customers migrating to Delivery Service, the Company shall use historic usage to estimate Gas Usage on Peak Day, subject to Section 11.3.3. For a new Commercial and Industrial Customer taking Delivery Service as its initial service, the Company shall use a reasonable estimate for the Gas Usage on Peak Day. The TCQ for such Customers shall be established in accordance with Section 11.3.1 through Section 11.3.4. No Customer shall be exempt from the Capacity Assignment provisions of this tariff, although certain Customers may have TCQ equal to 0 due to the Company's reasonable expectation that the Customer's Gas Usage will be equal to 0 on Peak Day.
- 11.3.6 The Company shall determine the pro-rata shares of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assignable to a

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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 Rate Schedule~~ shall be set forth annually in Appendix C to this tariff.

The Capacity Allocator for Pipeline Capacity shall be equal to the ratio of the maximum daily Pipeline Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Storage Withdrawal Capacity shall be equal to the ratio of the maximum daily Storage Withdrawal Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

The Capacity Allocator for Peaking Capacity shall be equal to the ratio of the maximum daily Peaking Capacity deliverable into the Company's distribution system and the maximum daily Capacity deliverable into the Company's distribution system.

11.3.7 The Company shall determine the pro-rata share of Seasonal Storage Capacity assignable to a Supplier on behalf of a Customer consistent with the Delivery Service T&C, Sections 11.4.1 (a), 11.4.1 (b) and 11.8 of this tariff.

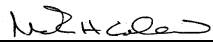
11.3.8 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Delivery Service T&C, Section 14 of this tariff.

11.4 Capacity Assignments

11.4.1 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 Delivery Service T&C, Sections 11.2, 11.3 and 11.7.

(a) The total amount of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall be at least equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, 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.

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- (b) Storage Withdrawal Capacity shall be subject to Operational Flow Orders that are issued by the Company pursuant to Delivery Service T&C, Section 16 of this tariff, in the event that the Company requires the Supplier to deliver or to store quantities of Gas for the purposes of managing system imbalances and maintaining Delivery Service. Whenever the Company assigns incremental Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Seasonal Storage Capacity pursuant to Delivery Service T&C, Section 11.8.
- (c) The Peaking Capacity assigned to the Supplier shall establish the Maximum Daily Peaking Quantity ("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 Delivery Service T&C, Section 14.

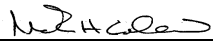
11.4.2 The Company shall execute Capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity assigned to the Supplier pursuant to Section 11.4.1 of these Delivery Service T&C exceeds 150 MMBtus. The Supplier shall accept additional increments of Capacity on the following Assignment Dates commensurate with any cumulative increase in the sum of pro-rata shares of Capacity assigned to the Supplier, as rounded to the nearest 200 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assigned Capacity as established in accordance with Section 11.4.1 of these Delivery Service T&C. Section 11.4.2 of these Delivery Service T&C shall not apply to a Customer that is acting as its own Supplier.

11.4.23 If 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 Delivery Service T&C, Section 11.3.

11.5 Release of Contracts

11.5.1 With the exception of Company-Managed Supplies and Peaking Capacity ~~With respect to any Pipeline Capacity that is assigned to the Supplier~~, 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,

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pursuant to applicable laws and regulations and the terms of the governing tariffs.

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

11.5.3 The Company reserves the right to adjust releases of Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but are not limited to, the reassignment of certain 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.

11.6 Annual Reassignment of Capacity

11.6.1 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 Gas Day of the Month following the Annual Reassignment Date).

11.6.2 If the reassignment of Storage Withdrawal Capacity requires adjustments to the Seasonal Storage Capacity previously assigned to a Supplier, the Company shall reassign Seasonal Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to inventories in place pursuant to Delivery Service T&C, Section 11.8 of this tariff.

11.6.3 If the reassignment of Peaking Capacity requires 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 Delivery Service T&C, Section 14 of this tariff.

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11.7 Recall of Capacity

11.7.1 If the pro-rata shares of Capacity assignable to a Supplier decline because one or more of the Supplier's Customers has returned to Sales 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. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the Assignment Date following the effective date of the Customer's return to Sales Service. Notwithstanding the foregoing, in the following circumstances the Company shall be required to recall Capacity associated with Customers returning to Sales Service:

- (a) The Supplier returning the Customers to Sales Service certifies that it is ceasing all business operations in Maine;
- (b) The Supplier returning the Customers to Sales Service certifies that it will no longer offer service to a particular market sector (e.g., small commercial and industrial Customers) and, therefore, once such Customers are returned to Sales Service, the Supplier is not eligible to re-enroll Customers of that type; or
- (c) The Supplier demonstrates that it has provided Supplier Service to the Customer for a 12-month period, and for a period of no less than any 12-month increment, prior to the Customer's return to Sales Service.

11.7.2 If the Company elects to recall Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.

11.7.3 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 Delivery Service T&C, Section 11.4. There shall be no change in the Customer's TCQ used to determine the Customer's pro-

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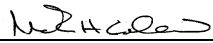
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rata shares of Capacity for reassignment to the new Supplier. The recall of such Capacity from the Customer's former Supplier and the assignment of Capacity to the new Supplier shall be made on the Assignment Date following the effective date of the Customer's switch in Suppliers.

- 11.7.4 If the Company recalls Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Delivery Service T&C, Section 11.8 of this tariff. 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 Delivery Service T&C, Section 14 of this tariff.
- 11.7.5 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 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 assigned to the Supplier, rounded to the nearest 200 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.
- 11.7.6 In the event that a Supplier is declared ineligible to nominate Gas for thirty (30) Gas Days pursuant to Delivery Service T&C, Sections 9.6.6 or 10.7.4 of this tariff, 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 Gas Days, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Delivery Service T&C, Sections 11.4 and 11.5. There shall be no change in the TCQ values used to determine the Supplier's Customers' pro-rata shares of Capacity for reassignment.
- 11.7.7 In the event that a Supplier is disqualified from service for one (1) full year pursuant to Delivery Service T&C, Sections 9.6.6 or 10.7.4 of this tariff, 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 period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Delivery Service T&C, Sections 11.4 and 11.5

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11.7.8 In the event that the Supplier fails to meet the applicable registration and licensing requirements established by law or regulation, fails to satisfy the requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, 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 this tariff 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.

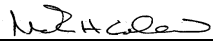
11.7.9 The Supplier shall forfeit its rights to Capacity recalled by the Company pursuant to this Section. Such forfeiture shall be effectuated in accordance with applicable laws and regulations and the governing tariffs. In the event of Capacity forfeiture pursuant to this Section, the Supplier shall 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.

11.8 Seasonal Storage Capacity

11.8.1 On each Assignment Date, the Company shall release Seasonal Storage Capacity to a Supplier that accepts the assignment of Storage Withdrawal Capacity pursuant to Delivery Service T&C, Section 11.4. The Company shall assign such Seasonal Storage Capacity consistent with the tariffs governing the release of the associated Storage Withdrawal Capacity.

11.8.2 If the Company assigns Seasonal Storage Capacity to a Supplier pursuant to Delivery Service T&C, Section 11.8.1 above, the Company shall transfer in-place Gas inventories to the Supplier. The quantity of inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Seasonal Storage Capacity assigned to the Supplier on the Assignment Date times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. 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 communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of

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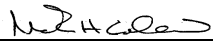
inventories, by Gas Service Area, at least two Business Days prior to each Assignment Date.

- 11.8.3 In the event that the Company recalls Storage Withdrawal Capacity from the Supplier pursuant to Delivery Service T&C, Section 11.7, the Company shall also recall Seasonal Storage Capacity from the Supplier. The Company shall determine the total Seasonal Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Storage Withdrawal Capacity returned to the Company.
- 11.8.4 If the Company recalls Seasonal Storage Capacity from a Supplier pursuant to Delivery Service T&C, Section 11.8.3, 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 Seasonal Storage Capacity times the applicable storage inventory percentage described in Delivery Service T&C, Section 11.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in off-system storage facilities as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two (2) Business Days prior to each Assignment Date.
- 11.8.5 Seasonal storage inventory percentages shall represent the amount of Seasonal Storage Capacity in each assigned storage resource that are assumed to be filled with inventories as of the first Gas Day of the month following the Assignment Date. Each September, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the storage inventory percentages for each resource that shall be applied to incremental or decremental Seasonal Storage Capacity assignments executed on each of the twelve (12) Assignment Dates beginning in October.

11.9 Company-Managed Supplies

- 11.9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain Capacity contracts ~~including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section~~

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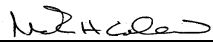
~~7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)], and other contracts~~ that are not assignable to third-parties.

- 11.9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Delivery Service T&C, Sections 11.4 and 11.8.
- 11.9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies pursuant to the tariffs governing the resources.
- 11.9.4 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, including Supply costs, incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.
- 11.9.5 The Company shall nominate quantities to the Transporting Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned Company-Managed Supplies, 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 Delivery Service T&C, Sections 9.3 and 10.3 of this tariff.

11.10 Capacity Mitigation Service

- 11.10.1 Capacity Mitigation Service is available to Suppliers that have been assigned Capacity pursuant to Delivery Service T&C, Section 11 of this tariff. 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 this tariff.
- 11.10.2 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 Delivery Service T&C, Section 11.5, 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.

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- 11.10.3 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.
- 11.10.4 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 for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from 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.

~~11.11 Rates and Charges~~

~~11.11.1 The demand charge for the assignment of capacity up to 50% of the Customer's Peak Day Gas Usage and any additional assignment of Storage Withdrawal Capacity and Peaking Capacity shall be at the Company's system average cost of all its capacity resources. The monthly billing of the assignment of capacity shall correspond with the monthly assignment of such capacity, and as such, assignment of Storage Withdrawal and Peaking resources shall be billed over the five-month period of November through March at the Company's monthly system average cost of all capacity resources times the ratio of 12/5.~~

~~11.11.2 The commodity charge for the delivered supplies associated with the assignment of capacity up to 50% of the Customer's Peak Day Gas Usage and any additional assignment of Storage Withdrawal Capacity and Peaking Capacity shall be at the Company's system average delivered cost of all its commodity supplies for the suppliers' nomination months of November through March, as established by the Company prior to each month of the November through March period.~~

12. **BILLING AND SECURITY DEPOSITS**

- 12.1 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 MPUC, from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Sales Service.

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12.2 The Company shall offer two billing service options to Customers taking only Delivery 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 Delivery Service T&C, Section 20.5.

12.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Delivery 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 shall provide this billing service to Supplier at a mutually agreed upon fee.

The Supplier shall adhere to the Customer classes and rate structure as specified in the Company's then current Rate Schedule on file with and approved by the MPUC. 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 to the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current billing 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.

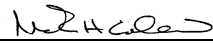
If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Delivery Service, and if any payment remains, it shall be applied to Supplier Service.

12.2.2 Standard Passthrough Billing Service

The Customer taking Delivery Service shall receive two (2) bills: the Company shall issue one bill for Delivery 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 Suppliers shall be governed by the particular Customer/Supplier contract.

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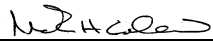
Within three (3) Business Days following the end of the Customer's billing cycle, the Company shall provide an electronic file for the Supplier that will contain the Customer's usage being billed including the current and previous meter readings.

- 12.3 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.
- 12.4 Customer acting as its own Supplier will be subject to the billing and payment requirements in Delivery Service T&C, Section 20.8 of this tariff.
- 12.5 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

13. **SALES SERVICE**

- 13.1 Sales Service is the Commodity 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 this tariff. Each Customer receiving Sales Service shall receive one bill from the Company reflecting delivery and Commodity charges.
- 13.2 A Customer receiving Sales Service on the issuance date of these Terms and Conditions shall continue to receive Sales Service unless the Customer elects to take Supplier Service and until such time that Supplier Service is initiated for the Customer in accordance with Delivery Service T&C, Section 20.5 of this tariff. If the Customer terminates Supplier Service, if a Supplier terminates service to the Customer, or if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide Sales Service to the Customer. Pursuant to Delivery Service T&C, Section 20.5 of this tariff, the Company will initiate Sales Service for the Customer and will provide Sales Service to the Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.
- 13.3 Any Customer ~~whose Supplier has been assigned Capacity on behalf of said Customer pursuant to Delivery Service T&C, Section 11 of this tariff~~ may elect to return to Sales Service if the Customer is no longer receiving Supplier Service. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer

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with Sales Service until such time that Supplier Service is initiated for the Customer by a new Supplier. ~~The Company will provide Sales 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, plus any portion of the Peak Day Gas Usage that was not included in the TCQ.~~

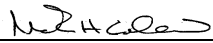
13.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff terminates Supplier Service to the Customer, the Customer may select another Supplier. If necessary, the Company will initiate Sales Service for the Customer pursuant to Delivery Service T&C, Section 20.5 of this tariff and will provide the Customer with Sales Service until Supplier Service is initiated for the Customer by a new Supplier. ~~The Company will provide Sales Service to the 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.~~

13.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Delivery Service T&C, Section 11 of this tariff becomes ineligible to serve the Customer pursuant to Delivery Service T&C, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide the Customer with Sales Service ~~up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable Capacity assigned to the Customer's Supplier.~~

~~13.6 The Company shall be under no obligation to provide Sales Service to a Customer at a maximum daily level in excess of the TCQ of recallable Capacity assigned to a Supplier on behalf of the Customer. The Company may elect to provide Sales Service to the 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 Sales Service.~~

~~13.7 Any Customer switching from Delivery Service to Sales Service after June 30, 2006, shall pay a Delivery to Sales Service Fee as set out in Appendix D of these Delivery Service T&C for twelve (12) months beginning with the first billing month cycle on Sales Service. The monthly Delivery to Sales Service Fee shall be based on the Customer's portion of Peak Day Gas Usage that has no associated Capacity assignment times 25% of the Company's then-current monthly component of the November through October annual average unit capacity cost. Such annual average unit capacity cost shall be determined once a year, prior to November 1. Any Customer who switches from Delivery Service to Sales Service shall be required to remain on Sales Service for a minimum of one year.~~

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14. PEAKING SERVICE

14.1 Applicability

Delivery Service T&C, Section 14 of this tariff applies to all Suppliers, and to all Customers acting as their own Supplier, that have been assigned, or have elected to be assigned, Capacity on behalf of themselves or Customers in their Aggregation Pools pursuant to Delivery Service T&C, Section 11 of this tariff.

14.2 Character of Service

14.2.1 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.

14.2.2 The Company shall provide quantities of Gas, at the Supplier’s request, from the Supplier’s Peaking Service Account as established in accordance with Delivery Service T&C, Section 14.4. 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.

14.3 Rates and Charges

14.3.1 The applicable rates for Peaking Service shall be established in the Company’s tariff. The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for 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 costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company’s total system Peak Day requirement. Such rates shall be updated annually and provided in Appendix A to this tariff.

14.3.2 The Supplier shall pay a peaking commodity charge based on Peaking Service Supply volumes nominated by the Supplier and delivered by the Company pursuant to Section 14.5. Such unit commodity charge shall be equal to the total Supply costs and other variable costs associated with the Company’s peaking resources, which would be incurred as though the Supplier contracted directly for the Company’s peaking resources. The

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Company shall communicate the unit commodity charge on or before September 15 each year.

~~14.3.1 The applicable rates for Peaking Service shall be the same as the rate for capacity assignment set forth in Section 11.11.~~

14.4 Peaking Supply

14.4.1 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.

14.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Delivery Service T&C, Section 11.4. 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. 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 Delivery Service T&C, Section 14.4.5.

14.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Delivery Service T&C, Section 11.7. 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 Delivery Service T&C, Section 14.4.1 above.

14.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Delivery Service T&C, Section 14.4.3, 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. 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 Delivery Service T&C, Section 14.4.5.

14.4.5 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 Gas Day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply.

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Each September, the Company shall communicate electronically, by facsimile or by other agreeable alternative means the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking Supply assignments executed on each of the twelve (12) Assignment Dates beginning in October.

14.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first Gas Day of the Month following the Annual Reassignment Date) as determined in accordance with Delivery Service T&C, Section 14.4.1 above.

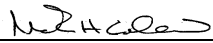
14.5 Nomination of Peaking Service

14.5.1 The Supplier shall nominate with the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Delivery Service T&C, Section 14.4.2, that the Supplier desires to be provided from its Peaking Service Account for the applicable Gas Day. For an Aggregation Pool of Customers taking daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 9.3 of this tariff. For an Aggregation Pool of Customers taking non-daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Delivery Service T&C, Section 10.3 of this tariff.

14.5.2 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 Supplier's Aggregation Pool, which factors into the daily balancing provisions set forth in this tariff.

14.5.3 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 is 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

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entitlements assigned to the Supplier under Delivery Service T&C, Section 11, 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 (0).

14.5.4 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 (0).

14.6 Peaking Service Critical Day Provisions

14.6.1 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 Delivery Service T&C, Section 16 of this tariff.

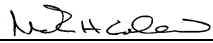
14.6.2 In the event that the total volumes of all Peaking Service Accounts within one or more of the Company's Gas Service Areas are reduced to levels below the total minimum allowable account balances as computed in accordance with the Company's Peaking Service Rule Curve, the Company may declare a Critical Day and issue a blanket OFO pursuant to Delivery Service T&C, Section 16 of this tariff.

14.6.3 If, on a Critical Day, the Company projects, based on the Supplier's Nominations, that the Supplier's scheduled deliveries to the Designated Receipt Point(s) of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Transporting Pipeline, the Company may issue an OFO to the Supplier in accordance with Delivery Service T&C, Section 16 of this tariff.

15. DISCONTINUANCE OF SERVICE

The Company shall notify a Customer's Supplier of record that it has initiated any applicable billing and termination procedures as prescribed by the MPUC. In the event that the Company discontinues Delivery 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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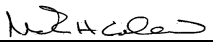
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16. OPERATIONAL FLOW ORDERS AND CRITICAL DAYS

- 16.1 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.
- 16.2 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 service 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.
- 16.3 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 Delivery Service T&C, Section 11 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 actions 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 penalties as set forth in Delivery Service T&C, Sections 9.6, 9.7, 10.6, and 10.7 for any under-deliveries or over-deliveries caused by that Supplier.
- 16.4 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 by means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers any change to the Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.

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Terms and Conditions, the Company will curtail and/or interrupt firm Delivery Service and Sales Service Customers on a nondiscriminatory basis. In the case when the Company requests that the Supplier continues to deliver its gas supply to maintain the Company's system integrity and thus, any curtailment and/or interruption of firm Delivery Service Customers results in the Suppliers of affected Customers relinquishing gas supply to the Company, such relinquished gas supply shall be separately cashed out at the Absolute High price for that Gas Day as published in Gas Daily.

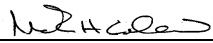
19. TAXES

- 19.1 In the event a tax of any kind is imposed or removed by any governmental authority on the distribution of Gas or on the gross revenues derived from the distribution 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.
- 19.2 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.
- 19.3 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.

20. SUPPLIER TERMS AND CONDITIONS

20.1 Applicability

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DELIVERY SERVICE TERMS AND CONDITIONS

The following terms and conditions shall apply to every Supplier providing Supplier Service in the State of Maine, to every Customer doing business with said Suppliers, and to Customers acting as their own Supplier.

20.2 Obligations of Parties

20.2.1 Customer

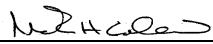
Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. A Customer electing Supplier Service must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Delivery Service T&C, Sections 20.2.3 and 20.3 below and who meets any applicable registration requirements established by law or regulation.

20.2.2 Company

The Company shall deliver Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to this tariff and, among other things, shall:

- (a) Provide Customer service and support, including call center functions, for services provided by the Company under this tariff;
- (b) Respond to service interruptions, reported Gas leaks, and to other Customer safety calls;
- (c) Handle connections, curtailments, and terminations for services provided by the Company under this tariff;
- (d) Read meters;
- (e) Submit bills to Customers for Delivery Service and if contracted by the Supplier, for Supplier Service in accordance with Delivery Service T&C, Section 12.2.1;
- (f) Address billing inquiries for Delivery Service;
- (g) Answer general questions about Delivery Service;
- (h) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;

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- (i) Arrange for or provide Sales Service to the Customer at the request of the Customer in accordance with the Company's tariff; and
- (j) Provide information regarding, at a minimum, rate tariffs, billing cycles, Capacity assignment methods, and Consumption Algorithms.

20.2.3 Supplier

The Supplier shall act on behalf of the Customer to acquire Supplies and to deliver them to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of this tariff.

The Supplier is responsible for enrolling Customers pursuant to Delivery Service T&C, Section 20.5 of this tariff.

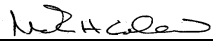
The Supplier must request, complete and sign a Supplier Service Agreement, attached hereto as Appendix B, to act as a Supplier on the Company's system, satisfy the Supplier requirements and practices as set forth in Delivery Service T&C, Section 20.3 of this tariff, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign Capacity, if any, under Delivery Service T&C, Section 11, and be and remain eligible to provide service to Customers in Maine.

The Supplier is responsible for completing all transactions with the Company and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Delivery Service T&C, Section 20.5 and Appendix A.

20.3 Supplier Requirements and Practices

- 20.3.1 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 to shareholders are not publicly available, the Supplier shall provide the Company with a comparable list of all corporate affiliates,

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parent companies, and subsidiaries. The Supplier shall also provide its most recent reports from credit reporting and bond rating agencies. The Supplier shall be subject to a credit investigation by the Company. The Company shall review the Supplier's financial position periodically.

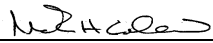
20.3.2 The Supplier shall also confirm in the Supplier Service Agreement that:

- (a) 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.
- (b) 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.
- (c) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and the Supplier has paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (d) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.
- (e) The Supplier's Maine business advertising and marketing materials conform to all applicable state and federal laws and regulations.

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

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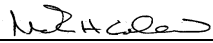
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The Company shall base the Supplier's maximum financial liability as two (2) times the highest month's aggregated Gas Usage of all Customers currently served by the Supplier at the highest Monthly Index in the preceding twenty-four (24) Months. This 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 costs of the Gas supplies themselves, the cost of transportation storage, 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 with 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.

- 20.3.4 The Supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of 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.
- 20.3.5 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 hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, taxes, and expenses arising from or out of any adverse legal claims of third parties to or against said Gas.
- 20.3.6 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.
- 20.3.7 By agreeing to provide service under this tariff, the Supplier acknowledges that adherence to any applicable law regarding unfair trade practices, truth in advertising law, or law of similar import is required.

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Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the 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.

20.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement (e.g., 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 the Supplier, its Customers, and the MEPUC. Notification to 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) Gas Days after the giving of such notice, unless within such ten (10) Gas 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 Sales Service pursuant Delivery Service T&C, Section 13 of this tariff.

20.4 Access to Usage History and Current Billing Information

The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier.

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.

20.5 Enrollment, Cancellation, and Termination of Supplier Service

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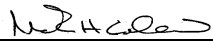
- 20.5.1 The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to initiating Supplier Service to the Customer.
- 20.5.2 The Supplier must provide the Company with the following minimum information in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Delivery Service T&C, Section 20.5 of this tariff:
- (a) The Customer's name and current Authorization Number;
 - (b) The name of the Supplier;
 - (c) The Customer's billing option (for commencement of service);
 - (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); and
 - (e) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's 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 notify the Supplier so that the Supplier can resolve any discrepancies.

20.5.3 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 completed 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.

20.5.4 If the Supplier submits information to the Company to terminate Supplier Service to a Customer less than ten (10) Gas 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 confirm the termination date for Supplier Service.

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- 20.5.5 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 the Customer's change in Supplier Service to the existing Supplier.
- 20.5.6 To terminate Supplier Service with a Supplier and to initiate Sales Service, a Customer shall so inform the Company and the Supplier. 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 ten (10) days in advance of the next scheduled meter read. Where such notice is received by the Company in less than ten (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.
- 20.5.7 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 this tariff 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 Sales Service to the Customer.
- 20.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's 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 Sales Service in accordance with Delivery Service T&C, Section 13.
- 20.5.9 The Company may charge fees to the Supplier for processing the transactions described in this Section, as approved by the MPUC. These fees are included in Appendix A.

20.6 Aggregation Pools

- 20.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Delivery Service of the respective Customers. Non-daily metered Customers subscribing to Delivery Service under Rate Schedules T-40, T-

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41, T-50, T-51 must be aggregated in a separate pool from Customers subscribing to daily metered service under Rate Schedules T-42 and T-52.

20.6.2 Non-daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 10 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

20.6.3 Daily metered Customers taking Delivery Service pursuant to Delivery Service T&C, Section 9 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

20.6.4 A separate Supplier account will be established for each Supplier Aggregation Pool.

20.6.5 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.

20.7 Imbalance Trading

20.7.1 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.

20.7.2 The Company will make available a list of Suppliers by Gas Service Area making deliveries during the previous Month.

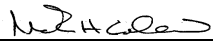
20.7.3 Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Delivery Service T&C, Section 4, unless waived by the Company.

20.7.4 Daily imbalance trades must be point-specific on those Gas Days when the Transporting Pipeline required the Company to balance on a point-specific basis.

20.8 Billing and Payment

20.8.1 By the tenth (10th) Business Day of the calendar month, the Company shall render to the Supplier a statement of the quantities delivered and

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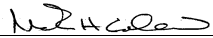
amounts owed by the Supplier for the prior Month. The Company will provide Suppliers with their Customers' consumption data based on estimated or actual meter readings at the appropriate cycle read dates for each Customer in the Aggregation Pool pursuant to Delivery Service T&C, Section 12 of this tariff. This data will be provided on a rolling basis as readings or estimates are made.

- 20.8.2 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.
- 20.8.3 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 will apply to all amounts outstanding after ten (10) days.
- 20.8.4 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 may file a complaint with the Commission to resolve such complaint.

21. CUSTOMER DESIGNATED REPRESENTATIVE

- 21.1 The Customer may appoint a Designated Representative to satisfy or undertake the Customer's duties and obligations; including, but not limited to submitting and/or receiving notices, making nominations, arranging for trades of imbalances, and performing operational and administrative tasks; provided, however, that under no circumstances will the appointment of a Designated Representative relieve the Customer of the responsibility to make full and timely payment to the Company for all Delivery Service provided under this tariff.
- 21.2 A request by a Designated Representative to the Company that contains the Customer's Authorization Number will be deemed to be confirmation that the Customer has designated such person or entity as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.
- 21.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Delivery Service that 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 Delivery Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any

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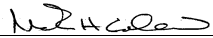
information concerning Delivery Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.

21.4 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.

22. APPENDICES

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APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: \$0.95 per MMBtu of Daily Imbalance Volumes

- Updated effective every November 1 to reflect the Company’s latest balancing resources and associated capacity costs.


-
- Daily Imbalance Volumes represent the difference between ATV and ATV adjusted for actual EDDs.

II. Customer Telemetry Fees:

<u>SERVICE</u>	<u>PRICING</u>
<ul style="list-style-type: none"> • One-time Installation Charge: <ul style="list-style-type: none"> • Telemetry – instrumented meter • Telemetry-non-instrumented meter 	<ul style="list-style-type: none"> • \$1,400/unit • \$ 475/unit
<ul style="list-style-type: none"> • Monthly Maintenance Fee 	<ul style="list-style-type: none"> • \$ 6.00/month
<ul style="list-style-type: none"> • Monthly Surcharge Fee in lieu of One-time Installation Charge for non-instrumented meter (Optional) 	<ul style="list-style-type: none"> • \$ 8.50/month

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APPENDIX C

Capacity Allocators

Capacity Allocators shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Capacity Allocators shall be applicable for capacity assignments during the period of November 1, ~~2013-2014~~ through October 31, ~~2014~~2015.

~~50%~~-CAPACITY ASSIGNMENT

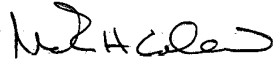
Commercial and Industrial

(Percentages of ~~50% of Peak Day Gas Usage~~ Total Capacity Quantity)

~~High Winter Use~~ All Customers ~~Low Winter Use~~

Pipeline:	N/A <u>[TBD]%</u>	N/A
Storage:	62.24 <u>[TBD]%</u>	% 62.24%
Peaking:	[TBD]%	37.76% — 37.76%

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APPENDIX D

Delivery-to-Sales Service Fee

In Compliance with the Commission's Order dated [TBD] in Docket No. 2014 , the Delivery-to-Sales Service Fee is terminated. A. Purpose:

~~Customers who elect to switch from Firm Delivery Service to Firm Sales Service after June 30, 2006, will be required to pay a fee for costs associated with capacity resources on hand that are necessary to serve the unassigned capacity portion of the gas commodity requirements of such Customers. The Company shall charge Customers a monthly Delivery to Sales Service Fee for the first twelve months after switching from Firm Delivery to Firm Sales Service.~~

B. Application of Delivery to Sales Service Fee:

~~A Delivery to Sales Service Fee shall be calculated for the Customer that has switched to Firm Sales Service during the first billing month under such service. The Delivery to Sales Service Fee shall be calculated to the nearest one cent and will be applied to the Customer's monthly Firm Sales Service bill as a separate monthly charge per bill for the initial twelve consecutive billing months.~~

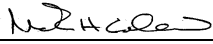
C. Calculation of Delivery to Sales Service Fee:

~~The Delivery to Sales Service Fee to be assessed monthly shall be twenty five percent (25%) of the monthly component of the Company's annual average unit cost of system capacity resources, as derived once a year for the upcoming period of November through October, multiplied by 50% of the Customer's Peak Day Gas Usage at the time the Customer switches from Firm Delivery Service to Firm Sales Service. Peak Day Gas Usage shall be determined as set out in Section 11.3.2 of the Company's Delivery Service Terms and Conditions.~~

D. Information to be Filed with the Commission:

~~Once a year, by September 1, the Company shall file with the Commission the Company's upcoming annual system average unit capacity cost, multiplied by 25%, to show the unit cost applicable to 50% of a Customer's Peak day Gas Use. Also by September 1 of every year, the Company shall file with the Commission a report showing the number of customers assessed a Delivery to Sales Service Fee and the amount of Delivery to Sales Service Fee charges recovered to date. Pursuant to the Company's Cost of Gas Factor Clause, the Company will also report actual Delivery to Sales Service Fee revenues as credits to the Company's total Maine Division Peak Period Demand Costs.~~

Issued: ~~December 5, 2013~~ May 9, 2014
Effective: ~~January 1, 2014~~ To Be Determined

Issued By: 
Title: Treasurer

M.P.U.C.
Northern Utilities, Inc.

~~Sixth~~ Eighth Revised Page 160-a
Superseding ~~Fifth~~ Sixth Revised Page 160-a

DELIVERY SERVICE TERMS AND CONDITIONS

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AND IS RESERVED FOR FUTURE USE.**

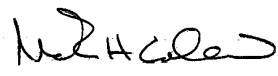
APPENDIX D

**Delivery to Sales Service Fee
(continued)**

The ~~Delivery to Sales Service Fee~~ shall be calculated and filed with the Commission each year with the Peak Period Cost of Gas filing. The following ~~Delivery to Sales Service Fee Unit Charge~~ shall be applicable for the period of November 1, 2013 through October 31, 2014.

<u>Effective Dates:</u>	<u>November 1, 2013 — October 31, 2014</u>
<u>Annual Average Unit Cost:</u>	<u>\$ 235.75 per MMBtu</u>
<u>25% — Annual Charge for Fee:</u>	<u>-\$ 58.94 per MMBtu</u>
<u>Monthly Unit Charge for Fee:</u>	<u>-\$ 4.91 per MMBtu of Unassigned Capacity portion of Peak Day Gas Usage</u>

Issued: ~~October 22, 2013~~ May 9, 2014
Effective: ~~November 1, 2013~~ To Be Determined

Issued By: 
Title: Treasurer

Appendix C: Formula for End State Total Contract Quantity (TCQ)

This section describes the formula for the calculation of a delivery customer's Total Contract Quantity ("TCQ") under the End State Proposal, where TCQ is determined as the pro rata share of Portfolio Capacity, allocated on the basis of the Customer's Design Day. This formula would become effective upon implementation of the end state Delivery Service Terms and Conditions provided in Appendix B.

Formula: $TCQ = CD * CF * CR$, where:

- Customer Design Day Demand (CD) = customer's projected usage plus Company Gas Allowance under Design Day Conditions.
- Coincidence Factor (CF) = SD / Sum of CD
- Capacity Ratio (CR) = Ratio of assignable Portfolio Capacity (PC) to System Design Day Demand (SD).

and $CR = PC / SD$

- Portfolio Capacity (PC) = Long-term capacity (Dth/d) assignable during the upcoming gas year (Nov-Oct).
- System Design Day Demand (SD) = Projected Design Day Demand during the upcoming gas year.

For customers who apply for the Dual-Fuel Credit and successfully meet the eligibility requirements, the TCQ is calculated using the following formula, which reduces the Customer Design Day Demand (CD) component by the amount of the credit, resulting in an Adjusted Customer Design Day Demand (ACD). In the formula, ACD replaces CD in the formula above.

Dual-Fuel Formula: $TCQ = ACD * CF * CR$, where:

- Adjusted Customer Design Day Demand (ACD) = CD – DFC, and
- Dual Fuel Credit (DFC) = Dual Fuel Capability (DF) * 50%¹⁵

¹⁵ Referring to Appendix B, Section 11.3.2 of the End State tariff contains only a single TCQ formula for all customers, which utilizes ACD. However, since most customers will not have dual fuel capability, the DFC will be equal to zero. Therefore, the ACD will equal the CD for these customers.



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Admitted in: ME

October 14, 2014

VIA MPUC CASE FILE

Mr. Harry Lanphear
Administrative Director
Maine Public Utilities Commission
State House Station 18
Augusta, ME 04333-0018

Re: *Northern Utilities, Inc. d/b/a Unitil, Proposed Changes to Northern's Retail Choice Program - Docket No. 2014-132*

Dear Mr. Lanphear:

On behalf of Northern Utilities, Inc. d/b/a Unitil (Northern or the Company) and the Maine Office of the Public Advocate (OPA) (collectively, the Settling Parties), Northern is pleased to submit this cover letter and incorporated memorandum requesting Commission approval of the enclosed Partial Stipulation.

The Partial Stipulation revises the Capacity Assignment provisions of Northern's Delivery Service Terms and Conditions (Delivery Service T&C), as set forth in the Commission-approved Stipulation and Settlement in Docket No. 2005-87 and Docket No. 2005-273,¹ so that the Company can implement such changes by November 1, 2014 and thereby mitigate the risk of cost-shifting between Delivery Service Customers and Sales Service Customers under the currently effective provisions of Northern's Retail Choice Program for the Company's Maine Division.

The Partial Stipulation is the product of a process that was fair to all parties, joined by parties representing a broad spectrum of interests, and provides for a stipulated result that is reasonable, not contrary to legislative mandate, and in the public interest. In accordance with Chapter 110 Section 8(D)(4) of the Commission Rules of Practice and Procedure, Northern provides the following information in support of the Partial Stipulation.

¹ Northern Utilities, Inc., *Petition for Approval of Proposed Delivery Service Terms and Conditions*, Docket No. 2005-87 and Maine Public Utilities Commission, *Investigation for Review of Proportional Responsibility Formula (Northern Utilities)*, Docket No. 2005-273, Stipulation and Settlement (Nov. 23, 2005).

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October 14, 2014

I. NAMES OF PARTIES JOINING, OPPOSING, OR TAKING NO POSITION ON THE PARTIAL STIPULATION

The signatory Parties to this Partial Stipulation are Northern and the OPA.

To the best of Northern's knowledge, as of today's date, both Global Montello Group Corporation and Sprague Operating Resources LLC oppose the Partial Stipulation, and will file Comments setting forth their position on or before October 23, 2014, pursuant to the Hearing Examiners' Procedural Order of October 14, 2014.

As of today's date, the positions of other parties regarding the Partial Stipulation are unknown to Northern. Also pursuant to the Hearing Examiners' Procedural Order of October 14, 2014, parties may indicate their positions by filing Comments with the Commission on or before October 23, 2014.

II. STIPULATION PROCESS

On May 9, 2014, Northern submitted its Proposed Changes to Northern's Retail Choice Program (Proposed Changes). The Proposed Changes sought important revisions to the Capacity Assignment provisions of the Company's Delivery Service T&C. By the Proposed Changes, the Company sought to better plan for and procure adequate upstream natural gas pipeline capacity to serve all customers, and to revise provisions of the Delivery Service T&C that allowed for unintended cost-shifting between Delivery Service and Sales Service customers.

Commission Staff and the parties to this proceeding conducted extensive discovery on the Proposed Changes. Northern responded to 107 data requests in this proceeding, many of which had multiple sub-parts.

The August 29, 2014 Procedural Order required the parties to consider changes to the Delivery Service T&C that would mitigate the risk of such cost shifting between Delivery Service and Sales Service customers and that the Company could implement by November 1, 2014. On September 3, 2014, Northern indicated that it could implement certain, limited changes in the desired time frame.

On September 5, 2014, the Hearing Examiners convened a Conference of Counsel, in which the parties agreed to begin settlement discussions. The parties consented to the participation of the Commission Staff in settlement discussions. Also during the September 5, 2014 Conference of Counsel, the OPA outlined a potential settlement position.

Mr. Harry Lanphear
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October 14, 2014

On September 8, 2014, Northern shared a preliminary settlement proposal with the parties that expanded upon the OPA's opening position as set forth at the September 5, 2014 Conference of Counsel. On September 19, 2014, the OPA circulated Comments and Proposed Revisions to the Interim Proposal.

The Hearing Examiners' convened a subsequent Settlement Conference on September 23, 2014. During that Settlement Conference, the parties discussed OPA's September 19, 2014 proposal. At the conclusion of the Settlement Conference, Northern offered a verbal counterproposal that sought limited revisions to the OPA's September 19, 2014 proposal. On September 26, 2014, Northern circulated to the parties a settlement proposal that documented and refined the oral proposal offered at the September 23, 2014 Settlement Conference.

On Tuesday, September 30, the Settling Parties adopted Northern's September 26, 2014 settlement proposal, with limited revisions. The Settling Parties reported the terms of the proposed settlement to Commission Staff and other parties by conference call on Friday, October 3, 2014.

III. SETTling PARTIES' AGREEMENT TO COMMISSION STAFF RECOMMENDATIONS

Commission Staff has participated in the negotiations resulting in the Partial Stipulation. The Settling Parties agree to waive 5 M.R.S. § 9062 and Chapter 110, Section 8(F)(4) of the Commission Rules of Practice and Procedure to the extent necessary to permit the Commission Staff to discuss the Partial Stipulation with the Commissioners, either before or at the Commission's schedules deliberations, without providing to the parties an Examiners' Report or the opportunity to file Exceptions.

IV. MAJOR PROVISIONS OF THE PARTIAL STIPULATION

The Partial Stipulation provides for changes in resource allocation, assignment, and availability, as well as changes to the calculation of demand and commodity charges. The major provisions of the Partial Stipulation are as follows:

A. Resources

No change from current practice. The Settling Parties agree that resources subject to capacity assignment under the Delivery Service T&C (the Assigned Resources) shall be Washington-10 storage (Storage) and off-system peaking contracts (Peaking) (collectively, the Resources). The liquefied natural gas production facility operated by Northern in Lewiston, Maine (LNG Plant) will not be an Assigned Resource.

Mr. Harry Lanphear
Page 4
October 14, 2014

1. Allocation

No change from current practice. The Settling Parties agree that Storage and Peaking resources shall be allocated each year on the basis of the peak day city gate delivery capacity of each Assigned Resource relative to the total peak day delivery capacity of all Assigned Resources. The daily quantity allocated to Delivery Service customers will be determined by applying this capacity allocation factor to the Total Capacity Quantity (TCQ). The Annual Contract Quantity (ACQ) of each resource shall be determined by the number of days of service associated with each resource. Table 1 of the Partial Stipulation shows the calculation of the MDQ and ACQ by resource, based on current aggregate TCQs.

2. Method of Assignment

No change from current practice. The Settling Parties agree that the Resources shall be available as capacity and supply held and managed by the Company and made available to suppliers pursuant to Section 11.9 of Northern's Delivery Service T&C (Company-Managed Supply).

3. Availability

No change from current practice. The Resources shall be available for the five (5) winter months of November through March.

B. Price

1. Demand charge

The Settling Parties agree that capacity assignment demand charge for the assigned Resources will be based upon estimated delivered annual cost of the assigned resources, net of applicable asset management revenue, billed during the five (5) month winter period. The capacity assignment demand charge shall be reviewed and approved by the Commission in conjunction with the Winter Period Cost of Gas Factor, consistent with current practice. The Settling Parties have attached a sample derivation of the demand charge as Exhibit A to the Partial Stipulation. The Settling Parties have also provided a confidential version of Exhibit A to Commission Staff.

2. Commodity charge

The Settling Parties agree that for all nominated Company-Managed Supply, the Company will bill for the actual commodity charge by the Resource. Northern shall provide

Mr. Harry Lanphear
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October 14, 2014

actual price information when price is known or a formula rate for indexed supplies. The Settling Parties have attached a sample derivation of the commodity charge as Exhibit B to the Partial Stipulation.

C. Other Provisions

1. Implementation

The Settling Parties agree that Section 11.11 of the Delivery Service T&C shall be modified as set forth in Exhibit C and Exhibit D to the Partial Stipulation.

2. No other changes

The Settling Parties agree that no other aspects of the Delivery Service T&C are subject to change as a result of the Partial Stipulation.

3. Duration

The Settling Parties intend for the Partial Stipulation to remain in place until the Commission approves and the Company implements future changes to the Company's contracting authority and associated changes to the Delivery Service T&C.

No provisions in the Partial Stipulation shall prevent the Parties from proposing other changes to the Delivery Service T&C.

V. ESTIMATED IMPACT OF THE PARTIAL STIPULATION ON THE COST OF GAS

The Settling Parties have estimated the impacts of the Partial Stipulation on Northern's cost of gas. The Settling Parties provide these estimated impacts in the table below. In doing so, the Settling Parties based their analysis on the Total Capacity Quantity (TCQ) of Delivery Service Customers, as set forth in Northern's August 15, 2014 filing in Docket No. 2014-247.

The estimated change in demand revenue is based on the TCQ of Delivery Service Customers as set forth in Northern's August 15, 2014 filing in Docket No. 2014-247 and the actual costs of the resources provided. If approved, the Settling Parties estimate the proposed Cost of Gas Factor (CGF) will be reduced by \$1,480,940, which reflects the expected increase in capacity assignment demand revenue.

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In their analysis of changes in commodity revenue, the Settling Parties assume that marketers will nominate 100% of their Washington-10 and Peaking Service -1 supplies. The Settling Parties believe that approval of the Partial Stipulation will reduce capacity assignment commodity revenue by \$701,594. However, this reduction in commodity revenue will not affect the proposed CGF, as the proposed CGF presumes a pass-through of commodity costs for Company-Managed sales. The Settling Parties further assume no change in commodity revenue attributable to Peaking Service – 2 nominations. However, since this commodity service would be priced at cost under the Partial Stipulation, there would be no change to the proposed CGF. Importantly, Peaking Service – 2 is an index priced service. Under the effective terms of the Delivery Service T&C, the Company provides this service at a fixed price, and Sales Service customers are responsible for the difference between that fixed price and the daily index price, as established by the CGF.

Resource	MDQ	ACQ	Demand Rate	Commod Rate	Demand Revenue	Commodity Revenue	Total Revenue
Washington 10	6,689	668,889		\$ 6.180		\$ (4,133,733)	\$(4,133,733)
Peaking Service - 1	4,059	60,890		\$ 16.380		\$ (997,370)	\$ (997,370)
Peaking Service - 2	4,054			\$ 34.680		\$ -	\$ -
Total	14,802	786,120	\$ 54.38		\$ (4,024,664)	\$ (5,131,103)	\$(9,155,767)
Settlement Capacity Assignment Revenue Calculation							
Resource	MDQ	ACQ	Demand Rate	Commod Rate	Demand Revenue	Commodity Revenue	Total Revenue
Washington 10	6,689	668,889		\$ 4.645		\$ (3,106,989)	\$(3,106,989)
Peaking Service - 1	4,059	60,890		\$ 21.720		\$ (1,322,521)	\$(1,322,521)
Peaking Service - 2	4,054			\$ 50.080		\$ -	\$ -
Total	14,802	786,120	\$ 74.39		\$ (5,505,604)	\$ (4,429,509)	\$(9,935,113)
Impact of Settlement on Cost of Gas					\$ (1,480,940)	\$ 701,594	\$ (779,346)

VI. THE PARTIAL STIPULATION IS IN THE PUBLIC INTEREST.

The Partial Stipulation embodies the Settling Parties’ best efforts to respond to the Hearing Examiners’ directive, as set forth in the August 29, 2014 Procedural Order, to “explore the extent to which certain changes could be implemented by November of [2014], in particular those related to changing or eliminating Company Managed Supply Service to mitigate or avoid costs shifting.”² Because it will permit Northern to price assigned Peaking and Storage resources

² August 24, 2014 Procedural Order at 2.

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at actual cost, the Partial Stipulation will better align the costs of both Delivery Service and Sales Service with the benefits received by customers of both classes, and reduce the risk of cost shifting between customer classes. Therefore, the Partial Stipulation is in the public interest.

VII. STATUTORY AUTHORITY AND COMMISSION PRECEDENT

The Commission has authority to approve the Partial Stipulation under, among other provisions, the following statutes:

35-A M.R.S. § 304
35-A M.R.S. § 307

The Settling Parties do not believe that the Partial Stipulation contains any departures from Commission precedent.

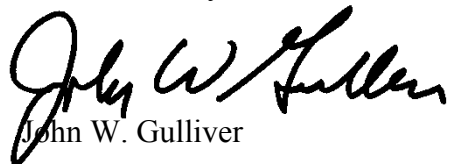
VIII. CONCLUSION

Throughout the past several months, Commission Staff and the parties to this proceeding have scrutinized Northern's Proposed Changes through numerous data requests, conferences, informal exchanges of information, and negotiations. Such extensive review is appropriate.

At the conclusion of such vetting, the Settling Parties have endorsed the Partial Stipulation, which mitigates the risk of cost shifting between Northern's Delivery Service and Sales Service customer classes. The Settling Parties believe these changes to be in the public interest, and thus humbly request that the Commission approve the Partial Stipulation.

If the Commission has any questions or concerns regarding this Stipulation, please do not hesitate to contact me.

Yours sincerely,



John W. Gulliver

LJP:bev

**STATE OF MAINE
PUBLIC UTILITIES COMMISSION**

DOCKET NO. 2014-132

October 14, 2014

**NORTHERN UTILITIES, INC. d/b/a
UNITIL, Proposed Changes to Northern's
Retail Choice Program**

**PARTIAL
STIPULATION**

Northern Utilities Inc. d/b/a Unitil (Northern or the Company) and the Maine Office of the Public Advocate (OPA) (collectively, the Settling Parties) hereby agree and stipulate as follows:

I. PURPOSE

The purpose of this Partial Stipulation is to effect limited but important changes to the Capacity Assignment provisions of Northern's Delivery Service Terms and Conditions (Delivery Service T&C), as set forth in the Commission-approved Stipulation and Settlement in Docket No. 2005-87 and Docket No. 2005-273,¹ so that the Company can implement such changes by November 1, 2014 and thereby mitigate the risk of cost-shifting between Delivery Service Customers and Sales Service Customers that exists under the currently-effective provisions of Northern's Retail Choice Program for the Company's Maine Division. By this Partial Stipulation, the Settling Parties respond to the Hearing Examiners' directive to address the cost-shifting issue, as set forth in the Procedural Order of August 29, 2014. The Settling Parties do not intend the Partial Stipulation to effect any other changes to the Delivery Service T&C. The Settling Parties anticipate additional process and subsequent Commission review of broader and

¹ Northern Utilities, Inc., *Petition for Approval of Proposed Delivery Service Terms and Conditions*, Docket No. 2005-87 and Maine Public Utilities Commission, *Investigation for Review of Proportional Responsibility Formula (Northern Utilities)*, Docket No. 2005-273, Stipulation and Settlement (Nov. 23, 2005).

long-term changes to the Capacity Assignment provisions of the Delivery Service T&C, as proposed by Northern in its May 9, 2014 filing in this docket.²

The Settling Parties have agreed to the terms of this Partial Stipulation as a result of information filed in this proceeding, obtained through discovery,³ meetings, Conferences of Counsel, and from discussion and negotiations among the parties in this case. The Settling Parties agree that they will work together to obtain Commission approval of the terms of the Partial Stipulation in the public interest.

II. PROCEDURAL HISTORY

The Hearing Examiners' August 29, 2014 Procedural Order required the parties to "explore the extent to which certain changes could be implemented by November of [2014], in particular those related to changing or eliminating Company Managed Supply Service."⁴

Pursuant to the Hearing Examiners' request, in its September 3, 2014 filing in this docket, Northern indicated that implementation of certain, relatively short-term changes (the Interim

² Pursuant to the Hearing Examiner's May 5, 2014 Procedural Order in Docket No. 2013-259, the Company filed its Proposed Changes to Northern's Retail Choice Program (Proposed Changes) on May 9, 2014. To begin evaluation of the Proposed Changes, on May 19, 2014, the Hearing Examiners issued a Notice of Proceeding in Docket No. 2014-132, and required interested parties to file petitions to intervene in the matter on or before May 30, 2014. The following parties filed Petitions to Intervene in Docket No. 2014-132: the OPA; Sprague Operating Resources, LLC and Global Montello Group Corporation (collectively, Global/Sprague); Maine Natural Gas Users Group (MGUG); Direct Energy Business Marketing, Inc. (DirectEnergy); Maine Natural Gas Corporation (MNG); Competitive Energy Services (CES); and AVX Tantalum Corporation. The Hearing Examiners granted all filed Petitions to Intervene without objection. *See* June 5, 2014 Procedural Order.

By its May 9, 2014 filing, Northern seeks substantial revisions to the effective Capacity Assignment provisions of the Delivery Service T&C, as set forth in the Commission-approved Stipulation in Docket Nos. 2005-87 and 2005-273. First, the Company seeks tariff changes that would allow it the ability to plan for, procure, and assign capacity resources for all customer loads. Second, Northern seeks Commission approval to implement a long-term solution to the cost-shifting issues addressed on a temporary basis in this Partial Stipulation.

³ Northern has responded to a total of 107 data requests in this proceeding. On or before June 16, 2014, the Commission's Advisory Staff (Commission Staff) and parties to this proceeding propounded 104 data requests upon Northern. Northern filed all responses, objections, and responses notwithstanding prior objections to such data requests by August 4, 2014. In preparation for the September 23, 2014 Settlement Conference in this matter, the OPA propounded a second set of data requests upon Northern on September 22, 2014. Northern responded to these data requests on September 22 and September 24.

⁴ August 24, 2014 Procedural Order at 2.

Proposal), as proposed by the Company in its May 9 Filing, was feasible by November 1, 2014, and would mitigate or eliminate cost shifting from Delivery Service Customers to Sales Service Customers under the current Retail Choice Program.

On September 5, 2014, the Hearing Examiners convened a Conference of Counsel, in which the parties agreed to “begin settlement discussions in an effort to achieve certain modest changes” to capacity assignment procedures for the 2014-2015 Winter Period.⁵ During the September 5, 2014 Conference of Counsel, the parties consented to the participation of the Commission Staff in settlement discussions. Also during the September 5, 2014 Conference of Counsel, the OPA outlined a potential settlement position, and Northern indicated that it would prepare a brief outline of points for further discussion at a subsequent Settlement Conference.

On September 8, 2014, certain parties⁶ to the proceeding, including the Settling Parties, participated in a Settlement Conference. Northern shared a preliminary settlement proposal with the parties that expanded upon the OPA’s opening position as set forth at the September 5 Conference of Counsel. Also at the September 8, 2014 Settlement Conference, Commission Staff requested input from parties other than Northern on acceptable settlement positions. Subsequent to the September 8, 2014 Settlement Conference, Northern distributed settlement documents containing relevant modeling data to participating parties in a manner consistent with the Hearing Examiners’ Procedural Order of September 17, 2014.

On September 19, 2014, the OPA circulated Comments and Proposed Revisions to the Interim Proposal.⁷ In its September 19, 2014 proposal, the OPA sought to (1) provide Delivery

⁵ September 5, 2014 Procedural Order.

⁶ The following parties participated in the September 8, 2014 Settlement Conference: Commission Staff, the OPA, Northern, Global/Sprague, Direct Energy, and MGUG.

⁷ Also pursuant to the Hearing Examiners’ request at the September 8, 2014 Settlement Conference, Global/Sprague circulated e-mail comments regarding settlement materials previously distributed by Northern.

Service Customers with a reasonable allocation of useful gas supply assets during the winter period; (2) avoid the risk of cross-subsidies between Sales Service and Delivery Service Customers by setting the demand can commodity charges for Company-Managed resources equal to Northern's actual costs; and (3) implement such changes before the upcoming winter heating season, *i.e.*, by November 1, 2014.

The Hearing Examiners' convened a Settlement Conference on September 23, 2014. During that Settlement Conference, the parties discussed OPA's September 19, 2014 proposal. At the conclusion of the Settlement Conference, Northern offered a verbal counterproposal that sought limited revisions to the OPA's September 19, 2014 Proposal. On September 26, 2014, Northern circulated to the parties a settlement proposal that documented and refined the oral proposal offered at the September 23, 2014 Settlement Conference.

On Tuesday, September 30, the Settling Parties adopted Northern's September 26, 2014 settlement proposal, with limited revisions. The Settling Parties reported the terms of the proposed settlement to Commission Staff and other parties by conference call on Friday, October 3, 2014.

III. RECOMMENDED APPROVALS AND FINDINGS

Based on the record in this proceeding, the Settling Parties to this Partial Stipulation agree and recommend that the Commission issue an Order that approves, accepts, and adopts this Partial Stipulation, as just and reasonable and in the public interest, including the following provisions:

A. Resources

No change from current practice. The resources subject to capacity assignment under the Delivery Service T&C (the Assigned Resources) shall be Washington-10 storage (Storage) and

off-system peaking contracts (Peaking) (collectively, the Resources). The liquefied natural gas production facility operated by Northern in Lewiston, Maine (LNG Plant) will not be an Assigned Resource.

1. Allocation

No change from current practice. Storage and Peaking resources shall be allocated each year on the basis of the peak day city gate delivery capacity of each Assigned Resource relative to the total peak day delivery capacity of all Assigned Resources. The daily quantity allocated to Delivery Service Customers will be determined by applying this capacity allocation factor to the Total Capacity Quantity (TCQ). The Annual Contract Quantity (ACQ) of each resource shall be determined by the number of days of service associated with each resource. Calculation of the MDQ and ACQ by resource, based on current aggregate TCQs, is shown in the following table.

Table 1: Calculation of MDQ and ACQ by Resource

Resource	MDQ (Dth)	Alloc PCT	Days Service	TCQ	MDQ	ACQ
Washington 10	32,885	45.19%	100	6,651	6,651	665,100
Peaking Contract 1	19,930	27.39%	15	4,031	4,031	60,465
Peaking Contract 2	19,957	27.42%	15	4,037	4,037	60,555
Total	72,772	100.00%		14,719	14,719	786,120

2. Method of Assignment

No change from current practice. The Resources shall be available as capacity and supply held and managed by the Company and made available to suppliers pursuant to Section 11.9 of Northern’s Delivery Service T&C (Company-Managed Supply).

3. Availability

No change from current practice. The Resources shall be available for the five (5) winter months of November through March.

B. Price

1. Demand charges

The capacity assignment demand charge for the assigned Resources will be based upon estimated delivered annual cost of the assigned resources, net of applicable asset management revenue, billed during the five (5) month winter period. The capacity assignment demand charge shall be reviewed and approved by the Commission in conjunction with the Winter Period Cost of Gas Factor, consistent with current practice. A sample derivation of the demand charge is attached as Exhibit A hereto.

2. Commodity charges

For all nominated Company-Managed Supplies, the Company will bill for the actual commodity charge by the Resource. Northern shall provide actual price information when price is known or a formula rate for indexed supplies. A sample derivation of the commodity charge is attached as Exhibit B hereto.

C. Implementation

In order to implement this Partial Stipulation, Section 11.11 of the Delivery Service T&C shall be modified as set forth in Exhibit C and Exhibit D to this Partial Stipulation. Exhibit C sets forth proposed redline versions of Sections 11.11.1 and 11.11.2. Exhibit D sets forth proposed final versions of Sections 11.11.1 and 11.11.2.

D. No Other Changes

No other aspects of the Capacity Assignment provisions of the Delivery Service T&C are subject to change as a result of this proposal.

E. Duration

The provisions established herein are intended by the Settling Parties to remain in place until the Commission approves and the Company implements future changes to the Capacity Assignment provisions of the Delivery Service T&C. The Company has proposed changes to the Company's contracting authority and associated changes to the Retail Choice Program (End State). The Settling Parties anticipate that the End State could commence as early as November 2017. Nothing herein shall prevent the Parties from proposing other changes to the Delivery Service T&C.

IV. STIPULATIONS AS TO PROCEDURE

A. Staff Presentation of Stipulation

The Parties to this Stipulation waive any rights they may have under 5 M.R.S. § 9062(4) and Chapter 110 § 8(F)(4) of the Commission's Rules of Practice and Procedure to the extent necessary to permit Commission Staff to discuss this Partial Stipulation and the resolution of this matter with the Commissioners prior to and at the Commission's scheduled deliberations, without providing to the Parties an Examiners' Report or the opportunity to file Exceptions.

B. Record

The record on which the Settling Parties enter into this Partial Stipulation and on which the Commission may base its decision whether to accept and approve this Partial Stipulation shall consist of (1) this Stipulation; (2) any and all confidential materials not disclosed for purposes of settlement in this proceeding as of this date; and (3) any public materials contained in the Commission's record of Docket No. 2014-132 as of this date.

C. Non-Precedential Effect

This Partial Stipulation shall not be considered legal precedent, nor shall it preclude a party from making any contention or exercising any rights, including the right of appeal, in any

future Commission investigation or proceeding or any other trial or action. Furthermore, nothing in this Partial Stipulation shall preclude any party, during the remainder of this docket, from contesting any issue that has previously been raised in this proceeding.

D. Stipulation as an Integrated Document; Void if Rejected

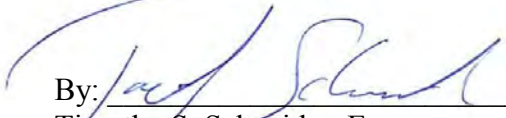
This Partial Stipulation represents the full agreement between the Settling Parties to the Partial Stipulation, and rejection of any provision or term of this Partial Stipulation constitutes a rejection of the whole. If not accepted by the Commission in its entirety and according to each of its terms, this Partial Stipulation shall be void and of no further force and effect.

E. Conflict between Partial Stipulation and Exhibits

In the event of any conflict between this Partial Stipulation and the Exhibits hereto, the Exhibits shall govern.

Respectfully submitted this 14th day of October, 2014.

Public Advocate
Office of the Public Advocate

By: 

Timothy S. Schneider, Esq.
William C. Black, Esq.
Wayne R. Jortner, Esq.
112 State House Station
Augusta, ME 04333
(207)/287-2445

NORTHERN UTILITIES, INC.

By: 

Robert S. Furino
Director of Energy Contracts
Unitil Service Corporation
6 Liberty Lane West
Hampton, NH 03842-1720
(603)/773-6440

EXHIBIT A (REDACTED)

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Calculation
 Page 1 of 7

Northern Utilities, Inc.		
Maine Division Capacity Assignment Demand Rate Estimate		
Demand Rate equals Average Demand Rate for W10 and Off-System Peaking Resources		
November 2014 through March 2015		
Line	Description	Value
2	Storage MDQ	32,885
3	Peaking Contracts MDQ	39,887
4	Total MDQ	72,772
5	Subtotal Capacity Costs (Page 2, Total Demand Costs)	\$ 27,068,189
6	Monthly Capacity Costs (Line 5 divided by 5 Months (Nov -Mar))	\$ 5,413,638
7	ME Division Capacity Assignment Rate (Line 6 divided by Line 4)	74.39

EXHIBIT A (REDACTED)

REDACTED

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Calculation
 Page 2 of 7

Maine Division Capacity Assignment Demand Rate Estimate Estimated Gas Supply Demand Costs (W10 and Off-System Peaking Only) November 1, 2014 through October 31, 2015			
Denotes Confidential Information			
Line	Description	Amount	Reference
1.	Pipeline Allocated Pipeline Demand Costs	\$ -	Page 4 - Pipeline Allocated Cost
2.	Storage Allocated Pipeline Demand Costs	\$ 27,278,171	Page 4 - Storage Allocated Cost
3.	Storage Demand Costs	\$ 2,890,000	Page 5 - Annual Fixed Charges
4.	Peaking Allocated Pipeline Demand Costs	\$ 1,488,468	Page 4 - Peaking Allocated Cost
5.	Peaking Contract Costs		Page 6, Annual Fixed Charges
6.	Asset Management and Capacity Release Revenue		Page 7 - Total Asset Management and Capacity Release Revenue
7.	Total Demand Costs	\$ 27,068,189	Sum Lines 1 through 6.

EXHIBIT A (REDACTED)

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Calculation
 Page 3 of 7

Northern Utilities, Inc.
 Pipeline Contract Demand Cost Estimates (W10 and Off-System Peaking Only)
 November 1, 2014 through October 31, 2015

Pipeline	Contract ID	Rate	Negotiated Rate	MDQ (Dth)	Receipt Zone	Delivery Zone	Demand Rate (\$/MDQ)	Months Per Year	Support for Demand Rate	Monthly Demand	Annual Demand
Granite	14-001-FT-NN	FT-NN	No	64,992	NA	NA	\$ 3.8633	12	Line 3 of Page 2, Att to Sch 5A	\$ 251,084	\$ 3,013,003
PNGTS	1997-004	FT	Yes	33,000	Pittsburgh	GSGT	\$ 76.4666	5	Line 6 of Page 2, Att to Sch 5A	\$ 2,523,398	\$ 12,616,989
TransCanada	33322	FT	No	34,000	Dawn	E. Hereford	\$ 18.9336	2	Line 12 of Page 2, Att to Sch 5A	\$ 643,742	\$ 1,287,485
TransCanada	33322	FT	No	34,000	Dawn	E. Hereford	\$ 29.0954	10	Line 12 of Page 2, Att to Sch 5A	\$ 989,244	\$ 9,892,436
Vector	CRL-NUI-0725	FT-1	Yes	17,172	Alliance	Dawn	\$ 7.6042	12	Line 15 of Page 2, Att to Sch 5A	\$ 130,579	\$ 1,566,952
Vector	CRL-NUI-0727	FT-1	Yes	17,086	W-10	Dawn	\$ 4.5625	5	Line 16 of Page 2, Att to Sch 5A	\$ 77,955	\$ 389,774

Total Annual Demand Costs

\$ 28,766,639

EXHIBIT A (REDACTED)

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Calculation
 Page 4 of 7

Northern Utilities, Inc.
 Pipeline Contract Demand Cost Allocations (W10 and Off-System Peaking Only)
 November 1, 2014 through October 31, 2015

Pipeline	Contract ID	MDQ	Pipeline MDQ	Storage MDQ	Peaking MDQ	Pipeline %	Storage %	Peaking %	Annual Demand	Annual Pipeline Allocated Cost	Annual Storage Allocated Cost	Annual Peaking Allocated Cost
Granite	14-001-FT-NN	64,992	-	32,885	32,107	0%	51%	49%	\$ 3,013,003	\$ -	\$ 1,524,535	\$ 1,488,468
PNGTS	1997-004	33,000		33,000		0%	100%	0%	\$ 12,616,989	\$ -	\$ 12,616,989	\$ -
TransCanada	33322	34,000		34,000		0%	100%	0%	\$ 1,287,485	\$ -	\$ 1,287,485	\$ -
TransCanada	33322	34,000		34,000		0%	100%	0%	\$ 9,892,436	\$ -	\$ 9,892,436	\$ -
Vector	CRL-NUI-0725	17,172		17,172		0%	100%	0%	\$ 1,566,952	\$ -	\$ 1,566,952	\$ -
Vector	CRL-NUI-0727	17,086		17,086		0%	100%	0%	\$ 389,774	\$ -	\$ 389,774	\$ -
Annual Total Demand Costs									\$ 28,766,639	\$ -	\$ 27,278,171	\$ 1,488,468

EXHIBIT A (REDACTED)

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Calculation
 Page 5 of 7

Northern Utilities, Inc.
 Storage Contract Demand Cost Estimates (W10 Only)
 November 1, 2014 through October 31, 2015

Vendor	Contract ID	Rate	Negotiated	MSQ	Space Charge Billing Determinant	MDWQ	Space Rate	Demand Rate	Months Per Year	Support for Demand Rates	Annual Space Charge	Annual Demand Charge	Annual Fixed Charges
W-10	01052	Storage	Yes	3,400,000		34,000			12	Line 3 of Page 3, Att to Sch 5A	\$ -	\$ -	\$ 2,890,000

Total Annual Fixed Charges

\$ 2,890,000

MSQ = Maximum Space Quantity

MDWQ = Maximum Daily Withdrawal Quantity

EXHIBIT A (REDACTED)

REDACTED

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Calculation
 Page 6 of 7

Northern Utilities, Inc.
 Maine Division Capacity Assignment Demand Rate Estimate
 November 1, 2014 through October 31, 2015

Denotes Confidential Information

Resource	Supplier	Contract Quantity	Maximum Daily Quantity	Months Per Year	Monthly Fixed Charges	Annual Fixed Charges
Peaking Contract 1		300,000	20,000	5		
Peaking Contract 2		300,000	20,000	5		
Total Peaking Supply Contract Demand Costs						

EXHIBIT A (REDACTED)

REDACTED

Northern Utilities, Inc.
Maine Division Capacity Assignment Demand Rate Calculation
Page 7 of 7

Northern Utilities, Inc.
Maine Division Capacity Assignment Demand Rate Estimate
November 1, 2014 through October 31, 2015

Denotes Confidential Information	
Asset Management Agreement Revenue	
Resources	Projected Revenue
Wash 10 via Vector, TCPL, PNGTS	
Total Asset Management	
Total Asset Management and Capacity Release Revenue	

EXHIBIT B

Northern Utilities, Inc.
 Maine Division
 2014-2015 Capacity Assignment Plan

Company Managed Supply	Volume	ACQ	Demand Rate (applied to monthly MDQ assigned)	Commodity Price (applied to daily volume nominated by marketer and delivered by Northern)	Notes
Washington 10	32,885	3,288,500	\$ 74.39	\$ 4.645	1, 2, 3
Peaking Service - 1	19,957	299,355	\$ 74.39	\$ 21.720	4, 6
Peaking Service - 2	19,930	298,950	\$ 74.39	Daily Index - See Note.	5, 6

Notes

1. W10 Delivered Commodity Rate subject to confirmation of average inventory cost as of 10/31/14 and actual withdrawal fuel, transportation fuel and variable transportation rates, updated on a monthly basis. Please refer to Page 2 for detailed calculations.
2. Nominated Company-Managed Storage for the months of November through March, priced at Northern's average inventory cost in the Washington 10 storage plus variable charges for delivery to Northern. Washington 10 ratchets shall be enforced for company managed storage nominations. Ratchet 1 will take place when inventory is 20% of ACQ and will reduce the maximum daily allowable to 67% of MDQ. Ratchet 2 will take place at 10% of ACQ and will reduce the maximum daily allowable to 40% of MDQ.
3. If Northern assigns incremental storage capacity MSQ, the adjustment to MSQ shall be calculated by multiplying the monthly storage inventory percentage and the increase in MSQ. If Northern recalls storage capacity MSQ, the adjustment to MSQ shall be calculated by multiplying the monthly storage inventory percentage and the decrease in MSQ. Suppliers will be required to maintain minimum month-end inventory levels, calculated by multiplying the total monthly assigned MSQ and the Monthly Storage Inventory Percentage. Monthly Storage Inventory Percentages can be found on page 5.
4. Fixed supply price for all nominations from November 2014 through March 2015. Delivered Price may be updated for changes in Granite fuel and variable transportation rates. See Page 4 for detailed calculations.
5. Commodity price is equal to mid-point of TGP Zone 6 Daily Index plus Granite fuel and variable transport costs.
6. If Northern assigns incremental peaking capacity ACQ, the peaking supply remaining ACQ shall be adjusted by multiplying the Monthly Peaking Supply Rule Curve Percentage and the increase in ACQ. If Northern recalls peaking capacity ACQ, the peaking supply remaining ACQ shall be calculated by multiplying the Monthly Peaking Supply Rule Curve Percentage and the decrease in ACQ. Suppliers will be required to maintain minimum month-end peaking supply remaining ACQ levels, calculated by multiplying the total monthly assigned ACQ and the Monthly Peaking Supply Rule Curve Percentage. Monthly Peaking Supply Rule Curve Percentage can be found on page 5.

EXHIBIT B

Northern Utilities, Inc.
 New Hampshire Division Company-Managed Commodity Price Calculations
 Paths 6 Company Managed Storage (Washington 10, Vector, TransCanada, PNGTS and Granite)
 Nov-14

Line	Description	Unit	Nov-14	Reference
1	Washington 10 Inventory Rate ¹	\$ per Dth	\$ 4.493	See Page 2, 2014 Storage Fill
2	W10 Fuel Loss Rate	Percent	0.40%	2014-2015 Winter CGF, Att NUI-FXW-10, Page 3, Line 3 ²
3	W10 Withdrawal Rate	\$ per Dth	\$ -	2014-2015 Winter CGF, Att NUI-FXW-10, Page 3, Line 3 ²
4	Net W10 Withdrawn Rate	\$ per Dth	\$ 4.5110	Line 1 divided by (1 minus Line 2) plus Line 3
5	Vector Fuel Loss	Percent	0.33%	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 53 ²
6	Vector Transportation Rate	\$ per Dth	\$ 0.0012	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 36 ²
7	Net Vector Delivered Rate	\$ per Dth	\$ 4.5272	Line 4 divided by (1 minus Line 5) plus Line 6
8	TransCanada Fuel Loss	Percent	2.15%	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 48 ²
9	TransCanada Transportation Rate	\$ per Dth	\$ -	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 31 ²
10	Net TransCanada Delivered Rate	\$ per Dth	\$ 4.6267	Line 7 divided by (1 minus Line 8) plus Line 9
11	PNGTS Fuel Loss	Percent	0.00%	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 41 ²
12	PNGTS Transportation Rate	\$ per Dth	\$ 0.0012	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 24 ²
13	Net PNGTS Delivered Rate	\$ per Dth	\$ 4.6279	Line 10 divided by (1 minus Line 11) plus Line 12
14	Granite Fuel Loss	Percent	0.35%	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 39 ²
15	Granite Transportation Rate	\$ per Dth	\$ 0.0012	2014-2015 Winter CGF, Att NUI-FXW-10, Page 2, Line 21 ²
16	Company-Managed Storage Delivered Price	\$ per Dth	\$ 4.645	Line 13 divided by (1 minus Line 14) plus Line 15

EXHIBIT B

Northern Utilities Inc.
 2014 Storage Fill
 Washington 10 Storage Inventory
 April 2014 through October 2014

Line	Description	Reference	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
1	Platt's Monthly Market Center Spot Gas Price - Midwest, Chicago city-gates	Index Price	\$ 4.98	\$ 4.85	\$ 4.65	\$ 4.66	\$ 3.87	\$ 4.01	\$ 4.07
2	Vector Fuel (Fuel Ratio for Distances 222.0 Miles)	Posted by Vector	0.89%	0.75%	1.48%	1.60%	1.70%	1.30%	1.23%
3	Vector Commodity Rate ¹	Vector Tariff	\$ 0.0012	\$ 0.0012	\$ 0.0012	\$ 0.0012	\$ 0.0012	\$ 0.0012	\$ 0.0014
4	Delivered to Washington 10 Injection Meter	Line 1 divided by (1 - Line 2) plus Line 3	\$ 5.0259	\$ 4.8878	\$ 4.7211	\$ 4.7370	\$ 3.9381	\$ 4.0640	\$ 4.1221
5	Washington 10 Fuel (Injections)	Posted by Washington 10	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
6	Washington 10 Injection Rate ²	See Note	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Fill Price	Line 4 divided by (1 - Line 5) plus Line 6	\$ 5.0720	\$ 4.9320	\$ 4.7640	\$ 4.7800	\$ 3.9740	\$ 4.1010	\$ 4.1600
8									
9	Fill Obligation (Dth)		448,356	448,356	448,356	448,356	448,356	448,356	448,355
10	Fill Cost		\$ 2,274,061.63	\$ 2,211,291.79	\$ 2,135,967.98	\$ 2,143,141.68	\$ 1,781,766.74	\$ 1,838,707.96	\$ 1,865,156.80
11									
12	1. ACA Rate applies only.								
13	2. Per Northern's contract with Washington 10 Storage Corporation, Injection Rate = \$0.00 per Dth. See Exhibit I.								
14									
15	Initial Balance 4/1/2014 (Dth)		261,509						
16	Projected Balance 10/31/2014 (Dth)		3,400,000						
17	Fill Obligation 4/1 thru 10/31/2014 (Dth)		3,138,491						
18									
19	Begin Month Balance (Dth)		261,509	709,865	1,158,221	1,606,577	2,054,933	2,503,289	2,951,645
20	Begin Month Price		\$ 3.921	\$ 4.648	\$ 4.758	\$ 4.760	\$ 4.764	\$ 4.623	\$ 4.543
21	Begin Month Cost		\$ 1,025,376.79	\$ 3,299,438.42	\$ 5,510,730.21	\$ 7,646,698.19	\$ 9,789,839.87	\$ 11,571,606.61	\$ 13,410,314.57
22									
23	End Month Balance (Dth)		709,865	1,158,221	1,606,577	2,054,933	2,503,289	2,951,645	3,400,000
24	End Month Price		\$ 4.648	\$ 4.758	\$ 4.760	\$ 4.764	\$ 4.623	\$ 4.543	\$ 4.493
25	End Month Cost		\$ 3,299,438.42	\$ 5,510,730.21	\$ 7,646,698.19	\$ 9,789,839.87	\$ 11,571,606.61	\$ 13,410,314.57	\$ 15,275,471.37
26									
27									
28	Projected Balance 10/31 (Dth)		3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000	3,400,000
29	Remaining End Month Fill Obligation (Dth)		2,690,135	2,241,779	1,793,423	1,345,067	896,711	448,355	-

EXHIBIT B

		Northern Utilities, Inc. Maine Division Peaking Service - 1 Monthly Commodity Prices				
Item	Reference	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15
Peaking Contract - 2 Price (\$/Dth)	Peaking Contract - 2 Commodity Rate	\$ 21.67	\$ 21.67	\$ 21.67	\$ 21.67	\$ 21.67
Peaking Contract - 2 ACQ	Line 9 times 15 days	299,355	299,355	299,355	299,355	299,355
Granite Delivered Price (\$/Dth)	Line 1 divided by (1-0.35%) plus \$0.0012	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75	\$ 21.75
Maritmes Delivered Price (\$/Dth)	Line 1	\$ 21.67	\$ 21.67	\$ 21.67	\$ 21.67	\$ 21.67
Granite Delivered Capacity (Dth)	2014-2015 Winter CGF, Att NUI-FXW-3, Page 12, Segment 1	12,177	12,177	12,177	12,177	12,177
Maritmes Delivered Capacity (Dth)	2014-2015 Winter CGF, Att NUI-FXW-3, Page 12, Segment 2	7,780	7,780	7,780	7,780	7,780
Total Delivered Capacity	2014-2015 Winter CGF, Att NUI-FXW-3, Page 12, Total Path Deliverable	19,957	19,957	19,957	19,957	19,957
Weighted Peaking Service - 1 Delivered Price (\$/Dth)	(Line 4 times Line 7 plus Line 5 times Line 8) divided by Line 9	\$ 21.72	\$ 21.72	\$ 21.72	\$ 21.72	\$ 21.72

EXHIBIT B

Northern Utilities, Inc.
 Maine Division

2014-2015 Gas Year Monthly Storage Inventory and Peaking Supply Rule Curve Percentages

Month	Storage Inventory Percentage	Peaking Supply Rule Curve Percentage
Nov-14	100%	100%
Dec-14	90%	95%
Jan-15	59%	64%
Feb-15	28%	33%
Mar-15	10%	5%
Apr-15	0%	0%
May-15	15%	0%
Jun-15	29%	0%
Jul-15	43%	0%
Aug-15	57%	0%
Sep-15	71%	0%
Oct-15	85%	0%

If Northern assigns incremental storage capacity MSQ, the adjustment to MSQ shall be calculated by multiplying the monthly storage inventory percentage and the increase in MSQ. If Northern recalls storage capacity MSQ, the adjustment to MSQ shall be calculated by multiplying the monthly storage inventory percentage and the decrease in MSQ. Suppliers will be required to maintain minimum month-end inventory levels, calculated by multiplying the total monthly assigned MSQ and the Monthly Storage Inventory Percentage.

If Northern assigns incremental peaking capacity ACQ, the peaking supply remaining ACQ shall be adjusted by multiplying the Monthly Peaking Supply Rule Curve Percentage and the increase in ACQ. If Northern recalls peaking capacity ACQ, the peaking supply remaining ACQ shall be calculated by multiplying the Monthly Peaking Supply Rule Curve Percentage and the decrease in ACQ. Suppliers will be required to maintain minimum month-end peaking supply remaining ACQ levels, calculated by multiplying the total monthly assigned ACQ and the Monthly Peaking Supply Rule Curve Percentage.

EXHIBIT C

M.P.U.C.
Northern Utilities, Inc.

~~First~~~~Second~~ Revised Page 122
Superseding ~~Second~~~~First~~ Revised Page 122

DELIVERY SERVICE TERMS AND CONDITIONS

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.

11.10.3 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.

11.10.4 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 for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from 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.

11.11 Rates and Charges

11.11.1 The demand charge for the assignment of capacity ~~equal~~~~up~~ to 50% of the Customer's Peak Day Gas Usage, ~~as reflected in the Customer's TCQ, and any additional assignment of Storage Withdrawal Capacity and Peaking Capacity~~ shall be at the ~~Company's system-weighted~~ average cost of ~~assigned Storage Withdrawal Capacity and all Peaking Capacity all its capacity~~ resources ~~exclusive of LNG Plant~~. The monthly billing of the assignment of capacity shall correspond with the monthly assignment of such capacity, and as such, assignment of Storage Withdrawal and Peaking resources shall be billed over the five month period of November through March at ~~a rate equal to the sum of the~~ Company's ~~monthly system average annual~~ cost of ~~these all~~ capacity resources ~~times divided by the ratio of 12/55, divided by the sum of the maximum daily volume of Gas deliverable to the Company's distribution system of each of the assigned capacity resources~~.

11.11.2 The commodity charge for the delivered supplies associated with the assignment of capacity ~~up~~ ~~equal~~ to 50% of the Customer's Peak Day Gas Usage, ~~as reflected in the Customer's TCQ, and any additional assignment of Storage Withdrawal Capacity and Peaking Capacity~~ shall be at the Company's ~~actual system average~~ delivered cost of ~~the assigned Storage Withdrawal Capacity and Peaking Capacity~~ resources² ~~actual delivered costs of assigned storage and peaking~~ for the suppliers' nomination(s) ~~during the months~~ of November through March, ~~as established by the Company prior to each month of the November through March period~~.

12. BILLING AND SECURITY DEPOSITS

12.1 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 MPUC, from the time service is commenced until it is terminated. The

Issued: ~~December 5, 2013~~ October 14, 2014
Effective Date: ~~January~~ November 1, 2014

Issued by: W. J. [Signature]
Title: Treasurer



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Admitted in: ME

October 21, 2014

VIA MPUC CASE FILE

Harry Lanphear
Administrative Director
Maine Public Utilities Commission
State House Station 18
Augusta, ME 04333-0018

Re: Northern Utilities, Inc. d/b/a Unitil, Proposed Changes to Northern's Retail Choice
Program - Docket No. 2014-132

Northern Utilities, Inc., d/b/a Unitil, Proposed 2014-2015 Peak Cost of Gas Factor (35-A
M.R.S. § 4703) - Docket No. 2014-247

Dear Mr. Lanphear:

During the week of October 13-17, 2014, Commission Staff, the Office of the Public Advocate (OPA), and certain of the parties to the proceeding in Docket No. 2014-132 exchanged email messages regarding the proposed settlement agreement (the Partial Stipulation), filed by Northern Utilities, Inc. d/b/a Unitil (Northern or the Company) and the OPA (collectively, the Settling Parties) in that proceeding on October 14, 2014. Pursuant to the Hearing Examiners' request, and in order to further ensure a clear and full record for Commission review, Northern, on behalf of the Settling Parties, sets forth below its responses to the various questions posed by both the Hearing Examiners and counsel for Global Montello Group Corporation (Global) and

Mr. Harry Lanphear
Page 2
October 21, 2014

Sprague Operating Resources, LLC (Sprague) (collectively, Global/Sprague) during the
aforementioned email exchange.¹

1. Impacts of the Partial Stipulation on Delivery Service Customers and Marketers

Northern described the impact of the Partial Stipulation on Delivery Service Customers and marketers in both the Partial Stipulation and in the cover letter accompanying the Partial Stipulation, both filed October 14, 2014 in Docket No. 2014-132.² As set forth therein, Northern will base its charges to marketers for assigned resources on the actual costs of such assigned resources. The Settling Parties provided these costs for the Winter 2014-2015 Peak Period in their October 14, 2014 filing in Docket No. 2014-132, along with notes and supporting calculations that explained these costs. *See* Northern's October 14, 2014 Cover Letter Accompanying Partial Stipulation at Page 6 (table); Partial Stipulation at Exhibit B. Charges for assigned resources in subsequent years will reflect costs in future years.

¹ In that email exchange, the Company referred to the Commission-approved Stipulation in Docket Nos. 2005-87 and 2005-273 as the "2005 Settlement Agreement." *See* Northern Utilities, Inc., Petition for Approval of Proposed Delivery Service Terms and Conditions, Docket No. 2005-87; Maine Public Utilities Commission, Investigation for Review of Proportional Responsibility Formula (Northern Utilities), Docket No. 2005-273. Northern adopts the same terminology for purposes of the current filing.

² Pursuant to the Procedural Order dated October 16, 2014, in Docket Nos. 2014-132 and 2014-247, Northern filed the Cost of Gas Factor (CGF) rates for each customer class for the 2014-2015 Winter Peak Period. These rates showed the impact of the Partial Stipulation on the CGF for each customer class, if approved by the Commission. The Partial Stipulation will not impact any other retail rate. The Company proposed the Delivery to Sales Fee and Supplier Balancing Charge in its CGF filings of August 15 and October 10, 2014 in Docket No. 2014-247. The Partial Stipulation does not change those rates as proposed in those filings.

Mr. Harry Lanphear
Page 3
October 21, 2014

2. Resource Allocation Under the Partial Stipulation

a. Northern Negotiated Resource Allocation With The OPA and Other Parties to The Proceeding in Docket No. 2014-132.

Resource allocation under the Partial Stipulation is in part a result of negotiations with the OPA and with the other parties to the proceeding in Docket No. 2014-132. Northern had intended to include the Liquefied Natural Gas plant (LNG plant) in its capacity assignment resource allocation for the 2014-2015 Winter Peak Period (though certain exhibits filed along with Northern's August 15, 2014 Initial Filing in Docket No. 2014-247 inadvertently failed to reflect such an inclusion). Subsequent to both that filing and to Northern's participation in the Preliminary Hearing in Docket No. 2014-247, however, the Company agreed to exclude the LNG plant resource from its capacity assignment resource allocation, regardless of whether the Commission approved the Partial Stipulation. The Hearing Examiners' October 3, 2014 Procedural Order in Docket Nos. 2014-132 and 2014-247 memorialized Northern's agreement to do so. Northern's October 10, 2014 filing in Docket No. 2014-247 reflected the Company's exclusion of LNG plant as an assignable resource for the 2014-2015 Winter Peak Period.³ Please note that while the LNG plant was excluded as an assignable resource in the October 10, 2014 filing, under the 2005 Settlement Agreement, the capacity assignment demand rate is derived from the system average demand cost. Since LNG demand costs are part of system demand

³ Whereas Northern's exclusion of the LNG plant from its resource allocation in the August 15, 2014 filing in Docket No. 2014-247 was inadvertent, the Company excluded the LNG plant from its resource allocation in its October 10, 2014 filing in that docket subsequent to the above-cited negotiations with the OPA and other parties to this proceeding, as well as additional process in Docket No. 2014-247.

Mr. Harry Lanphear
Page 4
October 21, 2014

costs, LNG demand costs are included in the capacity assignment demand rate calculation even though LNG is not an assigned resource.

b. The Partial Stipulation Provides for The Same Resource Allocation Process as the 2005 Settlement Agreement.

Under the Partial Stipulation, consistent with the 2005 Settlement Agreement, Northern will allocate storage and peaking resources, as defined therein, according to customer Total Capacity Quantity (TCQ). Northern notes that while pursuant to the Partial Stipulation, the Company will allocate resources in a manner identical to the method by which the Company allocates resources under the 2005 Settlement Agreement, the specific peaking resources will change from year to year. This is so because the agreements underlying peaking resources are short-term contracts that expire at the end of each peak season. Northern will update resource allocation each year and agrees to file detailed calculations and testimony in support of the future capacity assignment resource allocation factors in future CGF filings. Northern expects that interested parties will have the opportunity to comment on Northern's proposed capacity allocation factors at that time.

c. Northern Does Not Target Certain Allocation Percentages for Storage and Peaking Resources.

The Partial Stipulation only proposes changes in the pricing of resources. Consistent with the 2005 Settlement Agreement, the Partial Stipulation does not set forth specific allocation percentages for storage and peaking resources. Rather, Northern projects and then procures the amount of peaking supply required to serve the projected requirements of planning load customers in both the Company's Maine and New Hampshire divisions, including Sales Service

Mr. Harry Lanphear
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October 21, 2014

Customers and capacity assigned Delivery Service Customers. Northern does not base this projection on a predetermined allocation percentage for storage and peaking resources. Thus, allocation percentages may vary from year to year depending on the amount of peaking supply Northern obtains to meet projected requirements for the Maine and New Hampshire divisions. Northern intends to arrange for the acquisition of future peaking supplies in the same manner as it has done in the past, whether or not the Commission approves the Partial Stipulation.

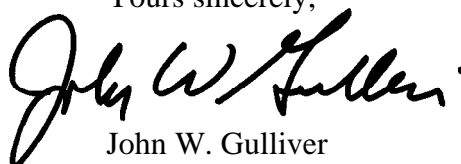
In the email exchange, the OPA indicated that it had previously proposed a method that would provide more certainty in the allocation between storage and peaking from year to year, but ultimately agreed to maintain the status quo in the Partial Stipulation. The OPA also noted that the Partial Stipulation includes language in Section III.E, added at the request of the OPA, that would permit any signatory to propose changes to the Delivery Service T&C if they sought to propose an allocation method that might provide greater certainty.

**3. The Partial Stipulation Constitutes the Entirety of the Agreement
Between the Settling Parties.**

The terms of the Partial Stipulation reflect the full agreement between the Settling Parties, as set forth at Section IV, Paragraph D, Page 8, of the Partial Stipulation.

Thank you for your attention to this matter.

Yours sincerely,



John W. Gulliver

JWG:bev