

**RATE BAL (BALANCING SERVICE RIDER)**

**A. AVAILABILITY:**

Service is available hereunder to any Operator who has a valid Aggregation Agreement, and who owns and delivers gas to the Company at an acceptable point of connection, for delivery by the Company to the Customer's regular point of service. To be eligible for service, a Operator must hold a clear and marketable title to gas that is made available for delivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Rate and service will be provided on a first-come, first-serve basis. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities, as well as adequate gas supplies or storage capacity.

**B. CHARACTER OF SERVICE:**

Balancing Service Rider may be provided, subject to the terms and conditions hereunder, up to a daily "BAL" maximum balancing quantity (MBQ). The Company reserves the right to issue a critical day declaration and/or an Operational Flow Order (OFO) that may limit or eliminate the availability of this service. The Company will manage daily imbalances by scheduling gas deliveries made under this service directly with the Operator pursuant to the OFO provisions of the Transportation Receipt Services (TRS) Terms and Conditions so as to minimize cumulative monthly imbalances. Rate BAL is a burner tip service; therefore, and city gate failure to deliver penalties (if any) will continue to apply.

This service is not intended to be used as a storage service or Standby service. The Company reserves the right to discontinue service hereunder at any time if a Operator violates, in the Company's sole judgment, any provision or condition of service under the "Rate BAL" tariff.

**C. CONTRACT REQUIREMENTS:**

As part of the Aggregation Agreement, the Operator shall execute an agreement with the Company which shall specify, among other things, the Maximum Daily Quantity (MDQ), and the Maximum Balancing Quantity (MBQ), of the gas that will be subject to this Rate.

**D. DEFINITIONS:**

1. The term "balancing service" shall mean the temporary provision of gas or holding of gas by the Company, under the balancing provisions contained herein.
2. The term "Pool Aggregated Daily Balancing Allowance" or "Pool ADBA" shall mean the daily quantity of balancing that the Company may offer to meet requirements outside the applicable balancing provisions of Rate TRS for ultimate delivery to customers who comprise Operator's Pool(s). The Pool ABDA shall be calculated daily as  $\pm 10\%$  of the Operator's Daily Scheduled Nomination. The Company reserves the right to issue a critical day declaration and/or an Operational Flow Order (OFO) that may limit or eliminate the availability of this service.

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3. The term “Positive Imbalance” refers to the situation when a pool’s available supply exceeds the Daily Pool Usage.
4. The term “Negative Imbalance” refers to the situation when a pool’s available supply is insufficient to meet the Daily Pool Usage.
5. The term “Elected Balancing Quantity” shall mean the maximum daily quantity of balancing service elected by the Operator for a specified pool;
6. The term “Unplanned Balancing Quantity” shall mean the quantity of gas required for balancing a Operator’s Pool in excess of the Pool ADBA and the Elected Balancing Quantity (if any).
7. The term “ratchet” refers to the incremental usage in excess of the existing Unplanned Balancing Quantity (if any).
8. The term “Open Season” refers to the annual balancing quantity election period commencing on the first business day of August and termination on the last business day of August. Elected Balancing Quantities (and any converted Unplanned Balancing Quantities as described in Section 5 (a) 1) below) will be effective for deliveries commencing Novembers 1<sup>st</sup> of that year.

**E. TERM OF SERVICE:**

Elected balancing quantities will be in effect for a period of one year, commensurate with the Open Season period as defined in Section D above. Unplanned balancing quantities will be in effect for twelve consecutive months commencing with the month of the unplanned ratchet. These unplanned quantities may be converted to elected quantities at the Company’s next open season, pursuant to the conditions set forth in Section G below.

A TRS Operator that has subscribed for either Planned Balancing or Unplanned Balancing may trade that like entitlement to another TRS Operator. Both parties must submit to the Company in writing the request for the trade of entitlement. If the written intent of one party does not match the written intent of the second party, the Company will reject the request. Upon the successful completion of any trade, the TRS Operator that receives the additional balancing entitlements will assume all duties and obligations associated with the balancing entitlement, including, but not limited to, assumption of the demand charges and assumption of the remaining term of any such obligation.

**F. RATES AND CHARGES:**

- (a) Elected Balancing: Calculated based upon 75% of the costs incurred by the Company to reserve firm storage services and firm storage deliverability for its Customers. This charge shall be determined annually using actual storage reservation charges, injection and withdrawal fees and related pipeline transportation costs (“short-haul”) as filed in the Company’s August PGA filing for availability in the annual open season election period, plus;

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- (b) Unplanned Balancing: Calculated based upon 125% of the costs incurred by the Company to reserve firm storage services and firm storage deliverability for its Customers. This charge shall be determined annually using actual storage reservation charges, injection and withdrawal fees and related pipeline transportation costs (“short-haul”) as filed in the Company’s August PGA filing for availability in the annual open season election period, plus;
- (c) Cashouts: The monthly sum of the daily net imbalance charges calculated by taking the daily net imbalance, after imbalance trading, (either positive or negative) multiplied by the Gas Daily City Gate Delivery Price for that gas day at the applicable City Gate Delivery Point for that gas day, incorporation the necessary factors to account for both retention and conversions between Dth and Mcf.
- (c) Summer Period Excess Balancing Charge (if applicable):  
Unit Charge per Ccf of imbalance in excess of the sum of the Pool ADBA, Elected Balancing Quantity (if any) and Unplanned Balancing Quantity (if any) equal to two times the applicable posted daily city gate index price.

**G. DAILY, MONTHLY AND ANNUAL BALANCING PROVISIONS:**

Operators receiving service under this Rate are subject to the daily, monthly and annual balancing provisions set forth below, subject to the limitations described in paragraph B, Character of Service, above.

**Daily Balancing:** Any Pool shall not be charged for a daily positive or negative imbalance that is less than the Pool ADBA, as adjusted for imbalance trading and the Company’s issuance of an operational flow order or critical day restriction. Any daily imbalances, either positive or negative, in excess of the Pool ADBA will be assessed the unit demand balancing charges identified in Section F (a) and F (b), and unit charges in Section F (d) of this Rate BAL.

Daily positive imbalance cashouts shall occur for Pools with daily positive imbalances. These cashouts shall be calculated as the excess volumes multiplied by the rates identified in Section F (c) above in addition to charges applicable under Rate TRS Terms and Conditions, Section J “Balancing, Cash-outs And Penalties”.

Operators may elect additional balancing quantities beyond the Pool ADBA at the Elected Balancing Rate in Section F (a) above to further assist in daily load balancing. The Company will offer at least 10% of the total aggregated Operator Pool MDQ as Elected Balancing Quantities each year during the open season period. Operators may elect more than 10% of their individual Pool MDQ provided the aggregated Operator elections do not exceed the quantities offered by the Company, the following steps will be taken:

- 1) The Company will determine if it can meet the desired level of Operator aggregated elected quantities; or,

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- 2) Operators will voluntarily reduce their elected amounts in an attempt to match the Company's available electable quantity; or,
- 3) The Parties (The Company and the Operators that have elected balancing quantities) will work together to reduce the elected quantities (on a pro-rata basis or other method acceptable to the Parties) in order to match the Company's available electable balancing quantity; or,
- 4) The Company, in its sole discretion, will reduce individual Operator elected quantities on a pro-rata percentage basis in order to match the Company's available electable balancing quantity.

Pools with daily negative or positive imbalances exceeding the Pool ADBAs will incur charges based on the following:

- 1) Winter Period:  
 Operators who have elected a specified daily balancing quantity shall be charged at the Elected Balancing rate in Section F (a) above for those elected quantities each month for a period of twelve consecutive months. Any imbalance quantities in excess of the sum of the Pool ADBA and elected balancing quantities shall be charged at the Unplanned Balancing rate in Section F (b) above for those ratcheted quantities commencing with the month of the ratchet, and will remain in effect for the next consecutive twelve months. Any and all Unplanned Balancing Quantities can be converted to Elected Balancing at the commencement of the next winter period, provided that such quantities are at least equal to the sum of existing elected balancing quantities and the desired unplanned balancing quantities to be converted. Any such conversions will be subject to any open season limitations imposed by the Company.
- 2) Summer Period:  
 Operators who have elected a specified daily balancing quantity shall be charged at the Elected Balancing rate in Section F (a) above for those elected quantities each month for a period of twelve consecutive months. Any imbalance quantities in excess of the sum of the Pool ADBA and elected balancing quantities shall be charged at the Unplanned Balancing rate up to the existing ratchet amount, if any. Any further imbalances beyond these existing quantities will be assessed the unit charge in Section F (d) above.

**Monthly Cashout Terms:** Daily imbalances will be multiplied by the Gas Daily City Gate Delivery Price applicable at the City Gate Delivery Point and the sum of all daily imbalances will be used to determine the monthly imbalance (positive or negative) cashout within a pool. Monthly under-deliveries will be bought from the Company by the Operator at a premium over index price and over-deliveries will be sold by the Operator to the Company at a discount. Application of the premium and discount rates listed below is based on the percentage net imbalance incurred for the month.

Monthly Imbalance Percentage	Positive Imbalance Factor	Negative Imbalance Factor
0<5%	1.00	1.00
5<10%	0.85	1.15
10<20%	0.70	1.30
20%>	0.50	1.50

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**Annual Cashout Terms:** In addition to any other charges or penalties, on an annual basis ending September 30<sup>th</sup> each year, Operators will be required to cash-out the difference between the results of the Consumption Algorithm based on the actual degree days and the actual Gas Usage of the Customers in the Operator's Pool. This imbalance will be cashed-out at the simple average of the year's daily price index as published in Gas Daily.

**H. FORCE MAJEURE:**

- (a) Effect of Force Majeure – If either the Company or the Operator is rendered unable by force majeure to wholly or in part carry out its obligations under the provisions of this Rate BAL, the obligations of the party affected by such force majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, insofar as possible, be remedied with all reasonable dispatch.
- (b) Definition of Force Majeure – The term “Force Majeure” as employed herein shall include acts of God, strikes, lockouts, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fire storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, civil disturbances, explosions, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of reasonable foresight, such party is unable to avoid and, by the exercise of due diligence, such party is unable to overcome.

**I. FAILURE TO COMPLY:**

Failure of the Operator to comply with or perform any of its obligations under this schedule or the agreement shall constitute grounds for termination or suspension of service. Failure to comply shall include actions of Operator which cause the Company or any individuals receiving gas related services from the Company, either as a class or individually, to incur costs in any form which are not paid for through the charges under this rate schedule. Except in cases of willful or repeated failure to comply or perform, termination or suspension of service shall be preceded by written notice followed by a cure period of five (5) business days during which time the Operator shall have the opportunity to correct the failure to comply or perform as specified in the written notice. If such failure is not cured within such five (5) business-day period or if the Operator had been notified in writing that a particular course of conduct constituted willful or repeated failure to comply or perform, the Company may terminate or suspend service immediately. Suspension or termination of such service for any such cause shall be a cumulative remedy as to the Company, and shall not release the Operator from its obligation to make payment of any amount or amounts due or to become due from the Operator to the Company under the applicable schedule. In order to resume service under this tariff BAL after termination of service hereunder, the Operator must demonstrate to the Company's satisfaction that appropriate action has been taken to ensure future compliance with tariff BAL.

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**J. RULES AND REGULATIONS:**

The applicable Rules and Regulations set forth in the Company's Tariff, of which this Rate is a part, shall govern the provision of services under this Rate.

**K. TERMS AND CONDITIONS:**

The Transportation Receipt Service (TRS) Terms and Conditions set forth in the tariff shall be applicable to this Rate.

**L. RATE FILINGS:**

Nothing contained herein shall be construed in any way as affecting the Company's right to make a unilateral application to the Department of Public Utility Control for a change in rates under the laws of the State of Connecticut and the regulations promulgated by the Department of Public Utility Control.

**M. STORAGE SERVICE:**

Storage Service can be provided to Operators as part of the FSS Rate. No storage Service is provided as part of the "BAL" Rate.

**N. SUCCESSORS AND ASSIGNS:**

Any party which shall succeed by purchase, merger, or consolidation to the properties, substantially as an entirety, of any Operator shall be subject to the obligations and entitled to the rights of its predecessor in title under a contract. No other assignment of a contract or any of the rights or obligations thereunder by the Operator shall be effective without the written consent of the Company, which consent shall not be unreasonably withheld.