

RATE LH (OPTIONAL LONG-HAUL SERVICE RIDER)

A. AVAILABILITY

Service under this ancillary service rider is available for a minimum of a 12-month period to any legal entity acting as an authorized agent for gas supply and related services to commercial, industrial, and/or multi-family dwelling (where the number of dwellings supplied through one meter is six (6) or more) end-users, served by the natural gas system of The Southern Connecticut Gas Company (“SCG”) which:

- (a) Receives service under the Company's Rate TRS and has executed a TRS Operator Agreement under Rate TRS setting forth their initial Pool entitlement to service under Rate TRS.

B. APPLICABILITY

This Rate LH shall apply to any legal entity acting as an authorized agent to supply gas to the Company at the designated receipt point(s), or to provide ancillary service, for Customers that comprise the Operators Pool(s) and has executed a TRS Operator Agreement that states, among other things, that they meet all eligibility criteria under Rate TRS.

Operators who do not elect either standby service under Rate STB (Optional Standby Service Rider) or long-haul service under this Rate LH shall have no right or claim to gas or gas service provided by the Company, except for Operator's gas appropriately delivered to the Company's system under the terms of Rate TRS.

TRS Service Recipients may elect service under this Rate LH for the purpose of providing gas supplies using primary point service.

Long-haul service under this rider is optional for Operators. Service to the Company's city gate receipt point(s) will be on a firm basis.

The Company may, at its sole discretion, offer this service annually based on the Company's availability and adequacy of capacity and supply.

G. DEFINITIONS

The definitions contained in Rate TRS in conjunction with the following definitions shall apply to this rate, the incorporated general terms and conditions, and any written document(s) between the Company and the Operator related to service under this rider.

- (a) The term “long-haul service” shall mean the temporary provision of gas or holding of gas by the Company, under the balancing provisions contained herein.
- (b) The term “primary point service” shall mean the city gate interconnect between SCG and the applicable interstate pipeline.

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- (c) The term “Long-haul Quantity” or “LHQ” shall mean the maximum amount of daily long-haul quantity made available by the Company to all Operators, in total, during the Open Season.
- (d) The term “Maximum Daily Long-haul Quantity”, or “MDLHQ”, shall mean the maximum daily quantity of long-haul service elected by the Operator for a specified pool;
- (e) The term “Open Season” refers to the annual long-haul quantity election period commencing on or about the first business day of August and terminating on or about the last business day of August. Elected long-haul quantities will be effective for deliveries commencing November 1st of that year.
- (f) The term “daily index price” shall mean the price charged to Operators electing daily nominations, equal to the Texas Eastern ELA for Algonquin city gate deliveries or the Tennessee Gas Pipeline average of the 500 and 800 legs as published by Gas Daily.

D. RATE: Monthly Charges as Applicable:

- (a) Reservation Charge: Calculated annually using the equivalent cost of long haul capacity on each pipeline, as filed in the Company’s August PGA filing for availability in the annual open season election period, plus;
- (b) Supply Charge: Operators may elect monthly and/or daily quantities pursuant to Section F below. Charges for these nomination types are as follows:
 - (i) Monthly volumes are on a "baseload" basis, and are nominated for a TRS Service Recipient’s Pool(s). For volumes on AGT, the supply price of the Rate LH service shall be the first of the month index price ("Monthly Index Price") for Texas Eastern ELA as published in Inside FERC’s Gas Market Report, grossed up for the applicable tariff fuel and commodity charges on both Texas Eastern and AGT.

For monthly nominated volumes on TGP, the supply price of the Rate LH service shall be the first of the month index price ("Monthly Index Price") for Tennessee Gas Pipeline Zone 1 as published in Inside FERC’s Gas Market Report, grossed up for the applicable tariff fuel and commodity charges on Tennessee. In lieu of the monthly index price the Suppliers may elect a daily index price as published in Gas Daily for the same location.
 - (ii) Daily pricing is based on the Company’s daily index price grossed up for the applicable tariff fuel and commodity charges for both Texas Eastern and Algonquin (for Algonquin city gates) or for Tennessee (for Tennessee city gates). This price shall be applicable to all city gate volumes delivered which have not been nominated using a monthly index price.

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E. LONG-HAUL SERVICE ELECTION

The Company will make available during the Open Season a total available Long-haul Quantity. TRS Service Recipients may elect a MDLHQ volume up to its pool Maximum Daily Delivery Quantity (“MDDQ”) to remain in effect for a 12-month period.

Additionally, at any time when an individual customer is switching Pools, the Operator(s) shall have the right to transfer an equal amount of Pool MDLHQ associated with that Customer (not to exceed the individual Customer’s MDQ grossed up for retention) to the new pool that the Customer will be participating in.

In the event that total elected long-haul quantity exceeds the Company’s available LHQ, the Company will determine if the additional LHQ can be offered. If not, the Company will ask the participating TRS Service Recipients to voluntarily reduce their MDLHQ to coincide with the Company’s available LHQ. If the total elected quantity is still too high, the Company will reduce elected quantities on a pro-rata basis or other equitable method to match the Company’s available LHQ.

Charges for such long-haul service are outlined in Sections D(a) and D(b) above.

F. NOMINATION SERVICE

All nomination requirements contained in Rate TRS apply to service under this rider with the addition of the following nomination service:

(a) Monthly Index Price Long-haul Sales:

Operators may elect monthly base load nominations under Rate LH. These monthly nominations must be received no later than 4 PM EST of the day prior to the NYMEX monthly settlement for the following month. Such nomination volumes may be between zero (0) and the Pool MDLHQ, and shall be priced in accordance with Section D(a)(i) above.

(b) Daily Price Long-haul Sales:

The minimum daily nomination volume shall be equal to the Monthly Index Price nomination, if any. Daily nominations in excess of any Monthly Index Price nominations, not to exceed the Pool MDLHQ, shall be priced in accordance with Section D(b)(ii) above.

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(c) Off-system Deliveries:

An Operator electing service under this Rate LH may nominate daily volumes to non-SCG city gates, provided that the Operator's Pool demand on the SCG system is less than the Operator's elected MDLHQ. Such nominations shall utilize secondary points of delivery and therefore be available subject to pipeline tariffs concerning scheduling of service/service priorities. Secondary point nomination flexibility may be restricted by SCG, at its sole discretion, if pipeline operating conditions threaten the ability to nominate the service to the primary point in the event of secondary point curtailments, etc.

All written (or if supported electronic) daily Long-haul Sales Nominations (as outlined in (b) and (c) above) must be received by the Company by 8:30 AM EST on the day prior to gas flow. Intra-Day Long-haul Sales Nominations will also be accepted if initially scheduled volumes are not reduced, and they are received by the Company two hours prior to the effective time of the nomination.

All Long-haul Sales Nominations must clearly indicate "Long-haul Sales Nomination" and include all the information identified in Section H of Rate TRS.

G. 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 LH, 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, freezing of wells or lines of pipe, strikes, lockouts, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, 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.

H. 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

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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 Rate LH 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 Rate LH.

I. TERM OF SERVICE

Elected Long-haul Quantities will be in effect for a period of one year, commensurate with the Open Season period as defined in Section C above.

Under no circumstances shall an Operator receiving service under this Rate LH be able to terminate service prior to the upcoming open season with the following two exceptions: 1) the Operator pays an exit fee reflecting the full costs associated with the Long-haul Reservation Charges (as estimated by the Company) for the period remaining until the next anniversary date; or 2) the Operator transfers 100% of their Pool MDLHQ to another Pool pursuant to the terms identified in Section E of this Rate LH.

J. SERVICE REGULATIONS

The Company's Service Rules and Regulations shall apply to service under this Rate LH, to the extent not inconsistent with the terms and conditions of this Rate LH.

K. LAWS, REGULATIONS AND ORDERS

All contracts and the respective rights and obligations of the parties hereto are subject to all present and future valid laws, orders, rules, and regulations of any legislative body, or duly constituted authority now or hereafter having jurisdiction and shall be varied and amended to comply with or conform to any valid rule, regulation, order, or direction of any board, tribunal, or administrative agency.

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L. 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.

M. TAXES

Sales under this Rate LH shall be deemed as sales for resale, and as such are not currently subject to State Gross Receipts Tax. Changes in tax law that may apply to this Rate LH may be recoverable through an increase to the rates as determined in Section D above.

N. TERMS AND CONDITIONS:

The Transportation Terms and Conditions set forth in the tariff shall be applicable to this rate.

O. 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.