

**RATE PK (PEAKING SERVICE RATE)**

**A. AVAILABILITY**

Service under this ancillary service Rate is available for a mandatory annual period with peaking service available during the 5-month winter period (the months of November through March, inclusive) 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) The availability of peaking service shall commence November 1, 2006 and remain in effect until the first April 1 after either the modification or elimination of this rate by Decision of the Department of Public Utility Control (DPUC).
- (c) This service is required for all Operators providing service to a firm SOLR eligible customer. The Company will assign and the Operator shall accept each Pool's pro rata shares of Peaking service using aggregated SOLR eligible Operator Pool data as of August 31 of each year. The Rate PK MDQ shall equal 6.25% of this total Operator SOLR eligible MDQ.
- (d) The pro rata share of this peaking service shall be calculated as follows: The FTS MDQ shall be multiplied times 25% to determine the amount of total capacity services to be offered. Rate PK will equal 25% of this volume ("Rate PK MDQ"). For example if the FTS MDQ is 80, Rate PK MDQ will be 5.

**B. APPLICABILITY**

This Rate PK shall apply to any eligible 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 and credit eligibility requirements to participate in Rate CR, Rate STO and Rate PK.

Peaking service under this Rate PK is to the Company's city gate receipt point(s) on a firm basis subject to Section J below.

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**C. CHARACTER OF SERVICE**

Rate PK is a supplemental supply peaking service provided by SCG wherein SCG acquires the gas supplies and operates the peaking service using the operational resources of its choosing and is only available to Operators serving firm SOLR eligible transportation customers for an ACQ of Peaking Service at a specified MDQ during each peak season.

This peaking Service shall be provided by SCG subject to an executed Operator Rate PK Service Agreement that sets forth the MDQ, ACQ and Peaking Service Volume Balance. The service shall only be available for use for firm SOLR eligible demand in the Company's service territory. It is not available for neither use at any location off-system of the Company's distribution system nor is it available for use by non- SOLR eligible firm transportation demand.

Upon the expiration of Rate PK in accordance with Section A (b) above, outstanding balances in any Operator's Peaking Service Volume shall not be available to Operator. The Peaking Service Volume balances shall continue to be owned by SCG.

**D. 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 Rate.

- (a) The term "Actual Contract Quantity" or ACQ shall equal twelve times the Rate PK MDQ.
- (b) The term "SOLR eligible customers" shall mean those firm transportation customers served by Operators behind the Company's city gates that the Company has the Supplier of Last Resort obligation to backstop with firm supply in the event of an Operator's failure to deliver sufficient quantities of gas to meet those customer's firm daily demand.
- (c) The term "SMDQ" shall mean the aggregated Maximum Daily Quantity of Operators' SOLR eligible customers.
- (d) The term "LNG Weighted Average Cost of Gas" or "LNG WACOG" shall mean the weighted average cost of LNG at the beginning of the winter heating season applicable to LNG usage for that winter heating season.

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**E. RATE: Monthly Charges as Applicable:**

- (a) Reservation Charge: The Operator shall pay a peaking unit reservation charge equal to the peaking unit demand charge rate times its peaking MDQ during the twelve consecutive months of November through October, inclusive. The peaking unit demand charge rate shall be based on the inclusive annual actual cost of service related to Milford LNG divided by 82,000 MMBtu divided by twelve months. However, to the extent service under Rate PK is modified or eliminated pursuant to Section 1(b) and scheduled to end April 1 of that year the full annual costs attributable to the period of November 1- October 31 will be divided by five months and paid by Operators during the months of November- March. Because the billed costs will be based upon estimates, an annual true up to actual costs will also occur once per year and Operator shall receive a credit or pay a charge. The cost impact of boil off commodity shall also be estimated and included in the demand charge rate. The demand charge rate shall be established by November 1 of each year.

plus;

Supply Charge: For volumes nominated under Rate PK the Operator shall pay the LNG WACOG grossed up to account for vaporization fuel, variable costs, applicable taxes and other charges, if not already included in the WACOG.

**F. PEAKING SERVICE ALLOCATION**

For all Operators in aggregate, SCG shall make available and assign a total peaking service MDQ of not more than 6.25% of the aggregate Operator MDQ on SCG's system (25% allocation of peaking service times 25% of the aggregate Operator MDQ on SCG's system, as defined in Section A (d) above) with a peak service quantity of not more than twelve (12) times this derived MDQ daily quantity (twelve days).

SCG shall maintain a Peaking Service Account for each Operator specifying the MDQ expressed in MBtu, and the Peaking Service Volume balance expressed in MMBtu. Any actual nominations shall be deducted from the Peaking Service Account available MMBtu.

Additionally, without changing the total peaking service MDQ in aggregate, SCG reserves the right to re-allocate Peaking Service MDQ and Peaking Account Balances among Operators should there be significant changes during the peak season to Operators overall transportation MDQ. Operators shall be required to accept such re-assignment.

Charges for such peaking service are outlined in Section E above.

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**G. NOMINATION SERVICE**

After being nominated the requested quantities shall be deemed delivered by the Company and received by the Company at the Aggregation Pool for the applicable gas day. Peaking Service shall be firm and available to the Operator subject to availability of volumes in the Peaking Account volume balance and the peak season design weather curve.

All written (or if supported electronic) daily Peaking Service Nominations as outlined above must be received by the Company by 11:00 AM EST on the day prior to gas flow, must clearly indicate "Peaking Service Nomination", and include all the information identified in Section H of Rate TRS.

**H. OPERATIONAL PARAMETERS**

Without the consent of SCG, the Peaking Service Volume balance must not fall below levels established in a peak season curve by day which shall provide an indicator of the necessary levels of Peaking Supply that must be maintained in Operators' Peaking Service Volume Balance in order for the Company to meet system demands under Design Winter conditions. The Company will update the peak season curve annually on November 1st.

**I. CREDIT REQUIREMENTS**

SCG reserves the right at anytime to require any Operator to pre-pay the value of its outstanding Peaking Service Account Balance times the WACOG. Such action may be disputed by the Operator at the time of the imposition of this requirement. This credit requirement will be in addition to any other credit requirements of SCG included in Rate TRS or other ancillary service rates, as applicable.

**J. 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 PK, 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, mechanical failure of equipment, 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.

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**K. 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 Rate PK 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 PK.

**L. TERM OF SERVICE**

Rate PK is a mandatory service for all Operators serving SOLR eligible customers receiving service on SCG's distribution system. Peaking Service Quantities will be adjusted each November 1 as defined in Section A(c) and the Peaking Service Account shall rollover as detailed in Section E.

**M. SERVICE REGULATIONS**

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

**N. 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.

**O. 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.

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**P. TAXES**

Sales under this Rate PK 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 PK may be recoverable through an increase to the rates as determined in Section E above.

**Q. TERMS AND CONDITIONS:**

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

**R. 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.