

## **RATE STO (STORAGE SERVICE RATE)**

### **A. AVAILABILITY**

Service under this ancillary service Rate STO is available for a mandatory annual period with storage withdrawal 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 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 storage service shall commence November 1, 2007 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 Storage service of the total quantity which shall be established annually using aggregated Operator Pool data as of August 31<sup>st</sup> ("FTS MDQ") of each year.
- (d) The pro rata share of this storage 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 STO will equal 25% of this volume ("Rate STO MDQ"). For example if the FTS MDQ is 80, Rate STO MDQ will be 5.
- (e) The Company reserves its rights to terminate service under this Rider to ensure the integrity of its distribution system and continuous service to its firm customers.

### **B. APPLICABILITY**

This Rate STO 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.

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

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**E. CHARACTER OF SERVICE**

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

This storage Service shall be provided by SCG subject to an executed Operator Rate STO Service Agreement that sets forth the MDQ, ACQ and Storage Service Volume Balance and WACOG. 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 STO in accordance with Section A (b) above, outstanding balances in any Operator's Storage Service Volume shall not be available to Operator. The Storage Service Volume balances shall continue to be owned by SCG.

**F. 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 ninety-one days times the Rate STO MDQ based upon the Company's Northeast storage capability under contract.
- (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 "Storage Weighted Average Cost of Gas" or "Storage WACOG" shall mean the weighted average cost of all SCG Northeast storages at the beginning of the winter heating season applicable to storage usage for that winter heating season.

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

- (a) Reservation Charge: The Operator shall pay a storage unit reservation charge equal to the storage unit demand charge rate times its storage MDQ during the twelve consecutive months of November through October, inclusive. The storage unit demand charge rate shall be based on weighted average rate paid by SCG for Northeast storage and short haul transportation related to all gas storage. However, to the extent service under Rate STO is modified or eliminated pursuant to Section A(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. The demand charge rate shall be established by November 1 of each year.

plus;

- (b) Commodity Charge: For volumes nominated under this Rider for withdrawal to the Company's citygates, the Operator shall pay a Commodity Charge equal to the weighted average cost of inventory in the Company's underground storage accounts. This weighted average cost of inventory shall be grossed up to account for storage withdrawal fuel requirements and losses, pipeline tariff-based fuel and commodity charges from the storage field areas to the Company's citygates.

By October 20 of each year, the Company shall communicate the estimated winter WACOG to Operators as of the end of September. The updated WACOG, reflecting October updates will be communicated to Operators one month later.

**F. STORAGE SERVICE ALLOCATION**

For all Operators in aggregate, SCG shall make available and assign a total storage service MDQ of not more than 6.25% of the aggregate Operator MDQ on SCG's system (25% allocation of storage 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 ninety one (91) times this derived MDQ daily quantity (ninety one days).

SCG shall maintain a Storage Service Account for each Operator specifying the MDQ expressed in MMBtu and the Storage Service Volume balance expressed in MMBtu. Any actual nominations shall be deducted from the Storage Service Account available MMBtu and be billed to the Operator at the Commodity Charge.

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

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

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**G. NOMINATION SERVICE**

NOMINATION SCHEDULING: Nominations for this service will be in accordance with the nomination schedule established in Rate TRS and will include the daily nominated volume, not to exceed the MDWQ, to be used each day. Nominations must be submitted on a Company Nomination Form that includes the daily volume, Pool Number and Operator name no later than 11:00 AM EDT on the day prior to gas flow. All nomination requirements contained in Rate TRS apply to service under this Rate with the addition of the following nomination service:

Rate STO is a supply service not a balancing 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.

**H. OPERATIONAL PARAMETERS**

The Company will provide Operators the operational requirements of service annually on or before November 1 based upon the overall and simplified tariff/contract requirements of the Company's storage contracts as delivered to the city gate.

Failure to adhere to the Operational Parameters shall result in a penalty of 3 times the average of the applicable Gas Daily indices for each day in that month for all volumes outside these limits.

**I. CREDIT REQUIREMENTS**

Operator shall pre-pay for the commodity charge times the ACQ by November 30 of each year. Any unused balance shall be returned to Operator at the end of the winter by April 30. This credit requirement will be in addition to any other credit requirements of CNG included in Rate TRS or other ancillary service rates, as applicable, however the total credit requirements of the Operator shall be reduced by the amount of the prepayment for Rate STO.

**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 STO, 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

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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.

**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 STO 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 STO.

**L. TERM OF SERVICE**

Rate STO is a mandatory service for all Operators serving SOLR eligible customers receiving service on SCG's distribution system. Storage Service Quantities will be adjusted each November 1 as defined in Section A (c).

**M. SERVICE REGULATIONS**

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

**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.

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**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.

**P. TAXES**

Sales under this Rate STO 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 STO 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.