

RATE TRS (TRANSPORTATION RECEIPT SERVICE)

1. AVAILABILITY:

This service is available to approved Operators of any firm transportation Customer receiving service under rate schedule RMDS, SGS, GS, LGS and IS. Approved Pool Operators must sign a Transportation Receipt Service/Aggregation Agreement to provide gas to the Customers, act as supply Pool operators and balance the receipts and deliveries of gas for Pool Customers.

2. CHARACTER OF SERVICE:

The Operator will act on behalf of its Customers to acquire supplies, aggregate supplies, and balance aggregated deliveries of gas to the Company's system with aggregated Pool Customer loads.

3. RATES AND CHARGES:

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.

The Operator shall pay all applicable delivery charges, all charges related to ancillary services, including but not limited to Capacity Release (Rate CR), Balancing (Rate BAL), Standby (Rate STB), Storage (RateSTO) and Peaking (Rate PK), Optional Long-Haul (Rate LH), OFO penalties, failure to deliver penalties, imbalance charges, cash-out charges, taxes, any surcharges and any other related charges that may apply. In addition, the Operator will reimburse the Company for any charges including the cost of collection and reasonable attorney fees, assessed to the Company as a result of the Company's provision of service to the Operator.

4. DAILY DELIVERY OBLIGATION:

The Operator, acting on the Customer's behalf, shall deliver gas to Company's city gate receipt points in amounts equal to the aggregate daily requirements of all the Customers in the Operator's Pool, or Operator shall pay daily and monthly balancing charges which may be due in accordance with the Transportation Receipt Service Terms and Conditions. The Company reserves the right to issue Operational Flow Orders (OFOs) to a Operator, when necessary, in order to maintain the operational integrity of its distribution system. Company's rights with respect to the issuance of OFOs are set forth in the Transportation Receipt Service Terms and Conditions.

5. APPROVED THIRD-PARTY SUPPLIER LIST:

Company shall maintain a list of qualified Third-Party Suppliers from which Customers can choose. Such list shall include Third-Party Suppliers who sign a Transportation Receipt Service/Aggregation Agreement in which they agree to participate in, and abide by Company's requirements for its Transportation Receipt Service (Rate TRS) program. This list shall be available to Customers upon request.

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6. OPERATOR BILLINGS AND RETENTION PERCENTAGE:

The Company shall direct-bill Operators for Capacity Release charges, Peaking charges, balancing charges, standby charges, OFO penalties, failure to deliver penalties, pipeline penalty charges, Company penalty charges, cash-outs, replacement supply costs, and other similar charges.

In addition, at the election of the Customer and the consent of the Operator, Operators may be billed for transportation charges incurred by the Customer in the Operator's Pools. The Company holds the billed party responsible for any and all transportation charges.

Operators shall deliver additional volumes beyond those measured through Customer's meter, in order to provide Company with a Retention Percentage based on its system average unaccounted for percentage which is updated annually.

7. APPLICATIONS AND SERVICE DATE:

An Operator, who desires service under this tariff, shall submit a signed Transportation Receipt Service/Aggregation Agreement to the Company, meet the Supplier Performance and Credit Requirements detailed in Section 10 below, provide to the Company proof of registration with the State of Connecticut Department of Public Utility Control and all necessary operational contact information at least 30 days before the intended effective start date of a Customer Pool. Notice of assignment of Customers from one approved Operator to another approved Operator's Pool of Customers must be received at least 45 days prior to the switch date, and must be accompanied with a written agreement as to the resolution of prior and pending financial obligations signed by both Operators. In addition, the receiving Operator will be required to increase its security obligation to the Company to cover the increase in size of its Customer Pool.

8. CUSTOMER POOLING:

The aggregation of Customer accounts into an Aggregation Pool is limited by the transportation service of the Customers that the Operator wishes to aggregate. Customers within a Pool must be subject to the same operational constraints as the delivering pipeline.

9. ACCESS TO CUSTOMER USAGE HISTORY AND CURRENT BILLING INFORMATION:

The Company's Request for Billing Usage Form and the FTS Data Form authorize the Company to provide historical Customer information to the Customer's Operator. These documents also authorize the Customer's Operator to receive the Customer's historic usage data from Company, and to act on the Customer's behalf in making billing/usage inquiries, and in exchanging current billing information with the Company, including a copy of notices of commencement of termination of service by either party.

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10. OPERATORS' PERFORMANCE AND CREDIT REQUIREMENTS:

The obligations that a Operator agrees to undertake in exchange for the right to participate in the Company's Pooling program are delineated in the Transportation Receipt Service/Aggregation Agreement which is executed by the Operator and Company as necessary for the provision of service to the Operator under this classification. The Company shall issue reasonable standards of conduct and performance standards for Operators that choose to participate in the Company's program. The Company's acceptance of an Operator's request for service under this tariff is contingent upon the Operator meeting the criteria contained in Appendix A, "Operational Performance and Financial terms". These credit terms apply to all Operator deliveries and ancillary services provided by the Company to the Operator in support of their customer Pool requirements except for capacity release services provided under Rate CR. Credit requirements pertaining to capacity release are specifically and solely contained in Rate CR.

11. REGULATORY APPROVALS:

The Customer's Operator shall be responsible for making all necessary arrangements and securing all requisite regulatory or governmental approvals, certificates or permits to enable gas to be delivered to the Company's system.

12. TERMS AND CONDITIONS:

In addition to adhering to the terms and conditions of the required Transportation Receipt Service/Aggregation agreement, the Pool Operator must adhere to the Company's Transportation Receipt Service Terms and Conditions.

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TERMS AND CONDITIONS**

A. GENERAL:

These Terms and Conditions are applicable to Customers who elect to supply their own gas and to Operators (as defined herein) serving end-user Pools of the Company's Customers.

B. DEFINITIONS:

For purposes of interpreting this Agreement the following definitions shall apply:

1. Actual Transportation Quantity: The quantity of gas actually received during the Gas Day by the Company at the Designated Receipt Point, net of Retention Percentage, where applicable, for the account of a Operator for redelivery at the Delivery Points during the Gas Day.
2. Aggregator, Operator, Pool Operator, or TRS Operator: The authorized entity providing natural gas who combines one or more customers' load for the purpose of nominations, scheduling, reconciliation of monthly imbalances, and supplemental supply. A delivery service customer who does not wish to receive service with a pool of customers may elect service under Rate TRS in addition to receiving service under the applicable delivery service rate.
3. Aggregation Pool or Pool: A group of Customers who have contracted with a specific Operator who combines the Customers' loads for purposes of nominations, scheduling, reconciliation of monthly imbalances and supplemental supply billing. An aggregation Pool must have the same Delivery Pipeline and balancing requirements.
4. Aggregation Service: This service allows Operators (aggregators, marketers, brokers, and producers) to deliver to the Company, on an aggregated basis, those natural gas supplies that are needed to satisfy the full firm requirements of the one, or more, firm transportation customers that comprise the membership of the Operator's Pool.
5. Aggregator's Transporting Pipeline: The person or persons, company or companies, or other party or parties, engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC"), which (are) transporting gas for an Aggregator's account to a Designated Receipt Point of the distribution facilities of the Company.
6. Business Day: Monday through Friday excluding holidays recognized by the Company.
7. 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. MMBtu is one million Btus.
8. Calendar Day: A period of twenty-four consecutive hours beginning at 12 midnight, Eastern Time (E.T.).
9. Company: Southern Connecticut Gas Company
10. Critical Day: 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.

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11. Connecticut Department of Public Utility Control (“D.P.U.C.”): The state regulatory authority with jurisdiction over the rates and other terms and conditions of the Company’s jurisdictional services.
12. Consumption Algorithm: A mathematical formula used to calculate a Customer’s estimated daily consumption based on a Customer’s historical base load and heat use per degree day factors to be used for the purposes of projecting a non-daily demand metered Customer’s daily usage.
13. Daily Over-delivery: The amount by which the Actual Transportation Quantity is greater than the Required Nomination Quantity for an aggregation Group, net of the Retention Percentage.
14. Daily Under-delivery: The amount by which the Actual Transportation Quantity is less than the Required Nomination Quantity for an Aggregation Group, net of the Retention Percentage.
15. Definitions of Terms: Technical terms used herein which are not defined herein shall have the meaning customarily accorded them in the gas industry except that the terms which are defined in Section 16-11-1, et seq. of the Regulations of Connecticut State Agencies or any successor regulation pertaining to service by gas companies shall have the meaning provided therein.
16. Delivered Quantity: The Actual Transportation Quantity, plus or minus imbalance trade volumes, plus supplemental supplies from nominated or make-whole provision Standby Services as described in Optional Standby Rider Rate STB.
17. Delivery Pipeline: The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.
18. Delivery Point: The interconnection between the Company’s facilities and the Customer’s facilities.
19. Designated Receipt Point: For each Customer, the Company designated interconnection between a Delivering 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 Operator will make deliveries of Gas for the Customer’s account.
20. Designated Representative: The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Distribution Service.
21. Distribution Service: The transportation and delivery by the Company of the Customer purchased Gas on any Gas Day from the Designated Receipt Point to the Customer’s Delivery Point pursuant to these Terms and Conditions.
22. Failure to Deliver: Any instance where a Operator’s Delivered Quantity of Gas is more or less than the Nominated and Scheduled quantity of gas with the applicable Interstate Pipeline.
23. Forecast Daily Requirement: The estimated daily consumption of a non-daily demand metered Customer or Customers as calculated by the Consumption Algorithm and forecasted degree days.

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24. Gas: Natural gas that is received by the Company from a Delivering 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.
25. Gas Day: A period of twenty-four consecutive hours beginning at 10:00 a.m. eastern clock time, and ending at 10:00 a.m. eastern clock time, the next calendar day, or any other 24 hour period consistent with applicable industry standards.
26. Gas Usage: The quantity of gas used by the Customer during the Gas Day as determined by daily demand metering equipment or the Consumption Algorithm calculation using actual degree day data.
27. Imbalance: The difference between the Delivered Quantity (net of Retention Percentage) and Customer Gas Usage.
28. Month: A calendar month of Gas Days.
29. Monthly Cashout: The charge that is derived by taking the monthly sum of the daily net imbalance charges calculated by taking the daily net imbalance (either positive or negative), after imbalance trading, multiplied by the Gas Daily city gate delivery price at the applicable city gate delivery point for that gas day, incorporating the necessary factors to account for both retention and conversions between Dth and Mcf. This amount is then multiplied times the applicable monthly positive or negative imbalance factor as described in the "Monthly Cashout Terms" portion of Section G of Rate BAL (Balancing Service Rider).
30. Maximum Daily Quantity ("MDQ"): The maximum Gas Day usage of any single Customer in a Operator's Pool as specified by the Operator and confirmed by the Company. The aggregate of Customer MDQs in the same Pool shall be the Operator's Pool MDQ.
31. Nomination: The notice given by the Operator to the Company that specifies, in accordance with the Nomination guidelines, an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of a Customer, including the volume to be received, the Designated Receipt Point(s), the Delivering Pipeline, the delivering contract(s), the shipper, and other such non-confidential information as may be reasonably required by the Company.
32. Nomination Notice: The notification by the Company of the Aggregator's or Operator's Required Nomination Quantity for Customers with a Consumption Algorithm.
33. Off-Peak Season: The consecutive months May to October, inclusive.
34. Operational Flow Order ("OFOs"): Notices issued by the Company to Operators that require Operator to schedule, and have confirmed by its transporting pipeline(s), deliveries into the Company's system for Operator's Pool of Customers at specified city gate receipt points, in the amounts necessary for the Company to (a) protect the integrity of the Company's gas system; (b) assure deliveries of gas supplies to all of the Company's Firm Customers; and/or (c) adhere to the

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various interstate pipeline companies' balancing requirements, as stated in their FERC approved gas tariffs under which the Company is served.

35. Over-Delivery or Over-Run: Occurs when a Operator's Delivered Quantity to an Aggregation Pool exceeds the Aggregation Pool cumulative Gas Usage on a Gas Day or over the course of a Month.
36. Peak Day: The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage.
37. Peak Season: The consecutive months November to March, inclusive.
38. Retention Percentage: Operator must cause "(1+X)" units of gas to be delivered to the Company for each unit of gas which Customer requires the Company to deliver to its Pool of Customers. "X" will be defined each calendar year as the most current Retention Percentage filed at the DPUC by the Company.
39. "Retroactive Nomination" is defined as a request to change the nomination after the pipeline gas day has ended.
40. Operator: Any entity licensed or registered by the DPUC to sell gas in Connecticut, that has met the Company's requirements set forth in these Terms and Conditions, that has been designated by the Customer to supply gas to a designated receipt point on behalf of the Customer.
41. Operator Service: The sale of Gas to a Customer by a Operator.
42. Therm: An amount of Gas having a thermal content of 100,000 Btus.
43. Under-Delivery: Occurs when a Operator's Delivered Quantity to an Aggregation Pool is less than the Aggregation Pool's cumulative Gas Usage on a Gas Day or over the course of a Month.

C. CHARACTER OF SERVICE:

All rates within the schedule of rates 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 metering installation or Delivery Point will be considered a separate Customer is served through multiple points of delivery or metering installations for the Company's own convenience.

D. CUSTOMER INFORMATION:

The Customer shall be responsible for providing to the Company the necessary written authorization to release the Customer's usage, billing, and payment history data to the Operator. Upon receipt of written confirmation, either original or via facsimile, the Company will release the necessary historical usage data for the Customer to the Operator.

E. TERM OF SERVICE:

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For an initial period of not less than one year, firm customers receiving service under Rates RMDS, SGS, GS or LGS cannot switch between either the Third-Party Supplier Service Option or the Company Supply Service Option before fulfilling 12 months of continuous service under either Supply Service Option. Customers receiving service under Rate IS may elect to switch between the Third-Party Supplier Service Option and the Company Supply Service Option on a monthly basis.

A new Customer may select the Third-Party Supplier option or the Company Supply Service option anytime within the first three months of establishing service. However, a new Customer may not switch services during the period beginning November 1, and ending March 31, inclusive. Once the new Customer's three-month window in which the Customer may elect services expires, the Customer must continue service under the selected service for 12 months.

F. CAPACITY RELEASE:

The Company will offer interstate pipeline capacity release to Operators pursuant to the requirements specified in Rate CR.

G. SUPPLEMENTAL SUPPLY SERVICE:

Standby Service is available to any Operator serving Customers on the Company's natural gas distribution system. This is an annually elected service subject to the terms and conditions as specified in the Company's Standby Service "Rate STB" tariff.

H. NOMINATIONS:

The Operator is responsible for nominating and delivering on every day, an amount of gas that equals the aggregated Gas Usage of the Customers served by that operator, plus the Retention Percentage. Transportation scheduling, nominating and confirmation shall be made in accordance with the Company's Transportation Operating Procedures. The nomination requirements of Rate CR and Rate PK are specified in those tariffs. Such operating procedures, as modified from time-to-time, will be provided to each Operator prior to the execution of the Transportation Receipt Service/Aggregation Agreement. The Company shall not be obligated to deliver gas on any day that such gas is not received from the transporting pipeline regardless of cause, including Force Majeure or failure of supply, unless Operator has contracted for separate Standby Service.

The Company and Operator shall have scheduling personnel available 24 hours per day, seven days per week.

First Day of the Month Nominations

Nominations for the first day of a month shall be submitted to the Company no less than two (2) Business Days prior to the deadline for the first of the Month nominations of the delivering pipeline. Nominations on weekends, holidays and during non-business hours will be accepted by the Company on a best efforts basis.

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Daily Nominations

Daily nominations must be submitted to the Company no less than two (2) Business Days prior to the nomination deadline of the delivering pipeline. The Company will complete nomination requests on a first-come-first serve basis.

Intra-Day Nominations

Operators may make intra-day nominations that change existing nominations within a given day, no less than two (2) hours prior to the intra-day nomination deadlines of the delivering pipeline. Operators are required to contact the Company by telephone to advise of the intra-day nomination prior to its submission. Intra-day nomination changes on weekends, holidays, and non-business hours will be accepted on a best effort basis by the Company. The Company will complete nomination requests on a first-come-first serve basis. Operators will be granted one intra-day nomination per day, per upstream pipeline, unless otherwise agreed upon by the Company on a non-discriminatory basis.

Acceptance of Nominations

Nominations must include all information required in the Company's nomination form or electronic bulletin board, reasonably reflect the estimated usage of a Operator's Pool, and be received by the Company by the agreed upon deadline. Additionally, all nominations will clearly delineate the following nomination quantities for each Pool (in order of service):

- (1) Firm algorithm service;
- (2) Firm daily demand metered service;
- (3) Interruptible service, and
- (4) Elected Standby service.

Confirmation of Accepted Nomination

Operators are responsible for reviewing nominated volumes on the Delivering Pipelines' EBBs. In addition, Operators should review the nominated volumes submitted to the Company in order to ensure they are consistent with the volume confirmed by the upstream pipeline. Operators are responsible for correcting discrepancies between LDC and pipeline nominations. The Company will work with the Operator in good faith to confirm nominations. Legal responsibility to verify scheduled volumes remains with the Operator. In the event of unresolved discrepancies, volumes confirmed by the upstream pipeline will be considered to be the nominated volumes.

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Confirmation of Rejected Nomination

The Company will notify a Operator of rejection of a nomination, providing the reason for rejection within a reasonable time frame, on a best effort basis.

Retroactive Nominations:

The company may, subject to the terms below, accept a valid retroactive nomination to correct a Failure to Deliver. A valid nomination must exist in SCG's nomination system prior to a retroactive nomination being considered for approval. Such retroactive nominations will be in accordance with the provisions and guidelines of the applicable interstate pipeline. A retroactive nomination must be finalized (with acceptance by the applicable interstate pipeline) by noon on the third business day of the month following the month in which the Failure to Deliver occurred. Acceptance or rejection of a retroactive nomination will be at the sole discretion of the company, and the decision of the Company regarding such acceptance or rejection shall be final.

Retro-nominations will not be accepted when SCG issues a critical operational flow order (OFO).

Cost Responsibility During OFO Days

On an OFO day, if Operator has not provided for delivery of gas to the city gate one hour after the gas day begins (11 AM Eastern Standard Time), then Operator will be responsible for any costs associated with a LDCs' SOLR obligation along with the financial cost of such a failure to deliver as set forth in Rate TRS. Ultimately, it is the marketers' responsibility to ensure that gas it nominates is delivered to SCG's city gate stations including gas that has been nominated but has been cut by the pipelines on an OFO day. During OFO periods SCG will use reasonable efforts to notify Operators of potential supply action that may be required to meet SOLR on an OFO day on a timely basis and Operators will be required to pay for the highest cost commodity gas supply required that day in addition to the financial cost of FTD set forth in this Rate TRS for the SOLR volumes required tasking into account the Operators actual gas scheduled on the pipeline one hour after the gas day begins.

I. POOLING:

Under the Transportation Receipt Service (Rate TRS), the Company provides Operators an aggregation service. Under this service, the Company allows the Operator to deliver to the Company, on an aggregated basis, natural gas supplies to satisfy the supply requirements of one or more Third-Party Supply Option Customers that comprise the Operator's "Pool". The requirements for eligibility in this program are outlined in Rate TRS in the Company's tariff. In addition, Operators electing service under the Rate TRS are required to complete the Transportation Receipt Service/Aggregation Agreement. The aggregation of Customer accounts into an Aggregation Pool is limited by the Customers that the Operator wishes to aggregate. Customers within a Pool must be subject to the same operational constraints as the Delivering Pipeline. The Company shall be responsible for providing the Operator with Pool assignments. The following is a complete listing of available Pools:

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Pool #1 Firm AGT:

Customers receiving firm service under the Company's rate schedules RMDS, SGS, GS and LGS that are physically served by Algonquin Gas Transmission Company (AGT).

Pool # 2 Firm TGP:

Customers receiving firm service under the Company's rate schedules RMDS, SGS, GS and LGS that are physically served gas by Tennessee Gas Pipeline Company (TGP).

Pool # Daily Demand Metered Interruptible AGT:

Customers receiving interruptible service under the Company's rate schedule IS that require daily demand metering equipment and are physically served gas by Algonquin Gas Transmission Company (AGT).

Pool # Daily Demand Metered Interruptible TGP:

Customers receiving interruptible service under the Company's rate schedule IS that require daily demand metering equipment and are physically served gas by Tennessee Gas Pipeline Company (TGP).

J. BALANCING, CASH-OUTS AND PENALTIES:

Customers will be subject to the following balancing method:

The Operator's pool nominations and pool actual usage, as determined through the sum of available daily demand meter readings and consumption algorithm calculations, are reconciled on a daily basis.

Under this method, Operators will be assessed a tariffed rate for the use of the Company's system resources for balancing services on a unit of demand basis of the imbalance volume. 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.

Operators who do not elect quantities of Pool MDQ under Rate BAL (Balancing Service Rider) and have experienced a daily imbalance beyond the balancing tolerances identified in Rate BAL may be subject to an unscheduled daily balancing ratchet under the terms of Rate BAL. Operators will be cashed-out and be subject to the charges and penalties in these Terms and Conditions. These charges shall be additive to any other charges in this section.

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Consumption Algorithm: The Company will develop a Consumption Algorithm to forecast the usage requirements of the Customers within the Operator's Pool for Customers who are not daily demand metered. The use of the Consumption Algorithm method must be agreed upon by the Operator as a condition for the provision of service by the Company for these Customers. The Company will communicate the required delivery amount, based on the results of the Consumption Algorithm prior to the nomination deadline for each Gas Day for the Operator's Pool. The Operator will be cashed-out and be subject to the charges and penalties outlined in these Terms and Conditions. The Company will endeavor to give marketers every opportunity to cure by additional deliveries or curtailments, changes in daily algorithm calculations arising from weather forecast errors.

Imbalance Trading: Operators may make daily imbalance trades with other Operators once per month. The Company is responsible for distribution to the Operators a list of Operators that were active during the month. The list will include the contact person and phone number for each Operator as provided and updated, as necessary, by the Operator. Each Operator is solely responsible for keeping the contact information current with the Company.

Imbalance trades 1) must be of equal and opposite quantities; and 2) must be between pools on the same pipeline. The Company will supply operators with the best available daily pool consumption volumes on or about the fifteenth day of the subsequent month. Any meters that did not report daily data during the month will have any missing data evenly distributed over those days to equal the end of month reading. Other corrections will be made by the Company in the same or a reasonably acceptable manner. The Operators and Company will rely on this information for once a month imbalance trading, balancing and cashout calculations. The Operators will report trades to the Company within three business days from issuance of the Company information to the Operator. Both Operators participating in the same trade are responsible for separately reporting the trade information to the Company. If trade information is not consistent between both parties, the Company will notify both parties of rejection. The Operator is required to supply the following information to the Company in order for trade processing to occur: the date of the imbalance, the offset trade, Operators that are involved in each trade, the pipeline, and the trade volumes.

Daily imbalances will be accumulated throughout the month. Any and all imbalances existing at the end of the trade period will be subject to monthly cash-out provisions set forth in Section G of Rate BAL.

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In addition, the Company will assess any failure to delivery penalties that were incurred during the month, calculated as follows:

The specific calculation of Failure To Deliver charges is derived as the difference between scheduled quantities and delivered quantities. If a difference exists, a tolerance of 50 Ccf per Pool will be subtracted from the Failure to Deliver quantity prior to application of the Peak Season or Off-Peak Season charges as defined below. This 50 Ccf allowance can be revoked at the sole discretion of the Company if there are three documented instances of willful or intentional underdelivery of this tolerance amount. If a difference remains after the application of the allowed tolerance, elected standby quantities will automatically be considered nominated under the "make whole" provision in Rider STB, up to the maximum of available elected standby quantities or the remaining imbalance, whichever is less.

Failure to Deliver Penalty Charges:

Peak Season: the higher of three times the applicable posted Gas Daily daily city gate index price or \$2.50 per Ccf.

Off-Peak Season: two times the applicable posted Gas Daily daily city gate index price.

These penalties shall be additive to any other charges in this section.

K. OPERATIONAL FLOW ORDERS (OFO'S):

Operators are required to adhere to notifications from the delivering pipeline with regard to operational requirements. Maximum hourly flow requirements stipulated by the delivering pipeline will also be deemed to be in effect for the Company's system and must be adhered to by the Operator. The Company will notify the Operator of the Operator's maximum hourly flow requirements.

The Company may issue OFOs to require adjustments to some or all Customers or Pools being served under any transportation rates if necessary to alleviate supply or operating conditions that may threaten the integrity of the Company's gas system, threaten the ability of the Company to meet its firm customer requirements, or to remedy daily imbalances. Failure to comply with an OFO will result in application of the failure to deliver penalty defined in Section J above, from the required amount or tolerance limitation. OFOs will be issued with as much notice as reasonably possible under the circumstances.

L. OPERATOR CHARGES:

Operator shall pay to the Company balancing fees and charges, cash-out charges, penalty charges, late payment charges, and ancillary gas service charges.

All volume related charges or credits, as determined above, will be applied to the Operator's monthly transportation invoice and will be adjusted to an MCF equivalent using the BTU correction factor described in the BTU Correction Factor Section of this tariff and the Delivered Gas Factor described in the Delivered Gas to the Company Section below.

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A Failure to Deliver penalty is assessed on the difference between the nominated volumes and the Citygate delivered volumes. Balancing Service is imposed as a result of a daily imbalance as defined above. Therefore they are separate calculations.

M. DELIVERED GAS TO THE COMPANY:

Operator must cause “(1 + X)” units of gas to be delivered to the Company for each unit of gas which Operator’s pool of Customers requires the Company to deliver to it. “X” will be defined each calendar year as the most current Retention Percentage filed at the Department of Public Utility Control by the Company.

N. BTU CORRECTION FACTOR:

The Company has agreed to receive Operator’s Gas for delivery, subject to the application of a daily BTU Correction Factor. The BTU Correction Factor will be calculated as the quotient of the BTU content per standard cubic foot of the gas provided by the Customer divided by 1,000. The Company shall use the BTU content of the gas on the specific upstream pipeline delivering Operator’s Gas as the BTU content of Operator’s gas unless it otherwise notifies the Operator.

O. LIABILITY:

The Company shall not be liable for curtailment of service or loss of gas as a result of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

Gas shall be and remain the property of the Operator while being transported, stored, and delivered by the Company. The Operator shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during, and after receipt by the Company.

The Company shall not be liable for any loss to the Operator arising from or out of service by the Company or any actions taken by the Customer’s gas operator or agent, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company’s employees or agents. The Company reserves the right to commingle gas of the Operator with other gas system supplies.

P. DELIVERY POINT:

The Delivery Point for all gas to be delivered by the Company shall be at the gas meter installed at Customer’s facilities as indicated in the Customer and Transportation Receipt Service/Aggregation Agreements.

Q. BILLING AND PAYMENT:

The Customer has the choice (with Operator consent where necessary) of the following three billing options:

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- 1. Standard Passthrough Billing Service:** The Customer shall receive two bills, one for delivery service issued by the Company, and the other for Third-Party gas supply issued by the Operator. The Customer retains financial responsibility for Company delivery services under this option.

The Customer bill from the Company will include the following charges: service charges, distribution charges, sales tax, conservation adjustment mechanism (CAM), weather normalization adjustment (WNA), gross earnings tax credits and late payment charges.

- 2. Operator Consolidated Billing Service:** The Customer shall receive one bill from the Operator that will include both Company delivery services and for Third-Party gas supply charges. The Operator must accept financial responsibility for payment of the Company's delivery charges in order for the Company to provide the bill for delivery service to the Operator. Under this option, the Company shall bill the Operator monthly for the volume of gas delivered for each Customer served by that Operator who elects this option.
- 3. Company Consolidated Billing Service:** The Customer receives one bill from the Company that includes both Company delivery services and for Third-Party gas supply charges. Under this option, the Operator shall bill Company monthly for the gas supply charges for each Customer served by the Operator who elects this option.

Bills are rendered monthly and due on presentation. A 1% penalty per month charge will be added to all bills not paid (payment received by the Company) within 28 days of the billing date for all customers other than the State of Connecticut or any political subdivision thereof and 60 days for the State of Connecticut or any political subdivision thereof.

R. QUALITY AND PRESSURE:

The gas to be delivered hereunder shall be of pipeline quality as delivered to or made available to the Company by its pipeline operators, and may be commingled with other gas from the Company's present or future sources of gas supply, including propane and LNG. The Company reserves the right to reject gas that does not meet pipeline quality standards. The Company will furnish gas at a pressure mutually agreed upon.

S. MEASUREMENT AND MEASURING EQUIPMENT:

The rights and duties of the parties with respect to measurement of gas and its heating value, and the operation, maintenance, and testing of meters and other measuring equipment shall be as set forth in Section 16-11-1, et seq. of the Regulations of Connecticut State Agencies relating to service by gas companies.

T. POSSESSION OF GAS RESPONSIBILITY:

As between the parties hereto, the Company shall be deemed to be in control and possession of the Operator's gas after such gas has been received by the Company at the Designated Receipt Points specified and until it shall have been transported by the Company shall assume the responsibility for any injury or damage caused thereby, but shall not assume such responsibility when the gas is not in its possession.

**RATE TRS (TRANSPORTATION RECEIPT SERVICE)
TERMS AND CONDITIONS
(CONTINUED)**

U. WARRANTY OF TITLE:

Operator warrants that, it will have good and marketable title, free and clear of all liens, encumbrances and claims for all the gas which it delivers to the Company's system. Operator will indemnify the Company and save it harmless from all suits, actions, debts, accounts, damages, costs, losses and expenses (including all legal and other expenses incurred in the defense thereof) arising out of the adverse claims of any and all persons to said gas. Title to the gas shall at all times remain with the Operator and shall not pass to the Company.

V. FORCE MAJEURE:

1. The Company shall not be liable in damages to any other party for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire storms, floods, washouts, arrests and restraints of governments and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, temporary failure of gas supply, the lack of capacity on the Company's distribution system, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated or otherwise, and whether caused or occasioned by or happening on account of the act or omission of one of the parties hereto or some person or concern not a party hereto, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered to be a matter within the control of the party claiming suspension.
2. Such causes of contingencies affecting the performance of this Agreement by any party, however, shall not relieve it of liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance hereunder relieve any party from its obligations to make payments of amounts due hereunder, nor shall such causes or contingencies relive any party of liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on.

W. 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.

**RATE TRS (TRANSPORTATION RECEIPT SERVICE)
TERMS AND CONDITIONS
(CONTINUED)**

X. MISCELLANEOUS:

1. Notices from the Operator to the Company with regard to the terms of service shall be addressed to it at 775 Oronoque Road, Milford, Connecticut, 06460, Attention: Director, Gas Transportation Services. Any party may change its address under this Article by written notice to the other party.
2. Any company which shall succeed by purchase, merger or consolidation to the properties, substantially as an entirety of the Company or Operator, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement. Any party may, without relieving itself of its obligations under this Agreement, assign any of its rights hereunder to a company with which it is affiliated, but otherwise no assignment of this Agreement or any of the other rights or obligations thereunder shall be made unless there first shall have been obtained the prior written consent thereto of the Company in the event of an assignment by Operator, or the prior written consent thereto of Customer in the event of an assignment by the Company. It is agreed, however, that the restrictions on assignment contained in this Article shall not in any way prevent any party to this Agreement from pledging or mortgaging its rights thereunder as security for its indebtedness.
3. No waiver by any party of any one or more defaults by the other in the performance of any provisions of these Terms and Conditions shall operate or be construed as a waiver of any future default or defaults whether of a like or different character.
4. These Terms and Conditions and the respective obligations of the parties hereunder are subject to valid laws, orders rules and regulations of duly constituted authorities having jurisdiction.
5. The Operator bears sole responsibility for all costs incurred to deliver Operator-owned gas to the Company's gas distribution system.
6. The Company's ability to receive Operator-owned gas at the specific point(s) of receipt is subject to the operating limitations of the Company.
7. The Operator shall be responsible for all reasonable costs incurred by the Company in connection with the initiation and rendering of service.

THE SOUTHERN CONNECTICUT GAS COMPANY
GAS TARIFF

THE SOUTHERN CONNECTICUT GAS COMPANY
TRS OPERATOR AGREEMENT

This Agreement is by and between The Southern Connecticut Gas Company (the "Company") located at 855 Main Street, Bridgeport Connecticut and _____ (the "Supplier") located at _____. The purpose of this Agreement is to establish supplier receipt service and if applicable stand-by and/or daily balancing service and incorporate by reference the Company's Transportation Receipt Service (Rate TRS), Stand-by Service Rider (Rate STB), Balancing Service Rider (Rate BAL) tariff(s) and the Company's rules and regulations as such tariffs, rules and regulations may be modified from time to time.

Pool	Elected Pool Aggregated Daily Stand-by Quantity ⁽¹⁾ (ADSQ)	Elected Pool Aggregated Daily Quantity ⁽¹⁾ (ADDQ)
Pool #1 Demand Firm / AGT	_____	_____
Pool #2 Demand Firm / TGP	_____	_____
Pool #3 Interruptible / AGT	_____	_____
Pool #4 Interruptible / TGP	_____	_____

- (1) MDQ levels are subject to adjustments identified in the terms and conditions of Rate TRS and Rate STB.
- (2) Daily Balancing MBQ levels are subject to adjustments identified in the terms and conditions of Rate TRS and Rate BAL.

The parties agree to the following terms and conditions that will apply to the above referenced transportation accounts:

- 1) The primary term of service under the Company's applicable TRS tariff(s) is for a minimum period of one year from the effective date of this agreement as defined in (6) below. At the expiration of the primary term the service will continue for successive one-year terms until terminated by the Supplier.
- 2) In cases where the Supplier wants to withdraw completely from the Company's service area, the Supplier may terminate this service. The Supplier may terminate service under Rate TRS at any time when the Supplier is no longer serving any Third-Party Supply customers in the Company's service area, and has no ancillary service obligations (entitlement) with the Company, and has no outstanding financial obligations to the Company (including financial obligations associated with ancillary services) and submits a request for termination in writing to the Company at least thirty (30) days before the termination date.
- 3) The Supplier agrees to abide by the applicable Rate(s) TRS / STB / BAL/ CR/ STO/ PK/LH and the Company's rules and regulations as approved by the Department of Public Utility Control. Additionally, the Supplier agrees to abide by the city gate station assignment as determined by the Company.
- 4) The Supplier shall not misrepresent, imply or cause customers to infer that inclusion on the Company's Supplier List is in any way an endorsement of the Supplier programs and / or products by the Company.
- 5) The Supplier may not use the name, logos, trade names, service marks, trademarks, printed materials, or art work of the Company and / or its affiliates in any of its oral or written material without the prior, written consent of the Company, which consent may be given or withheld in the sole discretion of the Company.
- 6) This agreement shall be effective on November 1, 2006 or the first day that the Company receives natural gas from the Supplier identified herein whichever occurs later (the "effective date"). This agreement supersedes any prior agreement between the Company and the Supplier.

_____ Authorized Supplier Signature	_____ Nomination/Scheduling/OFO's	_____ Supplier Name
_____ Printed Name	_____ 24-Hour Primary Phone #	_____ DPUC Registration #
_____ Business Phone #	_____ 24-Hour Secondary Phone # Operator Contact	
_____ Date	_____ Operator Phone #	
_____ Authorized Company Signature 11/01/2003	_____ Printed Name	