

**THE SOUTHERN CONNECTICUT GAS COMPANY
GAS TARIFF**

RATE MGS-SE (MEDIUM GENERAL SERVICE – SYSTEM EXPANSION)

1. AVAILABILITY:

For service to all new, on-main and off-main commercial and industrial customers with actual or reasonably anticipated consumption between 5,000 and 30,000 Ccf per year. This rate applies to any new service attached to the Company's distribution system on or after January 1, 2014.

All Customers served under this rate may elect to receive either Third-Party Supply or Company Supply Service as defined in Section 5 below. To be eligible for the Third-Party Supplier Option, a Customer's Operator or Aggregator must hold a clear and marketable title to gas that is made available for delivery to the Customer's facility on the Company's gas system. Customers not selecting a Third-Party Supplier must sign a Transportation Receipt Service/Aggregation Agreement and indicate that they wish to serve as their own Operator. All Operators are subject to the Transportation Receipt Services Terms and Conditions. All Third-Party Supply Customers must sign and comply with the terms and conditions of the Third-Party Supply Agreement.

2. DAILY DEMAND METERING REQUIREMENT:

Customers must grant access to the Company's meter to permit installation of daily demand meters. Once a functioning daily demand meter has been installed on the Customer's premise, the Customer will be subject to a daily demand metering charge as set forth in Section 7 (a).

3. DEFINITIONS:

- (a) The term "Company" shall mean Southern Connecticut Gas Company successors, assigns, or divisions thereof.
- (b) The term "Delivery Service" shall mean the physical act of moving natural gas across the Company's distribution system to a Customer's facility.
- (c) The term "Supply Service" is defined as the activities associated with providing of the natural gas supply only.
- (d) The term "Daily Demand Metering Charge" is defined as the monthly charge for the installed daily demand meter.
- (e) The term "Peak Day" is defined as a Customer's Maximum Daily Quantity (MDQ) of gas consumed on any individual day during the most recent 5-month winter period of November through March (subject to minimum MDQ criteria).
- (f) The term "Average Daily Usage" is defined by dividing the total monthly billed consumption by the number of days a customer has received service during that billing month.

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- (g) The term “Third-Party Supplier” shall mean a third-party gas supply agent (e.g., gas marketer, broker or producer) responsible for procuring gas on the customer’s behalf and making that gas available for delivery to the customer’s facility.
- (h) The term “Transfer Customer” is defined as a customer moving into a premise with established gas service and the customer intends to operate similar to the past occupant.
- (i) The term “New Customer” is defined as a customer moving into a premise without established gas service, or an existing customer adding a new service and meter.
- (j) The term "Hurdle Rate Model" refers to the Company's internal financial model that determines whether the expected revenues from a new customer will result in the return of the Company's initial investment, plus its allowed rate of return. Certain information from this model may be utilized in establishing a New Customer Peak Day MDQ.
- (k) The term " 3MBU" refers to average daily base use calculated using customer-specific actual average usage for the 3-month billing period of July, August and September.
- (l) The term "HUDD" refers to the heat factor per degree day, calculated using customer-specific actual average usage for the 5-month winter billing period of November through March.
- (m) The term "DDM" refers to a daily demand meter.
- (n) The Term “Payment Default Supplier Drop Form” refers to a form sent from a Third-Party Supplier notifying the Company of its Customer’s payment default and requests that the Customer be returned to the Company Sales Service Option for gas commodity.
- (o) The term “Payment Default Notice” refers to the Company’s communication to the Customer regarding their payment default with their Third-Party Supplier, and the service and payment options available to the customer.
- (p) The term “off-main” shall mean that the Customer is one, who as of December 31, 2013, requires an addition of a main in the street to connect, and who becomes a company customer on or after January 1, 2014.
- (q) The term “on-main” shall mean that the customer is one, who as of December 31, 2013, has an existing main that is directly in front of the customer’s premises, and who becomes a company customer on or after January 1, 2014.

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4. MONTHLY DEMAND CHARGE:

i. Existing Customers

Customers who are assigned Rate MGS shall be required to be daily demand metered and are subject to a daily demand metering charge, once a daily demand meter has been installed on the Customer's premise, as set forth in Section 6 (a) below.

For existing customers with an installed daily demand meter who have received service for greater than one year, the Maximum Daily Quantity (MDQ) will be determined based upon the customer's highest actual daily usage for the most recent 5-month winter-billing period (November through March). If daily demand metering data is not available or a daily demand meter is not installed, the MDQ will equal the 3MBU plus the HUDD times the heating degree days [Peak load demand MDQ = 3MBU + (HUDD * degree days)].

ii. Transfer Customers

For a transfer customer that intends to operate similar to the past occupant, the initial MDQ will be based on the historical profile of the past occupant.

For DDM equipped customers, the initial MDQ will continue to be used for billing until it is surpassed by an actual, winter-billing period (November – March) DDM read or becomes more than 12-months old. Actual, not normalized, DDM reads will be used for demand billing. If a DDM read is unavailable during a winter-billing period month, that month's MDQ will be calculated using the same base-thermal formula applicable to non-DDM customers.

For customers that do not require DDM equipment, the initial MDQ will continue to be used for billing until surpassed by a winter-billing period calculated MDQ or becomes more than 12-months old. Each winter month billing MDQ calculation will multiply the customer's 5-month average HUDD times actual HDDs for the month and add the 3MBU.

iii. New Customers

For new customers, the initial estimated MDQ will be based on the Hurdle Rate model's calculated 3MBU and HUDD. The resulting MDQ will be calculated by multiplying the HUDD by design day HDDs and adding the 3MBU. The Hurdle Rate HUDD and 3MBU will be used for all billing requirements, such as bill estimation and cancel and re-bill, until updated by actual consumption.

For DDM equipped customers, the Hurdle Rate MDQ will continue to be used for billing until it is surpassed by an actual, winter-billing period (November – March) DDM read or becomes more than 12-months old. Actual, not normalized, DDM reads will be used for demand billing. If a DDM read is unavailable during a winter-billing period month, that

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month's MDQ will be calculated using the same base-thermal formula applicable to non-DDM customers.

For customers that do not require DDM equipment, the Hurdle Rate MDQ will continue to be used for billing until surpassed by a winter-billing period calculated MDQ or becomes more than 12-months old. Each winter month billing MDQ calculation will multiply the customer's 5-month average HUDD times actual HDDs for the month and add the 3MBU.

iv. Minimum MDQ

In no instance shall any customer's MDQ be less than the Average Annual Daily usage, calculated monthly, for the most recent 12-month period or less than 14 ccf.

v. Winter Period Ratchets

All MDQ values, for all customer types (i.e., existing, new and transfer), are subject to increases based on actual usage data (either actual DDM data or monthly base/thermal formula estimated MDQs) during the five winter period billing months of November through March.

vi. Normalization

MDQs will not be normalized.

5. DELIVERY SERVICE:

All Customers served under this tariff are deemed to be Company delivery Customers. All delivery-related charges in Section 6 (a) are applicable.

6. SUPPLY SERVICE:

(a) Third-Party Supplier Service Option – Customers served under this tariff schedule General Service have the option of selecting a third-party gas Supplier. If such an election is made, the Customer must:

i. Arrange for and maintain service with a third-party gas supplier under the Company's Rate TRS (Transportation Receipt Service) to receive natural gas for the customer's use and,

ii. Submit a signed Third-Party Supply Agreement to the Company. Customers who meet these requirements shall normally receive service at the start of the next calendar month. An application received less than 3 days prior to the start of the next calendar month may not receive service until the start of the following calendar month. The Company shall notify the Customer's Operator of the actual start date.

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iii. Remains a Third-Party Supply Customer for at least 12 months, unless Customer’s Third-Party Supplier submits a valid Payment Default Supplier Drop Form to the Company to return the Customer to the Company Sales Service Option. Anytime thereafter, a customer may discontinue this service only upon not less than one month’s prior written notice to the Company. Gas delivery provided under this Rate shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the Company’s Rules and Regulations.

(b) Company Supply Service Option – Customers served under this tariff schedule General Service that do not elect a third-party supplier or indicate that they wish to act as their own operator are deemed to be Firm Company Supply customers. All optional Supply-related charges in Section 6 (b) are applicable in addition to charges otherwise applicable hereunder.

7. RATE PER MONTH:

(a) Delivery Service (Applicable to All Customers):

| | <u>On-Main</u> | <u>Off-Main</u> |
|------------------------------|----------------|--|
| Customer Charge: | \$93.25 | \$110.20 Per Month |
| Daily Demand Metering Charge | \$5.92 | \$5.92 Per Month |
| Demand Charge: | \$1.5637 | \$1.8480 Per Ccf of Maximum Daily Demand |
| Delivery Charge: | | |
| First 300 Ccf: | \$0.1789 | \$0.2114 Per Ccf |
| Over 300 Ccf: | \$0.0570 | \$0.0673 Per Ccf |
| DIMP Charge: | \$0.3040 | \$0.3040 Per Ccf of Maximum Daily Demand |
| CAM Charge: | \$0.0460 | \$0.0460 Per Ccf |
| Decoupling Charge: | \$0.03173561 | \$0.03173561 Per Ccf |

(b) Supply Service Options:

1) Company Supply Service Option:

Supply Charge: Established monthly in accordance with and pursuant to the Purchased Gas Adjustment Clause as approved by the Authority.

| | | |
|------------------------|----------|--|
| Sales Services Charge: | \$0.2294 | \$0.2711 Per Ccf of Maximum Daily Demand |
|------------------------|----------|--|

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2) Third-Party Supplier Service Option:

Transportation Services Charge:

| | | |
|--------------------------|----------------------------|--|
| TSC Shifted Cost: | <u>On-Main</u> \$0.0638 | <u>Off-Main</u> \$0.0638 Per Ccf |
| TSC On-Site Demand Cost: | \$0.2294 | \$0.2711 Per Ccf of Maximum Daily Demand |

8. MINIMUM MONTHLY CHARGE:

Customer Charge, Daily Demand Metering Charge, Demand Charge, and the Distribution Integrity Management Program (DIMP) charge as presented in Section 7(a) above. Also either Sales Service Charge or TSC On-Site Demand Cost as presented in Section 7 (b) above.

9. APPROVED THIRD-PARTY SUPPLIER LIST:

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

10. SERVICE OBLIGATION:

The Company's service obligation for those customers electing the Third-Party Supplier Service Option under this Rate MGS shall be limited solely to redelivering supplies and services purchased and received under Rate TRS (Transportation Receipt Service). The Customer acknowledges that it is paying solely for the costs associated with such limited service and that no ancillary services (other than those provided under Rate TRS) are being provided. The Company shall have no obligation to service the Customer with natural gas at any time where the volumes and services purchased and received under Rate TRS are sufficient to meet the Customer's gas requirements.

The Company may suspend or terminate service to the Customer when the Customer fails to maintain gas service under Rate TRS and continues to consume gas at the delivery point. Any supply gas used under such circumstances shall be deemed delivered in accordance with the Company's As-Available Gas Service, subject to interruption and billed per the Rates and Charges section in the service rate "As-Avail."

11. ANNUAL QUALIFICATIONS:

Customers may be subject to an annual review of the actual consumption. Upon review Customers deemed to be no longer qualified for Rate MGS may be reassigned to the appropriate rate then in effect.

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12. PAYMENT TERMS:

Bills are rendered monthly and are due and payable on presentation. A 1.25% penalty charge per month 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.

13. GENERAL TERMS AND CONDITIONS:

The Company's rules and regulations are incorporated therein and made a part of this rate schedule. Bills less than 28 days or more than 34 days will be prorated.

14. RATE FILINGS:

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

15. TERM OF SERVICE:

The service as defined begins 10 years from date of initial service at Customer's service location. This term remains with the premise regardless of account ownership until the 10 year term is completed. Thereafter, Customer will be served under Rate MGS or other applicable rate.

A Customer electing service under this Rate Schedule must remain subject to this rate for at least 12 months and thereafter, may discontinue service under this rate only upon not less than one month's prior written notice to the Company. The Customer's Supply Service election (as defined in Section 5 above) will remain in effect for at least 12 months regardless if the election is for Third-Party Supplier Service or Company Supply Service.

- a) Return to Sales Service – Payment Default: A customer that is currently receiving service under the Third-Party Supplier Option may return to the Company's Sales Service Option prior to completion of the initial twelve month term requirement if:
 - i) Customer's Third-Party Supplier submits to the Company a valid Payment Default Supplier Drop Form. Upon receipt of this form by the Company, the Company will issue a Payment Default Notice to the Customer explaining their payment, billing and service options. Customer's return to the Company Sales Service Option will be predicated upon payment of security requirements described in Section 7, "Billing and Payment" of the Company's Rules and Regulations.

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