

**THE SOUTHERN CONNECTICUT GAS COMPANY
GAS TARIFF**

RATE CR (CAPACITY RELEASE SERVICE)

1. AVAILABILITY

Service under this tariff is mandatory to any operator 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, and
- (b) Meets the financial credit standards as detailed in the "Operational Performance and Financial Terms" Appendix to Rate TRS.

2. APPLICABILITY

Operators shall be responsible for the daily operation of their Company short-term assigned, recallable long haul interstate pipeline capacity under this Rate CR, and shall acquire their own gas supplies for delivery to the Company's designated receipt point(s). Operators shall have no right or claim to gas or gas service provided by the Company, except for Operator's gas appropriately delivered to the Company's system under the terms of this Rate CR and Rate TRS.

3. DEFINITIONS

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

- (a) The term "capacity release service" shall mean the short-term release of Company-owned interstate pipeline capacity to Operators.
- (b) The term "primary point service" shall mean the city gate interconnect between SCG and the applicable interstate pipeline.
- (c) The term "Capacity Release Quantity" or "CRQ" shall mean the maximum amount of daily interstate pipeline capacity release quantity assigned and released by the Company to all Operators, in total, during the applicable Summer or Winter Capacity Release Term. This total quantity shall be established annually using aggregated Operator Pool data as of August 31 of each year. The CRQ shall equal 12.5% of the total Operator SOLR eligible MDQ.
- (d) The term "Maximum Daily Capacity Release Quantity", or "MDCRQ", shall mean the maximum daily quantity of capacity release service assigned to each individual Operator for a specified pool.
- (e) The term "Summer Capacity Release Term" shall equal the seven month period of April

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through October, inclusive. Capacity will be released in increments of no more than a three month period.

- (f) The term "Winter Capacity Release Term" shall equal one month only. These singular month capacity release transactions shall apply to the five month period of November through March, inclusive.

4. RATE: MONTHLY CHARGES AS APPLICABLE

- (a) Capacity Reservation Charge: Calculated at the maximum FERC tariff rate at the full MDQ for twelve months per year for the entire path of the designated capacity release.
- i) Tennessee Path – Rate based on the pro-rata costs of the Company's contract rights for the 100, 500 and 800 lines.
 - ii) Algonquin Path – Rate based on the pro-rata costs of the Company's contract rights for the ELA, WLA, STX, ETX and M1 paths.
- (b) If service under this Rate CR is reduced or terminated to the Operator pursuant to Sections 5, 6 or 9 below, Operator shall be required to pay all outstanding payment obligations associated with the remainder of the term of the capacity assignment, as defined in Section 10 below.

5. CAPACITY RELEASE ASSIGNMENTS, REQUIREMENTS, AND RESTRICTIONS

The Company will assign on November 1st of each year, a pro-rate portion of the total available Capacity Release Quantity to eligible Operators providing service to SOLR eligible customers within SCG's service territory.

Operators shall have no right to modify in any way the underlying firm transportation agreements between the interstate pipeline and SCG and no right to use any portion of any such contracts other than specific capacity assigned under Rate CR for the specified period of the release which capacity release shall be done on a fully recallable basis.

Additionally, at any time when the Company, in its sole discretion, determines that individual customer switching between Operators or between an Operator's individual Pools has resulted in the need to re-allocate the CRQ, the Company shall have the right to transfer an equal amount of Pool MDCRQ associated with that Customer (not to exceed the individual Customer's MDQ grossed up for retention) to the new pool that the Customer will be participating in.

Capacity release service provided under this tariff is mandatory to all qualified Operators as defined in Section 1 above. Operators are restricted from the re-release of capacity assigned by the Company during the winter months. Any such re-assignment will be grounds for termination from this Rate CR. The re-release of capacity during the summer period will be allowed.

Operators are restricted from adjusting or trading CRQ entitlements.

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6. RECALL PROVISIONS

Under certain circumstances, the Company may recall a portion or all of the MDCRQ assigned to an Operator when, in the Company's sole judgment, delivery system reliability risk may be jeopardized. These instances include, but are not limited to, the following:

- (a) If the Operator's Pool MDQ has declined;
- (b) The Operator exits the Company's service territory;
- (c) If the Operator is in default of payments or other financial criteria established in Appendix A, "Operational Performance and Financial terms", of Rate TRS;
- (d) If the Operator fails to comply with the tariff provisions contained herein or in Rate TRS, applicable State Regulations, or FERC Regulations;
- (e) If the Operator uses capacity assigned under this Rate CR in a manner that negatively impacts the Company's use of its capacity (e.g. segmenting resulting in the degradation of LDC capacity quality with the interstate pipeline);
- (f) If the Operator uses capacity assigned under this Rate CR that otherwise increases the costs of capacity to the Company;
- (g) If the Operator re-releases capacity inconsistent with the term as described in Section 5 above;
- (h) If the Operator diverts capacity to a secondary point when the applicable interstate pipeline has a "no primary increases" rule in effect, or otherwise utilizes capacity assigned under this Rate CR in a manner that results in a degradation of the Company's capacity, or
- (i) In the Company's sole discretion, the recall of capacity is necessary in order to maintain operational integrity of the Company's distribution system.

7. NOMINATION SERVICE

All nomination requirements contained in Rate TRS apply to service under this Rate CR.

8. 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 CR, the obligations of the party affected by such force majeure, other than the obligation to make payments thereunder, shall be suspended during the continuance of any inability so caused but for no longer period; and such cause shall, insofar as possible, be remedied with all reasonable dispatch.
- (b) Definition of Force Majeure - The term "Force Majeure" as employed herein shall include acts of God, freezing of wells or lines of pipe, strikes, lockouts, wars, riots, insurrections, epidemics, landslides, lightning, earthquakes, fires, storms, floods, washouts, arrests and restraints of rulers and peoples, interruptions by government or court orders, civil disturbances, explosions, and any other cause whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which, by the exercise of reasonable foresight, such party is unable to avoid and, by the exercise of due diligence, such party is unable to overcome.

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9. 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 CR 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 CR.

10. TERM OF SERVICE

Operators are required to accept the Company's assignment of capacity as defined in Section 5 above, and are responsible for the applicable payments defined in Section 4 above, for a period of one year, commencing on November 1 of each year.

Under no circumstances shall an Operator receiving service under this Rate CR be able to terminate service prior to the expiration of the annual release term with the following two exceptions: 1) the Operator pays an exit fee reflecting the full costs associated with the Capacity Reservation Charges (as estimated by the Company) for the period remaining until the next anniversary date; or 2) the Company transfers 100% of their Pool MDCRQ to another Operator's Pool pursuant to the terms identified in Section 5 of this Rate CR.

11. SERVICE REGULATIONS

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

12. 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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13. 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 there under by the Operator shall be effective without the written consent of the Company, which consent shall not be unreasonably withheld. Operators may appoint a wholesale Marketer as their agent. Any such assignment must be accompanied by a notarized Agency Agreement provided to the Company.

14. TAXES

Sales under this Rate CR 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 CR may be recoverable through an increase to the rates as determined in Section 4 above.

15. TERMS AND CONDITIONS:

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

16. RATE FILINGS:

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