

## OPERATING AND MAINTENANCE AGREEMENT

THIS OPERATING AND MAINTENANCE AGREEMENT ("Agreement") is made effective this 1<sup>st</sup> day of Nov., 2007, by and between GRANITE STATE GAS TRANSMISSION, INC., a New Hampshire corporation with an office in Portsmouth New Hampshire ("Granite") and NORTHERN UTILITIES, INC., a New Hampshire corporation with an office in Westborough, Massachusetts ("Northern"). Granite and Northern may be referred to herein individually as a "Party" or collectively as "Parties".

WHEREAS, Granite owns and operates an interstate natural gas transmission system, a portion of which is located in Maine and a portion of which is located in New Hampshire; and

WHEREAS, Granite and Northern desire to identify the areas of responsibility for the operation and maintenance of certain measurement and pressure regulation facilities located within the States of Maine and New Hampshire, subject to the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and agreements described herein, Granite and Northern hereby agree as follows:

I. Term. This Agreement shall expire with respect to each of the measurement and regulator stations identified on Exhibit "A" attached hereto and made a part hereof by this reference (which stations are collectively referred to herein as the "M&R Stations", and are individually referred to herein as the "M&R Station") on the earlier of either (i) the expiration and/or termination of authorized tariff agreements, as such tariffs may be amended or superseded from time to time, regarding the delivery of gas by authorized shipping entities to such M&R Station, or (ii) the date on and after which Granite is authorized by the Federal Energy Regulatory Commission, pursuant to §7(b) of the federal Natural Gas Act (15 U.S.C. §717 et seq.) to abandon all service at such M&R Station; provided, however, that this Agreement may be terminated by either party by giving written notice of termination to the other party at least 90 days in advance of the effective date of the termination. Notwithstanding, if gas ceases permanently to be moved physically through the regulator stations, the purpose of the agreement will deemed to be frustrated and either party may declare it void and without further effect, subject to final payments under reasonable terms to be negotiated by the Parties in that event.

II. General Operating and Maintenance Duties. Each Party shall perform the specific areas of its respective responsibilities at the M&R Stations, as more fully set forth in this Agreement. A summary of the specific responsibilities of Granite and Northern hereunder is shown in Exhibit "B" attached hereto and made a part hereof by this reference.

III. Contractors. Either Party may meet its obligations hereunder through the use of any combination of employees, agents, officers, affiliates or contractors; provided, however, that the respective obligations of Granite and Northern are non-delegable and that the use of such employees, agents, officers, affiliates or contractors shall not diminish the respective obligations of either Party. Wherever the terms "Granite" and/or "Northern" are used in this Agreement, those terms shall include any employees, agents, officers, affiliates or contractors engaged by either Party to discharge its obligations hereunder.

IV. Assumption of Risk. Northern and Granite shall assume all risks, latent and patent, which shall arise in connection with their respective responsibilities and shall take all necessary and reasonable precautions to prevent injury or damage to persons or property, including without limitation other pipelines, that may be caused directly or indirectly by the operation and maintenance of that portion of the particular M&R Station for which Northern or Granite, as the case may be, is responsible. Nothing, however, in the Agreement shall create rights in a third person.

V. Granite's Responsibilities. Throughout the term of this Agreement, Granite agrees to:

1. Operate and maintain as the United States Department of Transportation operator, in compliance with C.F.R. Title 49, Parts 192 and 199, as may be amended from time to time, all piping facilities from Granite's interstate natural gas transmission pipeline up to, and including, the first above-ground welds or the first above-ground valve, as the case may be, downstream of the main line tap at each of the M&R Stations, excluding gas heating equipment and associated piping and excluding also the inlet filter assembly for which Northern is responsible as further described in Exhibit "B" #12. The point that demarcates the limits of Granite's responsibility at: (a) each M&R Station located in Maine is more particularly designated and shown in the photograph(s) of the pertinent facility attached hereto as Exhibit "C" and made a part hereof by this reference; and (b) each M&R Station located in New Hampshire is more particularly designated and shown in the photograph(s) of the pertinent facility attached hereto as Exhibit "D" and made a part hereof by this reference.
2. Assume full responsibility for corrosion control on the facilities operated and maintained by Granite pursuant hereto.
  - a. The parties agree that the separation of the Granite and Northern cathodic protection systems is already complete primarily because it would have been a typical practice to electrically separate these systems at the time of initial construction. There may be some unavoidable overlap where the demarcation points are welded and where the first insulation point is further down on Northern's facilities. The parties expect that

overlap to be minimal and agree that it would be costly and impractical to separate the systems any further. Northern will therefore be responsible for cathodic protection on the facilities it maintains and operates under this agreement and Granite is responsible for cathodic protection, as a general matter, to the first insulation point. The parties commit to work cooperatively to effectuate this provision to ensure system safety and integrity.

3. Operate, maintain, promptly repair and/or replace equipment and facilities under its responsibility so as not to adversely affect Northern's distribution system or delivery of natural gas to Northern.
4. Limit its access as necessary to, and the operation of, those facilities that are to be operated and maintained by Granite. In common use areas, Granite shall exercise due care to avoid obstructing Northern's access to its facilities.
5. Indemnify, hold harmless and release Northern, its officers, employees, agents, and affiliates from and against all liabilities or causes of action, claims, demands, suits, damages, judgments, fees, fines, penalties, costs and expenses arising from or related to:

(a) any injury to or death of any person, any damage to property or any losses of any kind, resulting from or caused by the negligence or willful misconduct of Granite in carrying out its responsibilities under this Agreement, except to the extent and in the proportion that such injury, death, damage or loss is caused by the negligence or willful misconduct of Northern;

(b) any investigation, suit, administrative action or other event or proceeding that may result from Granite's actions or inactions as such may be deemed directly related to the April 5, 2007 incident at the Moody Street regulator station in Saco, Maine and the September 15, 2007 incident at the Blueberry Road regulator station in Westbrook, Maine; and

(c) Granite's past activities at any M&R Station, including without limitation that certain suit now pending in the Circuit Court of Rockingham County, New Hampshire, styled Carol Freeman and Norman Freeman, Sr., Trustees v. Granite Transmission, Inc., and designated as action no. 06-E-0621.

6. Comply with all applicable federal, state and local laws, rules and regulations in the performance of Granite's obligations and responsibilities under this Agreement and in the exercise of Granite's rights hereunder.

7. Comply with all valid and applicable federal, state and local laws, ordinances, rules, regulations and orders pertaining to the generation, transportation, storage and disposal of toxic and/or hazardous substances and/or wastes with respect to the specific items which Granite operates, maintains, or owns or over which Granite exercises control. Granite agrees to indemnify and hold harmless Northern from and against any loss, injury, liability, damage to persons or property, or fines, penalties or compliance orders issued by any governmental agency or any other party relating to pollution or protection of the environment including without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, waste petroleum, toxic substances, hazardous substances as that term is defined in the Federal Comprehensive Environmental Response Compensation Liability Act ("CERCLA"), and solid waste as that term is defined in the Federal Resource Conservation Recovery Act ("RCRA") occurring on said property due to the acts or omissions of Granite or its subcontractors, except to the extent and in the proportion that such emission, discharge, release or threatened release is caused by the negligence or willful misconduct of Northern, its subcontractors, or any third party under Northern's control.

VI. Northern Responsibilities. Throughout the term of this Agreement, Northern agrees to:

1. Operate and maintain as the responsible operator in compliance with C.F.R. Title 49, Parts 192 and 199, as may be amended from time to time, and in accordance with all appropriate state and local laws, codes and regulations, all facilities starting from the first above-ground welds or the first above-ground valve, as the case may be, downstream of the main line tap at each M&R Station, including gas heating equipment and associated piping and including also the inlet filter assembly for which Northern is responsible as further described in Exhibit "B" No. 12. These limits are more particularly shown in Exhibit "C" with respect to M&R Stations located in Maine, and in Exhibit "D" with respect to M&R Stations located in New Hampshire.
2. Assume full responsibility for corrosion control of those facilities operated and maintained by Northern pursuant hereto.
  - a. The parties agree that the separation of the Granite and Northern cathodic protection systems is already complete primarily because it would have been a typical practice to electrically separate these systems at the time of initial construction. There may be some unavoidable overlap where the demarcation points are welded and where the first insulation point is further down on Northern's facilities. The parties expect that overlap to be minimal and agree that it would be costly and

impractical to separate the systems any further. Northern will therefore be responsible for cathodic protection on the facilities it maintains and operates under this agreement and Granite is responsible for cathodic protection, as a general matter, to the first insulation point. The parties commit to work cooperatively to effectuate this provision to ensure system safety and integrity.

3. Operate, maintain, and assume full responsibility for gas odorant equipment, if any, associated with each M&R Station, as well as the appurtenances necessary to operate said gas odorant equipment.
4. Limit its access as necessary to, and the operation of, those facilities that are to be operated and maintained by Northern. In common use areas, Northern shall exercise due care to avoid obstructing Granite's access to its facilities.
5. Operate, maintain, promptly repair and/or replace equipment and facilities under its responsibility so as not to adversely affect Granite's M&R station facilities or the operation thereof.
6. Indemnify, hold harmless and release Granite, its officers, employees, agents, and affiliates from and against all liabilities, or causes of action, claims, demands, suits, damages, judgments, fees, fines, penalties, costs and expenses arising from or related to:
  - (a) any injury to or death of any person, any damage to property or any losses of any kind resulting from or caused by the negligence or willful misconduct of Northern in carrying out its responsibilities under this Agreement, except to the extent and in the proportion that such injury, death, damage or loss is caused by the negligence or willful misconduct of Granite;
  - (b) any investigation, suit, administrative action or other event or proceeding that may result from Northern's actions or inactions as such may be deemed directly related to the April 5, 2007 incident at the Moody Street regulator station in Saco, Maine and the September 15, 2007 incident at the Blueberry Road regulator station in Westbrook, Maine; and
  - (c) Northern's past activities at any M&R Station.
7. Comply with all applicable federal, state and local laws, rules and regulations in the performance of Northern's obligations and responsibilities under this Agreement and in the exercise of Northern's rights hereunder.

8. Comply with all valid and applicable federal, state and local laws, ordinances, rules, regulations and orders pertaining to the generation, transportation, storage and disposal of toxic and/or hazardous substances and/or wastes with respect to the specific items which Northern operates, maintains, or owns or for which Northern exercises control. Northern agrees to indemnify and hold harmless Granite from and against any loss, injury, liability, damage to persons or property, or fines, penalties or compliance orders issued by any governmental agency or any other party relating to pollution or protection of the environment including without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, waste petroleum, toxic substances, hazardous substances as that term is defined in the Federal Comprehensive Environmental Response Compensation Liability Act ("CERCLA"), and solid waste as that term is defined in the Federal Resource Conservation Recovery Act ("RCRA") occurring on said property due to the acts or omissions of Northern or its subcontractors, except to the extent and in the proportion that such emission, discharge, release or threatened release is caused by the negligence or willful misconduct of Granite, its subcontractors, or any third party under Granite's control.
9. Maintain access to the facilities shared by Northern and Granite, including the access road or driveway that runs from each M&R Station to the nearest public roadway. This maintenance shall include, but shall not be limited to, any reasonably required snow removal. Northern will also be responsible for maintaining the M&R Station facility grounds, including, but not limited to, reasonable vegetation control. The costs of maintenance under this section shall be shared equally with Granite based upon on actual cost incurred.

VII. Mutual Obligations.

1. Northern and Granite acknowledge that this Agreement is subject to the jurisdiction of various applicable state and federal regulatory authorities. To that end, either Northern or Granite may file this Agreement with any regulatory authority having appropriate jurisdiction over the subject matter hereof.
2. Each of the Parties will report to the other Party in writing at the end of each successive calendar quarter with respect to the specific actions taken during that calendar quarter to fulfill its responsibilities under this Agreement. Each of the Parties will: (a) immediately notify the other Party of any "incident" (as defined by 49 C.F.R. § 191.3) that occurs at any M&R Station; and (b) also immediately report to the other Party any safety-related condition that is observed at any M&R Station, including without limitation those safety-related conditions specified in 49 C.F.R. § 191.23

and those safety-related conditions which would require immediate repair or response, regardless of whether the Party observing the condition is responsible to perform that maintenance or repair at issue pursuant hereto.

3. Northern and Granite will mutually agree upon a schedule to permit Northern or its assigns to witness the inspection and calibration of Granite's measurement equipment within a reasonable period at the commencement of this agreement and at the termination of this agreement. Unless emergency circumstances exist, a forty-eight (48) hour notice shall be given. The Parties agree that, notwithstanding any other provision, Northern may witness the inspection and calibration of Granite's measurement equipment periodically and upon reasonable request, and that Granite will make reasonable accommodation therefor.
4. In the event that either Party shall fail to perform its obligations and responsibilities hereunder and such failure shall continue for a period of ten (10) days after receipt of written notice from the other Party, setting forth the nature of such failure, then the other Party shall have the right, but not the obligation, to remedy such failure at the cost and expense of the non-performing Party; provided that, if the Party receiving such a notice commences efforts to cure the non-performance within such ten-day (10-day) period and thereafter continues to diligently pursue those efforts but is unable with due diligence to cure the non-performance within said ten-day (10-day) period, then the other Party shall allow the Party obligated to perform a reasonable period of time, not to exceed thirty (30) days from the date of receipt of notice of non-performance, in which to cure the specified non-performance, before taking steps to remedy such failure of performance.
5. In the event of a conflict among this Agreement, Exhibit "A", Exhibit "B" and/or Exhibit "C" or "D" (as applicable), the following order of priority shall prevail: (a) with respect to any conflict involving the physical demarcation of responsibility, first, Exhibit "C" or "D" (as applicable), second, Exhibit "A", and third, the body of the Agreement; and (b) with respect to any other conflict, first, the Agreement, second, Exhibit "B", third, Exhibit "C" or "D" (as applicable).
6. Except as herein otherwise provided, all notices required or permitted to be given hereunder shall be in writing and delivered by (i) hand, (ii) mailed, postage prepaid, by registered or certified mail, return receipt requested, addressed as follows, (iii) reputable overnight courier which provides evidence of delivery or refusal, addressed as follows, (iv) facsimile to the following number, with the transmitting party retaining confirmation of receipt, or (v) e-mail to the following e-mail address, with the sending party retaining confirmation of receipt:

If to Northern:

Attn: Danny Cote  
300 Friberg Parkway  
Westborough, MA 01581  
724-416-6334  
724-416-6383 (facsimile)  
dcote@nisource.com (e-mail address)

If to Granite State:

Attn: Victor Gaglio  
1700 Maccorkle Ave. SE  
Charleston, WV 25314  
304-357-2678  
304-357-2644 (facsimile)  
vgaglio@nisource.com (e-mail address)

or in the case of either Party to such other address, facsimile number or e-mail address as shall be designated by written notice given to the other Party in accordance with this paragraph. The effective date of any notice issued pursuant to this Agreement shall be as of the addressee's receipt or refusal of receipt of such notice.

In the event of emergency requiring immediate response, verbal notice by telephone shall be acceptable, provided that (i) any such notice is given live, person-to-person, and not by leaving voice mail messages, and (ii) is promptly followed by written notice directed as required herein above.

7. Northern and Granite shall carry the types and amounts of insurance, through a combination of self-insured retention and insurance policies, which are consistent with that maintained by other entities similar to Granite and Northern. Each Party's insurers shall waive their rights of subrogation against the other Party.
8. Northern and Granite each represent that this Agreement is in full force and effect upon execution, has been duly executed as delivered by their authorized representative, and constitutes the legal, valid and binding obligations of Granite and Northern, subject to lawful limitations imposed upon its enforceability (a) as a result of Bankruptcy, insolvency, reorganization or any other similar laws affecting the enforcement of creditor's rights severally, (b) by the final, non-appealable action of a regulatory agency having jurisdiction over the subject matter hereof, including without limitation any approval that must be obtained from any



such regulatory agency as a pre-condition to its validity or enforceability, and (c) general equitable principles.

9. Each Party warrants to provide support for this agreement in good faith consistent with the law and regulations to which each is subject.
10. This Agreement shall (a) with respect to those M&R Stations that are located in the State of Maine, be governed by and construed in accordance with the laws of the State of Maine, and (b) with respect to those M&R Stations that are located in the State of New Hampshire, be governed and construed in accordance with the laws of the State of New Hampshire. Further, this Agreement may only be amended by written agreement signed by both Parties. This Agreement represents the entire understanding of the Parties with respect to the subject matter hereof. No parole evidence such as, but not limited to, oral representations and statements, or the course of conduct between Granite and Northern, shall operate to modify, supersede or add to the terms hereof. The Parties acknowledge that regulatory approval must be obtained for any material amendments to this agreement, other than typographical errors or changes in business names of the existing Parties. Any assignment of this agreement, even if otherwise agreed to by the Parties, would be considered a material amendment.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly hereunto authorized representatives as of the date and year first above written.

GRANITE STATE GAS TRANSMISSION, INC.

By: Victor Maglio

Title: SE VP

NORTHERN UTILITIES, INC.

By: Danny G. Cote

Title: GENERAL MANAGER

Attachments:

- Exhibit "A": Schedule of M&R Stations
- Exhibit "B": Responsibility Matrix
- Exhibit "C": Photos Showing Physical Limits of Responsibility at M&R Stations Located in the State of Maine
- Exhibit "D": Photos Showing Physical Limits of Responsibility at M&R Stations Located in New Hampshire

# EXHIBIT A

| G.S.G.T. STATIONS - SUPPLYING NORTHERN UTILITIES INC. |               |       |   |                     |                      |
|---|---------------|-------|---|---------------------|----------------------|
| Station Name  | Location      | State | Demarcation Location  | Measuring Station # | Regulating Station # |
| Forrest Street  | Plaistow      | NH    | Inlet Supply to Station Off of the Bridle Set (4")          | MS637407            | RS637407             |
| Sweet Hill Road                                       | Plaistow      | NH    | 1st Weld Inside Station                                     | MS637408            | RS637408             |
| East Kingston Station                                 | East Kingston | NH    | 1st Weld Inside Station                                     | MS637409            | RS637409             |
| Exeter West   | Exeter        | NH    | 1st Weld Inside Station                                     | MS637410            | RS637410             |
| Newfields Road 2"                                     | Exeter        | NH    | 1st Weld at Inlet to Heater                                 | N/A                 | RS637411             |
| Newfields Road 3"                                     | Exeter        | NH    | 1st Weld at Inlet to Heater                                 | MS637412            | RS637412             |
| Route 151   | Greenland     | NH    | 1st Weld Inside Station                                     | MS637413            | RS637413             |
| Ocean Road  | Greenland     | NH    | Valve Outside Station/Outside Fence                         | MS637414            | RS637414             |
| Panaway   | Portsmouth    | NH    | Outlet Flange on Inlet Valve to Station/Outside of Building | MS637415            | RS637415             |
| Portsmouth - Lateral                                  | Portsmouth    | NH    | 1st Weld Inside Station                                     | MS637416            | N/A                  |
| Pease   | Portsmouth    | NH    | Inlet Flanges to Station & By-pass Valves                   | MS637417            | RS637417             |
| Gosling Road  | Newington     | NH    | 1st Weld Inside Station                                     | MS637418            | RS637418             |
| Newington   | Newington     | NH    | Weld on 2" Side of Concentric Reducer at Station Inlet      | MS637419            | RS637419             |
| Dover Point   | Dover         | NH    | 1st Weld Inside Station on 4" Side of Concentric Reducer    | MS637420            | RS637420             |
| Bellamy Road  | Dover         | NH    | Top of Inlet Valve/Inside of Station                        | MS637421            | RS637421             |
| Varney Brook  | Dover         | NH    | Top Flange of Inlet Valve                                   | MS637422            | N/A                  |
| Debbie Lane   | Eliot         | ME    | Utilize Demarcation Point from M&N System Piping            | MS637433            | RS637433             |
| Marshwood High School                                 | Eliot         | ME    | 1st Weld Inside Station                                     | MS637434            | RS637434             |
| Northeast Mill Works                                  | N. Berwick    | ME    | Top Flange of Inlet Valve to Station                        | N/A                 | RS637435             |
| Hussey Seating  | N. Berwick    | ME    | Top Flange of Inlet Valve to Station                        | MS637436            | RS637436             |
| Pratt & Whitney                                       | N. Berwick    | ME    | Insulating Flange at Station Inlet                          | MS637437            | RS637437             |
| Rte-109   | Wells         | ME    | 1st Weld Inside Station                                     | MS637438            | RS637438             |
| Twine Mill  | Kennebunk     | ME    | 2 Welds on Lower Flanges of Inlet Valves                    | MS637439            | RS637439             |
| Biddeford Industrial Park                             | Biddeford     | ME    | Bottom Weld of Inlet Valve to Station                       | MS637440            | RS637440             |
| 209 South Street                                      | Biddeford     | ME    | Inlet Thread to Inlet Valve in Tub                          | N/A                 | RS637442             |
| Railroad Ave  | Biddeford     | ME    | Inlet Weld on 4" x 2" Tee                                   | MS637443            | RS637443             |
| North St - Saco Brick                                 | Saco          | ME    | 1st Weld at Inlet to Station                                | MS637444            | RS637444             |
| Moody Street  | Saco          | ME    | 2 Welds on Lower Flanges of Inlet Valves                    | MS637445            | RS637445             |
| Cascade Road  | Old Orchard   | ME    | 1st Weld at Inlet to Station                                | MS637446            | RS637446             |
| Scarborough Ind Pk                                    | Scarborough   | ME    | 1st Weld at Inlet to Station                                | MS637447            | RS637447             |
| Eastern Road  | Scarborough   | ME    | Weld on Inlet Weld Neck Flange                              | MS637448            | RS637448             |
| Roundwood   | Scarborough   | ME    | Inlet 2" Weld on 4" x 2" Weld Tee                           | MS637449            | RS637449             |
| Southborough  | Scarborough   | ME    | Inlet Weld on 2" Side of 4" x 2" Tee                        | MS637450            | RS637450             |
| Payne Road  | S. Portland   | ME    | 1st Weld Inside Station                                     | MS637451            | RS637451             |
| Congress Street                                       | Portland      | ME    | Inlet Weld on 4" Elbow                                      | MS637452            | RS637452             |
| Blueberry Road  | Portland      | ME    | Inlet Weld at Station                                       | MS637453            | RS637453             |
| Larrabee Road   | Westbrook     | ME    | Inlet Weld at Station                                       | MS637455            | RS637454             |

## EXHIBIT "B"

### RESPONSIBILITY MATRIX

| <u>Facilities/Equipment</u>   | <u>Operation, Control &amp;<br/>Minor Maintenance<br/>Responsibility</u> | <u>Ownership</u> |
|---|--|------------------|
| 1. Tap Valves and Piping from Granite' Pipeline to measurement runs excluding the horizontal Gas filter and bypass piping.                    | GS   | GS               |
| 2. Measurement Station; including Meters, Runs, Risers, Piping, Valves & Instrumentation*   | NU   | GS               |
| 3. Cathodic Protection System & Grounding System for Facilities Operated and maintained by Granite  | GS   | GS               |
| 4. Granite' Data Acquisition and Electronic Measurement Equipment   | GS   | GS               |
| 5. Regulator Station: including Pressure Regulators, Over Pressure Protection, Valves, Heaters, Piping and Instrumentation, electric service. | NU   | GS               |
| 6. Cathodic Protection System & Grounding System for Facilities Operated and Maintained by Northern (Agreement – VI (2))                      | NU   | NU               |
| 7. Northern Gas Odorant Equipment   | NU   | NU               |
| 8. Northern Data Acquisition and Electronic Measurement Equipment   | NU   | NU               |
| 9. Land on which Measurement and Regulation Facility is Located   | NU   | GS               |
| 10. Buildings: Data Building Measurement and Regulator Bldg.  | NU   | GS               |
| 11. Security (fences;locks)   | NU   | GS               |

- |   |    |    |
|---|----|----|
| 12. Filter Assembly including<br>Inlet, outlet, bypass valves<br>and filter vessel. | NU | GS |
| 13. Inlet insulating flanges,<br>Piping and check valve.                            | NU | GS |

GS = Granite State Gas Transmission, Inc.; NU = Northern Utilities, Inc.

\* Please note, this item does not apply to the Debbie Lane M&R Station located at Eliot, Maine, because the meter at that location is owned and operated by Maritime & Northeast Pipelines, L.L.C.