VII. DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: **$0.78 per MMBtu** of Daily Imbalance Volumes

- Updated effective every November 1 to reflect the Company's latest balancing resources and associated capacity costs.
- Daily Imbalance Volumes represent the difference between ATV and ATV adjusted for actual EDDs.

II. Peaking Service Demand Charge: **$18.97 per MMBtu** per MDPQ per month for November 2006 through April 2007.

- Updated effective every November 1 to reflect the Company's Peaking resources and associated costs.

III. Supplier Services and Associated Fees:

SERVICE	PRICING
Pool Administration (required) **Non-Daily Metered Pools only**	• $0.10/month/customer billed @ marketer level
Standard Passthrough Billing (required)	• $0.60/customer/month billed @ marketer level
Standard Complete Billing (optional – Passthrough Billing fee not required if this service is elected)	• $1.50/customer/month billed @ marketer level
Customer Administration (required)	• $10/customer/switch billed @ marketer level

VII. DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: **$0.78~~7~~ per MMBtu** of Daily Imbalance Volumes

- Updated effective every November 1 to reflect the Company's latest balancing resources and associated capacity costs.
- Daily Imbalance Volumes represent the difference between ATV and ATV adjusted for actual EDDs.

II. Peaking Service Demand Charge: **$18.97~~22.49~~ per MMBtu** per MDPQ per month for November 2006~~5~~ through April 2007~~6~~.

- Updated effective every November 1 to reflect the Company's Peaking resources and associated costs.

III. Supplier Services and Associated Fees:

SERVICE	PRICING
Pool Administration (required) **Non-Daily Metered Pools only**	• $0.10/month/customer billed @ marketer level
Standard Passthrough Billing (required)	• $0.60/customer/month billed @ marketer level
Standard Complete Billing (optional – Passthrough Billing fee not required if this service is elected)	• $1.50/customer/month billed @ marketer level
Customer Administration (required)	• $10/customer/switch billed @ marketer level

Calculation Steps for Supplier Balancing Charge

The Company has derived the Supplier Balancing Charge based on its daily dispatch activity for the twelve-month period May 1, 2000 through April 30, 2001.

The steps taken to calculate the balancing charge are as follows:

1. Actual Daily Sendout from Dispatch Center.

2. Base Load = July and August's Daily Sendout divided by 62 days.

3. Heating Load = Actual Sendout less Base Load.

4. Use per Degree Day ("UPDD") = Heating Load divided by Actual Effective Degree Days ("EDD").

5. Actual Swing = Actual EDD less Estimated EDD multiplied by UPDD.

6. Adjusted Swing = Actual Swing less 10% of Scheduled Deliveries.

7. % Allocated to Balancing for Firm Transportation ("FT") and Deliverability = Sum of Positive Swings divided by Total Withdrawals (November 2000 through April 2001).

8. % Allocated to Balancing for Space = Sum of Total Northern Utilities' Absolute Swings divided by Total Northern Utilities' Storage Capacity.

9. Billing Determinant = Sum of Absolute Value of All Swings plus 10% of Scheduled Deliveries on days of swings.

10. % Maximum Daily Quantity ("MDQ") = Maximum Swing divided by New Hampshire's MDQ (NH's MDQ is calculated by taking the total MDQ for Northern Utilities and multiplying by the Current Demand Allocator for NH).

11. Balancing Costs = % MDQ multiplied by NH's share of storage costs (NH's share of storage costs are calculated by taking total Northern Utilities' storage costs and multiplying by the Current Demand Allocator for NH).

12. Costs Allocated to Balancing = (a) FT (for storage) and Deliverability costs multiplied by the percentage derived per #7 above; or, (b) space/capacity costs multiplied by the percentage derived per #8 above.

Northern Utilities, Inc.-New Hampshire
Calculation of Balancing Charge

November 2006 through October 2007

	MDQ		Max Swing	% MDQ	
New Hampshire Underground	17,776		3,532	19.87%	
LNG	4,974		0	0.00%	
Propane	1,990		0	0.00%	

	% MDQ	Costs	Balancing Costs	% Allocated (to Balancing)	Allocated Costs
New Hampshire Underground					
Del., Res., and Transp.	19.87%	$6,593,435	$1,310,063	0.19%	$2,497
Capacity	19.87%	$1,551,022	$308,176	35.50%	$109,414
LNG	0.00%	$114,240	$0	138.63%	$0
Propane	0.00%	$124,831	$0	0.00%	$0
Total		$8,383,528	$1,618,239		$111,911
Annual Sum of Absolute Swings					142,624
Balancing Rate Per MMBtu Swing					**$0.78**

Northern Utilities, Inc.
Calculation of Balancing Charge
Allocation of Costs Between Balancing and Supply Functions

	Maximum Swing	Sum of Positive Swings	Total Utilization	Ratio Pos. Swings to Tot. Utilization	Sum of Absolute Swings	Total Capacity	Ratio Abs. Swings to Capacity
New Hampshire Underground	3,532	3,811	1,999,262	0.19%	36,518	146,796	24.88%
Maine Underground	7,580	1,635	2,020,164	0.08%	68,023	147,654	46.07%
Total Northern					104,540	294,450	**35.50%**

	Maximum Swing	Sum of Swings	Tank Capacity	Ratio Swings to Tank Capacity
LNG	0	(26,271)	6,839	384.12%
Propane	0	0	12,800	0.00%

Calculation of Balancing Charge
Costs of Balancing Resources
November 2006 through October 2007

New Hampshire			
El Paso FS Storage	MMBtu	Rate	Costs
Capacity	128,994	$0.0185	$28,637
Deliverability	2,110	$1.1500	$29,124
Firm Transportation-Tenn	1,320	$5.8900	$93,269
Firm Transportation-GSGT	1,320	$1.2639	$20,014
Total			$171,045
Texas Eastern Storage	MMBtu	Rate	Costs
Space - SS-1	731	$0.1293	$95
Reservation - SS-1	10	$5.4360	$681
Space - FSS-1	159	$0.1293	$247
Reservation - FSS-1	32	$0.8950	$342
TETCO Reservation	32	$5.6800	$2,170
Firm Transportation-GSGT	32	$1.2639	$483
Firm Transportation-GSGT	10	$1.2639	$158
Total			$4,176
MCN Storage	MMBtu	Rate	Costs
MCN	16,912	$ 18.0000	$ 1,522,044
PNGTS	9,948	$ 49.1229	$ 2,443,374
PNGTS	6,466	$ 49.1229	$ 1,588,193
CoEnergy/Trans Canada	16,414	$ 11.0000	$ 2,166,674
Firm Transportation-GSGT	16,414	$ 1.2639	$ 248,951
Total			$ 7,969,236
Maine			
El Paso FS Storage	MMBtu	Rate	Costs
Capacity	130,343	$0.0185	$28,936
Deliverability	2,133	$1.1500	$29,429
Firm Transportation-Tenn	1,333	$5.8900	$94,245
Firm Transportation-GSGT	1,333	$1.2639	$20,223
Total			$172,833
Texas Eastern Storage			
Space - SS-1	62	$0.1293	$8
Reservation - SS-1	11	$5.4880	$695
Space - FSS-1	161	$0.1293	$250
Reservation - FSS-1	32	$0.8950	$345
TETCO Reservation	32	$5.6800	$2,192
Firm Transportation-GSGT	32	$1.2639	$488
Firm Transportation-GSGT	11	$1.2639	$160
Total			$4,138
MCN Storage	MMBtu	Rate	Costs
MCN	17,088	$ 18.0000	$ 1,362,971
PNGTS	10,052	$ 49.1229	$ 2,468,918
PNGTS	6,534	$ 49.1229	$ 1,604,797
CoEnergy/TransCanada	16,586	$ 11.0000	$ 2,189,326
Firm Transportation-GSGT	16,586	$ 1.2639	$ 251,554
Total			$ 7,877,564
LNG	MMBtu		Costs
Capacity	10,000		$229,674
Total			$229,674
Propane	MMBtu		Costs
Capacity	4,000		$250,967
Total			$250,967

Northern Utilities, Inc.
Calculation on Balancing Charge

Derivation of Absolute Swings
May 2000 through April 2001
Summary

	Sum Positive Swings		Sum Negative Swings		Sum LP / LNG Swings		ABS all Swings		Total
	Ports-NH	Port-Maine	Ports-NH	Port-Maine	Ports-NH	Port-Maine	Ports-NH	Port-Maine	ABS Swings
May	1,060	1,484	8,125	1,162	0	0	9,185	2,646	11,832
June	0	28	1,213	5,553	0	0	1,213	5,582	6,794
July	1,125	0	0	0	0	0	1,125	0	1,125
Aug	45	0	99	1,027	0	0	145	1,027	1,172
Sept	0	0	301	11,279	0	0	301	11,279	11,580
Oct	1,196	123	2,821	26,853	0	0	4,017	26,976	30,993
Nov	384	0	3,976	7,620	(2,382)	(2,539)	1,978	5,081	7,059
Dec	0	0	7,956	12,177	0	0	7,956	12,177	20,133
Jan	0	0	1,873	174	(423)	(13,355)	1,450	(13,181)	(11,731)
Feb	0	0	2,807	542	(4,431)	(4,339)	(1,623)	(3,797)	(5,420)
March	0	0	1,048	0	(2,245)	(6,038)	(1,197)	(6,038)	(7,235)
April	0	0	2,487	0	0	0	2,487	0	2,487
Total	3,811	1,635	32,707	66,387	(9,481)	(26,271)	45,999	94,294	140,292
			add back 10% of the scheduled deliveries=				96,625	97,195	193,819
					Total ABS Swings =		**142,624**	**191,488**	334,112

R E D A C T E D

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
PEAKING SERVICE DEMAND CHARGE
WINTER PERIOD - NOV. 2006 to APRIL 2007

Attachment II

Resource	MDQ	D1 Rate	No. of Months	Annual Cost			Monthly Cost for 6 Months	Peak Day Requirement (MMBtu)	Mo. Peaking Service Demand Chg. for 6 Mos.
Resource 1								5,000	
Resource 3								31,000	
LNG & LP (Prod&Storage in CGA)								10,269	
TOTAL				$4,645,485			$877,887	46,269	$ **18.97**

*: Includes Granite State Transmission charge of $1.2639

VII. DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX C

Capacity Allocators

Capacity Allocators shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Capacity Allocators shall be applicable for capacity assignments during the period of November 1, 2006 through October 31, 2007.

	Commercial and Industrial	
	High Winter Use	Low Winter Use
Pipeline:	18.51%	36.92%
Storage:	32.27%	24.98%
Peaking:	49.23%	38.10%

VII. DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX C

Capacity Allocators

Capacity Allocators shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Capacity Allocators shall be applicable for capacity assignments during the period of November 1, 2006~~5~~ through October 31, 2007~~6~~.

Commercial and Industrial

	High Winter Use	Low Winter Use
Pipeline:	18.51~~26~~%	36.92~~34.59~~%
Storage:	32.27~~31.00~~%	24.98~~81~~%
Peaking:	49.23~~50.74~~%	38.10~~40.60~~%

Description of Calculation of Capacity Allocators

This brief report summarizes the method used to assign capacity costs to customers migrating from bundled sales to delivery service. The method is designed to be consistent with the gas cost allocation method implicit in the Company's COGC. This method is the basis for the development of the figures shown on Appendix C, Capacity Allocators, set out on **Fifth** Revised Page 169, of the Delivery Service Terms and Conditions of the Northern Utilities' NHPUC Tariff No. 10.

As part of its settlement in docket number DG 00-046, the Company implemented a gas cost recovery method that recovered average seasonal gas costs from the residential classes and recovered the remaining gas costs using the simplified Market Based Allocation method (MBA). Under this method capacity costs are assigned to classes on the basis of their contribution to the system's design day load. The assignment is performed in two steps:

> Design Day Base Use - Base use is defined as that portion of the class's load that exists throughout the year, as measured by the average daily load in the warmest months. Pipeline supplies are used to satisfy the base use portion of each class's design day demand.
>
> Design Day Remaining Use – Remaining use is defined as the total class design day demand less that portion served by base use supplies. Remaining use is served by a combination of pipeline, storage and peaking supplies. Capacity costs for these supplies are allocated on the basis of design day demand less base use demand.

The following pages of this Attachment detail the development of capacity assignment allocators. Page 2 of 3 lists the major assumptions behind the calculations and tabulates the input data. Base use and remaining design day demand are shown by class. Beginning on line 27, the system pipeline capacity is assigned to the base use and remaining categories using the class base use load data above. Then on line 34, the residential allocation of supplies is performed. Since this class is assigned average costs, their assignment is simply computed as their proportion of the design day demand, irrespective of the supplies used to serve their loads.

Page 3 of 3 develops the allocation of capacity costs for the commercial and industrial (C&I) rates and summarizes the results of the allocation process. On lines 1 through 6 the supplies for the C&I classes are calculated by subtracting those supplies assigned to residential from the system totals. Then on lines 9 to 22 the C&I supplies are allocated to high and low load factor classes. In each case, base use pipeline supplies are allocated in proportion to class base use demand, while all other supplies are allocated on the basis of remaining design day demands. Unit costs for each class are summarized on lines 25 to 30. Lines 34 to 39 show the percentage of each supply necessary to serve class loads. Finally, lines 42 to 46 show the distribution of supplies among classes.

Northern Utilities - New Hampshire Division
Capacity Assignment Calculations 2006-2007
<u>Derivation of Class Assignments and Weightings</u>

Basic assumptions:

1 Residential class pays average seasonal gas cost rate (using MBA method to allocate costs to seasons)
2 Residual gas costs are allocated to C&I HLF and LLF classes based on MBA method
3 The MBA method allocates capacity costs based on design day demands in two pieces:
  a The base use portion of the class design day demand based on base use
  b The remaining portion of design day demand based on remaining design day demand
4 Base demand is composed solely of pipeline supplies
5 Remaining demand consists of a portion of pipeline and all storage and peaking supplies

	Design Day Demand. Th	Adjusted Design Day Demand, Dt	Percent of Total	Avg Daily Base Use Load, Dt	Remaining Design Day Demand
RATE A-Resi Non-Htg	1,900	187	0.3%	65	122
RATE B-Resi Htg	218,200	21,418	37.2%	1,106	20,312
RATE G-40 (R)	110,900	10,886	18.9%	310	10,576
RATE G-50 (Q)	7,900	775	1.3%	501	274
RATE G-41 (T)	117,000	11,485	19.9%	300	11,184
RATE G-51 (S)	21,800	2,140	3.7%	866	1,273
RATE G-42 (V)	29,300	2,876	5.0%	209	2,667
RATE G-52a (U)	25,100	2,464	4.3%	227	2,236
RATE G-52b (Y)					
RATE T-40	6,300	618	1.1%	27	591
RATE T-50	1,600	157	0.3%	17	140
RATE T-41	29,200	2,866	5.0%	140	2,726
RATE T-51	4,000	393	0.7%	125	267
RATE T-42	13,300	1,306	2.3%	52	1,254
RATE T-52	700	69	0.1%	31	38
Total	587,200	57,639	100.0%	3,585	48,645
					-
Residential Total	220,100	21,605	**37.5%**	1,171	20,434
LLF Total	306,000	30,037	52.1%	1,039	28,998
HLF Total	61,100	5,998	10.4%	1,768	4,230
Total	587,200	57,639	100.0%	3,977	53,662

	Capacity Cost	MDQ, Dt	$/Dt-Mo.
Pipeline	3,207,790	12,351	21.64
Storage	7,862,688	17,931	36.54
Peaking	1,014,569	27,357	3.09
Total	12,085,046	57,639	17.47

	Capacity Cost	MDQ, Dt	$/Dt-Mo.
Pipeline - Baseload	931,229	3,585	21.64
Pipeline - Remaining	2,276,560	8,765	21.64
Storage	7,862,688	17,931	36.54
Peaking	1,014,569	27,357	3.09
Total	12,085,046	57,639	17.47

Residential Allocation		Capacity Cost	MDQ, Dt	$/Dt-Mo.
Pipeline - Base	**37.5%**	349,052	1,344	21.64
Pipeline - Remaining	**37.5%**	853,322	3,286	21.64
Storage	**37.5%**	2,947,169	6,721	36.54
Peaking	**37.5%**	380,290	10,254	3.09
Total	**37.5%**	4,529,834	21,605	**17.47**

Northern Utilities - New Hampshire Division
Capacity Assignment Calculations 2006-2007
Derivation of Class Assignments and Weightings

						Ratios for COG
1	C&I Allocation		Capacity Cost	MDQ, Dt	$/Dt-Mo.	
2	Pipeline - Base		582,177	2,242	21.64	
3	Pipeline - Remaining		1,423,238	5,480	21.64	
4	Storage		4,915,519	11,210	36.54	
5	Peaking		634,278	17,103	3.09	
6	Total	**62.5%**	7,555,212	36,034	17.47	**1.0000**
7						
8						
9	LLF - C&I Allocation		Capacity Cost	MDQ, Dt	$/Dt-Mo.	
10	Pipeline - Base		215,472	830	21.64	
11	Pipeline - Remaining		1,242,064	4,782	21.64	
12	Storage		4,289,790	9,783	36.54	
13	Peaking		553,537	14,926	3.09	
14	Total	**52.1%**	6,300,863	30,321	**17.32**	**0.9911**
15						(Line 14 / Line 6)
16						
17	HLF - C&I Allocation		Capacity Cost	MDQ, Dt	$/Dt-Mo.	
18	Pipeline - Base		366,705	1,412	21.64	
19	Pipeline - Remaining		181,173	698	21.64	
20	Storage		625,729	1,427	36.54	
21	Peaking		80,742	2,177	3.09	
22	Total	**10.4%**	1,254,349	5,714	**18.29**	**1.0471**
23						(Line 22 / Line 6)
24				**: -> (Resource All C&I MDQ x LF MDQ) / Total MDQ**		
25	Unit Cost		Residential	LLF C&I	HLF C&I	
26						
27	Pipeline		$ 21.64	$ 21.64	$ 21.64	
28	Storage		$ 36.54	$ 36.54	$ 36.54	
29	Peaking		$ 3.09	$ 3.09	$ 3.09	
30	Total		$ 17.47	$ 17.32	$ 18.29	
31	Checktotal		$ 17.47	$ 17.32	$ 18.29	
32						
33						
34	Load Makeup		Residential	**LLF C&I**	**HLF C&I**	
35						
36	Pipeline		21.43%	**18.51%**	**36.92%**	
37	Storage		31.11%	**32.27%**	**24.98%**	
38	Peaking		47.46%	**49.23%**	**38.10%**	
39	Total		100.00%	**100.00%**	**100.00%**	
40						
41						
42	Supply Makeup		Residential	LLF C&I	HLF C&I	Total
43						
44	Pipeline		37.48%	45.44%	17.08%	100.00%
45	Storage		37.48%	54.56%	7.96%	100.00%
46	Peaking		37.48%	54.56%	7.96%	100.00%