NHPUC No. 11 – Gas
Superseding NHPUC No. 10 - Gas

NORTHERN UTILITIES, INC.

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I. SERVICE AREA

The territory authorized to be served by the Company and to which this Tariff applies is as follows:

The towns of Brentwood, Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, Stratham, and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

Limited areas of the towns so identified above are as shown on the maps filed separately with the Commission and incorporated in this Tariff by reference.

II. GENERAL TERMS AND CONDITIONS

1. General

The Company shall furnish service under its Tariff for Gas Supply and Delivery Service in the State of New Hampshire as approved from time to time by the New Hampshire Public Utilities Commission which shall govern all service except as specifically modified by written agreements. Copies of the currently effective Tariff for Gas Supply and Delivery Service in the State of New Hampshire are available at the office of the Company.

2. Definitions

When used herein the following terms shall have the meaning defined below:

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.

Commission: New Hampshire Public Utilities Commission.

Company: Northern Utilities, Inc.

Customer: Any person, firm, partnership, corporation, cooperative marketing association, tenant, governmental unit, or a subdivision of a municipality, or the State of New Hampshire or other entity (a) who is currently purchasing as a Customer of record, or (b) whose application for service has been accepted, or (c) who is receiving the benefit of the use when no other party is, or has made application to be, a Customer.

Delivery Service: The distribution of Gas by the Company on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point and related Customer services.

Main Line: The pipe(s) used by the Company for the distribution of gas other than the service line.

Meter: The device installed to measure the quantity of gas used.

Sales Service: Commodity service provided on a firm basis to a Customer who is not receiving Supplier Service, in accordance with the provisions set forth in this tariff. The provision of Sales Service shall be the responsibility of the Company and shall be provided

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to the Customer by the Company or its designated Supplier pursuant to law or regulation.

Service: The activity carried out by the Company to provide the use of vaporized combustible gas for the benefit of and requested by the Customer.

Service Line: All piping between the main tap and up to but not including the first valve or fitting of the meter or regulator setting.

Supplier: Any entity that has met the Company's requirements set forth in Part VII, Section 20 and that has been designated by a Customer to supply Gas to a Designated Receipt Point for the Customer's account; provided, however, that a Customer may act as its own Supplier in accordance with Part VII, Section 5.2 .

Supplier Service: The sale of Gas to a customer by a Supplier.

Tariff: The current schedules of rates, charges, terms and conditions filed by Northern Utilities and either approved by the Commission or effective by operation of law.

Therm: An amount of Gas having a thermal content of 100,000 Btus .

3. Service Classifications

A. Residential Service (including Heating, Non-Heating, Low Income Heating and Low Income Non-Heating) - a service supplied for residential purposes in a single family dwelling or building, or in an individual flat or apartment in a multiple family dwelling or building or portion thereof occupied as the home, residence, or dwelling place of one or more persons, including:

i. A rooming house of less than six (6) rooms for rent.

ii. A structure used for commercial and residential purposes on the same premises where the commercial use in a ratio of square footage is less than fifty percent (50%) of the total square footage.

B. Commercial and Industrial Sales Services - Services including the sales and Delivery of natural gas supply provided to all commercial and industrial customers.

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i. Rate G-40 - A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

ii. Rate G-41 -A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

iii. Rate G-42 -A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

iv. Rate G-50 -A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

v. Rate G-51 - A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

vi Rate G-52 - A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

C. Commercial and Industrial Firm Delivery Services - Natural Gas Delivery services provided to all firm commercial and industrial customers.

i. Rate T-40 - A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

ii. Rate T-41 -A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

iii. Rate T-42 -A Customer receiving service under this schedule must have

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annual usage greater than 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

iv. Rate T-50 -A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

v. Rate T-51 - A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

vi. Rate T-52 - A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

D. Service to Other Utilities - a service supplied to other privately owned utility companies, governmental agencies or utilities (municipal, county, state or federal), rural cooperatives, etc., for distribution and resale.

E. Any other service classifications or contracts that may be approved by the Commission from time to time.

4. Application and Contract

Application for service may be made at any business office of the Company. Whether or not a signed application for service is made by the Customer and accepted by the Company, the rendering of the service by the Company and its use by the Customer shall be deemed a contract between the parties and subject to all provisions of the Tariff, as in effect from time to time, applicable to the service. Application for service to a multi-unit dwelling which is supplied through a single meter, must be made by the building owner who will be the customer of record.

The application or the depositing of any sum of money by the applicant shall not require the Company to render service until the expiration of such time as may be reasonably required by the Company to determine if the applicant has complied with the provisions of these Terms and Conditions and as may reasonably be required by the Company to install the required service facilities.

The Company shall not be required to serve any applicant if the distance of the premises

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to be served from an existing suitable distribution main, or the difficulty of access thereto, is such that the estimated income (revenue excluding gas costs) from the service applied for is insufficient to yield a reasonable return to the Company unless such application is accompanied by a cash payment or an undertaking satisfactory to the Company guaranteeing a stipulated revenue for a definite period of time or both.

Where service under the Rate Schedules is to be used for temporary purposes only, the Customer may be required to pay the cost of installation and removal of equipment required to render service in addition to payments for gas consumed. Said costs of installation and removal may be required to be paid in advance of any construction by the Company. If, in the Company's sole judgment, any such installation presents unusual difficulties as to metering the service supplied, the Company may estimate consumption for purposes of applying the Rate Schedule, and the Company will notify the Customer prior to turn-on of the estimated amount to be billed.

5. Assignment of Rate Schedule

Rates are available for various classes of Customers. The conditions under which they are applicable are set forth in the Rate Schedules in this Tariff.

Upon application for service or upon request, the applicant or Customer shall be assigned the applicable rate schedule according to its estimated requirements. The Company shall not be held responsible for inaccurate estimates of Customer's requirements and will not refund the difference in charge(s) under different rate schedules.

Upon notification of any material changes in the Customer's installation or load conditions, the Company will assist in determining if a reclassification to a different rate class is warranted, but not more than one (1) such change in rates will be made within any twelve (12) month period unless such subsequent change is ordered or approved by the NHPUC or required by an emergency condition beyond the control of the Customer.

Each year the Company will evaluate each customer's annual usage and percent peak period consumption based on the twelve months usage ended August. Customers who have experienced changes in their load characteristics will be reclassified to the proper customer class.

Upon application with the Commission for a general rate change, the Company shall send to its customers a clear and concise statement of the rate change applied for and indicate which schedules are applicable to such customers. Not less than once each year, the Company shall transmit to each of its customers a clear and concise statement of its existing rate schedules, to new customers as a statement upon application for service, and to existing customers as a bill enclosure.

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6. Credit and Deposits

Until a Customer has established satisfactory credit relations or when unsatisfactory credit relations exist, the Company may require, in accordance with Chapter PUC 1203.03 of the New Hampshire Code of Administrative Rules, security in the form of a cash deposit or an irrevocable written guarantee from a responsible party. A deposit shall not be less than $10.00 nor more than the estimated bill for a period of two (2) high-use months. The highest use month will not be used in determining the amount of deposit.

All deposits shall accrue simple annual interest at a rate equal to the prime rate, from the date of deposit to the date of termination. When a deposit has been held longer than 12 months, interest shall be paid to the customer or credited to the customer's current bill not less than annually. The entire deposit plus interest accrued shall be refunded when all bills have been paid without arrearages for 12 consecutive months for a residential customer and 24 months for a non-residential customer. Deposits shall cease to bear interest upon discontinuance of service and no interest shall apply on deposits held less than six months.

The Company may discontinue service for non-payment after a bill becomes sixty (60) days overdue, or for other good cause, in accordance with the applicable statutes and rules and regulations of the New Hampshire Public Utilities Commission in effect at the time. Where good cause exist, the Company shall give proper notice of disconnection to its customer pursuant to Rules PUC 1203.11 and PUC 1203.12; and for arrearages resulting from non-payment of bills for service rendered during the winter months of December through March, proper notice of disconnection shall be given pursuant to Rules PUC 1204.2 and PUC 1204.3. When the cause for such disconnection has been removed, the Company will reconnect service upon the Customer's request, in accordance with Rule PUC 1203.13 The Company may make a reasonable charge for reconnection before service is restored.

Subject to Rule 1203.15, the Company may reject any application for service made by, or for the benefit of, a former Customer who is indebted to the Company for gas service previously furnished him and may also refuse to transfer a residential account from one member of a household to another unless all amounts due for service previously rendered have been paid.

Whenever a Customer makes payment for gas service with a check or draft that is not accepted by the institution on which it is written, the Company shall make a charge to the Customer the greater of $5.00 or the actual administrative cost of recovery.

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7. Customer Installation

The Customer shall make or procure satisfactory conveyance to the Company of all necessary easements and rights-of-way, including right of convenient access to the Company's property for furnishing adequate, safe and continuous service or for the removal of the Company's property upon termination of service.

All Customer's piping and equipment beyond Company's meter and accessories thereto, necessary to utilize service furnished by the Company shall be installed and maintained by a plumber or gas pipefitter and be owned and maintained by the Customer at his expense. The Customer shall bring his piping to a point for connection to the Company's meter or meters at a location satisfactory to the Company.

Upon written request of the Customer, the Company will make repairs to, replacements of, or clear obstructions in lines of the Customer and shall charge the Customer for such labor and material as is necessary to place his lines in good operating condition.

The Company reserves the right to inspect and approve the Customer's installation of all pipe and equipment to utilize the Company's gas, but such inspection or failure to make inspection, or the fact that the Company may connect to such installation, shall not make the Company liable for any loss or damage which may be occasioned by the use of such installation or equipment used therefrom or of the Company's service. The Company will refuse to provide gas service to any installation it considers to be unsafe.

8. Service Connections

The Company reserves the right to designate the locations and specifications for all its piping, meters, fixtures, and fittings and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof.

Applicant may request an alteration of such designation but, if consented to by the Company, the excess cost of such revised designation over and above the cost of the original Company design shall be borne by applicant.

The Company shall not be required to install Service(s) where the business to be secured will not be of reasonable duration.

The Company reserves the right to postpone to a more favorable season the extensions of mains and connection of services during seasons of the year when climatic conditions would cause abnormally high construction costs.

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9. Customer Use of Service

The Company shall have the right to enter the premises of the Customer at all reasonable hours for the purpose of making such inspection of the Customer's installation as may be necessary for the proper application of the Company's Rate Schedules and Terms and Conditions; for installing, removing, testing or replacing its apparatus or property; for reading meters and for the entire removal of the Company's property in event of termination of service to the Customer for any reasons.

All property of the Company installed in or upon the Customer's premises used and useful in supplying service is placed there under the Customer's protection. All reasonable care shall be exercised to prevent loss of or damage to such property and, ordinary wear and tear excepted, the Customer will be held liable for any such loss of property or damage thereto and shall pay to the Company the cost of necessary repairs or replacements.

The Customer will be held responsible for breaking the seals, tampering or interfering with the Company's meter or meters or other equipment of the Company installed on the Customer's premises and no one except employees of the Company will be allowed to make any repairs or adjustments to any meter or other piece of apparatus belonging to the Company except in case of emergency.

The Customer shall not, directly or indirectly, sell, sublet, assign, or otherwise dispose of to others gas purchased from the Company or any part thereof without the consent of the Company. This rule does not apply to a public utility company purchasing gas in bulk expressly for the purpose of distributing it to others. Gas service must not be used in such a manner as to cause unusual fluctuations, or disturbances in the Company's supply system, and, in the case of violation of this rule, the Company may discontinue service, or require the Customer to modify his installation and/or equip it with approved controlling devises. The service supply pipe, regulators, meters and equipment supplied by the Company for each Customer have definite capacities. The Customer shall notify the Company of any substantial changes in service requirements or location of appliances.

10. Service Continuity

The Company will use reasonable diligence in furnishing an uncurtailed and uninterrupted supply of gas except where Rate Schedules provide otherwise. The Company may interrupt its service hereunder, however, for the purpose of making necessary alterations and repairs but only for such time as may be reasonable or unavoidable; and pursuant to Rule PUC 1203.7, the Company shall give to the Customer, except in case of emergency, reasonable notice of its intention to do so and shall

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endeavor to arrange such interruption so as to inconvenience the Customer as little as possible.

Whenever the Company deems an emergency warrants interruption or limitation in the service being rendered, such interruption or limitation shall not constitute a breach of contract and shall not render the Company liable for damages suffered thereby or excuse the Customer from further fulfillment of the contract.

In the event that the supply of gas shall be interrupted from causes other than the foregoing or as provided under Limitations of Liability and such interruption is due to the negligence of Company, and Company is liable because thereof, that liability shall be limited to twice the amount which Customer would have paid for gas during the period of such interruption. However, Company shall not be liable to Customer for any loss, injury or damage resulting from use of Customer's equipment or from the use of gas furnished by Company or from the connection of Company's facility with Customer's house piping and appliances.

11. Limitations of Liability

Neither Company nor Customer shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze-ups, temporary failure of gas supply, 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 except willful default or neglect, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern not a party thereto, not reasonably 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.

12. Meter Reading, Billing and Payment

The Company's filed rates for service are predicated on the sale and/or Delivery of natural gas, as far as practicable, for a thirty (30) day period. Bills for service will be rendered at regular intervals.

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The Company may, however, at its option, read some or all meters in alternate months, and render a bi-monthly or monthly bill. If a monthly bill is rendered in the intervening months it shall be based upon an estimated consumption of gas, which bill will be due and payable when rendered. When a meter reading is obtained and an actual quantity of gas is determined, that quantity previously billed the Customer on an estimated basis will be deducted from the total quantity used during the period and a bill rendered for the remaining quantity.

In the event a meter reading cannot be obtained at the regularly scheduled time, whether monthly or in alternate months, postcards (postage pre-paid) may be used by the Company to obtain the reading. If the Customer marks the card accurately and returns it in the time described thereon, the pertinent bill will be based on the card reading; otherwise, it will be estimated. Bills rendered for service on an estimated basis shall have the same force and effect as those based upon actual meter readings.

Bills are due and payable upon presentation. A late payment charge shall be assessed at a rate of one percent per month or fraction thereof on balances unpaid within thirty days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

When a residential customer is unable to pay the total arrearage due, but such customer agrees to a payment arrangement, the Company shall continue to provide service to the customer in accordance with the guidelines set forth in Rule PUC 1203.07 of the New Hampshire PUC Regulations.

13. Meter Accuracy and Testing

The Company will provide each Customer with a meter or meters for each applicable Rate Schedule, as appropriate.

The Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interests of the Customer served, or of the gas system as a whole.

Before installation and periodically thereafter, each meter shall be tested and shall be considered commercially accurate if it measures within two percent (2%) of accuracy. After each test each meter shall be sealed and this seal shall not be broken by any person not expressly authorized by the Company.

Meters in use shall be tested at the request of the Customer and in his presence, if desired, within fifteen (15) days from the time the request is made. If the meter has been tested within the preceding six months, the deposit of a fee of five dollars ($5.00) will be required for the test.

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If the meter is found to be in error by more than two percent (2%), the deposit shall be promptly refunded. If the meter is not found to be in error by as much as two percent (2%), such deposit shall be retained by the Company.

If on test the meter is found to register in excess of two percent (2%) fast, billings will be adjusted to compensate for the excess for a period equal to one-half (1/2) of the time elapsed since the previous meter test, but not to exceed twelve (12) months. If on test the meter is found to register a negative average error in excess of two percent (2%), the Company shall charge the Customer for the unbilled gas supplied for the previous six (6) months or since the last test, whichever is the shorter period. No part of the minimum charge will be refunded.

In the event of stoppage or failure of any meter to register, the Customer will be billed for such period on an estimated consumption based upon his use of gas in a similar period of like use or on the basis of check meter readings, if available and accurate.

A separate bill will be rendered for each meter used by the Customer unless, for the convenience of the Company, multiple meters are used for measurement of the same class or service, in which case a bill will be rendered for the total amount registered by all meters. If the Company (as it may under unusual circumstances) permits more than one Customer to be served through one meter, the minimum bill and each billing block of the applicable Rate Schedule shall be multiplied by the number of the dwelling units so served and the number of cubic feet in each succeeding block of the Rate Schedule shall be increased in the same proportion.

14. Termination of Service

If a Customer wishes the gas service to be terminated, he shall give notice at the office of the Company at least four (4) days prior to the time that such termination shall become effective, subject to any existing agreement between Customer and Company. Customer will be held liable both for any gas that may pass through the meter and safe custody of the Company's property until expiration of such notice period, provided that the meter and/or other movable equipment shall not have been removed within that time by the Company.

15. Limitations of Supply

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from non-affiliated companies that may jeopardize service to existing Customers.

II. GENERAL TERMS AND CONDITIONS

16. Gas Shortage Allocation Policy

A. Definitions

The following are definitions of terms used in this sub-section and applicable only to this sub-section:

Residential: Service to Customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses.

Commercial: Service to Customers engaged primarily in the sale of goods or services including institutions and local, state and federal government agencies for uses other than those involving manufacturing or electric power generation.

Industrial: Service to Customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power.

Firm Service: Service from schedules or contracts under which seller is expressly obligated to deliver specific volumes within a given time period and which anticipates no interruptions but which may permit unexpected interruption in case the supply to higher priority Customers is threatened.

Interruptible Service: Service from schedules or contracts under which Seller is not expressly obligated to deliver specific volumes within a given time period, and which anticipates and permits interruption on short notice, or service under schedules or contracts which expressly or implied require installation of alternate fuel capability.

Plant Protection Gas: Is defined as minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel when such protection cannot be afforded through the use of alternate fuel. This includes the protection of such material in process as would otherwise be destroyed but shall not include deliveries required to maintain plant production. For the purpose of this definition propane and other gaseous fuels shall not be considered alternate fuels.

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Feedstock Gas: Is defined as natural gas used as a raw material for its chemical properties in creating an end product.

Process Gas: Is defined as gas use for which alternate fuels are not technically feasible such as in applications requiring precise temperature controls and precise flame characteristics. For the purpose of this definition, propane and other gaseous fuels shall not be considered alternate fuels.

Boiler Fuel: Is considered to be natural gas used as a fuel for the generation of steam or electricity including the utilization of gas turbines for the generation of electricity.

Alternate Fuel Capabilities: Is defined as a situation where an alternate fuel could have been utilized whether or not the facilities for such use have actually been installed; provided however, where the use of natural gas is for plant protection, feedstock, or process uses and the only alternate fuel is propane or other gaseous fuel, then the consumer will be treated as if he had no alternate fuel capability.

B. Policy

In the event that, due to gas supply restrictions, the Company is unable to deliver the total requirements of its firm rate Customers, the available volumes of gas will be allocated to the Company's firm rate Customers in accordance with the provisions of this policy. Curtailment of gas deliveries to the Company's firm rate Customers will not be made until all deliveries to the Company's interruptible rate Customers are discontinued.

As curtailment becomes necessary through each succeeding category, the Company will implement full or partial curtailment by Customer, or by groups of Customers, taking into consideration Customer load characteristics, the Company's distribution system design and Company's load characteristics in a manner which is believed to be in the best interest of Customers in general.

C. Priorities

Firm rate Customers shall be serviced according to the following preference categories with the first and each succeeding category having preference over the succeeding categories:

(0) Company use for fuel and loss and unaccounted for.

II. GENERAL TERMS AND CONDITIONS

(1) High priority uses for residential including apartment buildings and other multi-unit building, small commercial establishments using less than 50 Mcf on a peak day, schools, hospitals, police protection, firm protection, sanitation facilities and correctional facilities.

(2) Essential agricultural uses, as defined by the Secretary of Agriculture, for full food and natural fiber production, process and feedstock use for fertilizer and agricultural chemicals, process and feedstock for animal feeds and food, food quality maintenance, food packaging, marketing and distribution for food related products and on farm uses.

(3) Large commercial requirements (50 Mcf or more on a peak day), firm industrial requirements for plant protection, feedstock and process needs and firm industrial sales up to 300 Mcf per day.

(4) All industrial requirements not specified in (2), (3), (5) or (6).

(5) Firm industrial requirements for boiler fuel use at less than 3,000 Mcf per day, but more than 1,500 Mcf per day, where alternate fuel capabilities can meet such requirements.

(6) Firm industrial requirements for large volume (3,000 Mcf or more per day) boiler fuel use where alternate fuel capabilities can meet such requirements.

D. Storage Injection

Within each category, storage injection required to meet the needs of higher priorities may be given preference over all other uses within that category.

E. Penalty

For all unauthorized volumes of gas taken by a Customer, the Customer shall pay the Company a penalty of $2.50 per therm for each therm taken. Such penalty shall be added to the regular rates in effect. The Company shall have the right, without obligation, to waive any penalty for unauthorized use of gas if on the day when the penalty was incurred deliveries to other of the Company's Customers were not adversely affected. Continued unauthorized use, at the sole discretion of the Company, may result in termination of service.

III. LINE EXTENSIONS

1. Original Installation and Extension

In areas in which operation by the Company is authorized, service and main extensions will be extended for new customers and/or system improvements will be undertaken for customer initiated load increases pursuant to the Company's Tariff, Rules and Regulations and will be subject to the results of a discounted cash flow ("DCF") (i.e., a Net Present Value ("NPV")) analysis.

The Company uses a DCF method to evaluate main and service line extensions. This method considers an estimate of the cost of capital expenditures associated with the proposed extension, an estimate of the net revenue (revenues exclusive of related gas costs recoveries) to be derived from the expected new customer(s), an estimate of the associated operation and maintenance expenses, depreciation and property and other taxes. These amounts are reflected on an annual basis and result in the annual cash flow (after-tax) associated with the proposed new main or service line extension. These annual cash flows are discounted (over ten (10) years for commercial and industrial service and twenty (20) years for residential service) to a present value at a rate representative of the Company's updated after-tax weighted cost of capital. If the NPV is zero or greater, then no contribution is required. However, if the NPV is negative, then the excess cost is required as a Contribution in Aid of Construction ("CIAC") by the Initial Customer(s).

Payment will be required in advance or in accordance with installment program provisions in effect at the time that the installment contract is signed.

For administrative efficiency the Company has a "Standard Offer Service" ("SOS") and will apply the SOS when a single new service is required for residential gas heating. The SOS provides for the installation of 100 feet of service pipe, under normal installation conditions as determined by the Company, from a gas main at no charge to serve residential heating loads.

For the installation of additional feet of service pipe, the Company will calculate annually the cost per additional foot from a gas main, under normal installation conditions as determined by the Company. The cost per additional foot above of the SOS offered will be calculated using the DCF method above. The inputs for calculating the cash flows will be the average net revenue derived from a typical residential heating rate class customer and an estimate of capital cost such that the NPV is zero. The estimate of capital cost will then be applied to determine the cost per additional foot of service pipe above the SOS.

III. LINE EXTENSIONS

2. Subsequent Customer Contributions and Refunds

If during the period of five (5) years immediately following the date of construction completion, additional Customers or Subsequent Customers, whose gas use was not reflected in any previous computation or re-computation of the CIAC, are connected to an extension which was installed subject to a CIAC, the CIAC will be recomputed. Such re-computation will result in a refund of some or all of the CIAC to the Initial Customer(s) if such Subsequent Customer(s) produces a positive NPV. A refund will be made by the Company to the Customer(s) who made the original payment and who continue to be customers of the Company.

3. Easements

The Company shall not be required to construct extensions hereunder other than on public ways unless the prospective Customer shall provide without expense or cost to the Company, the necessary permits, consents or easements for a satisfactory right-of-way for the construction, maintenance and operation of the main.

4. Winter Construction

Ordinarily no new service pipes or main extensions are installed during winter conditions (when frost is in the ground) unless the Customer defrays the extra expenses.

5. Title

Title of all extensions constructed in accordance with the above shall be vested in the Company.

6. Reasonable Duration

Under none of the foregoing provisions will the Company be required to install service pipes or to construct main extensions where the business to be secured will not be of reasonable duration.

IV. COST OF GAS CLAUSE

Section

1. Purpose
2. Applicability
3. Cost of Firm Gas Allowable for Cost of Gas Clause (COGC)
4. Effective Date of Cost of Gas (COG) Factors
5 Definitions
6. COG Factor Calculations by Customer Classification
7. Non-Core Sales Margins ("NCSM")
8. Gas Suppliers' Refunds – FERC Account 242
9. Annual COG Reconciliation Adjustment - Account 191
10. Bad Debt and Working Capital Reconciliation Adjustments – FERC Account 182
11. Application of COG Factors to Bills
12. Information Required to be Filed with the NHPUC
13. Other Rules
14. Reconciliation Adjustment Accounts

1. Purpose

The purpose of this clause is to establish procedures that allow the Company, subject to the jurisdiction of the New Hampshire Public Utilities Commission ("NHPUC"), to set on an annual basis seasonal firm gas supply sales rates and to adjust these rates on a monthly basis.

The firm gas supply sales rates recover the seasonal costs of gas supplies, any taxes applicable to those supplies, upstream pipeline and storage capacity costs, on-system production capacity and storage costs, miscellaneous overhead costs related to those supplies, bad debt expense associated with purchased gas costs, costs of purchased gas working capital, and any other costs approved by the NHPUC, and return the seasonal credits from supplier and pipeline refunds, non-core gas supply sales and transportation, interruptible gas supply sales and transportation, capacity assignment, capacity release, application of the Delivery-to-Sales Service Fee, and any other credits or revenue approved by the NHPUC.

IV. COST OF GAS CLAUSE

2. Applicability

This Cost of Gas Clause ("COGC") shall be applicable to all firm gas supply sales made by Northern, unless otherwise designated. Application of the COGC may, for good cause shown, be modified by the NHPUC. See Part IV, Section 13, "Other Rules."

3. Cost of Firm Gas Allowable for the COGC

All costs of firm gas supply including, but not limited to, commodity costs, taxes on commodity, demand charges, local production and storage costs, other gas supply expense incurred to procure and transport supplies, expense of the gas used in company operations, transportation fees, costs associated with buyouts of existing contracts, and bad debt expenses and purchased gas working capital may be included in the COGC. Any costs recovered through application of the COGC shall be identified and explained fully in the annual and monthly COGC filings outlined in Part IV, Section 12.

4. Effective Date of Cost of Gas Factors

The firm gas supply sales rates or Cost of Gas ("COG") Factors shall be seasonal and become effective upon NHPUC approval for services rendered on the first day of each season as designated by the Company. Unless otherwise notified by the NHPUC, the Company shall submit its annual COGC filing as outlined in Part IV, Section 12 of this clause at least 45 days before taking effect on November 1st. The approved seasonal COG Factors may be adjusted by the Company on a monthly basis without further action by the NHPUC and shall become effective on the first day of the subsequent month. See Part IV, Section 13.

5. Definitions

The following terms shall be defined in this Section IV, unless the context requires otherwise.

(1) **Bad Debt Expense** - The uncollectable expense attributed to the portion of the Company's charges associated with its gas costs.

(2) **Capacity Assignment Revenue** – The revenue received from Suppliers for the mandatory assignment of capacity pursuant to the Company's Delivery Service

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Terms and Conditions.

(3) **Capacity Release Revenue** - The revenue derived from the sale of upstream capacity, including the revenues resulting from the elective, short-term assignment of capacity.

(4) **Carrying Charges** - Interest expense calculated on the average monthly COG reconciliation balance and added to the end of month COG reconciliation balance. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

(5) **Direct Gas Costs** - All purchased gas costs including supplier, storage and pipeline demand and commodity costs, as well as the commodity costs for production and storage gas (LP-air and LNG).

(6) **Firm Sales Service Re-Entry Fee Revenues** The revenues resulting from billing certain customers who switched from firm transportation service to firm sales service after June 30, 2006.

(7) **Indirect Gas Costs** – Bad Debt Expense, Working Capital Carrying Charges, COG reconciliation balances, miscellaneous overhead costs, supplier and pipeline refunds, and local production and storage capacity costs.

(8) **Interruptible Sales Margins** - The Economic Benefit derived from the interruptible sale of gas downstream of the Company's distribution system.

(9) **Inventory Finance Charges** - As billed in each Winter Season for annual charges. The amount shall represent an accumulation of the projected charges as calculated using the monthly average of financed inventory at the Company's average short-term cost of borrowing for the month, or some other finance vehicle subject to the approval of the NHPUC.

(10) **Modified PR Allocator** - The percentage allocated for the portion of annual capacity charges assigned to the Company's New Hampshire and Maine divisions calculated in each annual COGC filing using the Modified Proportional Responsibility ("PR") Method. The allocation percentages for Northern's New Hampshire and Maine divisions reflect the approval of the Modified PR Allocator by the NHPUC and Maine PUC in NHPUC Docket 05-080 and in

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MPUC Docket Nos. 2005-87 and 2005-273, respectively.

(11) **Non-Core Commodity Revenuess** - The commodity revenues associated with non-core sales to which the COG Factor is not applied. Non-core sales include sales made under interruptible contracts, non-core contracts and off-system sales contracts.

(12) **Non-Core Demand Revenues** - The revenue derived from non-core transactions to which the COG Factor is not applied, including interruptible sales and other non-core sales generated from the use of the Company's gas supply resource portfolio.

(13) **Off-System Sales Revenue** - The revenue derived from the non-firm sales of natural gas supplies upstream of Company's distribution system.

(14) **Production and Storage Capacity Costs** - The costs of providing local, on-system storage service from the Company's storage facilities (i.e., LNG and LPG) as determined in the Company's most recent base rate proceeding.

(15) **Purchased Gas Working Capital** - The allowable working capital derived from Winter and Summer Season demand and commodity related costs.

(16) **Simplified Market Based Allocation (SMBA) method** – Used in determining the allocation of gas costs among the Company's High and Low load factor Commercial and Industrial Customer Classifications.

(17) **Summer Commodity** - The gas supplies procured by the Company to serve firm sales load in the Summer Season.

(18) **Summer Demand** - The gas supply demand and transmission capacity procured by the Company to serve firm sales load in the Summer Season.

(19) **Summer Season** – The months May through October.

(20) **Winter Commodity** - The gas supplies procured by the Company to serve firm sales load in the Winter Season.

(21) **Winter Demand** – The gas supply demand, peaking demands, storage and transmission capacity procured by the Company to serve firm sales load in the Winter Season.

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(22) **Winter Season** – The months November through April.

(23) **Working Capital Carrying Charge Rate**- the monthly prime interest rate, as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

6. COG Factor Calculations by Customer Classification

6.1 Approved Cost Amounts

The COG Factor calculations include costs and amounts periodically established by the NHPUC. The table below lists approved costs and amounts:

VARIABLE	DESCRIPTION	CURRENTLY APPROVED AMOUNTS
MISC	Miscellaneous Overhead Costs	$512,686
PS	Production and Storage Capacity Costs	$420,658
WCA%	Working Capital Allowance Percentage	9.25 supply related net lag days / 365 days x WCCCR

Where: WCCCR=Working Capital Carrying Charge Rate

6.2 COG Factor Formulas

The COG Factor Formulas shall be computed on an annual basis for the Company's three (3) groups of customer classes as shown in the table below. The computations will use forecasts of seasonal gas costs, carrying charges, sendout volumes, credits and sales volumes. Forecasts may be based on either historical data or Company projections, but must be weather-normalized. Any projections must be documented in full with each filing.

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GROUP	CUSTOMER CLASSES
Residential	R-5, R-6, R-10 and R-11
Commercial and Industrial: Low Winter	G-50, G-51 and G-52
Commercial and Industrial: High Winter	G-40, G-41 and G-42

COG Factors will be calculated on a seasonal basis. The Winter Season COG Factors will be effective November 1st and Summer Season COG Factors will be effective on May 1st.

The seasonal COG Factors for the Residential rate classes shall represent the total system average unit cost of gas for meeting firm sales load projected in each COG season. The seasonal COG Factors for the Commercial and Industrial ("C&I") Low Winter and High Winter classes shall be derived by using the load factor based SMBA method of allocating gas costs as defined in Part IV, Section 5, and shall include other costs and credits allowed by the NHPUC.

6.3 Winter Season COG Factors

Winter Season COG costs (COGw) shall be comprised of Winter Season direct costs of gas (DCOGw) which include Winter Season direct demand costs (DDw) and Winter Season commodity costs (Cw), and Winter Season indirect costs (ICOGw) including Winter Season COG reconciliation gas costs (Rw), Winter Season working capital costs (WCw), Winter Season bad debt costs (BDw), production and storage capacity costs (PS), Winter Season miscellaneous overhead costs (MISC) and any supplier refunds allocated to the Winter Season (SRw) according to the following formulas:

COGw = DCOGw + ICOGw

Winter Direct Cost of Gas (DCOGw) and Indirect Cost of Gas (ICOGw) Formulas

DCOGw = DDw + Cw

and:

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DDw = DEMw – NCDRw – CARw

and:

ICOGw = Rw + BDw + WCw +PS + MISC * (W:Sales / A:Sales) + SRw

Where:

A:Sales	Forecasted annual firm gas supply sales volumes.
BDw	Bad debt expense allocated to the Winter Season.
CARw	Capacity assignment revenues, pursuant to the capacity assignment provisions in the Company's Delivery Service Terms and Conditions, allocated to the Winter Season.
Cw	Commodity gas costs allowable for the Winter Season.
COGw	Total cost of gas for the Winter Season to serve the Company's firm sales customer classes previously defined.
DDw	Direct demand costs allowable for the Winter Season
DCOGw	Direct gas costs allowable for the Winter Season.
DEMw	Demand costs allocated to the Winter Season defined in Part IV, Section 5.
ICOGw	Indirect gas costs allowable for the Winter Season.
MISC	The amount of gas costs associated with acquisition, dispatching, Administrative and General expenses, and miscellaneous overhead costs as determined in the Company's most recent base rate proceeding. Refer to Part IV, Section 6.1 for this amount.
NCDRw	Winter Season returnable capacity release revenues and return to sales service revenues.
PS	The amount of costs associated with production and storage capacity, as determined in the Company's most recent rate proceeding, less any production and storage capacity assignment revenues. Refer to Part IV, Section 6.1 for this amount.

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Rw	Annual reconciliation costs allocated to Winter Season from the Account 191 balance, inclusive of the associated Account 191 interest, as outlined in Part IV, Section 9.
SRw	Supplier demand and commodity related refunds assigned to the Winter Season associated with refund program credits derived from Account 242, "Undistributed Gas Suppliers' Refunds." See Part IV, Section 8.
WCw	Working capital carrying charges allocated to the Winter Season as defined in Part IV, Section 10.
W:Sales	Forecasted Winter Season firm gas supply sales volumes.

Winter Commodity Cost (Cw) Formula

$$Cw = WSC - NCCRw + FC$$

Where:

FC	Annual inventory finance charges as defined in Part IV, Section 5.
NCCRw	Non-core commodity gas revenues incurred in the Winter Season as defined in Part IV, Section 5.
WSC	Commodity gas costs associated with gas supply dispatched to firm gas supply sales customers in the Winter Season.

Winter Working Capital Carrying Charges (WCw) Formula

$$WCw = (DCOGw) \times WCAw\ \% + Rwcw$$

Where:

WCAw %	Working capital allowance percentage associated with Winter Season gas costs. See Part IV, Section 6.1.
Rwcw	Working capital allowance reconciliation adjustment associated with Winter Season gas costs Account 182 balance, as outlined in Part IV, Section 10.

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Winter Bad Debt Cost (BDw) Formula

$$BDw = EBDw + Rbdw$$

Where:

EBDw Estimated bad debt expense for the Winter Season.

Rbdw Bad debt expense reconciliation adjustment assigned to the Winter Season.

Winter Supplier Refund (SRw) Formula

$$SRw = (SRD + SRC)*(W:Sales / A:Sales)$$

Where:

SRD Annualized supplier refund for demand related charges

SRC Annualized supplier refund for commodity related charges

Residential COG Factor Winter Season (COGFACTORwr)

All Residential firm sales customers will pay the same GOG Factor for the Winter Season. This COG Factor represents the total forecasted Winter Season average cost of gas. This COG Factor is calculated according to the following formula:

$$COGFACTORwr = \frac{COGw}{W:Sales}$$

Where:

COGFACTORwr Per unit Residential customer Winter Season COG Factor.

Commercial and Industrial (C&I) Winter Season COG Factors

The C&I firm sales customer's Winter Season COG Factors will be based on the SMBA method of allocating direct gas costs to each of the two C&I firm sales load factor based customer

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groups: Rates G-50, G-51 and G-52 which are High Load Factor or Low Winter Use and Rates G-40, G-41 and G-42 which are Low Load Factor or High Winter Use. In addition, the C&I COG Factors will include a rate adjustment that allocates any difference between the Residential average cost of gas and the Residential COG Factor using the SMBA method. This difference is then added to the C&I firm sales customer classes COG Factors. Both C&I firm sales customer classes as well as the Residential customer class pay the Winter Season system average cost for indirect gas costs.

The formulas below pertain to Low Load Factor or High Winter Use C&I firm sales customers. The formulas determining COG Factors for High Load Factor or Low Winter Use C&I firm sales customers are not presented but are identical except for the subscripts: For High Load Factor or Low Winter Use C&I firm sales customers, all variables with a "wh" designation are replaced with a "wl" designation.

$$COGFACTORwh = DCOGwh + ICOGwh$$

and

$$DCOGwh = ADwh + ACwh$$

and

$$ADwh = \frac{DDwh + RRADwh}{WH{:}Sales}$$

and

$$ACwh = \frac{Cwh + RRACwh}{WH{:}Sales}$$

and

$$ICOGwh = ICOGw/W{:}Sales$$

and

$$RRADwh = (RDSMBA - RDAVG)*Dwh\%$$

and

$$RRACwh = (RCSMBA - RCAVG)*Cwh\%$$

Where:

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ACwh — Per unit Winter Season adjusted commodity costs associated with the High Winter Use C&I firm sales customers.

ADwh — Per unit Winter Season adjusted direct demand costs allocated to the High Winter Use C&I firm sales customers.

COGFACTORwh — Per unit Winter Season COG Factor for G-40, G-41 and G-42 C&I rate classes.

Cwh — Winter Season commodity costs associated with the High Winter Use C&I firm sales customers.

Cwh% — Percent of C&I Winter Season commodity gas costs allocated to High Winter Use C&I firm sales customers.

DOCGwh — Per unit direct cost of gas for the Winter Season for High Winter Use C&I firm sales customers.

DDwh — Winter Season direct demand costs allocated to the High Winter Use C&I firm sales customer classes.

Dwh% — Percent of C&I Winter Season demand costs allocated to High Winter Use firm sales C&I firm sales customers.

ICOGw — As previously defined above.

ICOGwh — Per unit indirect cost of gas for the Winter Season for High Winter Use C&I firm sales customers.

RRADwh — Residential reallocation adjustment for Winter Season demand costs to High Winter Use C&I firm sales customers.

RRACwh — Residential reallocation adjustment for Winter Season commodity costs to High Winter Use C&I firm sales customers.

RDSMBA — Residential demand costs per the SMBA methodology.

RCSMBA — Residential commodity costs per the SMBA methodology.

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RDAVG Demand cost per average Residential rate.

RCAVG Commodity cost per average Residential rate.

WH:Sales Winter Season forecasted C&I High Winter Use firm sales volumes.

6.4 Summer Season COG Factors

Summer Season COG costs (COGs) shall be comprised of Summer Season direct costs of gas (DCOGs) which include Summer Season direct demand costs (DDs) and Summer Season commodity costs (Cs), and Summer Season indirect costs (IGOCs) including Summer Season reconciliation gas costs (Rs), Summer Season working capital costs (WCs), Summer Season bad debt costs (BDs), Summer Season miscellaneous overhead costs (MISC) and any supplier refunds allocated to the Summer Season (SRs) according to the following formulas:

COGs= DCOGs + ICOGs

Summer Direct Cost of Gas (DCOGs) and Indirect Cost of Gas (ICOGs) Formulas

DCOGs = DDs + Cs

And:

ICOGs = Rs + BDs + WCs + MISC * (S:Sales / A:Sales) + SRs

Where:

A:Sales Forecasted annual firm gas supply sales volumes.

BDs Bad debt expense allocated to the Summer Season.

Cs Commodity gas costs allowable for the Summer Season.

COGs The total cost of gas for the Summer Season to serve the Company's firm sales customer classes previously defined.

DDs Direct demand costs allowable for the Summer Season.

DCOGs Direct gas costs allowable for the Summer Season.

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ICOGs	Indirect gas costs allowable for the Summer Season.
MISC	The amount of gas costs associated with acquisition, dispatching, Administrative and General expenses, and miscellaneous overhead costs as determined in the Company's most recent base rate proceeding. Refer to Part IV, Section 6.1 for this amount.
Rs	Annual reconciliation costs allocated to the Summer Season from the Account 191 balance, inclusive of the associated Account 191 interest, as outlined in Part IV, Section 9.
SRs	Supplier demand and commodity related refunds assigned to the Summer Season associated with refund program credits derived from Account 242, "Undistributed Gas Suppliers' Refunds." See Part IV, Section 8.
S:Sales	Forecasted Summer Season firm gas supply sales volumes.
WCs	Working capital carrying charges allocated to the Summer Season as defined in Part IV, Section 10.

Summer Commodity Cost (Cs) Formula

$$Cs = SSC - NCCRs$$

Where:

NCCRs	Non-core commodity gas revenues incurred in the Summer Season as defined in Part IV, Section 5.
SSC	Commodity gas cost charges associated with gas supply dispatched to firm gas supply sales customers in the summer season.

Summer Working Capital Carrying Charges (WCs) Formula

$$WCs = DCOGs \times WCAs\% + Rwcs$$

Where:

WCAs%	Working capital allowance percentage associated with Summer Season gas costs. Refer to Part IV, Section 6.1.

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Rwcs — Working capital allowance reconciliation adjustment associated with the Summer Season gas costs, Account 182 balance, as outlined in Part IV, Section 10.

Summer Bad Debt (BDs) Formula

$$BDs = EBDs + Rbds$$

Where:

EBDs — Estimated bad debt expense for the Summer Season.

Rbds — Bad debt expense reconciliation adjustment assigned to the Summer Season.

Summer Supplier Refund (SRw) Formula

$$SRs = (SRD + SRC)*(S{:}Sales / A{:}Sales)$$

Where:

SRD — Annualized supplier refund for demand related charges

SRC — Annualized supplier refund for commodity related charges

Residential COG Factor Summer Season (COGFACTORsr)

All Residential firm sales customers will pay the sameCOG Factor for the Summer Season. This COG Factor represents the total forecasted Summer Season average cost of gas rate. This factor is calculated according to the following formula:

$$COGFACTORsr = \frac{COGs}{S{:}Sales}$$

Where:

COGFACTORsr = Per unit Residential customer Summer Season COG Factor

Commercial and Industrial (C&I) Summer Season COG Factors

The C&I firm sales Summer Season COG Factors will be based on the SMBA method of

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allocating direct gas costs to each of the two C&I load factor based customer groups: Rates G-50, G-51 and G-52 which are High Load Factor or Low Winter Use and Rates G-40, G-41 and G-42 which are Low Load Factor or High Winter Use. In addition, the C&I COG Factors will include a rate adjustment that allocates any difference between the Residential average cost of gas and the Residential COG Factor using the SMBA method. This difference is then added to the C&I firm sales customer classes COG Factors. Both C&I firm sales customer classes as well as the Residential customer classes pay the Summer Season system average cost for indirect costs.

The formulas below pertain to Low Load Factor or High Winter Use C&I firm sales customers. The formulas determining COG Factors for High Load Factor or Low Winter Use C&I firm sales customers are not presented but are identical except for the subscripts: For High Load Factor or Low Winter Use C&I firm sales customers, all variables with a "sh" designation would be replaced with a "sl" designation.

$$COGFACTORsh = DCOGsh + ICOGsh$$

and

$$DCOGsh = ADsh + ACsh$$

and

$$ADsh = \frac{DDSh + RRADsh}{SH:Sales}$$

and

$$ACsh = \frac{Csh + RRACsh}{SH:Sales}$$

and

$$ICOGsh = ICOGs/S:Sales$$

and

$$RRADsh = (RDSMBA - RDAVG)*Dsh\%$$

and

$$RRACsh = (RCSMBA - RCAVG)*Csh\%$$

Where:

ACsh — Per unit Summer Season adjusted commodity costs associated with the High Winter Use C&I firm sales customers.

ADsh — Per unit Summer Season adjusted direct demand costs allocated to the High Winter Use C&I firm sales customers.

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COGFACTORsh Per unit Summer Season COG Factor for G-40, G-41 and G-42 C&I rate classes.

Csh Summer Season commodity costs associated with the High Winter Use C&I firm sales customers.

Csh% Percent of C&I Summer Season commodity gas costs allocated to High Winter Use C&I firm sales customers.

DDsh Summer Season direct demand costs allocated to the High Winter Use C&I firm sales customer classes.

DOCGsh Per unit direct cost of gas for the Summer Season for High Winter Use C&I firm sales customers.

Dsh% Percent of C&I Summer Season demand costs allocated to High Winter Use C&I firm sales customers

ICOGs As previously defined above.

ICOGsh Per unit indirect cost of gas for the Summer Season for High Winter Use C&I firm sales customers.

RRADsh Residential reallocation adjustment for Summer Season demand costs to High Winter Use C&I firm sales customers.

RRACsh Residential reallocation adjustment for Summer Season commodity costs to High Winter Use C&I firm sales customers.

RDSMBA Residential demand costs per the SMBA methodology.

RCSMBA Residential commodity costs per the SMBA methodology.

RDAVG Demand cost per average Residential rate

RCAVG Commodity cost per average Residential rate

SH:Sales Summer Season forecasted C&I High Winter Use firm sales volumes.

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7. Non-Core Sales Demand and Commodity Revenues

One hundred percent (100%) ofor revenues from Interruptible Sales, Off-System Sales, and Capacity Release will be credited to firm sales customers through operation of the COGC.

8. Gas Suppliers' Refunds – FERC Account 242

Refunds from upstream capacity suppliers and suppliers of product demand are credited to Account 242, "Undistributed Purchased Capacity/Product Demand Refunds." Refunds from suppliers of gas are credited to account 242, "Commodity Undistributed Gas Suppliers' Refunds." Transfers from these accounts will be reflected as a credit in the annual calculation of the seasonal COG Factors to be calculated as follows:

Refund programs shall be initiated with each annual COG filing and shall remain in effect for a period of one year. The amount to be placed into a given refund program shall be net of over/under-balances from expired refund programs plus refunds received from suppliers since the previous program was initiated. Refunds shall be segregated by demand and commodity and distributed volumetrically, producing a per unit refund that will return the principal amount with interest applied to the average of the beginning and end of month balances of refunds. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter ,. The Company shall track and report on all Account 242 activities as specified in Part IV, Section 12.

9. Annual COG Reconciliation Adjustment – FERC Account 191

(1) The following **definitions** pertain to the annual COG reconciliation adjustment:

a. **Capacity Costs Allowable** shall be:

i. Charges associated with upstream storage and transmission capacity and product demand procured by the Company to serve firm gas supply sales service.

ii. Charges associated with peaking, downstream production and storage capacity to serve firm gas supply sales load, dispatching costs, and other administrative and general expenses in connection with purchasing gas

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supplies allocated to firm gas supply sales services in the respective season. These expenses are from the test year of the Company's most recent base rate proceeding, and are provided in Part IV, Section 6.1.

iii. Non-Core Sales Margins or Economic Benefits associated with returnable capacity release, off-system sales and interruptible sales margins allocated to the firm gas supply sales service.

iv. Credits associated with daily imbalance charges and the fixed component of penalty charges billed Delivery Service, as well as revenues associated with: (a) mandatory assignment of capacity to meet the requirements of firm transportation customers (non-grandfathered customers); (b) the billing of the Capacity Reservation Charge; and (c) the billing of the Delivery-to-Sales Service Fee to firm customers switching from transportation to firm gas supply sales service.

v. Capacity Cost Carrying Charges.

b. **Commodity Gas Costs Allowable** shall be:

i. Commodity Charges associated with gas supplies, including any applicable taxes, purchased by the Company to serve firm gas supply sales service.

ii. Credit for non-core commodity costs assigned to non-core customers to which the COGC does not apply, as defined in Part IV, Section 6.3 (NCCCw and NCCCs), as well as the commodity costs of all supplies nominated by third party Suppliers associated with the assignment of Company-Managed resources, as defined in the Company's Delivery Service Terms and Conditions.

iii. Inventory finance charges.

iv. Commodity Cost Carrying Charges.

(2) Allocation of the annual COG Reconciliation Adjustment to the Summer Season (Rs) and Winter Season (Rw).

Account 191 contains the accumulated difference between actual COG Factor revenues and the actual monthly COG Factor costs incurred by the Company

IV. COST OF GAS CLAUSE

including Carrying Charges. The allocation of the annual COG reconciliation ending balance to the Winter and Summer Seasons is derived by multiplying the ratio of each season's firm gas supply sales service to annual firm gas supply sales service by the annual COG reconciliation ending balance.

Carrying Charges shall be calculated on the average monthly balance of each subaccount. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

The annual COG Reconciliation filing shall coincide with the next annual COG filing each year.

10. Bad Debt and Working Capital Reconciliation Adjustments – FERC Account 182

(1) The following **definitions** pertain to Working Capital and Bad Debt reconciliation adjustment calculations:

a. **Working Capital Costs Allowable** shall be:

i. Charges associated with gas supplies, upstream storage, transmission capacity, and product demand procured by the Company, as well as applicable taxes, to serve firm gas supply sales customers in the respective season. The annual working capital accumulated difference is then multiplied by the ratio of each season's firm gas supply sales to annual firm gas supply sales in order to derive the seasonal working capital reconciliation amount.

ii. Non-core commodity costs associated with non-core sales in the respective season to which the COG Factor is not applied, as defined in Part IV, Section 5.

iii. Carrying charges.

b. **Bad Debt Costs Allowable** shall be:

Costs associated with uncollected gas costs, incurred by the Company to serve sales load in the Winter and Summer Seasons. Such costs represent the bad debt expense related to the gas supply related write-off of sales

IV. COST OF GAS CLAUSE

customers. The annual bad debt expense accumulated difference is then multiplied by the ratio of each season's firm gas supply sales to annual firm gas supply sales in order to derive the seasonal bad debt reconciliation amount.

2) Calculation of the Working Capital and Bad Debt Reconciliation Adjustments

A Account 182 contains the accumulated difference between actual working capital allowance revenues and the actual monthly working capital allowance costs. The actual monthly working capital allowance costs shall be calculated by multiplying the actual gas costs times the Working Capital Allowance Percentage (WCA%) set forth in Part IV, Section 6.1, to the actual Direct Gas Costs allowable.

b. Account 182 contains the accumulated difference between actual monthly bad debt allowance revenues and the actual monthly bad debt expense. Bad debt revenues are based on the Company's annual forecast of gas supply related write-offs and allocated to each respective season based on the portion of historical bad debt activity occurring in each season.

11. Application of COG Factors to Bills

The Company will charge the COG Factors as follows: The COG Factors ($/therm) for each customer group for each season shall be calculated to the nearest hundredth of a cent per unit and will be applied to each firm gas supply customer's monthly usage volume within the corresponding customer classification. The COG Factors will be applicable to gas used on or after the first day of the month in which the COG Factors become effective.

12. Information Required to be Filed with the NHPUC

Information pertaining to the COGC shall be filed with the NHPUC in accordance with the format established by the NHPUC. Reporting requirements include filing the Company's annual COG filing with seasonal COG Factors and its monthly calculations of the projected over or under-collection of the COG reconciliation ending balance, along with notification by the Company to the NHPUC of any revised COG Factors for the subsequent month, not less than five (5) business days prior to the first day of the subsequent month.

IV. COST OF GAS CLAUSE

Additionally, the Company shall file with the NHPUC an annual reconciliation of gas costs and gas cost collections containing information in support of the reconciliation calculation set out in Part IV, Section 9 (2). Such information shall include the complete list of gas costs claimed as recoverable through the COGC over the previous year. This annual COG reconciliation shall be submitted with each annual COG filing, along with complete documentation of the COG reconciliation adjustment calculations.

The Company shall file with the NHPUC an annual reconciliation of bad debt expense and bad debt collections containing information in support of the reconciliation calculation set out in Part IV, Section 10 (2). Such information shall detail the revenues collected as an allowance for bad debt as well as the per books actual gas cost bad debt expense claimed as recoverable through the COGC over the previous year. This annual reconciliation of bad debt expenses shall be included with the respective annual COG reconciliation filing, along with supporting documentation.

The Company shall file with the NHPUC an annual reconciliation of gas supply related working capital expense and working capital collections containing information in support of the reconciliation calculation set out in Part IV, Section 10 (2). Such information shall detail the revenues collected as an allowance for gas supply related working capital as well as the per books actual gas supply related working capital expense claimed as recoverable through the COGC over the previous year. This annual reconciliation of gas supply related working capital expense shall be included with the respective annual COG reconciliation filing, along with supporting documentation.

13. Other Rules

(1) The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of this Section IV, upon such terms that it may determine to be in the public interest.

(2) The Company may, without further NHPUC action, adjust the approved seasonal COG Factors upward or downward monthly based on the Company's calculation of the projected COG reconciliation ending balance over or under-collection for the applicable Summer or Winter Season, but the cumulative upward adjustments shall not exceed twenty-five (25) percent of the approved seasonal COG Factors.

IV. COST OF GAS CLAUSE

(3) The Company may, at any time, file with the NHPUC an amended COGC. An amended COGC filing must be submitted 45 days before the first day of the month in which it is proposed to take effect.

(4) The operation of the COGC is subject all powers of suspension and investigation vested in the NHPUC.

14. Reconciliation Adjustment of FERC Accounts

191 Annual Gas Cost Reconciliation Adjustment for COGC
This account shall be used to record the cumulative difference between annual gas revenues and annual gas costs. Entries to this account shall be determined as outlined in the COGC.

182 Annual Bad Debt Reconciliation Adjustment for COGC
This account shall be used to record the cumulative difference between annual bad debt revenues and annual bad debt costs. Entries to this account shall be determined as outlined in the COGC.

182 Annual Gas Working Capital Allowance Reconciliation Adjustment for COGC
This account shall be used to record the cumulative difference between annual gas working capital allowance revenues and the annual gas working capital allowance. Entries to this account shall be determined as outlined in the COGC.

242 Undistributed Purchase Capacity/Product Demand Refunds
This account shall be used to record the refunds from upstream capacity suppliers and suppliers of product demand and the transfer of credits in the annual calculation of the seasonal COG Factors. Entries to this account shall be determined as outlined in the COCG.

242 Undistributed Commodity Gas Supplier Refunds.
This account shall be used to record the refunds from upstream commodity supplies and suppliers of product commodity and the transfers of credits in the annual calculation of the seasonal COG Factors. Entries to this account shall be determined as outlined in the COGC.

IV. COST OF GAS CLAUSE

CANCELED

RESERVED FOR FUTURE USE

IV. COST OF GAS CLAUSE

CANCELED

RESERVED FOR FUTURE USE

Anticipated Cost of Gas

New Hampshire Division
Period Covered: November 1, 2016 - April 30, 2017

(Col 1)	(Col 2)	(Col 3)
ANTICIPATED DIRECT COST OF GAS		
Purchased Gas:		
Demand Costs:	$2,760,644	
Supply Costs:	$9,964,565	
Storage & Peaking Gas:		
Demand, Capacity:	$9,240,209	
Commodity Costs:	$3,496,207	
Hedging (Gain)/Cost	$64,809	
Interruptible Included Above	$0	
Inventory Finance Charge	$2,038	
Capacity Release, & Asset Management	($3,672,857)	
Total Anticipated Direct Cost of Gas		$21,855,615
ANTICIPATED INDIRECT COST OF GAS		
Adjustments:		
Prior Period Under/(Over) Collection	$850,112	
NH PUC Consultant Costs	$20,828	
Interest	($901)	
Refunds	$0	
Interruptible Margins	$0	
Total Adjustments		$870,039
Working Capital:		
Total Anticipated Direct Cost of Gas	$21,855,615	
Working Capital Percentage	0.0887%	
Working Capital Allowance	$ 19,386	
Plus: Working Capital Reconciliation (Acct 182.11)	$651	
Total Working Capital Allowance		$20,037
Bad Debt:		
Bad Debt Allowance	$187,199	
Plus: Bad Debt Reconciliation (Acct 182.16)	$82,676	
Total Bad Debt Allowance		$269,875
Local Production and Storage Capacity		$420,658
Miscellaneous Overhead-79.76% Allocated to Winter Season		$408,908
Total Anticipated Indirect Cost of Gas		$1,989,516
Total Cost of Gas		$23,845,132

Issued: November 1, 2016
Effective Date: November 1, 2016

Issued By: [signature]
Senior Vice President

Authorized by NHPUC Order No. 25,959 in Docket No. DG 16-819, dated October 26, 2016

Anticipated Cost of Gas

New Hampshire Division
Period Covered: May 1, 2017 - October 31, 2017

(Col 1)	(Col 2)	(Col 3)
ANTICIPATED DIRECT COST OF GAS		
Purchased Gas:		
Demand Costs:	$437,194	
Supply Costs:	$2,032,100	
Storage & Peaking Gas:		
Demand, Capacity:	$401,228	
Commodity Costs:	$29,565	
Hedging (Gain)/Cost	$0	
Interruptible Included Above	$0	
Inventory Finance Charge	$0	
Capacity Release, & Asset Management	$0	
Total Anticipated Direct Cost of Gas		$2,900,087
ANTICIPATED INDIRECT COST OF GAS		
Adjustments:		
Prior Period Under/(Over) Collection	$215,716	
NH PUC Consultant Costs	$2,169	
Interest	($17,900)	
Refunds	$0	
Interruptible Margins	$0	
Total Adjustments		$199,985
Working Capital:		
Total Anticipated Direct Cost of Gas	$2,900,087	
Working Capital Percentage	0.0887%	
Working Capital Allowance	$2,572	
Plus: Working Capital Reconciliation (Acct 182.11)	$165	
Total Working Capital Allowance		$2,738
Bad Debt:		
Bad Debt Allowance	$18,846	
Plus: Bad Debt Reconciliation (Acct 182.16)	$20,979	
Total Bad Debt Allowance		$39,825
Local Production and Storage Capacity		$0
Miscellaneous Overhead-20.24% Allocated to the Summer Season		$103,760
Total Anticipated Indirect Cost of Gas		$346,308
Total Cost of Gas		$3,246,395

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CALCULATION OF FIRM SALES COST OF GAS RATE

Period Covered: November 1, 2016 - April 30, 2017

(Col 1)	(Col 2)	(Col 3)	
Total Anticipated Direct Cost of Gas	$21,855,615		
Projected Prorated Sales (11/01/16 - 04/30/17)	31,549,237		
Direct Cost of Gas Rate		$0.6927	per therm
Demand Cost of Gas Rate	$8,327,997	$0.2640	per therm
Commodity Cost of Gas Rate	$13,527,619	$0.4287	per therm
Total Direct Cost of Gas Rate	$21,855,615	**$0.6927**	per therm
Total Anticipated Indirect Cost of Gas	$1,989,516		
Projected Prorated Sales (11/01/16 - 04/30/17)	31,549,237		
Indirect Cost of Gas		$0.0631	per therm
TOTAL PERIOD AVERAGE COST OF GAS		**$0.7558**	**per therm**

Period Ending over-collection as determined on 11/21/16	($672,842)
Projected Sales (12/01/16 - 04/30/17)	27,653,599
Per unit change in Cost of Gas (12/01/16 - 04/30/17)	($0.0243)

-1 **Over-collection w/o rate adjustment as contained in NUI's COG Report dated November 21, 2016**

Period Ending over-collection as determined on 12/16/16	$670,133
Projected Sales (01/01/17 - 04/30/17)	22,082,929
Per unit change in Cost of Gas (01/01/17 - 04/30/17)	$0.0394

-1 **Over-collection w/o rate adjustment as contained in NUI's COG Report dated December 16, 2016**

RESIDENTIAL COST OF GAS RATE - 01/01/17	**COGwr**	**$0.7709**	**per therm**
	Maximum (COG+25%)	**$0.9448**	
RESIDENTIAL COST OF GAS RATE - 11/01/16		$0.7558	
CHANGE IN PER UNIT COST		($0.0243)	
RESIDENTIAL COST OF GAS RATE - 12/01/16		$0.7315	
CHANGE IN PER UNIT COST		$0.0394	
RESIDENTIAL COST OF GAS RATE - 01/01/17		$0.7709	

COM/IND LOW WINTER USE COST OF GAS RATE - 01/01/17	**COGwl**	**$0.6952**	**per therm**
	Maximum (COG+25%)	**$0.8501**	
COMM/IND LOW WINTER USE COST OF GAS RATE - 11/01/16		$0.6801	
CHANGE IN PER UNIT COST		($0.0243)	
COMM/IND LOW WINTER USE COST OF GAS RATE - 12/01/16		$0.6558	
CHANGE IN PER UNIT COST		$0.0394	
COMM/IND LOW WINTER USE COST OF GAS RATE - 01/01/17		$0.6952	

COM/IND HIGH WINTER USE COST OF GAS RATE - 01/01/17	**COGwh**	**$0.7847**	**per therm**
	Maximum (COG+25%)	**$0.9620**	
COMM/IND HIGH WINTER USE COST OF GAS RATE - 11/01/16		$0.7696	
CHANGE IN PER UNIT COST		($0.0243)	
COMM/IND HIGH WINTER USE COST OF GAS RATE - 12/01/16		$0.7453	
CHANGE IN PER UNIT COST		$0.0394	
COMM/IND HIGH WINTER USE COST OF GAS RATE - 01/01/17		$0.7847	

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CALCULATION OF FIRM SALES COST OF GAS RATE

Period Covered: May 1, 2017 - October 31, 2017

(Col 1)	(Col 2)	(Col 3)	
Total Anticipated Direct Cost of Gas	$2,900,087		
Projected Prorated Sales (05/01/17 - 10/31/17)	8,005,603		
Direct Cost of Gas Rate		$0.3623	per therm
Demand Cost of Gas Rate	$838,422	$0.1047	per therm
Commodity Cost of Gas Rate	$2,061,665	$0.2575	per therm
Total Direct Cost of Gas Rate	$2,900,087	**$0.3622**	per therm
Total Anticipated Indirect Cost of Gas	$346,308		
Projected Prorated Sales (05/01/17 - 10/31/17)	8,005,603		
Indirect Cost of Gas		$0.0433	per therm
TOTAL PERIOD AVERAGE COST OF GAS		**$0.4055**	**per therm**

RESIDENTIAL COST OF GAS RATE -05/01/17	**COGwr**	**$0.4055**	**per therm**
	Maximum (COG+25%)	**$0.5069**	

COM/IND LOW WINTER USE COST OF GAS RATE - 05/01/17	**COGwl**	**$0.3589**	**per therm**
	Maximum (COG+25%)	**$0.4486**	

C&I HLF DEMAND COSTS ALLOCATED PER SMBA	$108,191
PLUS: RESIDENTIAL DEMAND RELOCATION TO C&I HLF	$16,122
C&I HLF TOTAL ADJUSTED DEMAND COSTS	$124,313
C&I HLF PROJECTED PRORATED SALES (05/01/17 - 10/31/17)	2,140,549
DEMAND COST OF GAS RATE	**$0.0581**
C&I HLF COMMODITY COSTS ALLOCATED PER SMBA	$551,251
PLUS: RESIDENTIAL COMMODITY REALLOCATION TO C&I HLF	$44
C&I HLF TOTAL ADJUSTED COMMODITY COSTS	$551,295
C&I HLF PROJECTED PRORATED SALES (05/01/17 - 10/31/17)	2,140,549
COMMODITY COST OF GAS RATE	**$0.2575**
INDIRECT COST OF GAS	**$0.0433**
TOTAL C&I HLF COST OF GAS RATE	**$0.3589**

COM/IND HIGH WINTER USE COST OF GAS RATE - 05/01/17	**COGwh**	**$0.4465**	**per therm**
	Maximum (COG+25%)	**$0.5581**	

C&I LLF COMMODITY COSTS ALLOCATED PER SMBA	$309,243
PLUS RESIDENTIAL DEMAND REALLOCATION TO C&I LLF	$46,083
C&I LLF TOTAL ADJUSTED DEMAND COSTS	$355,326
C&I LLF PROJECTED PRORATED SALES (05/01/17 - 10/31/17)	2,438,282
DEMAND COST OF GAS RATE	**$0.1457**
C&I LLF COMMODITY COSTS ALLOCATED PER SMBA	$627,925
PLUS: RESIDENTIAL COMMODITY REALLOCATION TO C&I LLF	$51
C&I LLF TOTAL ADJUSTED COMMODITY COSTS	$627,976
C&I LLF PROJECTED PRORATED SALES (05/01/17 - 10/31/17)	2,438,282
COMMODITY COST OF GAS RATE	**$0.2575**
INDIRECT COST OF GAS	**$0.0433**
TOTAL C&I LLF COST OF GAS RATE	**$0.4465**

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V. LOCAL DELIVERY ADJUSTMENT CLAUSE

Section

1. Purpose
2. Applicability
3. Energy Efficiency ("EE") Program Costs Allowable for Local Delivery Adjustment Clause ("LDAC") –Energy Efficiency ("EE")
3.A. Lost Revenue Allowable for LDAC -- ("LR")
4. Environmental Response Costs Allowable for LDAC -- ("ERC")
5. Interruptible Transportation Margin Credit Allowable for LDAC -- ("ITMC")
6. Residential Low Income Assistance and Regulatory Assessment ("RLIARA") Costs Allowable for LDAC
7. Expenses Related to Rate Case ("RCE")
8. Reconciliation of Permanent Changes in Delivery Rates ("RPC")
9. Effective Date of Local Delivery Adjustment Clause
10. Local Delivery Adjustment Clause (LDAC) Formula
11. Application of LDAC to Bills
12. Other Rules
13. Amendments to Uniform System of Accounts

1. Purpose

The purpose of this clause is to establish procedures that allow Northern Utilities ("Northern" or the "Company") subject to the jurisdiction of the State of New Hampshire Public Utilities Commission ("PUC" or "NHPUC"), to adjust, on an annual basis, its rates for firm gas sales and firm delivery service in order to recover Energy Efficiency program costs , recover lost revenue related to the Energy Efficiency programs, recover environmental response costs, return interruptible transportation margin credits, recover revenue shortfall associated with customer participation in the Residential Low Income Assistance Program, recover the non-distribution portion of the annual NHPUC regulatory assessment, recover rate case expenses and recover and return the reconciliation of revenues related to permanent changes in delivery rates.

2. Applicability

This Local Delivery Adjustment Clause ("LDAC") shall be applicable in whole or part to all of Northern's firm sales and firm delivery service customers as shown on the table below. The application of the clause may, for good cause shown, be modified by the NHPUC. See Part V, Section 12, "Other Rules."

V. LOCAL DELIVERY ADJUSTMENT CLAUSE

Applicability	EE V.3.	LR V3A	ERC V.4.	ITM V.5.	RLIARA V.7.	RCE V.9.	RPC V.10.
Residential Non-Heating	X	X	X	X	X	X	X
Residential Heating	X	X	X	X	X	X	X
Small C&I	X	X	X	X	X	X	X
Medium C&I	X	X	X	X	X	X	X
Large C&I	X	X	X	X	X	X	X
No Previous Sales Service	X	X	X	X	X	X	X

Notes:

1 N/A - Not applicable
2 X - Applicable to all
3 Specific EEC and LR Rates for Residential Heating and Non-Heating
4 Specific EEC and LR Rates for All C&I classes

3. Energy Efficiency Program Costs Allowable for LDAC

3.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Energy Efficiency Charge applicable to firm gas sales and firm delivery service throughput in order to recover from firm ratepayers Energy Efficiency program costs and performance incentives.

3.2 Applicability

An Energy Efficiency Charge ("EEC") shall be applied to firm sales and firm delivery service throughput of the Company as determined in accordance with the provisions of Part V, Section 3 of this clause. Such EEC shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

V. LOCAL DELIVERY ADJUSTMENT CLAUSE

For purposes of applying the respective EEC each "Rate Category" shall be as follows:

Residential	Rates R-5, R-6, R-10, R-11
Commercial/Industrial (including multi-family)	Rates G-40, G-50, T-40, T-50 G-41, G-42, G-51, G-52 T-41, T-42, T-51, T-52

Special contract customers are exempt from the EEC.

3.3 Reporting

The Company shall submit monthly and annual reports by Rate Category to the Commission reconciling any difference between the actual Energy Efficiency costs and actual revenues collected under this rate schedule. The difference, whether positive or negative, will be carried forward, with interest, into the EEC for the next recovery period. Annual reports shall be filed with the Commission at least 45 days prior to the effective date of the next subsequent twelve-month period.

3.4 Effective Date of EEC

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the EEC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

3.5 Calculation of the EEC

The EEC for each Rate Category will be derived by dividing the projected annual EE costs, including performance incentives, plus the reconciliation balance, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.

3.6 Reconciliation Adjustments

Account 175.5 shall contain the accumulated difference between EEC revenues collected and actual Energy Efficiency program costs and performance incentives, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the

V. LOCAL DELIVERY ADJUSTMENT CLAUSE

month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

3.7 Application of EEC Rate to Bills

The EEC Rate ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

3.8 Information to be Filed with the NHPUC

An annual EEC filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual EEC to become effective November 1. The calculation will reflect the forecast of EEC annual costs, the updated annual EEC reconciliation balance and throughput forecast for the upcoming period. Monthly and annual reconciliation reports will be filed in accordance with Section 3.3 above.

3.A. Lost Revenue Allowable for LDAC

3.A.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Lost Revenue Rate applicable to firm gas sales and firm delivery service throughput in order to recover from firm ratepayers lost revenue related to Energy Efficiency programs, pursuant to Order No. 25,932 in Docket DE 15-137, Energy Efficiency Resource Standard.

3.A.2 Applicability

Effective January 1, 2017, a Lost Revenue Rate ("LRR") shall be applied to firm sales and firm delivery service throughput of the Company as determined in accordance with the provisions of Part V, Section 3.A of this clause. Such LRR shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

For purposes of applying the respective LRR each "Rate Category" shall be as follows:

Residential	Rates R-5, R-6, R-10, R-11

V. LOCAL DELIVERY ADJUSTMENT CLAUSE

Commercial/Industrial (including multi-family)	Rates G-40, G-50, T-40, T-50 G-41, G-42, G-51, G-52 T-41, T-42, T-51, T-52

Special contract customers are exempt from the LRR.

3.A.3 Effective Date of the LRR

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the LRR applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

3.A.4 Calculation of the LRR

The LRR for each Rate Category will be derived by dividing the projected annual lost revenue, plus the reconciliation balance and projected interest, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.

3.A.5 Reconciliation Adjustments

Account 175.10 shall contain the accumulated difference between LRR revenues collected and actual costs, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

3.A.6 Application of LRR to Bills

The LRR ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

3.A.7 Information to be Filed with the NHPUC

An annual LRR filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual LRR to become effective November 1. The calculation will reflect the forecast of LRR annual costs, the updated annual LRR reconciliation balance and throughput forecast for

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the upcoming period.

4. Environmental Response Costs Allowable for LDAC

4.1 Purpose

In order to recover Environmental Response Cost ("ERC") expenditures associated with former manufactured gas plants, there shall be an ERC Rate applied to all firm gas sales and firm delivery service throughput billed under the Company's sales and delivery service rate schedules.

4.2 Applicability

An annual ERC Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ERC Rate shall be filed with the Company's Annual Cost of Gas ("COG") filing and be subject to review and approval by the Commission. The annual ERC Rate will be applied to firm sales and to firm Delivery Service throughput as a separate surcharge. Special contract customers are exempt from the ERC.

4.3 Environmental Response Cost Allowable

All approved environmental response costs associated with manufactured gas plants shall be included in the ERC Rate.

The total annual charge to the Company's ratepayers for environmental response costs during any annual ERC recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and Delivery Service throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ERC expenditures to be in effect for the upcoming twelve month period, November 1 through October 31. If this recovery limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular ERC Recovery Year, then the Company would defer this unrecovered amount, with interest, calculated monthly on the average monthly balance, until the next recovery period in which this amount could be recovered without violating the 5% limitation. The interest rate is to be adjusted each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

4.4 Effective Date

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a

V. LOCAL DELIVERY ADJUSTMENT CLAUSE

change in the ERC applicable to all firm sales and firm delivery service throughput for the subsequent twelve month period commencing with the calendar month of November.

4.5 Definitions

Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas plant sites, disposal sites, or other sites onto which material may have migrated, as a result of the operating or decommissioning of New Hampshire gas manufacturing facilities. ERCs shall also include the expenses incurred by the Company in pursuing insurance and third-party claims and any recoveries or other benefits received by the company as a result of such claims.

4.6 Reconciliation Adjustments

Prior to the Annual COG filing, the Company will calculate the difference between (a) the revenues derived by multiplying firm sales and Delivery Service throughput by the ERC Rate through October 31, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ERC Recovery Period. This cumulative difference will be recorded in Account 175.6. The Company shall file the reconciliation along with its COG filing forty-five (45) days prior to the beginning of the annual period.

4.7 Calculation of the ERC

The ERC Rate calculated annually consists of one-seventh of actual response costs incurred by the Company in the twelve month period ending June 30 of each year until fully amortized (over seven years). Any insurance and third-party recoveries or other benefits for the twelve month period ending June 30 shall be applied to reduce the unamortized balance, shortening the amortization period. The sum of these amounts is then divided by the Company's forecast of total firm sales and Delivery Service throughput for the upcoming twelve months of November 1 through October 31.

4.8 Application of ERC to Bills

The annual ERC Rate shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm gas sales by being included in the determination of the semiannual COG, and also will be applied to the

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monthly firm Delivery throughput of each firm Delivery customer's bill.

5. Interruptible Transportation Margins Allowable for LDAC

5.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern subject to the jurisdiction of the NHPUC to adjust the Interruptible Transportation Margin Credit ("ITMC") applicable to firm gas sales and firm delivery service throughput in order to return the Interruptible Transportation margins allocated to the local distribution firm ratepayers.

5.2 Applicability

An Interruptible Transportation Margin Credit ("ITMC") shall be applied to all firm sales and firm delivery service throughput of the Company subject to the jurisdiction of the NHPUC as determined in accordance with the provisions of Part V, Section 5 of this clause. Such ITMC shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided for in this clause. The ITMC is not applied to the bills of special contract customers.

The application of this provision may, for good cause shown, be modified by the NHPUC. See Part V, Section 12, "Other Rules."

5.3 Effective Date of Interruptible Transportation Margin

The ITMC shall become effective on November 1 as designated by the Company.

5.4 Interruptible Transportation Margins

The ITMC shall be computed annually based on a forecast of Interruptible Transportation margins and firm sales and firm delivery service throughput volumes.

5.5 Annual ITM Credit Formula

The annual ITM Credit shall be calculated according to the following formulas:

$$ITMC = \frac{ITM}{A{:}TPvol} + RF_{ITM}$$

and:

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$$RF_{ITM} = \frac{R_{ITM}}{A:TP_{vol}}.$$

Where:

$A : TP_{vol}$	Forecast annual firm sales and firm delivery service throughput.
ITMC	Annual Interruptible Transportation Margin Credit.
ITM	Interruptible Transportation margins
RF_{ITM}	Annual Interruptible Transportation margin reconciliation adjustment factor applicable to total firm sales and firm delivery service throughput.
R_{ITM}	Reconciliation costs - interruptible Transportation margins, Account 175.3 balance, inclusive of the associated Account 175.3 interest.

5.6 Reconciliation Adjustments

Account 175.3 shall contain the accumulated difference between annual, interruptible Transportation margins returned toward the local distribution function, as calculated by multiplying the interruptible Transportation margin credit (ITMC) times monthly firm sales and firm delivery service throughput during the year, and the actual margins for the year.

See Part V, Section 5.5 for Reconciliation formulas.

5.7 Application of ITMC to Bills

The ITMC ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm by period and will be applied to the monthly firm sales and firm delivery service throughput.

5.8 Information to be Filed with the NHPUC

Information pertaining to the Interruptible Transportation Margins will be filed with the NHPUC along with the gas cost information as required pursuant to the LDAC and COGC. Required filings include an annual report providing actual data and resulting updated projection of the end-of-period reconciliation balance, as well as an annual calculation of the ITM credit, which shall be included in an annual LDAC filing. Also, the annual ITM reconciliation balances shall be filed along with the other reconciliation balances included in the LDAC.

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6. Residential Low Income Assistance and Regulatory Assessment ("RLIARA") Costs Allowable for LDAC

6.1 Purpose:

The purpose of this provision is to allow Northern Utilities, subject to the jurisdiction of the NHPUC, to recover the revenue shortfall (costs) associated with customers participating in the Residential Low Income Assistance Program, as well as the associated administrative costs, pursuant to DG 05-076. This rate shall also recover the change in the Company's annual NHPUC regulatory assessment. Such costs shall be recovered by applying the RLIARA Rate to all firm gas sales and firm delivery service throughput billed under the Company's sales and delivery service rate schedules.

6.2 Applicability:

The RLIARA Rate shall be applied to all firm sales and transportation tariff customers with the exception of special contract customers who are exempt from the LDAC. The RLIARA Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

6.3 Residential Low Income Assistance and Regulatory Assessment Costs ("RLIARAC") Allowable for LDAC

The amount of Residential Low Income Assistance costs is comprised of the revenue shortfall plus the associated administrative costs. Such revenue shortfall shall be derived by applying the actual billing determinants of the customers enrolled under the Residential Low Income Assistance Program to the difference in the monthly customer charge and volumetric rates of the Residential Heating Rate, R-5, versus the Low Income Residential Heating Rate, R-10. The revenue shortfall and administrative costs shall be the amount approved by the NHPUC. Effective July 1, 2014, the amount of the NH PUC regulatory assessment to be charged, or credited, through this clause shall be calculated by taking the total assessment minus the amount in base rates of $91,075 established in DG 13-086.

6.4 Effective Date of Residential Low Income Assistance and Regulatory Assessment Rate

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Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the RLIARA Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

6.5 Definitions:

Residential Low Income Assistance Costs are the difference in revenues determined by comparing the delivery service revenues generated from customers participating in the Residential Low Income Assistance Program with revenues from those same customers under the regular Residential Heating R-5 rate schedule. Also, these costs include the associated administrative costs, which include associated Information Technology and start-up costs. The Company shall calculate the shortfall or reduced delivery service revenues by applying the monthly gas use of all customers of record under the Low Income Residential Heating Service R-10 rate schedule to the difference in the delivery service rates of the Low Income Residential Heating Service R-10 Rate and Residential Heating R-5 Rate.

6.6 Residential Low Income Assistance and Regulatory Assessment ("RLIARA") Rate Formula:

$$\textbf{RLIARA Rate} = \frac{\textbf{RLIARAC} + \textbf{RA}_{\textbf{RLIARA}}}{\textbf{A:TPvol}}$$

and:

RLIARAC=(Cust x DCust$)+(Cust x Avgthm x Dbr)+ AdminC+Assessment

Where:

AdminC	Costs associated with administering the Residential Low Income Assistance Program, including IT and start-up costs.
Assessment	The amount of the annual NHPUC regulatory assessment which is above or below the amount of $91,075 in base rates established in Docket 13-086.
Avgthm	Estimated average therm use per customer for period determined from most recent historical therm use under the Company's Residential Low Income Assistance Program, or Residential Heating, rate schedules.
Cust	Estimated number of customers participating in the Residential Low Income Assistance Program.
Dbr	Difference between the Residential Heating R-5 and Low

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Income Residential Heating Service R-10 base rate charges.

DCust$	Difference between the Residential Heating R-5 and Low Income Residential Heating Service R-10 monthly customer charge.
RLIARAC	Costs, comprised of the revenue shortfall associated with customer participation in the Residential Low Income Assistance Program, plus associated administrative costs, as defined in section 6.5, and the non-distribution portion of the annual NHPUC regulatory assessment.
$RA_{RLIARAPC}$	Reconciliation Adjustment associated with Residential Low Income Assistance and Regulatory Assessment Costs and revenues - Account 175.9 balance, inclusive of the associated Account 175.9 interest, as outlined in Section 6.7
A:TPvol	Forecast annual firm sales and firm delivery service throughput.

6.7 Reconciliation Adjustments

Account 175.9 shall contain the accumulated difference between revenues toward Residential Low Income Assistance and Regulatory Assessment costs as calculated by multiplying the (RLIARA) Rate times monthly firm throughput volumes and actual RLIARAC, comprised of the revenue shortfall and administrative costs, allowed as defined in Section 6.5, plus the non-distribution portion of the annual NHPUC regulatory assessment, plus carrying charges calculated on the average monthly balance using the .Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

6.8 Application of RLIARA Rate to Bills

The RLIARA Rate ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

6.9 Information to be Filed with the NHPUC

Information pertaining to the Residential Low Income Assistance and Regulatory Assessment (RLIARA) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual RLIARA filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual RLIARA Rate to become effective November 1. The calculation will reflect the forecast of RLIARA annual costs, the updated annual RLIARA reconciliation balance and throughput forecast for the upcoming annual period.

7. Expenses Related to Rate Cases Allowable for LDAC

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7.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the recovery of NHPUC-approved rate case expenses.

7.2 Applicability

The Rate Case Expenses ("RCE") shall be applied to all firm tariffed customers with the exception of special contract customers. The RCE will be determined by the Company, as defined below.

7.3 Rate Case Expenses Allowable for LDAC

The total amount of the RCE will be equal to the amount approved by the Commission.

7.4 Rate Case Expenses Allowable for LDAC

The effective date of the RCE will be determined by the NHPUC in an individual rate proceeding.

7.5 Definition

The **RCE** includes all rate case-related expenses approved by the NHPUC. This includes legal expenses, costs for bill inserts, costs for legal notices, consulting fees, processing expenses, and other approved expenses.

7.6 Rate Case Expense (RCE) Factor Formulas

The RCE will be calculated according to the Commission Order issued in an individual proceeding to establish details including the number of years over which the RCE shall be amortized and the allocation of recovery among rate classes. In general, the RCE Factor will be derived by dividing the annual portion of the total RCE, plus the RCE Reconciliation Adjustment, by forecast firm annual throughput.

7.7 Reconciliation Adjustments

Account 175.7 shall contain the accumulated difference between revenues toward

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Rate Case Expenses as calculated by multiplying the Rate Case Expense Factor (RCEF) times the appropriate monthly volumes and Rate Case Expense allowed.

At the end of the recovery period, any under or over recovery will be included in an active LDAC component, as approved by the Commission.

7.8 Application of RCE to Bills

The RCE ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

7.9 Information to be Filed with the NHPUC

Information pertaining to the RCE will be filed with the NHPUC consistent with the filing requirements of all cost and revenue information included in the LDAC. The RCE filing will contain the calculation of the new RCE and will include the updated RCE reconciliation balance.

8. Reconciliation of Permanent Changes in Delivery Rates

8.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the reconciliation of revenues related to a permanent change in the Company's delivery service rates implemented subsequent to the effective date of such change. This provision includes the reconciliation for the difference in revenues charged under temporary versus permanent rates.

8.2 Applicability

The factor to reconcile the revenues resulting from a permanent rate change ("RPC") shall be applied to all firm tariffed customers. The Company will determine the RPC, as defined in this section.

8.3 Amount of RPC Allowable for LDAC

The amount of the RPC will be equal to the amount approved by the Commission.

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8.4 Effective Date of RPC Charge

The effective date of the RPC Charge will be determined by the NHPUC on a case by case basis.

8.5 Definition

The RPC is a surcharge mechanism, which allows Northern Utilities to adjust its rates for the reconciliation of revenues generated under delivery service rates that have been permanently changed.

8.6 Formulas to Reconcile Revenues Resulting From a Permanent Rate Change

The RPC will be calculated according to the Commission Order issued in an individual proceeding.

8.7 Reconciliation Adjustment Account

Account 175.8 shall contain the accumulated difference between revenues toward reconciliation expenses as calculated by multiplying the reconciliation of the permanent changes in delivery rate charge (RPC) times the appropriate monthly volumes and reconciliation amount allowed.

8.8 Application of RPC Charge to Bills

The RPC charge ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

8.9 Information to be Filed with the NHPUC

Information pertaining to the RPC will be filed with the NHPUC consistent with the filing requirements of all cost and revenue information included in the LDAC. The RPC filing will contain the calculation of the new RPC charge and will include the updated RPC reconciliation balance.

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9. Effective Date of Local Delivery Adjustment Clause

The LDAC shall be filed annually and become effective on November 1 of each year pursuant to NHPUC approval. In order to minimize the magnitude of future reconciliation adjustments, the Company may request interim revisions to the LDAC rates, subject to review and approval of the NHPUC.

10. Local Delivery Adjustment Clause Formulas

The LDAC shall be calculated on an annual basis, by summing up the various factors included in the LDAC, where applicable.

LDAC Formula

$$LDAC^X = EEC^x + LBR^x + ERC - ITMC + RLIARA+ + RCEF^x + RPC^x$$

Where:

EEC^x	Annualized class specific Energy Efficiency Charge
LR^x	Annualized class specific Lost Revenue Rate
$LDAC^x$	Annualized class specific Local Delivery Adjustment Clause
ITMC	Annualized Interruptible Transportation Margin Credit
ERC	Total firm annualized Environmental Response Charge
$RCEF^x$	Annualized class specific Rate Case Expense Factor
RLIARA	Annualized Residential Low Income Assistance and Regulatory Assessment Rate
RPC^x	Reconciliation of Permanent Changes in Delivery Rates

11. Application of LDAC to Bills

The component costs comprising the LDAC ($ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput in accordance with the table shown in Part V, Section 2.

12. Other Rules

(1) The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of these regulations, upon such terms that it may

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determine to be in the public interest.

(2) Such amendments may include the addition or deletion of component cost categories, subject to the review and approval of the NHPUC.

(3) The Company may implement an amended LDAC with the NHPUC approval at any time.

(4) The NHPUC may, at any time, require the Company to file an amended LDAC.

(5) The operation of the LDAC is subject to all powers of suspension and investigation vested in the NHPUC.

13. Amendments to Uniform System of Accounts

175.3 Interruptible Transportation Margin Reconciliation Adjustment for LDAC

This account shall be used to record the cumulative difference between annual Interruptible Transportation margin returns and annual Interruptible Transportation margins. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 5.

175.5 Energy Efficiency Reconciliation Adjustment

This account shall be used to record the cumulative difference between the sum of Energy Efficiency program costs and performance incentives and the revenues collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 3.

175.6 Environmental Response Costs Reconciliation Adjustment

This account shall be used to record the cumulative difference between the revenues toward environmental response costs as calculated by multiplying the ERC times monthly firm sales volumes and delivery service throughput and environmental response costs allowable per formula. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 4.

175.7 Rate Case Expense Reconciliation Adjustment
This account shall be used to record the cumulative difference between the recovery and actual amounts of third party incremental expenses associated with

V. LOCAL DELIVERY ADJUSTMENT CLAUSE

the Company's Rate Case initiatives. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 7.

175.8 Reconciliation of Permanent Changes in Delivery Rates
This account shall be used to record the cumulative differences between the recovery or refund and actual amount of the reconciliation of permanent changes in delivery rates. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 8.

175.9 Residential Low Income Assistance and Regulatory Assessment Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual Residential Low Income Assistance and Regulatory Assessment Costs. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 6.

175.10 Lost Revenue Reconciliation Adjustment

This account shall be used to record the cumulative difference between the lost revenue of the Company and the revenue collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Clause, Part V, Section 3.A.

Local Delivery Adjustment Clause

Rate Schedule	RLIARA	EEC	LRR	ERC	ITM	RCE	RPC	LDAC
Residential Heating	$0.0096	$0.0331	$0.0006	$0.0056	$0.0000	$0.0000	$0.0000	$0.0489
Residential Non-Heating	$0.0096	$0.0331	$0.0006	$0.0056	$0.0000	$0.0000	$0.0000	$0.0489
Small C&I	$0.0096	$0.0142	$0.0002	$0.0056	$0.0000	$0.0000	$0.0000	$0.0296
Medium C&I	$0.0096	$0.0142	$0.0002	$0.0056	$0.0000	$0.0000	$0.0000	$0.0296
Large C&I	$0.0096	$0.0142	$0.0002	$0.0056	$0.0000	$0.0000	$0.0000	$0.0296
No Previous Sales Service								

Issued: November 1, 2016
Effective: With Service Rendered On and After January 1, 2017
Authorized by NHPUC Order No. 25,959 in Docket No. 16-819, dated October 26, 2016

Issued by:
Title: Senior Vice President

VI. RATE SCHEDULES

RATE SCHEDULE R-5 - RESIDENTIAL HEATING SERVICE

CHARACTER OF SERVICE

Natural Gas or its equivalent having a nominal heat content of 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

Service hereunder is available under this rate at single, domestic locations for all purposes in individual private dwellings and individual apartments including condominiums and their facilities which use gas as the principal household heating fuel or at locations which are otherwise deemed ineligible for non-heating service based on availability.

RATE – MONTHLY

Customer Charge				$21.36 per month
Summer	-	First 50 therms	@	$0.5449 per therm
	-	Excess 50 therms	@	$0.5449 per therm
Winter	-	First 50 therms	@	$0.6239 per therm
	-	Excess 50 therms	@	$0.5103 per therm

MINIMUM BILL

The minimum monthly bill for gas service will be the Customer Charge Per Month.

COST OF GAS FACTOR AND LOCAL DELIVERY ADJUSTMENT CLAUSE

The provisions of the Company's Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V, apply to gas sold under this rate schedule.

VI. RATE SCHEDULES

RATE SCHEDULE R-5 - RESIDENTIAL HEATING SERVICE
(continued)

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October

Winter - Defined as being the Company's billing cycles November through April.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

TERM OF CONTRACT

Contract for service shall be for a period of one year.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE R-10 – LOW INCOME RESIDENTIAL HEATING SERVICE

CHARACTER OF SERVICE

Natural Gas or its equivalent having a nominal heat content of 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

Service hereunder is available under this rate at single, domestic locations for all purposes in individual private dwellings and individual apartments including condominiums and their facilities, which use gas as the principal household heating fuel, or at locations which are otherwise deemed ineligible for non-heating service based on availability, and if any member of the household qualifies for a benefit through one of the programs listed below.

Qualified Programs:

a. Low Income Home Energy Assistance Program (LIHEAP)
b. Electric Assistance Program (EAP)
c. Supplemental Security Income Program
d. Women, Infants and Children Program
e. Commodity Surplus Foods Program (for women, infants and children)
f. Elderly Commodity Surplus Foods Program
g. Temporary Aid to Needy Families Program
h. Housing Choice Voucher Program (also known as Section 8)
i. Head Start Program
j. Aid to the Permanently and Totally Disabled Program
k. Aid to the Needy Blind Program
l. Old Age Assistance Program
m. Food Stamp Program
n. Any successor program of the above listed program

VI. RATE SCHEDULES

RATE SCHEDULE R-10 - LOW INCOME RESIDENTIAL HEATING SERVICE

RATE – MONTHLY

Customer Charge				$8.54 per month
Summer	-	First 50 therms	@	$0.2179 per therm
	-	Excess 50 therms	@	$0.2179 per therm
Winter	-	First 50 therms	@	$0.2496 per therm
	-	Excess 50 therms	@	$0.2041 per therm

MINIMUM BILL

The minimum monthly bill for gas service will be the Customer Charge Per Month.

COST OF GAS FACTOR AND LOCAL DELIVERY ADJUSTMENT CLAUSE

The provisions of the Company's Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V, apply to gas sold under this rate schedule.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

VI. RATE SCHEDULES

RATE SCHEDULE R-10 - LOW INCOME RESIDENTIAL HEATING SERVICE
(continued)

TERM OF CONTRACT

Contract for service shall be for a period of one year.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE R-6 - RESIDENTIAL NON-HEATING SERVICE

CHARACTER OF SERVICE

Natural Gas or its equivalent having a nominal heat content of 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, , Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

Service hereunder is available for any residential purpose other than for use as the principal heating fuel except that this rate is not available at locations where usage in the six winter months of November through April is greater than or equal to 80% of annual usage and usage exceeds 100 therms in any winter month.

RATE - MONTHLY

Customer Charge			$21.36 per month
Summer	- First 10 therms	@	$0.4214 per therm
	- Excess 10 therms	@	$0.4214 per therm
Winter	- First 10 therms	@	$0.4214 per therm
	- Excess 10 therms	@	$0.4214 per therm

RATE SCHEDULE R-6 - RESIDENTIAL NON-HEATING SERVICE
(continued)

MINIMUM BILL

The minimum charge for gas service will be the Customer Charge per month.

COST OF GAS CLAUSE AND LOCAL DELIVERY ADJUSTMENT CLAUSE

The provisions of the Company's Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Cost Clause, Part V, apply to gas sold under this rate schedule.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October

Winter - Defined as being the Company's billing cycles November through April.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

TERM OF CONTRACT

Contract for service shall be for a period of one year.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE R-11 - LOW INCOME RESIDENTIAL NON-HEATING SERVICE

CHARACTER OF SERVICE

Natural Gas or its equivalent having a nominal heat content of 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

Service hereunder is available for any residential purpose other than for use as the principal heating fuel to Customers who qualify for the federally funded "Heat Energy Assistance Program" and who are sixty-five (65) years of age or older. Verification of Customer's age must be submitted to the Community Action Program Agency (CAP) prior to taking service on this Rate Schedule.

Service hereunder is only available to customers receiving service according to this Rate Schedule (R-11) on May 1, 2001. Ongoing service to customers of record on May 1, 2001 is subject to an annual verification of eligibility through the CAP Agency.

RATE - MONTHLY

Customer Charge				$15.52 per month
Summer	-	First 10 therms	@	$0.3196 per therm
	-	Excess 10 therms	@	$0.3196 per therm
Winter	-	First 10 therms	@	$0.3196 per therm
	-	Excess 10 therms	@	$0.3196 per therm

RATE SCHEDULE R-11 - LOW INCOME RESIDENTIAL NON-HEATING SERVICE (continued)

MINIMUM BILL

The minimum charge per two-month period for gas service will be the Customer Charge Per Month .

COST OF GAS CLAUSE AND LOCAL DELIVERY ADJUSTMENT CLAUSE

The provisions of the Company's Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V, apply to gas sold under this rate schedule.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October

Winter - Defined as being the Company's billing cycles November through April.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

TERM OF CONTRACT

Contract for service shall be for a period of one year.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE IT

CHARACTERISTICS OF CUSTOMER

A customer receiving service under this rate schedule must submit to the Company evidence of the Customer's ability to use an alternate fuel.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and limited areas of Atkinson, Rollinsford and Stratham and the contiguous territory served by the Company.

AVAILABILITY

Service under this rate schedule will be provided on an interruptible basis and will be subject to interruption and/or curtailment in accordance with the Company's Delivery Terms and Conditions. Such interruption may include curtailment for a 30 consecutive day curtailment period once a year, during the Winter Season and at any other time that the Company determines such curtailment is necessary to allow it to optimize the use of the distribution system for service to firm sales and Delivery customers. Service may be arranged in conjunction with interruptible sales service. The customer may elect to enter into concurrent interruptible sales and Delivery contracts. Should the Customer elect to do so, the Customer must also elect on a monthly basis which service is to be utilized. In the event that concurrent service contracts are entered into, the Customer will be responsible for a single fixed meter charge, one which is the greater of the two individual meter charges for sales and Delivery service.

RATE - MONTHLY

Customer Charge Per Month		$170.21	
Summer	First 20,000 therms	@	$0.0407 per therm
	Excess 20,000 therms	@	$0.0347 per therm
Winter	First 20,000 therms	@	$0.1299 per therm
	Excess 20,000 therms	@	$0.1108 per therm

The above rates are subject to adjustment provided for in the Company's Delivery Terms and Conditions.

VI. RATE SCHEDULES

RATE SCHEDULE IT
(continued)

MINIMUM BILL

The minimum monthly bill for gas service will be the Customer Charge Per Month/

FLEXING OF RATES

The Company may, at its own discretion and on a nondiscriminatory basis, charge an Interruptible Customer at a rate less than the approved tariffed rates. In no case however, shall the Interruptible Transportation Rate be less than the short run marginal cost of the service plus $0.01 per therm.

TERM OF CONTRACT

The term of contract for service shall be contained in a separate transportation service agreement but not less than a period of one year.

TERMS AND CONDITIONS

The Company's General Terms and Conditions, Delivery Terms and Conditions in effect from time to time, where not inconsistent with any specific provision hereof and the executed Interruptible Transportation Agreement between Customer and Company are a part of this schedule.

VI. RATE SCHEDULES

RATE SCHEDULE ISGS - INTERRUPTIBLE STAND-BY GAS SUPPLY

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

Service hereunder is available on a best efforts basis and will be subject to interruption and/or curtailment in accordance with the Company's Terms and Conditions. The customer must execute a contract for Interruptible Transportation Service with the Company which includes a provision for this service.

COMMODITY COST

The cost per therm for Interruptible Stand-By Gas Supply Quantities scheduled by the Customer shall be equal to the Marginal Cost, which is equal to the variable cost of the Company's marginal source of supply for the Gas Day, plus a charge of up to $.05 per therm used. In addition to the Commodity Costs, Customer shall pay any charges due and payable under contracts between Customer and the Company for Delivery service pursuant to the Company's Interruptible Transportation Rate Schedule.

SCHEDULING

A Customer with an executed Interruptible Stand-by Gas Supply Service agreement shall provide notification to the Gas Dispatching Center as soon as practicable, but no later than one hour after having received notification of interruption or curtailment from Customer's Supplier or Customer's Transporting Pipeline, requesting Stand-by Gas Supply Service. The Company shall notify Customer as soon as practicable if it can provide the quantities requested. The notification from the Customer to the Gas Dispatching Center shall include the Scheduled Stand-by Gas Supply Quantity for each day during the remainder of the calendar month. Thereafter, scheduling requirements for Stand-by Gas Supply Quantities shall coincide with and be made at the same time as provided for in Rate Schedule FGSS.

TERMS AND CONDITIONS

The Company's General Terms and Conditions, Delivery Terms and Conditions in effect from time to time, where not inconsistent with any specific provision hereof and the executed Firm Delivery Agreement between Customer and Company are a part of this schedule.

VI. RATE SCHEDULES

RATE SCHEDULE G-40 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Low Annual Use, High Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing one thousand (1,000) Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$67.45 per month
Summer	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm
Winter	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE G-40 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Low Annual Use, High Winter Use)
(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE G-41 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Medium Annual Use, High Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$196.73 per month
Summer	-	All therms	@	$0.1622 per therm
Winter	-	All therms	@	$0.2098 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

VI. RATE SCHEDULES

RATE SCHEDULE G-41 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Medium Annual Use, High Winter Use)
(continued)

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE G-42 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(High Annual Use, High Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$1,124.19 per month
Summer	-	All therms	@	$0.1066 per therm
Winter	-	All therms	@	$0.1764 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

VI. RATE SCHEDULES

RATE SCHEDULE G-42 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(High Annual Use, High Winter Use)
(continued)

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE G-50 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Low Annual Use, Low Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$67.45 per month
Summer	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm
Winter	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Cost of Gas Factor, Part IV, and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE G-50 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Low Annual Use, Low Winter Use)
(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE G-51 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Medium Annual Use, Low Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$196.73 per month
Summer	-	First 1,000 therms	@	$0.1183 per therm
	-	Excess 1,000 therms	@	$0.0958 per therm
Winter	-	First 1,300 therms	@	$0.1520 per therm
	-	Excess 1,300 therms	@	$0.1238 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE G-51 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(Medium Annual Use, Low Winter Use)
(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE G-52 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(High Annual Use, Low Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$1,124.19 per month
Summer	-	All therms	@	$0.0707 per therm
Winter	-	All therms	@	$0.1541 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Cost of Gas Clause, Part IV, and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE G-52 - COMMERCIAL AND INDUSTRIAL SALES SERVICE
(High Annual Use, Low Winter Use)
(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company as filed with the New Hampshire Public Utilities Commission and set forth in Part II herein.

VI. RATE SCHEDULES

RATE SCHEDULE T-40 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(Low Annual Use, High Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$67.45 per month
Summer	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm
Winter	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Company's Delivery Service Terms and Conditions, Part VII, and the Local Delivery Adjustment Clause, Part V.

RATE SCHEDULE T-40 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(Low Annual Use, High Winter Use)
(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company, Part II, and the Delivery Service Terms and Conditions, Part VII, as filed with the New Hampshire Public Utilities Commission and set forth herein.

VI. RATE SCHEDULES

RATE SCHEDULE T-41 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(Medium Annual Use, High Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, , Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$196.73 per month
Summer	-	All therms	@	$0.1622 per therm
Winter	-	All therms	@	$0.2098 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Company's Delivery Service Terms and Conditions, Part VII, and the Local Delivery Adjustment Clause, Part V.

RATE SCHEDULE T-41 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE

(Medium Annual Use, High Winter Use)

(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions of the Company, Part II, and the Delivery Service Terms and Conditions, Part VII, as filed with the New Hampshire Public Utilities Commission and set forth herein.

VI. RATE SCHEDULES

RATE SCHEDULE T-42 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(High Annual Use, High Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$1,124.19 per month
Summer	-	All therms	@	$0.1066 per therm
Winter	-	All therms	@	$0.1764 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Company's Delivery Service Terms and Conditions, Part VII, and the Local Delivery Adjustment Clause, Part V.

RATE SCHEDULE T-42 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(High Annual Use, High Winter Use)
(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage greater than or equal to 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions, Part II, and the Delivery Service Terms and Conditions, Part VII, of the Company as filed with the New Hampshire Public Utilities Commission and set forth herein.

VI. RATE SCHEDULES

RATE SCHEDULE T-50 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(Low Annual Use, Low Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$67.45 per month
Summer	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm
Winter	-	First 75 therms	@	$0.1615 per therm
	-	Excess 75 therms	@	$0.1615 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Company's Delivery Service Terms and Conditions, Part VII and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE T-50 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE

(Low Annual Use, Low Winter Use)

(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions, Part II, and the Delivery Service Terms and Conditions, Part VII, of the Company as filed with the New Hampshire Public Utilities Commission and set forth herein.

VI. RATE SCHEDULES

RATE SCHEDULE T-51 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(Medium Annual Use, Low Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$196.73 per month
Summer	-	First 1,000 therms	@	$0.1183 per therm
	-	Excess 1,000 therms	@	$0.0958 per therm
Winter	-	First 1,300 therms	@	$0.1520 per therm
	-	Excess 1,300 therms	@	$0.1238 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Company's Delivery Terms and Conditions, Part VII, and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE T-51 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE

(Medium Annual Use, Low Winter Use)

(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of greater than 8,000 therms but less than or equal to 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions, Part II, and the Delivery Service Terms and Conditions, Part VII, of the Company as filed with the New Hampshire Public Utilities Commission and set forth herein.

VI. RATE SCHEDULES

RATE SCHEDULE T-52 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE
(High Annual Use, Low Winter Use)

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

The towns of Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, and Stratham and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge				$1,124.19 per month
Summer	-	All therms	@	$0.0707 per therm
Winter	-	All therms	@	$0.1541 per therm

RATE ADJUSTMENT

The above rate is subject to adjustment according to the provisions of the Company's Delivery Service Terms and Conditions, Part VII, and the Local Delivery Adjustment Clause, Part V.

VI. RATE SCHEDULES

RATE SCHEDULE T-52 - COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE

(High Annual Use, Low Winter Use)

(continued)

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than 80,000 therms and peak period usage less than 67% of annual usage, as determined by the Company's records and procedures.

MINIMUM BILL

Customer charge per month.

TERMS OF PAYMENT

Bills are due and payable upon presentation. A late payment charge at a rate to be determined by the NHPUC from time to time will be assessed from the date of the bill on balances unpaid within twenty five days after the billing date. When bills are paid by remittance through the mail, the postmark on the envelope will be considered as the date of payment.

DEFINITIONS

Summer - Defined as being the Company's billing cycles May through October.

Winter - Defined as being the Company's billing cycles November through April.

TURN-ON CHARGE

Where service is established or re-established during regular working hours, a service charge of $12.50 will be required; after hours and on Saturday, Sunday or holidays a charge of $18.00 will be required.

TERMS AND CONDITIONS

Service under this Rate Schedule is subject to the General Terms and Conditions, Part II, and the Delivery Service Terms and Conditions, Part VII, of the Company as filed with the New Hampshire Public Utilities Commission and set forth herein.

NORTHERN UTILITIES - NEW HAMPSHIRE DIVISION
WINTER SEASON RESIDENTIAL RATES

	Winter Season November 2016 - April 2017	Tariff Rates	Total Delivery Rates (Includes LDAC)	Total Billed Rates Tariff Rates, LDAC Plus Cost of Gas
Residential Heating	**Tariff Rate R 5:**			
	Monthly Customer Charge	$21.36	**$21.36**	**$21.36**
	First 50 therms	$0.6239	**$0.6728**	**$1.4437**
	All usage over 50 therms	$0.5103	**$0.5592**	**$1.3301**
	LDAC	**$0.0489**		
	Gas Cost Adjustment:			
	Cost of Gas	**$0.7709**		
Residential Heating Low Income	**Tariff Rate R 10:**			
	Monthly Customer Charge	$8.54	**$8.54**	**$8.54**
	First 50 therms	$0.2496	**$0.2985**	**$1.0694**
	All usage over 50 therms	$0.2041	**$0.2530**	**$1.0239**
	LDAC	**$0.0489**		
	Gas Cost Adjustment:			
	Cost of Gas	**$0.7709**		
Residential Non-Heating	**Tariff Rate R 6:**			
	Monthly Customer Charge	$21.36	**$21.36**	**$21.36**
	First 10 therms	$0.4214	**$0.4703**	**$1.2412**
	All usage over 10 therms	$0.4214	**$0.4703**	**$1.2412**
	LDAC	**$0.0489**		
	Gas Cost Adjustment:			
	Cost of Gas	**$0.7709**		
Residential Non-Heating Low Income	**Tariff Rate R 11:**			
	Monthly Customer Charge	$15.52	**$15.52**	**$15.52**
	First 10 therms	$0.3196	**$0.3685**	**$1.1394**
	All usage over 10 therms	$0.3196	**$0.3685**	**$1.1394**
	LDAC	**$0.0489**		
	Gas Cost Adjustment:			
	Cost of Gas	**$0.7709**		

Issued: December 16, 2016 **Issued by:** N. R. Hadley

Effective: With Service Rendered On and After January 1, 2017 **Title:** **Senior Vice President**

Authorized by NHPUC Order No. 25,959 in Docket No. DG 16-819, dated October 26, 2016

NORTHERN UTILITIES - NEW HAMPSHIRE DIVISION
SUMMER SEASON RESIDENTIAL RATES

	Summer Season May 2017 - October 2017	Tariff Rates	Total Delivery Rates (Includes LDAC)	Total Billed Rates Tariff Rates, LDAC Plus Cost of Gas
Residential Heating	**Tariff Rate R 5:**			
	Monthly Customer Charge	$21.36	$21.36	$21.36
	First 50 therms	$0.5449	$0.5938	$0.9993
	All usage over 50 therms	$0.5449	$0.5938	$0.9993
	LDAC	$0.0489		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4055		
Residential Heating Low Income	**Tariff Rate R 10:**			
	Monthly Customer Charge	$8.54	$8.54	$8.54
	First 50 therms	$0.2179	$0.2668	$0.6723
	All usage over 50 therms	$0.2179	$0.2668	$0.6723
	LDAC	$0.0489		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4055		
Residential Non-Heating	**Tariff Rate R 6:**			
	Monthly Customer Charge	$21.36	$21.36	$21.36
	First 10 therms	$0.4214	$0.4703	$0.8758
	All usage over 10 therms	$0.4214	$0.4703	$0.8758
	LDAC	$0.0489		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4055		
Residential Non-Heating Low Income	**Tariff Rate R 11:**			
	Monthly Customer Charge	$15.52	$15.52	$15.52
	First 10 therms	$0.3196	$0.3685	$0.7740
	All usage over 10 therms	$0.3196	$0.3685	$0.7740
	LDAC	$0.0489		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4055		

Issued: November 1, 2016 **Issued by:**
Effective: With Service Rendered On and After May 1, 2017 **Title: Senior Vice President**
Authorized by NHPUC Order No. 25,959 in Docket No. DG 16-819, dated October 26, 2016

NORTHERN UTILITIES - NEW HAMPSHIRE DIVISION

WINTER SEASON C&I RATES

	Winter Season November 2016 - April 2017	Tariff Rates	Total Delivery Rates (Includes LDAC)	Total Billed Rates Tariff Rates, LDAC Plus Cost of Gas
C&I Low Annual/High Winter	**Tariff Rate G 40:**			
	Monthly Customer Charge	$67.45	$67.45	$67.45
	First 75 therms	$0.1615	$0.1911	$0.9758
	All usage over 75 therms	$0.1615	$0.1911	$0.9758
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.7847		
C&I Low Annual/Low Winter	**Tariff Rate G 50:**			
	Monthly Customer Charge	$67.45	$67.45	$67.45
	First 75 therms	$0.1615	$0.1911	$0.8863
	All usage over 75 therms	$0.1615	$0.1911	$0.8863
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.6952		
C&I Medium Annual/High Winter	**Tariff Rate G 41:**			
	Monthly Customer Charge	$196.73	$196.73	$196.73
	All usage	$0.2098	$0.2394	$1.0241
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.7847		
C&I Medium Annual/Low Winter	**Tariff Rate G 51:**			
	Monthly Customer Charge	$196.73	$196.73	$196.73
	First 1,300 therms	$0.1520	$0.1816	$0.8768
	All usage over 1,300 therms	$0.1238	$0.1534	$0.8486
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.6952		
C&I High Annual/High Winter	**Tariff Rate G 42:**			
	Monthly Customer Charge	$1,124.19	$1,124.19	$1,124.19
	All usage	$0.1764	$0.2060	$0.9907
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.7847		
C&I High Annual/Low Winter	**Tariff Rate G 52:**			
	Monthly Customer Charge	$1,124.19	$1,124.19	$1,124.19
	All usage	$0.1541	$0.1837	$0.8789
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.6952		

Issued: December 16, 2016 **Issued by:** [signature]
Effective: With Service Rendered On and After January 1, 2017 **Title:** Senior Vice President
Authorized by NHPUC Order No. 25,959 in Docket No. DG 16-819, dated October 26, 2016

NORTHERN UTILITIES - NEW HAMPSHIRE DIVISION

SUMMER SEASON C&I RATES

	Summer Season May 2017 - October 2017	Tariff Rates	Total Delivery Rates (Includes LDAC)	Total Billed Rates Tariff Rates, LDAC Plus Cost of Gas
C&I Low Annual/High Winter	**Tariff Rate G 40:**			
	Monthly Customer Charge	$67.45	$67.45	$67.45
	First 75 therms	$0.1615	$0.1911	$0.6376
	All usage over 75 therms	$0.1615	$0.1911	$0.6376
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4465		
C&I Low Annual/Low Winter	**Tariff Rate G 50:**			
	Monthly Customer Charge	$67.45	$67.45	$67.45
	First 75 therms	$0.1615	$0.1911	$0.5500
	All usage over 75 therms	$0.1615	$0.1911	$0.5500
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.3589		
C&I Medium Annual/High Winter	**Tariff Rate G 41:**			
	Monthly Customer Charge	$196.73	$196.73	$196.73
	All usage	$0.1622	$0.1918	$0.6383
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4465		
C&I Medium Annual/Low Winter	**Tariff Rate G 51:**			
	Monthly Customer Charge	$196.73	$196.73	$196.73
	First 1,000 therms	$0.1183	$0.1479	$0.5068
	All usage over 1,000 therms	$0.0958	$0.1254	$0.4843
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.3589		
C&I High Annual/High Winter	**Tariff Rate G 42:**			
	Monthly Customer Charge	$1,124.19	$1,124.19	$1,124.19
	All usage	$0.1066	$0.1362	$0.5827
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.4465		
C&I High Annual/Low Winter	**Tariff Rate G 52:**			
	Monthly Customer Charge	$1,124.19	$1,124.19	$1,124.19
	All usage	$0.0707	$0.1003	$0.4592
	LDAC	$0.0296		
	Gas Cost Adjustment:			
	Cost of Gas	$0.3589		

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Issued by: _____
Title: Senior Vice President

NORTHERN UTILITIES - NEW HAMPSHIRE DIVISION

WINTER SEASON C&I RATES

	Winter Season November 2016 - April 2017	Tariff Rates	Total Delivery Rates (Includes LDAC)
C&I Low Annual/High Winter	**Tariff RateT 40:**		
	Monthly Customer Charge	$67.45	**$67.45**
	First 75 therms	$0.1615	**$0.1911**
	All usage over 75 therms	$0.1615	**$0.1911**
	LDAC	**$0.0296**	
C&I Low Annual/Low Winter	**Tariff Rate T 50:**		
	Monthly Customer Charge	$67.45	**$67.45**
	First 75 therms	$0.1615	**$0.1911**
	All usage over 75 therms	$0.1615	**$0.1911**
	LDAC	**$0.0296**	
C&I Medium Annual/High Winter	**Tariff Rate T 41:**		
	Monthly Customer Charge	$196.73	**$196.73**
	All usage	$0.2098	**$0.2394**
	LDAC	**$0.0296**	
C&I Medium Annual/Low Winter	**Tariff Rate T 51:**		
	Monthly Customer Charge	$196.73	**$196.73**
	First 1,300 therms	$0.1520	**$0.1816**
	All usage over 1,300 therms	$0.1238	**$0.1534**
	LDAC	**$0.0296**	
C&I High Annual/High Winter	**Tariff Rate T 42:**		
	Monthly Customer Charge	$1,124.19	**$1,124.19**
	All usage	$0.1764	**$0.2060**
	LDAC	**$0.0296**	
C&I High Annual/Low Winter	**Tariff Rate T 52:**		
	Monthly Customer Charge	$1,124.19	**$1,124.19**
	All usage	$0.1541	**$0.1837**
	LDAC	**$0.0296**	
C&I Interruptible Transportation	**Tariff Rate IT:**		
	Monthly Customer Charge	$170.21	**$170.21**
	First 20,000 therms	$0.1299	**$0.1299**
	All usage over 20,000 therms	$0.1108	**$0.1108**

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Issued by: [signature]
Title: Senior Vice President

NORTHERN UTILITIES - NEW HAMPSHIRE DIVISION

SUMMER SEASON C&I RATES

	Summer Season May 2017 - October 2017	Tariff Rates	Total Delivery Rates (Includes LDAC)
C&I Low Annual/High Winter	**Tariff RateT 40:**		
	Monthly Customer Charge	$67.45	**$67.45**
	First 75 therms	$0.1615	**$0.1911**
	All usage over 75 therms	$0.1615	**$0.1911**
	LDAC	**$0.0296**	
C&I Low Annual/Low Winter	**Tariff Rate T 50:**		
	Monthly Customer Charge	$67.45	**$67.45**
	First 75 therms	$0.1615	**$0.1911**
	All usage over 75 therms	$0.1615	**$0.1911**
	LDAC	**$0.0296**	
C&I Medium Annual/High Winter	**Tariff Rate T 41:**		
	Monthly Customer Charge	$196.73	**$196.73**
	All usage	$0.1622	**$0.1918**
	LDAC	**$0.0296**	
C&I Medium Annual/Low Winter	**Tariff Rate T 51:**		
	Monthly Customer Charge	$196.73	**$196.73**
	First 1,000 therms	$0.1183	**$0.1479**
	All usage over 1,000 therms	$0.0958	**$0.1254**
	LDAC	**$0.0296**	
C&I High Annual/High Winter	**Tariff Rate T 42:**		
	Monthly Customer Charge	$1,124.19	**$1,124.19**
	All usage	$0.1066	**$0.1362**
	LDAC	**$0.0296**	
C&I High Annual/Low Winter	**Tariff Rate T 52:**		
	Monthly Customer Charge	$1,124.19	**$1,124.19**
	All usage	$0.0707	**$0.1003**
	LDAC	**$0.0296**	
C&I Interruptible Transportation	**Tariff Rate IT:**		
	Monthly Customer Charge	$170.21	**$170.21**
	First 20,000 therms	$0.0407	**$0.0407**
	All usage over 20,000 therms	$0.0347	**$0.0347**

Issued: November 1, 2016 **Issued by:** [signature]

Effective: With Service Rendered On and After May 1, 2017 **Title:** Senior Vice President

Authorized by NHPUC Order No. 25,959 in Docket No. DG 16-819, dated October 26, 2016

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

1. Rates and Charges

1.1 The Company shall apply this tariff on a non-discriminatory and non-preferential basis to all Customers who obtain service from the Company, except as this tariff is explicitly modified by order of the NHPUC. The provisions of Part VII, Section 20 will specifically apply to all entities designated by the Customer as set forth in Part VII, Section 20.5 to supply Gas to a Designated Receipt Point for the Customer's account.

1.2 The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of this tariff.

1.3 In the event that the Company incurs minimum bill, inventory, transition, take or pay, imbalance, or any other charges associated with the provision of Delivery Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the NHPUC.

2. Definitions

Adjusted Target Volume ("ATV"): The volume of Gas determined by the Company using a Consumption Algorithm and required to be nominated and delivered each Gas Day by the Supplier on behalf of Customers taking non-daily metered Delivery Service.

Aggregation Pool: One or more Customer accounts whose Gas Usage is served by the same Supplier and aggregated pursuant to Part VII, Section 20.6 of this tariff for operational purposes, including but not limited to nominating, scheduling, and balancing Gas deliveries to Designated Receipt Point(s) within the associated Gas Service Area.

Annual Reassignment Date: Five (5) Business Days prior to November 1 of each year when the Company reassigns Capacity to Suppliers pursuant to Part VII, Section 11.6 of this tariff.

Assignment Date: Five (5) Business Days prior to the first Gas Day of each month when the Company assigns Capacity to Suppliers pursuant to Part VII, Section 11.4 of this tariff.

Authorization Number: A number unique to the Customer generated by the Company and printed on the Customer's bill that the Customer must furnish to the Supplier to enable the Supplier to obtain the

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Customer's Gas Usage information pursuant to Part VII, Section 20.4, and to initiate or terminate Supplier Service as set forth in Part VII, Section 20.5 of this tariff.

Btu: See Part II, Section 2.

Business Day: Monday through Friday excluding holidays recognized by the Company. Where relevant, a Business Day shall consist of the hours during which the Company is open for business with the public. If any performance date referenced in this Tariff is not a Business Day, such performance shall be the next succeeding Business Day.

Capacity: Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity as defined in this tariff.

Capacity Allocators: The estimated proportions of the Customer's Total Capacity Quantity that comprise Pipeline Capacity, Storage Withdrawal Capacity and Peaking Capacity.

Capacity Mitigation Service: The service available to Suppliers in accordance with Part VII, Section 11.10.

City Gate: The interconnection between a Delivering Pipeline and the Company's distribution facilities.

Commodity: See Gas.

Company: Northern Utilities, Inc.

Company Gas Allowance: The difference between the sum of all amounts of Gas received into the Company's distribution system (including Gas produced by the Company) and the sum of all amounts of Gas delivered from the Company's distribution system divided by said amount of Gas received. Such difference shall include but not be limited to Gas consumed by the Company for its own purposes, line losses, and Gas vented and lost as a result of force majeure, excluding Gas otherwise accounted for.

Company-Managed Supplies: Capacity and Supply contracts held and managed by the Company and made available to the Supplier pursuant to Part VII, Section 11.9 of this tariff including Supply-sharing contracts and load-management contracts.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Consumption Algorithm: A mathematical formula used to estimate a Customer's daily consumption.

Critical Day: In accordance with Part VII, Section 16 of this tariff, 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.

Customer: The recipient of Delivery Service whose Gas Usage is recorded by a meter or group of meters at a specific location and who is a customer of record of the Company.

Daily Baseload: The Customer's average usage per Gas Day that is assumed to be unrelated to weather.

Daily Index: The mid-point of the range of prices as published by Gas Daily under the heading "Daily Price Survey, Midpoint, Citygates, Tennessee/Zone 6 (delivered)" for the relevant Gas Day listed under "Flow date(s)".

In the event that the Gas Daily index becomes unavailable, the Company shall apply its daily marginal cost of Gas as the basis for this calculation until such time that the NHPUC approves a suitable replacement.

Dekatherm: Ten Therms.

Delivery Point: The interconnection between the Company's facilities and the Customer's facilities.

Delivery Service: See Part II Section 2

Design Peak Season: The forecasted Peak Season during which the Company's system experiences the highest aggregate Gas Usage.

Designated Receipt Point: For each Customer, the Company designated interconnection between a Transporting 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 Supplier will make deliveries of Gas for the Customer's account.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Designated Representative: The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Delivery Service in accordance with the provisions of Part VII, Section 21 of this tariff.

Effective Degree Day: A measure used to estimate weather-sensitive Gas consumption calculated by subtracting the average temperature for each day from the number 65, plus factoring in wind speed. Each degree day that represents a degree below 65 is considered an Effective Degree Day.

Gas: Natural Gas that is received by the Company from a Transporting 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.

Gas Day: A period of twenty-four (24) consecutive hours beginning at 10:00 a.m., E.T., and ending at 10:00 a.m., E.T., the next calendar day, or other such hours used by the Transporting Pipeline.

Gas Service Area: An area within the Company's distribution system as defined in Part VII, Section 4 of this tariff, for the purposes of administering Capacity assignments, Nominations, balancing, imbalance trading, and Aggregation Pools.

Gas Usage: The actual quantity of Gas used by the Customer as measured by the Company's metering equipment at the Delivery Point.

Heating Factor: The Customer's estimated weather-sensitive Gas consumption per Heating Degree Day.

Interruptible Delivery Service: Delivery Service provided to the Customer by the Company on less than a year-round basis, or as local distribution operating conditions permit.

MMBtu : One million Btus.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Maximum Daily Peaking Quantity ("MDPQ"): The portion of a Customer's Total Capacity Quantity identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Supplier's Peaking Service Account pursuant to Part VII, Section 14 of this tariff shall be equal to the sum of the MDPQs for all Customers in that Supplier's Aggregation Pool.

Month: A calendar month of Gas Days.

Monthly Index: The average of the Daily Index numbers for all Gas Days in a Month.

NHPUC: The New Hampshire Public Utilities Commission.

Nomination: The notice given by the Supplier to the Company that specifies, in accordance with the Standard Nomination Form attached as Appendix B, an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of one or more Customers, including the volume to be received, the Designated Receipt Point(s), the Transporting Pipeline, the delivering contract(s), the shipper, and other such non-confidential information as may be reasonably required by the Company.

Off-Peak Season: The consecutive months of May to October, inclusive.

Operational Flow Order ("OFO"): The Company's instructions to the Supplier to take such action as conditions require including, but not limited to, diverting Gas to or from the Company's distribution system pursuant to Part VII, Section 16 of this tariff.

Peak Day: The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage.

Peak Season: The consecutive months of November to April, inclusive.

Peaking Capacity: Capacity in addition to upstream pipeline and underground storage Capacity normally used by the Company to meet daily requirements during a Design Peak Season and acquired specifically for the Peak Season.

Peaking Service: A Company-managed resource consisting of Peaking Capacity and Peaking Supply.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Peaking Service Account: An account whose balance indicates the total volumes of Peaking Service resources available to a Supplier, where the maximum balance in the account shall equal the Peaking Supply assigned to the Supplier pursuant to this tariff.

Peaking Service Rule Curve: A system of operational parameters associated with the use of the Company's Peaking Capacity including, but not limited to, indicators of the necessary levels of Peaking Supply that must be maintained in Suppliers' Peaking Service Accounts in order for the Company to meet system demands under Design Peak Season conditions. The Company will communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Peaking Service Rule Curve as identified in Part VII, Section 14 of this tariff.

Peaking Supply: The aggregate amount of Supply in excess of upstream pipeline and underground storage Supply required to meet the Company's forecasted Supply needs during a Design Peak Season and acquired specifically for the Peak Season.

Peaking Supply Allocator: An allocation factor that represents the proportion of a Customer's estimated Gas Usage during the Design Peak Season that is generally served with Peaking Service supplies.

Pipeline Capacity: Transportation capacity on interstate pipeline systems normally used for deliveries of Gas to the Company's city gates, exclusive of Storage Withdrawal Capacity.

Pre-Determined Allocation: Instructions from the Supplier to the Company for the method allocation of discrepancies in confirmed Nominations among the Supplier's Aggregation Pools and/or Customers as set forth in the Supplier Service Agreement.

Rate Schedule: The schedule of rates included in this tariff.

Reference Period: A period of at least twelve (12) months for which a Customer's Gas Usage information is typically available to the Company.

Sales Service: See Part II, Section 2.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Seasonal Storage Capacity: Contracts for Capacity in off-system storage facilities used to accumulate and maintain Gas inventories for re-delivery to the Company's city gates normally during the Peak Season.

Storage Withdrawal Capacity: Capacity for the withdrawal of Gas inventories maintained in off-system storage facilities, as well as the Pipeline Capacity used to deliver such Gas to the Company's city gates.

Supplier: See Part II, Section 2.

Supplier Service: See Part II, Section 2.

Supplier Service Agreement: An agreement, substantially in the form set forth in Appendix B, which must be executed by the Company and a Supplier in order for the Supplier to serve Customers on the Company's system.

Supply: See Gas.

Therm: See Part II, Section 2

Total Capacity Quantity ("TCQ"): The total amount of Capacity assignable to a Supplier on behalf of a Customer.

Transporting Pipeline: The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.

3. Character of Service

3.1 All rates within the Rate Schedule 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 Delivery Point or metering installation shall be considered to be a separate Customer for purposes of applying the Rate Schedule, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.

3.2 The Company may refuse to supply service to loads of unusual characteristics which, in its sole reasonable judgment, might adversely affect the quality of service supplied to other Customers, the public safety or the safety of the Company's personnel. In lieu of such refusal, the Company may require a

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Customer to install any necessary regulating and protective equipment in accordance with the requirements and specifications of the Company.

4. Gas Service Areas And Designated Receipt Points

4.1 There shall be one (1) Gas Service Area defined for purposes of administering Capacity assignments, Nominations, balancing, imbalance trading, and Aggregation Pools pursuant to this tariff. Each such Gas Service Area shall be defined to include the municipalities listed within each such Gas Service Area, as follows:

(1) Area 1: Northern Utilities' Inc. New Hampshire Gas Service Area

The towns of Brentwood, Dover, Durham, East Kingston, East Rochester, Exeter, Gonic, Greenland, Hampton, Hampton Falls, Kensington, Madbury, Newington, North Hampton, Plaistow, Portsmouth, Rochester, Salem, Seabrook, Somersworth, Stratham, and limited areas of Atkinson, Rollinsford and the contiguous territory served by the Company.

4.2 For each Aggregation Pool as set forth by Part VII, Section 20.6, the Company will designate at least one specific interconnection between a Transporting Pipeline and the Company's distribution facilities, at which point, or such other point as the Company may designate from time to time, the Supplier will make deliveries for the Aggregation Pool. The interconnections that the Company may assign as the Customer's Designated Receipt Point for the Aggregation Pool are as follows:

(1) Name Transporting Pipeline: Granite State Gas Transmission, Inc.

Names of City Gates: Forrest Street, Plaistow, East Kingston, Exeter West, Exeter – Newfield Rd., Greenland, Ocean Road, Panaway, Portsmouth, Pease Development, Gosling Rd., Varney Brook, Newington, Dover Point, Bellimy Lane.

5. Customer Request for Service From Company

5.1 Application for Delivery Service, Sales Service, or any other service offered by the Company to a Customer will be received by any duly authorized representative or agent of the Company.

5.2 Before any service from the Company may commence, the Customer must request such service. A Customer applying for Delivery Service only must also arrange for Supplier Service with a Supplier pursuant to Part VII, Section 20. A

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Customer may act as its own Supplier provided it meets all of the Supplier requirements delineated in Part VII, Section 20.

6. Quality and Condition of Gas

6.1 Gas delivered to the Company by or for the Customer shall conform, in all respects, to the Gas quality standards of the Transporting Pipeline. All Gas tendered by a Supplier at a Designated Receipt Point shall be of merchantable quality and shall be interchangeable with Gas purchased by the Company from its Suppliers. The Company reserves the right to refuse non-conforming Gas.

6.2 In no event shall the Company be obligated to accept and deliver any Gas that does not meet the quality standards of the Transporting Pipeline.

6.3 The Company reserves the right to commingle Gas tendered by a Supplier at a Designated Receipt Point with other Gas, including liquefied natural Gas and propane-air vapor.

6.4 Gas tendered by a Supplier at a Designated Receipt Point will be at a pressure sufficient to enter the Company's distribution system without requiring the Company to adjust its normal operating pressures to receive the Gas. The Company has no obligation to receive Gas at a pressure that exceeds the maximum allowable operating pressure of the Company's distribution system at the Designated Receipt Point.

7. Possession of Gas

7.1 Gas shall be deemed to be in the control and possession of the Company after such Gas is delivered to the Designated Receipt Point and until the Gas is delivered to the Customer at the Delivery Point. The Company shall not be responsible for the Gas when the Gas is not in the Company's control and possession.

7.2 The Company shall not be liable to the Supplier or the Customer for any loss arising from or out of Delivery Service, including loss of Gas in the possession of the Company or for any other cause, except for the negligence of the Company's own employees or agents.

8. Company Gas Allowance

8.1 The amount of Gas tendered by the Supplier to the Designated Receipt Point will be reduced, upon delivery to the Customer's Delivery Point, by the Company Gas Allowance. The Company Gas Allowance shall be in effect from November 1

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

through October 31. Such adjustment shall be recalculated prior to the Company's Peak Season cost of Gas filing with the NHPUC.

9. Daily Metered Delivery Service

9.1 Applicability

Part VII, Section 9 of this tariff shall be applicable in the following conditions:

9.1.1 All Customers whose service may be interrupted at any time during the year shall be required to take daily metered Delivery Service.

9.1.2 Any Customer, regardless of annual Gas Usage, may elect daily metered Delivery Service.

9.1.3 Customers under Rate Schedules G-42 and G-52 wishing to take Delivery Service are required to take Daily Metered Delivery Service. In addition, the Company may require a Customer to take daily metered Delivery Service if the Company determines that the daily Gas Usage characteristics of the Customer cannot be accurately modeled using the Company's Consumption Algorithm or if the volumes reasonably anticipated by the Company to be used by the Customer are of a size that may materially affect the integrity of the Company's distribution system.

9.2 Delivery Service Provided

This service provides delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day. For Customers taking Delivery Service under Rate Schedules Rate T-42 and Rate T-52, this service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point.

9.3 Nominations and Scheduling of Service

9.3.1 The Supplier is responsible for nominating and delivering to the Designated Receipt Point(s) every Gas Day an amount of Gas that equals the aggregated Gas Usage of Customers in the Aggregation Pool plus the Company Gas Allowance in accordance with Part VII, Section 8 of this tariff.

9.3.2 Nominations shall be communicated to the Company by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

9.3.3 Nominations for the first Gas Day of a Month shall be submitted to the Company no later than two (2) hours prior to the deadline for first of the Month Nominations of the Transporting Pipeline or such lesser period as determined by the Company. The Company will make available, from time to time, a schedule of Nomination due dates. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

9.3.4 The Supplier may make daily Nominations including, but not limited to, changes to existing Nominations, within a given Month no later than two (2) hours prior to the deadline for daily Nominations of the Transporting Pipeline for the Gas Day on which the Nomination is to be effective, or such lesser period as determined by the Company. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

9.3.5 The Supplier may make intra-Gas Day Nominations, including but not limited to changes to existing Nominations, within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting Pipeline on which the Nomination is to be effective, or such lesser period as determined by the Company. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

9.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to confirm the nominated volume with the Transporting Pipeline. In the event of a discrepancy between the volume nominated to the Company by the Supplier and the volume nominated by the Supplier to the Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy based on a predetermined allocation method set forth in the Supplier Service Agreement. If no predetermined allocation method has been established prior to the event of such discrepancy, the Company will allocate the discrepancy on a pro rata basis.

9.3.7 Nominations may be rejected, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Delivery Service in effect from time to time.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

9.4 Determination of Receipts

9.4.1 The quantity of Gas deemed received by the Company for the Supplier's Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Transporting Pipeline(s).

9.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Part VII, Section 8 of this tariff.

9.5 Metering and Determination of Deliveries

9.5.1 The Company shall furnish and install, at the Customer's expense, telemetering equipment and any related equipment for the purpose of measuring Gas Usage at each Customer's Delivery Point. Telemetering equipment shall remain the property of the Company at all times. The Company shall require each Customer to install and maintain, at the Customer's expense, reliable telephone lines and electrical connections that meet the Company's operating requirements. The Company may require the Customer to furnish a dedicated telephone line. If the Customer fails to maintain such telephone lines and electrical connections for fourteen (14) consecutive days after notification by the Company, the Company may discontinue service to the Customer.

9.5.2 Should a Customer or a Supplier request that additional telemetering equipment or a communication device be attached to the existing telemetering equipment in addition to that provided pursuant to Part VII, Section 9.5.1, the Company shall install, test, and maintain the requested telemetering equipment or communication device; provided that such telemetering equipment or communication device does not interfere with the operation of the equipment required for the Company's purposes and otherwise meet the Company's requirements. The Customer or Supplier shall provide such telemetering equipment or communication device, unless the Company elects to do so. The Customer or Supplier shall bear the cost of providing and installing the telemetering equipment, communication device, or any other related equipment, and shall have electronic access to the Customer's Gas Usage information. Upon installation, the telemetering equipment or communication device shall become the property of the Company and will be maintained by the Company. The Company shall bill the Customer or Supplier after installation.

9.5.3 The Company shall complete installation of telemetering equipment and communication devices, if reasonably possible, within sixty (60) days of receiving a written request from the Customer or Supplier provided that

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

the Customer completes the installation of any required telephone or electrical connections within ten (10) days of such request.

9.5.4 The Company may, at its sole discretion, bill the Customer on a calendar month or cycle month basis.

9.6 Balancing

9.6.1 The Supplier must maintain a balance between daily receipts and daily Gas Usage within the following tolerances:

Off-Peak Season: The difference between the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool shall be within 15% of said receipts. The Supplier shall be charged 0.1 times the Daily Index for all differences not within the 15% tolerance.

Peak Season: The difference between the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool shall be within 10% of said receipts. The Supplier shall be charged 0.5 times the Daily Index for all differences not within the 10% tolerance.

Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Part VII, Section 16.

Critical Day That Will Be Aggravated by Under-delivery.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged 5 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceeds 102% of the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged 0.1 times the Daily Index to the extent that the difference between the Supplier's aggregate actual

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

receipts on the Transporting Pipeline to each Gas Service Area and the aggregated Gas Usage of Customers in the Aggregation Pool exceeds 20% of said receipts [(Receipts - Usage) > (20% x Receipts)].

Critical Day That Will Be Aggravated by Over-delivery.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.1 times the Daily Index to the extent that the difference between the Supplier's aggregated Gas Usage of Customers in the Aggregation Pool exceeds 120% of the Supplier's aggregate actual receipts on the Transporting Pipeline to each Gas Service Area.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 5 times the Daily Index to the extent that the difference between the Supplier's actual receipts on the Transporting Pipeline to each Gas Service Area and the Supplier's aggregated Gas Usage of Customers in the Aggregation Pool exceeds 2% of said receipts [(Receipts - Usage > (2% x Receipts)].

Point Specific Balancing: In the event that the Transporting Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this Section at each Designated Receipt Point.

9.6.2 If the Supplier has an accumulated imbalance within a Month, the Supplier may nominate to reconcile such imbalance, subject to the Company's approval, which approval shall not be unreasonably withheld.

9.6.3 In addition to the charges set forth in Part VII, Section 9.6.1, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

9.6.4 If, as a result of the Company interrupting or curtailing service pursuant to Part VII, Section 18 of this tariff, the Supplier incurs a daily imbalance penalty due to over-delivery, the Company will waive such penalty for the First Day of the interruption or curtailment period. If the Company has issued notice of an interruption or curtailment in service and the Supplier is unable to change its Nomination, or if the Supplier's Gas has been

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

delivered to the Designated Receipt Point, then the Company will credit such Gas against the Supplier's imbalance.

9.6.5 The Supplier will maintain a balance between receipts at the Designated Receipt Point(s) and the aggregated Gas Usage of Customers in each Aggregation Pool. If the Transporting Pipeline posts notice on its electronic bulletin board that its customers will be required to adhere to a maximum hourly flow rate, the Supplier will be deemed to have notice that maximum hourly flows will be in effect on the Company's distribution facilities as of the same time and for the same period as maximum hourly flows are in effect on the Transporting Pipeline. The Supplier's maximum hourly flow will be established based on an allocation of even hourly flows of daily receipts of Gas scheduled in the relevant period in accordance with the applicable transportation tariff of the Transporting Pipeline. All Gas Usage in excess of the Supplier's maximum hourly flow rate shall be subject to an additional charge of 5 times the Daily Index for each Dekatherm in excess of the Supplier's maximum hourly flow. The Company will notify the Supplier of the Supplier's maximum hourly flow.

9.6.6 If, during any fifteen (15) consecutive Gas Days, the Supplier delivers an amount less than 70% of the sum of the aggregated Gas Usage of Customers in the Aggregation Pool in said Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas Days. The Supplier shall have the opportunity to cure the imbalance with the demonstration of verifiable imbalance trades or otherwise within twenty-four (24) hours of notification by the Company. If the Supplier is declared ineligible to nominate Gas for such 30 Gas Days, the Supplier may be reinstated at the end of the 30 Gas Days, provided it posts security equal to the product of: (1) the maximum aggregate daily Gas Usage of Customers in the Aggregation Pool expressed in MMBtu and (2) $300. If, within twelve (12) months of the first offense, such Supplier is declared ineligible to nominate Gas pursuant to this Section, the Supplier will be disqualified from service under this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, the Company shall have the right to use such security to satisfy the Supplier's obligations. Such security may be used by the Company to secure Gas, transportation, and storage, and to cover other related costs incurred as a result of the Supplier's default. The security may also be used to satisfy any outstanding claims that the Company may have against the Supplier including imbalance charges, cash-out charges, pipeline penalty charges, and other charges.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

9.7 Cash Out

For each Aggregation Pool, the Supplier must maintain total Monthly receipts within a reasonable tolerance of total Monthly Gas Usage. Any differences between total Monthly receipts for an Aggregation Pool and the aggregated Gas Usage of Customers in the Aggregation Pool, expressed as a percentage of total Monthly receipts, will be cashed out according to the following schedule:

Imbalance Tier	Over-deliveries	Under-deliveries
0% <= 5%	The average of the Daily Indices for the relevant Month	The highest average of seven consecutive Daily Indices for the relevant Month.
> 5% <= 10%	0.85 times the above stated rate.	1.15 times the above stated rate.
> 10% <= 15%	0.60 times the above stated rate.	1.4 times the above stated rate.
> 15%	0.25 times the above stated rate.	1.75 times the above stated rate.

For purposes of determining the tier at which an imbalance will be cashed out, the price will apply only to volumes within a tier. For example, if there is a 7% under-delivery on a Transporting Pipeline, volumes that make up the first 5% of the imbalance are priced at the highest average of the seven (7) consecutive Daily Indices. Volumes making up the remaining 2% of the imbalance are priced at 1.15 times the average of the seven (7) consecutive Daily Indices.

10. Non-Daily Metered Delivery Service

10.1 Applicability

Part VII, Section 10 of this tariff applies to Customers taking Delivery Service under Rate Schedules T-40, T-41, T-50, and T-51 and their Suppliers.

10.2 Delivery Service Provided

This service provides firm, year-round delivery of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement of recording Gas Usage at the Delivery Point on a daily basis. Daily Nominations are calculated by the Company on the basis

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

of a Consumption Algorithm and the Supplier is obligated to deliver to the Designated Receipt Point(s) such quantities.

10.3 Nominations and Scheduling of Service

10.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume ("ATV"), as determined in Part VII, Section 10.3.2, to the Designated Receipt Points on every Gas Day for each Aggregation Pool.

10.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking non-daily metered Delivery Service for each Gas Day using a Consumption Algorithm. The ATV shall include the Company Gas Allowance. On each Business Day, the Company will communicate, electronically, by facsimile, or by other agreeable alternative means, the forecasted ATV to the Supplier for at least the subsequent four (4) Gas Days. The ATV in effect for any Gas Day shall be the most recent ATV for that Gas Day communicated to the Supplier by the Company. The ATV for a given Gas Day shall not be effective unless it has been communicated to the Supplier at least two (2) hours prior to the Company's Supplier Nomination deadline for that Gas Day, which shall be at least two (2) hours prior to the deadline for nominations on the Transporting Pipeline, or such lesser period as determined by the Company.

10.3.3 Nominations will be communicated to the Company electronically, by facsimile, or other agreeable alternative means.

10.3.4 Nominations for the first Day of a Month shall be submitted to the Company no later than two (2) hours prior to the deadline for first of the Month Nominations of the Transporting Pipeline or such lesser period as determined by the Company. The Company will make available, from time to time, a schedule of Nomination due dates. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

10.3.5 The Supplier shall provide an intra-Month Nomination no later than two (2) hours prior to the deadline of the Transporting Pipeline for the next Gas Day, or such lesser period as determined by the Company. Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized for its own operations.

10.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Transporting Pipeline. The Company will attempt to

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

confirm the nominated volume with the Transporting Pipeline. In the event of a discrepancy between the volume nominated to the Company by the Supplier and the volume nominated by the Supplier to the Transporting Pipeline, the lower volume will be deemed confirmed. The Company will allocate such discrepancy based on a predetermined allocation method set forth in the Supplier Service Agreement. If no predetermined allocation method has been established prior to the event of such discrepancy, the Company will allocate the discrepancy on a pro rata basis. The Company will not confirm any volume nominated by the Supplier in excess of the ATV.

10.3.7 In the event that the Supplier is unable to deliver a confirmed ATV Nomination, the Supplier may make intra-Gas Day Nominations relating to changes to existing Nominations within a given Gas Day no later than two (2) hours prior to the intra-Gas Day Nomination deadline for the Transporting Pipeline on which the Nomination is to be effective, or such lesser period as determined by the Company; provided, however, that the Nomination must be in conformance with the requirements of and must be permitted by the Transporting Pipeline. Intra-Gas Day Nominations on weekends, holidays, and non-business hours will be accepted by the Company on a basis consistent with that utilized by the Company for its own operations. The Company shall not adjust the ATV applied for that Gas Day.

10.3.8 Nominations may be rejected if they do not satisfy the conditions for Delivery Service in effect from time to time.

10.3.9 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an Operational Flow Order ("OFO") declared by the Company pursuant to Part VII, Section 16 will be subject to the Critical Day provisions of Part VII, Section 10.6.1 of this tariff, and the delivered quantity specified in the OFO will replace the ATV.

10.4 Determination of Receipts

10.4.1 The quantity of Gas deemed received by the Company for the Supplier's Aggregation Pool at the Designated Receipt Point(s) will equal the volume so scheduled by the Transporting Pipeline(s).

10.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Part VII, Section 8 of this tariff.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

10.5 Metering and the Determination of Deliveries

The Company shall record the Customer's Gas Usage at the Delivery Point by making actual meter reads on a monthly or bi-monthly basis. In the event that the Customer's Gas Usage is metered on a bi-monthly basis, the Company shall make available to the Supplier estimates of the Customer's Gas Usage for each of the two billing months.

10.6 Balancing

10.6.1 Any difference between the Supplier's ATV for an Aggregation Pool and the receipts on the Transporting Pipeline to the appropriate Designated Receipt Point(s) will be cashed out by the Company according to the following:

Off-Peak Season: For receipts less than the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the difference. For receipts less than 95% of the ATV, the Supplier shall be charged 1.1 times the Daily Index for the first 5% difference, and the Supplier shall be charged two (2) times the Daily Index for the remaining difference. For receipts greater than the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day(s): The Company will determine if the Critical Day will be aggravated by an under-delivery or an over-delivery, and so notify the Supplier when a Critical Day is declared pursuant to Part VII, Section 16.

Critical Day That Will Be Aggravated by Under-delivery

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by under-delivery shall be charged five (5) times the Daily Index for the difference between the ATV and actual receipts.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by under-delivery shall be charged the following amounts for all receipts in excess of the ATV:

(a) up to 25% in excess of the ATV, the Supplier shall be charged the Daily Index for the difference.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

(b) for receipts in excess of 25% above the ATV, the Supplier shall be charged 0.8 times the Daily Index for the difference.

Critical Day That Will Be Aggravated By Over-delivery.

Supplier who over-delivers. A Supplier who over-delivers on a Critical Day that will be aggravated by over-delivery shall be charged 0.4 times the Daily Index for receipts greater than the ATV.

Supplier who under-delivers. A Supplier who under-delivers on a Critical Day that will be aggravated by over-delivery shall be charged the following amounts--for receipts less than the ATV but greater than or equal to 75% of the ATV, the Supplier shall be charged the Daily Index for the first 25% difference, and the Supplier shall be charged 1.1 times the Daily Index for the remaining difference.

10.6.2 In addition to the charges set forth in Part VII, Section 10.6.1, the Company shall use a daily balancing charge calculation to account for balancing costs it incurs in serving each Aggregation Pool due to differences in forecast versus actual Effective Degree Days. The daily balancing charge shall be based on the sum of the absolute values of the daily differences between the Aggregation Pool's ATV and the recalculated ATV value described in Part VII, Section 10.7.1 below. Such charge shall be billed to the Supplier monthly and shall reflect the cost of resources used by the Company to balance such differences for each Gas Day of the Month. The Company shall calculate such charge annually in its Peak Season cost of Gas filing according to a formula as set forth in Appendix A.

In the event that the Transporting Pipeline requires its customers to balance on a point-specific basis, the Supplier must balance pursuant to this Section at each Designated Receipt Point.

10.6.3 In addition to the charges set forth in Part VII, Sections 10.6.1 and 10.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

10.7 Cash Out

10.7.1 The Company shall use a daily cash out calculation to account for imbalances due to differences in forecast versus actual Effective Degree Days. Using a Consumption Algorithm, the Company will recalculate the ATV for each Aggregation Pool for each Gas Day of the Month,

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

substituting actual Effective Degree Days for forecast Effective Degree Days. Daily recalculations shall be compared to the Aggregation Pool's daily ATV, and the difference shall be cashed out at 100% of the Daily Index.

10.7.2 During the processing of both the June and December Supplier billings, the Company shall use a six-month cash-out calculation to account for differences in forecast usage versus billed usage. The Company may cash-out differences in forecast usage versus billed usage at intervals that are less than six months as provided by the Supplier Service Agreement.

(1) During the processing of the June Supplier billings, using the recalculated ATV values described in Section 10.7.1, the Company will compare the sum of the recalculated ATV values for each Aggregation Pool for the six-month period of November 1 through April 30 to the sum of billed usage volumes used by each Aggregation Pool for that same period. The differences shall be cashed out at 100% of the average of the Daily Index weighted by actual degree days over the same period. The Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of April.

(2) During the processing of the December Supplier billings, using the recalculated ATV values described in Section 10.7.1, the Company will compare the sum of the recalculated ATV values for each Aggregation Pool for the six-month period of May 1 through October 31 to the sum of billed usage volumes used by each Aggregation Pool for that same period. The differences shall be cashed out at 100% of the average of the Daily Index over the same period. The Off-Peak period cash-out shall be calculated and provided to Suppliers within 60 days of rendering Supplier billings, in accordance with Section 20.8, for the month of October.

10.7.3 The Company shall allow Suppliers to trade seasonal differences. Prior to the seasonal cash out, the Company shall make available a list of Suppliers. Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Part VII, Section 4, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.

10.7.4 If, during any fifteen (15) consecutive Gas Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Gas Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) Gas Days. The Supplier shall

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

have the opportunity to cure the imbalance with the demonstration of verifiable imbalance trades or otherwise within twenty-four (24) hours of notification by the Company. If the Supplier is declared ineligible to nominate Gas for such 30 Gas Days, the Supplier may be reinstated at the end of the 30 Gas Days, provided it posts security equal to the product of: (1) the Supplier's estimated maximum aggregate daily Gas Usage of Customers in the Aggregation Pool expressed in MMBtu and (2) $300. If, within twelve (12) months of the first offense, such Supplier is declared ineligible to nominate Gas pursuant to this Section, the Supplier will be disqualified from service under this tariff for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under this tariff, the Company shall have the right to use such security to satisfy the Supplier's obligations. Such security may be used by the Company to secure Gas, transportation, storage, and to cover other related costs incurred as a result of the Supplier's default. The security may also be used to satisfy any outstanding claims that the Company may have against the Supplier including imbalance charges, cash-out charges, pipeline penalty charges, and other charges.

11. Capacity Assignment

11.1 Applicability

Part VII, Section 11 of this tariff applies to all Suppliers that have enrolled one or more Customers into one or more Aggregation Pools and shall include Customers acting as their own Supplier. The Company shall assign and the Supplier shall accept each Customer's pro-rata share of Capacity, if any, as established in accordance with this Section.

11.2 Identification of Capacity for Assignment

11.2.1 On or before September 15 of each year, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning in October.

11.2.2 The Company shall identify, by Gas Service Area, the specific contracts and resources for assignment to Suppliers based on the Company's Capacity and resource plans. Such identified contracts and resources shall be used to determine the pro-rata shares of Capacity assignable to a Supplier on behalf of the Customers enrolled in its Aggregation Pool.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

11.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates, the assignment of certain Capacity contracts including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section 7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)] and other contracts that are not assignable to third-parties due to governing tariffs.

11.3 Determination of Pro-Rata Shares of Capacity

11.3.1 The Company shall establish a Total Capacity Quantity ("TCQ") for each Customer taking Delivery Service. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf of a Customer.

11.3.2 For a Customer receiving Sales Service on or after March 14, 2000, the TCQ shall be the Customer's estimated Gas Usage on the Peak Day as determined by the Company each October prior to the Customer's enrollment into Supplier Service. The Company shall derive such estimate using a Daily Baseload and a Heating Factor based upon the Customer's historic Gas Usage during the Reference Period, or the best estimates available to the Company should actual Gas Usage information be partially or wholly unavailable.

11.3.3 For a Customer that was either receiving Supplier Service (or the equivalent form of service at the time) on March 14, 2000, or had an executed contract for firm transportation service (i.e., the equivalent of Delivery Service) on file with the Company on or before March 14, 2000, the TCQ shall be zero.

11.3.4

(a) A Customer that was either receiving Supplier Service (or the equivalent form of service at the time) on March 14, 2000, or had a written request on file with the Company on or before March 14, 2000 may elect for its Supplier to accept assignment of its pro-rata share of Capacity as determined by the Company in accordance with Part VII, Section 11.2 and, subject to availability, as determined by the Company in its sole reasonable discretion. Such election may be for any portion or the total of the Customer's Gas Usage on the Peak Day. In order to make such election, the Customer must have submitted to the Company, on or before ten (10) days prior to the first Assignment Date prior to the original effective date of this tariff, a completed application for Capacity that is signed by both the Customer and Supplier. All assignments of Capacity made on behalf of such electing Customer shall be executed in accordance with Part VII, Sections 11 and 14 of this tariff as if the Customer had been receiving Sales

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

(b) Service on or after March 14, 2000. Any short-term elective assignment of capacity shall be assigned for a term no longer than one year, and such assignment shall not result in Customer losing its capacity exemption status in the future.

(c) A Customer that was either receiving Supplier Service (or the equivalent form of service at the time) on March 14, 2000, or had a written request on file with the Company on or before March 14, 2000 may choose for its Supplier to accept assignment of its pro-rata share of the Total Capacity Quantity for longer than one year as determined by the Company in accordance with Part VII, Section 11.2 and, subject to availability, as determined by the Company in its sole reasonable discretion. In order to choose such assignment, the Customer must have submitted to the Company, on or before ten (10) days prior to the first Assignment Date prior to the original effective date of this tariff, a completed application for Capacity that is signed by both the Customer and Supplier. All assignments of Capacity made on behalf of such electing Customer shall be executed in accordance with Part VII, Sections 11 and 14 of this tariff as if the Customer had been receiving Sales Service on or after March 14, 2000. Such request for long-term assignment of capacity shall remain in effect until such time that the Customer returns to Sales Service, and therefore, the Customer shall lose its capacity exemption status.

11.3.5 For a new Customer taking Supplier Service as its initial service after March 14, 2000, the TCQ shall be zero except in cases where the Customer is a new Customer of record at a meter location where a former Customer of record received firm service from the Company any time during the preceding twenty-four (24) months, in which case the TCQ established by the Company for the former Customer shall become the TCQ for the new Customer. The Company may reduce said TCQ value for the new Customer, if, in its sole reasonable discretion, the Company determines that the old Customer's TCQ exceeds the new Customer's estimated future consumption on the Peak Day. In the event that Sales Service is provided at a new meter location for Gas Usage associated with new construction, the TCQ shall be zero, provided that the Customer initiates Supplier Service upon the completion of said new construction in accordance with Part VII, Section 20.5 of this tariff.

Any new Customer taking Supplier Service as its initial service and whose TCQ is zero may at a later time either: (a) elect assignment of capacity for any portion or the total of the Customer's Gas Usage on the Peak Day for a period no longer than one year or; (b) choose long-term permanent assignment of capacity, either of which is subject to the Company

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

accepting such request, in accordance with Part VII, Section 11.3.4. Any request for, and associated assignment of capacity for a term no longer than one year shall not result in Customer losing capacity exemption status in the future. Any request for assignment of Capacity for a term greater than one year shall become a permanent assignment and remain in effect until such time that the Customer returns to Sales Service. In order to either make such short-term election or choose permanent assignment of capacity, the Customer must have submitted to the Company, on or before ten (10) days prior to the first Assignment Date prior to the original effective date of this tariff, a completed application for Capacity that is signed by both the Customer and Supplier. All assignments of Capacity made on behalf of such electing Customer shall be executed in accordance with Part VII, Sections 11 and 14 of this tariff as if the Customer had been receiving Sales Service on or after March 14, 2000.

11.3.6 Once the Company establishes a TCQ for a Customer pursuant to this Part VII, Section 11.3, it shall remain in effect for the purpose of determining the Customer's pro-rata shares of Capacity until such time that the Customer returns to Sales Service. The Company shall establish a new TCQ value for the Customer pursuant to Part VII, Section 11.3.2 if the Customer again elects to take Supplier Service after returning to Sales Service, unless otherwise established herein.

11.3.7 The Company shall determine the pro-rata shares of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assignable to a Supplier on behalf of a Customer as the product of the Customer's TCQ times the applicable Capacity Allocators. The Capacity Allocators for each class of Customers billed under the Company's Rate Schedule shall be set forth annually in Appendix C to this tariff.

11.3.8 The Company shall determine the pro-rata share of Seasonal Storage Capacity assignable to a Supplier on behalf of a Customer consistent with the tariffs governing the associated Storage Withdrawal Capacity.

11.3.9 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Part VII, Section 14 of this tariff.

11.4 Capacity Assignments

11.4.1 On each Assignment Date, the Company will assign to the Supplier the pro-rata shares of Capacity on behalf of each Customer as determined by the Company in accordance with Part VII, Sections 11.2, 11.3 and 11.7.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

(a) The total amount of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall be at least equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity for all Customers enrolled in said Aggregation Pool as of five (5) Business Days prior to the Assignment Date.

(b) Storage Withdrawal Capacity shall be subject to Operational Flow Orders that are issued by the Company pursuant to Part VII, Section 16 of this tariff, in the event that the Company requires the Supplier to deliver or to store quantities of Gas for the purposes of managing system imbalances and maintaining Delivery Service. Whenever the Company assigns incremental Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Seasonal Storage Capacity pursuant to Part VII, Section 11.8.

(c) The Peaking Capacity assigned to the Supplier shall establish the Maximum Daily Peaking Quantity ("MDPQ") for the Aggregation Pool in the Supplier's Service Agreement. In the event that the Company increases a Supplier's MDPQ, the Company shall also assign to that Supplier additional Peaking Supply pursuant to Part VII, Section 14.

11.4.2 The Company shall execute Capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity assigned to the Supplier pursuant to Part VII, Section 11.4.1 exceeds 150 MMBtus. The Supplier shall accept additional increments of Capacity on the following Assignment Dates commensurate with any cumulative increase in the sum of pro-rata shares of Capacity assigned to the Supplier, as rounded to the nearest 200 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assigned Capacity as established in accordance with Part VII, Section 11.4.1. Part VII, Section 11.4.2 shall not apply to a Customer that is acting as its own Supplier.

11.4.3 If a Customer is acting as its own Supplier, the Company shall assign Capacity to the Customer in an amount equal to the Customer's TCQ, as established pursuant to Part VII, Section 11.3.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

11.5 Release of Contracts

11.5.1 With the exception of Company-Managed Supplies and Peaking Capacity, Capacity contracts shall be released by the Company to the Supplier, at the maximum tariff rate or lesser rate paid by the Company and including all surcharges, through pre-arranged Capacity releases, pursuant to applicable laws and regulations and the terms of the governing tariffs.

11.5.2 Capacity contracts released to a Supplier on an Assignment Date shall be released for a term beginning on the first Gas Day of the Month following the Assignment Date through the expiration date of the respective capacity contract being assigned.

11.5.3 The Company reserves the right to adjust releases of Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but are not limited to, the reassignment of certain Storage Withdrawal Capacity as Company-Managed Supplies in order for the Company to maintain operational control over Capacity resources associated with system balancing, and/or the retention of specific Capacity resources associated with system balancing and the implementation of a balancing charge to offset the associated costs.

11.6 Annual Reassignment of Capacity

11.6.1 On each Annual Reassignment Date, the Company shall adjust the Capacity assignments previously made to a Supplier to conform with the Company's resource and requirements plans. Such previously assigned Capacity shall be replaced by the assignment to the Supplier of the pro-rata shares of the same or similarly situated Capacity on behalf of the Customers enrolled in the Supplier's Aggregation Pools (as of the first Gas Day of the Month following the Annual Reassignment Date).

11.6.2 If the reassignment of Storage Withdrawal Capacity requires adjustments to the Seasonal Storage Capacity previously assigned to a Supplier, the Company shall reassign Seasonal Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to inventories in place pursuant to Part VII, Section 11.8 of this tariff.

11.6.3 If the reassignment of Peaking Capacity requires adjustments to the MDPQ for the Supplier's Aggregation Pool, the Company shall reassign Peaking Supply to such Supplier, and the Company and the Supplier shall

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

address any associated increments and decrements to supplies pursuant to Part VII, Section 14 of this tariff.

11.7 Recall of Capacity

11.7.1 If the pro-rata shares of Capacity assignable to a Supplier decline because one or more of the Supplier's Customers has returned to Sales Service, the Company shall have the right, but not the obligation, to recall from the Supplier the pro-rata shares of Capacity previously assigned to the Supplier on behalf of such Customers. The decision on whether to exercise its Capacity-recall rights shall be made by the Company in its sole reasonable discretion. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the Assignment Date following the effective date of the Customer's return to Sales Service. Notwithstanding the foregoing, in the following circumstances the Company shall be required to recall Capacity associated with Customers returning to Sales Service:

(a) The Supplier returning the Customers to Sales Service certifies that it is ceasing all business operations in New Hampshire;

(b) The Supplier returning the Customers to Sales Service certifies that it will no longer offer service to a particular market sector (e.g., small commercial and industrial Customers) and, therefore, once such Customers are returned to Sales Service, the Supplier is not eligible to re-enroll Customers of that type; or

(c) The Supplier demonstrates that it has provided Supplier Service to the Customer for a 12-month period, and for a period of no less than any 12-month increment, prior to the Customer's return to Sales Service.

11.7.2 If the Company elects to recall Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Part VII, Section 11.8 of this tariff. If the Company elects to reduce the MDPQ in the Supplier Service Agreement, the Company shall reduce the Peaking Supply associated with the affected Aggregation Pool in accordance with Part VII, Section 14 of this tariff.

11.7.3 In the event that a Customer in a Supplier's Aggregation Pool switches to another Supplier, the Company shall recall from the former Supplier said Customer's pro-rata shares of Capacity for reassignment to the new Supplier pursuant to Part VII, Section 11.4. There shall be no change in

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

the Customer's TCQ used to determine the Customer's pro-rata shares of Capacity for reassignment to the new Supplier. The recall of such Capacity from the Customer's former Supplier and the assignment of Capacity to the new Supplier shall be made on the Assignment Date following the effective date of the Customer's switch in Suppliers.

11.7.4 If the Company recalls Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Seasonal Storage Capacity associated with the affected Aggregation Pool in accordance with Part VII, Section 11.8 of this tariff. If the Company reduces the MDPQ in the Customer's former Supplier's Service Agreement, the Company shall also reduce the Peaking Supply associated with the affected Aggregation Pool in accordance with Part VII, Section 14 of this tariff.

11.7.5 The recall of Capacity by the Company shall entail the recall of released contracts pursuant to governing tariffs and/or the reduction in assigned quantities set forth in the Supplier Service Agreement. The recall of Capacity shall be executed in decrements of 200 MMBtus, commensurate with the cumulative reduction in the pro-rata shares of Capacity assigned to the Supplier, rounded to the nearest 200 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Storage Withdrawal Capacity, and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.

11.7.6 In the event that a Supplier is declared ineligible to nominate Gas for thirty (30) Gas Days pursuant to Part VII, Sections 9.6.6 or 10.7.4 of this tariff, the Company shall have the right to recall any or all Capacity assigned to said Supplier. If the Supplier is reinstated at the end of such 30 Gas Days, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Part VII, Sections 11.4 and 11.5. There shall be no change in the TCQ values used to determine the Supplier's Customers' pro-rata shares of Capacity for reassignment.

11.7.7 In the event that a Supplier is disqualified from service for one (1) full year pursuant to Part VII, Sections 9.6.6 or 10.7.4 of this tariff, the Company shall have the right to recall any or all Capacity assigned to said Supplier. If the Supplier is reinstated at the end of such period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Part VII, Sections 11.4 and 11.5

11.7.8 In the event that the Supplier fails to meet the applicable registration and licensing requirements established by law or regulation, fails to satisfy the requirements and practices as set forth in Part VII, Section 20.3 of this

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

tariff, fails to be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign capacity, fails to make timely payment under the assigned contracts, or fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement, the Company shall have the right to recall permanently any or all Capacity assigned to said Supplier. This section shall also apply to a Customer acting as its own Supplier.

11.7.9 The Supplier shall forfeit its rights to Capacity recalled by the Company pursuant to this Section. Such forfeiture shall be effected in accordance with applicable laws and regulations and the governing tariffs. In the event of Capacity forfeiture pursuant to this Section, the Supplier shall be responsible to compensate the Company for any payments due under the contracts prior to forfeiture, as well as any interest due thereon. The Company will not exercise discretion in the application of the forfeiture provisions of this Section. This section shall also apply to a Customer acting as its own Supplier.

11.8 Seasonal Storage Capacity

11.8.1 On each Assignment Date, the Company shall release Seasonal Storage Capacity to a Supplier that accepts the assignment of Storage Withdrawal Capacity pursuant to Part VII, Section 11.4. The Company shall assign such Seasonal Storage Capacity consistent with the tariffs governing the release of the associated Storage Withdrawal Capacity.

11.8.2 If the Company assigns Seasonal Storage Capacity to a Supplier pursuant to Part VII, Section 11.8.1 above, the Company shall transfer in-place Gas inventories to the Supplier. The quantity of inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Seasonal Storage Capacity assigned to the Supplier on the Assignment Date times the applicable storage inventory percentage described in Part VII, Section 11.8.5. The Supplier shall be charged the Company's weighted average cost of inventories in off-system storage facilities for each Dekatherm transferred from the Company to the Supplier. The Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two Business Days prior to each Assignment Date.

11.8.3 In the event that the Company recalls Storage Withdrawal Capacity from the Supplier pursuant to Part VII, Section 11.7, the Company shall also

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

recall Seasonal Storage Capacity from the Supplier. The Company shall determine the total Seasonal Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Storage Withdrawal Capacity returned to the Company.

11.8.4 If the Company recalls Seasonal Storage Capacity from a Supplier pursuant to Part VII, Section 11.8.3, the Supplier shall transfer in-place Gas inventories to the Company. The quantity of inventories to be transferred from the Supplier to the Company shall be determined by multiplying the decremental Seasonal Storage Capacity times the applicable storage inventory percentage described in Part VII, Section 11.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in off-system storage facilities as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the Company's weighted average cost of inventories, by Gas Service Area, at least two (2) Business Days prior to each Assignment Date.

11.8.5 Seasonal storage inventory percentages shall represent the amount of Seasonal Storage Capacity in each assigned storage resource that is assumed to be filled with inventories as of the first Gas Day of the month following the Assignment Date. Each September, the Company shall communicate, by electronic means as determined by the Company or, in the event of failure of such electronic means, by facsimile or other agreeable alternative means, the storage inventory percentages for each resource that shall be applied to incremental or decremental Seasonal Storage Capacity assignments executed on each of the twelve (12) Assignment Dates beginning in October.

11.9 Company-Managed Supplies

11.9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain Capacity contracts including Canadian, Federal Energy Regulatory Commission, 15 U.S.C. § 717(c) or Section 7(c) [Part 157 of the FERC regulations (18 C.F.R. part 157)], and other contracts that are not assignable to third-parties.

11.9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Part VII, Sections 11.4 and 11.8.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

11.9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies pursuant to the tariffs governing the resources.

11.9.4 The Company shall invoice the Supplier for its pro-rata shares of the demand charges for Capacity contracts assigned to the Supplier as Company-Managed Supplies. The Company shall also flow through to the Supplier all costs, including Supply costs, incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.

11.9.5 The Company shall nominate quantities to the Transporting Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned Company-Managed Supplies, provided that the requested Nomination conforms to the tariffs governing the resource. The Supplier shall communicate its desired Nomination quantities to the Company subject to the provisions in Part VII, Sections 9.3 and 10.3 of this tariff.

11.10 Capacity Mitigation Service

11.10.1 Capacity Mitigation Service is available to Suppliers that have been assigned Capacity pursuant to Part VII, Section 11 of this tariff. Such Suppliers shall have the option to take Capacity Mitigation Service from the Company for contracts that would otherwise be released to the Supplier in accordance with this tariff.

11.10.2 Within five (5) Business Days prior to the Annual Reassignment Date, the Supplier must designate those contracts that would otherwise be released to the Supplier pursuant to Part VII, Section 11.5, as contracts to be managed by the Company for cost mitigation in accordance with the Company's Capacity Mitigation Service. Such designation will be effective for the period November 1 through October 31. Such notice shall be communicated in accordance with the Supplier's Service Agreement.

11.10.3 The Supplier shall pay to the Company the maximum-tariff rate or lesser rate paid by the Company, including all surcharges, for the Capacity contracts that are retained and managed by the Company. The Company shall bill the Supplier monthly for such charges.

11.10.4 The Company will market Capacity contracts designated by Suppliers for mitigation through the Capacity Mitigation Service. The Supplier shall receive a credit on its bill for Capacity Mitigation Service equal to the pro-rata share of the proceeds earned from the Company in exchange

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

for such contract management. Such credit shall be determined on a contract-specific basis at the end of each Month and will be included in the bill sent to the Supplier in the following Month.

12. Billing and Security Deposits

12.1 The Customer shall be responsible for all charges for service furnished by the Company under the Company's applicable rates, as filed from time to time with the NHPUC, from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Sales Service.

12.2 The Company shall offer two billing service options to Customers taking only Delivery Service: standard complete billing service and standard passthrough billing service. The Supplier shall inform the Company of the selected billing option in accordance with the provisions set forth in Part VII, Section 20.5.

12.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Delivery Service and Supplier Service. The Company shall use the rates supplied by the Supplier to calculate the Supplier's portion of the single bill and integrate this billing within a single mailing to the Customer. The Company may charge a fee to the Supplier for providing this billing service as approved by the NHPUC.

The Supplier shall adhere to the Customer classes and rate structure as specified in the Company's then current Rate Schedule on file with and approved by the NHPUC. The Company shall reasonably accommodate, at the Supplier's expense, different Customer classes or rate structures as agreed to by the Company and the Supplier in the Supplier Service Agreement.

The Company shall provide an electronic file to the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current billing cycle. Customer revenue due the Supplier shall be transferred to the Supplier in accordance with the Supplier Service Agreement. Upon receipt of Customer payments, the Company shall provide a file for the Supplier summarizing all revenue from Supplier sales, which have been received and recorded that day.

If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Delivery Service, and if any payment remains, it shall be applied to Supplier Service.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

12.2.2 Standard Passthrough Billing Service

The Customer taking Delivery Service shall receive two (2) bills: the Company shall issue one bill for Delivery Service and the Supplier shall issue a second bill for Supplier Service.

The Supplier shall be responsible for the collection of amounts due to the Supplier from the Customer. Customer payment responsibility with Suppliers shall be governed by the particular Customer/Supplier contract.

Within three (3) Business Days following the end of the Customer's billing cycle, the Company shall provide an electronic file for the Supplier that will contain the Customer's usage being billed including the current and previous meter readings.

12.3 The Company shall inform a Customer when Supplier Service has been initiated by a Supplier along with information on how the Customer may file a complaint regarding an unauthorized initiation of Service. This information shall be included on the first bill rendered to the Customer after such initiation.

12.4 Customer acting as its own Supplier will be subject to the billing and payment requirements in Part VII, Section 20.8 of this tariff.

12.5 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.

13. Sales Service

13.1 Sales Service is the Commodity service provided by the Company for Customers not electing to subscribe to Supplier Service and shall be provided by the Company, or its designated Supplier, in accordance with this tariff. Each Customer receiving Sales Service shall receive one bill from the Company reflecting delivery and Commodity charges.

13.2 A Customer receiving Sales Service on March 14, 2000 shall continue to receive Sales Service unless the Customer elects to take Supplier Service and until such time that Supplier Service is initiated for the Customer in accordance with Part VII, Section 20.5 of this tariff. If the Customer terminates Supplier Service, if a Supplier terminates service to the Customer, or if the Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Part VII, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide Sales Service to the Customer. Pursuant to Part VII, Section 20.5 of this tariff, the Company will initiate Sales Service for the Customer and will provide Sales Service to the

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.

13.3 Any Customer whose Supplier has been assigned Capacity on behalf of said Customer pursuant to Part VII, Section 11 of this tariff may elect to return to Sales Service if the Customer is no longer receiving Supplier Service. If necessary, the Company will initiate Sales Service for the Customer pursuant to Part VII, Section 20.5 of this tariff and will provide the Customer with Sales Service until such time that Supplier Service is initiated for the Customer by a new Supplier. The Company will provide Sales Service to said Customer up to a maximum daily level of Gas Usage not to exceed the Total Capacity Quantity ("TCQ") of recallable Capacity assigned to the Customer's former Supplier.

13.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Part VII, Section 11 of this tariff terminates Supplier Service to the Customer, the Customer may select another Supplier. If necessary, the Company will initiate Sales Service for the Customer pursuant to Part VII, Section 20.5 of this tariff and will provide the Customer with Sales Service until Supplier Service is initiated for the Customer by a new Supplier. The Company will provide Sales Service to the Customer up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable Capacity assigned to the Customer's former Supplier.

13.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Part VII, Section 11 of this tariff becomes ineligible to serve the Customer pursuant to Part VII, Sections 9.6.6, 10.7.4, or 20.3 of this tariff, the Company will provide the Customer with Sales Service up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable Capacity assigned to the Customer's Supplier.

13.6 The Company shall be under no obligation to provide Sales Service to a Customer at a maximum daily level in excess of the TCQ of recallable Capacity assigned to a Supplier on behalf of the Customer. The Company may elect to provide Sales Service to the Customer if, and to the extent that, adequate system Capacity and Supplies are available and upon the same terms and subject to the same conditions as any new Customer seeking to take Sales Service.

13.7 Any Customer switching from Firm Delivery Service to Sales Service after June 30, 2006, shall pay a Re-Entry Fee for twelve (12) months beginning with the first billing month cycle on Sales Service. The monthly Re-Entry Fee shall be based on the Customer's portion of Peak Day Gas Usage that has no associated Capacity assignment times 25% of the Company's then-current monthly component of the November through October annual average unit capacity cost. Such annual average unit capacity cost shall be determined once a year, prior to November 1.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Any Customer who switches to Sales Service shall be required to remain on Sales Service for a minimum of one year.

14. Peaking Service

14.1 Applicability

Part VII, Section 14 of this tariff applies to all Suppliers, and to all Customers acting as their own Supplier, that have been assigned, or have elected to be assigned, Capacity on behalf of themselves or Customers in their Aggregation Pools pursuant to Part VII, Section 11 of this tariff.

14.2 Character of Service

14.2.1 Peaking Service shall be provided by the Company subject to an executed Supplier Service Agreement that sets forth the Maximum Daily Peaking Quantity ("MDPQ") and the assigned Peaking Supply for each of the Supplier's Aggregation Pools.

14.2.2 The Company shall provide quantities of Gas, at the Supplier's request, from the Supplier's Peaking Service Account as established in accordance with Part VII, Section 14.4. Such quantities shall be deemed delivered by the Company and received by the Company at the Designated Receipt Point(s) for the Aggregation Pool. Peaking Service shall be firm and available to the Supplier each Gas Day in accordance with the balance of the Supplier's Peaking Service Account and the parameters of the Company's Peaking Service Rule Curve.

14.3 Rates and Charges

14.3.1 The applicable rates for Peaking Service shall be established in the Company's tariff. The Supplier shall pay a peaking demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company for the Peak Season. Such unit demand charge shall be equal to the total Capacity costs and other fixed costs associated with the Company's peaking resources, excluding costs collected through Delivery rates, divided by the estimated peaking resources needed to meet the Company's total system Peak Day requirement.

14.3.2 The Supplier shall pay a Commodity charge equal to the estimated weighted average cost of peaking supplies, including fuel retention and carrying charges. The Company shall communicate electronically, by facsimile or by other agreeable alternative means the Company's estimated weighted average cost of peaking supplies by the 15th of the

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

month preceding the next Assignment Date. The Commodity charge will be multiplied by the volumes of Peaking Service Gas nominated by the Supplier during each Month.

14.4 Peaking Supply

14.4.1 The Customer's portion of the Peaking Supply that shall be assigned to the Supplier on behalf of the Customer shall be equal to the Peaking Supply multiplied by the ratio of the Customer's MDPQ to the aggregate MDPQ of the total system.

14.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Part VII, Section 11.4. If the Company assigns incremental Peaking Supply to a Supplier, the Company shall credit the balance of the Supplier's Peaking Service Account for volumes available through October 31 in accordance with the Peaking Service Rule Curve. The amount credited to the Supplier's Peaking Service Account shall be determined by multiplying the incremental Peaking Supply by the peaking inventory percentage described in Part VII, Section 14.4.5.

14.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Part VII, Section 11.7. The Company shall determine the Supplier's total Peaking Supply for recall to be equal to the difference between the cumulative total Peaking Supply assigned to the Supplier as of the previous Assignment Date and the total Peaking Supply that is assignable to the Supplier in accordance with Part VII, Section 14.4.1 above.

14.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Part VII, Section 14.4.3, the Company shall debit the balance of the Supplier's Peaking Service Account for volumes available through October 31 in accordance with the Peaking Service Rule Curve. The amount debited from the Supplier's Peaking Service Account shall be determined by multiplying the decremental Peaking Supply by the peaking inventory percentage described in Part VII, Section 14.4.5.

14.4.5 The peaking inventory percentage shall represent the level of Peaking Supply assumed to be available to a Supplier in its Peaking Service Account as of the first Gas Day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply. Each September, the Company shall communicate electronically, by facsimile or by other agreeable alternative means the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Supply assignments executed on each of the twelve (12) Assignment Dates beginning in October.

14.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first Gas Day of the Month following the Annual Reassignment Date) as determined in accordance with Part VII, Section 14.4.1 above.

14.5 Nomination of Peaking Service

14.5.1 The Supplier shall nominate with the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Part VII, Section 14.4.2, that the Supplier desires to be provided from its Peaking Service Account for the applicable Gas Day. For an Aggregation Pool of Customers taking daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Part VII, Section 9.3 of this tariff. For an Aggregation Pool of Customers taking non-daily metered Delivery Service, the notice given by the Supplier to the Company for an applicable Gas Day shall be made in accordance with Part VII, Section 10.3 of this tariff.

14.5.2 In response to a valid Nomination for Peaking Service, the Company shall provide the requested quantity of Gas, which shall be deemed to be delivered by the Company and received by the Company at the Designated Receipt Point(s) of the Supplier's Aggregation Pool, subject to the limitations herein. Nominated quantities shall be included in the determination of receipts at the Designated Receipt Point(s) for the Supplier's Aggregation Pool, which factors into the daily balancing provisions set forth in this tariff.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

14.5.3 The Company may reject a Supplier's Nomination for Peaking Service if the nominated quantity would cause the balance of the Supplier's Peaking Service Account to fall to a level that is 10% or more below the minimum allowable account balance for the Month in which the Nomination is requested, as computed in accordance with the Peaking Service Rule Curve. Under such circumstances, the Company shall require the Supplier to nominate the pipeline and/or storage resources, within the contract entitlements assigned to the Supplier under Part VII, Section 11, required to maintain the Supplier's Peaking Service Account above the minimum allowable account balance described above. The balance of the Supplier's Peaking Service Account may not in any event fall below zero (0).

14.5.4 The Company shall provide Peaking Service supplies to the Supplier only when the volumes in the Peaking Service Account for the Aggregation Pool are greater than zero (0).

14.6 Peaking Service Critical Day Provisions

14.6.1 In the event that the volumes in a Supplier's Peaking Service Account for an Aggregation Pool are reduced to a level below the minimum allowable account balance as computed in accordance with the Company's Peaking Service Rule Curve, the Company may issue an OFO to such Supplier pursuant to Part VII, Section 16 of this tariff.

14.6.2 In the event that the total volumes of all Peaking Service Accounts within one or more of the Company's Gas Service Areas are reduced to levels below the total minimum allowable account balances as computed in accordance with the Company's Peaking Service Rule Curve, the Company may declare a Critical Day and issue a blanket OFO pursuant to Part VII, Section 16 of this tariff.

14.6.3 If, on a Critical Day, the Company projects, based on the Supplier's Nominations, that the Supplier's scheduled deliveries to the Designated Receipt Point(s) of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Transporting Pipeline, the Company may issue an OFO to the Supplier in accordance with Part VII, Section 16 of this tariff.

15. Discontinuance of Service

The Company shall notify a Customer's Supplier of record that it has initiated any applicable billing and termination procedures as prescribed by the NHPUC. In the event that the Company discontinues Delivery Service to a Customer in accordance with the provisions set forth above, the Company shall provide electronic notification to the

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Customer's Supplier of record upon final billing to the Customer. The Company shall not be liable for any revenue loss to the Supplier as a result of any such disconnection.

16. Operational Flow Orders and Critical Days

16.1 In the event of a material and significant threat to the operational integrity of the Company's system, the Company may declare a Critical Day.

16.2 Circumstances constituting a threat to the operational integrity of the system that may cause the Company to declare a Critical Day shall include, but not be limited to: (1) a failure of the Company's distribution, storage, or production facilities; (2) near-maximum utilization of the Company's distribution, storage, production, and Supply resources; (3) inability to fulfill firm service obligations; and (4) issuance of an OFO or similar notice by upstream transporters. A Critical Day may not be declared on all or a portion of the system for the purpose of maintaining Interruptible Delivery Service on that portion of the system, but interruptible Gas may flow at times or on portions of the system when such flow would not violate any operational control restrictions or provisions of this tariff.

16.3 In the event that the Company has declared a Critical Day, the Company will have the right to issue an Operational Flow Order ("OFO") in which the Company may instruct Suppliers to take such action as conditions require, including, but not limited to, diverting Gas to or from the Company's distribution system, within the contract entitlements, if any, assigned to the Supplier under Part VII, Section 11 hereof. An OFO may be issued on a pipeline or point-specific basis. An OFO may be issued by the Company as a blanket order to all Suppliers or to an individual Supplier whose actions are determined by the Company to jeopardize system integrity. The Company may issue an OFO to an individual Supplier if the Company faces Gas cost exposure in excess of daily cashout or imbalance penalties as set forth in Part VII, Sections 9.6, 9.7, 10.6, and 10.7 for any under-deliveries or over-deliveries caused by that Supplier.

16.4 The Company will provide the Supplier with as much notice as is reasonably practicable of the issuance and removal of a Critical Day or an OFO; under most circumstances, the Company intends to provide at least twenty-two (22) hours notice prior to the start of the Gas Day for the issuance of the Critical Day or OFO. Notification of the issuance and removal of a Critical Day or an OFO will be made by means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers any change to the Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

16.5 All quantities of Gas over-delivered or under-delivered to the Company's system in violation of an OFO will be subject to the Critical Day provisions of Part VII, Sections 9.6 and 10.6 of this tariff.

17. Force Majeure and Limitation of Liability

17.1 Neither the Company nor the Supplier will be liable to the other for any act, omission, or circumstance occasioned by or in consequence of any event constituting force majeure, and unless it is otherwise expressly provided herein, the obligations of the Company and the Supplier then existing hereunder will be excused during the period thereof to the extent affected by such event of force majeure, provided that reasonable diligence is exercised to overcome such event. As used herein, force majeure will mean the inability of the Company or the Supplier to fulfill its contractual or regulatory obligations: as a result of compliance by either party with an order, regulation, law, code, or operating standard imposed by a governmental authority; by reason of any act of God or public enemy; by reason of storm, flood, fire, earthquake, explosion, civil disturbance, labor dispute, or breakage or accident to machinery or pipeline (which breakage or accident is not the result of the negligence or misconduct of the party claiming force majeure); by reason of any declaration of force majeure by upstream Transporting Pipelines; or by reason of any other cause, whether the kind enumerated herein or otherwise, not within the control of the party claiming force majeure and which by the exercise of reasonable diligence such party is unable to prevent or overcome. Notwithstanding the foregoing, the Customer's and the Supplier's obligation to make any payments required under this tariff will in no case be excused by an event of force majeure. Nor will a failure to settle or prevent any labor dispute or other controversy with employees or with anyone purporting or seeking to represent employees be considered to be a matter within the control of the party claiming excuse. The party claiming force majeure will, on request, provide the other party with a written explanation thereof and of the remedy being undertaken.

17.2 The Company shall be liable only for direct damages resulting from the Company's conduct of business when the Company, its employees, or agents have acted in a negligent or intentionally wrongful manner. In no event shall the Company be liable to any party for any indirect, consequential, or special damages, whether arising in tort, contract, or otherwise, by reason of any services performed, or undertaken to be performed, or actions taken by the Company, or its agents or employees, under this tariff or in accordance with or required by law, including, without limitation, termination of the Customer's service.

17.3 If the Company is unable to render firm Delivery Service to the Customer taking such service as contemplated by this tariff as a result of force majeure and such inability continues for a period of thirty (30) Gas Days, the Customer may provide

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

written notice to the Company of its desire to terminate Delivery Service at the expiration of thirty (30) Gas Days from the Company's receipt of such notice, but no sooner than sixty (60) Gas Days following the outset of the force majeure. If the Company has not restored Delivery Service to the Customer at the end of such notice period, the Customer's Delivery Service will terminate and both parties will be released from further performance hereunder, except for obligations to pay sums due and owing as of the date of termination.

17.4 The Company and the Supplier shall indemnify and hold the other and their respective affiliates, and the directors, officers, employees, and agents of each of them (collectively, "affiliates") harmless from and against any and all damages, costs (including attorney's fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of either party in connection with the performance of the indemnifying party's obligations under this tariff. The Company and the Supplier shall waive recourse against the other party and its affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under this tariff.

18. Curtailment

18.1 Whenever the integrity of the Company's system or the Supply of the Company's Customers taking Sales Service or Delivery Service is believed to be threatened by conditions on its system or upon the systems with which it is directly or indirectly interconnected, the Company may, in its sole reasonable judgment, curtail or interrupt Gas service or reduce pressure as set out in Part II.16 of this tariff. Such action shall not be construed to constitute a default nor shall the Company be liable therefor in any respect. The Company will use efforts reasonable under the circumstances to overcome the cause of such curtailment, interruption, or reduction and to resume full performance.

18.2 The Company shall communicate notice of curtailment as soon as practicable to the Suppliers of affected Customers by means as specified in the Supplier Service Agreement.

18.3 The Company shall take reasonable care in providing regular and uninterrupted service to its firm Customers, but whenever the Company deems that the situation warrants any interruption or limitation in the service to be rendered, such interruption or limitation shall not constitute a breach of the contract and shall not render the Company liable for any damages suffered thereby by any person, or excuse the Customer from further fulfillment of the contract.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

18.4 If the Company is required to curtail or interrupt service due to capacity constraints, the Company's Interruptible Delivery Service shall have a priority subordinate to the Company's firm Delivery Service and Sales Service Customers.

18.5 In any case where the Company determines in its judgment that a curtailment or interruption of firm services is necessary, the Company will curtail and/or interrupt firm Delivery Service and Sales Service Customers on a nondiscriminatory basis.

19. Taxes

19.1 In the event a tax of any kind is imposed or removed by any governmental authority on the distribution of Gas or on the gross revenues derived from the distribution of Gas at retail (exclusive, however, of taxes based on the Company's net income), the rate for service herein stated will be adjusted to reflect said tax. Similarly, the effective rate for service hereunder will be adjusted to reflect any refund of imposition of any surcharges or penalties applicable to service hereunder, which are imposed or authorized by any governmental or regulatory authorities.

19.2 The Customer will be responsible for all taxes or assessments that may now or hereafter be levied with respect to the Gas or the handling or subsequent disposition thereof after its delivery to the Delivery Point. However, if the Company is required by law to collect and/or remit such taxes, the Customer will reimburse the Company for all amounts so paid. If the Customer claims exemption from any such taxes, the Customer will provide the Company in writing its tax exemption number and other appropriate documentation. If the Company collected any taxes or assessments from the Customer and is later informed by the Customer that the Customer is exempt from such taxes, it shall be the Customer's responsibility to obtain any refund from the appropriate governmental taxing agency.

19.3 The Supplier will be responsible for all production, severance, ad valorem, or similar taxes levied on the production or transportation of the Gas before its delivery to the Designated Receipt Point. The Supplier will also be responsible for sales taxes imposed on Gas delivered for the Customer's account. However, if the Company is required by law to remit such taxes to the collecting authority, it will do so and invoice the Supplier for such taxes paid on the Supplier's behalf.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

20. Supplier Terms and Conditions

20.1 Applicability

The following terms and conditions shall apply to every Supplier providing Supplier Service in the State of New Hampshire, to every Customer doing business with said Suppliers, and to Customers acting as their own Supplier.

20.2 Obligations of Parties

20.2.1 Customer

Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. A Customer electing Supplier Service must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Part VII, Sections 20.2.3 and 20.3 below and who meets any applicable registration requirements established by law or regulation.

20.2.2 Company

The Company shall deliver Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to this tariff and, among other things, shall:

(a) Provide Customer service and support, including call center functions, for services provided by the Company under this tariff;

(b) Respond to service interruptions, reported Gas leaks, and to other Customer safety calls;

(c) Handle connections, curtailments, and terminations for services provided by the Company under this tariff;

(d) Read meters;

(e) Submit bills to Customers for Delivery Service and if contracted by the Supplier, for Supplier Service in accordance with Part VII, Section 12.2.1;

(f) Address billing inquiries for Delivery Service;

(g) Answer general questions about Delivery Service;

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

(h) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;

(i) Arrange for or provide Sales Service to the Customer at the request of the Customer in accordance with the Company's tariff; and

(j) Provide information regarding, at a minimum, rate tariffs, billing cycles, Capacity assignment methods, and Consumption Algorithms.

20.2.3 Supplier

The Supplier shall act on behalf of the Customer to acquire Supplies and to deliver them to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of this tariff.

The Supplier is responsible for enrolling Customers pursuant to Part VII, Section 20.5 of this tariff.

The Supplier must request, complete and sign a Supplier Service Agreement to act as a Supplier on the Company's system, satisfy the Supplier requirements and practices as set forth in Part VII, Section 20.3 of this tariff, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign Capacity, if any, under Part VII, Section 11, and be and remain eligible to provide service to Customers in New Hampshire.

The Supplier is responsible for completing all transactions with the Company and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Part VII, Section 20.5 and Appendix A.

20.3 Supplier Requirements and Practices

20.3.1 The Company shall have the right to establish reasonable financial and non-discriminatory credit standards for qualifying Suppliers. Accordingly, in order to serve Customers on the Company's system, the Supplier shall provide the Company, on a confidential basis, with audited balance sheet and other financial statements, such as annual reports to shareholders and 10-K reports, for the previous three (3) years, as well as two (2) trade and two (2) banking references. To the extent that such annual reports to shareholders are not publicly available, the Supplier shall provide the Company with a comparable list of all corporate affiliates, parent companies, and subsidiaries. The Supplier shall also provide its

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

most recent reports from credit reporting and bond rating agencies. The Supplier shall be subject to a credit investigation by the Company. The Company shall review the Supplier's financial position periodically.

20.3.2 The Supplier shall also confirm in the Supplier Service Agreement that:

(a) The Supplier is not operating under any chapter of bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any information creditors' committee agreement.

(b) The Supplier is not aware of any change in business conditions which would cause a substantial deterioration in its financial conditions, a condition of insolvency, or the inability to exist as an ongoing business entity.

(c) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and the Supplier has paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.

(d) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.

(e) The Supplier's New Hampshire business advertising and marketing materials conform to all applicable state and federal laws and regulations.

20.3.3 In the event the Supplier has not demonstrated to the Company's satisfaction that it has met the Company's credit evaluation standards, the Company shall require the Supplier to provide one of the following at the Maximum Financial Liability as calculated below:

(a) Advance deposit;

(b) Letter of credit;

(c) Surety bond; or

(d) Financial guaranty from a parent company that meets the creditworthiness criteria.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

The Company shall base the Supplier's maximum financial liability as two (2) times the highest month's aggregated Gas Usage of all Customers currently served by the Supplier at the highest Monthly Index in the preceding twenty-four (24) Months. This amount may be updated continuously, and at minimum, whenever the aggregated Gas Usage of all Customers served by the Supplier changes by more than 25%. The Supplier agrees that the Company has the right to access and apply the deposit, letter of credit, or bond to any payment of any outstanding claims that the Company may have against the Supplier, including imbalance charges, cash-out charges, pipeline penalty charges, and other amounts owed to the Company, or to secure additional Gas supplies, including payment of the costs of the Gas supplies themselves, the cost of transportation storage, and other related costs incurred in bringing those Gas supplies into the Company's system. The Supplier shall continue its obligation to maintain its financial security instrument until it has satisfied all of its outstanding claims with the Company. The Supplier's financial security as established above must be in place no later than five (5) Business Days prior to the first day of each calendar month in order for the Supplier to maintain its eligibility to provide service to Customers.

20.3.4 The Supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of Supplies which it desires the Company to transport to its Customers, and that it has or will have entered into the necessary upstream transportation arrangements for the delivery of these Gas supplies to the Designated Receipt Point.

20.3.5 The Supplier shall warrant to the Company that it has good title to or lawful possession of all Gas delivered to the Company at the Designated Receipt Point on behalf of the Supplier or the Supplier's Customers. The Supplier shall indemnify the Company and hold it harmless from all suits, actions, debts, accounts, damages, costs, losses, taxes, and expenses arising from or out of any adverse legal claims of third parties to or against said Gas.

20.3.6 The Supplier shall be responsible for making all necessary arrangements and securing all required regulatory or governmental approvals, certificates, or permits to enable Gas to be delivered to the Company's system.

20.3.7 By agreeing to provide service under this tariff, the Supplier acknowledges that adherence to any applicable law regarding unfair trade practices, truth in advertising law, or law of similar import is required. Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the New Hampshire Consumer Protection Act,

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

N.H.R.S.A. Ch. 358-A; the Federal Trade Commission Telemarketing Sales Rules, 16 C.F.R. Part 310; or the regulations promulgated pursuant to the Federal Trade Commission Act, 15 U.S.C. § 45 (a) (1), may be suspended or disqualified from acting as a Supplier on the Company's system.

20.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in this tariff or in the Supplier Service Agreement (e.g., failure to deliver Gas or late payment of bills rendered or failure to execute a capacity assignment), the Company maintains the right to terminate the Supplier's eligibility to act as a Supplier on the Company's system. Written notice of such an intent to terminate the Supplier's eligibility shall be given to the Supplier, its Customers, and the NHPUC. Notification to the Supplier shall be via Registered U.S. Mail - Return Receipt Requested or other means of documented delivery. Upon issuance of such written notice, the Company shall have the right to terminate the Supplier's eligibility to act as a Supplier on the Company's system at the expiration of ten (10) Gas Days after the giving of such notice, unless within such ten (10) Gas Day period the Supplier shall remedy to the full satisfaction of the Company such failure. Termination of such Supplier eligibility for any such cause shall be a cumulative remedy as to the Company, and shall not release the Supplier from its obligation to make payment of any amount or amounts due or to become due from the Supplier to the Company under the Company's applicable tariffs. Customers whose Supplier's deliveries have been terminated will be placed on Sales Service pursuant Part VII, Section 13 of this tariff.

20.4 Access to Usage History and Current Billing Information

The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier.

The Company shall be required to provide the most recent twelve (12) months of a Customer's historic usage data to a Supplier, provided that the Supplier has received the appropriate authorization as set forth above.

20.5 Enrollment, Cancellation, and Termination of Supplier Service

20.5.1 The Supplier shall be responsible for obtaining the necessary Authorization Number from each Customer prior to initiating Supplier Service to the Customer.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

20.5.2 The Supplier must provide the Company with the following minimum information in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Part VII, Section 20.5 of this tariff:

(a) The Customer's name and current Authorization Number;

(b) The name of the Supplier;

(c) The Customer's billing option (for commencement of service);

(d) The type of change in Supplier Service (e.g., commencement of service, termination of service, or cancellation of service due to the rescission of an agreement with the Supplier by the Customer); and

(e) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's enrollment request as provided by a Supplier is complete and accurate, and matches the Customer's account record. In the event that the enrollment request is incomplete, inaccurate, or does not match the Customer's account record, then the Company will notify the Supplier so that the Supplier can resolve any discrepancies.

20.5.3 A change in Supplier Service will normally be made on a monthly metering and billing cycle basis, with changes taking effect on the date of the Customer's next scheduled meter read. Enrollment forms must be transmitted no less than ten (10) Business Days prior to the Customer's next scheduled meter read. If more than one Supplier submits a Supplier Service transaction for a given Customer during the monthly billing cycle, the first completed transaction that is received during the cycle shall be accepted. All other transactions shall be rejected. Rejected transactions may be resubmitted after the Customer's next scheduled meter read.

20.5.4 If the Supplier submits information to the Company to terminate Supplier Service to a Customer less than ten (10) Gas Days before the next scheduled meter read, Supplier Service shall be terminated on the date of the Customer's subsequent scheduled meter read. The Company shall confirm the termination date for Supplier Service.

20.5.5 In those instances when a Customer who is receiving Supplier Service from an existing Supplier initiates such service with a new Supplier, the Company shall send the date for the Customer's change in Supplier Service to the existing Supplier.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

20.5.6 To terminate Supplier Service with a Supplier and to initiate Sales Service, a Customer shall so inform the Company and the Supplier. Supplier Service shall be terminated on the date of the Customer's next scheduled meter read provided that the Company receives notice of such termination no less than ten (10) days in advance of the next scheduled meter read. Where such notice is received by the Company in less than ten (10) days in advance of the next scheduled read, the termination shall be effective as of the date of the following scheduled read. The Company shall send the Customer's termination date for Supplier Service to the Supplier.

20.5.7 A Customer who moves within the Company's service territory shall have the opportunity to notify its existing Supplier that it seeks to continue Supplier Service with said Supplier. Upon such notification, the Supplier may enroll the Customer pursuant to the provisions set forth in this Section in order to initiate Supplier Service for the Customer at the new location. The Company shall make the necessary adjustments to the Supplier's affected Aggregation Pools, including but not limited to, changes to Designated Receipt Points, and quantities of Capacity for assignment, if any, pursuant to this tariff and the Supplier's Service Agreement with the Company. In the event that the existing Supplier does not enroll the Customer for Supplier Service at the new location, the Company shall arrange for or provide Sales Service to the Customer.

20.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's Supplier must enroll the Customer pursuant to the provisions set forth in this Section in order to initiate Supplier Service for the Customer. Otherwise, the Customer shall receive Sales Service in accordance with Part VII, Section 13.

20.5.9 The Company may charge fees to the Supplier for processing the transactions described in this Section, as approved by the NHPUC. These fees are included in Appendix A.

20.6 Aggregation Pools

20.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Delivery Service of the respective Customers. Non-daily metered Customers subscribing to Delivery Service under Rate Schedules T-40, T-41, T-50, T-51 must be aggregated in a separate pool from Customers subscribing to daily metered service under Rate Schedules T-42, T-52 and IT.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

20.6.2 Non-daily metered Customers taking Delivery Service pursuant to Part VII, Section 10 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

Daily metered Customers taking Delivery Service pursuant to Part VII, Section 9 of this tariff shall be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Gas Service Areas.

20.6.4 A separate Supplier account will be established for each Supplier Aggregation Pool.

20.6.5 The election of any service from the Company by the Supplier shall apply to the entire Aggregation Pool and not just an individual customer in the Aggregation Pool.

20.6.6 The Company may charge a monthly fee to the Supplier for each Aggregation Pool pursuant to Appendix A.

20.7 Imbalance Trading

20.7.1 Prior to the imposition of imbalance charges, the Supplier may engage in trading daily and monthly imbalances for the previous Month, provided that daily imbalance trades are communicated to the Company within three (3) Business Days upon the Company's provision of information on Supplier imbalances for said Month.

20.7.2 The Company will make available a list of Suppliers by Gas Service Area making deliveries during the previous Month.

20.7.3 Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Part VII, Section 4, unless waived by the Company.

20.7.4 Daily imbalance trades must be point-specific on those Gas Days when the Transporting Pipeline required the Company to balance on a point-specific basis.

20.8 Billing and Payment

20.8.1 By the tenth (10th) Business Day of the calendar month, the Company shall render to the Supplier a statement of the quantities delivered and amounts owed by the Supplier for the prior Month. The Company will provide Suppliers with their Customers' consumption data based on estimated or actual meter readings at the appropriate cycle read dates for

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

each Customer in the Aggregation Pool pursuant to Part VII, Section 12 of this tariff. This data will be provided on a rolling basis as readings or estimates are made.

20.8.2 Calculation of the charges applicable to the Aggregation Pool will be based on aggregated Gas Usage and other such indicators of all Customers in the Aggregation Pool. Billing for charges applicable to an Aggregation Pool, including but not limited to imbalance charges, credits or penalties, shall be billed to the Supplier on a calendar month basis.

20.8.3 The Supplier shall have ten (10) Business Days from the date of such statement to render payment to the Company. The Supplier shall render payment by means of electronic funds transfer to the Company. The late payment rate will apply to all amounts outstanding after ten (10) days.

20.8.4 If the correctness of the Company's bill to the Supplier is questioned or disputed by the Supplier, an explanation should be promptly requested from the Company. If the bill is determined to be incorrect, the Company shall issue a corrected bill. In the event that the Supplier and the Company fail to agree on the amount of the bill, the Supplier may file a complaint with the Commission to resolve such complaint.

21. Customer Designated Representative

21.1 The Customer may appoint a Designated Representative to satisfy or undertake the Customer's duties and obligations; including, but not limited to submitting and/or receiving notices, making nominations, arranging for trades of imbalances, and performing operational and administrative tasks; provided, however, that under no circumstances will the appointment of a Designated Representative relieve the Customer of the responsibility to make full and timely payment to the Company for all Delivery Service provided under this tariff.

21.2 A request by a Designated Representative to the Company that contains the Customer's Authorization Number will be deemed to be confirmation that the Customer has designated such person or entity as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.

21.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Delivery Service that is provided by the Designated Representative. All such information shall be deemed to have been provided by the Customer. Similarly, any notice or other information provided by the Company to the Designated Representative concerning the provision of Delivery Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

information concerning Delivery Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.

21.4 The Customer shall agree to indemnify the Company and hold it harmless from any liability (including reasonable legal fees and expenses) that the Company incurs as a result of the Designated Representative's negligence or willful misconduct in its performance of agency functions on the Customer's behalf.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

22. Appendices

Appendix A (pg. 153) Schedule of Administrative Fees and Charges

Appendix B (pg. 154) Supplier Service Agreement

Appendix C (pg. 168) Capacity Allocators

Appendix D (pg. 169) Firm Sales Service Re-Entry Fee Bill Adjustment

VII. DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX A

Schedule of Administrative Fees and Charges

I. Supplier Balancing Charge: **$0.77 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: **$ 20.82 per MMBtu** per MDPQ per month for November 2016 through April 2017.

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

III. Company Allowance Calculation: **1.22%** - Provided in Attachment 3 to Schedule 10

IV. 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

Issued: November 1, 2016
Effective: November 1, 2016

Issued by: Senior Vice President

Authorized by NHPUC Order No. 25,959 in Docket No. DG 16-819, dated October 26, 2016

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT

This Agreement is made as of the ___ day of _____, 20__, by and between Northern Utilities, Inc., a New Hampshire corporation with a principal place of business at 6 Liberty Lane West, Hampton, New Hampshire ("Company") and _____, a _____ _____, with a principal place of business at _____ _____, ("Supplier") (Referred to herein collectively as the "Parties.").

I. BASIC UNDERSTANDINGS

Company operates a local gas distribution company and provides transportation of third party gas on its distribution system. Company's General and Delivery Service Terms and Conditions and related rate schedules on file with, and approved from time to time, by the New Hampshire Public Utilities Commission (collectively, "Terms and Conditions") permit transportation customers to assign their rights of nominating and scheduling delivery of gas for transportation on Company's system to a third party natural gas supplier.

Supplier seeks to nominate and schedule delivery of gas for transportation on Company's system on behalf of one or more customers ("Aggregation Pool") being served on Company's distribution system.

Company's Terms and Conditions require Supplier to enter into a Supplier Service Agreement ("Agreement") with Company prior to the initiation of Supplier Service, as defined therein, for the provision of such services.

Supplier represents that it has met and shall continue to meet all applicable Company, regulatory, state, and federal requirements regarding natural gas aggregation and transportation including, but not limited to, credit worthiness under the terms of this Agreement and under Company's Terms and Conditions.

NOW THEREFORE, in consideration of mutual promises contained herein, the Parties agree as follows:

II. SCOPE

Company and Supplier, pursuant to this Agreement and subsequent amendments hereto and Company's Terms and Conditions, agree to exchange and act on information relative to the nominating and the scheduling of gas for transportation on behalf of the members of the Aggregation Pool. Supplier recognizes that its transportation rights under this Agreement are solely those that have been assigned to it by the members of its Aggregation Pool pursuant to Company's Terms and Conditions.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

Supplier further recognizes and agrees that Company shall have no obligation to honor any nomination or scheduling request from Supplier that, in Company's reasonable judgment, exceeds the scope of Supplier's assigned rights or where such nominations or requests could be reasonably refused, directly or indirectly, based on the terms of this Agreement or Company's Terms and Conditions.

III. TERMS AND CONDITIONS

Company's Terms and Conditions, and any and all definitions contained therein, are incorporated herein and made a part hereof to the extent they are applicable hereto and not inconsistent with the provisions of this Agreement. In the event of a conflict, the terms of the Company's Tariff shall control.

IV. CONDITIONS PRECEDENT

The following requirements shall be conditions precedent to Company's obligations hereunder:

- Supplier shall provide Company with all information requested in Exhibit A attached hereto and incorporated herein.
- Company has confirmed Supplier's credit worthiness, and any reasonable deposit requested by Company from Supplier has been received by Company.
- Supplier shall register and obtain the necessary certification, authorization and/or licenses from the New Hampshire Public Utilities Commission ("NHPUC"). Supplier shall, as may be required from time to time, periodically provide evidence of such to Company.
- Supplier shall provide Company with evidence satisfactory to Company that Supplier is an approved shipper on the upstream pipelines and has access rights to underground storage facilities on which Company may assign capacity to Supplier.
- Supplier and Company have executed this Agreement.

V. SUPPLIER CERTIFICATION

Supplier swears and avers as follows:

- Supplier is not operating under any chapter of bankruptcy laws and is not subject to liquidation or debt reduction procedures under applicable state laws, such as an assignment for the benefit of creditors, or any information creditors' committee agreement.
- Supplier is not aware of any change in business conditions, which would cause a substantial deterioration in its financial conditions, a condition of insolvency, the inability to exist as an ongoing business entity, or the inability to adequately serve its Aggregation Pool.
- Supplier has no delinquent balances outstanding for services previously provided by Company or its affiliates, and that Supplier has paid its accounts

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

- according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- No significant collection lawsuits or judgments are outstanding which would materially affect Supplier's ability to remain solvent as a business entity.
- Supplier's business practices, advertising and marketing materials conform to all applicable New Hampshire state and federal laws and regulations.
- Supplier shall promptly provide notice to Company of any material change in its financial condition as it relates to Supplier's creditworthiness/solvency.
- Supplier shall notify Company within twenty-four (24) hours in writing upon the occurrence of an event that in any way materially affects Supplier's ability to perform pursuant to and in accordance with the terms of this Agreement including, but not limited to, suspension, revocation, limitation or non-renewal of Supplier's certification/authorization by the NHPUC.

VI. NOMINATIONS

Supplier shall communicate all nominations to Company via email. Company will from time to time provide Supplier with email addresses to which all nominations should be communicated. Company shall notify Supplier in writing in the event that any of the email addresses provided become outdated or need to be supplemented. In the event that email is unavailable, alternative electronic means of communicating nominations may include facsimile transmission.

In the event of a discrepancy between any volume nominated by Supplier and confirmed by Company resulting in a shortage, the discrepancy shall be allocated between and among Supplier's Aggregation Pools in the same Gas Service Area in accordance with the Pre-Determined Allocation Method set forth in Exhibit B attached hereto and incorporated herein.

VII. CAPACITY ASSIGNMENTS

In accordance with Company's Terms and Conditions, the quantity of capacity assigned to Supplier and Supplier's Maximum Daily Peaking Quantity ("MDPQ") may be modified during the calendar year. Pursuant Company's Terms and Conditions, the quantity of each Company Managed Supply may be modified during the calendar year in accordance with Company's Terms and Conditions.

Pursuant to Company's Terms and Conditions, Supplier shall provide notice to Company of its designation of contracts to be managed by the Company for cost mitigation purposes by the means set forth in Exhibit B.

VIII. FEES AND SERVICES

Company shall charge Supplier for any and all fees set forth and allowed by Company's Terms and Conditions. Company may also charge Supplier fees for any

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

additional services agreed to by the Parties and set forth in Exhibit A, which may be amended by the parties in writing from time to time. Company shall have the right to deduct and apply any amounts owed by Supplier to Company for such fees and services, and outstanding for more than thirty (30) days, from any amounts collected in the normal course of business by Company on Supplier's behalf, from any credit balance that may have accrued on Supplier's account(s) with Company, or from any deposit Supplier may have made with Company to secure its performance and payment for debts incurred while doing business with Company or on Company's distribution system. Amounts subject to a good faith dispute will not be subject to deduction.

IX. BILLING SERVICES

Pursuant to Company's Terms and Conditions, Supplier may elect to take Standard Complete Billing Service from the Company. In such an event, the Customer shall receive a combined bill from the Company for both Gas supply and related Delivery Service and any other Company provided services. Such combined bill shall be calculated and produced by Company. Election of this service will be made by Supplier in Exhibit B of this Agreement.

Company shall calculate, print, insert and mail combined invoices to the Customer in accordance with Company's normal practices for cycle billing, off-cycle billing and budget billing, as well as the applicable provisions of the Company's Terms and Conditions. Company will consider reasonable requests from Supplier to incorporate Customer pricing options, where such requests are provided in writing. Supplier will be responsible for any additional processing, printing and/or programming expenses incurred by Company that result from the implementation of such a request. Company will provide Supplier with electronic files that report relevant account activity.

Company shall respond to Customer's initial telephone inquiries related to billing and payments and contact Customers and Suppliers as required to address billing or payment problems on a commercially reasonable efforts basis. Company will process transactions to address billing problems and generate correspondence as required to communicate billing information. Notwithstanding any provision of this Agreement to the contrary, Company is not offering Supplier and shall not be required to provide or be responsible for any type of collection activities including, but not limited to, activities normally undertaken by a collection agency, debt collector or credit bureau as those terms are defined under applicable federal and state law. Acting on behalf of Supplier, Company shall acquire the right to invoice members of the Aggregation Pool as soon as such members owe Supplier for services rendered. Supplier shall not transfer to Company for the billing of any overdue/aged accounts and Company has no obligation to accept such accounts, or present aged/overdue balances to Customers. Ultimately, collection of Supplier charges and resolution of dispute of such charges remains the sole responsibility of Supplier.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

Company shall provide payment processing and lock boxes for mailed payments. Company reserves the right to offer payment options consistent with existing practices and procedures. Partial payments will be applied first to any outstanding charges relating to Company Delivery Service, and second to the most overdue Supplier charges associated with the Customer. If a Customer pays Company more than the full amount billed, Company shall apply any overpayment to the Delivery Service account. Company reserves the right to enter into payment arrangements with Customers, which may or may not include Supplier charges.

Supplier shall provide timely and accurate information to Company regarding Customers, rates and any other information necessary for Company to perform hereunder, including but not limited to information concerning a Customer's filing of bankruptcy or Supplier's pursuit of collection activities. Additional processing runs caused by Supplier's failure to provide adequate information will be performed at Supplier's sole expense. Supplier agrees that services rendered by Company shall not relieve Supplier from any obligation to maintain records or otherwise comply with applicable laws. Supplier agrees that it will maintain backup data and files for all information provided to Company as protection against any loss of such information.

Suppliers not electing the Standard Complete Billing Service will receive the Standard Passthrough Billing Service as defined in the Terms and Conditions.

X. BILLING, PAYMENT AND DEPOSITS

Bills, fees, and charges for services provided and issued by Company, including, but not limited to, monthly cashouts, monthly imbalance charges, daily imbalance charges, and any other applicable charges approved by the Terms and Conditions or set forth in this Agreement or any amendments hereto, shall be rendered to Supplier on a monthly basis and shall be due upon receipt of said bill, unless otherwise specified in Exhibit A. In addition to any other right or remedy available to Company, Supplier's failure to make payment within ten (10) days of the posting date on the bill shall result in the addition of interest on any unpaid balance calculated at the maximum monthly rate allowable in Company's Terms and Conditions. Interest shall accrue commencing from the date said bill was posted. The posting date is the date the bill is transmitted to Supplier.

Company shall have the right to deduct, apply and withhold any amounts owed by Supplier to Company for such services, and outstanding for more than thirty (30) days, from any amounts held or accrued in the normal course of business by Company on Supplier's behalf.

At the request of Company, at any time during the term of this Agreement, Supplier shall, upon ten (10) days written notice from Company, provide a deposit equal

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

to a dollar amount representing the greater of Supplier's average of two (2) months' historic billing with Company or the amount of any security deposit required under Company's Terms and Conditions. A deposit shall be payable in cash or certified check. All deposits shall accrue interest in accordance with Company's Terms and Conditions (hereinafter called "Interest Payment"). Such deposit shall be returned to Customer within thirty (30) days of the expiration or termination of this Agreement, provided that Supplier is not in default under this Agreement. Any such deposit may be required and held by Company for the entire term of this Agreement, regardless of Supplier's payment history. Company may deduct or set-off and apply all or any portion of the deposit when any amount payable by Supplier under this Agreement has not been paid when due. Such deduction or set-off may be made without notice or demand of any kind and Company may in its sole discretion apply such deposit against any amount then due and payable. In the event Company applies all or any portion of such deposit, Supplier shall deposit such sums as are necessary to replenish the security deposit to its maximum amount, within ten (10) days of notice of such application.

To secure the prompt payment and performance when due of any and all current or future obligations, indebtedness and liabilities, whether financial or otherwise, contingent or noncontingent, matured or unmatured, or liquidated or unliquidated, which Supplier owes to Company or any of its affiliates (collectively "Obligations"), Supplier grants to Company a continuing security interest in any interest of Supplier in any and all gas which Supplier now or in the future may own, control or have any right or interest in and which now is or in the future may be in the possession of Company in its gas distribution system or otherwise, together with any and all products and proceeds of the foregoing (collectively "Collateral"). Supplier covenants that it will execute and deliver any documents requested by Company in order to evidence or perfect Company's security interest in Collateral and otherwise cooperate with respect to any proceeding that may affect rights of Company hereunder.

Supplier acknowledges and agrees that Company hereby exercises any right which it may have under any applicable tariff or state or federal statute to impose a lien on any and all Collateral in Company's system to secure repayment of Obligations related to such Collateral or related to gas theretofore shipped by Supplier on Company's system and delivered on behalf of Supplier. Supplier acknowledges and agrees that all of its shipments of gas on Company's system pursuant to this Agreement, and all Obligations, security deposits and other adequate assurance provided to Company by Supplier related to such shipments are part of a single, continuing transaction with Company. Subject to any law governing the liens asserted by Company hereunder, Company may dispose of Collateral by public or private sale to retail or wholesale purchasers and may itself acquire same through any such sale. Company agrees to provide Supplier

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

reasonable notice of such sale but in no event shall it be required to give more than ten (10) days' notice.

The Parties agree to cooperate and provide each other with necessary documentation relating to any transactions resulting hereunder, including but not limited to, applicable sales or other tax exemption forms. The Parties agree that Supplier's failure to remit payment of any amount due under this Agreement shall constitute a material breach of this Agreement.

XI. TERM AND TERMINATION

This Agreement shall become effective on the date hereof ("Effective Date") and shall continue in full force and effect from month to month. Supplier acknowledges and agrees that Company is obligated to commence services pursuant to this Agreement only upon full satisfaction, or Company's express written waiver, of the Conditions Precedent set forth in Section IV of this Agreement. This Agreement may be terminated by either party by written notice given no less than thirty (30) days prior to the desired termination date, or unless otherwise agreed by the Parties. Notwithstanding the foregoing, the Supplier agrees to abide by all terms of this Agreement until any transactions that are outstanding at the time of termination are completed, including, but not limited to, the payment by Supplier to Company of any and all outstanding balances.

Any party, by written notice to the other party ("Breaching Party") may terminate this Agreement, in whole or in part, with respect to such Breaching Party, or suspend further performance without terminating this Agreement upon the occurrence of any of the following: (a) the Breaching Party terminates or suspends doing business; (b) the Breaching Party becomes subject to any bankruptcy or insolvency proceeding under federal or state law, becomes insolvent, becomes subject to direct control of a transferee, receiver or similar authority, or makes an assignment for the benefit of creditors; or (c) the Breaching Party commits a material breach of any of its obligations under this Agreement or the Terms and Conditions including, but not limited to, failure to pay any amounts due.

The enumeration of the foregoing remedies shall not be deemed a waiver of any other remedies to which either party is entitled in law or equity.

XII. INDEMNIFICATION AND LIMITATION OF LIABILITY

Supplier agrees that it shall indemnify, defend and hold the Company and its affiliates, directors, officers, employees, and their agents harmless with respect to any claim, suit, damages or costs (including reasonable attorney's fees) of any kind arising from any Supplier action or inaction or breach hereof. The Parties agree that the Company's reliance upon the nominations, scheduling instructions or other

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

communications from Supplier or from a member of the Aggregation Pool shall be deemed reasonable and shall not constitute negligence. To the fullest extent allowed by law, the parties agree that the Company shall not, except to the extent of its own gross negligence, or intentional misconduct, be liable to the Supplier or any party claiming through it for any loss or damages by reason of any work or services including, but not limited to, transportation of gas performed or undertaken to be performed, under this Agreement. To the fullest extent allowed by law, the Parties agree that Company shall not be liable to Supplier or any party claiming through Supplier, for special, consequential, exemplary, indirect, incidental, punitive damages or lost profits. The provisions of this Section XII shall survive the termination or expiration of this Agreement.

XIII. NOTICES

Except as otherwise provided herein, any notices given under this Agreement shall be in writing and shall be delivered to the addresses set forth below, by hand or sent by (i) certified mail, return receipt requested, first class postage prepaid, (ii) telecopy, or (iii) nationally recognized courier service. Notices, given hereunder shall be deemed to have been given upon receipt or any refusal to accept; telecopied notices shall be deemed to have been given upon confirmation of their receipt.

If to Company:	LDC:	Northern Utilities, Inc.
	Attention:	_____
	Address:	6 Liberty Lane West
	Address:	Hampton, NH 03842
	Phone:	_____
	Fax:	_____
If to Supplier:	Supplier:	_____
	Attention:	_____
	Address:	_____
	Address:	_____
	Phone:	_____
	Fax:	_____

XIV. SUCCESSORS AND ASSIGNS

Any entity which shall succeed by purchase, merger or consolidation to the assets, substantially or as an entity, of either Party hereto shall be entitled to the rights and shall be subject to the obligations of its predecessor in interest under this Agreement. Company may assign any of its rights hereunder to an entity with which it is affiliated, but otherwise no assignment of this Agreement or any of the rights or obligations hereunder shall be made unless there first shall have been obtained the

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

written consent of the other Party. It is agreed, however, that the restrictions on assignment contained herein shall not in any way prevent either Party from pledging or mortgaging its rights hereunder as security for its indebtedness.

XV. CONTROLLING LAW

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the State of New Hampshire, without regard to the doctrines governing choice of law. All disputes arising hereunder shall be brought and heard either before the NHPUC or in the state courts of the State of New Hampshire. The Company's compliance with the order or finding of any governmental agency or court properly exercising jurisdiction over this Agreement or the services rendered hereunder shall not constitute a breach of this Agreement.

XVI. OTHER IMPORTANT PROVISIONS

No waiver by any Party of any one or more defaults by the other in the performance of any provision of this Agreement shall operate or be construed as a waiver of any other present or future default or defaults, whether of a like or of a different character. No delay by either party in enforcing any of its rights hereunder shall be deemed a waiver of such rights.

Company shall render service and shall perform hereunder through utilization of existing facilities, licenses and authorizations. Nothing in this Agreement shall be construed as requiring Company to acquire or obtain additional facilities, licenses or authorizations. Any activity hereunder which requires any additional licenses, facilities or authorizations may be discontinued by Company and such discontinuance shall not constitute a breach of this Agreement.

Unless otherwise provided herein, no modification of, or supplement to, the terms and provisions stated in this Agreement shall be or become effective without the written consent of both Parties.

Supplier waives any and all rights to contest any motion by Company for relief from the automatic stay provided for under federal bankruptcy law or under any similar provision of any state law.

Supplier shall not obtain any right or interest in any hardware or software or information used by Company to provide any service to Supplier hereunder.

For the purpose of carrying out the provisions and exercising the rights, powers and privileges granted by Company's Terms and Conditions and/or this Agreement, to the fullest extent authorized by law, effective upon the breach of this Agreement by Supplier, Supplier hereby irrevocably constitutes and appoints Company its true and

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any instruments or financing statement and do and perform any acts that are referred to herein in the name and behalf of Supplier. The power vested in said attorney-in-fact is, and shall be deemed to be, coupled with an interest and cannot be revoked.

This Agreement, all Exhibits and attachments hereto and all documents referenced herein, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersedes any prior agreement or understanding related thereto.

In the event any provision of this Agreement is deemed invalid or unenforceable in a forum of competent jurisdiction, such provision shall be deemed modified so as to be no longer invalid or unenforceable and the remainder of the Agreement shall be otherwise fully enforceable. Headings contained in this Agreement are for convenience only and shall not be construed to define or limit any terms herein, or otherwise affect the meaning or interpretation of this Agreement. This Agreement shall not be interpreted either more or less favorably towards any Party by virtue of the fact that such Party or its counsel was responsible or principally responsible for the drafting of all or a portion hereof.

The language contained in Section I, Basic Understandings, is incorporated herein and shall have the same legal significance as any other language in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day first herein above written.

NORTHERN UTILITIES, INC.

By: _____
Title: _____
Date: _____

SUPPLIER: _____

By: _____
Title: _____
Date: _____

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

STATE OF _____
COUNTY OF _____, SS. _____, 20__

Personally appeared the above-named _____(title), of _____(Company), as aforesaid, who swore that he/she has the authority to execute the foregoing instrument and that such execution was his/her free act and deed in his/her said capacity and the free act and deed of said entity.

Before me:_____
Notary Public:_____
My Commission Expires:_____

STATE OF _____
COUNTY OF _____, SS. _____, 20__

Personally appeared the above-named _____(title), of _____(Supplier), as aforesaid, who swore that he/she has the authority to execute the foregoing instrument and that such execution was his/her free act and deed in his/her said capacity and the free act and deed of said entity.

Before me:_____
Notary Public:_____
My Commission Expires:_____

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

EXHIBIT A

CONDITIONS PRECEDENT

- Completed Supplier Application

NOMINATIONS

- All nominations should be emailed to each of the following individuals:
  - _____
  - _____
  - _____

- In the event that email is unavailable, nominations should be submitted to Company via facsimile, using the following phone numbers:
  - _____
  - _____

ADDITIONAL SERVICES AND ASSOCIATED FEES

- _____
- _____

BILLING AND PAYMENT

- Supplier payments should be sent to Company at:
  - Northern Utilities, Inc.

    _____
    _____
    _____

- Company invoices should be sent to Supplier at:
  - Supplier's Mailing Address for Invoices:

    _____
    _____
    _____
    _____

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

EXHIBIT B

Company's Terms and Conditions defines *PreDetermined Allocation Method* as: Instructions from the Supplier to the Company for the allocation of discrepancies in confirmed nominations among the Supplier's Aggregation Pools and/or Customers as set forth in the Supplier's Service Agreement.

Supplier instructs Company to allocate any such discrepancies as follows:

_____

_____

_____

_____

_____

_____

If Supplier does not establish a Predetermined Allocation Method herein, Company will allocate any such discrepancy on a pro rata basis.

For example:

- Supplier has both a daily-metered and non-daily metered Aggregation Pool in Company's Northern Utilities New Hampshire Gas Service Area.
- On a given day, Supplier nominates 1000 DT for its daily-metered pool and 500 DT for its non-daily metered pool.
- A pipeline cut of 300 DT is confirmed.
- Since of the total amount nominated by Supplier for the day (1,500 DT), 67% of it was intended for its daily-metered pool (1,000 DT of the 1,500 DT total), 67% of the cut would be allocated to the daily metered pool (200 DT) and 33% of the cut (100 DT) would be allocated to the non-daily metered pool since 33% of the total amount nominated for the day (500 DT of the 1,500 DT total).
- Accordingly, 800 DT would be allocated as confirmed for the daily-metered pool and 400 DT would be allocated as confirmed for the non-daily metered pool.

Capacity Mitigation Service

Capacity Mitigation Service is available to Suppliers that have been assigned capacity pursuant to the Terms and Conditions.

The Supplier designates the following contracts that would otherwise be released to the Supplier pursuant to the Terms and Conditions, as contracts to be managed by the Company for cost mitigation in accordance with the Company's Capacity Mitigation Service. Such designation will be effective for the period November 1 through October 31. Notification of renewal of this service must be provided by October 25th of each calendar year. The Supplier shall receive a credit on its bill for Capacity Mitigation

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX B

SUPPLIER SERVICE AGREEMENT
(continued)

Service equal to the pro-rata share of the proceeds earned from the marketing of such capacity contracts, less 15 percent, which will be retained by the Company in exchange for such contract management. Such credit shall be determined on a contract-specific basis at the end of each Month, and will be included in the bill sent to the Supplier in the following Month.

Contracts eligible for Capacity Mitigation service:

_____
_____
_____
_____
_____
_____
_____
_____
_____
_____

Election of Billing Option:

Supplier elects one of the following billing options for all customers:

- Standard Complete Billing Service
- Standard Passthrough Billing Service

Suppliers not electing the Standard Complete Billing Service will receive the Standard Passthrough Billing Service as defined in the Terms and Conditions.

Supplier telephone number for billing related questions:

_____

Supplier telephone number for sales and supplier switching inquiries:

_____

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, 2016 through October 31, 2017.

Commercial and Industrial

	High Winter Use	Low Winter Use
Pipeline:	28.53%	57.40%
Storage:	31.01%	18.48%
Peaking:	40.46%	24.12%

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

APPENDIX D

Firm Sales Service Re-Entry Fee Bill Adjustment

I. Purpose:

In order to assess a fee to Customers of the Company who elect to switch from Firm Delivery Service to Firm Sales Service after June 30, 2006, for the purpose of recovering costs associated with capacity resources on-hand to serve the unassigned capacity portion of the requirements of such Customers, there shall be a monthly Re-Entry Fee charged for the first twelve months under, and after switching to, Firm Sales Service. The Re-Entry Fee under this Tariff is pursuant to the Stipulation and Settlement in Docket DG 05-080.

II. Application of Re-entry Fee:

A Re-Entry Fee shall be calculated for an individual Customer, once the Customer has switched to Firm Sales Service, for the first billing month under such service. The Company's annual system average unit capacity cost from which the Re-Entry Fee is derived shall be filed by September 15 of every year and be subject to review and approval by the Commission. The Re-Entry Fee shall be calculated as a separate monthly charge to the nearest one-cent and will be applied to the individual Customer's monthly Firm Sales Service bill for the initial twelve (12) consecutive billing months.

III. Re-Entry Fee Costs Allowable:

The Re-Entry Fee costs allowable for recovery shall be those costs derived from applying twenty-five percent (25%) of the Company's annual average unit cost of system capacity resources, derived once a year for the upcoming period of November through October, to the Customer's unassigned capacity portion of its Peak Day Gas Usage under its previous Firm Delivery Service.

IV. Calculation of Re-Entry Fee:

The monthly Re-Entry Fee shall be an amount equal to one-twelfth of the product of 25% of the Company's annual system average unit capacity cost and the Customer's unassigned capacity portion of its Peak Day Gas Usage at the time the Customer was taking Firm Delivery Service prior to switching to Firm Sales Service.

VII. DELIVERY SERVICE TERMS AND CONDITIONS (continued)

Appendix D

Firm Sales Service Re-Entry Fee Bill Adjustment (continued)

V. Information to be Filed with the Commission:

Once a year, by September 15, except for this additional one-time initial Re-Entry Fee, the Company shall file with the Commission the Company's upcoming annual system average unit capacity cost, multiplied by 25%, to show the unit cost applicable to the unassigned capacity portion a Customer's Peak Day Gas Use. Also by September 15 of every year, the Company shall file with the Commission a report showing the number of customers assessed a Re-Entry Fee and the amount of Re-Entry Fee charges recovered to-date. Pursuant to the Company's Cost of Gas Clause, the Company will also be reporting actual Re-Entry Fee revenues as credits to the Reconciliation of Winter Demand Costs.

VII. DELIVERY SERVICE TERMS AND CONDITIONS

APPENDIX D

Firm Sales Service Re-Entry Fee Bill Adjustment
(continued)

The Re-Entry Fee shall be calculated and filed with the Commission each year with the Winter Cost of Gas filing. The following Firm Sales Service Re-Entry Fee Unit Charge shall be applicable for the period of November 1, 2016 through October 31, 2017.

Effective Dates:	**November 1, 2016 – October 31, 2017**
Annual Average Unit Cost:	$ 240.33
25% - Annual Charge for Re-Entry Fee:	$ 60.08
Monthly Unit Charge for Re-Entry Fee:	$ 5.11

VIII. RESIDENTIAL ENERGY EFFICIENCY LOAN PROGRAM

1. AVAILABILITY

Subject to the Terms and Conditions of the Tariff of which it is a part, this program shall allow Customers installing energy-efficiency measures under the Home Performance with Energy Star Program, an energy efficiency program offered by the Company and approved by the Commission ("Participating Customers") to borrow all or a portion of the Customer's share of the installed cost of the energy-efficiency measures ("Customer Loan Amount") through an additional charge on their monthly electric service bill issued by the Company. It is available to Participating Customers who meet the following qualifications:

1. The Customer must own the residential property where the energy-efficiency measures are installed; and
2. The Customer must have an active Delivery Service account with the Company for the property where the energy-efficiency measures are installed and receive retail delivery service Residential Non-Heat Rate R6 or Residential Heat Rate R5; and
3. The Customer must have good credit with the Company, which is defined as a Customer that has not received a disconnect notice from the Company during the twelve months preceding the Customer's request for service under this program; and
4. The Customer Loan Amount must be greater than or equal to $500 and less than or equal $20,000 and must not exceed the Customer's share of the installed cost of the energy-efficiency measures installed under the Company's approved energy-efficiency program.

At its sole discretion, the Company shall determine eligibility for service under this program subject to the availability of program funds. Loans will be available through April 30, 2013 dependent upon the availability of funds from the NH Community Development Finance Authority.

Any Customer taking service under this program must remain a Delivery Service Customer of the Company at the residential property where the energy-efficiency measures are installed. In the event the Customer does not remain a Delivery Service Customer of the Company at the residential property where the energy-efficiency measures are installed, any remaining charges under this program shall immediately become due and payable.

VIII. RESIDENTIAL ENERGY EFFICIENCY LOAN PROGRAM

2. CUSTOMER LOAN AGREEMENT

Participating Customers shall be required to execute a separate Customer Loan Agreement which will specify the fixed monthly charge and the terms of the payment period. A Customer can choose to pay the remaining balance owed to the Company at any time. A late payment charge as described in the Terms and Conditions for Delivery Service section of the Company's Tariff is applicable to the monthly charges rendered under this program.
Participating Customers are not subject to disconnection of gas service for nonpayment of the charges under this program.

The Customer Loan Amount shall be paid to the Company by Participating Customer through a fixed monthly charge applied over a term of months as established in the Customer Loan Agreement. Participating Customers may specify the repayment term of the Customer Loan Amount subject to the maximum repayment term limitations as specified below:

Customer Loan Amount	Maximum Repayment Term (in Months)
Greater than or equal to $500 and less than or equal to $2,000	24
Greater than $2,000 and less than or equal to $3,000	36
Greater than $3,000 and less than or equal to $4,000	48
Greater than $4,000 and less than or equal to $5,000	60
Greater than $5,000 and less than or equal to $6,000	72
Greater than $6,000 and less than or equal to $7,500	84
Greater than $7,500 and less than or equal to $10,000	96
Greater than $10,000 and less than or equal to $15,000	108
Greater than $15,000 and less than or equal to $20,000	120

The revolving loan fund is funded through a grant from the NH Community Development Finance Authority.