

The Commonwealth of Massachusetts

Return

Of The

NSTAR Gas

Company

To The

Department of
Public Utilities

of Massachusetts

For the Year Ended December 31,

2018

Name of officer to whom correspondence should
be addressed regarding this report.

Jay S. Buth

Official title Vice President, Controller
and Chief Accounting Officer

Office address 247 Station Drive
Westwood, MA 02090-9230

**NSTAR Gas Company
2018
Calculation of Return on Equity**

Net utility income available for common shareholders (A)	\$	38,494,777
Total utility common equity (B)	\$	388,687,550
ROE % (A/B)		9.90%

(A) Net utility income available for common shareholders <small>(Note 1)</small>		
Total utility operating income (pg. 10, ln 18)		58,695,688
Plus:		
Service quality penalties		-
Amortization of acquisition premium		
Less:		
Total interest charges (pg. 10, ln 39)	20,265,761	
Preferred dividends declared		-
Subtotal	20,265,761	

Total utility plant as % of total utility plant and other property and investments

	balance @ end of year			
Utility plant (pg. 8, ln 2)	1,505,844,513			
Accumulated depreciation (pg. 9, lines 38 & 39)	(441,690,609)			
Deferred taxes: MA & Federal (pg. 9, line 43)	(123,444,143)			
ARO (GL account 101100)	(2,086,993)			
Customer contributions (pg. 9 line 34)	-			
Total utility plant, net	938,622,768	99.68%	99.68%	
Total other property and investments (pg. 8, lns 4 & 6)	2,989,419	0.32%		
Total utility plant and other property and investments	941,612,187	100.00%	20,200,911	20,200,911

Net utility income available for common shareholders **38,494,777**

(B) Total utility common equity <small>(Note 2)</small>				
	balance @ beg. of year	balance @ end of year		
Total proprietary capital (pg. 9, ln 13)	333,835,923	446,034,763		389,935,343
Less:				
Unappropriated undistributed retained earnings				-
Preferred stock issued				-
Unamortized acquisition premium				-
Subtotal	333,835,923	446,034,763		389,935,343
Total utility common equity				388,687,550

Notes:

(1) Amortization of acquisition premium included due to approval for recovery in DTE 99-19.

(2) Unamortized acquisition premium adjustment is not applicable due to approval for recovery in DTE 99-19.

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Other Utility Operating Income	50	N/A
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Monthly Peaks and Output	57	N/A
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Substations	68	N/A
Overhead Distribution Lines Operated	69	N/A
Electric Distribution Services, Meters and Line Transformers	69	N/A
Conduit, Underground Cable and submarine Cable	70	N/A
Street Lamps Connected to System	71	N/A
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Gas Generating Plant	74	N/A
Boilers	75	N/A
Scrubbers, Condensers, and Exhausters	75	N/A
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GENERAL INFORMATION

PRINCIPAL AND SALARIED OFFICERS AS OF DECEMBER 31, 2018*

Titles	Names	Addresses	Annual Salaries (A)
Chairman	James J. Judge	800 Boylston Street, Boston, MA 02199	\$ 55,425
Chief Executive Officer	Werner J. Schweiger	107 Selden Street, Berlin, CT 06037	34,025
President and Chief Operating Officer	William J. Akley	107 Selden Street, Berlin, CT 06037	190,653
Executive Vice President and Chief Financial Officer	Philip J. Lembo	800 Boylston Street, Boston, MA 02199	28,135
Executive Vice President and General Counsel	Gregory B. Butler	56 Prospect Street Hartford, CT 06103	35,640
Senior Vice President-Finance and Regulatory and Treasurer	John M. Moreira	247 Station Drive, Westwood, MA 02090	12,380
Vice President-Supply Chain, Environmental Affairs and Property Management	Ellen K. Angley	247 Station Drive, Westwood, MA 02090	14,162
Vice President, Controller and Chief Accounting Officer	Jay S. Buth	107 Selden Street, Berlin, CT 06037	12,982
Vice President-Energy Supply	James G. Daly	247 Station Drive, Westwood, MA 02090	11,479
Vice President-Gas Engineering	Gregory J. Hill	157 Cordaville Road, Southborough, MA 01772	119,653
Vice President-Gas Operations	Kevin J. Kelley	157 Cordaville Road, Southborough, MA 01772	120,001
Secretary and Clerk	Richard J. Morrison	800 Boylston Street, Boston, MA 02199	16,646

[A] Represents the portion of the total annual salary allocated to NSTAR Gas by Eversource Energy Services Company.

DIRECTORS AS OF DECEMBER 31, 2018*

Names	Addresses	Fees Paid During Year
Gregory B. Butler	56 Prospect Street, Hartford, CT 06103	None
James J. Judge	800 Boylston Street, Boston, MA 02199	None
Philip J. Lembo	800 Boylston Street, Boston, MA 02199	None
Werner J. Schweiger	107 Selden Street, Berlin, CT 06037	None

* By General Laws, Chapter 164, Section 83, the Return must contain a "list of the names of all their salaried officers and the amount of the salary paid to each," and by Section 77, the department is required to include in its annual report "the names and addresses of the principal officers and of the directors."

GENERAL INFORMATION - Continued

1. Corporate name of company making this report.
NSTAR Gas Company

2. Date of organization. June 20, 1849 as Worcester Gas Light Company. On December 31, 1971, Worcester Gas Light and Cambridge Gas Company (organized 1852) were merged and name was changed to Commonwealth Gas Company. Effective March 26, 2001, Commonwealth Gas Company formally changed its name to NSTAR Gas Company.

3. Date of incorporation.
May 31, 1851.

4. Give location (including street and number) of principal business office:
247 Station Drive, Westwood, MA 02090

5. Total number of stockholders: One

6. Number of stockholders in Massachusetts: One

7. Amount of stock held in Massachusetts,	No. of shares,	2,857,000	\$ 71,425,000
8. Capital stock issued prior to June 5, 1894,	No. of shares,	48,000	\$ 1,200,000
9. Capital stock issued with approval of Board of Gas and Electric Light Commissioners or Department of Public Utilities since June 5, 1894,	No. of shares,	2,809,000	\$ 70,225,000
Total 2,857,000 shares, par value, \$25.00, outstanding December 31 of the fiscal year 2018			\$ 71,425,000

10. If any stock has been issued during the last fiscal period, give the date and terms upon which such issue was offered to the stockholders, and if the whole of any part of the issue was sold at auction, the date or dates of such sale or sales, the number of shares sold and the amounts realized therefrom.

NONE

11. Management Fees and Expenses during the Year.

List all individuals, corporations or concerns with whom the company has any contact or agreement covering management or supervision of its affairs, such as accounting, financing, engineering, construction, purchasing, operation, etc., and show the total amount paid to each for the year.

Eversource Service rendered various services at cost amounting to \$ 63,013,893

GENERAL INFORMATION - Continued

1. Describe briefly all the important physical changes in the property during the last fiscal period including additions, alterations or improvements to the works or physical property retired.

In Gas property:

ADDITIONS:

- A. 5592' of 4"-12" mains plastic pipe at NBR Providence Road (FARNUMSVILLE ST. to UPTON ST.)
- B. 3206' of 12" mains plastic pipe at DAR State Road (Slocum Rd to NEB T/L)
- C. 4224' of 4"-12" mains plastic pipe at DED Madison St/Quincy Ave Dedham MA
- D. 7745' of 1"-8" mains plastic pipe at Warren Ave Plymouth MA
- E. 2366' of 4"-12" mains plastic pipe at MIF West Street GMRI # 8384,7710 (Congress to #158)
- F. 2287' of 4"-12" mains plastic and Steel pipe at SOM Powderhouse Blvd (Curtis to Alewife)
- G. 2373' of 2"-12" mains plastic pipe at GRLB H-P COMO RD GMRI #4637,4638,7221
- H. 1379' of 4"-12" mains plastic at FRLB H-P River Street GMRI #8580 (# 826 to RR TRACKS)

RETIREMENTS

- A. 10136' of 1"-8" mains plastic pipe and 6" Cast Iron pipe at Warren Ave Plymouth MA
- B. '2261' of 4"-12" mains plastic, steel, and cast iron pipe at MIF West Street GMRI # 8384,7710 (Congress to #158)
- C. 3350' of 4"-12" mains plastic, steel and cast iron pipe at SOM Powderhouse Blvd (Curtis to Alewife)
- D. 4741' of 2"-12" mains steel and plastic pipe at GRLB H-P COMO RD GMRI #4637,4638,7221
- E. 1512' of 1.25"-12" mains plastic and steel at FRLB H-P River Street GMRI #8580 (# 826 to RR TRACKS)
- F. 4238' of 4"-12" mains plastic, steel and cast iron at CAM Pearl street (Mass ave to Chestnut St)

NSTAR GAS
Year ended December 31, 2018

GENERAL INFORMATION - Continued

Names of the cities or towns in which the company supplies GAS, with the number of customers' meters in each place.

City or Town	Number of Customers' Meters, Dec 31, 2018	City or Town	Number of Customers' Meters, Dec 31, 2018
Acushnet	2,001	Northbridge	2,481
Ashland	5,591	Norwood	2
Auburn	1,368	Plymouth	11,100
Berlin	177	Rochester	306
Bolton	29	Sherborn	490
Boylston	341	Shrewsbury	8,106
Cambridge	35,523	Somerville	20,815
Carver	1,401	Southborough	1,612
Dartmouth	7,282	Sterling	24
Dedham	8,588	Stow	754
Dover	14	Sutton	382
Fairhaven	5,939	Upton	792
Framingham	14,395	Uxbridge	2,051
Freetown	293	Wayland	26
Grafton	4,209	Westborough	4,922
Holden	1,582	West Boylston	1,318
Holliston	3,599	Westwood	2,874
Hopedale	413	Worcester	49,858
Hopkinton	3,995		
Hudson	6,472		
Hyde Park	9,577		
Kingston	2,118		
Leicester	5		
Marion	1,004		
Marlborough	11,471		
Mattapoisett	1,535		
Maynard	3,231		
Medford	86		
Mendon	119		
Middleborough	28		
Milford	5,993		
Millbury	2,273		
Milton	8		
Millville	1		
Natick	8,798		
Needham	7,509		
New Bedford	37,845		
Northborough	2,780		
		TOTAL	305,506

COMPARATIVE BALANCE SHEET Assets and Other Debits

Line No.	Title of Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Increase or (Decrease) (d)
1	UTILITY PLANT			
2	Utility Plant (101-107) P.13.....	\$ 1,357,847,490	\$ 1,505,844,513	\$ 147,997,023
3	OTHER PROPERTY AND INVESTMENTS			
4	Nonutility Property (121) P.19.....	2,983,419	2,983,419	-
5	Investments in Associated Companies (123) P.20.....	-	-	-
6	Other Investments (124) P.20.....	6,000	6,000	-
7	Special Funds (125,126,127,128,129) P.21.....	21,484,742	23,326,967	1,842,225
8	Total Other Property and Investments.....	24,474,161	26,316,386	1,842,225
9	CURRENT AND ACCRUED ASSETS			
10	Cash (131).....	-	-	-
11	Special Deposits (132,133,134) P.21.....	-	-	-
12	Working Funds (135).....	-	-	-
13	Temporary Cash Investments (136) P.20.....	-	-	-
14	Notes and Accounts Receivable (141,142,143) P.22.....	62,020,229	66,069,497	4,049,268
15	Receivables from Assoc. Companies (145,146) P.23.....	15,196,368	15,752,654	556,286
16	Material and Supplies (151-159,163,164) P.24.....	15,920,871	13,424,683	(2,496,188)
17	Prepayments (165).....	1,732,370	4,843,434	3,111,064
18	Interest and Dividends Receivable (171).....	-	-	-
19	Rent Receivable (172).....	8,820	10,027	1,207
20	Accrued Utility Revenues (173,175).....	41,228,521	31,266,631	(9,961,890)
21	Misc. Current and Accrued Assets (174).....	-	-	-
22	Total Current and Accrued Assets.....	136,107,179	131,366,926	(4,740,253)
23	DEFERRED DEBITS			
24	Unamortized Debit Discount and Expense (181) P.26.....	590,641	825,799	235,158
25	Extraordinary Property Losses (182) P.27.....	-	-	-
26	Preliminary Survey and Investigation Charges (183).....	-	-	-
27	Clearing Accounts (184).....	-	-	-
28	Temporary Facilities (185).....	-	-	-
29	Miscellaneous Deferred Debits (186) P.27.....	304,057,774	295,381,111	(8,676,663)
30	Matured Interest (240).....	-	-	-
31	Total Deferred Debits.....	304,648,415	296,206,910	(8,441,505)
32	CAPITAL STOCK DISCOUNT AND EXPENSE			
33	Discount on Capital Stock (191) P.28.....	-	-	-
34	Capital Stock Expense (192) P.28.....	-	-	-
35	Total Capital Stock Discount and Expense.....	-	-	-
36	REACQUIRED SECURITIES			
37	Reacquired Capital Stock (196).....	-	-	-
38	Reacquired Bonds (197).....	-	-	-
39	Total Reacquired Securities.....	-	-	-
40	Total Assets and Other Debits.....	\$ 1,823,077,245	\$ 1,959,734,735	\$ 136,657,490

COMPARATIVE BALANCE SHEET Liabilities and Other Credits

Line No.	Title of Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Increase or (Decrease) (d)
1	PROPRIETARY CAPITAL			
2	CAPITAL STOCK			
3	Common Stock Issued (201) P.29.....	\$ 71,425,000	\$ 71,425,000	\$ -
4	Preferred Stock Issued (204) P.29.....	-	-	-
5	Capital Stock Subscribed (202,205).....	-	-	-
6	Premium on Capital Stock (207) P.29.....	-	-	-
7	Total.....	71,425,000	71,425,000	-
8	SURPLUS			
9	Other Paid-In Capital (208-211) P. 12.....	341,408,483	433,908,483	92,500,000
10	Earned Surplus (215,216,219) P. 12.....	(78,997,560)	(59,298,720)	19,698,840
11	Surplus Invested In Plant (217).....	-	-	-
12	Total.....	262,410,923	374,609,763	112,198,840
13	Total Proprietary Capital.....	333,835,923	446,034,763	112,198,840
14	LONG TERM DEBT			
15	Bonds (221) P.31.....	285,000,000	385,000,000	100,000,000
16	Advances from Assoc. Companies (223) P.31.....	-	-	-
17	Other Long-Term Debt (224) P.31.....	-	-	-
18	Total Long-Term Debt.....	285,000,000	385,000,000	100,000,000
19	CURRENT AND ACCRUED LIABILITIES			
20	Notes Payable (231) P.32.....	-	-	-
21	Accounts Payable (232).....	56,103,523	62,487,397	6,383,874
22	Payables to Associated Companies (233,234) P.32.....	226,113,465	121,874,673	(104,238,792)
23	Customer Deposits (235) P.80C.....	1,167,060	1,240,987	73,927
24	Taxes Accrued (236).....	3,980,679	1,347,434	(2,633,245)
25	Interest Accrued (237).....	4,524,226	4,354,548	(169,678)
26	Dividends Declared (238).....	-	-	-
27	Matured Long-Term Debt(239).....	-	-	-
28	Matured Interest (240).....	-	-	-
29	Tax Collections Payable (241).....	842,920	877,599	34,679
30	Misc. Current and Accrued Liabilities (242) P.33.....	7,304,037	4,481,852	(2,822,185)
31	Total Current and Accrued Liabilities.....	300,035,910	196,664,490	(103,371,420)
32	DEFERRED CREDITS			
33	Unamortized Premium on Debt (251) P.26.....	-	-	-
34	Customer Advances for Construction (252).....	-	-	-
35	Other Deferred Credits (253) P.33.....	249,979,196	235,620,856	(14,358,340)
36	Total Deferred Credits.....	249,979,196	235,620,856	(14,358,340)
37	RESERVES			
38	Reserves for Depreciation (254-256) P.13.....	417,382,003	438,264,031	20,882,028
39	Reserves for Amortization (257-259) P.13.....	3,028,953	3,426,578	397,625
40	Reserve for Uncollectible Accounts (260).....	16,397,754	17,048,664	650,910
41	Operating Reserves (261-265) P.35.....	98,993,252	114,231,210	15,237,958
42	Reserve for Depreciation & Amortization of Nonutility Property (266).....	-	-	-
43	Reserves for Deferred Federal Income Taxes (268) P.36.....	118,424,254	123,444,143	5,019,889
44	Total Reserves.....	654,226,216	696,414,626	42,188,410
45	CONTRIBUTIONS IN AID OF CONSTRUCTION			
46	Contributions in Aid of Construction (271) P. 36.....	-	-	-
47	Total Liabilities and Other Credits.....	\$ 1,823,077,245	\$ 1,959,734,735	\$ 136,657,490

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Current Year (b)	Increase or (Decrease) from Preceding Year (c)
1	OPERATING INCOME		
2	Operating Revenues (400) P.43.....	\$ 509,747,981	\$ 64,192,038
3	Operating Expenses:		
4	Operation Expense (401) P.42,47.....	362,162,487	56,567,116
5	Maintenance Expense (402) P.42,47.....	7,694,891	100,430
6	Depreciation Expense (403) P.34.....	33,956,971	1,876,776
7	Amortization of Utility Plant (404 and 405).....	432,679	(67,722)
8	Amortization of Regulatory Credits, net (407.3, 407.4).....	7,244,934	1,108,013
9	Amortization of Investment Tax Credit (406).....	-	-
10	Taxes Other Than Income Taxes (408) P.49.....	25,355,887	2,374,618
11	Income Taxes (409) P.49.....	6,175,102	7,157,283
12	Provision for Deferred Fed. Inc. Taxes (410) P.36.....	16,720,181	(23,453,710)
13	Fed. Inc. Taxes Def. in Prior Yrs.-Cr. (411) P.36.....	(8,690,839)	9,562,702
14	Total Operating Expenses.....	451,052,293	55,225,506
15	Net Operating Revenues.....	58,695,688	8,966,532
16	Income from Utility Plant Leased to Others (412)-Net.....	-	-
17	Other Utility Operating Income (414) P.50.....	-	-
18	Total Utility Operating Income.....	58,695,688	8,966,532
19	OTHER INCOME		
20	Income from Mdse. Job & Contract Work (415) P.51.....	-	-
21	Income from Nonutility Operations (417).....	41,164	(1,675)
22	Nonoperating Rental Income (418).....	83,375	-
23	Interest and Dividend Income (419).....	(2,137)	(46,308)
24	Miscellaneous Nonoperating Income (421).....	1,321,020	49,181
25	Total Other Income.....	1,443,422	1,198
26	Total Income.....	60,139,110	8,967,730
27	MISCELLANEOUS INCOME DEDUCTIONS		
28	Miscellaneous Amortization (425).....	-	-
29	Other Income Deductions (426).....	1,037,075	458,690
30	Total Income Deductions.....	1,037,075	458,690
31	Income Before Interest Charges.....	59,102,035	8,509,040
32	INTEREST CHARGES		
33	Interest on Long-Term Debt (427) P.31.....	15,968,944	(252,055)
34	Amortization of Debt Disc. & Expense (428).....	97,609	(12,431)
35	Amortization of Prem. on Debt-Credit (429) P.26.....	-	-
36	Int. on Debt to Associated Companies (430) P.32.....	3,210,269	2,169,003
37	Other Interest Expense (431).....	1,353,826	913,453
38	Interest Charged to Construction-Credit (432).....	(364,887)	(201,255)
39	Total Interest Charges.....	20,265,761	2,616,715
40	Net Income.....	38,836,274	5,892,325
41	EARNED SURPLUS		
42	Unappropriated Earned Surplus (at beginning of period) (216).....	(78,997,560)	(75,146,009)
43	Balance Transferred from Income (433).....	38,836,274	5,892,325
44	Miscellaneous Credits to Surplus (434).....	62,566	52,524
45	Miscellaneous Debits to Surplus (435).....	-	-
46	Appropriations of Surplus (436).....	-	-
47	Net Additions of Earned Surplus.....	38,898,840	5,944,849
48	Dividends Declared-Preferred Stock (437).....	-	-
49	Dividends Declared-Common Stock (438).....	19,200,000	(88,900,000)
50	Unappropriated Earned Surplus (at end of period) (216).....	\$ (59,298,720)	\$ 19,698,840

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STATEMENT OF EARNED SURPLUS (Accounts 215, 216 & 219)

1. Report in this schedule an accounting for changes in appropriated and unappropriated earned surplus for the year.

2. Each credit and debit during the year should be identified as to the surplus account in which included (Accounts 433-438 inclusive) and the contra primary account affected shown. Minor items may be grouped by classes; however, the number of items in each group should be shown.

3. For each reservation or appropriation of earned surplus state the purpose, amount, and in the case of reservations, the reserve account credited.

Explain in a footnote the basis for determining the amount reserved or appropriated and if such reservation or appropriation is to be recurrent, state the number and annual payments to be reserved or appropriated as well as the totals eventually to be accumulated.

4. Dividends should be shown for each class and series of capital stock. Show amounts of dividends per share.

5. List credits first; then debits.

Line No.	Item (a)	Contra Primary Account Affected (b)	Amount (c)
1	UNAPPROPRIATED EARNED SURPLUS (Accounts 216 & 219)		
2	Balance-Beginning of Year		\$ (78,997,560)
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14	Credits:		
15	Net income (loss)	433	38,836,274
16	Accum Other Comprehensive Income	219	62,566
17			
18	Debits:		
19	Dividends on Common Stock:		
20	Cash Dividend on Common Stock	131	19,200,000
21			
22			
23	03/18- 2,857,000 shares at \$1.68 per share		
24	06/18 - 2,857,000 shares at \$1.68 per share		
25	09/18 - 2,857,000 shares at \$1.68 per share		
26	12/18 - 2,857,000 shares at \$1.68 per share		
27	Balance - end of year		\$ (59,298,720)
28	APPROPRIATED EARNED SURPLUS (Account 215)		\$
29	State balance and purpose of each appropriated earned surplus amount at end		
30	of year and give accounting entries for any applications of appropriated earned		
31	surplus during the year.		
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33	NONE		
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SUMMARY OF UTILITY PLANT AND RESERVES FOR DEPRECIATION AND AMORTIZATION

Line No.	Item (a)	Total (b)	Electric (c)	Gas (d)	(e)	(f)	Common (g)
1	UTILITY PLANT:						
2	In Service:						
3	101 Plant in Service (Classified)	\$ 1,262,640,291		\$ 1,262,640,291			
4	106 Completed Construction not Classified.....	216,667,770		216,667,770			
5	Total P. 18.....	1,479,308,061	-	1,479,308,061	-	-	-
6	104 Leased to Others.....						
7	105 Held for Future Use.....						
8	107 Construction Work in Progress.....	26,536,452		26,536,452			
9	Total Utility Plant.....	1,505,844,513	-	1,505,844,513	-	-	-
10	DETAIL OF RESERVES FOR DEPRECIATION AND AMORTIZATION						
11	In Service:						
12	254 Depreciation P. 34.....	438,264,031		438,264,031			
13	257 Amortization P. 9.....	3,426,578		3,426,578			
14	Total, in Service.....	441,690,609	-	441,690,609	-	-	-
15	Leased to Others:						
16	255 Depreciation.....						
17	258 Amortization.....						
18	Total, Leased to Others.....	-	-	-	-	-	-
19	Held For Future Use:						
20	256 Depreciation.....						
21	259 Amortization.....						
22	Total, Held for Future Use.....	-	-	-	-	-	-
23	Total Reserves for Depreciation and Amortization.....	\$ 441,690,609	-	\$ 441,690,609	-	-	-

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UTILITY PLANT - GAS

1. Report below the cost of utility plant in service according to prescribed accounts.
 2. Do not include as adjustments, corrections of additions and retirements for the current or

the preceding year. Such items should be included in column (c) or (d) as appropriate.
 3. Credit adjustments of plant accounts should be enclosed in parentheses to indicate the negative

effect of such amounts.
 4. Reclassifications or transfers within utility plant accounts should be shown in column (f).

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance End of Year (g)
1	1. INTANGIBLE PLANT						
2	301 Organization.....	\$ 6,650,663	\$ (250,364)				\$ 6,400,299
3	303 Miscellaneous Intangible Plant.....						
4	Total Intangible Plant.....	6,650,663	(250,364)	-	-	-	6,400,299
5	2. PRODUCTION PLANT						
6	Manufactured Gas Production Plant.....						
7	304 Land and Land Rights.....						
8	305 Structures and Improvements.....						
9	306 Boiler Plant Equipment.....						
10	307 Other Power Equipment.....						
11	310 Water Gas Generating Equipment.....						
12	311 Liquefied Petroleum Gas Equipment.....						
13	312 Oil Gas Generating Equipment.....						
14	313 Generating Equipment-Other Processes.....						
15	315 Catalytic Cracking Equipment.....						
16	316 Other Reforming Equipment.....						
17	317 Purification Equipment.....						
18	321 LNG Equipment.....						
19	319 Gas Mixing Equipment.....						
20	320 Other Equipment.....						
21	Total Manufactured Gas Production Plant.....						
22	3. STORAGE PLANT						
23	360 Land and Land Rights.....						
24	361 Structures and Improvements.....						
25	362 Gas Holders.....						
26	363 Other Equipment.....						
27	Total Storage Plant.....						

UTILITY PLANT - GAS (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance End of Year (g)
1	4. TRANSMISSION AND DISTRIBUTION PLANT						
2	365.1 Land and Land Rights.....	\$ 737,366	709				738,075
3	365.2 Rights of Way.....	253,643					253,643
4	366 Structures and Improvements.....	4,646,509	773,159				5,419,668
5	367 Mains.....	649,541,970	78,160,054	1,678,978			726,023,046
6	368 Compressor Station Equipment.....	-					-
7	369 Measuring and Regulating Station Equipment.....	-					-
8	380 Services.....	42,230,803	5,300,429	53,387			47,477,845
9	381 Meters.....	422,999,311	47,455,354	2,158,348			468,296,317
10	382 Meter Installations.....	39,281,583	4,116,714	420,084			42,978,213
11	383 House Regulators.....	76,264,888	7,022,133				83,287,021
12	386 Other Property on Cust's Prem.....	673,956					673,956
13	387 Other Equipment.....	5,897,472	145				5,897,617
14	Total Transmission and Distribution Plant.....	1,242,527,501	142,828,697	4,310,797			1,381,045,401
15	5. GENERAL PLANT						
16	389 Land and Land Rights.....	1,020,511					1,020,511
17	390 Structures and Improvements.....	38,806,145	5,738,794	40,107			44,504,832
18	391 Office Furniture and Equipment.....	10,878,362	774,174				11,652,536
19	392 Transportation Equipment.....	5,792,822	3,061,345				8,854,167
20	393 Stores Equipment.....	634,104					634,104
21	394 Tools, Shop, and Garage Eqpt.....	4,201,831	505,811				4,707,642
22	395 Laboratory Equipment.....	-					-
23	396 Power Operated Equipment.....	561	266,190				266,751
24	397 Communication Equipment.....	19,027,924	299,773				19,327,697
25	398 Miscellaneous Equipment.....	886,366	7,755				894,121
26	399 Other Tangible Property.....	-					-
27	Total General Plant.....	81,248,626	10,653,842	40,107			91,862,361
28	Total Gas Plant in Service.....	1,330,426,790	153,232,175	4,350,904			1,479,308,061
29	104 Utility Plant Leased to Others.....	-					-
30	105 Property Held for Future Use.....	-					-
31	107 Construction Work in Progress.....	27,420,700	(884,248)				26,536,452
32	Total Utility Plant - Gas.....	\$ 1,357,847,490	\$ 152,347,927	\$ 4,350,904	\$	\$	1,505,844,513

Note: Completed Construction Not Classified, Account 106, shall be classified in this schedule according to prescribed accounts, on an estimated basis if necessary, and the entries included in column (c) are entries for reversals of tentative distribution of prior year reported in column (c). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, a tentative distribution of such retirements on an estimated basis with appropriate contra entry to the Depreciation Reserve Account, shall be included in column (d). Include also in column (d) reversals of tentative distributions of prior year of unclassified retirements. Attach an insert page showing the account distributions of these tentative classifications in columns (c) and (d) including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

NONUTILITY PROPERTY (ACCOUNT 121)

Give particulars of all investments of the respondent in physical property not devoted to utility operation.

Line No.	Description and Location (a)	Book Value At End of Year (b)	Revenue for the Year (c)	Expense for the year (d)	Net Revenue for the Year (e)
1					
2	Land - 736,164 sq. ft. (1894 - 1925)				
3	Main Street				
4	Milford	\$ 1,982		\$ 20,341	\$ (20,341)
5					
6	Land - Lot 1, 31.54 acres; Lot 2, 17,283 sq. ft (1996)				
7	Peckham Road				
8	Acushnet	86,237			
9					
10	Land 27,700 sq. ft. (1997)				
11	Improvements (1997)				
12	Front Street (Pole Yard)				
13	New Bedford	102,750			
14					
15	Land - 58,436 sq. ft. (1997)				
16	Improvements (1997)				
17	Front Street (Parking)				
18	New Bedford	81,887		31,884	(31,884)
19					
20	Land - 212.93 acres (2000)				
21	Peckham Road Keene Road				
22	Acushnet	2,692,576	135,600		135,600
23					
24	Land - 10.7 acres (2006)				
25	Horse Pond Tap (Easement)				
26	Plymouth	17,987			
27					
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53					
	TOTALS	\$ 2,983,419	\$ 135,600	\$ 52,225	\$ 83,375

INVESTMENTS (ACCOUNTS 123, 124, 136)

Give particulars of all investments in stocks, bonds, notes, etc. held by the respondent at the end of the year. Provide a subheading for each list thereunder the information called for.

Line No.	Description of Security Held by Respondent (a)	Amount (b)
1	Account 124:	
2		
3	Massachusetts Business Development Corporation	
4	900 shares - common stock	\$ 6,000
5		
6		
7		
8		
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53		
	TOTAL	\$ 6,000

SPECIAL FUNDS (Account 125, 126, 127, 128, 129)

(Sinking Funds Depreciation Fund, Amortization Fund-Federal, Other Special Funds)

Report below the balance at end of year of each special fund maintained during year. Identify each fund as to account in which included. Indicate nature of any fund included in Account 128/129, other Special Funds.

Name of fund and Trustee if Any (a)				Balance End of Year (b)
Line No.	Name of Company (a)	End of Year (b)	Rate (c)	Amount (d)
1	Account 129 - PBOP Funds			
2				
3	Prepaid Post Retirement Benefits			\$ 23,326,967
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19			TOTAL	\$ 23,326,967
20				
21	SPECIAL DEPOSITS (Accounts 132, 133, 134)			Balance End of Year (b)
22				
23	1. Report below the amount of special deposits by classes at end of year.			
24	2. If any deposit consists of assets other than cash, give a brief description of such asset			
25	3. If any deposit is held by an associated company, give name of company.			
26				
27				
28	Interest Special Deposits (Account 132).....			
29	Dividend Special Deposits (Account 133).....			
30				
31	Other Special Deposits (Account 134):			
32	(specify purpose of each other special deposit).....			
33				
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50	TOTAL			NONE

NOTES RECEIVABLE (Account 141)

- 1. Give the particulars called for below concerning notes receivable at the end of year.
- 2. Give particulars of any note pledged or discounted.
- 3. Minor items may be grouped by classes, showing number of such items.
- 4. Designate any note the maker of which is a director, officer or other employee.

Line No.	Name of Maker and Purpose for Which Received (a)	Date of Issue (b)	Date of Maturity (c)	Interest Rate (d)	Amount End of Year (e)
1	NONE				\$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
				TOTAL	NONE

ACCOUNTS RECEIVABLE (Accounts 142, 143)

- 1. Give the particulars called for below concerning accounts receivable at end of year.
- 2. Designate any account included in Account 143 in excess of \$5,000.

Line No.	Description (a)	Amount End of Year (b)
18	<u>Customers (Account 142):</u>	
19	Electric	
20	Gas (excludes Unbilled Revenue)	\$ 65,621,047
21	Other Electric and Gas Utilities	
22	<u>Other Accounts Receivable (Account 143):</u>	
23	Officers and employees	26,600
24	Reimbursable maintenance & construction	404,498
25	MA State Abatement/Refund	17,143
26	Miscellaneous (group and describe by classes):	
27	Other	209
28		
29		
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31		
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44		
		TOTAL \$ 66,069,497

RECEIVABLES FROM ASSOCIATED COMPANIES (Accounts 145,146)

- | | |
|---|---|
| <p>1. Report particulars of notes and accounts receivable from associated companies at end of year.</p> <p>2. Provide separate headings and totals for Account 145, Notes Receivable from Associated Companies, and 146, Accounts Receivable from Associated Companies, in addition to a total for the combined accounts.</p> <p>3. For notes receivable list each note separately and state purpose for which received. Show also in column (a) date of note and date of maturity.</p> | <p>4. If any note was received in satisfaction of an open account, state the period covered by such open account.</p> <p>5. Include in column (d) interest recorded as income during the year, including interest on accounts and notes held any time during the year.</p> <p>6. Give particulars of any notes pledged or discounted, also of any collateral held as guarantee of payment of any note or account.</p> |
|---|---|

Line No.	Name of Company (a)	Amount End of Year (b)	Interest for Year	
			Rate (c)	Amount (d)
1	Account 146:			
2	-----			
3				
4	NSTAR Electric Company	\$ 7,445,054		
5	Eversource Service	7,263,975		
6	Eversource Energy Parent	73,729		
7	Hopkinton LNG Corp	152,234		
8	Yankee Gas Services Company	804,963		
9	Public Service Company of New Hampshire	12,699		
10				
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42	TOTALS	\$ 15,752,654		

MATERIAL AND SUPPLIES (ACCOUNTS 151-159,163 & 164)
Summary Per Balance Sheet

Line No.	Account (a)	Electric (b)	Gas (c)
1	Fuel (Account 151) (See Schedule, Page 25).....		\$ 1,866,925
2	Fuel Stock Expenses (Account 152).....		
3	Residuals (Account 153).....		
4	Plant Materials and Operating Supplies (Account 154).....		3,552,041
5	Merchandise (Account 155).....		
6	Other Materials and Supplies (Account 156).....		
7	Liquefied Natural Gas (Account 164, Page 25).....		8,005,945
8	Nuclear Fuel Assemblies and Components-Stock Account (Account 158).....		
9	Nuclear Byproduct Materials (Account 159).....		
10	Stores Expense (Account 163).....		(228)
11			
12	Total Per Balance Sheet	\$ 13,424,683	\$ 13,424,683
13			
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PRODUCTION FUEL AND OIL STOCKS - Included in Accounts 151 & 164
(Except Nuclear Materials)

1. Report below the information called for concerning production fuel and oil stocks.
2. Show quantities in tons of 2,000 lbs., gal., or Mcf., whichever unit of quantity is applicable.
3. Each kind of coal or oil should be shown separately.
4. Show gas and electric fuels separately by specific use.

Line No.	Item (a)	Kinds of Fuel and Oil			
		Total Cost (b)	Liquefied Natural Gas (MCF) - Acct 164 Quantity (c)	Cost (d)	
1	On Hand Beginning of Year	\$ 11,429,702	2,627,222	\$ 9,776,352	
2	Received During Year	6,411,863	1,578,578	4,714,950	
3					
4	TOTAL	17,841,565	4,205,800	14,491,302	
5	Used During Year: (Note A)				
6	LNG Vaporized	3,567,288	1,012,247	3,567,288	
7	LNG Boil Off	2,150,764	574,099	2,150,764	
8	From Storage for Distribution to Customers	1,445,069	-	-	
9	Fuel Gas	38,269	-	-	
10	Sold or Transferred	767,305	280,142	767,305	
11					
12	TOTAL DISPOSED OF	7,968,695	1,866,488	6,485,357	
13					
14	BALANCE END OF YEAR	\$ 9,872,870	2,339,312	\$ 8,005,945	
			Natural Gas in Storage - (Acct 151)		
			Algonquin Inventory (MMbtu)		Tennessee Inventory (MMbtu)
Line No.	Item (g)	Quantity (h)	Cost (i)	Quantity (j)	Cost (k)
15	On Hand Beginning of Year	810,785	\$ 1,653,350	-	\$ -
16	Received During Year	698,166	1,696,913	-	-
17					
18	TOTAL	1,508,951	3,350,263	-	-
19					
20	Used During Year: (Note A)				
21	From Storage for Distribution to Customers	677,901	1,445,069	-	-
22	Fuel Gas	17,956	38,269	-	-
23	Sold or Transferred	-	-	-	-
24					
25	TOTAL DISPOSED OF	695,857	1,483,338	-	-
26					
27	BALANCE END OF YEAR	813,094	\$ 1,866,925	-	\$ -
28					

Note A - Indicate specific purpose for which used, e.g., Boiler Oil, Make Oil, Generator Fuel, etc.

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND UNAMORTIZED PREMIUM ON DEBT (Accounts 181, 251)									
Line No.	Designation of Long-Term Debt (a)	Principal Amount of Securities to which Discount and Expenses or Premium Minus Expense Relates (Omit Cents) (b)	Total Discount and Expense or Net Premium (Omit Cents) (c)	Amortization Period		Balance Beginning of Year (f)	Debits During Year (g)	Credits During Year (h)	Balance End of Year (i)
				From (d)	To (e)				
1	Account 181								
2									
3	Series J Bonds 9.95%	25,000,000	190,000	12-01-90	12-01-20	\$ 21,728	-	7,243	14,485
4	Series K Bonds 7.11%	35,000,000	265,068	12-30-93	12-30-33	113,203	-	7,075	106,128
5	Series N Bonds 4.46%	125,000,000	690,288	01-28-10	01-01-20	138,546	-	69,273	69,273
6	Series O Bonds 4.35%	100,000,000	340,557	12-08-15	12-08-45	317,164	-	11,327	305,837
7	Series P Bonds 4.090%	100,000,000	332,767	09-27-18	10-01-48	-	332,767	2,691	330,076
8									
9	TOTAL	\$385,000,000	\$ 1,818,680			\$ 590,641	\$ 332,767	\$ 97,609	\$ 825,799
10									
11									
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19									
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21									

1. Report under separate subheadings for Unamortized Debt Discount and Expense and Unamortized Premium on Debt, particularly of discount and expense or premium applicable to each class and series of long-term debt.

2. Show premium amounts by enclosure in parentheses.

3. In column (b) show the principal amount of bonds or other long-term debt originally issued.

4. In column (c) show the discount and expense or premium with respect to the amount of bonds or other long-term debt originally issued.

5. Furnish particulars regarding the treatment of unamortized debt discount and expense or premium, redemption premiums, and redemption expenses associated with issues redeemed during the year, also, date of the Department's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Set out separately and identify undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428, Amortization of Debt Discount or Expense, or credited to Account 429, Amortization of Premium on Debt - Credit.

EXTRAORDINARY PROPERTY LOSSES (Account 182)

1. Report below particulars concerning the accounting for extraordinary property losses.
2. In column (a) describe the property abandoned or extraordinary loss suffered, date of abandonment or loss, date of Department authorization of use of Account 182, and period over which amortization is being made.

Line No.	Description of Property Loss or Damage (a)	Total Amount of Loss (b)	Previously Written Off (c)	Written off During Year		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
	TOTALS					0

MISCELLANEOUS DEFERRED DEBITS (Account 186)

1. Report below the particulars called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized show period of amortization.
3. Minor items may be grouped by classes, showing number of such items.

Line No.	Description (a)	Balance Beginning of Year (b)	Debits (c)	Credits		Balance End of Year (f)
				Account Charged (d)	Amount (e)	
3	Environmental Deferral (A)	27,443,594	7,364,136	426/814/253	7,971,247	26,836,483
4						
5	Deferred Insurance Recoveries	180,258		253	76,285	103,973
6						
7	Regulatory Assets - Goodwill (B)	51,662,658		407	2,384,440	49,278,218
8						
9	Deferred Pension Adjustment Mechanism	7,737,004	1,347,000	485/495/926	4,633,644	4,450,360
10						
11	Deferred CGAC bad debt costs	5,010,323	4,314,519	175	3,964,859	5,359,983
12						
13	Prepaid Pension	70,893,344		926	3,119,128	67,774,216
14						
15	ASC 815 Above Market Costs	3,505,993		242	3,480,064	25,929
16						
17	Regulatory Assets - ARO, ASC 410	10,360,539	738,218			11,098,757
18						
19	Regulatory Assets - ASC 740	39,351,612	303,826	182/265	265,722	39,389,716
20						
21	Deferred Property Tax Expense	5,005,413				5,005,413
22						
23	Deferred Lease Syndication Costs (C)	5,417		880	5,417	0
24						
25	Unamortized Revolver Fees (D)	373,814	74,205	431	88,454	359,565
26						
27	Regulatory Assets - ASC 715	36,552,073	14,270,904	253/926	9,632,442	41,190,535
28						
29	Deferred Rate Case Costs (DPU 14-150)	1,040,118	24,972	407	148,428	916,662
30						
31	Construction Advance	53,200				53,200
32						
33	Merger Costs (DPU 14-150)	3,878,042		407	484,752	3,393,290
34						
35	Hardship Customers (DPU 14-150)	6,701,517	445,138	904	576,408	6,570,247
36						
37	Deferred Income Tax	33,664,906		265	1,517,091	32,147,815
38						
39	Mutual Aid	0	829,043			829,043
40						
41	Sale of Property Clearing	67,052				67,052
42						
43	GAAP Plant Reconciliation	469,820		254/257	59,120	410,700
44						
45	Other Minor Items (8)	101,077	58,715	930	39,838	119,954
	(A) Amortized over a 7 year period per DPU 89-161					
	(B) Amortized over a 40 year period					
	(C) Amortized over a 9 year period					
	(D) Amortized over a 5 year period					
	TOTALS	304,057,774	29,770,676		38,447,339	295,381,111

CAPITAL STOCK AND PREMIUM (Account 201, 204, and 207)

1. Report below the particulars called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show totals separately for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the Department.
3. Give particulars concerning shares of any class and series of stock authorized to be issued by the Department which have not yet been issued.
4. The designation of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State if any capital stock which has been nominally issued is nominally outstanding at end of year.
6. Give particulars of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.

Line No.	Class and Series of Stock (a)	Number of Shares Authorized (b)	Per Value per Share (c)	Amount Authorized (d)	Outstanding per Balance Sheet		Premium at End of Year (g)
					Shares (e)	Amount (f)	
1	Account 201 and 207						
2	Common Stock	2,857,000	\$ 25.00	\$ 71,425,000	2,857,000	\$ 71,425,000	
3							
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21							
22							
23							
24	TOTALS	2,857,000	\$ 25.00	\$ 71,425,000	2,857,000	\$ 71,425,000	

LONG TERM DEBT (Accounts 221,223-224)

Report by balance sheet accounts particulars concerning long-term debt in Accounts 221, Bonds; 223 Advances from Associated Companies; and 224, Other Long-Term Debt.

Line No.	Class and Series of Obligation (a)	Date of Issue (b)	Date of Maturity (c)	Amount Authorized (d)	Amount Actually Outstanding at End of Year (e)	Interest Provisions Rate per Cent (f)	Dates Due (g)	Interest Accrued During Year, Charged to Income (h)	Interest Paid During Year (i)
1	Account 221								
2	Series J	12-01-90	12-01-20	\$ 25,000,000	\$ 25,000,000	9.95%	NOTE (1)	\$ 2,487,500	\$ 2,487,500
3	Series K	12-30-93	12-30-33	35,000,000	35,000,000	7.11%	NOTE (2)	2,488,500	3,732,750
4	Series N	01-28-10	01-01-20	125,000,000	125,000,000	4.46%	NOTE (3)	5,575,000	5,575,000
5	Series O NOTE (4)	12-08-15	12-08-45	100,000,000	100,000,000	4.35%	NOTE (2)	4,350,000	4,350,000
6	Series P	09-27-18	10-01-48	100,000,000	100,000,000	4.09%	NOTE (5)	1,067,944	-
7									
8									
9									
10									
11									
12									
13									
14	Notes:								
15	(1) March, June, September and December								
16	(2) June and December								
17	(3) January and July								
18	(4) DPU Order 15-01 approved on 4/3/15 for debt issuance of \$100 million will be used to repay short-term borrowings, and fund capital expenditures and working capital.								
19	(5) April and October								
20	TOTALS			\$ 385,000,000	\$ 385,000,000			\$ 15,968,944	\$ 16,145,250

For issues of long-term debt made during current year state purpose for which issued, date of issue, Department authorization date and D.P.U. #.

NOTES PAYABLE (Account 231)
Report the particulars indicated concerning notes payable at end of year.

Line No.	Payee (a)	Date of Note (b)	Date of Maturity (c)	Int. Rate (d)	Balance End of Year (e)
	<u>Account 231</u>				\$ -
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21			TOTAL		\$ -

PAYABLES TO ASSOCIATED COMPANIES (Accounts 233, 234)

Report particulars of notes and accounts payable to associated companies at end of year.

Line No.	Name of Company (a)	Amount End of Year (b)	Interest for Year	
			Rate (c)	Amount (d)
	<u>Account 233</u>			
22	Eversource Energy Parent	\$ 94,600,000	(A)	\$ 3,210,269
23				
24				
25				
	<u>Account 234</u>			
26	Eversource Energy Parent	335,244		
27	NSTAR Electric Company	7,065,616		
28	Eversource Service	17,937,860		
29	Hopkington LNG Corp - Operating Expenses	1,444,463		
30	Yankee Gas Services Company	491,490		
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	(A) Based on Eversource Energy Parent short-term borrowing rate			
41				
42				
43				
44				
45	TOTALS	\$ 121,874,673		\$ 3,210,269

MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (Account 242)

1. Report the amount and description of other current and accrued liabilities at end of year.
2. Minor items may be grouped under appropriate title.

Line No.	Item (a)	Amount (b)
1	Short Term Derivative Liability	\$ 673,058
2	Self-Insurance Liability	1,195,584
3	Incentive Accrual	1,136,612
4	Accrued Payroll	727,254
5	DPU Assessments	409,454
6	Non-Qualified Pension Liability	103,622
7	401K Plan Match	31,917
8	Competitive Supplier Liability	151,273
9	Deferred Wireless Revenue	51,424
10	Minor items	1,654
11		
12	TOTAL	\$ 4,481,852

OTHER DEFERRED CREDITS (Account 253)

1. Report below the particulars called for concerning other deferred credits.
2. For any deferred credits being amortized show the period of amortization.
3. Minor items may be grouped by classes. Show number of items.

Line No.	Description of Other Deferred Credit (a)	Balance Beginning of Year (b)	Debits		Credits (e)	Balance End of Year (f)
			Account Credited (c)	Amount (d)		
13	Unamortized ITC 1962-1993 (A)	\$ 1,744,851	411	\$ 154,236	\$ -	\$ 1,590,615
14						
15	ASC 740 Liability	132,231,705	236	62,210	716,840	132,886,335
16						
17	ASC 815 Above Market Cost Liability	90,139	175	90,139	25,929	25,929
18						
19	ASC 740 Goodwill ADIT- Federal	9,981,226	265	9,981,226	-	-
20	ASC 740 Goodwill ADIT- Mass	4,133,013	265	4,133,013	-	-
21						
22	Post Retirement Costs Liability, ASC 715	56,838,399	186/926	13,230,622	12,519,350	56,127,127
23						
24	Escheatable Monies	227,694	131/234	154,206	123,801	197,289
25						
26	Property Tax Withheld	8,663,801		-	3,020,929	11,684,730
27						
28	Customer Contributions	2,462,033	142/495	274,809	124,495	2,311,719
29						
30	Environmental Clean Up Costs-MGP	16,165,325	186	6,364,802	3,255,139	13,055,662
31						
32	Gains on Sale of Property (B)	1,090,873	407.3	410,378	-	680,495
33						
34	ARO Liability	11,755,905		-	669,537	12,425,442
35						
36	Non-Qualified Pension Liability	1,593,231	219/926	225,328	57,609	1,425,512
37						
38	Long Term Disability Insurance	103,000		-	1,075,000	1,178,000
39						
40	Gain on Sale of HHPP business (B)	2,898,001	407.3	966,000	-	1,932,001
41						
42	Construction Advance			-	100,000	100,000
43						
44						
45	(A) Amortization is based on the estimated useful					
46	life of the property subject to the investment					
47	tax credit.					
48	(B) 5 Year amortization beginning 1/1/2016.					
	TOTALS	\$ 249,979,196		\$ 36,046,969	\$ 21,688,629	\$ 235,620,856

RESERVE FOR DEPRECIATION OF UTILITY PLANT IN SERVICE (Account 254)

Show below the amount credited during the year to Depreciation Reserve, and the amount charged to Depreciation Reserve on account of property retired. Also the balance in the account at the end of the year.

Line No.	(a)	Electric (b)	Gas (c)	Total (d)
1	Balance at beginning of year			\$ 417,382,003
2				
3	Credits to Depreciation Reserve during year:			
4	Account 403 Depreciation.....		SAME	35,108,690
5	Other accounts.....		AS	
6				
7	TOTAL CREDITS DURING YEAR.....			35,108,690
8				
9	Net Charges for Plant Retired:			
10	Book Cost of Plant Retired.....		TOTAL	4,350,904
11	Cost of Removal.....			7,225,788
12	Salvage.....			(14,477)
13	Asset Retirement Obligation(Credit).....			(68,681)
14	Other Debit or Credit Items.....			2,733,128
15				
16	NET CHARGES DURING YEAR.....			14,226,662
17				
18	Balance December 31.....			\$ 438,264,031
19				
20				
21				

METHOD OF DETERMINATION OF DEPRECIATION CHARGES

Give in detail the rule and rates, by which the respondent determined the amount charged to operating expenses and other accounts, and credited to Depreciation Reserve. Report also the depreciation taken for the year for federal income tax purposes.

Depreciation is provided using the straight-line method at rates intended to amortize the original cost of properties over their estimated economic lives. The depreciation percent based on the useful lives of the average cost of depreciable property in use at the beginning and end of the year is 2.7%.

Straight-line depreciation for leased appliances is based on their estimated lives.

Estimated depreciation claimed for Federal Tax purposes is \$37,071,780.

DIVIDENDS DECLARED DURING THE YEAR (Accounts 437,438)

Give particulars of dividends declared on each class of stock during the year, and charged to Earned Surplus. This schedule shall include only dividends that have been declared by the Board of Directors during the fiscal year.

Line No.	Name of Security on Which Dividend was Declared (a)	Rate Per Cent		Amount of Capital Stock On Which Dividend Was Declared (d)	Amount of Dividend (e)	Date	
		Regular (b)	Extra (c)			Declared	Payable
38	Account 438						
39	Common Stock	1.68		2,857,000	\$ 4,800,000	03/20/18	03/30/18
40		1.68		2,857,000	4,800,000	06/19/18	06/29/18
41		1.68		2,857,000	4,800,000	09/21/18	09/28/18
42		1.68		2,857,000	4,800,000	12/18/18	12/31/18
43							
44							
45							
46							
47	TOTALS	6.72			\$ 19,200,000		
48							

Dividend rates on Common Stock and Premium

Dividend rates on Common Stock, Premium and Surplus

OPERATING RESERVES (Accounts 261, 262, 263, 264, 265)

1. Report below an analysis of the change during the year for each of the above-named reserves.
2. Show name of reserve and account number, balance beginning of year, credits, debits, and balance at end of year. Credit amounts should be shown in black, debit amounts enclosed by parentheses.
3. Each credit and debit amount should be described as to its general nature and the contra account debited or credited shown. Combine the amounts of monthly accounting entries of the same general nature. If respondent has more than one utility department, contra accounts debited or credited should indicate the utility department affected.
4. For Accounts 261, Property Insurance Reserve and 262, Injuries and Damages Reserve, explain the nature of the risks covered by the reserve.
5. For Account 265, Miscellaneous Operating Reserves, report separately each reserve comprising the account and explain briefly its purpose.

Line No.	Item (a)	Contra Account Debited or Credited (b)	Amount (c)
1	<u>Account 265</u>		
2			
3	<u>Reserve for Deferred Massachusetts Franchise Tax - Property</u>		
4			
5	Balance @ January 1, 2018		\$ 29,826,297
6			
7			
8	Provision	410	3,583,733
9			
10	<u>Reserve for Deferred Massachusetts Franchise Tax - Non Property</u>		
11			
12	Balance @ January 1, 2018		4,937,621
13			
14			
15	Provision	410	(30,386)
16			
17	<u>Reserve for Deferred Federal Franchise Tax - Non Property</u>		
18			
19	Balance @ January 1, 2018		25,917,510
20			
21			
22	Provision	410	(123,390)
23			
24	<u>Reserve for ASC 740</u>		
25			
26	Balance @ January 1, 2018		4,646,918
27			
28			
29	Provision	182/219/254	(137,717)
30			
31	<u>Reserve for ADIT Other</u>		
32			
33	Balance @ January 1, 2018		33,664,906
34			
35	Provision	190	(1,517,091)
36			
37	<u>Reserve for ASC 740 - Goodwill Federal</u>		
38			
39	Balance @ January 1, 2018 (Prior year balance reported in a/c 253)		9,981,226
40			
41	Provision	410	(460,674)
42			
43	<u>Reserve for ASC 740 - Goodwill State</u>		
44			
45	Balance @ January 1, 2018 (Prior year balance reported in a/c 253)		4,133,013
46			
47	Provision	410	(190,756)
48			
49		TOTAL	\$ 114,231,210

RESERVES FOR DEFERRED FEDERAL INCOME TAXES (Accounts 267, 268)

1. Report the information called for below concerning the respondent's accounting for deferred federal income taxes.
2. In the space provided furnish significant explanations, including the following:
 (a) Accelerated Amortization - State for each certification number a brief description of property, total and amortizable cost of such property, date amortization for tax purposes commenced, "normal" depreciation rate used in computing deferred tax amounts.
- (b) Liberalized Depreciation - State the general method or methods of liberalized depreciation being used (sum of years digits, declining balance, etc.), estimated useful lives and classes of plant to which each method is being applied. Furnish a table showing for each year, 1954 to date of this report, the annual amounts of tax deferral, the total debits thereto which have been accounted for as credits to Account 411, Federal Income Taxes Deferred in Prior Years - Credit or comparable account of the previous system of accounts.

Line No.	Account Subdivisions (a)	Balance Beginning of Year (b)	Changes During Year			Balance End of Year (f)
			Amounts Debited Account 410 (1) (c)	Amounts Credited Account 411 (2) (d)	Adjustments (3) (e)	
1	Accelerated Amortization (Account 267)	\$	\$	\$	\$	\$
2	Electric.....					
3	Gas.....					
4	Other (Specify).....					
5	Totals.....	-	-	-	-	-
6	Liberalized Depreciation (Account 268)					
8	Electric.....					
9	Gas - State.....					
10	Gas - Federal.....	118,424,254	5,493,255	539,073	65,707	123,444,143
11	Other (Specify).....					
12	Totals.....	118,424,254	5,493,255	539,073	65,707	123,444,143
13	Total (Accounts 267, 268)					
14	Electric.....					
15	Gas.....					
16	Other Adjustments.....					
17	Totals.....	\$ 118,424,254	\$ 5,493,255	\$ 539,073	\$ 65,707	\$ 123,444,143

- 19 (1) Account 410, Provision for Deferred Federal Income Taxes.
- 20 (2) Account 411, Federal Income Taxes Deferred In Prior Years - Credit.
- 21 (3) Column (e) Includes adjustments made to account 253 related to Federal rate change.
- 22
- 23
- 24

CONTRIBUTIONS IN AID OF CONSTRUCTION (Account 271)

Report below the amounts of contributions in aid of construction applicable to each utility department.

Line No.	Class of Utility Service (a)	Balance Beginning of Year (b)	Debits		Credits (e)	Balance End of Year (f)
			Account Credited (c)	Amount (d)		
25						
26						
27						
28						
29						
30						
31						
32						
33						
34	TOTALS	None				None

Explanation as requested in Instruction 2b:

The Company uses the declining balance method and sum-of-the-years digits method depending on the age and the vintage of the property. Guideline class lives are used for pre-1971 assets. The asset depreciation range is used for 1971 thru 1980 vintages. The Accelerated Cost Recovery System is used for 1981 thru 1986 vintage assets. The Modified ACRS is used for additions after 1986.

Deferred Federal Income Tax from 1956 to Date

Year	Account 236 (See Note 3)	Account 131 (See Note 2)	Account 410	Account 426 (See Note 1)	Account 411	Account 182	Account 234	Account 253 (See Note 4)
1956	\$ -	\$ -	\$ 106,243	\$ -	\$ -	\$ -	\$ -	\$ -
1957			99,937					
1958			131,798					
1959			180,269					
1960			218,999					
1961			257,303					
1962			470,903					
1963			494,495					
1964			511,243					
1965			477,950		(835)	(2,277)		
1966			478,717		(228)	(330,714)		
1967			404,161		(8,575)	(38,826)		
1968			404,162		(19,228)	13,315		
1969			405,561		(16,444)	(124,386)		
1970			384,505		(30,183)	27,084		
1971			449,367	(33,352)	(53,220)	51,829		
1972			632,188		(54,862)	51,829		
1973			635,259		(53,757)	51,829		
1974			872,569		(58,761)	51,832		
1975			782,823		(52,950)	51,858		
1976			757,406		(52,637)	51,569		
1977			446,175		(37,857)	18,511		
1978			568,773		(43,701)	13,770		
1979			513,578		(51,429)	13,770		
1980			704,668		(74,207)			
1981		2,608,011	1,067,345		(25,491)			
1982	17,609	(119,197)	1,512,510		(39,871)			
1983	35,215	(107,715)	1,662,555		(62,808)			
1984		(105,322)	1,747,353		(42,197)			
1985		(123,242)	1,930,448		(90,042)			
1986		(131,656)	2,518,290		(131,575)			
1987		(104,962)	1,783,421		(136,466)			
1988		(106,790)	1,574,928		(212,881)			
1989		(112,893)	2,126,742		(230,341)			
1990		(112,894)	2,511,602		(211,767)			
1991		45,478	1,919,811		(199,454)			
1992		(197)	1,831,891		(147,588)			(5,699,414)
1993		(227)	1,942,475		(207,344)			714,080
1994		(212)	2,294,350		(167,071)			(419,158)
1995		(211)	1,737,833		(210,856)			
1996		(212)	1,577,419		(282,649)			
1997		(260)	1,184,200		(279,149)			
1998		(253)	759,428		(275,149)			
1999		58	1,142,912		(414,683)			
2000			1,243,711		(293,151)			
2001			487,905		(1,481,896)		(183)	
2002			4,324,537		(434,369)			
2003			7,389,032		(434,369)			
2004			8,266,643		(841,671)			
2005			1,962,203		(638,021)			
2006			(540,099)		(643,232)			
2007			1,926,999		(665,893)			
2008			9,002,744		(200,000)			
2009			9,377,941		(1,114,675)			
2010	705,444		13,538,677		(1,471,086)			
2011	(2,219,330)		18,193,667		(2,959,591)			
2012	640,395		21,053,035		(734,205)			
2013			12,756,184		(1,135,933)			
2014			27,941,979		(2,512,279)			
2015			18,183,746		(997,295)			
2016			25,852,407		(833,387)			
2017			18,105,457		(860,118)			(97,899,255)
2018			5,493,255		(539,073)			65,707
Total	\$ (820,667)	\$ 1,627,304	\$ 248,774,588	\$ (33,352)	\$ (22,766,500)	\$ (99,007)	\$ (183)	\$ (103,238,040)

(Note 1) Taxes relating to property retired and charged to Account 426.

(Note 2) Taxes relating to property acquired from an associated company.

(Note 3) Taxes relating to loss on demolition of buildings.

(Note 4) Taxes relating to adoption of ASC 740. 2017 related to Federal rate change.

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GAS OPERATING REVENUES (Account 400)

are added for billing purposes, one customer shall be counted for each group of meters so added. The average number of customers means the average of the 12 figures at the close of each month. If the customer count in the residential service classification includes customers counted more than once because of special services, such as water heating etc., indicate in a footnote the number of such duplicate customers included in the classification.

1. Report below the amount of operating revenue for the year for each prescribed account and the amount of increase or decrease over the preceding year.
 2. If increases and decreases are not derived from previously reported figures explain any inconsistencies.
 3. Number of customers should be reported on the basis of number of meters, plus number of flat rate accounts, except that where separate meter readings are added for billing purposes, one customer shall be counted for each group of meters so added. The average number of customers means the average of the 12 figures at the close of each month. If the customer count in the residential service classification includes customers counted more than once because of special services, such as water heating etc., indicate in a footnote the number of such duplicate customers included in the classification.

4. Unmetered sales should be included below. The details of such sales should be given in a footnote.
 5. Classification of Commercial and Industrial Sales, Account 481, according to Small (or Commercial) and Large (or Industrial) may be according to the basis of classification regularly used by the respondent.

Line No.	Account (a)	Operating Revenues			MMbtu Sold		Average Number of Customers per Month Increase (Decrease) from Preceding Year (g)
		Amount for Year (b)	Increase (Decrease) from Preceding Year (c)	Amount for Year (d)	Increase (Decrease) from Preceding Year (e)	Number for Year (f)	
	SALES OF GAS						
1	480 Residential Sales.....	\$ 291,632,855	\$ 33,606,834	22,574,848	936,486	260,411	828
2	481 Commercial and Industrial Sales:						
3	Small (or Commercial)...see instr.5.....	94,370,851	16,136,054	9,843,137	77,566	22,844	235
4	Large (or Industrial)...see instr.5.....	11,019,154	1,883,617	1,216,261	(181,344)	645	(2)
5	482 Other Sales to Public Authorities.....	10,509,698	2,137,063	1,182,742	121,374	1,015	(32)
6	484 Interdepartmental Sales.....	-	-	-	-	-	-
7	485 Miscellaneous Gas Sales... Deferrals.....	375,211	(3,495,676)	-	-	-	-
8	487 Forfeited Discounts.....	369,841	71,653	-	-	-	-
9	Total Sales to Ultimate Consumers.....	407,907,769	50,267,892	34,816,988	954,082	284,915	1,029
10	483 Sales for Resale.....	29,787,707	(2,303,244)	180,339	(573,287)	9	3
11	Total Sales of Gas *	437,695,476	47,964,648	34,997,327	380,795	284,924	1,032
	OTHER OPERATING REVENUES						
12	488 Miscellaneous Service Revenues.....	209,688	(32,989)	-	-	-	-
13	489 Revenues from Trans.of Gas of Others.....	69,933,886	13,007,049	34,427,879	(2,267,417)	10,210	2,853
14	490 Sales of Products Extracted from Natural Gas.....	-	-	-	-	-	-
15	491 Rev. from Natural Gas Processed by Others.....	-	-	-	-	-	-
16	493 Rent from Gas Property	1,394,086	80,777	-	-	-	-
17	494 Interdepartmental Rents.....	-	-	-	-	-	-
18	495 Other Gas Revenues.....	145,004	3,100,900	-	-	-	-
19	Total Other Operating Revenues.....	72,052,505	16,227,390	-	-	-	-
20	Total Gas Operating Revenues.....	\$ 509,747,981	\$ 64,192,038	69,425,205	(1,886,622)	295,134	3,885
21							
22							
			Purchased Price Adjustment Clauses	Fuel Clauses			
			\$ 233,316,439	Billed Sales Only			
			36,511,717	Billed Sales Only			

* Includes revenues from application of

Total MMBTU to which applied

SALES OF GAS TO ULTIMATE CONSUMERS

Report by account the MMBTU sold, the amount derived and the number of customers under each filed schedule or contract. Contract sales and unbilled sales may be reported separately in total.

Line No.	Account No.	Schedule (a)	MMBTU (b)	Revenue (c)	Average Revenue per MMBTU (\$0.0000) (d)	Number of Customers (Per Bills Rendered)	
						July 31 (e)	December 31 (f)
1	480	Residential					
2		420	185,000	\$ 3,854,350	20.8343	14,969	14,652
3		421	34,600	455,330	13.1598	1,676	1,635
4		422	20,739,767	267,445,725	12.8953	216,070	218,117
5		423	2,452,354	23,737,576	9.6795	27,275	25,998
6		TOTAL - Residential	23,411,721	\$ 295,492,981	12.6216	259,990	260,402
7							
8							
9	481	Commercial					
10		Industrial					
11		430	4,004,069	\$ 42,939,366	10.7239	18,297	18,468
12		431	3,327,944	28,901,931	8.6846	1,369	1,360
13		432	1,291,253	10,054,962	7.7870	55	56
14		433	1,008,287	9,159,083	9.0838	3,005	2,993
15		434	1,397,926	10,560,285	7.5543	633	623
16		435	887,775	6,213,566	6.9990	31	37
17							
18		TOTAL -Commercial and Industrial	11,917,254	\$ 107,829,193	9.0482	23,390	23,537
19							
20							
21	482	Municipal					
22		422	872	\$ 10,847	12.4392	7	7
23		430	238,427	2,451,071	10.2802	662	654
24		431	613,749	5,397,716	8.7947	208	207
25		432	230,354	1,891,865	8.2129	12	12
26		433	21,701	215,732	9.9411	106	115
27		434	57,187	380,531	6.6542	19	18
28		435	20,452	161,936	7.9179	1	1
29							
30		TOTAL -Municipal	1,182,742	\$ 10,509,698	8.8859	1,015	1,014
31							
32							
33		Miscellaneous Gas Sales:					
34		Unbilled Gas Sales	(1,694,729)	\$ (6,786,311)			
35		Deferrals		862,208			
36							
37							
38							
39							
40							
41		TOTAL SALES TO ULTIMATE					
42		CONSUMERS (Page 43 line 9)	34,816,988	\$ 407,907,769	11.7158	284,395	284,953

GAS OPERATION AND MAINTENANCE EXPENSES

- 1. Enter in the space provided the operation and maintenance expenses for the year.
- 2. If the increases and decreases are not derived from previously reported figures explain in footnote.

Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)
1	PRODUCTION EXPENSES		
2	MANUFACTURED GAS PRODUCTION EXPENSES		
3	STEAM PRODUCTION		
4	Operation:		
5	700 Operation supervision and engineering.....		
6	701 Operation labor.....		
7	702 Boiler fuel.....		
8	703 Miscellaneous steam expenses.....		
9	704 Steam transferred-Cr.....		
10	Total operation.....	-	-
11	Maintenance:		
12	705 Maintenance supervision and engineering.....		
13	706 Maintenance of structures and improvements.....		
14	707 Maintenance of boiler plant equipment.....		
15	708 Maintenance of other steam production plant.....		
16	Total maintenance.....	-	-
17	Total steam production.....	-	-
18	MANUFACTURED GAS PRODUCTION		
19	Operation:		
20	710 Operation supervision and engineering.....		
21	Production labor and expenses:		
22	711 Steam expenses.....		
23	712 Other power expenses.....		
24	715 Water gas generating expenses.....		
25	716 Oil gas generating expenses.....		
26	717 Liquefied petroleum gas expenses.....		
27	718 Other process production expenses.....		
28	Gas fuels:		
29	721 Water gas generator fuel.....		
30	722 Fuel for oil gas.....		
31	723 Fuel for liquefied petroleum gas process.....		
32	724 Other gas fuels.....		
33	Gas raw materials:		
34	726 Oil for water gas.....		
35	727 Oil for oil gas.....		
36	728 Liquefied petroleum gas.....		
37	729 Raw materials for other gas processes.....		
38	730 Residuals expenses.....		
39	731 Residuals produced-Cr.....		
40	732 Purification expenses.....		
41	733 Gas mixing expenses.....		
42	734 Duplicate charges-Cr.....		
43	735 Miscellaneous production expenses.....		
44	736 Rents.....		
45	Total operation.....	-	-
46	Maintenance:		
47	740 Maintenance supervision and engineering.....		
48	741 Maintenance of structures and improvements.....		
49	742 Maintenance of production equipment.....		
50	Total maintenance.....	-	-
51	Total manufactured gas production.....	\$ -	\$ -

GAS OPERATION AND MAINTENANCE EXPENSES-Continued

Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)
1	OTHER GAS SUPPLY EXPENSES		
2	Operation:		
3	804 Natural gas city gate purchases.....	\$ 213,351,466	\$ 42,391,377
4	805 Other gas purchases.....	-	-
5	806 Exchange gas.....	-	-
6	807 Purchased gas expenses.....	-	-
7	808 Liquefied natural gas	22,317,812	75,483
8	811 Gas used for products extraction-CR.....	-	-
9	812 Gas used for other utility operations-Cr.....	-	-
10	813 Other gas supply expenses.....	-	-
11	814 Environmental response expense - manufactured gas plants.....	1,851,159	323,451
12	815 Conservation and load management.....	50,747,060	9,093,612
13	Total other gas supply expenses.....	288,267,497	51,883,923
14	Total production expenses	288,267,497	51,883,923
15	LOCAL STORAGE EXPENSES		
16	Operation:		
17	840 Operation supervision and engineering.....	-	-
18	841 Operation labor and expenses.....	(990)	(1,342)
19	842 Rents.....	-	-
20	Total Operation.....	(990)	(1,342)
21	Maintenance:		
22	843 Maintenance supervision and engineering.....	-	(4,316)
23	844 Maintenance of structures and improvements.....	-	-
24	845 Maintenance of gas holders.....	5,929	3,941
25	846 Maintenance of other equipment.....	-	-
26	Total maintenance.....	5,929	(375)
27	Total storage expenses.....	4,939	(1,717)
28	TRANSMISSION AND DISTRIBUTION EXPENSES		
29	Operation:		
30	850 Operation supervision and engineering.....	7,479,955	(926,390)
31	851 System control and load dispatching.....	1,546,655	(67,722)
32	852 Communication system expenses.....	-	-
33	853 Compressor station labor and expenses.....	-	-
34	855 Fuel and power for compressor stations.....	-	-
35	857 Measuring and regulating station expenses.....	425,952	(50,255)
36	858 Transmission and Compression of gas by others.....	-	-
37	874 Mains and services expenses.....	4,311,100	250,267
38	878 Meter and house regulator expenses.....	(2,718,535)	(223,972)
39	879 Customer Installations expenses.....	3,664,387	(243,707)
40	880 Other expenses.....	657,715	(2,143,581)
41	881 Rents.....	1,813,750	833,014
42	Total operation.....	17,180,979	(2,572,346)
43	Maintenance:		
44	885 Maintenance supervision and engineering.....	-	-
45	886 Maintenance of structures and improvements.....	-	-
46	887 Maintenance of mains.....	3,404,166	726,620
47	888 Maintenance of compressor station equipment.....	-	-
48	889 Maintenance of measuring and regulating station equipment.....	1,008,649	120,393
49	892 Maintenance of services.....	2,041,870	(1,072,875)
50	893 Maintenance of meters and house regulators.....	1,019,553	313,618
51	894 Maintenance of other equipment.....	214,724	13,049
52	Total maintenance.....	7,688,962	100,805
53	Total transmission and distribution expenses.....	\$ 24,869,941	\$ (2,471,541)

GAS OPERATION AND MAINTENANCE EXPENSES-Continued				
Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)	
1	CUSTOMER ACCOUNTS EXPENSES			
2	Operation:			
3	901 Supervision.....	\$ 1,872	\$ (9,779)	
4	902 Meter reading expenses.....	588,421	21,956	
5	903 Customer records and collection expenses.....	9,819,282	1,356,851	
6	904 Uncollectible accounts.....	10,418,171	1,369,827	
7	905 Miscellaneous customer accounts expenses.....	195,013	(197,126)	
8	Total customer accounts expenses.....	21,022,759	2,541,729	
9	SALES EXPENSES			
10	Operation:			
11	909 Informational and instructional ad exps.....	-	-	
12	910 Misc. cust. svc and informational exps.....	91,003	15,539	
13	911 Supervision.....	301	301	
14	912 Demonstrating and selling expenses.....	445,971	62,962	
15	913 Advertising expenses.....	11,181	(77,762)	
16	916 Miscellaneous sales expenses.....	514,528	258,932	
17	Total sales expenses.....	1,062,984	259,972	
18	ADMINISTRATIVE AND GENERAL EXPENSES			
19	Operation:			
20	920 Administrative and general salaries.....	19,731,876	1,995,653	
21	921 Office supplies and expenses.....	1,312,234	(10,693)	
22	922 Administrative expenses transferred-Cr.....	(1,700,523)	(234,229)	
23	923 Outside services employed.....	6,406,002	752,656	
24	924 Property Insurance.....	43,310	(4,170)	
25	925 Injuries and damages.....	1,946,459	(247,935)	
26	926 Employees pensions and benefits.....	5,015,327	3,022,898	
27	928 Regulatory commission expenses.....	884,806	(165,826)	
28	929 Duplicate charges-Cr.....	-	-	
29	930 Miscellaneous general expenses.....	851,096	(570,947)	
30	931 Rents.....	138,671	(82,427)	
31	Total operation.....	34,629,258	4,455,180	
32	Maintenance:			
33	932 Maintenance of general plant.....	-	-	
34	Total administrative and general expenses.....	34,629,258	4,455,180	
35	Total gas operation and maintenance expenses	\$ 369,857,378	\$ 56,667,546	
SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES				
Line No.	Functional Classification (a)	Operation (b)	Maintenance (c)	Total (d)
36	Steam Production.....			
37	Manufactured gas production.....			
38	Other gas supply expenses.....	\$ 288,267,497	-	\$ 288,267,497
39	Total production expenses.....	288,267,497	-	288,267,497
40	Local storage expenses.....	(990)	5,929	4,939
41	Transmission and distribution expenses.....	17,180,979	7,688,962	24,869,941
42	Customer accounts expenses.....	21,022,759	-	21,022,759
43	Sales expenses.....	1,062,984	-	1,062,984
44	Administrative and general expenses.....	34,629,258	-	34,629,258
45	Total gas operation and maintenance expenses.....	\$ 362,162,487	7,694,891	\$ 369,857,378
46	Ratio of operating expenses to operating revenues (carry out decimal two places, e.g. 0.00%) Compute by dividing Revenues (Acct. 400) into the sum of Operation and Maintenance Expenses (p. 47, line 45(d), Depreciation (Acct. 403) and Amortization (Acct 407)			79.69%
47	Total salaries and wages of gas department for year, including amounts charged to operating expenses, construction and other accounts.			\$ 74,479,843
48	Total number of employees of gas department at end of year, including administrative, operating, maintenance, construction and other employees (including part time employees).			366
Footnote: Total salaries & wages reflects service company allocated labor and direct NSTAR Gas charged labor. The total number of employees of Gas department at year end includes only employees directly charged to NSTAR Gas.				

If gas is purchased or sold at two or more different rates, the amounts of each rate should be shown in the following table.

SALES FOR RESALE (Account 483)

Line No.	Names of Companies to Which Gas is Sold (a)	Where Delivered and Where and How Measured (b)	MMBTU (c)	Rate per MMBTU (d)	Amount (e)
1	Total Sales for Resale		310,000		\$ 30,554,484
2					
3	Cash Out Imbalance		(129,661)		(766,777)
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15		TOTALS	180,339		\$ 29,787,707

SALE OF RESIDUALS (Accounts 730, 731)

State the revenues and expenses of the respondent resulting from the sale of residuals.

Line No.	Kind (a)	Revenue (b)	Inventory Cost (c)	Labor Handling Selling, Etc. (d)	Total Cost (e)	Net Revenue (g)
16						
17				None		
18						
19						
20						
21						
22						
23		TOTALS			None	

PURCHASED GAS (Accounts 804-806)

Line No.	Names of Companies to Which Gas is Purchased (a)	Where Delivered and Where and How Measured (b)	M.C.F. (1000 BTU) (c)	Rate per M.C.F. (\$0.0000) (d)	Amount (e)
24					
25					
26					
27					
28		See page 48A			
29					
30					
31					
32					
33					
34					
35					
36					
37					
38		TOTALS			

If gas is purchased or sold at two or more different rates, the amounts of each rate should be shown in the following table.

PURCHASED GAS (Accounts 804-806)

Line No.	Names of Companies to Which Gas is Sold (a)	Where Delivered and Where and How Measured (b)	MMBTU (c)	Rate per MMBTU (d)	Amount (e)
1					
2		(A)			
3					
4					
5	Gas Purchases through Algonquin & Tennessee Pipelines		35,407,231	\$ 3.7294	\$ 132,047,355
6					
7	Demand Charges				83,073,298
8					
9	Storage Inventory Activity		3,606,783		(213,575)
10					
11	Storage Demand				3,945,535
12					
13	Transfers to LNG Inventory		(1,528,613)		(3,687,108)
14					
15	Pipeline Refunds				1
16					
17	Gas Hedging Settlement Costs, net				(1,814,040)
18					
19					
20					
21					
22	Total		37,485,401		\$ 213,351,466
23					
24					
25					
26					
27					
28	(A)	Gas is delivered at Milford, Westwood, Hopedale, Ashland, Dover, Medford, Cambridge,			
29		Freetown, New Bedford, 2 locations in Plymouth, Worcester, Hudson, Grafton,			
30		Hopkinton, Framingham, Marlboro, and Needham. Measurement devices used include			
31		Ultrasonic, Orifice & Turbine Meters.			
32					
33					
34					
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RECORD OF SENDOUT FOR THE YEAR IN MMBTU
BASED ON 1000 BTU PER CUBIC FOOT

Line No.	Item	Total	January	February	March	April	May
1	<u>Gas Made</u>						
2							
3	Propane Gas						
4	Liq. Natural Gas	1,401,990	617,572	137,226	110,316	135,142	19,470
5							
6							
7							
8	TOTAL	1,401,990	617,572	137,226	110,316	135,142	19,470
9							
10							
11	<u>Gas Purchased</u>						
12							
13	Natural	37,485,401	6,623,560	4,564,878	5,209,664	3,452,248	1,282,379
14	Fuel Gas	-	-	-	-	-	-
15	Turnback Gas	-	-	-	-	-	-
16							
17	TOTAL	37,485,401	6,623,560	4,564,878	5,209,664	3,452,248	1,282,379
18							
19	TOTAL MADE AND						
20	PURCHASED	38,887,391	7,241,132	4,702,104	5,319,980	3,587,390	1,301,849
21							
22	Net Change in Holder						
23	Gas*						
24							
25	EUT Nominated	31,110,074	3,653,293	3,283,507	3,477,388	2,146,277	1,470,567
26							
27	TOTAL SENDOUT	69,997,465	10,894,425	7,985,611	8,797,368	5,733,667	2,772,416
28							
29							
30							
31							
32	Gas Sold **	68,543,665	10,574,885	7,785,216	8,724,374	5,867,033	2,529,413
33							
34	Gas Used by Company	92,782	13,791	9,326	18,410	7,236	10,232
35							
36	Gas Accounted for	68,636,447	10,588,676	7,794,542	8,742,784	5,874,269	2,539,645
37							
38	Gas Unaccounted for ***	1,361,018	305,749	191,069	54,584	(140,602)	232,771
39							
40	% Unaccounted						
41	for (0.00%)	1.94	2.81	2.39	0.62	(2.45)	8.40
42							
43							
44							
45							
46	<u>Sendout in 24 hours</u>						
47							
48	in MMBTU						
49							
50	Maximum-MMBTU	475,186	475,186	363,480	295,383	240,937	97,036
51	Maximum-Date	06-Jan-18	6-Jan-2018	2-Feb-2018	18-Mar-2018	5-Apr-2018	12-May-2018
52	Minimum-MMBTU	41,084	108,277	101,481	129,294	73,175	51,126
53	Minimum-Date	28-Jul-18	12-Jan-2018	20-Feb-2018	29-Mar-2018	28-Apr-2018	26-May-2018
54							
55							
56							
57							
58	B.T.U. Content of Gas Delivered to Customers 1.030 per Cubic Foot						

* Add Decreases in Holder Gas, Deduct increases.

** Includes unbilled gas volumes.

*** Excludes unbilled gas volumes.

TRANSMISSION AND DISTRIBUTION MAINS

Report by size, for all mains and lines, the information called for below for cast iron, welded, wrought iron and steel mains. Sub-totals should be shown for each type.

Line No.	Diameter	Total Length in Feet at Beginning of Year	Added During Year	Taken Up During Year	Abandoned but Not Removed During Year	Total Length in Feet at End of Year
1 CAST IRON:						
2	2" or Less	0	0	0	0	0
3	3"	210,379	0	0	0	210,379
4	4"	666,101	0	0	68,640	597,461
5	6"	471,747	0	0	0	471,747
6	8"	140,733	0	0	21,120	119,613
7	10"	24,597	0	0	0	24,597
8	12"	119,570	0	0	0	119,570
9	14"	3,164	0	0	0	3,164
10	16"	50,228	0	0	0	50,228
11	18"	5,021	0	0	0	5,021
12	20"	44,675	0	0	0	44,675
13	24"	29,748	0	0	0	29,748
14	30"	1,807	0	0	0	1,807
15	36"	1,030	0	0	0	1,030
16	TOTAL	1,768,800	0	0	89,760	1,679,040

17 WELDED STEEL:

18	2" or Less	1,689,600	0	0	52,800	1,636,800
19	3"	184,098	0	0	0	184,098
20	4"	1,848,702	0	0	58,080	1,790,622
21	6"	650,328	0	0	0	650,328
22	8"	474,312	0	0	21,120	453,192
23	10"	21,838	0	0	0	21,838
24	12"	495,602	0	0	5,280	490,322
25	14"	8,623	0	0	0	8,623
26	16"	112,048	0	0	0	112,048
27	18"	14,401	0	0	0	14,401
28	20"	2,837	0	0	0	2,837
29	24"	4,341	0	0	0	4,341
30	30"	307	0	0	0	307
31	36"	3	0	0	0	3
32	TOTAL	5,507,040	0	0	137,280	5,369,760

33 PLASTIC:

34	2" or Less	4,255,680	84,480	0	0	4,340,160
35	3"	188,969	0	0	0	188,969
36	4"	2,936,791	84,480	0	0	3,021,271
37	6"	925,175	0	0	0	925,175
38	8"	1,582,825	95,040	0	0	1,677,865
39	12"	153,120	26,400	0	0	179,520
40	Greater than 12"	0	0	0	0	0
41	TOTAL	10,042,560	290,400	0	0	10,332,960

42						
43						
44						
45						
46						
47						
48	TOTALS	17,318,400	290,400	0	227,040	17,381,760

Normal Operating Pressure - Mains and Lines - Maximum 275 lbs. Minimum 6 In. LP

Normal Operating Pressure - Services - Maximum 60 lbs. Minimum 6 In. LP

Annual report ofNSTAR Gas CompanyYear ended December 31, 2018

GAS DISTRIBUTION SERVICES, HOUSE GOVERNORS AND METERS

Line No.	Item	Gas Services	House Governors	Meters
1	Number at beginning of year	203,472	119,287	319,086
2	Additions during year:			
3	Purchased			24,316
4	Installed	4,335	1,495	
5	Associated with Plant acquired			
6	Total Additions	4,335	1,495	24,316
7	Reductions during year:			
8	Retirements	2,826		16,303
9	Associated with Plant sold			
10	Total Reductions	2,826	-	16,303
11	Number at End of Year	204,981	120,782	327,099
12	In Stock			21,367
13	On Customers' Premises - Inactive			
14	On Customers' Premises - Active			305,506
15	In Company Use			226
16	Number at End of Year			327,099
17	Number of Meters Tested by State Inspectors During Year			26,563

RATE SCHEDULE INFORMATION

1. Attach copies of all Filed Rates for General Consumers.
2. Show below the changes in rate schedules during year and the estimated increase or decrease in annual revenue predicated on the previous year's operations.

Date Effective	M.D.P.U. Number	Rate Schedule	Estimated Effect on Annual Revenues	
			Increases	Decreases
01/01/2018	401F	Seasonal Cost Of Gas Adjustment Clause	\$ 45,888,546	
01/01/2018	402N	Local Distribution Adjustment Charge	16,312,776	
01/01/2018	409C	Revenue Decoupling Adjustment Clause	62,548	
Total			\$ 62,263,870	\$ -

NSTAR GAS COMPANY
d/b/a EVERSOURCE ENERGY

SCHEDULE OF RATES

	<u>Rate</u>	<u>M.D.P.U. No.</u>	<u>Effective Date</u>
Terms and Conditions		400D	3/1/17
Seasonal Cost of Gas Adjustment Clause	SCGA	401F	11/1/18
Local Distribution Adjustment Clause	LDAC	402N	5/1/18
Default Service	DS	403C	1/1/16
Peaking Service	PS	404B	1/1/16
Revenue Decoupling Adjustment Clause	RDAF	409C	7/1/18
Domestic	R-1	420C	7/1/18
Domestic Low Income	R-2	421F	7/1/18
Domestic Heating	R-3	422C	7/1/18
Domestic Heating Low Income	R-4	423F	7/1/18
Low Load Factor General Service – Small	G-41	430C	7/1/18
Low Load Factor General Service – Medium	G-42	431C	7/1/18
Low Load Factor General Service – Large	G-43	432C	7/1/18
High Load Factor General Service – Small	G-51	433C	7/1/18
High Load Factor General Service – Medium	G-52	434C	7/1/18
High Load Factor General Service – Large	G-53	435C	7/1/18
Farm Discount Rider	FDR	450B	1/1/16
Dual Fuel Special Provision		451B	1/1/16
Territory Served		452B	1/1/16
Summary of Gas Service Delivery Rates			11/1/18

November 1, 2018

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Issued by: **William J. Akley**
President

Filed:
Effective:

February 17, 2017
March 1, 2017

DISTRIBUTION SERVICE TERMS AND CONDITIONS

1.0 RATES AND TARIFFS

- 1.1 The Company furnishes its various services under rates and/or special contracts ("Schedule of Rates") promulgated in accordance with the provisions of G.L. c. 164 and the regulations and billing and termination procedures of the Massachusetts Department of Public Utilities ("M.D.P.U."), all as may be in effect from time to time. Such Schedule of Rates, which includes these Terms and Conditions, is available for public inspection during normal business hours at the offices of the Company and at the offices of the M.D.P.U. except as otherwise provided by law or regulation.
- 1.2 The Schedule of Rates may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in M.D.P.U. regulations. When effective, all such revisions, amendments, supplements or replacements will appropriately supersede the present Schedule of Rates. In case of conflict between these Terms and Conditions and any orders or regulations of the M.D.P.U., said orders or regulations shall govern.
- 1.3 The Company shall apply these Terms and Conditions on a non-discriminatory and non-preferential basis to all persons, partnerships, corporations or others (hereinafter "Customers" or the "Customer") who obtain service (as defined in Section 3.0 herein) from the Company pursuant to the Schedule of Rates, except as these Terms and Conditions are explicitly modified in writing by a rate or special contract. The provisions of Section 24.0 of these Terms and Conditions will specifically apply to all entities designated by the Customer as set forth in Section 24.5, to supply Gas to a Designated Receipt point for the Customer's account (hereinafter the "Supplier"). The Customer may act as its own Supplier provided it meets the requirements set forth in Section 24.0.
- 1.4 No representative of the Company has the authority to modify orally any provision or rate contained in the Schedule of Rates or to bind the Company to any promise or representation contrary thereto. Any such modification to the Schedule of Rates or any such promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, subject in all cases to applicable statutes and to the regulations of the M.D.P.U..
- 1.5 The Company will advise any new Customers as to the least expensive rate available for distribution services for which they are eligible. If the Company is notified by the Customer in writing of an elected change in the Customer's distribution service, the Company will again advise the Customer as to the least expensive rate available for the distribution service for which they are eligible. Responsibility for selecting the applicable rate is and remains the responsibility of the Customer, subject to the provisions of the Schedule of Rates. Unless specifically stated to the contrary, all rates are based upon the provision of distribution service to the Customer on an annual basis. The Customer may change from one rate to another no more than once in any twelve (12)

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month period, unless warranted by a demonstrated change in the Customer's annual load profile. Any change in rate classification will not be retroactive if the change is requested by the Customer.

- 1.6 The Company reserves the right to impose reasonable fees and charges pursuant to the various provisions of these Terms and Conditions. Said fees and charges shall be set forth at Appendix B to these Terms and Conditions as approved by the M.D.P.U..
- 1.7 In the event that the Company incurs minimum bill, inventory, transition, take or pay surcharges, imbalance charges or any other charges associated with the provision of Distribution Service to Customers, the Company may impose an additional charge on the Suppliers serving said Customers as approved by the M.D.P.U..

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2.0 DEFINITIONS

Adjusted Target Volume (ATV)	The volume of Gas determined pursuant to Section 12.3.
Aggregation Pool	One or more Customer accounts whose Gas Usage is served by the same Supplier and aggregated pursuant to Section 24.6 of these Terms and Conditions 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 Section 13.6 of these Terms and Conditions.
Assignment Date	Five (5) Business Days prior to the first Day of each month when the Company assigns Capacity to Suppliers pursuant to Section 13.4 of these Terms and Conditions.
Authorization Number	A unique number 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 Customer's Gas Usage information pursuant to Section 24.4, and to initiate or terminate Supplier Service as set forth in Section 24.5 of these Terms and Conditions.
Business Day	Monday through Friday excluding holidays recognized by the Company, which will be posted on the Company's website on an annual basis. If any performance date referenced in these Terms and Conditions is not a Business Day, such performance shall be the next succeeding Business Day.
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. MMBtu is one million Btus.
Capacity	Pipeline Capacity, Underground Storage Withdrawal Capacity, Underground Storage Capacity and Peaking Capacity as defined in these Terms and Conditions.

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Capacity Allocators	The proportion of the Customer's Total Capacity Quantity that comprises Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity.
City Gate	The interconnection between a Delivering Pipeline and the Company's distribution facilities.
Company	NSTAR Gas Company d/b/a Eversource Energy
Company Gas Allowance	The difference between the sum of all amounts of Gas received into the Company's distribution system and the sum of all amounts of Gas delivered from the Company's distribution system as calculated by the Company for the most recent twelve (12) month period ending July 31. 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 an event of Force Majeure, excluding gas otherwise accounted for.
Company-Managed Supplies	Capacity contracts held and managed by the Company in accordance with governing tariffs, but made available to the Supplier pursuant to Section 24.5 of these Terms and Conditions, including supply-sharing contracts and load-management contracts.
Consumption Algorithm	A mathematical formula used to estimate a Customer's daily consumption.
Critical Day	In accordance with Section 19.0 of these Terms and Conditions, 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 Default Service and/or Distribution 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 day that is assumed to be unrelated to weather.
Daily Index	The mid-point of the range of prices for the respective New England Citygates as published by <u>Gas Daily</u> under the heading "Daily Price Survey, Midpoint, Citygates, Algonquin citygates" and "Daily Price

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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 M.D.P.U. approves a suitable replacement.

Day or 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 Delivering Pipeline.
Dekatherm	Ten Therms
Default Service	Gas commodity service provided to a Customer who is not receiving Supplier Service, in accordance with Section 15.0 of these Terms and Conditions. The provision of Default Service shall be the responsibility of the Company and shall be provided to the Customer by the Company or its designated supplier pursuant to law or regulation.
Delivering Pipeline	The interstate pipeline company that transports and delivers Gas to the Designated Receipt Point.
Delivery Point	The interconnection between the Company’s facilities and the Customer’s facilities.
Design Winter	The forecasted Winter during which the Company’s system experiences the highest aggregate Gas Usage.
Designated Receipt Point	For each Customer, the Company designated interconnection between a Delivering 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.
Designated Representative	The designated representative of the Customer, who shall be authorized to act for, and conclusively bind, the Customer regarding Distribution Service in accordance with the provisions of Section 25.0 of these Terms and Conditions.

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Distribution Service	The transportation and delivery by the Company of Customer purchased Gas on any Gas Day from the Designated Receipt Point to the Customer's Delivery Point pursuant to these Terms and Conditions.
Gas	Natural gas that is received by the Company from a Delivering 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 Service Area	An area within the Company's distribution system as defined in Section 4.0 of these Terms and Conditions, 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 usage per degree day.
Interruptible Distribution Service	Transportation Service provided to the Customer by the Company that is subject to curtailment by the Company and/or the Customer in accordance with Section 17.0 of these Terms and Conditions.
Maximum Daily Peaking Quantity (MDPQ)	The portion of a Customer's TCQ identified and allocated as Peaking Capacity, such that the maximum daily amount of Gas that can be withdrawn from a Suppliers' Peaking Service Account pursuant to Section 16.0 of these Terms and Conditions shall be equal to the sum of the Customers' MDPQs in a Supplier's Aggregation Pool
MDPU	The Massachusetts Department of Public Utilities.
Month	A calendar month of Gas Days.
Monthly Index	The average of the Daily Indices for the relevant Month.
Nomination	The notice given by the Supplier to the Company that specifies an intent to deliver a quantity of Gas to the Designated Receipt Point(s) on behalf of a Customer, including the volume to be received, the Designated

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Receipt Point(s), the Delivering 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 May to October, inclusive.
Operational Flow Order	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 Section 19.0 of these Terms and Conditions.
Peak Day	The forecasted Gas Day during which the Company's system experiences the highest aggregate Gas Usage as approved by the M.D.P.U..
Peaking Capacity	Capacity normally used by the Company to provide Peaking Service.
Peak Season	The consecutive months November to April, inclusive.
Peaking Service	A supplemental supply service provided by the Company to effectuate the assignment of pro-rata shares of the Company's Peaking Capacity.
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 these Terms and Conditions.
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 Winter conditions. The Company will post the Peaking Service Rule Curve on its Website as identified in Section 23.0 of these Terms and Conditions.
Peaking Supply	The aggregate amount of peaking supply required to meet the Company's forecasted peaking-supply needs during a Design Winter.
Peaking Supply Allocator	An allocation factor that represents the proportion of a Customer's estimated Gas Usage during the Design Winter that is generally served with Peaking Service supplies.

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Pipeline Capacity	Transportation capacity on interstate pipeline systems normally used for deliveries of Gas to the Company, exclusive of Underground Storage Withdrawal Capacity and Underground Storage Capacity.
Pre-Determined Allocation Method	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.
Reference Period	A period of at least twelve (12) months for which a Customer's Gas Usage information is typically available to the Company.
Supplier	Any entity licensed by the M.D.P.U. to sell Gas to retail Customers in Massachusetts, that has met the Company's requirements set forth in these Terms and Conditions, and that has been designated by the Customer to supply Gas to a Designated Receipt Point for the Customer's account.
Supplier Service	The sale of Gas to a Customer by a Supplier.
Therm	An amount of Gas having a thermal content of 100,000 Btus.
Total Capacity Quantity	The total amount of Capacity assignable to a Supplier (TCQ) on behalf of a Customer.
Underground Storage Capacity	Contracts for capacity in off-system storage facilities used to accumulate and maintain gas inventories for redelivery to the Company's city gates.
Withdrawal Capacity	Capacity for the withdrawal of gas inventories maintained in off-system storage facilities, as well as the transportation capacity used to deliver such gas to the Company's city gates.
Underground Storage Withdrawal Capacity	Capacity for the withdrawal of gas inventories maintained in off-system storage facilities, as well as the transportation capacity used to deliver such gas to the Company's city gates.
Winter	The period November 1 through March 31

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3.0 CHARACTER OF SERVICE

- 3.1 The service that the Company will supply to any Customer shall be limited to the character of service which is available at the location to which such service is proposed to be furnished.
- 3.2 The furnishing of service by the Company under the Schedule of Rates and in accordance with these Terms and Conditions and the rules and regulations of the M.D.P.U., and acceptance by the Customer constitutes a contract between the Company and the Customer under these provisions.
- 3.3 The benefits and obligations of accepting service shall inure to and be binding upon the successors and assigns, survivors and executors or administrators, as applicable, of the Customer.
- 3.4 All rates within the Schedule of Rates 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 Schedule of Rates, except when a Customer is served through multiple points of delivery or metering installations for the Company's own convenience.
- 3.5 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 Customer to install any necessary regulating and protective equipment in accordance with the requirements and specifications of the Company.

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4.0 GAS SERVICE AREAS AND DESIGNATED RECEIPT POINTS

4.1 There shall be 2 Gas Service Areas defined for purposes of administering capacity assignments, nominations, balancing, imbalance trading, and Aggregation Pools pursuant to these Terms and Conditions. Each such Gas Service Area shall be defined to include the municipalities listed within each such Gas Service Area, as follows:

Area 1: Tennessee Gas Service Area

Auburn	Marlborough	Sterling
Berlin	Maynard	Stow
Bolton	Millbury	Sutton
Boylston	Millville	Upton
Grafton	Northborough	Uxbridge
Holden	Northbridge	Westborough
Hudson	Shrewsbury	West Boylston
Leicester	Southborough	Worcester

Area 2: Algonquin Gas Service Area

Ashland

Ashland	Hopkinton	Natick
Dedham	Hyde Park	Needham
Dover	Mendon	Sherborn
Framingham	Milford	Wayland
Holliston	Milton	Westwood
Hopedale		

Cambridge

Cambridge	Somerville
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New Bedford

Acushnet	Freetown	New Bedford
Carver	Kingston	Plymouth
Dartmouth	Marion	Rochester
Fairhaven	Mattapoisett	

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- 4.2 For each Aggregation Pool as set forth by Section 24.6, the Company will designate at least one specific interconnection between a Delivering 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 as follows:

Tennessee Gas Pipeline

Upland Street	Marlborough
Farnumsville	Framingham
Hopkinton	
Hudson	

Algonquin Gas Pipeline

Hopedale	Woodland Rd.	Mystic
Milford	Westwood	Freetown
Ashland	Brookford	Shawmut
Charles River Rd.	Dover	Samoset
Marathon	Pine Hills	

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5.0 CUSTOMER REQUEST FOR SERVICE FROM COMPANY

- 5.1 Application for Distribution Service, Default Service, or any other service offered by the Company to a Customer will be received through 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 Distribution Service must also arrange for gas commodity service with a Supplier pursuant to Section 24.0. A Customer may act as its own Supplier provided it meets all of the Supplier requirements delineated in Section 24.0.
- 5.3 A non-residential Customer applying for service may be required to supply a security deposit in accordance with Section 14.0 of these Terms and Conditions. The Company reserves the right to refuse service to any non-residential applicant who has not paid a deposit as required by the Company.
- 5.4 The Company may accept oral application by a prospective Customer for residential service, except as noted below in Section 5.5. All applicants must be of legal age to contract for service with the Company, and the Company reserves the right to verify the identity of the Customer and the application information given by the proposed Customer, through commercially or publicly available means. The Company may require an application for non-residential service to be in writing and may provide for the application to be submitted via the Company's Website in accordance with Section 23.0 of these Terms and Conditions. When a written application for non-residential service is required by the Company, such service shall not commence until the Company has received the Customer's completed application form, except that the Company may, at its option, provide service to the Customer for an interim period not to exceed ten (10) Business Days pending the receipt of the Customer's completed application. No agent or employee of the Company is authorized to modify or affect by oral promise, agreement or representation the provisions of such written application.
- 5.5 In the event that an oral application for service is received by the Company from an applicant who is not currently a Customer of record of the Company for service at a location where service is disconnected for non-payment, the Company may request application to be made in writing to any agent or duly authorized representative as a precondition for service, unless otherwise ordered by the M.D.P.U.. The Company reserves the right to refuse service, at any location, to an applicant who is indebted to the Company for any service furnished to such applicant. However, the Company shall commence service if the applicant has agreed to a reasonable payment plan.
- 5.6 Upon receipt of an application from a prospective Customer setting forth the location of the premises to be served, the extent of the service to be required and any other pertinent information requested by the Company, the Company will advise the Customer of the type and character of the service it will furnish, under the applicable tariff, and if required, the location of the Company's

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metering and related equipment. The Company will have sole reasonable discretion on the location of meters and other related equipment. Upon request, the Company will furnish detailed information describing the connections necessary between the Company's facilities and the Customer's premises and Customer and Company responsibilities for installation of facilities.

- 5.7 An application for service will not be approved until the Customer has delivered to the Company a fully completed request for service form and the Company has determined that an adequate flow of Gas can be delivered to the Customer's Delivery Point under normal operating conditions.
- 5.8 Whenever the estimated expenditures necessary to supply Gas to a Customer or to resume service to a Customer after a discontinuance of service for over twelve (12) months, for reasons other than the needs of the Company, shall be of such an amount that the income to be derived from gas service at the applicable rates will, in the opinion of the Company, be insufficient to warrant such expenditures, the Company may, in addition to the payments for Gas under the applicable rates, require the Customer to pay the whole or a part of such expenditures, or make such other reasonable payments as the Company may deem necessary. At the Company's discretion, a Customer may enroll in an installment plan to make such payments as specified in Appendix C.
- 5.9 The Company reserves the right to reject any application for service if the amount or nature of the service applied for, or the distance of the premises to be served from existing, suitable gas distribution facilities, or the difficulty of access thereto is such that the estimated income 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.
- 5.10 A Customer shall be and remain the Customer of record and shall be liable for service taken until such time as the Customer requests termination of service and a final meter reading is obtained by the Company. Such final meter reading shall not be unduly delayed by the Company. The billing rendered by the Company based on such final meter reading shall be payable upon receipt. In the event that the Customer of record fails to give notice of termination of service to the Company or hinders the Company's access to the meter, the Customer of record shall continue to be liable for service taken until the Company either disconnects the meter or a new Customer assumes responsibility for taking service at such service location.
- ~~The Customer shall be liable for all costs incurred by the Company when the Customer prevents access to the Company's equipment.~~
- 5.11 In the absence of a duly constituted Customer of record, receipt of service shall constitute the recipient a Customer of the Company and shall bind such Customer to the provisions of the

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Schedule of Rates but shall not relieve such Customer from an obligation to execute an application for service.

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6.0 CUSTOMER INSTALLATION

- 6.1 The Customer shall furnish, maintain, and operate the facilities between the Delivery Point and the Customer's equipment, unless otherwise agreed upon in writing by the Company and the Customer.
- 6.2 The Company reserves the right to disconnect its service at any time without notice or to refuse to connect its service if, to its knowledge and in its judgment, the Customer's installation has become or is dangerous, defective or in violation of the Company's requirements.
- 6.3 The Company shall not be required to commence or continue service unless and until the Customer has complied with all requirements of any and all governmental authorities and the Company with reference to the use of Gas on the premises. All inspections, reports and approvals (where required), must be received in writing by the Company before service shall be commenced or reconnected.
- 6.4 The Customer assumes full responsibility for the proper use of Gas delivered by the Company and for the condition, suitability and safety of any and all equipment on the Customer's premises, or owned or controlled by the Customer which is not the Company's property. The Customer shall indemnify and save harmless the Company from and against any and all claims, expenses, legal fees, losses, suits, awards or judgments for injuries to or deaths of persons or damage of any kind, whether to property or otherwise, arising directly or indirectly by reason of: (i) the routine presence in or use of Gas from pipes owned or controlled by the Customer; or (ii) the failure of the Customer to perform any of its duties and obligations as set forth in the Schedule of Rates where such failure creates safety hazards; or (iii) the Customer's improper use of Gas or gas appliances. The Company shall be liable only for direct damages resulting from the Company's conduct of its business pursuant to this section to the extent set forth in Section 20.2.
- 6.5 The Customer shall notify the Company in writing before making any significant change in the Customer's gas equipment which would affect the Company's facilities required to serve the Customer. The Customer shall be liable for any damage to the Company's property caused by Customer's additional or changed installation if made without prior notification to the Company.
- 6.6 The Customer shall not install, own or maintain gas piping across or in the public way or any recorded private way without the prior written consent of the Company in each case obtained.
- 6.7 The Customer shall furnish and maintain, at no cost to the Company, the necessary space, housing, fencing, barriers, and foundations for the protection of the equipment to be installed upon the Customer's premises, whether such equipment is furnished by the Customer or the Company. If the Customer refuses, the Company may at its option charge the Customer for furnishing and maintaining the necessary protection of the equipment. Such space, housing, fencing, barriers and

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foundations shall be in conformity with applicable laws and regulations and subject to the Company's specifications and approval.

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7.0 COMPANY INSTALLATION

- 7.1 The Company shall own, operate and maintain, at its expense, its gas distribution facilities to the Delivery Point.
- 7.2 Unless otherwise specified herein, the Company will furnish and install, at locations it designates, one or more meters for the purpose of measuring the Gas delivered.
- 7.3 Whenever the Company determines that an unauthorized use of Gas is being made on the premises of a Customer, the Company may make such changes in its meters, appliances or other equipment on said premises or take such other corrective action as may be appropriate to insure the safety and security of the equipment and its installation under the circumstances. Any such changes shall be made at the Customer's expense. Nothing in this paragraph shall be deemed to constitute a waiver of any other rights of redress that may be available to the Company or to limit in any way any legal recourse that may be open to the Company.
- 7.4 Any properly identified employee of the Company shall have access to the premises of the Customer at all reasonable times for the purposes of reading meters, testing the Customer's load, inspecting the Customer's premises and equipment, or of repairing, removing or exchanging any or all equipment belonging to the Company and for the purpose of removing its property on the termination of any service agreement or the discontinuance of service.
- 7.5 The Company will notify the Customer whenever it obtains information indicating that Gas is being diverted from the Customer's service or that the meter has been tampered with. Unless there is a violation of the Massachusetts Sanitary Code 105 C.M.R. 410.354 for which the Customer is not responsible, the Customer will be held responsible to the Company for any theft, leakage or waste of Gas which may occur beyond the point of the meter installation.
- 7.6 Where service under the Schedule of Rates 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 Usage. 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 reasonable judgment, any such installation presents unusual difficulties as to metering the service supplied, the Company may estimate consumption for purposes of applying the Schedule of Rates. Unless otherwise approved by the Company in writing, temporary service shall be defined as installations intended for removal within a period not to exceed twelve (12) months.
- 7.7 The Company shall not be required to install the equipment necessary to provide its service unless the Customer shall have obtained and provided to the Company at its request all certificates, permits (excepting street permits) and licenses from governmental authorities and such grants of rights-of-way as may be requisite to enable the Company to install and furnish the requested

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service. The subsequent termination of any certificate, permit, license or right-of-way requisite for such service shall terminate any contract then existing for such service without any liability on the Company for breach of such contract or failure to furnish service.

- 7.8 The Company shall make, or cause to be made, application for any necessary street permits and shall not be required to supply service until a reasonable time after such permits are granted.
- 7.9 All meters, services and other gas equipment owned by the Company shall be and will remain the property of the Company, and no one other than an employee or authorized agent of the Company shall be permitted to remove, operate, or maintain such property. The Customer shall not interfere with or alter the meter, seals or other property used in connection with the rendering of service or permit the same to be done by any person other than the authorized agents or employees of the Company. The Customer shall be responsible for all damage to, or loss of, such property unless occasioned by circumstances beyond the Customer's control. Such property shall be installed at points most convenient for the Company's access and service and in conformance with public regulations in force from time to time. The costs of relocating such property shall be borne by the Customer when done at the Customer's request, or for the Customer's convenience, or if necessary to remedy any violation of public law or regulation caused by the Customer.
- 7.10 Unless there is negligence on the part of the Company, the Company shall not be liable for damage to the person or property of the Customer or any other persons resulting from the use of Gas or the presence of the Company's appliances and equipment on the Customer's premises. 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 the Schedule of Rates or in accordance with or required by law.
- 7.11 The Company shall maintain the accuracy of all metering equipment installed pursuant hereto by regular testing and calibration in comparison to recognized standards. Any meter tested and found to register less than or equal to 2% above or below the recognized comparative standard shall be considered correct and accurate. A Customer may request the Company to test the accuracy of any of its metering equipment installed upon the Customer's premises. The Company may remove and test its meters at no charge to residential Customers. The Company may charge non-residential Customers for this testing if the meter tested is found to register less than or equal to 2% above or below the recognized comparative standard, and such test was conducted as part of an investigation into a high bill complaint by the Customer. Any such test shall be conducted according to the standards therefor as established by this paragraph.

In the event that any meter fails to register or registers incorrectly, the Company shall reasonably determine the length of the period during which such meter failed to register or registered incorrectly and the quantity of Gas delivered during such period, based upon available information,

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including the Customer's records of Gas Usage and operation at the Customer's facility. The Customer shall reimburse the Company for any unscheduled maintenance or repairs to telemetering equipment that is required to restore meter operation as a result of faulty telephone or electrical connections, or as a result of the actions of the Customer. The Company shall be responsible for restoring telephone or electrical connections as a result of its actions.

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8.0 QUALITY AND CONDITION OF GAS

- 8.1 Gas delivered to the Company by or for the Customer shall conform, in all respects, to the gas quality standards of the Delivering 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.
- 8.2 In no event shall the Company be obligated to accept and deliver any Gas that does not meet the quality standards of the Delivering Pipeline or that has a Btu content greater than 1,090 Btu per cubic foot or less than 960 Btu per cubic foot.
- 8.3 The Company reserves the right to commingle Gas tendered by a Supplier at a Designated Receipt Point with other gas supplies, including liquefied natural gas and propane-air vapor.
- 8.4 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.

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9.0 POSSESSION OF GAS

- 9.1 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.
- 9.2 The Company shall not be liable to the Supplier or the Customer for any loss arising from or out of Distribution 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.

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10.0 COMPANY GAS ALLOWANCE

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. Such adjustment will be included in the Company's Peak Season Cost of Gas Adjustment filing with the M.D.P.U., and at the Company's option, will be posted on the Company's website.

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11.0 DAILY METERED DISTRIBUTION SERVICE

11.1 Eligibility

All Customers (and their Suppliers) taking firm 365-day Distribution Service from the Company are eligible for Daily-Metered Distribution Service in accordance with Section 11.0 of these Terms and Conditions. Section 11.0 also applies to Customers taking Interruptible Distribution Service pursuant to Section 17.0.

11.2 Distribution Service Provided

This service provides transportation of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers electing to have Gas Usage recorded on a daily basis at the Delivery Point.

11.3 Nominations and Scheduling of Service

11.3.1 The Supplier is responsible for nominating and delivering on every Day an amount of Gas that equals the aggregated Gas Usage of Customers in the Aggregation Pool.

11.3.2 Nominations will be communicated to the Company by electronic means as determined by the Company pursuant to Section 23.0, or, in the event of failure of such electronic means, by another alternative means including fax as specified in the Supplier's Service Agreement.

11.3.3 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 Delivering 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 best efforts basis.

11.3.4 The Supplier may make intra-Month nominations relating to changes to existing nominations for a given Month no later than two (2) hours prior to the deadline for intra-Month nominations of the Delivering 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 best efforts basis.

11.3.5 The Supplier may make intra-Day nominations relating to changes to existing nominations within a given day no later than two (2) hours prior to the intra-Day nomination deadline for the Delivering Pipeline on which the nomination is to be effective, or such lesser period as determined by the

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Company. Intra-Day nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis.

- 11.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Delivering Pipeline. The Company will attempt to confirm the nominated volume with the Delivering 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 Delivering Pipeline, the lower volume will be deemed confirmed. No later than twenty-four (24) hours on the Business Day following the Gas Day of the Delivering Pipeline, the Supplier may allocate such discrepancy between the Supplier's Aggregation Pools within the same Gas Service Area 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.
- 11.3.7 Nominations may not be accepted, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Distribution Service under the distribution tariffs in effect from time to time and these Terms and Conditions.

11.4 Determination of Receipts

- 11.4.1 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 Delivering Pipeline(s).
- 11.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Section 10.0 of these Terms and Conditions.

11.5 Metering and Determination of Deliveries

- 11.5.1 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. The Company shall require each Customer to install and maintain, at the Customer's expense, reliably available telephone lines and electrical connections that meet the Company's operating requirements. Telemetering equipment shall remain the property of the Company at all times.
- 11.5.2 Should a Customer or a Supplier request new telemetering equipment or request that a communication device be attached to the existing telemetering equipment, the Company shall provide, install, test, and maintain the requested telemetering equipment or communication device. The requested telemetering equipment or communication device must meet the Company's requirements. 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

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equipment or communication device shall become the property of the Company and will be maintained by the Company. The Company shall complete installation of the telemetering equipment or communication device, if reasonably possible, within thirty (30) days of receiving a written request from the Customer or Supplier provided that the Customer completes the installation of any required telephone or electrical connections within ten (10) days of such request. The Company shall bill the Customer or Supplier upon installation.

11.6 Balancing

11.6.1 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 Delivering 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 Delivering 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 Delivering Pipeline. All Gas Usage in excess of the Suppliers maximum hourly flow rate will be subject to an unauthorized overrun penalty for each Dekatherm not delivered of 5 times the Daily Index. The Company will notify the Supplier of the Supplier's maximum hourly flow.

11.6.2 The Supplier must maintain a balance between daily receipts and daily usage within the following tolerances:

Off-Peak Season	The difference between the Supplier's aggregate actual receipts on the Delivering 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 a penalty of 0.1 times the Daily Index for all differences not within the 15% tolerance.
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Peak Season	The difference between the Supplier's aggregate actual receipts on the Delivering 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 a penalty of 0.5 times the Daily Index for all differences not within the 10% tolerance.
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Critical Day(s)	The Company will determine if the Critical Day will be aggravated by an underdelivery or an overdelivery, and so
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notify the Supplier when a Critical Day is declared pursuant to Section 19.0.

Critical Day Aggravated by Underdelivery. The Supplier will be charged a penalty of 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 Delivering Pipeline to the Gas Service Area. The Supplier will be charged a penalty of 0.1 times the Daily Index for the differences between said receipts and said usage that exceed 20% of said receipts [(Receipts - Usage) > (20% x Receipts)].

Critical Day Aggravated by Overdelivery. The Supplier will be charged a penalty of 0.1 times the Daily Index for the aggregated Gas Usage of Customers in the Aggregation Pool that exceeds 120% of the Supplier's aggregate actual receipts on the Delivering Pipeline to the Gas Service Area. The Supplier will be charged a penalty of 5 times the Daily Index for differences between said receipts and said usage that exceed 2% of said receipts [(Receipts - Usage > (2% x Receipts)].

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

- 11.6.3 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.
- 11.6.4 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:

<u>Imbalance Tier</u>	<u>Overdeliveries</u>	<u>Underdeliveries</u>
0% ≤ 5%	The average of the Daily Indices for the relevant Month.	The highest average of seven consecutive Daily Indices for the relevant Month.

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> 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% Underdelivery on a Delivering Pipeline, volumes that make up the first 5% of the imbalance are priced at the highest average of the seven consecutive Daily Indices. Volumes making up the remaining 2% of the imbalance are priced at 1.15 times the average of the seven consecutive Daily Indices.

11.6.5 In addition to the charges set forth in Section 11.6.2, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.

11.6.6 If, during any fifteen (15) consecutive 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 Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) 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 Days, the Supplier may be reinstated at the end of the 30 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 these Terms and Conditions for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under these Terms and Conditions, 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, gathering 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.

~~11.6.7 If, as a result of the Company interrupting or curtailing service pursuant to Section 17.0 of these Terms and Conditions, the Supplier incurs a daily imbalance penalty due to overdelivery, 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 delivered to the Designated Receipt Point, then the Company will credit such Gas against the Supplier's imbalance.~~

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12.0 NON-DAILY METERED DISTRIBUTION SERVICE

12.1 Eligibility

All firm Customers (and their Suppliers) taking Distribution Service from the Company who have an annual load of less than 100,000 therms per year are eligible for Non-Daily Metered Distribution Service in accordance with Section 12.0 of these Terms and Conditions.

12.2 Distribution Service Provided

This service provides firm, 365-day transportation of Customer purchased Gas from the Designated Receipt Point to the Delivery Point on any Gas Day for Customers, without the requirement for recording Gas Usage at the Delivery Point on a daily basis. Daily nominations are calculated by the Company on the basis of a consumption algorithm, and the Supplier is obligated to deliver to the Designated Receipt Point(s) such quantities. The Company shall make the consumption algorithm available to a Supplier upon request of the Supplier.

12.3 Nominations and Scheduling of Service

12.3.1 The Supplier is obligated to nominate and deliver the Adjusted Target Volume ("ATV"), as determined in Section 12.3.2, to the Designated Receipt Points on every Day for each Aggregation Pool.

12.3.2 The Company shall determine the ATV for each Aggregation Pool of Customers taking Non-Daily Metered Distribution Service for each Day using a consumption algorithm based on the degree day forecast for that Day. Information on the consumption algorithm shall be posted on the Company's Website as identified in Section 23.0. On each Business Day, the Company will communicate the forecasted ATV to the Supplier for the subsequent four (4) Days. The Company shall apply the ATV for a required Supplier nomination according to the following schedule:

- (1) The ATV applied for a Day immediately following a Business Day will be communicated to the Supplier two (2) hours prior to the Company's nomination deadline for that Day as set forth in Sections 12.3.4 and 12.3.5.
- (2) The ATV applied for a Day not immediately following a Business Day will be communicated to the Supplier two (2) hours prior to the Company's nomination deadline for the Day immediately following the last Business Day as set forth in Sections 12.3.4 and 12.3.5.

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- 12.3.3 Nominations will be communicated to the Company by electronic means as determined by the Company pursuant to Section 23.0, or, in the event of failure of such electronic means, by another alternative means including fax as specified in the Supplier's Service Agreement.
- 12.3.4 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 Delivering 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 best efforts basis.
- 12.3.5 The Supplier shall provide a intra-Month nomination no later than two (2) hours prior to the deadline of the Delivering 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 best efforts basis.
- 12.3.6 Nominations will be conditionally accepted by the Company pending confirmation by the Delivering Pipeline. The Company will attempt to confirm the nominated volume with the Delivering 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 Delivering Pipeline, the lower volume will be deemed confirmed. No later than twenty-four (24) hours on the Business Day following the Gas Day of the Delivering Pipeline, the Supplier may allocate such discrepancy between the Supplier's Aggregation Pools within the same Gas Service Area 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.
- 12.3.7 In the event that the Supplier is unable to deliver a confirmed ATV nomination, the Supplier may make intra-Day nominations relating to changes to existing nominations within a given day no later than two (2) hours prior to the intra-Day nomination deadline for the Delivering 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 Delivering Pipeline. Intra-Day nominations on weekends, holidays, and non-business hours will be accepted by the Company on a best efforts basis. The Company shall not adjust the ATV applied for that Day, unless in accordance with Section 19.0 of these Terms and Conditions.
- 12.3.8 Nominations may not be accepted, at the sole reasonable discretion of the Company, if they do not satisfy the conditions for Distribution Service under the transportation tariffs in effect from time to time and these Terms and Conditions.

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12.3.9 All quantities of Gas overdelivered or underdelivered to the Company's system in violation of an OFO pursuant to Section 19.0 will be subject to the Critical Day provisions of Section 12.6.1 of these Terms and Conditions, and the delivered quantity specified in the OFO will replace the ATV.

12.4 Determination of Receipts

12.4.1 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 Delivering Pipeline(s).

12.4.2 The Company Gas Allowance will be assessed against receipts pursuant to Section 10.0 of these Terms and Conditions.

12.5 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 pursuant to Section 14.0 of these Terms and Conditions. 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.

12.6 Balancing

12.6.1 Any difference between the Supplier's ATV for an Aggregation Pool and the receipts on the Delivering 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 difference will be cashed out at 1.1 times the Daily Index. For receipts greater than the ATV, the difference will be cashed out at 0.8 times the Daily Index.

Peak Season: For receipts less than the ATV but greater than or equal to 95% of the ATV, the difference will be cashed out at 1.1 times the Daily Index. For receipts less than 95% of the ATV, the first 5% difference will be cashed out at 1.1 times the Daily Index, and the remaining difference will be cashed out at 2 times the Daily Index. For receipts greater than the ATV, the difference will be cashed out at 0.8 times the Daily Index.

Critical Day: The Company will determine if the Critical Day will be aggravated by an underdelivery or an overdelivery, and so

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notify the Supplier when a Critical Day is declared pursuant to Section 19.0.

Critical Day Aggravated by Underdelivery. For receipts less than the ATV, the difference will be cashed out at 5 times the Daily Index. For receipts greater than the ATV but less than or equal to 125% of the ATV, the difference will be cashed out at the Daily Index. For receipts in excess of 125% of the ATV, the first 25% difference will be cashed out at the Daily Index, and the remaining difference will be cashed out at 0.8 times the Daily Index.

Critical Day Aggravated by Overdelivery. For receipts greater than the ATV, the difference will be cashed out at 0.4 times the Daily Index. For receipts less than the ATV but greater than or equal to 75% of the ATV, the difference will be cashed out at the Daily Index. For receipts less than 75% of the ATV, the first 25% difference will be cashed out at the Daily Index and the remaining difference will be cashed out at 1.1 times the Daily Index.

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

- 12.6.2 In addition to the charges set forth in Section 12.6.1, the Company shall flow through to the Supplier any pipeline imbalance penalty charges attributable to the Supplier.
- 12.6.3 If, during any fifteen (15) consecutive Days, the Supplier delivers an amount less than 70% of the sum of the ATVs of the Aggregation Pool in said Days, the Company may declare the Supplier ineligible to nominate Gas for the following thirty (30) 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 Days, the Supplier may be reinstated at the end of the 30 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 these Terms and Conditions for one (1) full year from the time of the second disqualification. If the Supplier defaults on its obligations under these Terms and Conditions, 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, gathering and to cover other related costs incurred

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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.

12.6.4 The Company shall use a daily cash out calculation to account for Company balancing requirements due to differences in forecast versus actual degree days. Using the consumption algorithm described in Section 12.3.2, the Company will recalculate the ATV for each Aggregation Pool for each day of the Month, substituting actual degree days for forecast 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.

12.6.5 During the billing months of both June and December, 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) In the billing month of June, using the recalculated ATV values described in Section 12.6.4, 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 the month ending April 30.
- (2) In the billing month of December, using the recalculated ATV values described in Section 12.6.4, 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 the month ending October 31.

The Company shall allow Suppliers to trade seasonal differences. Prior to the annual 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 Section 4.0, unless waived by the Company. All trades must be communicated to the Company within three (3) Business Days following receipt of the list.

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13.0 CAPACITY ASSIGNMENT

13.1 Applicability

Section 13.0 of these Terms and Conditions applies to all Suppliers providing Supplier Service to a Customer or Customers taking Daily-Metered or Non-Daily Metered Distribution Service from the Company pursuant to Section 11.0 or 12.0, respectively, of these Terms and Conditions. Section 13.0 shall also apply, to the extent noted herein, to any Customer acting as its own Supplier and taking Daily-Metered or Non-Daily Metered Distribution Service from the Company. The Company will assign and the Supplier shall accept each Customer's pro-rata shares of Capacity, if any, as established in accordance with this Section.

13.2 Identification of Capacity for Assignment

13.2.1 On or before September 1 of each year, the Company shall post on its Website or other such means the Capacity to be made available for assignment to Suppliers on each of twelve Assignment Dates beginning the following October. Such posting shall list, by Gas Service Area, all resource contracts eligible for assignment, the Capacity resource-allocation percentage by load factor, and the associated Capacity cost by load factor. Such posting shall also provide notice of any potential or pending contract change, including known and disclosable contract terminations, that are scheduled to require action by the Company between September 1 of the current year and October 31 of the next year. For capacity assignments occurring November 1, 2000, resource-allocation percentages and resource-allocation costs, will be posted by the Company no later than October 15, 2000.

13.2.2 The Company shall post on its Website or other such means notice to Suppliers of any unscheduled contract changes that would affect the Capacity resource-allocation percentage or the associated Capacity cost. The Company will affirmatively notify all Suppliers serving Customers in the Company's system via electronic mail, facsimile or telephone, that such change has been posted. Such posting shall identify the contract under renegotiation and describe the nature of the renegotiation to the extent permitted by applicable confidentiality agreements. Such notice shall also provide an opportunity for Suppliers to comment on the contract under renegotiation. The Company shall further notify Suppliers of the results of such renegotiation no less than 60 days prior to the effective date of the contract change.

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- 13.2.3 Capacity assigned by the Company may include Company-Managed Supplies that effectuate, at maximum tariff rates or lesser rate paid by the Company, the assignment of certain capacity contracts, including Canadian, Section 7(c) and other contracts that are not assignable to third parties.
- 13.3 Determination of Pro-Rata Shares of Capacity
- 13.3.1 The Company shall establish a Total Capacity Quantity ("TCQ") for each Customer taking Distribution Service. The TCQ represents the total amount of Capacity assignable to a Supplier on behalf of a Customer.
- 13.3.2 For a Customer receiving Default Service on or after November 1, 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.
- 13.3.3 For a Customer receiving only Distribution Service from the Company on February 1, 1999, or who had a written request filed with the Company on or before February 1, 1999 to receive only Distribution Service, the TCQ shall be zero except in cases where the Customer elects to have capacity assigned to its Supplier pursuant to Section 13.10, when the TCQ shall be less than or equal to the Customer's estimated Gas Usage on the Peak Day as determined by the Company. The Company shall derive such estimate using a Daily Baseload and a Heating Factor based upon the Customer's historic Gas Usage during a Reference Period ending in October 1999.
- 13.3.4 For a Customer that has converted from receiving Default Service to receiving only Distribution Service during the period beginning February 2, 1999 through and including March 31, 2000, the TCQ shall be zero until October 31, 2000, when the TCQ shall be changed to equal the Customer's estimated Gas Usage on the Peak Day as determined by the Company. The Company shall derive such estimate using a Daily Baseload and a Heating Factor based upon the Customer's historic Gas Usage during a Reference Period ending in October 1999. In the event that the Customer returns to Default Service prior to November 1, 2000, or if the Customer converts from daily-metered Distribution Service to non-daily-metered Distribution Service prior to November 1, 2000, the TCQ for the Customer shall be changed from zero to equal the Customer's estimated Gas Usage on the Peak Day as established above.
- 13.3.5 For a new Customer taking only Distribution Service as its initial service after February 1, 1999, 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, when the TCQ established by the Company for the

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former Customer shall become the TCQ for the new Customer. The Company will reduce said TCQ value for the new Customer upon a demonstration by the new Customer, or its designated representative, that a material and permanent difference between the former Customer's load profile and the new Customer's load profile warrants such a reduction. In the event that Default Service is provided at a new meter location for Gas Usage associated with new construction or an existing structure converting to natural gas service, the TCQ shall be zero, provided that the Customer initiates Supplier Service in accordance with Section 24.5 of these Terms and Conditions within 120 days of gas flow, or within 60 days of gas flow for Customers with annual volumes of greater than 40,000 therms per year. Upon application by a new Customer, the LDC will provide that Customer with a description of the Customer's service options, a list of Suppliers authorized to provide service on its system and contact information for those Suppliers.

- 13.3.6 Once the Company establishes a TCQ for a Customer pursuant to this Section 13.3, 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 Default Service. The Company shall establish a new TCQ value for the Customer pursuant to Section 13.3.2 if the Customer elects to take Supplier Service after returning to Default Service, unless otherwise established herein.
- 13.3.7 Notwithstanding the provisions of Section 13.3.6, where a Customer's TCQ is established on the basis of less than 12-months historical data, the TCQ may be recalculated at the Customer's request, or by request of the Customer's designated representative, upon the collection of 12-months of usage data. In the event that the TCQ established on the basis of 12-months usage data differs significantly from the TCQ initially established, the Company shall adjust the Customer's TCQ to be consistent with the 12-months usage data. Upon request by the Customer, or the Customer's designated representative, the Company shall change a Customer's TCQ where an error has occurred in the calculation of the TCQ or where the Customer, or its designated representative, demonstrates that a material and permanent change in the Customer's load profile warrants such an adjustment in the Customer's TCQ.
- 13.3.8 The Company shall determine the pro-rata shares of Pipeline Capacity, Underground 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 Schedule of Rates shall be set forth annually in Appendix A to these Terms and Conditions.
- 13.3.9 The Company shall determine the pro-rata share of Underground Storage Capacity assignable to a Supplier on behalf of a Customer consistent with the tariffs governing the associated Underground Storage Withdrawal Capacity.

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13.3.10 The Company shall determine the pro-rata shares of Peaking Supply assignable to a Supplier in accordance with Section 16.0 of these Terms and Conditions.

13.4 Capacity Assignments

13.4.1 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 Sections 13.2, 13.3 and 13.7.

- (1) The total amount of Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity assigned to the Supplier on behalf of the Customers in an Aggregation Pool shall, subject to the provisions of Section 13.4.2, be equal to the cumulative sum of the pro-rata shares of Pipeline Capacity, Underground 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.
- (2) Whenever the Company assigns incremental Underground Storage Withdrawal Capacity to the Supplier, the Company shall also assign to that Supplier additional Underground Storage Capacity pursuant to Section 13.8.
- (3) The Peaking Capacity assigned to the Supplier shall establish the 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 Section 16.0.

13.4.2 Except for the assignment of the initial block of capacity, the Company shall execute capacity assignments in increments of 200 MMBtus. The Supplier shall accept an initial increment of 500 MMBtus of Capacity on the first Assignment Date when the sum of the pro-rata shares of Capacity to be assigned to the Supplier pursuant to Section 13.4.1 is equal to or greater than 400 MMBtus. The Supplier shall accept additional increments of Capacity in blocks of 200 MMBtus on the following Assignment Dates commensurate with any cumulative increase in the sum of pro-rata shares of Capacity assignable to the Supplier that are equal to or greater than 150 MMBtus. Each increment of Capacity accepted by the Supplier shall comprise Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity in proportion to the cumulative increase of the pro-rata shares of assignable Capacity as established in accordance with Section 13.4.1.

13.4.3 The Supplier shall accept, on behalf of any Customer taking Daily-Metered Distribution Service pursuant to Section 11.0 of these Terms and Conditions, and not combined by the Supplier into an Aggregation Pool under Section 24.6, the assignment of Capacity in the amount equal to the Customer's TCQ, as established pursuant to Section 13.3. Daily-Metered Customers shall be eligible for assignment of Capacity pursuant to the provisions of Section 13.4.2 to the extent that

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such Customers are combined by a Supplier into an Aggregation Pool within a designated Gas Service Area. In the event that 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 Section 13.3. In no case, shall a Customer who is acting as its own Supplier be eligible for the assignment of Capacity pursuant to the provisions of Section 13.4.2.

13.5 Release of Contracts

13.5.1 With the exception of Company-Managed Supplies, 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. In lieu of such capacity release, the Supplier may authorize the Company to retain the capacity for management and cost mitigation under the Company's Capacity Mitigation Service pursuant to Section 13.11 of these Terms and Conditions.

13.5.2 Capacity contracts released to a Supplier on an Assignment Date shall be released for a term beginning on the first day of the Month following the Assignment Date through the expiration date of the respective capacity contract being assigned.

13.5.3 The Company reserves the right to adjust releases of Underground Storage Withdrawal Capacity in the event that fifty percent (50%) or more of the total Underground Storage Withdrawal Capacity serving a Gas Service Area has been assigned to Suppliers. Such adjustments may include, but not be limited to, the reassignment of certain Underground Storage Capacity and Underground 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.

In order to provide notice of the potential for such an adjustment, the Company will post information regarding its Customer-migration statistics each September 1, including the percentage of Underground Storage Withdrawal Capacity assigned to Suppliers in accordance with this section. To the extent that the Company determines that such adjustment is necessary, based on the level of capacity assigned to Suppliers, the Company shall notify Suppliers of the terms of the proposed adjustment no later than 90 days prior to the implementation of such adjustment.

13.6 Annual Reassignment of Capacity

13.6.1 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

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Supplier's Aggregation Pools (as of the first day of the Month following the Annual Reassignment Date).

- 13.6.2 If the reassignment of Underground Storage Withdrawal Capacity requires adjustments to the Underground Storage Capacity previously assigned to a Supplier, the Company shall reassign Underground Storage Capacity to such Supplier, and the Company and the Supplier shall address any associated increments and decrements to inventories in place pursuant to Section 13.8 of these Terms and Conditions.
- 13.6.3 If the reassignment of Peaking Capacity is required by 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 address any associated increments and decrements to supplies pursuant to Section 16.0 of these Terms and Conditions.

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13.7 Recall of Capacity

13.7.1 If the pro-rata shares of Capacity assignable to a Supplier declines because one or more of the Supplier's Customers has returned to Default 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 subject to the conditions set forth in Section 13.7.2. If the Company elects to recall Capacity from a Supplier pursuant to this Section, such recall shall be made on the first Assignment Date following the effective date of the Customer's return to Default Service.

If the Company elects to recall Underground Storage Withdrawal Capacity from the Supplier pursuant to this Section, the Company shall reduce the Underground Storage Capacity associated with the affected Aggregation Pool in accordance with Section 13.8 of these Terms and Conditions. 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 Section 16.0 of these Terms and Conditions.

13.7.2 The Company shall, in its sole reasonable discretion, determine whether to exercise its capacity-recall rights pursuant to Section 13.7.1, except in the following circumstances, where the Company shall recall capacity associated with Customers returning to Default Service at the time of the next Assignment Date in accordance with the provisions of Section 24.5 of these Terms and Conditions:

- (1) The Supplier returning said Customers to the Company's Default Service certifies that it is ceasing all business operations in Massachusetts;
- (2) The Supplier returning said Customers to the Company's Default Service certifies that it will no longer offer service to a particular market sector, *i.e.*, residential, small commercial and industrial ("C&I"), medium C&I, and/or large C&I Customers, and therefore, once such Customers are returned to Default Service, the Supplier is not eligible to re-enroll Customers of that type for a minimum time period of one year;
- (3) The Supplier demonstrates that it has provided Supplier Service to the Customer for at least 12 consecutive months and that the Capacity to be recalled by the Company has been held by the Supplier, on behalf of the Customer, for a period equal to the sum of one or more 12-month increments. Except that, the Company will recall capacity associated with a Customer who converted from Default Service to receiving only Distribution Service during the period between November 1, 1999 and March 31, 2000, and was assigned Capacity pursuant to sections 13.3 and 13.4 as of November 1, 2000.

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(4) To the extent that the return of Customers to Default Service does not occur pursuant to the conditions set forth in Sections 13.7.2(1), (2) or (3), the Company's discretion to recall Capacity shall be exercised so as to preclude the inappropriate avoidance of Capacity-cost responsibility, while minimizing the potential for inhibiting the routine enrollment, switching and termination of Customers from Supplier Service to Default Service.

13.7.3 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 Section 13.4. There shall be no change in 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.

If the Company recalls Underground Storage Withdrawal Capacity from the Customer's former Supplier, the Company shall reduce the Underground Storage Capacity associated with the affected Aggregation Pool in accordance with Section 13.8 of these Terms and Conditions. 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 Section 16.0 of these Terms and Conditions.

13.7.4 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's 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 assignable to the Supplier that is equal to or greater than 150 MMBtus. Each decrement of Capacity assigned to the Supplier shall comprise Pipeline Capacity, Underground Storage Withdrawal Capacity and Peaking Capacity in proportion to the cumulative decrease in the pro-rata shares of Capacity recalled from the Supplier.

13.7.5 In the event that a Supplier is declared ineligible to nominate Gas for thirty (30) days pursuant to Sections 11.6.6 or 12.6.3 of these Terms and Conditions, 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-day period, the Company shall reassign Capacity to the Supplier on the next Assignment Date pursuant to Section 13.4. There shall be no change in the TCQ values used to determine the Supplier's Customers' pro-rata shares of Capacity for reassignment.

13.7.6 In the event that a Supplier is disqualified from service for a one (1) full year pursuant to Sections 11.6.6 or 12.6.3 of these Terms and Conditions, the Company shall 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 Sections 13.4 and 13.5

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- 13.7.7 In the event that the Supplier fails to meet the applicable registration and certification requirements established by law or regulation, fails to satisfy the requirements and practices as set forth in Section 24.3 of these Terms and Conditions, 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 these Terms and Conditions 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.
- 13.7.8 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.
- 13.8 Underground Storage Capacity
- 13.8.1 On each Assignment Date, the Company shall release Underground Storage Capacity to a Supplier that accepts the assignment of Underground Storage Withdrawal Capacity pursuant to Section 13.4. The Company shall assign such Underground Storage Capacity consistent with the tariffs governing the release of the associated Underground Storage Withdrawal Capacity.
- 13.8.2 If the Company assigns Underground Storage Capacity to a Supplier pursuant to Section 13.8.1 above, the Company shall transfer in-place gas inventories to the Supplier. For incremental assignments, the quantity of incremental inventories to be transferred from the Company to the Supplier shall be determined by multiplying the incremental Underground Storage Capacity assigned to the Supplier on the Assignment Date, times the applicable Storage Inventory Percentage described in Section 13.8.5. 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 post the Company's weighted average cost of inventories, by Gas Service Area, on its Website by the 15th of the Month preceding the next Assignment Date.
- 13.8.3 In the event that the Company recalls Underground Storage Withdrawal Capacity from the Supplier pursuant to Section 13.7, the Company shall also recall Underground Storage Capacity from the Supplier. The Company shall determine the total Underground Storage Capacity to be recalled from the Supplier in accordance with the tariffs governing the Underground Storage Withdrawal Capacity returned to the Company.

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13.8.4 If the Company recalls Underground Storage Capacity from a Supplier pursuant to Section 13.8.3, 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 Underground Storage Capacity times the applicable Storage Inventory Percentage described in Section 13.8.5. The Supplier shall be reimbursed at the Company's weighted average cost of inventories in the off-system storage facilities serving the applicable Aggregation Pool as of the Assignment Date, for each Dekatherm transferred from the Supplier to the Company. The Company shall post the Company's weighted average cost of inventories, by Gas Service Area, on its Website by the 15th of the Month preceding the next Assignment Date.

13.8.5 Underground Storage Inventory Percentages shall be the ratio of the unassigned inventory levels in each storage resource that exists on the Assignment Date and the maximum Underground Storage Capacity of each storage resource less any Underground Storage Capacity previously assigned.

13.9 Company-Managed Supplies

13.9.1 The Company shall provide access to and ascribe cost responsibility for the pro-rata shares of certain capacity contracts, including Canadian, Section 7(c) and other contracts that are not assignable to third-parties.

13.9.2 The Supplier's Service Agreement shall set forth the quantity of each Company-Managed Supply assigned to the Supplier pursuant to Sections 13.4 and 13.8.

13.9.3 The Company shall notify the Supplier of the conditions and/or restrictions on the use of Company-Managed Supplies.

13.9.4 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 incurred from the utilization of Company-Managed Supplies on behalf of the Supplier.

13.9.5 The Company shall nominate quantities to the Delivering Pipeline and/or other interstate pipelines and off-system storage operators on behalf of Suppliers to which the Company has assigned the Company-Managed Supply, 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 Sections 11.3 and 12.3 of these Terms and Conditions, unless earlier deadlines are required by the applicable contract terms.

13.10 Open-Season Capacity Assignments

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A Customer that was either receiving only Distribution Service from the Company on February 1, 1999, or had a written request filed with the Company on or before February 1, 1999 to receive only Distribution Service, may elect for its Supplier to accept the assignment of its pro-rata shares of Capacity as determined by the Company in accordance with Section 13.3. The Customer must have submitted to the Company, on or before the last day of the designated open season, 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 Sections 13.0 and 16.0 of these Terms and Conditions.

13.11 Capacity Mitigation Service

13.11.1 Capacity Mitigation Service is available to Suppliers that have been assigned capacity pursuant to Section 13.4 of these Terms and Conditions. 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 Section 13.5 of these Terms and Conditions. Company-Managed Supplies and Peaking Capacity are excluded from the Capacity Mitigation Service.

13.11.2 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 Section 13.5, 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.

13.11.3 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.

13.11.4 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 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.

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14.0 BILLING AND SECURITY DEPOSITS

14.1 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 M.D.P.U., from the time service is commenced until it is terminated. The Company shall provide a single bill, reflecting unbundled charges, to Customers for Default Service.

14.2 The Company shall offer two billing service options to Customers taking Distribution 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 Section 24.5.

14.2.1 Standard Complete Billing Service

The Customer shall receive a single bill from the Company for both Distribution 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 M.D.P.U..

The Supplier shall adhere to the Customer classes and rate pricing structure as specified in the Company's current Schedule of Rates on file with and approved by the M.D.P.U.. 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 for the Supplier that will, in addition to the usage being billed, contain the calculated Supplier billing amounts for the current bill 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 Distribution Service, and if any payment remains, it shall be applied to Supplier Service.

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14.2.2 Standard Passthrough Billing Service

The Customer taking Distribution Service shall receive two (2) bills: the Company shall issue one bill for Distribution 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 Competitive Suppliers shall be governed by the particular Customer/Competitive 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. The Company may charge a fee to the Supplier for providing the billing information described in this section as approved by the M.D.P.U..

14.2.3 The Company shall print twelve (12) months' of historic usage data on the bill it issues to the Customer, in addition to the usage data for the current billing period.

14.2.4 Existing Company service fees, such as interest charges for unpaid balances and returned check charges, shall remain in effect and shall be assessed, as applicable, according to these Terms and Conditions.

14.3 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.

14.4 The Company shall schedule meter reads on a monthly or bimonthly cycle for billing purposes.

14.5 If the Customer receives Default Service or Non-Daily Metered Distribution Service pursuant to these Terms and Conditions and the applicable tariffs, the term billing month as used in the Schedule of Rates shall refer to the time period between two (2) consecutive regular monthly meter readings (or estimates of such monthly meter readings), the later of which occurs in the month to which reference is made, unless otherwise specifically stated within the Schedule of Rates. In the event that such time period is five (5) days greater or five (5) days less than thirty (30) days, billings will be appropriately adjusted by the Company.

14.6 The Company may, at its option, read meters and render bills on a bi-monthly basis to Customers in part or all of its service territory. When bills are rendered bi-monthly, the Company's Schedule of Rates will be applied in the following manner to compensate for such change:

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- (1) The charge for the initial consumption block and the quantity of use in each block shall be multiplied by two.
 - (2) Monthly minimum charges, special equipment charges, demand charges and other additive charges contained in Schedule of Rates shall be multiplied by two.
 - (3) Where consumption blocks are increased based on equipment rating or capacity, such increases shall be multiplied by two.
- 14.7 The Company may render an estimated bill in the event that a regular meter reading cannot be obtained as normally scheduled. At the Company's option, Customers whose meters are scheduled to be read bi-monthly may be billed in each intervening billing month on an estimated basis. Estimated bills shall be payable when rendered.
- 14.8 Any Customer who would otherwise receive an estimated bill as provided above may elect to receive a bill based on actual meter readings by reading its meter at the time prescribed by the Company, recording the meter reading accurately on an appropriate form (which will be furnished by the Company upon request of the Customer) and immediately submitting the meter reading to the Company, or by such other means as arranged by the Company.
- 14.9 The Customer shall be liable for all rates, charges and surcharges allowed for in the Schedule of Rates related to services provided to each Customer individually.
- 14.10 If the Company is unable to gain access to the Customer's premises to obtain actual meter reads for a non-residential account for more than three (3) billing months, the Company may install automatic meter reading devices, or relocate the meter to an outside location, at the Customer's expense. In the event that the Customer is receiving Supplier Service, the Company shall notify the Customer's Supplier of any change in the Customer's account number upon the change in meter device or location.
- 14.11 A Customer acting as its own Supplier will be subject to the billing and payment requirements in Section 24.8 of these Terms and Conditions.
- 14.12 Readings taken by an automated meter reading device will be considered actual readings for billing purposes.
- 14.13 Unless otherwise specified, bills of the Company are payable when rendered (received) and may be paid at the office of the Company or at any authorized collector or agency. A Supplier may apply for authorization as a collector of Company bills in the Supplier Service Agreement. Bills shall be deemed rendered and other notices duly given, when delivered to the Customer personally

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or three (3) days following the date of mailing to the premises supplied or to the last known address of the Customer, or when left at either of such places.

- 14.14 Bills rendered to residential Customers on a billing month basis for which payment has not been received within 45 days from the date rendered or a period of time greater than has elapsed between the rendering of such bill and the rendering of the most recent previous bill, whichever period is greater, shall be considered past due.
- 14.15 Bills rendered to non-residential Customers on a billing month basis for which payment has not been received by the Company within 25 days from the date thereof -- 55 days for bills rendered to the Commonwealth of Massachusetts, or any agency, city, town, county or political subdivision thereof-- shall be considered past due and bear interest as specified in Appendix B hereof on any unpaid balance from the date of the bill until the date of payment. The rate of interest shall be determined annually in accordance with the M.D.P.U. regulations at 220 C.M.R. 26.00 and shall become effective each year with February bills.
- 14.16 The Company may assess a Returned Check Fee as specified in Appendix B to any Customer whose check made payable to the Company is dishonored by any bank when presented for payment by the Company.
- 14.17 In the event that the Company obtains inaccurate meter readings for any reason or in case any meter shall for any reason fail to register the full amount of Gas supplied or the maximum demand of any Customer for any period of time, the amount of the bill of such Customer shall be estimated by the Company from available data. Such estimates shall be binding upon both the Company and the Customer of record, unless a Customer of record disputes such estimate by following the billing and termination procedures of the M.D.P.U.. Such billing and termination procedures appear on the reverse side of each bill rendered by the Company for gas service.
- 14.18 Subject to law and the applicable regulations of the M.D.P.U., security deposits may be required from new non-residential accounts; or from non-residential accounts for service of a similar character at any location under any name if this service has been properly terminated during the last eighteen (18) months due to non-payment; or if a non-residential account has failed to pay at least two bills, not reasonably in dispute within forty-five (45) days from the date of receipt of each such bill during the same 18-month period.

The maximum amount of any security deposit required shall not exceed the equivalent of either: 1) two billing months' average Gas Usage; or 2) the Gas Usage for any one billing month, whichever is greater. The security deposit, plus any accrued interest not previously credited to the account shall be refunded without request if the Customer has paid all bills for Gas Usage for any twenty-four (24) month period from the date of deposit and without leaving such bills unpaid within forty-five (45) days of receipt.

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Interest will be paid on all cash deposits held over six months at a rate equivalent to the rate paid on two-year United States Treasury notes for the preceding twelve (12) months ending December 31 of any year, or as otherwise determined by the M.D.P.U.. The Company may terminate a Customer's Distribution Service if the deposit is not made between ten (10) and fourteen (14) days time after it has been requested in writing.

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15.0 DEFAULT SERVICE

- 15.1 Default Service is the supply 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 tariffs approved by the M.D.P.U.. Each Customer receiving Default Service shall receive one bill from the Company reflecting unbundled charges for services.
- 15.2 A Customer receiving Default Service on October 31, 2000 shall continue to receive Default Service unless the Customer elects to take gas supply service from a Supplier and until such time that Supplier Service is initiated for the Customer in accordance with Section 24.5 of these Terms and Conditions. If said Customer terminates Supplier Service, if a Supplier terminates service to said Customer, or if said Customer's designated Supplier becomes ineligible to serve the Customer pursuant to Sections 11.6.5, 12.6.3, or 24.3 of these Terms and Conditions, the Company will provide Default Service to the Customer. Pursuant to Section 24.5 of these Terms and Conditions, the Company will initiate Default Service for the Customer and will provide Default Service to the Customer until such time that Supplier Service is initiated for the Customer by a new Supplier.
- 15.3 Any Customer whose Supplier has been assigned Capacity on behalf of said Customer pursuant to Section 13.0 of these Terms and Conditions may elect to return to Default Service if no longer receiving Supplier Service from a Supplier. If necessary, the Company will initiate Default Service for the Customer pursuant to Section 24.5 of these Terms and Conditions, and will provide the Customer with Default Service until such time that Supplier Service is initiated for the Customer by a new Supplier. The Company will provide Default 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.
- 15.4 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Section 13.0 of these Terms and Conditions terminates Supplier Service to said Customer, the Customer may select another Supplier. If necessary, the Company will initiate Default Service for the Customer pursuant to Section 24.5 of these Terms and Conditions, and will provide the Customer with Default Service until such time that Supplier Service is initiated for the Customer by a new Supplier. The Company will provide Default Service to said 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.
- 15.5 In the event that a Supplier that has been assigned Capacity on behalf of a Customer pursuant to Section 13.0 of these Terms and Conditions becomes ineligible to serve said Customer pursuant to Sections 11.6.5, 12.6.3, or 24.3 of these Terms and Conditions, the Company will provide the Customer with Default Service up to a maximum daily level of Gas Usage not to exceed the TCQ of recallable capacity assigned to the Customer's Supplier.

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- 15.6 The Company shall be under no obligation to provide Default Service to a Customer at a maximum daily level in excess of the TCQ of recallable capacity assigned to a Supplier on behalf of said Customer. The Company may elect to provide Default Service to such 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 Default Service.

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16.0 PEAKING SERVICE

16.1 Availability

Peaking Service is available to all Suppliers providing Supplier Service to a Customer or Customers taking Daily-Metered or Non-Daily Metered Distribution Service from the Company pursuant to Section 11.0 or 12.0, respectively, of these Terms and Conditions. Section 16.0 shall also apply, to the extent noted herein, to any Customer acting as its own Supplier and taking Daily-Metered or Non-Daily Metered Distribution Service from the Company. The Company will assign and the Supplier shall accept each Customer's pro-rata shares of Capacity, if any, as established in accordance with this Section.

16.2 Character of Service

16.2.1 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.

16.2.2 The Company shall provide quantities of Gas, at the Supplier's request, from the Supplier's Peaking Service Account as established in accordance with Section 16.4. 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.

16.3 Peaking Service Rate Components

16.3.1 The applicable rates for Peaking Service shall be established in the Company's tariffs as approved by the M.D.P.U.. The Supplier shall pay a peaking-demand charge based on its MDPQ of assigned Peaking Capacity as billed by the Company over the six months of 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 such costs that are collected through distribution rates, divided by the estimated peaking resources needed to meet the Company's total system Peak-Day requirement.

16.3.2 The Supplier shall pay a commodity charge equal to the weighted average cost of peaking supplies plus fuel retention and carrying charges. The Company shall post the Company's weighted average cost of peaking supplies on its Website by the 15th of the 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.

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16.4 Peaking Supply

- 16.4.1 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.
- 16.4.2 On each Assignment Date, the Company shall assign Peaking Supply to a Supplier whose MDPQ has been increased pursuant to Section 13.4. 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 as set forth on the Company's Website. 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 Section 16.4.5.
- 16.4.3 On each Assignment Date, the Company shall recall Peaking Supply from a Supplier whose MDPQ has been decreased pursuant to Section 13.7. 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 Section 16.4.1 above.
- 16.4.4 If the Company recalls Peaking Supply from a Supplier pursuant to Section 16.4.3, 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 as set forth on the Company's Website. 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 Section 16.4.5.
- 16.4.5 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 day of the Month following the Assignment Date for incremental and decremental assignments of Peaking Supply. Each September, the Company shall post on its Website the Peaking Inventory Percentages that shall be applied to incremental or decremental Peaking Supply assignments executed on each of the twelve Assignment Dates beginning in October.
- 16.4.6 On each Annual Reassignment Date, the Company shall reset the balance in the Supplier's Peaking Service Account to equal to the total Peaking Supply assignable to the Supplier on behalf of Customers enrolled in its Aggregation Pool (as of the first day of the Month following the Annual Reassignment Date) as determined in accordance with Section 16.4.1 above.

16.5 Nomination of Peaking Service

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- 16.5.1 The Supplier shall nominate to the Company the quantity of Peaking Supply, not in excess of the amount determined pursuant to Section 16.4.2 that the Supplier desires to be provided from its Peaking Service Account for the applicable Day. For an Aggregation Pool of Customers taking Daily Metered Distribution Service, the notice given by the Supplier to the Company for an applicable Day shall be made in accordance with Section 11.3 of these Terms and Conditions. For an Aggregation Pool of Customers taking Non-Daily Metered Distribution Service, the notice given by the Supplier to the Company for an applicable Day shall be made in accordance with Section 12.3 of these Terms and Conditions.
- 16.5.2 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 these Terms and Conditions.
- 16.5.3 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 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 Section 13.0 hereof, 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.
- 16.5.4 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.

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16.6 Peaking Service Critical Day Provisions

- 16.6.1 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 Section 19.0 of these Terms and Conditions.
- 16.6.2 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 Section 19.0 of these Terms and Conditions.
- 16.6.3 If, on a Critical Day, the Company projects, based on the Supplier's nominations, that the Supplier's scheduled deliveries to the Designated Receipt Points of an Aggregation Pool are less than the maximum feasible volumes for deliveries on the Delivering Pipeline, the Company may issue an OFO to the Supplier in accordance with Section 19.0 of these Terms and Conditions.

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17.0 INTERRUPTIBLE DISTRIBUTION SERVICE

- 17.1 Until such time that standardized terms and conditions for Interruptible Distribution Service are developed, the terms of Customer-specific contracts shall establish the provision of such service by the Company.

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18.0 DISCONTINUANCE OF SERVICE

- 18.1 The Company may discontinue the supply of service and/or remove its equipment from the Customer's premises if the Customer fails to comply with the provisions of the Schedule of Rates or any supplementary or special agreement entered into with the Company, subject to any applicable billing and termination procedures of the M.D.P.U.. The Company may assess an Account Restoration Charge pursuant to Appendix B of these Terms and Conditions upon such discontinuance of supply. Any such charge must be paid as a precondition to restoration of service.
- 18.2 Whenever the Company reasonably determines that a Customer is diverting and/or stealing service, the Company may discontinue its service to such Customer and remove the meter.
- 18.3 The Company shall notify a Customer's Supplier of record that it has initiated any applicable billing and termination procedures of the M.D.P.U.. In the event that the Company discontinues Distribution Service to a Customer in accordance with the provisions set forth above, the Company shall provide electronic notification to the 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.

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19.0 OPERATIONAL FLOW ORDERS AND CRITICAL DAYS

- 19.1 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.
- 19.2 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 services 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.
- 19.3 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 Section 13.0 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 action 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 penalty revenues as set forth in Sections 11.6 and 12.6 for any underdeliveries or overdeliveries caused by that Supplier.
- 19.4 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 on the Company's Website or by other means as established in the Supplier Service Agreement. The Supplier will be responsible for coordinating with its Customers regarding any necessary change to the Customer's quantity of Gas Usage. An OFO or Critical Day will remain in effect until its removal by the Company.
- 19.5 All quantities of Gas overdelivered or underdelivered to the Company's system in violation of an OFO will be subject to the Critical Day provisions of Sections 11.6 and 12.6 of these Terms and Conditions.

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20.0 FORCE MAJEURE AND LIMITATION OF LIABILITY

- 20.1 Neither the Company nor the Supplier will be liable 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, breakage or accident to machinery or pipeline (which breakage or accident is not the result of the Company's negligence or misconduct); 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 the applicable tariff or by these Terms and Conditions 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.
- 20.2 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 the Schedule of Rates or in accordance with or required by law, including, without limitation, termination of the Customer's service.

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If the Company is unable to render firm Distribution Service to the Customer taking such service as contemplated by these Terms and Conditions as a result of Force Majeure, and such inability continues for a period of thirty (30) days, the Customer may provide written notice to the Company of its desire to terminate Distribution Service at the expiration of thirty (30) days from the Company's receipt of such notice, but no sooner than sixty (60) days following the outset of the Force Majeure. If the Company has not restored Distribution Service to the Customer at the end of such notice period, the Customer's Distribution 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. In such event, a Customer taking firm Distribution Service pursuant to a Rate Schedule that includes distribution-service demand charges, shall be eligible for an adjustment to the billed demand charges or a reimbursement of paid demand charges on a pro-rated basis to match the period in which the Company is unable to render Distribution Service as a result of the Force Majeure.

20.4 Consistent with the provisions of Section 20.2 of these Terms and Conditions, 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 losses, damages, costs (including reasonable attorney's fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "Liabilities"), resulting from claims of third parties to the extent that such claims arise from negligent acts or omissions or willful misconduct in connection with the performance of obligations under these Terms and Conditions. No party shall be entitled to indemnification or be held harmless where its own negligent acts or omissions contribute to or cause such damages, costs, fines, penalties or liabilities.

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21.0 CURTAILMENT

- 21.1 Whenever the integrity of the Company's system or the gas supply of the Company's Customers taking firm Default Service or Distribution 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 and 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.
- 21.2 The Company shall post notice of curtailment as soon as practicable to the Suppliers of affected Customers via the Company's Website as identified in Section 23.0 or by alternative means as specified in the Supplier Service Agreement.
- 21.3 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.
- 21.4 If the Company is required to curtail or interrupt service due to capacity constraints, the Company's interruptible services shall have a priority subordinate to the Company's firm Distribution Service and Default Service Customers.
- 21.5 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 Default Service and firm Distribution Service Customers on a nondiscriminatory basis consistent with the Company's curtailment policy or emergency plan, as is in effect and on file with the M.D.P.U..
- 21.6 In the event service to a Customer is terminated or curtailed due to a failure to have Gas delivered to the Designated Receipt Point, the affected Customer will take all reasonable action to return to the taking of Distribution Service as rapidly as practicable.

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22.0 TAXES

- 22.1 In the event a tax of any kind is imposed or removed by any governmental authority on the transportation of Gas or on the gross revenues derived from the transportation 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.
- 22.2 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.
- 22.3 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.

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23.0 COMMUNICATIONS

All communications called for between a Supplier and the Company shall be made through the Company's Internet Website ("Website") at <http://www.eversource.com>, or by other alternative means as agreed to by the Company and the Supplier in the Supplier Service Agreement. Communications using the Website or the alternative mode shall be binding.

The Company has the right to change its Website address and the alternative mode of communication and will notify the Supplier of such change. Such a change shall not require filing of these Terms and Conditions with the M.D.P.U..

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24.0 SUPPLIER TERMS AND CONDITIONS

24.1 Applicability

The following Terms and Conditions shall apply to every registered Supplier authorized to do business within the Commonwealth of Massachusetts, and to every Customer doing business with said Suppliers.

24.2 Obligations of Parties

24.2.1 Customer

Unless otherwise agreed to by the Company and the Customer, a Customer shall select one Supplier for each account at any given time. The Customer must provide the selected Supplier with its applicable Authorization Number. A Customer may choose only a Supplier who meets the terms described in Sections 24.2.3 and 24.3 below and who meets any applicable registration and licensing requirements established by law or regulation.

24.2.2 Company

The Company shall provide transportation of Customer purchased Gas from the Designated Receipt Point to the Delivery Point in accordance with the service selected by the Customer pursuant to Sections 11.0 or 12.0 of these Terms and Conditions and the applicable tariffs for firm and interruptible Distribution Service.

Pursuant to these Terms and Conditions and the Supplier Service Agreement, the Company shall offer Distribution Service, metering, billing, and information services for a Customer to purchase Supply Service from a Supplier, provided that the Supplier meets applicable registration and licensing requirements established by law or regulation. The Company is prohibited from providing these services to a Supplier that has not met applicable registration and licensing requirements established by law or regulation. In addition, the Company is prohibited from providing these services to a Supplier for a new Customer if the Supplier does not meet applicable registration and licensing requirements established by law or regulation.

The Company will also:

- (1) Provide Customer service and support, including call center functions, for services provided by the Company;
- (2) Respond to service interruptions, reported gas leaks, and to other Customer safety calls;

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- (3) Handle connections, curtailments, and terminations for services provided by the Company;
- (4) Read meters;
- (5) Submit bills to Customers for Distribution Service, and if contracted by the Supplier, for Supplier Service in accordance with Section 14.2.1;
- (6) Address billing inquiries for Distribution Service;
- (7) Answer general questions about Distribution Service;
- (8) Provide to Suppliers, on request, the data format and procedures for electronic information transfers and funds transfers;
- (9) Provide to Customers, on request, a list of Suppliers that are qualified to operate on its system;
- (10) Arrange for or provide Default Service to the Customer at the request of the Customer in accordance with the Company's tariff; and,
- (11) Provide information regarding, at minimum, rate tariffs, billing cycles, capacity assignment methods, and consumption algorithms, on its Website or by alternate electronic means.

24.2.3 Supplier

Each Supplier must meet the applicable registration and licensing requirements established by law or regulation.

The Supplier shall act on behalf of the Customer to acquire supplies and to deliver such supplies to the Designated Receipt Point pursuant to the service selected by the Customer and the requirements of the applicable tariff for Distribution Service.

The Supplier is responsible for enrolling Customers pursuant to Section 24.5 of these Terms and Conditions.

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 Section 24.3 of these Terms and Conditions, be and remain an approved shipper on the upstream pipelines and underground storage facilities on which the Company will assign capacity, if any, under Section 13.0, and be and remain eligible to provide service to Customers in Massachusetts.

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The Supplier is responsible for completing all transactions with the Company pursuant to Section 23.0, and for all applicable charges associated with Customer enrollment and changes in the Customer's service as set forth in Section 24.5 and Appendix B.

24.3 Supplier Requirements and Practices

24.3.1 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 and 10-K reports 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 most recent reports from credit reporting and bond rating agencies. The Supplier shall be subject to a credit investigation by the Company. The Company will review the Supplier's financial position periodically.

24.3.2 The Supplier shall also confirm in the Supplier Service Agreement that:

- (1) 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.
- (2) 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.
- (3) The Supplier has no delinquent balances outstanding for services previously provided by the Company, and that the Supplier must have paid its account according to the established terms and not made deductions or withheld payment for claims not authorized by contract.
- (4) No significant collection lawsuits or judgments are outstanding which would materially affect the Supplier's ability to remain solvent as a business entity.
- (5) The Supplier's Massachusetts business advertising and marketing materials conform to all applicable Massachusetts state and federal laws and regulations.

24.3.3 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;

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- (b) Letter of credit;
- (c) Surety bond;
- (d) Financial guaranty from a parent company that meets the creditworthiness criteria.

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 cost of the gas supplies, the cost of transportation storage, gathering 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 of 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.

- 24.3.4 The Supplier shall warrant that it has or will have entered into the necessary arrangements for the purchase of gas 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.
- 24.3.5 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 save it harmless from all suits, actions, debts, accounts, damage, costs, losses, taxes, and expenses arising from or out of any adverse legal claims of third parties to or against said gas supply.
- 24.3.6 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.
- 24.3.7 By agreeing to provide service under these Terms and Conditions, the Supplier acknowledges that adherence to any applicable truth in advertising law is required. Any Supplier found by a court of competent jurisdiction to have willfully or repeatedly violated the Truth in Advertising Regulations, 940 C.M.R. 3.00 et seq.; 940 C.M.R. 6.00 et seq.; Federal Trade Commission Telemarketing Sales

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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.

- 24.3.8 If the Supplier fails to comply with or perform any of the obligations on its part established in these Terms and Conditions or in the Supplier Service Agreement (e.g., but not limited to, 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 both the Supplier and its Customers. Notification of 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) days after the giving of such notice, unless within such ten (10) 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 Default Service pursuant Section 15.0 of these Terms and Conditions.

24.4 Access to Usage History and Current Billing Information

The Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Supplier. Such authorization shall consist of (i) letter of authorization; (ii) third-party verification; or (iii) a Customer-initiated call to an independent third-party, consistent with 220 C.M.R. § 11.05.

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. This information shall be provided in electronic form.

24.5 Enrollment, Cancellation, and Termination of Supplier Service

- 24.5.1 The Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to initiating Supplier Service to the Customer. Such authorization shall be in accordance with regulations established by the M.D.P.U..

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24.5.2 The Supplier must provide the Company with the following minimum information electronically in the Company's predetermined format prior to the commencement or termination of service by the Supplier pursuant to Section 24.5 of these Terms and Conditions:

- (a) The Customer's name and current Authorization Number;
- (b) The name of the Supplier;
- (c) The Customer's billing option;
- (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);
- (e) Type of Customer authorization for the change in service;
- (f) Any additional information reasonably required by the Company.

The Company shall determine whether each Customer's electronic 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 electronically notify the Supplier so that the Supplier can resolve any discrepancies. The Supplier shall not submit an electronic enrollment request until any applicable right of rescission has lapsed.

24.5.3 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 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.

24.5.4 If the Supplier submits information to the Company to terminate Supplier Service to a Customer less than ten (10) 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 electronically confirm the termination date for Supplier Service.

24.5.5 To terminate Supplier Service with a Supplier and to initiate Default Service, a Customer shall so inform the Company and the Supplier. For residential Customers, Supplier Service shall be terminated within two (2) Business Days following the date that the Customer informs the

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Company; for all other Customers, 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 10 days in advance of the next scheduled meter read. Where such notice is received by the Company in less than 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.

- 24.5.6 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 Customer's change in Supplier Service to the existing Supplier.
- 24.5.7 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 these Terms and Conditions 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 Default Service to the Customer.
- 24.5.8 In those instances when a new Customer moves to the Company's service territory, the Customer's existing 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 Default Service in accordance with Section 15.0.
- 24.5.9 The Company may charge fees to the Supplier for processing the transactions described in this section, as approved by the M.D.P.U.. These fees are included in Appendix B.

24.6 Aggregation Pools

- 24.6.1 The aggregation of Customer accounts into an Aggregation Pool is limited by the Distribution Service of the respective Customers. Customers receiving non-daily metered Distribution Service from the Company must be aggregated in a separate pool from Customers subscribing to daily-metered service.
- 24.6.2 Within each of the Company's designated Service Areas, all non-daily metered Customers served by a Supplier shall be aggregated by the Company into a single Aggregation Pool pursuant to Section 12.0 of these Terms and Conditions and the applicable tariffs.

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24.6.3 Daily metered Customers taking Distribution Service pursuant to Section 11.0 of these Terms and Conditions and the applicable tariffs can be combined by a Supplier into a single Aggregation Pool within each of the Company's designated Service Areas.

24.6.4 A separate Supplier Account will be established for each Supplier Aggregation Pool.

24.6.5 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.

24.6.6 The Company may charge a monthly fee to the Supplier for each Aggregation Pool pursuant to Appendix B.

24.7 Imbalance Trading

24.7.1 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.

24.7.2 The Company will make available a list of Suppliers by Gas Service Area making deliveries during the previous Month.

24.7.3 Aggregation Pools affected by the transaction must be located within the same Gas Service Area as defined in Section 4.0, unless waived by the Company.

24.7.4 Daily imbalance trades must be point-specific on those days when the Delivering Pipeline required the Company to balance on a point-specific basis.

24.8 Billing and Payment

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 each Customer in the Aggregation Pool pursuant to Section 14.0 of these Terms and Conditions. This data will be provided electronically on a rolling basis as readings or estimates are made.

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.

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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, as calculated pursuant to 220 C.M.R. 26.10, will apply to all amounts outstanding after ten days.

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 shall follow the billing and termination procedures of the M.D.P.U..

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25.0 CUSTOMER DESIGNATED REPRESENTATIVE

- 25.1 The Customer may appoint a Supplier as a Designated Representative to satisfy or undertake the Customer's following transportation duties and obligations: submitting and/or receiving notices on behalf of a Customer; making nominations on behalf of a Customer; arranging for trades of imbalances on behalf of a Customer as permitted under these Terms and Conditions; and, performing operational and transportation-related administrative tasks on behalf of a Customer as permitted by the Company. Under no circumstances will the appointment of a Designated Representative relieve a Customer of the responsibility to make full and timely payment to the Company for all Distribution Service provided under these Terms and Conditions.
- 25.2 A request by the Supplier to the Company that contains the Customer's account number and the type of Customer authorization obtained in accordance with M.D.P.U. regulations pursuant to Section 24.5 of these Terms and Conditions will be deemed to be confirmation that the Customer has designated the Supplier as a Designated Representative. A Customer may appoint only one (1) Designated Representative per account.
- 25.3 Under any agency established hereunder, the Company shall rely upon information concerning the applicable Customer's Distribution Service which 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 Distribution Service to such Customer shall be deemed to have been provided to the Customer. The Customer shall rely upon any information concerning Distribution Service that is provided to the Designated Representative as if that information had been provided directly to the Customer.
- 25.4 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.

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APPENDIX A

Capacity Allocators

(November 1, 2017)

Tennessee

	<u>% of Peak Day Requirement</u>				<u>% of Total Capacity</u>		
	<u>Pipeline</u>	<u>Storage</u>	<u>Peaking</u>	<u>Total</u>	<u>Pipeline</u>	<u>Storage</u>	<u>Peaking</u>
Residential	50.4%	10.1%	39.5%	100.0%	0.1%	0.1%	0.1%
Residential Heating	23.5%	15.5%	61.0%	100.0%	11.2%	17.9%	26.5%
Com/Ind LLF Small	23.5%	15.5%	61.0%	100.0%	2.8%	4.4%	6.6%
Com/Ind LLF Medium	23.5%	15.5%	61.0%	100.0%	3.6%	5.8%	8.5%
Com/Ind LLF Large	23.5%	15.5%	61.0%	100.0%	1.4%	2.3%	3.3%
Com/Ind HLF Small	50.4%	10.1%	39.5%	100.0%	0.6%	0.3%	0.4%
Com/Ind HLF Medium	50.4%	10.1%	39.5%	100.0%	1.5%	0.7%	1.1%
Com/Ind HLF Large	50.4%	10.1%	39.5%	100.0%	1.8%	0.9%	1.3%
Total					26.6%	35.4%	44.4%
High Load Factor	50.4%	10.1%	39.5%	100.0%	4.0%	2.0%	2.9%
Low Load Factor	23.5%	15.5%	61.0%	100.0%	19.0%	30.5%	44.9%

Algonquin

	<u>% of Peak Day Requirement</u>				<u>% of Total Capacity</u>		
	<u>Pipeline</u>	<u>Storage</u>	<u>Peaking</u>	<u>Total</u>	<u>Pipeline</u>	<u>Storage</u>	<u>Peaking</u>
Residential	59.8%	13.1%	27.1%	100.0%	0.7%	0.4%	0.3%
Residential Heating	46.8%	17.4%	35.8%	100.0%	45.1%	40.7%	31.4%
Com/Ind LLF Small	46.8%	17.4%	35.8%	100.0%	9.5%	8.6%	6.6%
Com/Ind LLF Medium	46.8%	17.4%	35.8%	100.0%	11.8%	10.6%	8.2%
Com/Ind LLF Large	46.8%	17.4%	35.8%	100.0%	5.6%	5.0%	3.9%
Com/Ind HLF Small	59.8%	13.1%	27.1%	100.0%	1.4%	0.7%	0.6%
Com/Ind HLF Medium	59.8%	13.1%	27.1%	100.0%	2.4%	1.3%	1.0%
Com/Ind HLF Large	59.8%	13.1%	27.1%	100.0%	0.5%	0.3%	0.2%
Total					73.3%	67.6%	52.2%
High Load Factor	59.8%	13.1%	27.1%	100.0%	5.0%	2.7%	2.1%
Low Load Factor	46.8%	17.4%	35.8%	100.0%	71.9%	64.9%	50.1%

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APPENDIX B

Schedule of Administrative Fees and Charges

(February 1, 2018)

Customer Fees & Charges

Interest Charge on Past-Due Bills (Section 14.15)	11.40% [1]
Returned Check Fee (Section 14.16)	\$4.00
Account Restoration Charge (Section 18.1)	\$75.00

Supplier Fees & Charges

Aggregation Pool Fee (Section 24.6.6)	TBD
Customer Cancellation and Termination Fee (Section 24.5.9)	TBD
Customer Enrollment Fee (Section 24.5.9)	TBD
Late Payment Charge (Section 24.8)	11.40% [1]
Standard Complete Billing Service Fee (Section 14.2.1)	TBD
Standard Passthrough Billing Service Fee (Section 14.2.2)	TBD

[1] Calculated annually in accordance with the M.D.P.U. regulations at 220 C.M.R. 26.00.

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APPENDIX C

Individual Contribution Payment Plan

1.0 Applicability

Pursuant to Section 5.8 of these Terms and Conditions and upon discretion of the Company, a Customer may make a Contribution in Aid of Construction ("CIAC") in the form of monthly installment payments. The CIAC represents the payment required by the Company to provide Distribution Service to the Customer.

2.0 Availability

The monthly installment option is available to any qualified Residential or Non-Residential Customer who may be required to make a CIAC in order for the Company to provide Distribution Service to the Customer. The Company will qualify the customer and the associated service requirements prior to approving the monthly installment option. The qualifying process may include a review of customer credit, the nature of Distribution Service requested and any restrictions on the distribution system that could impede service.

For the purposes of the Individual Contribution Payment Plan, a Residential Customer shall mean any Customer taking service under Rate R-1, Rate R-2, Rate R-3, or Rate R-4 and a Non-Residential Customer shall mean any Customer taking service under Rate G-41 or Rate G-42 .

3.0 Monthly Installment Payments

Monthly Payments under the Individual Contribution Payment Plan will be calculated by dividing the required Total Payment into 120 equal monthly payments. The Total Payment will include the Customer CIAC plus carrying charges at the prime rate as published by the *Wall Street Journal* plus administrative surcharges. The effective prime rate would remain fixed from the time of calculation to the conclusion of the Individual Contribution Payment Plan. Residential Customers shall be assessed a monthly administrative surcharge of \$5.00 per month. Non-Residential Customers shall be assessed a monthly administrative surcharge of \$7.00 per month.

4.0 Billing

The Company will generate a monthly bill separate from the Customer's bill for Distribution Service. Commencing on the payment start date and on the first day of each and every month thereafter, the Customer shall pay the the Monthly Payment, until the payment end date, at which time the Customer shall pay to the Company the then remaining balance owed under the Individual Contribution Payment Plan. In the event that the Customer submits one form of payment for both the Distribution Service and Monthly Payment, such payment shall be prioritized to satisfy Distribution Service charges first with the remainder used to satisfy the Monthly Payment.

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

Section

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1.0 PURPOSE

The Seasonal Cost of Gas Adjustment Clause ("CGAC") establishes the procedures that allow the Company, subject to the jurisdiction of the Massachusetts Department of Public Utilities ("M.D.P.U."), to adjust on a semi-annual basis, the Company's rates for firm gas sales, in order to recover the cost of gas supplies, along with any taxes applicable to those supplies, pipeline and storage capacity, the costs of local production and storage, other gas supply expenses incurred to procure and transport gas supplies, the costs of purchased gas working capital, and certain bad debt expenses to reflect the seasonal variation of gas costs. Further, the CGAC provides for the credit from all supplier refunds, from margins associated with capacity release, from off-system sales and from non-core gas sales.

2.0 APPLICABILITY

This CGAC is applicable to all core gas sales made by the Company, unless otherwise designated. As provided in Section 11.0, the application of this CGAC may, for good cause shown, be modified by the M.D.P.U.

3.0 COST OF GAS ALLOWABLE FOR CGAC

All costs of firm gas including, but not limited to, commodity costs, taxes on commodity, demand charges, local production and storage costs, other gas supply expenses incurred to procure and transport supplies, bad debt expense percent from the latest test year, transportation fees and costs associated with buyouts of existing contracts, and purchased gas working capital costs may be included in the CGAC. Any costs recovered through the application of this CGAC shall be identified and explained in the Company's semi-annual filings as outlined in Section 9.0. Non-core gas costs and the gas costs that are reflected in the Company's transportation rates are not recoverable through this CGAC.

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4.0 EFFECTIVE DATE OF GAS ADJUSTMENT FACTOR

The date on which the seasonal Gas Adjustment Factors ("GAFs") become effective will be the first day of each season as designated by the Company. Unless otherwise notified by the M.D.P.U., the Company shall submit GAF filings as outlined in Section 9.0 at least 45 days before they are to take effect.

5.0 DEFINITIONS

The following terms shall be as defined in this Section, unless the context requires otherwise:

Peak Season:	The consecutive months November to April, inclusive.
Off-peak Season:	The consecutive months May to October, inclusive.
Therm:	An amount of gas having a thermal content of 100,000 Btus.
Peak Volume:	Forecasted Peak Season core gas sales volumes in Therms.
Off-peak Volume:	Forecasted Off-Peak Season core gas sales volumes in Therms.
Total Volume:	Forecasted core gas sales volumes in Therms for the combined Peak Season and Off-Peak Season, unless otherwise approved by the M.D.P.U...
Peak Commodity:	The gas supplies procured by the Company to serve the core load in the Peak Season.
Off-peak Commodity:	The gas supplies procured by the Company to serve the core load in the Off-Peak Season.
Annual Demand	The upstream transportation capacity procured by the Company to serve the core load on an annual basis.
Storage Demand:	The upstream storage capacity procured by the Company to serve the core load in the Peak Season.
Local Production and Storage Costs:	The costs of providing storage service from Company-owned or affiliated storage facilities less costs included in the Company's transportation rates used to insure distribution system integrity, as approved by the M.D.P.U. from time to time.

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Inventory Finance Charges:	The annual cost of financing gas inventories through a trust or other financing vehicle as billed in each Peak Season based upon prior Off-Peak Season charges.
Heel LNG	The revenue requirement associated with the portion of LNG inventory required to maintain the cryogenic temperature for storage as approved by the M.D.P.U.
Supplier Refund:	The per-unit supplier refunds associated with refund program credits derived from Account 242.640 as described in Section 7.0.
Number of Days Lag:	The period of time between the purchased gas expense and revenue lags, as approved by the M.D.P.U. from time to time, to be used in the calculation of the working capital requirements.
Working Capital Requirement:	The allowable working capital derived from the sendout of the gas supplies.
Working Capital Allowance:	The allowable working capital cost per unit collection rate derived from the Working Capital Requirement.
Peak Working Capital Reconciling Adjustment:	The balance in Account 175.400 as outlined in Section 8.3.
Off-peak Working Capital Reconciling Adjustment:	The balance in Account 175.500 as outlined in Section 8.3.
Effective Tax Rate:	The combined effective state and federal income tax rates.
Cost of Debt:	The debt component of the rate of return as approved by the M.D.P.U. in the Company's most recent base rate case.
Cost of Equity:	The equity component of the rate of return as approved by the M.D.P.U. in the Company's most recent base rate case.
Cost of Capital:	The sum of the Cost of Debt and the Cost of Equity.

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Tax Adjusted Cost of Capital:	The sum of (1) the Cost of Debt and (2) the Cost of Equity divided by one minus the Effective Tax Rate.
Peak Reconciling Adjustment:	The balance in Account 175.200, inclusive of the associated Account 175.020 interest, as outlined in Section 8.3.
Off-peak Reconciliation Adjustment:	The balance in Account 175.100, inclusive of the associated Account 175.010 interest, as outlined in Section 8.3.
Bad Debt:	The uncollectible expense attributed to the Company's gas costs.
Bad Debt Factor:	The allowable cost per-unit collection rate derived from the Bad Debt Expense.
Peak Bad Debt Reconciliation Adjustment:	The balance in Account 175.680, inclusive of the associated Account 175.680, interest, as outlined in Section 8.2.
Off-peak Bad Debt Reconciliation Adjustment:	The balance in Account 175.660, inclusive of the associated Account 175.660, interest, as outlined in Section 8.2.
Bad Debt Working Capital Requirement:	The allowable working capital derived from the Bad Debt Expense.
Bad Debt Working Capital Allowance:	The allowable working capital cost per unit collection rate derived from the Bad Debt Working Capital Requirement.
Peak Bad Debt Working Capital Reconciling Adjustment:	The sum of the balance in Account 175.690 as outlined in Section 8.3.
Off-peak Bad Debt Working Capital Reconciling Adjustment:	The sum of the balance in Account 175.670 as outlined in Section 8.3

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Gas Acquisition Expense:	The costs incurred by the Company in its most recent test year to procure and transport gas supplies to the Company's city gate included in the test year of the Company's most recent base rate case as approved by the M.D.P.U..
Economic Benefit:	The difference between the revenue and the marginal cost determined to serve non-core Customers.
Threshold Level:	A level based on an historical twelve-month period ending April 30th of each year.
Non-Firm Margin:	The Economic Benefit from non-core transactions, as well as any margins earned on services rendered to Customers under contracts or service agreements in effect during the test year of the Company's most recent base rate case. Types of non-core transactions shall include, but not be limited to, capacity release, downstream capacity services to non-core Customers, non-core sales, and off-system sales. For transactions executed on or before February 19, 2013, if the total credit for each type of non-core transaction exceeds the Threshold Level, then seventy-five (75) percent of the credits earned in excess of the Threshold Level will be credited to the core gas sales Customers as established in D.P.U. 93-141-A. For transactions executed or renewed after February 19, 2013, ninety (90) percent of the total credits for all non-core transactions will be credited to the core gas sales Customers as established in D.P.U. 10-62.
Proportional Responsibility (PR) Allocator	The percentage allocator for the portion of annual capacity charges assigned to the seasons calculated in each CGA filing as approved in the Company's most recent base rate proceeding.
Peak Season GAF:	The per-unit charge, in \$/Therm, as determined by the formula set forth in Section 6.0 herein. The Peak GAF shall be calculated to the nearest hundredth of a cent per unit.
Off-peak Season GAF:	The per-unit charge, in \$/Therm, as determined by the formula set forth in Section 6.0 herein. The Off-Peak GAF shall be calculated to the nearest hundredth of a cent per unit.

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

6.0 GAS ADJUSTMENT FACTOR FORMULA

The GAFs shall be computed on a semi-annual basis using forecasts of seasonal gas costs, carrying charges, sendout volumes and sales volumes. Forecasts will be based on either historical data or Company projections and will be weather-normalized. All projections will be documented in full with each filing.

The calculation of each seasonal GAF utilizes information periodically established by the M.D.P.U. The table below lists approved cost factors as approved by the M.D.P.U.:

Heel LNG	\$263,775
Bad Debt Expense Percentage	1.9084%
Gas Acquisition Expense	\$1,237,454

6.1 Peak GAF Formula

The Peak GAF shall be calculated at the beginning of the Peak Season according to the following formula:

$$\text{GAFp} = \text{DCp} + \text{CCp} - \text{NFMp} + \text{RAp} + \text{GWCp} + \text{BDCp} + \text{BDWCp} + \text{HLNGp} + \text{ACp} - (\text{R1} + \text{R2})\text{p}$$

where:

GAFp	Peak Season GAF
DCp	Demand Cost factor for the Peak Season
CCp	Commodity Cost factor for the Peak Season
RAp	Peak Season reconciliation factor based on adjustments set forth in Section 8.0
NFMp	Non-Firm margin factor for the Peak Season
GWCp	Gas Working Capital factor for the Peak Season
BDCp	Bad Debt Cost factor for the Peak Season
BDWCp	Bad Debt Working Capital factor for the Peak Season
HLNGp	Heel LNG factor for the Peak Season
ACp	Gas Acquisition Cost factor for the Peak Season
R1, R2	Per Unit Supplier Refunds per Section 7.0

Peak Demand Cost Factor (DCp) formula:

$$\text{DCp} = \frac{\text{ADC} * \text{PRp} + \text{SDC} + \text{LPD}}{\text{VOLp}}$$

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

where:

ADC Annual Demand Costs
SDC Storage Demand Costs
LPD Local Production and Storage Costs
PRp Peak Season PR Allocator
VOLp Peak Season forecast sales volumes

Peak Commodity Cost Factor (CCp) formula:

$$CCp = \frac{Cp + I}{VOLp}$$

where:

Cp Peak Commodity Costs
I Inventory Finance Charges
VOLp Peak Season forecast sales volumes

Peak Non-Firm Margin Factor (NFMp) formula:

$$NFMp = \frac{NFM * PRp}{VOLp}$$

where:

NFM Non-Firm Margin
PRp Peak Season PR Allocator
VOLp Peak Season forecast sales volumes

Gas Working Capital Factor (GWCRp) formula:

$$GWCp = \frac{GWCRp * (CD + (CE/(1-TR))) + WCRecp}{VOLp}$$

$$GWCRp = (CCp + DCp - NFMp) * (DL/365)$$

where

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

GWCRp	Peak Season allocated gas working capital requirement
CD	Cost of Debt
CE	Cost of Equity
TR	Combined tax rate
WCRcp	Peak Season gas working capital reconciliation
VOLp	Peak Season forecast sales volumes
CCp	Commodity Cost factor for the Peak Season
DCp	Demand Cost factor for the Peak Season
NFMp	Non-Firm Margin factor for the Peak Season
DL	Days Lag

Bad Debt Cost Factor (BDCp) formula:

$$BDCp = \frac{(BD * PRp) + BDREcp}{VOLp}$$

where:

BD	Forecast Bad Debt expense derived by multiplying the forecast annual gas costs by the Bad Debt Expense Percentage
BDREcp	Peak Bad Debt reconciling adjustment
VOLp	Peak Season forecast sales volumes
PRp	Peak Season PR Allocator

Bad Debt Working Capital Factor (BDWCp) formula:

$$BDWCp = \frac{(BDWCR * (CD + CE/(1-TR))) * PRp + BDWCrcp}{VOLp}$$

$$BDWCR = BD * (DL/365)$$

where:

BDWCR	Bad Debt working capital requirement
BD	Forecast Bad Debt expense derived by multiplying the forecast annual gas costs by the Bad Debt Expense Percentage
CD	Cost of Debt
CE	Cost of Equity

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

TR Combined tax rate
BDWCrecp Peak Bad Debt working capital reconciliation
VOLp Peak Season forecast sales volumes
DL Days Lag
PRp Peak Season PR Allocator

Heel LNG Factor (HLNGp) formula:

$$\text{HLNGp} = \frac{\text{HLNG} * 0.5}{\text{VOLp}}$$

where:

HLNG Heel LNG
VOLp Peak Season forecast sales volumes

Gas Acquisition Cost Factor (ACp) formula:

$$\text{ACp} = \frac{\text{GAE} * 0.5}{\text{VOLp}}$$

where:

GAE Gas Acquisition Expense
VOLp Peak Season forecast sales volumes

6.2 Off-Peak GAF Formula

The Off-Peak GAF shall be calculated for the Off-Peak Season according to the following formula:

$$\text{GAFop} = \text{DCop} + \text{CCop} - \text{NFMop} + \text{RAop} + \text{GWCop} + \text{BDCop} + \text{BDWCop} + \text{HLNGop} + \text{ACop} - (\text{R1} + \text{R2})\text{op}$$

where:

GAFop Off-Peak Season GAF
DCop Demand Cost factor for the Off-Peak Season
CCop Commodity Cost factor for the Off-Peak Season
RAop Off-Peak Season reconciliation factor based on adjustments set forth in Section 8.0

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

NFMop	Non-Firm margin factor for the Off-Peak Season
GWCop	Gas Working Capital factor for the Off-Peak Season
BDCop	Bad Debt Cost factor for the Off-Peak Season
BDWCop	Bad Debt Working Capital factor for the Off-Peak Season
HLNGop	Heel LNG factor for the Off-Peak Season
ACop	Gas Acquisition Cost factor for the Off-Peak Season
R1, R2	Per Unit Supplier Refunds per Section 7.0

Off-Peak Demand Cost Factor (DCop) formula:

$$\text{DCop} = \frac{\text{ADC} * \text{PProp} + \text{SDC} + \text{LPD}}{\text{VOLop}}$$

where:

ADC	Annual Demand Costs
SDC	Storage Demand Costs
LPD	Local Production and Storage Costs
PProp	Off Peak Season PR Allocator
VOLop	Off Peak Season forecast sales volumes

Off-Peak Commodity Cost Factor (CCp) formula:

$$\text{CCop} = \frac{\text{Cop}}{\text{VOLp}}$$

where:

Cop	Off-Peak Commodity Costs
VOLop	Off-Peak Season forecast sales volumes

Off-Peak Non-Firm Margin Factor (NFMop) formula:

$$\text{NFMop} = \frac{\text{NFM} * \text{PProp}}{\text{VOLop}}$$

where:

NFM	Non-Firm Margin
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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

PRop Off-Peak Season PR Allocator
VOLop Off-Peak Season forecast sales volumes

Gas Working Capital Factor (GWCRop) formula:

$$\text{GWCRop} = \frac{\text{GWCRop} * (\text{CD} + (\text{CE}/(1-\text{TR}))) + \text{WCRrecop}}{\text{VOLop}}$$

$$\text{GWCRop} = (\text{CCop} + \text{DCop} - \text{NFMop}) * (\text{DL}/365)$$

where

GWCRop Off-Peak Season allocated gas working capital requirement
CD Cost of Debt
CE Cost of Equity
TR Combined tax rate
WCRrecop Off-Peak Season gas working capital reconciliation
VOLop Off-Peak Season forecast sales volumes
CCop Commodity Cost factor for the Off-Peak Season
DCop Demand Cost factor for the Off-Peak Season
NFMop Non-Firm Margin factor for the Off-Peak Season
DL Days Lag

Bad Debt Cost Factor (BDCop) formula:

$$\text{BDCop} = \frac{(\text{BD} * \text{PRop}) + \text{BDRrecop}}{\text{VOLop}}$$

where:

BD Forecast Bad Debt expense derived by multiplying the forecast annual gas costs
by the Bad Debt Expense Percentage
BDRrecop Off-Peak Bad Debt reconciling adjustment
VOLop Off-Peak Season forecast sales volumes
PRop Off-Peak Season PR Allocator

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Bad Debt Working Capital Factor (BDWCop) formula:

$$\text{BDWCop} = \frac{(\text{BDWCR} * (\text{CD} + \text{CE}/(1-\text{TR}))) * \text{PRop} + \text{BDWCrecop}}{\text{VOlop}}$$

$$\text{BDWCR} = \text{BD} * (\text{DL}/365)$$

where:

BDWCR	Bad Debt working capital requirement
BD	Forecast Bad Debt expense derived by multiplying the forecast annual gas costs by the Bad Debt Expense Percentage
CD	Cost of Debt
CE	Cost of Equity
TR	Combined tax rate
BDWCrecop	Off-Peak Bad Debt working capital reconciliation
VOlop	Off-Peak Season forecast sales volumes
DL	Days Lag
PRop	Off-Peak Season PR Allocator

Heel LNG Factor (HLNGop) formula:

$$\text{HLNGop} = \frac{\text{HLNG} * 0.5}{\text{VOlop}}$$

where:

HLNG	Heel LNG
CE	Cost of Debt
CE	Cost of Equity
TR	Combined tax rate
VOlop	Off-Peak Season forecast sales volumes
PRop	Off-Peak Season PR Allocator

Gas Acquisition Cost Factor (ACop) formula:

$$\text{ACop} = \frac{\text{GAEop} * 0.5}{\text{VOlop}}$$

where:

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

GAE Gas Acquisition Expense for the Off-Peak Season
VOLOp Off-Peak Season forecast sales volumes

7.0 GAS SUPPLIERS' REFUNDS

Refunds from suppliers of gas and feedstocks shall be credited to Account 242.640, "Undistributed Gas Suppliers' Refunds." Transfers from this account will reflect as a credit in the semi-annual calculation of the Peak GAF and Off-Peak GAF to be calculated as follows:

Refund programs shall be initiated with each semi-annual GAF filing and shall remain in effect for a period of one year. The total dollars to be placed into a given refund program shall be the net of over/under-returns from expired programs plus monies received from suppliers since the previous program was initiated. Monies to be refunded through each program shall be distributed through the use of per-unit refund factors that will return, over the one-year period, the principal amount of the refund plus interest as calculated using the Bank of America prime lending rate. The Company shall track and report on all Account 242.640 activities as specified in Section 9.0.

8.0 RECONCILIATION ADJUSTMENTS

8.1 Gas Costs

- (a) Gas costs allowable per Peak Season GAF Formula:
- i. The Peak Season Commodity Cost;
 - ii. The allocated Peak Demand Cost;
 - iii. The Storage Demand Costs;
 - iv. The Local Production and Storage Cost;
 - v. The Peak Season Account 175.020 interest charges;
 - vi. The allocated Non-Firm Margin; and
 - vii. The allocated Gas Acquisition Expense.
- (b) Account 175.200 shall contain the accumulated difference between the gas costs allowable per the Peak Season formula and the revenue collected through the operation of this rate schedule including adjustments for Peak Season Demand Factor Revenues and Peak Season Energy Factor Credits. Interest shall be calculated on the average monthly balance of this account using the Bank of America prime lending rate as charged to Account 175.020.
- (c) The Peak Season Reconciliation Adjustment shall be taken as the Account 175.200 balance as of October 31st of each year.

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- (d) Gas costs allowable per Off-Peak Season GAF Formula:
- i. The Off-Peak Season Commodity Cost;
 - ii. The allocated Off-Peak Demand Cost;
 - iii. The Off-Peak Season Account 175.010 interest charges;
 - iv. The allocated Non-Firm Margin; and
 - v. The allocated Gas Acquisition Expense.
- (e) Account 175.100 shall contain the accumulated difference between the gas costs allowable per the Off-Peak Season formula and the revenue collected through the operation of this rate schedule. Interest shall be calculated on the average monthly balance of this account using the Bank of America prime lending rate as charged to Account 175.010.
- (f) The Off-Peak Reconciliation Adjustment shall be taken as the Account 175.100 balance as of April 30th of each year.

8.2 Bad Debt Costs

- a) Bad debt costs per Peak Season GAF Formula:
- i. Costs associated with uncollected gas costs, including any applicable taxes, incurred by the Company to serve core load;
 - ii. Interest charges; and
 - iii. The Peak Season Bad Debt Reconciliation Adjustment shall be taken as the Account 175.680 balance as of October 31st of each year.
- (b) Bad debt costs per Off-Peak Season GAF Formula:
- i. Costs associated with uncollected gas costs, including any applicable taxes, incurred by the Company to serve core load;
 - ii. Interest charges; and
 - iii. The Off-Peak Season Bad Debt Reconciliation Adjustment shall be taken as the Account 175.660 balance as of April 30th of each year.
- (c) Account 175.680 and Account 175.660 shall contain the accumulated difference between the bad debt costs allowable per the Peak Season and Off-Peak Season formulae, respectively, and the revenue collected through the operation of this rate schedule. Interest shall be calculated on the average monthly balance of these accounts using The Bank of America prime lending rate and shall then be added to each end-of-month balance.

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8.3 Working Capital Costs

- (a) Working capital gas costs allowable per Peak Season GAF Formula:
 - i. The Peak Season Commodity Cost;
 - ii. The allocated Peak Season Demand Charge; and
 - iii. The allocated Peak Season Non-Firm Gas Cost.
- (b) Account 175.500 shall contain the accumulated difference between the Peak Season Gas Working Capital Allowance and the revenue toward Peak Season Gas Working Capital Allowance.
- (c) The Peak Season Gas Working Capital Reconciliation Adjustment shall be taken as the Account 175.500 balance as of October 31st of each year.
- (d) Working capital gas costs allowable per Off-Peak GAF Formula:
 - i. The Off-Peak Season Commodity Costs;
 - ii. The allocated Off-Peak Season Demand Costs; and
 - iii. The allocated Off-Peak Season Non-Firm Gas Cost.
- (e) Account 175.400 shall contain the accumulated difference between the Off-Peak Season Gas Working Capital Allowance and the revenue toward the Off-Peak Season Working Capital Allowance.
- (f) The Off-Peak Season Gas Working Capital Reconciliation Adjustment shall be taken as the Account 175.400 balance as of April 30th of each year.
- (g) Working capital bad debt costs allowable per Peak Season GAF formula:
 - i. Peak Season Charges associated with bad debt incurred by the Company to serve core load; and
 - ii. Bad debt carrying charges.
- (h) Account 175.690 shall contain the accumulated difference between the Peak Season Bad Debt Working Capital Allowance and the revenue toward the Peak Season Bad Debt Working Capital Allowance.
- (i) The Peak Season Bad Debt Working Capital Reconciliation Adjustment shall be taken as the Account 175.690 balance as of October 31st of each year.

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SEASONAL COST OF GAS ADJUSTMENT CLAUSE

- (j) Working capital bad debt expenses allowable per Off-Peak Season GAF formula:
 - i. Off-Peak Season Charges associated with bad debt incurred by the Company to serve core load; and
 - ii. Bad debt carrying charges.
- (k) Account 175.670 shall contain the accumulated difference between the Off-Peak Season Bad Debt Working Capital Allowance and the revenue toward the Off-Peak Season Bad Debt Working Capital Allowance.
- (l) The Off-Peak Season Bad Debt Working Capital Reconciliation Adjustment shall be taken as the Account 175.670 balance as of April 30th of each year.

9.0 INFORMATION REQUIRED TO BE FILED WITH THE M.D.P.U.

The Company will file a monthly report, which shall be submitted to the M.D.P.U. on the twentieth of each month, and a semi-annual GAF filing, which shall be submitted to the M.D.P.U. at least 45 days before the date on which a new GAF is to be effective.

Additionally, the Company shall file with the M.D.P.U. a complete list by (sub)account of all gas costs claimed as recoverable through the CGAC over the previous year, as included in the seasonal reconciliation. This information shall be submitted with each Peak and Off-Peak Season GAF filing, along with complete documentation of the reconciliation adjustment calculations.

10.0 GAS SUPPLY SERVICE CREDITS

Any revenue billed by the Company for gas supply services other than Default Service shall be credited to the total allowable gas costs prior to the calculation of the GAFs.

11.0 OTHER RULES

The M.D.P.U. may, where appropriate, on petition or on its own motion, grant an exception from the provisions of 220 CMR 6.00 and this rate schedule, upon such terms that it may determine to be in the public interest.

At any time, the M.D.P.U. may require the Company to file, or the Company may file with the M.D.P.U., an amended GAF. Said filing must be submitted seven (7) business days before the proposed effective date of the amended GAF.

The operation of this rate schedule is subject to all powers of suspension and investigation vested in the M.D.P.U. by Chapter 164 of the General Laws of the Commonwealth of Massachusetts.

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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

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1.0 PURPOSE

The Local Distribution Adjustment Clause (“LDAC”) establishes the procedures that allow NSTAR Gas Company (“Company”), subject to the jurisdiction of the Massachusetts Department of Public Utilities (“M.D.P.U.”), to adjust on an annual basis, its rates to 1) recover Energy Efficiency (“EE”) costs as approved by the M.D.P.U. in the Company’s Energy Efficiency Three-Year Plan, 2) environmental response costs, 3) recover costs associated with pension and post-retirement benefits other than pensions, 4) recover costs associated with the application of discounts to customers enrolled in the Company’s low income rate schedules (R-2 and R-4), 5) recover expenses associated with the Company’s Arrearage Management Program, 6) recover costs associated with the retention of expert consultants by the Attorney General, 7) recover costs associated with the Company’s gas system enhancement program, 8) compensate firm rate payers for failure to meet certain service quality measures, and 9) return to firm rate payers balancing penalties and a portion of non-firm distribution margins allocated to firm distribution services. Any costs recovered through the application of this LDAC shall be identified and explained in the Company’s annual filing as outlined in Section 13.0.

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2.0 APPLICABILITY

This LDAC shall be applicable to all of the Company's firm Customers. As stated in Section 14.0, the application of the clause may, for good cause shown, be modified by the M.D.P.U.

For purposes of applying all components of the LDAC, except for the Energy Efficiency Surcharge ("EES") set out in Section 0 below, the Company's tariffs are combined into Rate Class Sectors, as follows:

Residential	R-1, R-2, R-3, R-4
Small Commercial & Industrial	G-41, G-51
Medium Commercial & Industrial	G-42, G-52
Large Commercial & Industrial	G-43, G-53

A Base Distribution Revenue Allocator will be applied to the revenues that the Company is allowed to recover through the following LDAC components:

- 1) Remediation Adjustment Factor;
- 2) Residential Assistance Adjustment Factor;
- 3) Balancing Penalty Credit Factor
- 4) Non-Firm Distribution Credit Factor;
- 5) Annual Service Quality Penalty Factor; and
- 6) Attorney General Consultant Expense Factor.

The allocated revenue requirement will be used to determine the Local Distribution Adjustment Factor ("LDAF") for each Rate Class Sector. The following are the Base Distribution Revenue Allocators as approved by the M.D.P.U. in the Company's most recent rate case, D.P.U. 14-150:

Rate Class Sector	Base Distribution Revenue Allocator
Residential	66.9218%
Small Commercial & Industrial	11.8374%
Medium Commercial & Industrial	11.8783%
Large Commercial & Industrial	9.3625%

If recoverable costs require an allocator other than the Base Distribution Revenue Allocator, such allocator shall be specified in the section pertaining to the appropriate LDAC rate component.

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3.0 ENERGY EFFICIENCY COSTS ALLOWABLE FOR LDAC

3.1 Purpose

This provision establishes the procedures that allow the Company, subject to the jurisdiction of the M.D.P.U., to adjust the Energy Efficiency Surcharge to recover from firm ratepayers EE Program Costs and associated expenditures.

3.2 Applicability

The Energy Efficiency Surcharge shall be applied to term sales of the Company, subject to the jurisdiction of the M.D.P.U., as determined in accordance with the provisions of this rate schedule. Such Energy Efficiency Surcharge shall be determined by the Company separately for each EE Rate Category subject to review and approval by the M.D.P.U. each year as part of the Company's annual LDAF filing. The Energy Efficiency Surcharge shall be incorporated within the calculation of the LDAF for each EE Rate Category as set forth in Section 10.0.

3.3 Definitions

<u>EE Program Costs</u>	Energy Efficiency costs including costs associated with the Residential Conservation Service program as approved by the M.D.P.U.
<u>Energy Efficiency Surcharge ("EES")</u>	The allowable per-unit collection rate derived from the EE Program Costs.
<u>EE Rate Category</u>	A group of rate schedules, for which the M.D.P.U. has approved a single Energy Efficiency Surcharge for Energy Efficiency services provided by the Company, as follows: Residential (R-1 to R-4) and Commercial/ Industrial (G-41 to G-53).
<u>EE Category Conservation Expenditures</u>	Those expenses properly assignable or allocable to an EE Rate Category and incurred by the Company in furtherance of EE programs that have been pre-approved by the M.D.P.U. pursuant to such orders as it may issue and its regulations as in effect from time to time.
<u>Lost Base Revenue</u>	Lost Base Revenue shall be determined by multiplying Rate Category therm savings by the respective Rate Category

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	recovery rate, both as approved by the M.D.P.U. from time to time. Whenever a general base rate proceeding is adjudicated by the M.D.P.U., the Company will cease to recover, commencing with the effective date of the new base rate schedules, the Lost Base Revenue associated with EE measures installed prior to the test year used in said base rate proceeding.
<u>EE Category Therm Sales</u>	The respective therm sales applicable to each EE Rate Category.
<u>EE Category Reconciling Adjustment</u>	The dollar amount, whether positive or negative, required to reconcile any difference between revenue collected from Customers pursuant to this rate schedule with respect to a given EE Rate Category during a given period of time, and the EE Category Conservation Expenditures incurred by the Company relative to such EE Rate Category during such period of time.

3.4 Lost Base Revenue Recovery

The recovery of Lost Base Revenue will be determined, using the most recent program savings measurements, and submitted to the M.D.P.U. concurrently with one of the Company's annual Energy Efficiency Surcharge filings, or at the time of an interim change in the Company's Energy Efficiency Surcharge. The Energy Efficiency Surcharge shall be filed as part of the Company's overall LDAF filing pursuant to Section 10.0.

3.5 Calculation of Energy Efficiency Surcharges

The Company will forecast EE Category Conservation Expenditures for each EE Rate Category subject to this rate schedule for a future twelve-month period commencing November 1st of each year. The total of such EE Category Conservation Expenditures plus any prior period EE Category Reconciling Adjustment shall be divided by EE Category Therm Sales as forecast by the Company for the same annual period. The allowable EE Category Conservation Expenditures associated with the low income classes (R-2 and R-4) shall be allocated to the Residential EE Rate Category. The allowable EE Category Conservation Expenditures associated with low income programs for Commercial/Industrial customers shall be allocated to the Commercial/Industrial EE Rate Category. The resulting Energy Efficiency Surcharge shall be incorporated within the calculation of the LDAFs applied to firm customers during each such twelve-month period commencing with the Peak Season.

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3.6 Information to be Filed With the M.D.P.U.

As part of the Company's annual LDAF filing, the Company will submit to the M.D.P.U. for its consideration and approval, the Company's request for a change in the Energy Efficiency Surcharge applicable to the LDAFs for each EE Rate Category during the next subsequent twelve-month period commencing with the billing month of November.

As part of the Company's annual LDAF filing, the Company shall set forth EE Category Conservation Expenditures, EE Category Therm Sales and Energy Efficiency Surcharge revenue under this rate schedule, both as actually experienced and as estimated for the remaining forecast period.

4.0 ENVIRONMENTAL RESPONSE COSTS ALLOWABLE FOR LDAC

4.1 Purpose

This provision establishes the procedures that allow the Company, subject to the jurisdiction of the M.D.P.U., to adjust the Remediation Adjustment Factor to recover from firm ratepayers environmental response costs associated with the Manufactured Gas Process ("MGP").

All costs and other liabilities, adjusted for deferred tax benefits, associated with the investigation, testing, remediation and litigation relating to manufactured gas plant sites, disposal sites or other sites onto which material may have migrated as a result of the MGP, as fully defined in the M.D.P.U.'s Order in DPU 89-161, may be included in the LDAC. In addition, one-half of the Insurance/Third-Party Expense less one-half of the Insurance/Third-Party Recovery, both as defined in Section 4.3, may be included.

4.2 Applicability

The Remediation Adjustment Factor shall be applied to therm sales of the Company, subject to the jurisdiction of the M.D.P.U., as determined in accordance with the provisions of this rate schedule. Such Remediation Adjustment Factor shall be determined by the Company for each Rate Class Sector subject to review and approval by the M.D.P.U. as part of the Company's LDAF approval process.

4.3 Definitions

<u>Environmental Response Costs</u> <u>("ERC")</u>	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
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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

	may have migrated, as a result of the operating or decommissioning of Massachusetts gas manufacturing facilities
<u>Unamortized Environmental Response Costs ("UERC")</u>	The portion of the Environmental Response Costs approved for Environmental recovery but not yet included in any LDAC recovery calculation.
<u>Deferred Tax Benefit ("DTB")</u>	The Deferred Tax Benefit is calculated by applying the Effective Tax Rate to the Company's Unamortized Environmental Response Costs to arrive at the deferred tax. The deferred tax is then multiplied by the Tax Adjusted Cost of Capital.
<u>Number of Days Lag ("DL")</u>	The number of days lag to calculate the purchased gas working capital requirement as defined in the Company's most recent rate case.
<u>Effective Tax Rate ("TR")</u>	The combined effective state and federal income tax rate.
<u>Cost of Equity ("CE")</u>	The equity component of the rate of return as approved by the M.D.P.U. in the Company's most recent base rate case.
<u>Cost of Debt ("CD")</u>	The debt component of the rate of return as approved by the M.D.P.U. in the Company's most recent base rate case.
<u>Tax Adjusted Cost of Capital</u>	The sum of (1) the Cost of Debt and (2) the Cost of Equity divided by one minus the Effective Tax Rate.
<u>Insurance/Third Party Expense ("IE")</u>	Any expense incurred by the Company in pursuing insurance and third-party MGP claims.
<u>Insurance/Third Party Recovery ("IR")</u>	Any recovery received by the Company as a result of insurance and third-party MGP claims net of any Insurance/Third-Party Expenses not collected from ratepayers.
<u>Remediation Adjustment Clause Reconciliation Adjustment ("RRAC")</u>	The balance in Account 175.3 as outlined in Section 4.5.

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4.4 Remediation Adjustment Factor ("RAF") Formula

The RAF consists of one-seventh of the actual Environmental Response Costs incurred by the Company in any calendar year for each year until fully amortized, less a deferred tax benefit, plus one-half of insurance and third-party expenses for the calendar year, less one-half of the insurance and third-party recoveries for the calendar year, plus the prior year's RAF reconciliation adjustment. This amount is then allocated to each Rate Class Sector using the Base Distribution Revenue Allocator and dividing by the Company's forecast of firm throughput volumes by Rate Class Sector for the upcoming year.

The RAF shall be calculated according to the following formula:

$$\text{RAF}_s = \frac{(\text{Sum}(\text{ERC}/7) - \text{DTB} + ((\text{IE} - \text{IR}) * 0.5) + \text{RRAC}) \times \text{BDRA}_s}{\text{T:Thrus}}$$

and:

$$\text{DTB} = \text{UERC} * \text{TR} * (\text{CD} + (\text{CE}/(1-\text{TR})))$$

where:

RAF _s	Remediation Adjustment Factor by Rate Class Sector
T:Thrus	Forecasted firm throughput volumes in therms, by Rate Class Sector, for twelve consecutive months November to October, inclusive.
ERC	Environmental Response Costs
DTB	Deferred Tax Benefit
IE	Insurance/Third Party Expense
IR	Insurance/Third Party Recovery
RRAC	Remediation Adjustment Clause Reconciliation Adjustment
BDRA _s	Base Distribution Revenue Allocator for each Rate Class Sector
UERC	Unamortized Environmental Response Costs
TR	Effective Tax Rate
CD	Cost of Debt
CE	Cost of Equity

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4.5 Reconciliation Adjustments

- (a) Remediation Adjustment Clause expenses allowable per the RAF formula:
 - i. One-seventh of each calendar year's Environmental Response Cost less the Deferred Tax Benefit.
 - ii. One-half of the Insurance/Third-Party Expense, less one-half of the Insurance/Third-Party Recoveries.
- (b) The RAF portion of the LDAF will be used as the convention for recognizing revenue toward the Environmental Response Cost.
- (c) Account 175.3 shall contain the accumulated difference between the Environmental Response Cost allowable per the RAF formula and the revenue toward Environmental Response Cost as calculated by multiplying the RAF times firm throughput volumes.
- (d) The RAF Reconciliation Adjustment shall be taken as the Account 175.3 balance as of October 31st of each year.

4.6 Information to be filed with the M.D.P.U.

As part of the Company's annual LDAF filing, the Company will submit to the M.D.P.U. for its consideration and approval, the Company's request for a change in the Remediation Adjustment Factor applicable to the LDAFs for each Rate Class Sector during the next subsequent twelve-month period commencing with the billing month of November.

5.0 SERVICE QUALITY PENALTY ALLOWABLE FOR LDAC

5.1 Purpose

This provision establishes the procedures that allow the Company, subject to the jurisdiction of the M.D.P.U., to include in the LDAC any service quality penalties ("SQP") assessed to the Company pursuant to a service quality plan approved by the M.D.P.U.

5.2 Applicability

The Service Quality Penalty Factor ("SQPF") shall be applied to term sales of the Company, subject to the jurisdiction of the M.D.P.U., as determined in accordance with the provisions of this rate schedule. Such SQPF shall be determined by the Company for each Rate Class Sector subject

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to review and approval by the M.D.P.U. as part of the Company's LDAF approval process.

5.3 Annual Service Quality Penalty Factor Formula

The SQPF shall be calculated according to the following formula:

$$\text{SQPF}_s = \frac{\text{SQP} \times \text{BDRA}_s}{\text{T:Thrus}}$$

where

SQPF_s Service Quality Penalty Factor by Rate Class Sector

T:Thrus Forecasted firm throughput volumes in therms, by Rate Class Sector, for twelve consecutive months November to October, inclusive.

BDRA_s Base Distribution Revenue Allocator for each Rate Class Sector

5.4 Information to be filed with the M.D.P.U.

As part of the Company's annual LDAF filing, the Company will submit to the M.D.P.U. for its consideration and approval, the Company's request for a change in the Annual Service Quality Penalty Factor applicable to the LDAFs for each Rate Class Sector during the next subsequent twelve-month period commencing with the billing month of November.

6.0 PENSION AND PBOP EXPENSE ALLOWABLE FOR LDAC

6.1 Purpose

The purpose of this provision is to provide the Company a mechanism to adjust, on an annual basis and subject to the jurisdiction of the M.D.P.U., its rates for customers of distribution service to recover costs associated with pension and post-retirement benefits other than pensions ("PBOPs") and to reconcile pension and PBOP expense amounts with the total expense amounts booked by the Company pursuant to SFAS 87 and SFAS 106.

6.2 Applicability

This Pension/PBOP Adjustment mechanism shall be applicable to NSTAR Gas and all firm gas, as measured in therms, delivered by the Company unless otherwise designated.

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6.3 Effective Date of Annual Pension/PBOP Adjustment Factor

The date on which the annual Pension/PBOP Adjustment Factor (“PAF”) becomes effective shall be the first day of each calendar year, unless otherwise ordered by the M.D.P.U.. The Company shall submit PAF filings as outlined in Section 6.6 of this tariff at least 30 days before the filing is to take effect.

6.4 Definitions

<u>ERISA</u>	Employee Information Retirement Income Security Act of 1974, as amended from time to time.
<u>Pension Plan</u>	Qualified Pension Plan, as defined by ERISA
<u>Post Retirement Plan Other Than Pension Plan</u>	Qualified PBOP, as defined by ERISA.
<u>Pre-Paid Amount</u>	The difference between: (1) the actual cash contributions to the Pension Plan and the PBOP Plan and (2) the amounts recognized in accordance with SFAS 87 and SFAS 106. These amounts are the Company’s allocation of the total Eversource amounts.
<u>Prior Year</u>	The calendar year previous to the effective date of a proposed PAF.
<u>Reconciliation Deferral</u>	The difference between: (1) the total pension and PBOP expense amounts included in the Company’s rates; and (2) the total expense amounts booked by the Company in the Prior Year in accordance with the requirements of SFAS 87 and SFAS 106.

6.5 Pension and PBOP Adjustment Factor Formula

$$PAF_s = \frac{(RA_x + cc(URD_x + APPA_x - DTA_x) + PPRA_x)}{F_{therms}} \times LA_s$$

where

PAF_s The annual Pension/PBOP Adjustment Factor by Rate Class Sector

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- RA_x** The Reconciliation Adjustment for Year_x which is one-third of the Unamortized Reconciliation Deferral at the end of the Prior Year.
- URD_x** The Unamortized Reconciliation Deferral which is the amount of the Reconciliation Deferral that has not yet been collected in retail rates. At the beginning of Year_x the Unamortized Reconciliation Deferral is the sum of: (1) the Unamortized Reconciliation Deferral at the beginning of the Prior Year; plus (2) the Reconciliation Deferral for Prior Year; minus (3) the Reconciliation Adjustment for the Prior Year.
- cc** The Cost of Capital is the tax-effected weighted-average cost of capital as most recently approved by the M.D.P.U..
- APPA_x** The Average Pre-Paid Amount, for Year_x which is one half of the sum of: (1) the Pre-Paid Amount recorded on the Company's books as of the beginning of the Prior Year; and (2) the Pre-Paid Amount to be recorded on the Company's books as of the end of the Prior Year.
- DTA_x** The Deferred Tax Amount which is the deferred taxes associated with (i) the Average Pre-Paid Amount and (ii) the URD at the end of the Prior Year.
- PPRA_x** The Past Period Reconciliation Amount which is the sum of: (a) the difference between (1) the amount of PAF revenue that should have been collected by the Company in the year preceding the Prior Year and the Prior Year; and (2) the amount of PAF revenue actually received by the Company in the year preceding the Prior Year and the Prior Year; and (b) the amount computed in clause (a) times the prime rate computed in accordance with 220 C.M.R. § 6.08(2).
- F_{therms}** The forecasted amount of therms, by Rate Class Sector, to be distributed to the Company's distribution customers for the upcoming calendar year.

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LAs Labor Allocators are the allocation factors for each Rate Class Sector that are applied to the Pension and PBOP expense that the Company is allowed to recover through PAF mechanism to determine the PAF for each Rate Class Sector. The following are the Labor Allocators approved by the M.D.P.U. in the Company's most recent base rate case, D.P.U. 14-150:

Rate Class Sector	Labor Allocator
Residential	73.8059%
Small Commercial & Industrial	11.5420%
Medium Commercial & Industrial	7.9577%
Large Commercial & Industrial	6.6944%

6.6 Information Required to be Filed with the M.D.P.U.

Information pertaining to the Pension Adjustment mechanism shall be filed with the M.D.P.U. at least thirty (30) days before the date on which a new PAF is to be effective. Additionally, the Company will file with the M.D.P.U. a complete list by (sub)account of all Pension and PBOP Plan accounts claimed as recoverable through the PAF over the relevant calendar year. This information will be submitted with each annual PAF filing, along with complete documentation of the reconciliation-adjustment calculations.

6.7 Customer Notification

The Company will notify customers in simple terms of changes to the PAF, including the nature of the change and the manner in which the PAF is applied to the bill. In the absence of a standard format, the Company will submit this notice for approval at the time of each PAF filing. Upon approval by the M.D.P.U., the Company must immediately distribute these notices to all of its distribution customers either through direct mail or with its bills.

7.0 RESIDENTIAL ASSISTANCE ADJUSTMENT CLAUSE

7.1 Purpose

The purpose of the Residential Assistance Adjustment Clause ("RAAC") is to provide the Company a mechanism for the recovery of lost revenue, on an annual basis and subject to the jurisdiction of the M.D.P.U., based on the following:

- 1) the reduced or discounted revenue associated with a fixed percentage of the total bill

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calculated in currently effective rates, and applied to customers taking service under the Residential Low Income tariff rates.

- 2) incremental expenses directly related to the Company's Residential Arrearage Management Program.

The RAAC is subject to annual reconciliation/true-up based on actual sales and revenue.

7.2 Applicability

The RAAC shall be applicable to all Firm Customers. For billing purposes, the RAAC shall be included in the Local Distribution Adjustment Clause.

7.3 Definitions

<u>Residential Low Income tariffs</u>	Residential Rate R-2 and Residential Rate R-4
<u>Low Income Discounts</u>	The reduced or discounted revenue associated with a fixed percentage of the total bill calculated in currently effective rates, and applied to customers taking service under the Residential Low Income tariff rates plus expenses associated with the arrearage management program
<u>Forecast Period</u>	November 1 st through October 31 st of each year
<u>Prior Year</u>	The prior 12-month period ending October 31st
<u>Recovery Period</u>	November 1 st to October 31st

7.4 Residential Assistance Adjustment Factor Formula

RAAF_s =

$$\frac{[RA + (Cust_x \times Cust\$_x \times D\%) + (Cust_x \times AvgUse_x \times Use\$_x \times D\%) + RAMP_x] + HPR}{F_{therms}} \times BDRAs$$

where

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RAAFs	The annual Residential Assistance Adjustment Factor by Rate Class Sector
RA	The Reconciliation Adjustment for the Prior Year shall be the difference between the actual Low Income Discounts and the actual revenue recovered through the RAAF during the Prior Year. Reconciliations shall be performed annually and interest shall be calculated on the average monthly reconciling balance using the prime rate computed in accordance with 220 C.M.R. § 6.08(2) and added to the reconciling balance.
Cust	Estimated number of customers taking service under the Company's Residential Low Income tariffs during the Forecast Period
Cust\$	The monthly customer charge for the applicable rate schedules
AvgUse	The estimated average weather-normalized therm usage per customer under the Residential Low Income tariffs for the Forecast period
Use\$	The volumetric charges, including base rate volumetric charges, GAF, LDAC, Revenue Decoupling Adjustment, and any other volumetric charges for the applicable rate schedules
D%	The applicable fixed discount percentage applied to the total billing calculated at the applicable rates of customers under the Residential Low Income tariffs
RAMP	The estimated expenses associated with the operation and administration of the Residential Arrearage Management Program during the forecast period
HPR	A credit of any payments made by customers or write-offs related to arrearage management programs toward hardship protected balances that the Company has amortized
BDRA _s	The Base Distribution Revenue Allocator for each Rate Class Sector
Ftherms	Total weather-normalized firm therm sales and firm transportation volumes over the Forecast Period by Rate Class Sector
x	Forecast Period

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7.5 Information Required to be Filed with the M.D.P.U.

Information pertaining to the RAAC shall be filed with the M.D.P.U. at least ninety (90) days before the date on which a new RAAF is to be effective. This information shall be submitted with each annual RAAF filing, along with complete documentation of the reconciliation-adjustment calculations.

8.0 GAS SYSTEM ENHANCEMENT PROGRAM COSTS ALLOWABLE FOR LDAC

8.1 Purpose

The purpose of the Gas System Enhancement Program ("GSEP") Tariff is to establish a procedure that implements the provisions of G.L. c. 164, § 145, allowing the Company, subject to the jurisdiction of the M.D.P.U., to obtain recovery of eligible costs associated with the replacement or improvement of existing natural gas distribution infrastructure to improve public safety or infrastructure reliability. In accordance with G.L. c. 164, § 145(b), all costs associated with the GSEP are incurred to address aging or leaking natural gas infrastructure within the Commonwealth in the interest of public safety and reducing lost and unaccounted for natural gas through a reduction in natural gas system leaks.

8.2 Applicability

As a component of the LDAC, the GSEAF and the GSERAF, as defined herein, shall be applied to all firm sales and firm transportation throughput of the Company as determined in accordance with the provisions of Section 8.5 of this clause. The GSEAF and GSERAF shall be determined annually by the Company, as defined below, subject to the M.D.P.U.'s review and approval.

8.3 Effective Date

In accordance with G.L. c. 164, §§ 145 (a), (d), (e), the annual GSEAF associated with each GSEP Investment Year beginning on and after January 1, 2015, shall be effective on May 1 of the respective GSEP Investment Year, based on the GSEP Revenue Requirement calculated in the annual GSEP Plan filed with the M.D.P.U. on or before October 31 in the year prior to the GSEP Investment Year. The annual GSERAF shall be effective on the November 1 following each GSEP Investment Year.

8.4 Definitions

- (1) Accumulated Deferred Income Taxes are the net reduction in Federal income and State

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franchise taxes associated with the use of accelerated depreciation allowed for income tax purposes.

- (2) Accumulated Reserve for Depreciation is the cumulative net credit balance arising from the provision for Depreciation Expense.
- (3) Depreciation Expense is the return of the Company's investment in Rate Base at established depreciation rates as approved by the M.D.P.U. in the Company's most recent general distribution rate proceeding.
- (4) Eligible GSEP Investment is the cost of Eligible Infrastructure Replacement Projects planned for the current GSEP Investment Year, plus the cumulative actual and planned cost of Eligible Infrastructure Replacement Projects completed through the end of the year prior to the current GSEP Investment Year, as summarized in the annual GSEP Plan. Costs included in the GSEP Revenue Requirement associated with Eligible GSEP Investment are depreciation expense, property taxes, and the return on investment utilizing the after-tax rate of return approved by the M.D.P.U. in the Company's most recent general distribution rate proceeding, adjusted to a pre-tax basis by using the current federal and state income tax rates applicable to the GSEP Investment Year. Project costs shall be Eligible GSEP Investment in the year completed and placed into service. Eligible GSEP Investment includes costs recorded in the following MDPU plant accounts:

Account No. 367	Mains – Transmission
Account No. 367	Mains – Distribution
Account No. 380	Services – Distribution
Account No. 381	Meters – Distribution
Account No. 382	Meter Installations – Distribution
Account No. 383	House Regulators – Distribution

The costs booked to the above accounts shall be determined in accordance with the Company's application of the Uniform System of Accounts for Gas Companies, 220 C.M.R. § 50.00, Gas Plant Accounts, in use during the test year of its previous base rate case, filed pursuant to G.L. c. 164 § 94.

- (5) Eligible GSEP Savings are the cumulative reduction in operating and maintenance leak repair expense achieved with the replacement of leak-prone main. Eligible GSEP Savings shall be equal to the most recent three-year average of leak repair cost per mile for non-cathodically protected steel mains, cast iron mains and wrought iron mains, updated annually in the GSEP Plan filed on October 31 of each year for the subsequent construction year. The costs associated with leak repair expense shall be determined in accordance with

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the Uniform System of Accounts for Gas Companies, 220 C.M.R. § 50.00, Operations and Maintenance Expense Accounts, in use during the test year of its previous base rate case filed pursuant to G.L. c. 164, § 94.

- (6) Existing Infrastructure is mains, services, meter sets, and other ancillary facilities composed of non-cathodically protected steel, cast iron, wrought iron and copper. [G.L. c. 164, § 145(c)]
- (7) Eligible Infrastructure Replacement Project is a project to replace or improve the Company's existing infrastructure that: (i.) is made on or after January 1, 2015; (ii) is designed to improve public safety or infrastructure reliability; (iii) does not increase the Company's revenue by connecting an improvement for a principal purpose of serving new customers; (iv) reduces, or has the potential to reduce, lost and unaccounted for natural gas through a reduction in natural gas system leaks; and (v) is not included in the Company's current rate base as determined in the gas company's most recent rate proceeding. [G.L. c. 164, § 145(a)]
- (8) Gross Plant Investments are the capitalized costs of GSEP plant investments including costs of removal recorded on the Company's books for Eligible Infrastructure Replacement Projects. Gross Plant Investment for a GSEP Investment Year shall be the cumulative actual and planned cost of Eligible Infrastructure Replacement Projects completed through the end of the year prior to the current GSEP Investment Year and the planned capitalized investment for the current GSEP Investment Year associated with the GSEP Plan filed with the M.D.P.U. on October 31 of the year prior to the GSEP Investment Year. Actual capitalized cost of GSEP Investments shall include applicable overhead and burden costs subject to the test provided in Section 8.8.
- (9) GSEAF is the Gas System Enhancement Adjustment Factor that recovers the aggregate GSEP Revenue Requirement approved by the M.D.P.U. for actual and planned Eligible GSEP Investment made beginning January 1, 2015, and in annual periods January 1 through December 31 of each GSEP Investment Year, with the annual recovery period beginning May 1 of each GSEP Investment Year for the cumulative spending on planned or completed projects anticipated to be placed in service through the end of the GSEP Investment Year.
- (10) GSERAF is the Gas System Enhancement Reconciliation Adjustment Factor that recovers the GSEP Reconciliation Adjustment. The GSERAF shall be effective November 1 following each GSEP Investment Year and shall be submitted to the Department 90 days before the effective LDAF date of November 1.

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- (11) GSEP Investment Year is the annual period beginning on January 1 and ending on December 31, during which the Company anticipates placing GSEP Eligible Infrastructure Replacement Projects in service.
- (12) GSEP Offsets represent the reduced operating and maintenance expense associated with the elimination of natural gas leaks through Eligible Infrastructure Replacement Projects. GSEP Offsets are determined by multiplying Eligible GSEP Savings by the total miles of non-cathodically protected steel mains, cast iron mains and wrought iron mains, replaced or abandoned by the Company in the period January 1 through December 31 of the respective GSEP Investment Year.
- (13) GSEP Plan is the Company's plan to replace or improve existing distribution infrastructure in accordance with G.L. c. 164, § 145, as filed with the M.D.P.U. on October 31 of each year, including information pertaining to eligible infrastructure replacement undertaken to eliminate natural gas system leaks in the subsequent construction year and over a future timeline allowing for the removal of all leak-prone infrastructure on an accelerated basis. [G.L. c. 164, § 145 (a), (c) and (d)]
- (14) GSEP Reconciliation Adjustment is the difference between the GSEP Revenue Requirement on cumulative Eligible GSEP Investment for a GSEP Investment Year and the billed revenue from the GSEAF associated with the same GSEP Investment Year. The GSEP Revenue Requirement, for this purpose, shall reflect actual cumulative Eligible GSEP Investment. The GSEP Reconciliation Adjustment shall include interest on any balance, accrued at the prime rate as reported by the Wall Street Journal. The GSEP Reconciliation Adjustment shall be recovered through the GSERAF.
- (15) GSEP Revenue Requirement is the accumulated revenue requirements through December 31 of each GSEP Investment Year based on the Eligible GSEP Investment to be completed during the GSEP Investment Year and inclusive of the actual and planned Eligible GSEP Investment incurred through the end of the year prior to the current GSEP Investment Year. The revenue requirement for each GSEP Investment Year will be calculated on a monthly basis, and shall represent the sum of the revenue requirement for each of the twelve months of the respective year. The annual revenue requirement on Eligible GSEP Investment for subsequent years will also be calculated on a monthly basis.
- (16) Property Tax Rate is the Company's composite property tax rate determined in the Company's most recent general distribution rate proceeding, calculated as the ratio of total annual property taxes paid to total taxable net plant in service.
- (17) Rate Base is the investment value upon which the Company is permitted to earn its

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authorized rate of return.

- (18) Rate Base Allocators are the allocation factors for each GSEP Rate Class Sector that are applied to the GSEP Revenue Requirements that the Company is allowed to recover through the GSEAF to determine the GSEAF rate for each Rate Class Sector. The following are the Rate Base Allocators as approved by the M.D.P.U. in the Company's most recent general distribution rate proceeding:

Rate Class Sector	Rate Base Allocators
Residential	60.0819%
Small Commercial & Industrial	11.6140%
Medium Commercial & Industrial	14.1892%
Large Commercial & Industrial	14.1149%

8.5 Gas System Enhancement Adjustment Factor ("GSEAF")

8.5.1 Rate Formulas:

$$CAP = 1.5\% * TOT_REV$$

And:

$$GSEP_REC_c = \left[\sum_{m=12}^{m=1} ((RB \times PTRR) + DEPR) \right] + PTMS - OFF$$

and:

$$RB = ((GP_{pm} - ARD_{pm} - ADIT_{pm}) + (GP_{cm} - ARD_{cm} - ADIT_{cm})) \div 2$$

If

$$CAP \leq GSEP_REC_c - GSEAF_REC_p$$

Then

$$GSEAF_s = \frac{GSEP_REC_c - ((GSEP_REC_c - GSEAF_REC_p) - CAP)}{A}$$

A : TPvols

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Else

$$\text{GSEAF}_s = \frac{(\text{GSEP REC}_c + \text{DEF_REC}) \times \text{RBA}_s}{\text{A: TPvol}_s}$$

A: TPvol_s

and

$$\text{DEF_REC} = \text{Lesser of } (\text{DEF}_r \text{ or } (\text{CAP} - (\text{GSEP_REC}_c - \text{GSEAF_REC}_p)))$$

Where:

- s** Designates a separate factor for each Rate Class Sector.
- GSEAF_s** The Gas System Enhancement Adjustment Factor, by Rate Class Sector, as defined in Section 8.4 (18).
- GSEP_REC** The GSEP Recovery, consisting of GSEP Revenue Requirement associated with the cumulative Eligible GSEP Investments for the respective GSEP Investment Year. Cumulative Eligible GSEP Investments will consist of actual and planned investment from January 1, 2015 through the end of the respective GSEP Investment Year.
- GSEAF_REC_p** The annual recovery amount reflected in the GSEAF for the applicable prior GSEP Investment Year. The current year GSEP_REC is compared against the GSEAF_REC_p to quantify the change in the recovery that is to be compared to the CAP.
- RBA_s** Rate Base Allocator for each Rate Class Sector, as specified in Section 8.4 (18).
- A:TPvol_s** Forecasted Annual Throughput Volumes for each Rate Class Sector, inclusive of all firm sales and firm transportation throughput.
- RB** The Rate Base associated with the cumulative Eligible GSEP Investments. For purposes of establishing a GSEAF rate and GSEP Reconciliation Adjustment, the Rate Base will be calculated using projected (GSEAF) and actual (GSERAF) monthly balances for GP, ARD, and ADIT.

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- PTRR** The pre-tax rate of return shall be the after-tax weighted average cost of capital established by the M.D.P.U. in the Company's most recent general rate proceeding, adjusted to a pre-tax basis by using currently effective federal and state income tax rates applicable to the period of the Eligible GSEP Investment Year.
- DEPR** The annual depreciation expense associated with the cumulative monthly Eligible GSEP Investments. For purposes of determining the GSEAF and the GSEP Reconciliation Adjustment, depreciation expense is equal to the sum of the depreciation expense calculated on a monthly basis based on the month plant balances utilized in determining Rate Base.
- PTMS** The property taxes calculated based on the cumulative net GSEP plant investment at the end of the GSEP Investment Year multiplied by the Property Tax Rate established by the M.D.P.U. in the Company's most recent general distribution rate proceeding. Property Taxes will be included in the GSEP Revenue Requirement beginning in the year following the GSEP Investment Year at 50% of the annual property tax amount for the first year. In subsequent years, the GSEP Revenue Requirement will reflect a full year of property taxes.
- OFF** The total GSEP Offset associated with reduced leak repair operating and maintenance costs. The GSEP Offset for the first GSEP Investment Year will be 50% of the annual GSEP Offset calculated. In subsequent years, the GSEP Offset will reflect a full year of the calculated GSEP Offset. For purposes of determining the GSEP Reconciliation Adjustment for the first year of each GSEP Investment Year, the annual GSEP Offset will be allocated to the months based on the monthly miles of main replaced.
- DEF** Cumulative actual Reconciliation Adjustment amounts for the prior GSEP Investment Years which have not been reflected in rates due to being in excess of the CAP and are deferred for recovery in a subsequent GSEAF.
- DEF_REC** Amount of DEF that is allowed for recovery in the GSEAF.
- GP** The cumulative GSEP Gross Plant Investments including cost of removal .
- ARD** The Accumulated Reserve for Depreciation associated with the cumulative Eligible GSEP Investments.

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ADIT	The Accumulated Deferred Income Taxes associated with the cumulative Eligible GSEP Investments.
CAP	The maximum change in the revenue requirement to be billed in any given year through the Company's GSEAF.
TOT_REV	The total annual delivery and cost of gas revenues from sales and transportation throughput during the calendar year prior to the year in which the GSEP investment plan is filed, including imputed cost of gas revenue at the Company's cost of gas adjustment factors associated with transportation customers.
c	The current year.
p	The prior year.
r	Subsequent GSERAF Filing.
cm	The current month
pm	The prior month
m	Month

8.6 Gas System Enhancement Reconciliation Adjustment Factor ("GSERAF") Formula:

8.6.1 Rate Formulas:

If $(RA - DEF_REC - GSERAF_REV_{May-Oct}) < 0$

Then

$$GSERAF_s = \frac{(RA - DEF_REC - GSERAF_REV_{May-Oct}) \times RBA_s}{A: TPvol_s}$$

A: TPvol_s

Else

If $CAP < GSEP_REC_c - GSEAF_REC_p + DEF_REC$

Then

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GSERAF = 0

Else

$RA_REC = \text{Lesser of } ((RA - DEF_REC_f - GSERAF_REV_{May-Oct}) \text{ or } (CAP - (GSEP_REC_c - GSEAF_REC_p + DEF_REC_f)))$

And

$GSERAF_s = \frac{RA_REC \times RBA_s}{A: TPvol_s}$

And

$DEF = RA - RA_REC - DEF_REC_f - GSERAF_REV_{May-Oct}$

Where:

s	Designates a separate factor for each Rate Class Sector.
GSERAF _s	The Gas System Enhancement Reconciliation Adjustment Factor by Rate Class Sector as defined in Section 8.4 (18)
RA	GSEP Reconciliation Adjustment – Account 175.851, inclusive of the associated interest, as outlined in Section 8.9, for the GSEP Investment Years as of May 1 of each year.
RA_REC	GSEP Reconciliation Adjustment that is allowed to be recovered in the GSERAF.
RBA _s	Rate Base Allocator for each Rate Class Sector, as specified in Section 8.4 (18).
A:TPvol _s	Forecasted Annual Throughput Volumes for each Rate Class Sector, inclusive of all firm sales and firm transportation throughput.

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CAP	The maximum change in the revenue requirement to be billed in any given year through the Company's GSEAF.
GSEP_REC	The GSEP Recovery, consisting of GSEP Revenue Requirement associated with the cumulative Eligible GSEP Investments for the respective GSEP Investment Year. Cumulative Eligible GSEP Investments will consist of actual and planned investments from January 1, 2015 through the end of the respective GSEP Investment Year.
GSEAF_REC	The annual recovery amount reflected in the GSEAF for the applicable prior GSEP Investment Year. The current year GSEP_REC is compared against the GSEAF_REC _p to quantify the change in the recovery that is to be compared to the CAP.
c	The current year.
p	The prior year.
f	Subsequent GSEAF filing.
GSERAF_REV May-Oct	GSERAF revenue estimated for the period May through October of the current year.
DEF_REC	Amount of DEF that is allowed for recovery in the GSEAF.
DEF	Cumulative actual Reconciliation Adjustment amounts for the prior GSEP Investment Years which have not been reflected in rates due to being in excess of the CAP and are deferred for recovery in a subsequent GSEAF.

8.6.2 Application of GSEAF and GSERAF to Customer Bills

The GSEAF (\$ per therm) and GSERAF (\$ per therm) shall be calculated to the nearest one one-hundredth (\$0.0001) of a cent per therm and will be applied to the monthly firm sales and firm transportation throughput.

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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

8.7 Limitations on Annual GSEAF and GSERAF Charges

8.7.1 Unless modified by the M.D.P.U., annual changes in the GSEP recovery that may be billed in any year shall be limited by a cap ("GSEP Cap"), which is an amount equal to 1.5 percent of the Company's most recent calendar year total firm revenues, including gas revenues attributable to sales customers and including imputed cost of gas revenues for transportation customers, at the time of the October plan filing. [G.L. c. 164, § 145 (f)] In addition, in the instance where the GSERAF is a surcharge to customers, the recovery of the annual GSERAF that may be billed in any year beginning November 1 will be limited by the difference between the GSEP Cap and the annual change in the GSEP recovery.

8.7.2 In accordance with G.L. c. 164, § 145 (f), the M.D.P.U. may increase the GSEP Cap to a percentage of total firm revenues, including gas revenues attributable to sales customers and including imputed cost of gas revenues for the Company's transportation customers, greater than 1.5 percent.

8.7.3 Application of the GSEP Cap shall not affect the calculation of GSEP recovery, including GSEP Revenue Requirement, in subsequent periods. However, any GSEP recovery approved by the M.D.P.U. in excess of the GSEP Cap may be deferred for recovery in the following year.

8.8 Overhead and Burden Adjustments

8.8.1 For purposes of GSEP calculations, the actual overheads and burdens shall be reduced to the extent that actual O&M overheads and burdens in a given year are less than the amount included in base rates as determined in its most recent base distribution rate case. Such reduction shall be the difference between the actual O&M overheads and burdens and the amount included in base rates. In addition, the percentage of capitalized overheads and burdens assigned to GSEP projects shall be set equal to the ratio of GSEP to non-GSEP direct costs in any given year.

8.9 Reconciliation Adjustments

8.9.1 Account 175.851 shall contain the accumulated difference between revenues billed through the GSEAF for a GSEP Recovery associated with a respective GSEP Investment Year, as calculated by multiplying the GSEAFs times the respective Rate Class Sector monthly firm sales and transportation throughput, plus the revenues billed through the GSERAF as calculated by multiplying the GSERAFs times the respective Rate Class Sector monthly firm sales and transportation throughput, unless otherwise identified in the Company's billing records, and the revenue requirement associated with the actual Eligible GSEP allowed, plus carrying charges calculated on the average monthly balance using the consensus prime rate as reported by the Wall Street Journal and then added to the end-of-month balance. Any deferral of GSEP Recovery as a

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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

result of the limitation of the amount allowed to be billed in any one year in accordance with the GSEP Cap shall be reflected in the GSEP Reconciliation Adjustment Account with the monthly calculation of carrying charges as set out herein.

- 8.9.2 The GSEP Revenue Requirement will initially be based on planned spending for Eligible Infrastructure Replacement Projects for the GSEP Investment Year, plus cumulative actual and planned investment in eligible in-service plant through the end of the prior GSEP Investment Year. Pursuant to Section 8.10.3 below, upon M.D.P.U. approval of actual Eligible GSEP Investment, the Company shall adjust the GSEP Revenue Requirement of the applicable GSEP Investment Year.
- 8.9.3 The GSEP Reconciliation Adjustment as of the implementation date of base rates established in a Company's next general rate proceeding, including any aspect of the GSEP Reconciliation Adjustment pertaining to the cumulative deferral of revenue requirement recovery due to application of the GSEP Cap in prior year(s), shall be included in developing the GSEAF established as of the effective date of the new base rates. Upon the effective date of new base rates, the GSEAF then in effect shall be adjusted to reflect the removal of cumulative GSEP Investment through the end of the test year of such general rate proceeding. Subsequent October 31 filings of GSEP Plans shall exclude cumulative GSEP Investment included in rate base through the end of the test year of such general rate proceeding. The recovery of GSEP Investment not included in a general rate proceeding shall continue through the GSEP until the GSEP Investment is included in rate base as part of a subsequent general rate proceeding. The filing of a general rate proceeding shall not result in a Company not recovering eligible GSEP costs incurred prior to the date new base rates go into effect.
- 8.10 Information to be filed with the M.D.P.U.
- 8.10.1 Information for Subsequent Construction Year

Any GSEP Plan submitted to the M.D.P.U. on October 31 of each year in relation to Eligible GSEP Investment in the subsequent construction year shall include, but not be limited to:

- (a) A plan for the completion of eligible infrastructure replacement projects relating to mains, services, meter sets and other ancillary facilities composed of non-cathodically protected steel, cast iron, wrought iron and copper, prioritized to implement the federal gas distribution pipeline integrity management plan annually submitted to the M.D.P.U. and consistent with subpart P of 49 C.F.R. part 192;
- (b) An anticipated timeline for the completion of each project;

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- (c) The estimated cost of each project;
- (d) Rate change requests;
- (e) A description of customer costs and benefits under the plan; and
- (f) Any other information the M.D.P.U. considers necessary to evaluate the plan.

8.10.2 Information on Timeline for Removal of Leak-Prone Infrastructure

A GSEP Plan submitted on or before October 31 of any year shall include a timeline for removal of all leak-prone infrastructure on an accelerated basis specifying an annual replacement pace and program end date with a target end date of either: (a) not more than 20 years, or (b) a reasonable target end date considering the allowable recovery cap established pursuant to G.L. c. 164, § 145(f). [G.L. c. 164, § 145(c)]

After the filing of the initial GSEP Plan on October 31, 2014, at five-year intervals, the Company shall provide the M.D.P.U. with a summary of its replacement progress to date, a summary of work to be completed during the next five years and any similar information the M.D.P.U. may require. [G.L. c. 164, § 145(c)]

8.10.3 Information to be filed with the Department for GSEP Reconciliation

On or before May 1 of each year subsequent to a GSEP Investment Year, the Company shall file with the Department certain information to support its GSEP Reconciliation ("GREC"). The Company shall file final project documentation for projects completed in the prior year to demonstrate: (a) substantial compliance with the GSEP Plan in effect for the respective GSEP Investment Year; and (b) that project costs were reasonably and prudently incurred. The Company shall also file the revenue requirement based on the actual costs submitted in this filing, which shall form the basis of the GSERAF to become effective on November 1.

9.0 ATTORNEY GENERAL CONSULTANT EXPENSES (AGCE) PURSUANT TO SECTION 4 OF CHAPTER 169 OF THE ACTS OF 2008 ("GREEN COMMUNITIES ACT")

9.1 Purpose

On July 2, 2008, Chapter 169 of the Acts of 2008 ("Green Communities Act") was enacted and signed into law. Section 4 of the Green Communities Act provides that the Attorney General may retain consultants to assist with cases before the M.D.P.U.. Section 4 also provides that the

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M.D.P.U.-approved expenses associated with the consultant will be recognized by the M.D.P.U. as proper business expenses and will be recoverable through rates without further approval by the M.D.P.U.. Therefore, the purpose of this provision is to establish a procedure that allows the Company, to adjust its rates for the recovery of expenses associated with the consultants retained by the Attorney General, as allowed pursuant to Section 4 of Chapter 169 of the Acts of 2008 (“Green Communities Act”).

9.2 **Applicability**

The Attorney General Consultant Expenses (AGCE) shall be applied to all firm sales and firm transportation throughput of the Company as determined in accordance with the provisions of Section 9.6 of this clause. The AGCE shall be determined by the Company annually for effect November 1 for actual expenses and recoveries to date, as defined below, and shall be subject to review by the M.D.P.U., as provided for in this clause.

9.3 **Attorney General Consultant Expenses Allowable for LDAC**

Attorney General Consultant Expenses include all reasonable and proper costs and expenses that have been approved by the M.D.P.U. during the pendency of a docket involving the Company, including generic proceedings before the M.D.P.U..

9.4 **Effective Date of the Attorney General Consultant Expenses Factor (AGCEF)**

The AGCEF, as calculated and filed as part of the Company’s LDAC filing, will be effective on November 1 of each year.

9.5 **Definition**

Attorney General Consultant Expenses are all reasonable costs and expenses associated with the Attorney General’s retention of a consultant to assist with a proceeding before the M.D.P.U.. The M.D.P.U., after hearing comments from the full parties to the proceeding, may approve the costs. The costs for a consultant shall not exceed \$150,000 per proceeding, unless approved by the M.D.P.U. based on exigent circumstances, including the complexity of the proceeding. Once the costs have been approved by the M.D.P.U., these costs shall be recognized by the M.D.P.U. for all purposes as proper business expenses of the Company, and are recoverable through rates without further approval by the M.D.P.U..

9.6 **Attorney General Consultant Expense (AGCE) Factor Formula**

$$AGCEFs = (AGCE + RA_{AGCE}) \times BDRA_s$$

LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

A: TPvols

Where:

AGCEFs	Attorney General Consultant Expense by Rate Class Sector
A:TPvols	Forecast November – October Annual Throughput Volumes of all firm sales and firm transportation throughput by Rate Class Sector
AGCE	Attorney General Consultant Expenses as defined in Section 9.5
RA _{AGCE}	Attorney General Consultant Expense Reconciliation Adjustment - Account 182.56 inclusive of the associated interest, as outlined in Section 9.7
BDRA _s	Base Distribution Revenue Allocator for each Rate Class Sector

9.7 Reconciliation Adjustments

Account 182.56 shall contain the accumulated difference between revenues toward Attorney General Consultant Expenses, as calculated by multiplying the Attorney General Consultant Expense Factor (AGCEFs) times the respective Rate Class Sector monthly firm sales and firm transportation throughput and Attorney General Consultant Expenses allowed, plus Carrying Charges and then added to the end-of-month balance.

9.8 Application of AGCEF to Bills

The AGCEF (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm (\$0.0001) and will be applied to the monthly firm sales and firm transportation throughput. If, during any twelve-month period commencing on November 1, the projected AGCEF is less than one one-hundredth of a cent (\$0.0001) per therm, the AGCEF account balance shall be transferred to Account 182.56.

9.9 Information to be Filed with the M.D.P.U.

Information pertaining to the Attorney General Consultant Expenses will be filed with the M.D.P.U. consistent with the filing requirements of all costs and revenue information included in the LDAC.

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President

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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

10.0 LOCAL DISTRIBUTION ADJUSTMENT FACTOR FORMULA

The annual LDAF shall be the sum of the various factors set forth in this tariff, calculated prior to November 1st of each year, according to the following formula:

$$\text{LDAF}_s = \text{EES}_c + \text{RAF}_s + \text{PAF}_s + \text{RAAF}_s + \text{GSEAF}_s + \text{GSERAF}_s + \text{AGCEF}_s - \text{SQPF}_s - \text{BPC}_s - \text{NFC}_s$$

where:

LDAF _s	Local Distribution Adjustment Factor by Rate Class Sector
EES _c	Energy Efficiency Surcharge by EE Rate Category as defined in Section 0
RAF _s	Remediation Adjustment Factor by Rate Class Sector as defined in Section 4.0
PAF _s	Pension Adjustment Factor by Rate Class Sector as defined in Section 6.0
RAAF _s	Residential Assistance Adjustment Factor by Rate Class Sector as defined in Section 7.0
GSEAF _s	Gas System Enhancement Adjustment Factor by Rate Class Sector as defined in Section 8.0
GSERAF _s	Gas System Enhancement Reconciliation Adjustment Factor by Rate Class Sector as defined in Section 8.0
AGCEF _s	Attorney General Consultant Expense Factor by Rate Class Sector as defined in Section 9.0
SQPF _s	Service Quality Penalty Factor by Rate Class Sector as defined in Section 5.0
BPC _s	Balancing Penalty Credit Factor by Rate Class Sector as defined in Section 10.1
NFC _s	Non Firm Distribution Credit Factor by Rate Class Sector as defined in Section 10.2

10.1 Balancing Penalty Credit Factor

The BPC shall be calculated according to the following formula:

$$\text{BPC}_s = \frac{\text{BP} \times \text{BDRA}_s}{\text{T:Thru}_s}$$

where

BPC _s	Balancing Penalty Credit Factor by Rate Class Sector
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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

BP Penalty revenues collected by the Company in accordance with its Terms and Conditions
BDRA_s Base Distribution Revenue Allocator for Rate Class Sector
T:Thrus Forecasted firm throughput volumes in therms, by Rate Class Sector, for twelve consecutive months November to October, inclusive.

10.2 Annual Non-Firm Distribution Credit Factor

The NFC shall be calculated according to the following formula:

$$\text{NFC}_s = \frac{\text{NFM} \times \text{BDRA}_s}{\text{T:Thrus}}$$

where

NFC_s Non-Firm Distribution Margin Credit Factor by Rate Class Sector

Economic Benefit The difference between the revenue and the marginal cost determined to provide non-firm distribution service.

Non-Firm Distribution Margin (NFM) The Economic Benefit derived from the provision of non-firm distribution services to transportation customers. Ninety (90) percent of the total credit will be credited as established in DPU 10-62-A. Credits from Non-Firm Distribution Margins shall be adjusted to reflect additions or losses from Customers who switch from firm distribution to non-firm distribution, and conversely, from non-firm distribution to firm distribution

BDRA_s Base Distribution Revenue Allocator for each Rate Class Sector

T:Thrus Forecasted firm throughput volumes in therms, by Rate Class Sector, for twelve consecutive months November to October, inclusive.

11.0 EFFECTIVE DATE OF LOCAL DISTRIBUTION ADJUSTMENT FACTOR

The date on which each element of the annual Local Distribution Adjustment Factor becomes effective will be November 1st of each year unless otherwise indicated.

Issued by: William J. Akley
President

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LOCAL DISTRIBUTION ADJUSTMENT CLAUSE

12.0 APPLICATION OF LDAF TO BILLS

The LDAF will be applied to the monthly firm distribution volumes for each Customer in a Rate Class Sector. The annual LDAF for each Rate Class Sector shall be calculated to the nearest one one-hundredth of a cent per therm.

13.0 INFORMATION TO BE FILED WITH THE M.D.P.U.

Information pertaining to all the components of the LDAC is to be filed with the M.D.P.U. as specified in the previous sections. An annual LDAF filing shall be submitted to the M.D.P.U. at least 90 days before the date on which the new LDAF is to be effective. Additionally, the Company shall file with the M.D.P.U. a complete list by (sub)account of all local distribution costs claimed as recoverable through the LDAC over the previous year, as included in the annual reconciliation. This information shall be submitted with each annual LDAF filing, along with complete documentation of the reconciliation adjustment calculations.

14.0 OTHER RULES

The M.D.P.U. may, where appropriate, on petition or on its own motion, grant an exception from the provisions of the applicable regulations and this rate schedule, upon such terms that it may determine to be in the public interest.

At any time, the M.D.P.U. may require the Company to file, or the Company may file with the M.D.P.U., an amended LDAF. Said filing must be submitted at least ten (10) days before the proposed effective date of the amended LDAF.

The operation of this rate schedule is subject to all powers of suspension and investigation vested in the M.D.P.U. by Chapter 164 of the General Laws of the Commonwealth of Massachusetts.

15.0 CUSTOMER NOTIFICATION

The Company will design a notice which explains in simple terms to Customers the LDAF, the nature of any change in the LDAF, and the manner in which the LDAF is applied to the bill. The Company will submit this notice for approval at the time of each LDAF filing. Upon approval by the M.D.P.U., the Company shall immediately distribute these notices to all of its Customers either through direct mail or with its bills.

DEFAULT SERVICE

AVAILABILITY

Default Service ("Default Service") shall be available to any Customer who is not receiving Gas Service from a Supplier as set forth in the Company's Terms and Conditions.

APPLICABILITY

This tariff applies to all Customers receiving firm Gas commodity service from the Company pursuant to the Company's Terms and Conditions.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

CHARACTER OF SERVICE:

Gas containing not less than 1,000 Btu per cubic feet.

DEFAULT SERVICE RATES

The rate for Default Service shall be established in accordance with the provisions set forth in the Company's retail distribution service rates and its Seasonal Cost of Gas Adjustment Clause ("CGAC") as in effect from time to time. The date on which the rate for Default Service becomes effective shall coincide with the effective date of the seasonal Gas Adjustment Factors ("GAFs") as established by the CGAC.

The rate for Default Service applicable to customers in rate classes R-1, R-2, R-3, R-4, G-41 and G51 who have been approved by the Company for participation in the NSTAR Gas Fixed Price Option ("FPO") Pilot Program for the winter heating season beginning November 1st of each year shall be established in accordance with the provisions set forth in the Company's retail distribution service rates and its CGAC for the peak season, as approved by the Department for effect on or about November 1st of each year plus \$0.02 per therm. The GAF, as initially calculated and approved by the Department for effect November 1st, shall remain fixed for FPO Pilot Program customers for the remainder of the winter heating season. The rate for Default Service applicable to customers who have been approved by the Company for participation in the NSTAR Gas FPO Pilot Program for the off-peak season shall be established in accordance with the provisions set forth in the Company's retail distribution service rates and its Seasonal CGAC.

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President

Filed: December 16, 2015
Effective: January 1, 2016

DEFAULT SERVICE

CUSTOMER NOTIFICATION

The Company will design a notice which explains in simple terms to Customers the rate for Default Service and the nature of any change in the rate. The Company will submit this notice for approval by the Massachusetts Department of Public Utilities (“M.D.P.U.”) at the time of each GAF filing pursuant to the CGAC. Upon approval by the M.D.P.U., the Company shall immediately distribute these notices to all of its Customers taking Default Service either through direct mail or with its bills.

BILLING

Each Customer receiving Default Service shall receive one bill from the Company, reflecting ~~unbundled charges for gas service.~~ Charges for Default Service shall appear on the Customer’s bill as the Cost of Gas under the heading Supplier Services.

PEAKING SERVICE

AVAILABILITY

Peaking Service is available to all Suppliers or Customers acting as their own Suppliers that have been assigned Peaking Capacity on behalf of Customers in an Aggregation Pool, or on behalf of daily-metered Customers not included in an Aggregation Pool, upon execution of a Supplier Service Agreement with the Company.

APPLICABILITY

This tariff applies to all Suppliers, or Customers acting as their own Supplier, receiving Peaking Service from the Company pursuant to the Company's Terms and Conditions.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provision herein.

CHARACTER OF SERVICE

Gas provided on a firm basis and not subject to interruption or curtailment except as permitted under the Company's Terms and Conditions and the Supplier Service Agreement. The Supplier shall nominate Peaking Service quantities on a daily basis subject to the operational restrictions and nominations requirements set for the in Company's Terms and Conditions. The Company shall be obligated to provide a quantity not to exceed the Maximum Daily Peaking Quantity ("MDPQ"), as specified in the Supplier Service Agreement. The level of supply provided by the Company is subject to operational restrictions during the service availability period as set forth in the Company's Terms and Conditions.

PEAKING SERVICE RATES

Service hereunder is subject to a two-part monthly rate comprising a Peaking Service Demand Charge and a Peaking Service Commodity Charge. Such charges shall reflect the costs described below and shall be computed and submitted within the Company's Cost of Gas Adjustment Clause ("CGAC") filings.

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PEAKING SERVICE

RATE PER MONTH

The Peaking Service Demand Charge to the Supplier shall be the product of the currently effective monthly Peaking Service Demand Charge and the applicable MDPQ as established in the Supplier Service Agreement for that month for each Aggregation Pool.

The Peaking Service Commodity Charge to the Supplier shall be the Peaking Service Commodity Charge multiplied by the volumes of gas nominated for each Aggregation Pool each month under this rate.

MAXIMUM DAILY PEAKING QUANTITY

The MDPQ for each of a Supplier's Aggregation Pools shall be established in the Supplier Service Agreement pursuant to Section 13.4 of the Company's Terms and Conditions.

OPERATIONAL RESTRICTIONS

The availability of Peaking Service may be restricted in accordance with the operational standards established by the Company in its Terms and Conditions.

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REVENUE DECOUPLING ADJUSTMENT CLAUSE

Section

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1.0 PURPOSE

The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow NSTAR Gas Company d/b/a Eversource Energy ("NSTAR Gas" or the "Company") subject to the jurisdiction of the Department of Public Utilities ("Department") to adjust, on a semi-annual basis, its rates for firm gas sales and firm transportation service in order to reconcile Actual Base Revenue per Customer with Benchmark Base Revenue per Customer. The Company's RDAC eliminates the link between customer sales and Company earnings in order to align the interests of the Company and customers with respect to lowering customer usage.

2.0 EFFECTIVE DATE

The Peak Period Revenue Decoupling Adjustment Factor ("RDAF") shall be effective on the first day of each Peak Period as defined herein. The Off-Peak RDAF shall become effective on the first day of each Off-Peak Period as defined herein.

3.0 APPLICABILITY

The RDAF shall apply to all of the Company's firm tariff sales and firm tariff transportation Rate Schedules, subject to the jurisdiction of the Department, as determined in accordance with the provisions of this mechanism.

4.0 DEFINITIONS

The following definitions shall apply throughout the provisions of this tariff:

Actual Base Revenue per Customer ("ARPC") is the actual revenue derived from the Company's base rates divided by the number of customers for a given season for a Customer Class Group exclusive of customers and associated revenues for customers connected to the Company's

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distribution system after December 31, 2014, the end of the test period for the Company's most recent base rate case, D.P.U. 14-150.

Actual Number of Customers is the actual number of customers for the applicable Customer Class Group for the most recently completed Peak or Off-Peak Period, exclusive of customers connected to the Company's distribution system after December 31, 2014, the end of the test period for the Company's most recent base rate case.

Customer Class is the group of all customers taking service pursuant to the same Rate Schedule.

Customer Class Group is the group of Rate Schedules combined for purposes of calculating the Revenue Decoupling Adjustment amounts. The three Customer Class Groups are as follows:

- (1) The Residential Heating Customer Class Group shall consist of all sales and transportation customers taking service pursuant to the Company's residential heating rate schedules R-3 and R-4.
- (2) The Residential Non-Heating Customer Class Group shall consist of all sales and transportation customers taking service pursuant to one of the Company's residential non-heating rate schedules R-1 and R-2.
- (3) The Commercial and Industrial Customer Class Group shall consist of all sales and transportation customers taking service pursuant to one of the Company's general service rate schedules, G-41, G-42, G-43, G-51, G-52, and G-53.

Rate Class Group is the group of Rate Schedules combined for purposes of recovery of the allowed Revenue Decoupling Adjustment amounts. The four Rate Class Groups are as follows:

- (1) The Residential Rate Class Group shall consist of all sales and transportation customers taking service pursuant to the Company's residential rate schedules R-1, R-2, R-3, and R-4.
- (2) The Small C&I Rate Class Group shall consist of all sales and transportation customers taking service pursuant to the Company's Small C&I rate schedules G-41 and G-51.
- (3) The Medium C&I Rate Class Group shall consist of all sales and transportation customers taking service pursuant to one of the Company's Medium C&I rate schedules, G-42 and G-52.
- (4) The Large C&I Rate Class Group shall consist of all sales and transportation customers taking service pursuant to one of the Company's Large C&I rate schedules, G-43 and G-53.

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Off-Peak Period is the continuous period from May 1 through October 31.

Peak Period is the continuous period from November 1 through April 30.

Base Distribution Revenue Allocators are the allocation factors for each Rate Class Group that are applied to the revenues that the Company is allowed to recover through the Revenue Decoupling mechanism to determine the RDAF for each Rate Class Group. The following are the Base Distribution Revenue Allocators as approved by the Department in the Company's most recent rate case, D.P.U. 14-150:

Rate Class Group	Peak Period	Off-peak Period
Residential	65.8832%	70.1900%
C&I Small Annual Use	11.7121%	12.2318%
C&I Medium Annual Use	12.7249%	9.2143%
C&I Large Annual Use	9.6798%	8.3639%

5.0 BENCHMARK REVENUE PER CUSTOMER

5.1 Description of Benchmark Base Revenue per Customer

Benchmark Base Revenue per Customer ("BRPC") is the allowed average revenue per Customer for a given season for a Customer Class Group, reflecting the base revenue from the Company's base rate case or other proceeding that results in an adjustment to base rates. The BRPC for the applicable Customer Class Group shall be determined by first multiplying the then effective base rates for each rate schedule by the corresponding test period billing determinants utilized to design base rates in the Company's most recent base rate case to yield benchmark base revenues by Customer Class.

The resulting benchmark base revenues for all rate schedules within the same Customer Class Group shall be added together and divided by the average test period number of bills for the corresponding Customer Classes in order to yield the BRPC. For purposes of calculating the BRPC, base revenues for Low Income rate classes R-2 and R-4 shall be determined based on non-discounted rates R-1 and R-3.

5.2 Effective Benchmark Base RPC

The following are the BRPC values for a full six-month Peak and Off-Peak season as approved by the Department in D.P.U. 18-15 and applicable to base revenue collected under rates effective July 1, 2018:

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July 1, 2018

REVENUE DECOUPLING ADJUSTMENT CLAUSE

Customer Class Group	Peak Period	Off-Peak Period
Residential Non-Heating	\$115.22	\$79.72
Residential Heating	\$330.44	\$110.75
Commercial and Industrial	\$1466.14	\$414.69

The following are the BRPC values for a full six-month Peak and Off-Peak season as approved by the Department in D.P.U. 14-150 and are applicable to base revenue collected under rates effective prior to July 1, 2018:

Customer Class Group	Peak Period	Off-Peak Period
Residential Non-Heating	\$121.42	\$82.49
Residential Heating	\$347.11	\$114.32
Commercial and Industrial	\$1,536.19	\$430.59

6.0 CALCULATION OF REVENUE DECOUPLING ADJUSTMENT

6.1 Description of Revenue Decoupling Adjustment

At the conclusion of each Peak or Off-Peak Period, the Company shall calculate a RDAF to be applied to customer bills in the next corresponding season. The RDAF for the Peak Period will be applied to customer bills in the next Peak Period and the RDAF for the Off-Peak Period will be applied to customer bills in the next Off-Peak Period.

The Revenue Decoupling Adjustment ("RDA") shall be calculated by comparing the difference between the ARPC and the BRPC for the applicable Customer Class Group, and multiplying that difference by the actual number of customers for the applicable Customer Class Group. The sum of the adjustments calculated for each of the Customer Class Groups shall equal the total Company RDA, and shall include a reconciliation component and carrying costs. If the RDA does not exceed the revenue cap described below, then it shall be allocated to each Rate Class Group by applying the Distribution Revenue Allocator approved in the Company's most recent rate filing and then divided by the Rate Class Group's seasonal forecasted throughput to derive the RDAF for each Rate Class Group.

The total Peak or Off-Peak RDA, including the prior period reconciliation, deferral amounts, and all carrying charges, may not exceed three percent (3%) of total revenues from firm sales and transportation throughput for the most recent corresponding Peak or Off-Peak Period, herein referred to as the Revenue Decoupling Cap ("RDC"), with transportation revenues adjusted by imputing the Company's cost of gas charges for that period. Total revenue shall include amounts that the Company has billed customers through applicable charges for distribution service, Local Distribution Adjustment Factors, Cost of Gas Adjustment Factors, and any related adjustment factors. If the RDA exceeds the RDC, then an amount equal to the RDC shall be allocated to each

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REVENUE DECOUPLING ADJUSTMENT CLAUSE

Rate Class Group by applying the Distribution Revenue Allocator approved in the Company's most recent rate filing and then divided by the Rate Class Group's seasonal forecasted throughput to derive the RDAF for each Rate Class Group. Amounts determined to be in excess of the RDC shall be deferred and included in the RDA reconciliation for recovery in the subsequent year during the corresponding Peak or Off-Peak Period as long as the sum of the RDA for that period including the prior period reconciliation deferral amounts, and all carrying charges, does not exceed the RDC for that period.

Carrying charges shall be calculated on the average deferred balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates. If the total amount to be reflected in the RDA represents an over-recovery to be credited to customers, the entire amount is to be reflected in the RDA at the beginning of the Peak or Off-Peak Periods, i.e., the RDC is applicable to under-recoveries only; over-recoveries shall be credited in full.

6.2 Revenue Decoupling Adjustment Formulas

$$RDA = \left[\left(\sum_{cg=1}^{cg=n} ((BRPC_{T1} - ARPC_{T1}) \times ACUSTS_{T1}) \right) + RF + DEF_{BALp} \right] + \text{carrying costs}$$

If:

$$RDA < \$0$$

Then:

$$DEF_{BALc} = \$0$$

And:

$$RDAF_{S,T1} = \frac{RDA \times DRAs}{TPVOLs}$$

If:

$$RDA > \$0$$

And, if:

$$RDA < RDC$$

Then:

$$DEF_{BALc} = \$0$$

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REVENUE DECOUPLING ADJUSTMENT CLAUSE

And:

$$RDAF_{S,T1} = \frac{RDA \times DRAS}{TPVOLs}$$

If:

$$RDA > RDC$$

Then:

$$DEF_{BALc} = RDA - RDC$$

And:

$$RDAF_{S,T1} = \frac{RDC \times DRAS}{TPVOLs}$$

Where:

- RDAF** The Revenue Decoupling Adjustment Factor for the Peak or Off-Peak Period (T1).
- DRA:** Distribution Revenue Allocator applicable to the Rate Class Group.
- s:** Designates a separate factor for each Rate Class Group.
- RDA:** The calculated Revenue Decoupling amount consisting of: (1) the difference between the BRPC and ARPC, with the difference multiplied by the number of actual customers, (2) the prior period reconciliation (RF), including interest, and, if applicable, (3) any deferral of RDA from prior periods (DEFBALp) that the Company was not able to reflect in a prior period's RDAF, (4) any prospective carrying cost.
- RDC:** The Revenue Decoupling Cap equal to three percent (3%) of total revenues from firm sales and firm transportation throughput for the most recent corresponding Peak or Off-Peak Period with transportation revenues being adjusted by imputing the Company's cost of gas charges for that period.
- cg:** Customer Class Groups 1 through n.

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REVENUE DECOUPLING ADJUSTMENT CLAUSE

- ARPC** Actual Base Revenue Per Customer for the applicable Customer Class Group, as defined in Section 4.0 for the most recently completed Peak or Off-Peak Period (T1). For purposes of calculating the Actual Base Revenue per Customer, the non-discounted base revenues prior to application of the low income discount shall be used.
- BRPC** Benchmark Base Revenue Per Customer for the applicable Customer Class Group as determined in accordance with Section 5.0 of this tariff for the most recently completed Peak or Off-Peak Period (T1).
- ACUSTS** The actual number of customers for the applicable Customer Class Group for the most recently completed Peak or Off-Peak Period (T1), exclusive of customers connected to the Company's distribution system since the end of the test period for the Company's most recent base rate case.
- TP_{Vol}:** Forecast Throughput Volumes inclusive of all firm tariff sales and firm tariff transportation throughput for the Peak or Off-Peak Period.
- RF:** Revenue Decoupling Reconciliation Adjustment Account 175.350 and Account 175.351, subsequent to the billing of applicable Peak or Off-Peak Period RDAF, including interest using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates.
- DEFBALp:** The balance of the unrecovered deferrals from prior periods, including interest using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates.
- DEFBALc:** The amount of Revenue Decoupling Adjustment that must be deferred in the current year based on the difference between three percent (3%) of total revenues from firm sales and firm transportation throughput for the most recent corresponding Peak or Off-Peak Period, with transportation revenues adjusted by imputing the Company's cost of gas charges for that period, and the current year's Revenue Decoupling Adjustment.

7.0 **CALCULATION OF RECONCILIATION ADJUSTMENTS**

Account 175.350 shall contain the accumulated difference between the amount of RDAF revenue that should have been collected by the Company in the Peak Period and the amount of RDAF revenue actually received by the Company in the Peak Period. Carrying charges shall be calculated on the average monthly balance using the prime lending rate. Account 175.350 shall also include Peak Period deferrals as determined in Section 6.2.

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REVENUE DECOUPLING ADJUSTMENT CLAUSE

Account 175.351 shall contain the accumulated difference between the amount of RDAF revenue that should have been collected by the Company in the Off-Peak Period and the amount of RDAF revenue actually received by the Company in the Off-Peak Period. Carrying charges shall be calculated on the average monthly balance using the prime lending rate. Account 175.351 shall also include Off-Peak Period deferrals as determined in Section 6.2.

8.0 APPLICATION OF THE RDAC TO CUSTOMER BILLS

The RDAF (\$ per therm) shall be truncated at the nearest one one-hundredth of a cent per therm. The RDAF for the Peak Period will be applied to customer bills in the next Peak Period and the RDAF for the Off-Peak Period will be applied to the customer bills in the next Off-Peak Period. The RDAF will be applied to the monthly firm sales and firm transportation throughput for each customer in a Recovery Class Group.

9.0 INFORMATION TO BE FILED WITH THE DEPARTMENT

Information pertaining to the RDAC will be filed with the Department ninety (90) days prior to the effective dates of the November 1 Peak Period and May 1 Off-Peak Period RDAF. Such information shall include the calculation of the applicable RDA and revenue decoupling reconciliation adjustment, including a summary and schedules as set out in Exhibit A to Revenue Decoupling Adjustment Factor Filing Procedures, D.P.U. 14-RDAF-01 (2014). Other information shall also include for the pertinent period the following:

- Billed sales data by customer class
- Forecasted volumes by rate class
- Bill impact comparison, by customer class, of proposed rates to current rates and of proposed rates to rates in effect for the prior pertinent period
- Estimate of lost base revenue ("LBR")
- Capital costs associated with new customers
- Weather-normalized sales data by customer class
- Weather-normalized RDA
- Other informational schedules as prescribed by the Department from time to time

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RESIDENTIAL NON-HEATING

RATE R-1

AVAILABILITY

This rate is available for all domestic uses in single private homes, individual flats or apartments and for all uses by condominiums to the extent permitted by applicable regulations of the Massachusetts Department of Public Utilities.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$8.50 per month

Distribution:

November - April

All Therms 48.09 cents per Therm

May - October

All Therms 48.09 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum Charge:

The minimum charge per month shall be the Customer Charge.

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President**

**Filed: June 29, 2018
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RESIDENTIAL NON-HEATING

RATE R-1

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service shall continue until terminated on three (3) Business Days' notice.

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LOW INCOME RESIDENTIAL NON-HEATING

RATE R-2

AVAILABILITY

Upon written application, this rate is available for all domestic uses in single private homes, individual flats or apartments or in a condominium to any Customers meeting the qualifications stated in the special provisions section of this rate. Service under this rate to residential condominiums is available to the extent permitted by applicable regulations of the Massachusetts Department of Public Utilities ("M.D.P.U.").

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$8.50 per month

Distribution:

November - April
All Therms 48.09 cents per Therm

May - October
All Therms 48.09 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum Charge:

The minimum charge per month shall be the Customer Charge, less the application of the Low Income Discount Adjustment provided under this rate schedule.

LOW INCOME DISCOUNT ADJUSTMENT

The total amount resulting from the billing of all charges under this rate schedule shall be adjusted by a discount of 25.0 percent.

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LOW INCOME RESIDENTIAL NON-HEATING

RATE R-2

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause

FARM DISCOUNT RIDER

A Customers taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

SPECIAL PROVISIONS

- (1) A Customers will be eligible for this rate upon verification of a Customer's receipt of any means-tested public-benefit program or verification of eligibility for the low-income home energy assistance program or its successor program, for which eligibility does not exceed 60 percent of the median income in Massachusetts based on a household's gross income or other criteria approved by the M.D.P.U.
- (2) Customers who qualify for this rate shall be required each year to certify their continuing compliance with the terms hereof.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service shall continue until terminated on three (3) Business Days' notice.

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President

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RESIDENTIAL HEATING

RATE R-3

AVAILABILITY

This rate is available for all domestic uses in single private homes or individual flats or apartments where the principal source of space heating is provided through permanently installed, automatically controlled gas heating devices of a type approved by the Company. This rate is also available for all uses by condominiums to the extent permitted by applicable regulations of the Massachusetts Department of Public Utilities.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$8.50 per month

Distribution:

November - April

All Therms 36.70 cents per Therm

May - October

All Therms 36.70 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum Charge:

The minimum charge per month shall be the Customer Charge.

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President

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RESIDENTIAL HEATING

RATE R-3

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

- Local Distribution Adjustment Clause
- Revenue Decoupling Adjustment Clause

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service shall continue until terminated on three (3) Business Days' notice.

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President

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LOW INCOME RESIDENTIAL HEATING

RATE R-4

AVAILABILITY

Upon written application, this rate is available for all domestic uses in single private homes, in an individual flat or apartment or in a condominium where the principal source of space heating is provided through permanently installed, automatically controlled gas heating devices of a type approved by the Company to any Customer meeting the qualifications stated in the special provisions section of this rate. Service under this rate to residential condominiums is available to the extent permitted by applicable regulations of the Massachusetts Department of Public Utilities ("M.D.P.U.").

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$8.50 per month

Distribution:

November - April

All Therms 36.70 cents per Therm

May - October

All Therms 36.70 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum Charge:

The minimum charge per month shall be the Customer Charge, less the application of the Low Income Discount Adjustment provided under this rate schedule.

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President

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LOW INCOME RESIDENTIAL HEATING

RATE R-4

LOW INCOME DISCOUNT ADJUSTMENT

The total amount resulting from the billing of all charges under this rate schedule shall be adjusted by a discount of 25.0 percent.

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

SPECIAL PROVISIONS

- (1) A Customer will be eligible for this rate based upon verification of a Customer's receipt of any means-tested public-benefit program or verification of eligibility for the low-income home energy assistance program or its successor program, for which eligibility does not exceed 60 percent of the median income in Massachusetts based on a household's gross income or other criteria approved by the M.D.P.U.
- (2) Customers who qualify for this rate shall be required each year to certify their continuing compliance with the terms hereof.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service shall continue until terminated on three (3) Business Days' notice.

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LOW LOAD FACTOR GENERAL SERVICE - SMALL

RATE G-41

AVAILABILITY

This rate is available for all uses of gas to non-domestic Customers consuming less than 10,000 therms of gas per year and whose consumption of gas during the months of May through October is less than 30% of total consumption during the same calendar year.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer:	\$19.00 per month
Distribution:	
November - April	24.28 cents per Therm
May - October	24.28 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum charge:

The minimum charge per month shall be the Customer Charge.

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause
Dual Fuel Special Provision

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LOW LOAD FACTOR GENERAL SERVICE - SMALL

RATE G-41

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service under this rate shall be for a minimum term of twelve (12) consecutive months and shall continue thereafter until terminated upon three (3) months written notice.

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President

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LOW LOAD FACTOR GENERAL SERVICE - MEDIUM

RATE G-42

AVAILABILITY

This rate is available for all uses of gas to non-domestic Customers consuming at least 10,000 therms but less than 100,000 therms of gas per year and whose consumption of gas during the months of May through October is less than 30% of total consumption during the same calendar year.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$40.00 per month

Distribution:

November - April 18.96 cents per Therm

May - October 12.99 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum charge:

The minimum charge per month shall be the Customer Charge.

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause
Dual Fuel Special Provision

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LOW LOAD FACTOR GENERAL SERVICE - MEDIUM

RATE G-42

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service under this rate shall be for a minimum term of twelve (12) consecutive months and shall continue thereafter until terminated upon three (3) months written notice.

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President

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LOW LOAD FACTOR GENERAL SERVICE - LARGE

RATE G-43

AVAILABILITY

This rate is available for all uses of gas to non-domestic Customers consuming at least 100,000 therms of gas per year and whose consumption of gas during the months of May through October is less than 30% of total consumption during the same calendar year.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$141.00 per month

Distribution:

November - April 17.69 cents per Therm

May - October 9.28 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum charge:

The minimum charge per month shall be the Customer Charge

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause
Dual Fuel Special Provision

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LOW LOAD FACTOR GENERAL SERVICE - LARGE

RATE G-43

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bills.

TERM

Service under this rate shall be for a minimum term of twelve (12) consecutive months and shall continue thereafter until terminated upon three (3) months written notice.

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HIGH LOAD FACTOR GENERAL SERVICE - SMALL

RATE G-51

AVAILABILITY

This rate is available for all uses of gas to non-domestic Customers consuming less than 10,000 therms of gas per year and whose consumption of gas during the months of May through October is 30% or more of total consumption during the same calendar year.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$19.00 per month

Distribution:

November - April 22.67 cents per Therm

May - October 16.42 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum charge:

The minimum charge per month shall be the Customer Charge

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause
Dual Fuel Special Provision

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HIGH LOAD FACTOR GENERAL SERVICE - SMALL

RATE G-51

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service under this rate shall be for a minimum term of twelve (12) consecutive months and shall continue thereafter until terminated upon three (3) months written notice.

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HIGH LOAD FACTOR GENERAL SERVICE - MEDIUM

RATE G-52

AVAILABILITY

This rate is available for all uses of gas to non-domestic Customers consuming at least 10,000 therms but less than 100,000 therms of gas per year and whose consumption of gas during the months of May through October is 30% or more of total consumption during the same calendar year.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$40.00 per month

Distribution:

November - April 18.01 cents per Therm

May - October 9.44 cents per Therm

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum charge:

The minimum charge per month shall be the Customer Charge.

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause
Dual Fuel Special Provision

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HIGH LOAD FACTOR GENERAL SERVICE - MEDIUM

RATE G-52

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bill.

TERM

Service under this rate shall be for a minimum term of twelve (12) consecutive months and shall continue thereafter until terminated upon three (3) months written notice.

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HIGH LOAD FACTOR GENERAL SERVICE - LARGE

RATE G-53

AVAILABILITY

This rate is available for all uses of gas to non-domestic Customers consuming at least 100,000 therms of gas per year and whose consumption of gas during the months of May through October is 30% or more of total consumption during the same calendar year.

CHARACTER OF SERVICE

The Company delivers natural gas that conforms, in all respects, to the gas quality standards of the interstate pipelines interconnected with the Company's distribution system.

RATE PER MONTH

Delivery Services:

Customer: \$237.00 per month

Distribution (Demand):

November - April \$2.33 per Therm of Billing Demand

May - October \$1.05 per Therm of Billing Demand

Supplier Services: (Optional pursuant to the Company's Terms and Conditions)

Default Service: As in effect per Tariff

Minimum charge:

The minimum charge per month shall be the Customer Charge and the Demand Charge.

RATE ADJUSTMENTS

The charges for delivery services shall be subject to the following:

Local Distribution Adjustment Clause
Revenue Decoupling Adjustment Clause
Dual Fuel Special Provision

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HIGH LOAD FACTOR GENERAL SERVICE - LARGE

RATE G-53

DETERMINATION OF BILLING DEMAND

The monthly Billing Demand shall be determined annually for each of two seasons per year, the Peak Season (November through April) and the Off Peak Season (May through October) based on the highest actual measured maximum daily gas usage in each season. In the absence of actual metered daily gas usage, in each season, the monthly Billing Demand shall be determined based upon gas consumption data for the most recent twelve (12) month period ("Reference Year") for which data is then available, or the best estimates available to the Company should actual information be partially or wholly unavailable or unrepresentative of the Customer's future consumption. The monthly Billing Demand for each season shall be equal to the sum of the Base Load and the Seasonal Heating Load. The Base Load shall be applicable to both seasons and will be computed based upon the average usage per weekday during the three month period ending August 31 in the Reference Year. Where such Base Load calculation is unrepresentative of the Customer's Base Load in a season, the Company will recalculate the Customer's Base Load separately for each season. The Seasonal Heating Load for each season will be equal to total gas consumption during that season minus the total Base Load in that season. The Seasonal Heating Load will be divided by the number of degree days in the season to arrive at heating usage per degree day for that season and will be multiplied times the number of degree days in the design day for that season.

FARM DISCOUNT RIDER

A Customer taking service under this rate may be eligible for the Company's Farm Discount Rider, as in effect from time to time.

TERMS AND CONDITIONS

Service under this rate is subject to the Company's Terms and Conditions, in effect from time to time, where not inconsistent with any specific provisions herein.

TERMS OF PAYMENT

Charges are net and are payable upon presentation of the Company's bills.

TERM

Service under this rate shall be for a minimum term of twelve (12) consecutive months and shall continue thereafter until terminated upon three (3) months written notice.

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FARM DISCOUNT RIDER

APPLICABILITY

The Farm Discount Rider ("FDR") applies to Customers taking service under any of the Company's retail distribution service rates who are engaged in the business of agriculture or farming as defined in G.L. c. 128, § 1A. Customers will be required to provide appropriate documentation of their eligibility for this Rider prior to commencing service hereunder.

DETERMINATION OF MONTHLY CREDIT

The Company will apply a credit in the amount of ten percent (10%) of the Retail Delivery Service charges, including Local Distribution Adjustment charges, the Revenue Decoupling Adjustment charge, plus Default Service charges if applicable to the total service charge rendered to the Customer each month.

TERMS AND CONDITIONS

The provisions of the Company's Terms and Conditions in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this Rider.

DUAL FUEL SPECIAL PROVISION

APPLICABILITY

This Special Provision is applicable to any Customer taking service on any one or more of the Company's General Service rates (Rates G-41, G-42, G-43, G-51, G-52 or G-53) able to engage in Fuel Switching.

SPECIAL PROVISION

Any new or existing Customer able to use an alternate source of energy to displace purchases of gas hereunder for economic reasons ("Fuel Switching") and wishing to take gas service hereunder for either: (1) gas-fired cogeneration equipment; or (2) gas utilization equipment designed to use either gas supplied by the Company or, at the Customer's option, any alternate source of energy, whether in whole or any other part (together, "Dual Fuel Equipment"); may not take service hereunder unless such Customer has executed a service agreement in form and substance acceptable to the Company. Such service agreement shall guarantee: (1) a minimum term of service of at least one (1) year, subject to termination upon ninety (90) days written notice to the Company, and (2) minimum annual revenue representing the marginal distribution costs imposed upon the Company by serving the Customer..

MINIMUM ANNUAL REVENUE

Minimum annual revenue shall be determined by multiplying the appropriate portion of the annual unit long-run marginal cost ("LRMC") from the Company's most recent base rate proceeding by the Customer's maximum daily transportation quantity ("MDTQ") and the most recent annual gas-related energy requirements of the Customer's Dual Fuel Equipment. In accordance with D.P.U. 14-150, the appropriate portion of the unit LRMC to be applied shall be as follows:

- Constrained Capacity: \$90.65 per Dth of MDTQ and \$0.0653 per Dth
- Unconstrained Capacity: \$40.59 per Dth of MDTQ and \$0.0242 per Dth

In the event that the Company wishes to apply the minimum annual revenue guarantee defined in this Special Provision, it shall review with the Customer the Customer's most recent annual gas-related energy requirements. The minimum annual revenue guarantee shall be applied during any annual period to the extent that the Customer has not taken gas service hereunder due to Fuel Switching during such annual period. The minimum annual revenue guarantee shall not be applied during such annual period to the extent that the Customer has failed to take gas service hereunder due either to mechanical failure of its Dual Fuel Equipment or to a reduction in the use of the Dual Fuel Equipment for reasons unrelated to Fuel Switching.

Billing Determinants

The Customer's MDTQ shall be based on the following:

Issued by: **William J. Akley**
President

Filed: **December 16, 2015**
Effective: **January 1, 2016**

DUAL FUEL SPECIAL PROVISION

- a) the rated hourly gas input of all dual fuel equipment times 24 hours, or
- b) the peak day use of the Customer's dual fuel equipment (and any dedicated gas-fired equipment, if applicable), as agreed upon by between the Company and Customer, using recent historical energy consumption data.

"Gas-related energy requirements" shall mean both the gas and the alternate source of energy consumed by the Customer's Dual Fuel Equipment. The gas-related energy requirements of the Customer's Dual Fuel Equipment shall be determined by the Company either from available historic gas usage information or from appropriate estimates thereof, as stated in the service agreement between the Company and the Customer.

TERRITORY SERVED

Acushnet	Maynard
Ashland	Mendon (part)
Auburn	Milford
Berlin	Millbury
Bolton	Millville (part)
Boylston	Milton (part)
Cambridge	Natick
Carver	Needham
Dartmouth	New Bedford
Dedham	Northborough
Dover	Northbridge
Fairhaven	Plymouth
Framingham	Rochester
Freetown	Sherborn
Grafton	Shrewsbury
Holden	Somerville (part)
Holliston	Southborough
Hopedale	Sterling
Hopkinton	Stow
Hudson	Sutton
Hyde Park	Upton
Kingston	Uxbridge
Leicester (part)	Wayland (part)
Marion	Westborough
Marlborough	West Boylston
Mattapoisett	Westwood
	Worcester

EXPENDITURES FOR CERTAIN CIVIC, POLITICAL AND RELATED ACTIVITIES
(ACCOUNT 426.4)

1. Report below all expenditures incurred by the respondent during the year for the purpose of influencing public opinion with respect to the election or appointment of public officials, referenda, legislation or ordinances (either with respect to the possible adoption of referenda, legislation or ordinances or repeal or modification of existing referenda, legislation or ordinances); approval, modification, or revocation of franchises; or for the purpose of influencing the decisions of public officials which are accounted for as Other Income Deductions, Expenditures for Certain Civic, Political and Related Activities; Account 426.4.

2. Advertising expenditures in this Account shall be classified according to subheadings, as follows: (a) radio, television, and motion picture advertising; (b) newspaper, magazine, and pamphlet advertising; (c) letters or inserts in customers' bills; (d) inserts in reports to stockholders;

(e) newspaper and magazine editorial services; and (f) other advertising.

3. Expenditures within the definition of paragraph (1), other than advertising shall be reported according to captions or descriptions, clearly indicating the nature and purpose of the activity.

4. If respondent has not incurred any expenditures contemplated by the instructions of Account 426.4, so state.

5. For reporting years which begin during the calendar year 1963 only, minor amounts may be grouped by classes if the number of items so grouped is shown.

Note: The classification of expenses as nonoperating and their inclusion in this account is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

Line No.	Item (a)	Amount (b)
1	Expenditures Associated with Lobbying Activities incurred and paid	
2	to the following:	
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5	Eversource Service	\$ 84,593
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39	TOTAL	\$ 84,593

Annual report ofNSTAR GAS COMPANY.....Year ended December 31, 2018

913. ADVERTISING EXPENSES.

Line No.	Type (a)	General Description (b)	Amount for year (c)
1		Cost of advertising programs associated with	
2		service conversions	\$11,181
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60		TOTAL	\$11,181

DEPOSITS AND COLLATERAL

1. Statement of money and the value of any collateral held as guaranty for the payment of charges pursuant to Massachusetts General Laws, Chapter 164, Section 128.

Line NO.	Name of City or Town	Amount
1	Acushnet	\$885
2	Ashland	9,662
3	Auburn	7,924
4	Boylston	700
5	Cambridge	120,387
6	Carver	2,640
7	Dartmouth	10,994
8	Dedham	19,280
9	Fairhaven	17,735
10	Framingham	61,338
11	Grafton	11,037
12	Holden	12,669
13	Holliston	42,943
14	Hopedale	2,040
15	Hopkinton	18,126
16	Hudson	29,714
17	Hyde Park	50,278
18	Kingston	17,163
19	Marlborough	79,178
20	Mattapoisett	2,280
21	Maynard	5,893
22	Mendon	1,125
23	Milford	24,098
24	Milbury	29,276
25	Natick	24,662
26	Needham	25,658
27	New Bedford	85,229
28	Northborough	16,736
29	Northbridge	11,965
30	Plymouth	28,013
31	Shrewsbury	24,313
32	Somerville	33,959
33	Southborough	16,026
34	Stow	3,940
35	Sutton	2,389
36	Upton	580
37	Uxbridge	7,289
38	West Boylston	10,235
39	Westborough	53,383
40	Westwood	8,057
41	Worcester	311,188
42		
43		
44		
45		
46	TOTAL	\$1,240,987

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THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

Jay S. Buth

Vice President, Controller and Chief Accounting Officer

John M. Moreira

Senior Vice President-Finance and Regulatory and Treasurer

Directors:

Gregory B. Butler

Director

James J. Judge

Director

Philip J. Lembo

Director

Werner J. Schweiger

Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Connecticut

County of: Hartford

City of: Berlin

April 12, 2019

Then personally appeared Jay S. Buth and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Jake Chandler Notary Public

My commission expires: 11/30/2023

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

.....	Jay S. Buth	Vice President, Controller and Chief Accounting Officer
<i>John M. Moreira</i>	John M. Moreira	Senior Vice President-Finance and Regulatory and Treasurer

Directors:

.....	Gregory B. Butler	Director
.....	James J. Judge	Director
.....	Philip J. Lembo	Director
.....	Werner J. Schweiger	Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

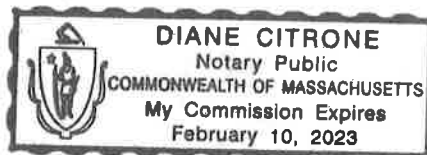
State of: Massachusetts
 County of: Norfolk
 City of: Westwood

..... April 12, 2019

Then personally appeared John M. Moreira and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Diane Citrone Notary Public

My commission expires: 2.10.23




THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

..... Jay S. Buth Vice President, Controller and Chief Accounting Officer

..... John M. Moreira Senior Vice President-Finance and Regulatory and Treasurer

Directors:

 Gregory B. Butler Director

..... James J. Judge Director

..... Philip J. Lembo Director

..... Werner J. Schweiger Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Connecticut

County of: Hartford

City of: Hartford

..... April 12, 2019

Then personally appeared Gregory B. Butler and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Kathy L. Schmitt Notary Public

My commission expires: 9-30-19

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

.....	Jay S. Buth	Vice President, Controller and Chief Accounting Officer
.....	John M. Moreira	Senior Vice President-Finance and Regulatory and Treasurer
Directors:		
.....	Gregory B. Butler	Director
<i>James J. Judge</i>	James J. Judge	Director
.....	Philip J. Lembo	Director
.....	Werner J. Schweiger	Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: MASSACHUSETTS

County of: SUFFOLK

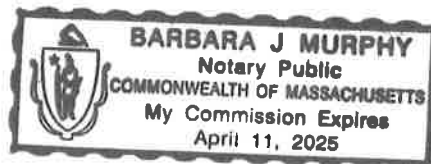
City of: BOSTON

.....
April 12, 2019

Then personally appeared James J. Judge and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Barbara J. Murphy Notary Public

My commission expires: APRIL 11, 2025



THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

..... Jay S. Buth Vice President, Controller and Chief Accounting Officer

..... John M. Moreira Senior Vice President-Finance and Regulatory and Treasurer

Directors:

..... Gregory B. Butler Director

..... James J. Judge Director

..... *Philip J. Lembo* Philip J. Lembo Director

..... Werner J. Schweiger Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Massachusetts

County of: Norfolk

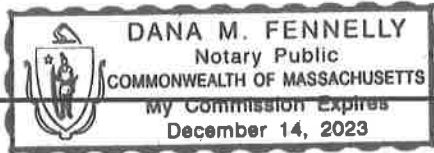
City of: Westwood

..... April 12, 2019

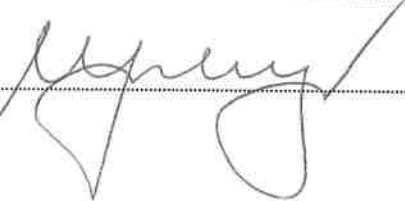
Then personally appeared Philip J. Lembo and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

..... *Dana M Fennelly* Notary Public

My commission expires: December 14, 2023



THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

.....	Jay S. Buth	Vice President, Controller and Chief Accounting Officer
.....	John M. Moreira	Senior Vice President-Finance and Regulatory and Treasurer
<u>Directors:</u>		
.....	Gregory B. Butler	Director
.....	James J. Judge	Director
.....	Philip J. Lembo	Director
	Werner J. Schweiger	Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Connecticut
 County of: Hartford
 City of: Berlin

.....
April 12, 2019

Then personally appeared Werner Schweiger and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

 Notary Public

My commission expires: 2/28/2022