

CONNECTICUT NATURAL GAS CORPORATION

DEFINITIONS

1) Types of Customer Charges

- a) Customer Charge – A fixed monthly charge designed to recover the Company’s basic administrative expenses associated with maintaining a customer account such as the cost of producing a bill, reading a meter, phone inquiries and the fixed charges for the minimum investment required to serve a customer.
- b) Daily Demand Metering Charge – A fixed monthly charge for the cost of a meter sending information about daily usage to the Company. The Company retains ownership of the Daily Demand Metering devices, as it does with all other meter and regulating equipment.
- a. Decoupling Mechanism – A charge or credit on firm customer’s bills that is a rate-making tool to collect or refund the difference between the approved annual revenue requirements with the actual distribution revenue collected. This factor will be established annually including prior year true-up and is approved by the Authority.
- c) Delivery Rate – A charge for moving natural gas across the Company’s distribution system to a customer’s home or business.
- d) Distribution Integrity Management Program (DIMP): A charge or credit on firm customer’s bills that is a rate-making tool to true-up the difference between the actual expenses related to any pipeline replacement for cast iron and bare steel main and services in each year and costs recovered in base rate. This factor will be established annually including prior year true-up and is approved by the Authority.
- e) Demand Charge – A charge for providing pipeline space to accommodate the customer’s highest daily usage. See individual tariffs for applicability and calculation methodology.
- f) Purchased Gas Adjustment (PGA) – A charge per hundred cubic feet (ccf) of gas consumed that reflects the actual cost of gas. Established monthly in accordance with and pursuant to the Purchased Gas Adjustment Clause as approved by the Public Utilities Regulatory Authority (the “Authority”).
- g) Sales Services Charge (SSC) – A charge that is designed to recover unique costs specific for those customers that receive their gas supply directly from the Company.
- h) System Expansion Reconciliation (SER) mechanism - This rate applies to existing customers to further collect expenses not covered by System Expansion (SE) rates (RSH-SE, RMDS-SE, SGS-SE, MGS-SE, LGS-SE) related to expanding the natural gas system and converting customers to natural gas. This factor will be established annually including prior year true-up and is approved by the Authority.

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- i) TSC Shifted Cost – A transportation services charge that is designed to recover SOLR costs for those customers that receive their gas supply from a third-party supplier.
- j) TSC On-Site Demand Cost – A transportation Services charge that is designed to recover unique administrative costs specific for those customers that receive their gas supply from a third-party supplier.
- k) Conservation Adjustment Mechanism (CAM) - A charge on firm customer's bills that is a rate-making tool that collects the allowed conservation expenses. This factor is established each March as part of the Company's annual CLM proceeding and is approved by the Authority.

2) Company Terms

- a) The term "Company" means The Connecticut Natural Gas Corporation (CNG) or successors, assigns or divisions thereof.
- b) The term "Delivery Service" means the physical act of moving natural gas across the Company's distribution system to a customer's facility.
- c) The term "Hurdle Rate Model" refers to the Company's internal financial model that determines whether the expected revenues from a new customer will result in the return of the Company's initial investment, plus its allowed rate of return. Certain information from this model may be utilized in establishing a New Customer Peak Day MDQ.
- d) The term "off-main" shall mean that the Customer is one, who as of December 31, 2013, requires an addition of a main in the street to connect, and who becomes a company customer on or after January 1, 2014.
- e) The term "on-main" shall mean that the customer is one, who as of December 31, 2013, has an existing main that is directly in front of the customer's premises, and who becomes a company customer on or after January 1, 2014.
- f) The term "Supply Service" is defined as the activities associated with the supply of the natural gas supply only.
- g) The term "Third-Party Supplier" means an approved marketer that serves the Company's region that RMDS and commercial/industrial customers have the option of purchasing their natural gas from rather than CNG. CNG will continue to deliver the gas.
- h) The Term "Supplier of Last Resort (SOLR)" refers to the total fixed cost of the company's gas portfolio that supports uninterrupted gas deliveries each day of the year.

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3) Industry Terms

- a) Actual Reading – A reading obtained by the Company from either the meter or a remote registration device attached thereto.
- b) Actual Delivered Volumes – The amount of Customer Owned Gas transported to the Company's Delivery Point(s) by or on behalf of Customers to one or more distribution points.
- c) The "Authority" – shall mean the Public Utilities Regulatory Authority of the State of Connecticut which has jurisdiction over the rates and other terms and conditions of the Company's jurisdictional services.
- d) Base Load – That portion of a customer's load which is not affected by temperature.
- e) British Thermal Unit (BTU) - The amount of heat required to raise the temperature of one pound of water one degree Fahrenheit at sixty (60) degrees Fahrenheit.
- f) Business Day – Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.
- g) CCF – 100 cubic feet of gas at a pressure of 14.73 psia and at a temperature of sixty (60) degrees Fahrenheit.
- h) Customer Use Pattern – The Base Load and Heat Factor assigned to the Customer.
- i) Delivery Points – The interconnection between the Company's facilities and the Customer's facilities.
- j) Distribution Integrity Management Program (DIMP) - DIMP requirements were borne from federal guidelines established by the United States Pipeline and Hazardous Material Safety Administration ("PHMSA"), with the intention of increasing natural gas safety and awareness across the United States. PHMSA defines DIMP as: From §192.1007, *Integrity Management Program or IM Program* "means an overall approach by an operator to ensure the integrity of its gas distribution system."
- k) Distribution Point(s) – The location(s) where the Company's gas distribution facilities interconnect with the transportation customer's facilities and where the Company and the Customer have agreed that transported gas shall be delivered. Such Distribution Point(s) shall be specified in the Service Agreement between the Company and the Customer.
- l) Federal Energy Regulatory Commission (FERC) - An agency of the government of the United States created by an Act of Congress, the Department of Energy Organization Act, in 1977. This Act transferred to the FERC most of the former Federal Power Commission's interstate regulatory functions over the electric power and natural gas industries. The Act also transferred from the Interstate Commerce Commission the authority to set oil pipeline transportation rates and to set the value of oil

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pipelines for ratemaking purposes. In 1978, Congress passed the Natural Energy Act, broadening the FERC's jurisdiction and regulatory functions. The FERC now also regulates producer sales of natural gas in intrastate commerce. The FERC establishes uniform ceiling prices for each of several categories of natural gas, and these prices apply to all sales on a nationwide basis.

- m) Firm Transportation Service (FTS) - Transportation services for which facilities have been designed, installed, and dedicated to a certified quantity. Firm transportation service takes priority over interruptible service.
- n) Gas Day – A period of twenty-four (24) consecutive hours, consistent with applicable industry standards.
- o) Gate Station(s) – see Delivery Point(s).
- p) Heat Factor – When multiplied by Heating Degree Day (HDD), represents the portion of the Customer's load which is affected by temperature.
- q) Heating Degree Day – The number of degrees Fahrenheit on any one day that the average temperature is less than 65 F.
- r) Interruptible Service - Low priority service offered to customers under schedules or contracts which anticipate and permit interruption on short notice, generally in peak-load seasons, by reason of the claim of firm service customers and higher priority users. Gas is available at any time of the year if the supply is sufficient and the delivery system is adequate.
- s) MCF - The quantity of natural gas occupying a volume of one thousand cubic feet at a temperature of sixty degrees Fahrenheit and at a pressure of 14.73 pounds per square inch absolute.
- t) MDQ – The maximum daily quantity which the Company agrees to deliver to the Customer's Distribution Point(s) on a daily basis, as specified in the Service Agreement.
- u) MMBtu - A thermal unit of energy equal to 1,000,000 Btus, that is, the equivalent of 1,000 cubic feet of gas having a heating content of 1,000 Btus per cubic foot, as provided by contract measurement terms.
- v) Service Agreement – Agreement between the Company and the Customer (and Third-Party Marketer as applicable) that establishes terms and conditions relative to receiving service under the applicable rate.
- w) Therm – An amount of gas having a thermal content of 100,000 Btus.
- x) Transportation or Transportation Service – Transportation of Customer Owned Gas by the Company for or on behalf of a Customer in accordance with the Company's Rates and Terms and Conditions.
- y) Unaccounted for Percentage – The difference between the sum of all input quantities of gas received into the Company's system and the sum of all output quantities of gas delivered from the Company's system as determined from time to time by the Connecticut Public Utilities Regulatory Authority (the "Authority").

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See Also Rate TRS definitions, which are specific to gas Marketers/Operators on the Company's system.