CONNECTICUT NATURAL GAS CORPORATION

RATE SGS (SMALL GENERAL SERVICE)

1. Availability:

For service to all commercial and industrial customers with actual or reasonably anticipated consumption of less than 5,000 Ccf per year.

2. Definitions:

(a) The term “Average Daily Usage” is defined by dividing the total monthly billed consumption by the number of days a customer has received service during that billing month.

(b) The term “Business Day” is defined as Monday through Friday, excluding Federal Banking Holidays for transactions in the United States.

(c) The term "Company" shall mean Connecticut Natural Gas Corporation or successors, assigns, or divisions thereof.

(d) The term "DDM” refers to a daily demand meter.

(e) The term “Delivery Service” shall mean the physical act of moving natural gas across the Company’s distribution system to a customer’s facility.

(f) The term "HUDD” refers to the heat factor per degree day calculated using customer-specific actual average usage for the 5-month winter billing period of November through March.

(g) 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.

(h) The term “New Customer" is defined as a customer moving into a premise without established gas service, or an existing customer adding a new service and meter.

(i) The term "3MBU” refers to the average daily base use calculated using customer-specific actual usage for the 3-month billing period of July, August and September.

(j) The term “Peak Day” is defined as Customer’s Maximum Daily Quantity (MDQ) of gas consumed on any individual day during the most recent five-month winter billing period of November through March (subject to minimum

MDQ criteria).

(k) The term "Supply Service" is defined as the activities associated with the supply of the natural gas supply only.

(l) The term “Transfer Customer” is defined as a customer moving into a premise with established gas service and the customer intends to operate similar to the past occupant.

(m) The Term “Payment Default Supplier Drop Form” refers to a form sent from a Third-Party Supplier notifying the Company of its Customer’s payment default and requests that the Customer be returned to the Company Sales Service Option for gas commodity.

(n) The term “Payment Default Notice” refers to the Company’s communication to the Customer regarding their payment default with their Third-Party Supplier, and the service and payment options available to the customer.

3. Delivery Service:

All customers served under this tariff are deemed to be Company delivery customers. All delivery-related charges in Section 5 (a) are applicable.

4. Supply Service

(a) <u>Third-Party Supplier Service Option</u> - Customers served under this tariff schedule SGS have the option of selecting a third-party gas supplier. If such an election is made, the customer must have:

i. Arranged for and maintains service with a third-party gas supplier under the Company's Rate TRS (Transportation Receipt Service) to receive natural gas for the Customer's use; and,

ii. Identified to the Company an individual or individuals, along with the appropriate telephone numbers, that are available on a twenty-four (24) hour basis to represent the Customer's interests as they apply to receiving natural gas under this Rate SGS and Rate TRS; and,

iii. Provided the Company with a completed Transportation Election Agreement (TEA) or otherwise completed the Company enrollment process. The Customer shall have the right to elect and/or modify certain information contained on the TEA by delivering a revised TEA to the Company five (5) business days prior to the effective date of the

change(s). The information that the Customer may modify shall relate only to the following items: 24 hour Customer Contact, Customer Authorized Gas Supplier, and/or the Customer authorized entity providing service under Rate TRS.

iv. Remains a Third-Party Supply Customer for at least 12 months, unless Customer's Third-Party Supplier submits a valid Payment Default Supplier Drop Form to the Company to return the Customer to the Company Sales Service Option. Anytime thereafter, a customer may discontinue this service only upon not less than one month's prior written notice to the Company. Gas delivery provided under this Rate shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the Company's Rules and Regulations.

(b) Company Supply Service Option – Customers served under this tariff schedule SGS that do not elect a third party supplier are deemed to be Firm Company Supply customers. All optional supply-related charges in Section 5 (b) are applicable in addition to charges otherwise applicable hereunder.

5. Rate per Month:

(a) Delivery Service (Applicable to all customers):

Customer Charge:	$50.00
Demand Charge:	$1.0622 per Ccf of Maximum Daily Demand
Delivery Charge:	
First 100 Ccf:	$0.4642 per Ccf
Over 100 Ccf:	$0.1373 per Ccf
DIMP Charge(*):	$0.3095 per Ccf of Maximum Daily Demand
CAM Charge:	$0.0402 per Ccf
Decoupling Charge	$0.01764761 per Ccf
SER Charge(*)	$0.0000 per Ccf of Maximum Daily Demand

(*) Future charges will be determined annually based on future reconciliation proceedings and subject to approval by the Authority.

(b) Supply Service Options:

1) Company Supply Service Option:
   Supply Charge: Established monthly in accordance with and pursuant to the Purchased Gas Adjustment Clause as approved by the Authority.

   Sales Services Charge: $0.6071 per Ccf of Maximum Daily Demand

2) Third-Party Supplier Service Option:

   Transportation Services Charge:

   TSC Shifted Cost: $0.0423 per Ccf

   TSC On-Site Demand Cost: $0.6071 per Ccf of Maximum Daily Demand

6. Monthly Demand Charge:

i. Existing Customers

For existing customers with an installed daily demand meter who have received service for greater than one year, the Maximum Daily Quantity (MDQ) will be determined based upon the customer's highest actual daily usage for the most recent 5-month winter-billing period (November through March). If daily demand metering data is not available or a daily demand meter is not installed, the MDQ will equal the 3MBU plus the HUDD times the heating degree days [Peak load demand MDQ = 3MBU $^{+}$ (HUDD * degree days)].

ii. Transfer Customers

For a transfer customer that intends to operate similar to the past occupant, the initial MDQ will be based on the historical profile of the past occupant.

For DDM equipped customers, the initial MDQ will continue to be used for billing until it is surpassed by an actual, winter-billing period (November - March) DDM read or becomes more than 12-months old. Actual, not normalized, DDM reads will be used for demand billing. If a DDM read is unavailable during a winter-

period month, that month's MDQ will be calculated using the same base-thermal formula applicable to non-DDM customers.

For customers that do not require DDM equipment, the initial MDQ will continue to be used for billing until surpassed by a winter-period calculated MDQ or becomes more than 12-months old. Each winter month billing MDQ calculation will multiply the customer's 5-month average HUDD times actual HDDs for the month and add the 3MBU.

iii. New Customers

For new customers, the initial estimated MDQ will be based on the Hurdle Rate model's calculated 3MBU and HUDD. The resulting MDQ will be calculated by multiplying the HUDD by design day HDDs and adding the 3MBU. The Hurdle Rate HUDD and 3MBU will be used for all billing requirements, such as bill estimation and cancel and re-bill, until updated by actual consumption.

For DDM equipped customers, the Hurdle Rate MDQ will continue to be used for billing until it is surpassed by an actual, winter-billing period (November-March) DDM read or becomes more than 12-months old. Actual, not normalized, DDM reads will be used for demand billing. If a DDM read is unavailable during a winter-period month, that month's MDQ will be calculated using the same base-thermal formula applicable to non-DDM customers.

For customers that do not require DDM equipment, the Hurdle Rate MDQ will continue to be used for billing until surpassed by a winter-period calculated MDQ or becomes more than 12-months old. Each winter month billing MDQ calculation will multiply the customer's 5-month average HUDD times actual HDDs for the month and add the 3MBU.

iv. Minimum MDQ

In no instance shall any customer's MDQ be less than the Average Annual Daily usage, calculated monthly, for the most recent 12-month period or less than 1 ccf.

v. Winter Period Ratchets

All MDQ values, for all customer types (i.e., existing, new and transfer), are subject to increases based on actual usage data (either actual DDM data or monthly base/thermal formula estimated MDQs) during the five winter period billing months of November through March.

vi. Normalization

MDQs will not be normalized.

7. Minimum Monthly Charge:

Customer Charge, Monthly Demand Charge, the System Expansion Reconciliation (SER) mechanism and the Distribution Integrity Management Program (DIMP) as presented in Section 5 (a) above. Also either sales Services Charge or TSC On-Site Demand Cost as presented in Section 5 (b) above.

8. Annual Qualifications:

Customers are subject to an annual consumption review. Upon review customers deemed to be no longer qualified for Rate SGS may be reassigned to the appropriate rate then in effect.

9. Service Obligation:

The Company's service obligation for those customers electing the Third-Party Supplier Service Option under this Rate SGS shall be limited solely to redelivering supplies and services purchased and received under Rate TRS (Transportation Receipt Service). The Customer acknowledges that it is paying solely for the costs associated with such limited service and that no ancillary services (other than those provided under Rate TRS) are being provided.

The Company shall have no obligation to serve the Customer with natural gas at any time where the volumes and services purchased and received under Rate TRS are insufficient to meet the Customer's gas requirements.

The Company may suspend or terminate service to the Customer when the Customer fails to maintain gas service under Rate TRS and continues to consume gas at the delivery point. In this situation the Company may, at its discretion, assume that the Customer has elected service under Rate TRS in which case the Customer will immediately assume all rights and obligations associated with receiving service under Rate TRS in addition to receiving service under this rate schedule.

10. Payment:

Bills will be rendered monthly and are due and payable upon presentation.

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11. Delayed Payment Charge:

Bills not fully paid within twenty-eight (28) days of the billing date shall be subject to interest charges on the unpaid balance at the rate of 1.25% per month.

12. Term of Service:

For an initial period of not less than one year, a customer cannot switch between either the Third-Party Supplier Service Option or the Company Supply Service option before fulfilling 12 months of continuous service under either Supply Service option.

(a) Return to Sales Service – Payment Default: A customer that is currently receiving service under the Third-Party Supplier Option may return to the Company's Sales Service Option prior to completion of the initial twelve month term requirement if:

(i) Customer's Third-Party Supplier submits to the Company a valid Payment Default Supplier Drop Form. Upon receipt of this form by the Company, the Company will issue a Payment Default Notice to the Customer explaining their payment, billing and service options. Customer's return to the Company Sales Service Option will be predicated upon payment of security requirements described in Section 30 "Term of Service" of the Company's Rules and Regulations.

New customers that qualify for the Third-Party Supplier Option but have commenced service under the Company Supply Service Option have (3) months from their initial gas flow to elect to switch to the Third-Party Supplier Service Option.
However, these new customers may not switch during the winter months of November – March. Once the new customer's three-month window in which the customer may select service expires, the customer must continue service under the selected service for 12 months.

13. Service Regulations:

The Company's Service Rules and Regulations shall apply to service under this Rate SGS, to the extent not inconsistent with the terms and conditions of this rate SGS. Bills less than 28 days or more than 34 days will be prorated.

14. Return to Supply Service:

Should the Customer request a switch from the Third-Party Supplier Service Option to the Company's Supply Service Option, the Company will evaluate such request based upon its then current ability to serve the Customer considering its

interstate transportation, storage and supply position. The Company will endeavor to accommodate such requests but may be required to charge the Customer higher costs that it may incur for newer, higher cost interstate pipeline capacity (incremental facilities) to accommodate such request.

New customers that have initially elected the Third-Party Supplier Service Option and qualify for return to Company Supply Service Option are subject to the imitations outlined in Section 10 above, and cannot return during the winter months of November through March.