



The Northeast Utilities System

Operator Handbook



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Operator Approval Process

How to Become an Approved Operator

You must complete the following Agreement and Forms, which are available from our Web site:

1. [Agreement for Gas Supply Operator Associated with Rate TRS](#) (“Operator Agreement”)
2. [DPUC Natural Gas Seller Registration Form](#) (stamped by DPUC)
3. [Operator Credit Application](#)¹
4. [Sales and Use Tax Resale Certificate](#)

Return the completed paperwork to:

Yankee Gas Services Company
Attn. Marie Heath
Transportation Services
107 Selden Street
Berlin, CT 06037

Other valuable information can be obtained conveniently on our Web site. They include:

- Rules and Regulations/Rate Schedules
- Towns Served by Gate Stations
- Approved Operator List
- Account History (PIN and Customer Account Number required)
- Current and Historical PGAs
- Weather Information (forecasted and actual effective heating degree days)

If you have any other questions regarding the approval process, contact Marie Heath by mail at the above-mentioned address or by telephone at 860.665.6228.

Operator Name Change

Should you change your name after approval, you are required to complete a form called the [Officer's Corporate Certificate RE: Name Change Request](#) (“Certificate”). Along with the Certificate, include a copy of your stamped [DPUC Natural Gas Seller Registration Form](#), which lists your new name, and return to:

Yankee Gas Services Company
Attn. Marie Heath
Transportation Services
107 Selden Street
Berlin, CT 06037

Assignment to a Different Operator or Entity

As required by your Operator Agreement with Yankee Gas, you must receive Yankee Gas' prior written consent for assignment to a different Operator or entity. This includes any transfer² of rights or

¹ Regarding credit approval, you may be required to provide additional information or to post a security instrument.

² Transfer is defined as the sale, transfer, conveyance or other disposition in one or more transfers of any interest.

obligations (i.e., outstanding balancing and/or standby charges of the Assignor) under the Operator Agreement. We require:

1. A completed [Consent and Assumption Agreement](#), and
2. [Operator Credit Application](#) of the Assignee.

If the Assignee is **not an approved Operator** then, in addition to the above, we require a copy of their stamped DPUC Natural Gas Seller Registration Form and Sales and Use Tax Resale Certificate. For example, a Consent and Assumption Agreement is required if you set up a new entity in your organization to handle your rights and obligations under Rate TRS. The new entity is responsible for submitting the same paperwork as would be expected from an Operator who is not approved to operate on our system.

Timeframe for Transferring Customers into Pool

Customers can be switched into your pools for the first of the upcoming month provided that we receive the fully executed Consent and Assumption Agreement and any additional, related information requested by the 20th of the prior month.

Pool Assignment

If the Assignee is an approved Operator, the Assignee must request any pool changes in writing; otherwise, the additional pools will continue to operate separately.

Return the paperwork to:

Yankee Gas Services Company
Attn. Marie Heath
Transportation Services
107 Selden Street
Berlin, CT 06037

Transportation Contacts

For appropriate contacts at Yankee Gas, please refer to our [Supplier Contacts](#) list at our Web site.

Customer Establishing Commodity Service with Third Party Gas Supplier

Here are the requirements for a Customer arranging to receive its commodity service from a third party gas supplier (Operator). The Customer may elect to change its commodity supplier or switch to a different third party Operator. For complete details on the Customer's gas supply options, please refer to the Commodity Service provision under the Customer's applicable rate. Also, the Operator may discontinue its relationship with the Customer. Details on the requirements are identified below.

Customer Changing its Commodity Service to Operator Gas Supply Service

The Customer will need to complete the [Gas Operator Switch Form](#) ("Form"). Return the executed Form to John Henry in Transportation Services for processing. Please e-mail the completed and signed Form to John at henryjw@nu.com or send by fax to his attention at 860-665-3602.

Deadline

For those Customers wishing to start its new commodity service on the first of the month, the Form should be submitted by the 20th of the prior month. If the customer is on a billing cycle that is other than calendar month end, the Customer should notify us before the start of its next billing period.

Notification

Check your Status Report and Monthly Update Report (MUR) for confirmation and status of your pending new starts. Transportation Services will verify that the Gas Operator Switch Form is complete and accurate. If the form is missing information or is not correct, it will be placed on hold until the revised form is received.

Customer Switching Operators

The Customer will need to complete the [Gas Operator Switch Form](#) ("Form"). Return the executed Form to John Henry in Transportation Services for processing. Please e-mail the completed and signed Form to John at henryjw@nu.com or send by fax to his attention at 860.665.5814.

Firm Service Customer Deadline

For Customers on firm service, a 30 calendar day notice is required.

On a best efforts basis, we will process switches with a 10 day notice provided that the Customer, current Operator and new Operator consent. The LDC can be the current or new Operator.

Interruptible Service Customer Deadline

For Customers on interruptible service, we require notification no later than 10:00 a.m. Eastern Time, one business day prior to the First of the Month ("FOM") nomination deadline.

Notification

Check your Status Report and Monthly Update Report (MUR) for confirmation and status of your pending switches. Transportation Services will verify that the Gas Operator Switch Form is complete and accurate. If the form is missing information or is not correct, it will be placed on hold until the revised form is received.

Operator Terminating Customer

Operator must send written notice to Transportation Services identifying the Customer's name, account number and effective termination date.

Firm Service Customer Deadline

For Customers on firm service, a 30 calendar day notice is required.

Interruptible Service Customer Deadline

For Customers on interruptible service, we require notification no later than 10:00 a.m. Eastern Time, one business day prior to the First of the Month ("FOM") nomination deadline.

Notification

Check your Status Report and Monthly Update Report (MUR) for confirmation and status of your pending deletions. Communicate to us any discrepancies as soon as possible.

Key Points to Remember

Prior to Signing Up a Customer

- Retrieve usage history for Customers with the Customer's account number and mailing address zip code at our Web site. This site allows you to [retrieve information for a residential or a commercial customer](#). Another option for retrieving usage information is by providing us with a letter from the Customer, which identifies you as the Operator requesting the information, lists the Customer's account number, and is signed by the Customer.
- Verify that the name of the Customer matches the name of the Customer found under the Yankee Gas account. If the names do not match, the Gas Operator Switch Form will be returned to you. Often, we find that an old business moves out and a new business moves in the same space, without the new business contacting our Customer Service Department to establish, or transfer, service into their name. If the names do not match, instruct the Customer to contact our Customer Service Department at 1.800.989.0900 as soon as possible. We find that checking status this early in the process eliminates any confusion or delays in starting the Customer's Operator Gas Supply Service.
- Make sure that the Customer did not switch from Operator Gas Supply Service to Company Standard Gas Supply Service within the last 12 months. Our tariffs require that a Customer stay on its supply option for a minimum 12 month period. Verification of length of service can be obtained through the Customer or Yankee Gas.

When Completing a Gas Operator Switch Form

- Obtain a separate Gas Operator Switch Form for each corporate or business entity, regardless if the person signing is the same.
- Fill in both addresses: 1) the Customer's address, and 2) the service address.
- To identify which Gate Stations and Pipelines serve towns within Yankee Gas' territory, refer to the [Towns Served by Gate Stations](#) listing.
- Check the Daily Demand Meter (DDM) field only if the Customer on Rate 03, 10 or 36 is requesting that a DDM be installed. Remember, Customers on these rates are not required to have a DDM, or telemetering device, like a Customer on Rate 20, 30 or IS. Customer with a Daily Demand Meter will receive a monthly DDM charge on their bill.

Submitting Multiple Accounts for a Single Business Entity

- List the MDQs for each account.
- Inform us if you would like all the accounts to start with Operator Gas Supply Service at the same time or as each account becomes ready. This question is addressed on the front side of the Gas Operator Switch Form. If you check "Yes," we will wait until all accounts are ready to begin; if you check "No," or there is no indication of your preference, we will start each account as it becomes ready. In addition, review of the Status Report, which is e-mailed to you every Tuesday, will also reveal your request to hold the accounts until all become ready. For example, if you want all four (4) accounts to start together, you will note under "Status Remarks" (1 of 4) All, (2 of 4) All, etc. For more details on the Status Report, see [Reports](#).
- Place a check mark in the appropriate box of the Gas Operator Switch Form if an attachment is being provided.
- Item #2 of the Gas Operator Switch Form pertains to interruptible (IS) customers only. Here, instruction is provided whether the interruptible customer will be in its own pool or join an Operator's interruptible pool. If the Customer is in its own pool, the Customer is responsible for TRS related charges, such as cash out, whereas the Customer in an Operator's interruptible pool, is not responsible for TRS charges and the Operator assumes responsibility for these charges.
- Billing options described on the Gas Operator Switch Form are applicable to firm service customers, not interruptible service customers. Interruptible customers will continue to get billed separately from the LDC and the Operator for appropriate charges.

When Customer Moves to a Different Location

- If a Customer for whom you supply gas moves to a different location and wishes to have you continue as their supplier, a new Gas Operator Switch Form must be completed and submitted to Transportation Services.

These checklist items can help avoid some common mistakes or oversights that will expedite the process for your customers. **By taking time to review these items carefully, in addition to the Status and Monthly Update Reports (see [Reports](#) section), you are one step closer to getting the Customer**

transitioned to Operator Gas Supply Service as quickly as possible. Please note, too, that if the paperwork is incomplete or inaccurate, we will notify you by e-mail, directing you to clarify and/or correct the required paperwork.

Review Reports

- Take time to review the three (3) reports that we provide you—Weekly Status Report, Monthly Update Report (MUR) and Daily Usage Report. These reports reflect activity for your firm and interruptible service customers. After you submit a Gas Operator Switch Form to us, key Customer information obtained from the Form will appear on the weekly Status Report. It confirms our receipt of the Gas Operator Switch Form, and informs you if all requirements necessary to add or delete Customers in your pools are complete. The MUR primarily mirrors information found in the Status Report and, more importantly, provides you with the lists of Customers who will be added to or deleted from your pools for the upcoming month. Once your Customer starts Operator Gas Supply Service, the Usage Report allows you to track by pool both the Customers' daily usage and your daily nominations and deliveries. Actual daily usage will be reported for customers with telemetering devices (for Rates 20, 30 and IS) and estimated daily usage for customers without telemetering devices (for Rates 03, 10 and 36). See [Reports](#) section for more details.

Notification to Firm Service Customer Starting Operator Gas Supply Service

- Yankee Gas' Transportation Services Department mails a letter to the Customer to confirm that their commodity service will start as Operator Gas Supply Service for the upcoming month. The following information is reviewed with the customer.
 1. The name of the Operator that the Customer authorized as their natural gas supplier.
 2. Customer's commitment to be on the rate for a minimum of one (1) year with the right to cancel service after the first year provided that Yankee receives a 30-day written notice.
 3. Obligation to pay the balance on current rate and, even if the Customer elected an Operator as a payment agent, service may be terminated if the Operator fails to pay Yankee Gas even if payment was remitted to the Operator.

Notification Pertaining to Customer Status Change

- Yankee Gas will notify you via e-mail of any account status changes within one (1) business day. They include 1) Shut Offs, 2) Ownership Changes, 3) Meter Changes, and 4) AMD (Automated Meter Reading Device) or ERT Changes.

Guidelines for Customer Qualifying for Gross Earning Tax (GET) Reduction

- To qualify for the GET reduction, the Customer must be a manufacturer with a Standard Industrial Classification (SIC) from 2000 through 3999. If the Customer needs assistance in determining their business's SIC, they can refer to their Quarterly Contribution Return for Unemployment Insurance from the State of Connecticut or call the State of Connecticut Labor Department.
- Eligible Customer needs to certify in writing that their business falls within this SIC range. A Certification Form can be obtained from Yankee's Customer Service at 1-800-989-0900.



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Transportation Contacts

See [Supplier Contacts](#) list at our Web site.

Metscan Installation Procedure

Yankee Gas will install and maintain the communication equipment, from the Customer's meter to their phone line, and the telemetering equipment. The Customer is responsible for installing and maintaining an operable phone line. Telemetering (Daily Demand Meter) is required for Customers on Rates 20, 30 and IS and is optional for Customers on Rates 03, 10 and 36.

Coordination of Metscan Installation

Yankee Gas will coordinate the normal Metscan installation. The location of the telemetering equipment shall be at the Company's sole discretion. An independent contractor will contact the Customer to install the phone line. Even though Yankee Gas coordinates the installation, the Customer owns the phone line and is responsible for maintaining it. Shortly after the phone installation, a Yankee Gas representative will go out to the site to complete the Metscan installation.

Normal Metscan Installation

A normal Metscan installation is defined as access to a phone line that:

- Works on a pulse (tone) dial
- Is within 150 feet of the gas meter
- Runs at a height no greater than 15 feet
- Does not involve penetrating the roof
- Goes through Customer's space only
- Is neither a tenant line nor pay phone line
- Is installed during normal business hours

The Customer is responsible for addressing and resolving any problem(s) and incurring any expenses beyond a normal installation. Also, additional costs will accrue to the Customer if they are responsible for there being more than one (1) visit to the Customer's site to install the telemetering equipment.

Optional Access to Meter Information

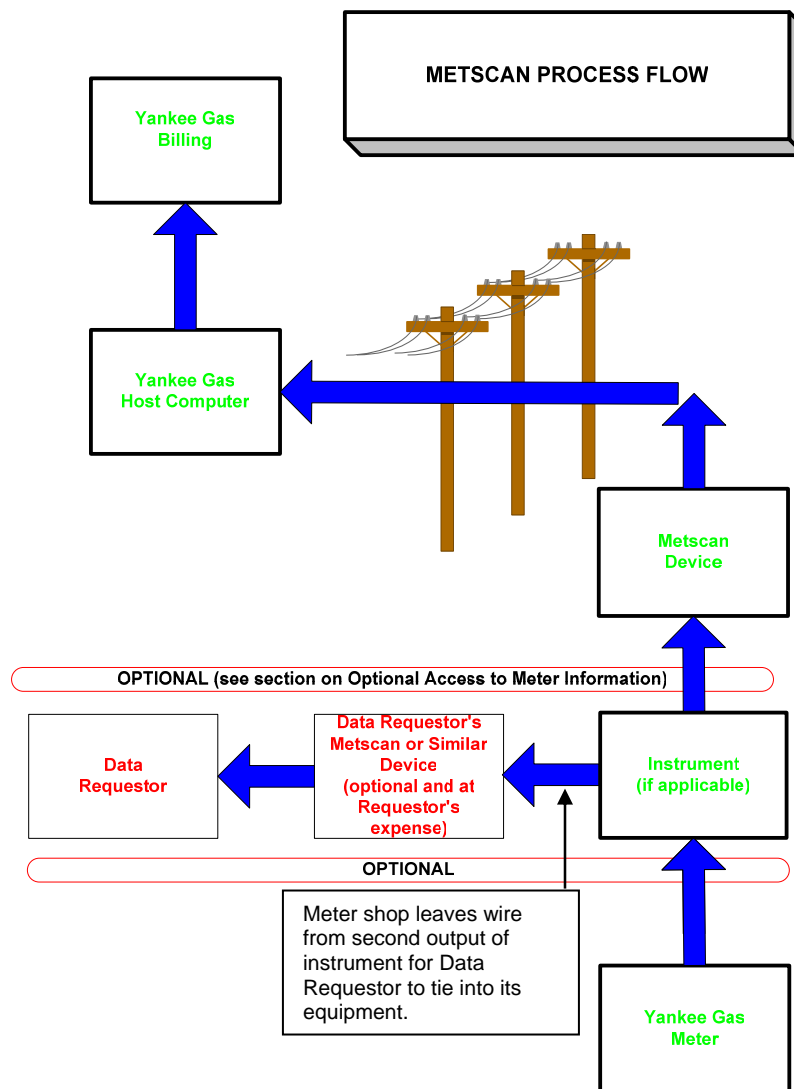
Either you, as the Operator, or a third party, may gain remote access to the daily Customer reads.

The Data Requestor will need to complete a [Load Data Pulse Agreement](#), which identifies the rights and obligations of the three parties involved (the Data Requestor, Yankee Gas and the Customer) and the associated fees incurred by the Data Requestor.

Layout of the Metscan Process Flow

The Metscan device calls to a toll-free telephone number at Yankee Gas once a day; the call lasts approximately 25-30 seconds. Please be aware that if, during this time, a Customer picks up the line, the Metscan device will disconnect. If the call is unsuccessful the first time, the Metscan device will call again at other timed intervals throughout that day until a connection is made.

To gain a better understanding of how the usage information travels from the meter to Yankee, please review the flow diagram.



Transportation Contacts

See [Supplier Contacts](#) list at our Web site.

Reports

In an effort to keep you updated on the status of your firm and interruptible service customers who elected Operator Gas Supply Service under their existing rate, three (3) reports are generated: the Status Report, the Monthly Update Report and the Usage Report. In addition, we produce The Connection Newsletter on a regular basis in order to keep you updated on special announcements, reminders and procedural updates or changes. The newsletter is distributed to enrollment and operation contacts at your company; however, it is your responsibility to share its contents with others in your organization who may need or benefit from it.

Status Report

Purpose: Allows you to keep track of pending additional or deleted Customers to your pool(s). **By taking the necessary time to review this report regularly, you will be able to address any discrepancies, concerns or questions with us, well in advance of your Customers starting gas flow.**

Recipient: Typically, a marketing representative of your firm, unless you request otherwise.

Sender: Yankee Gas Transportation Services

Information: 1) Report that identifies each type of Customer activity, pending additions and pending deletions, for both firm and interruptible service (transporting under Rate IS) customers. For customers transporting under Rate IS only, the report will specify if the customer is to be in your Rate IS pool or in a Rate IS pool of their own for billing purposes.

a) The report identifies:

•Effective Date	•Statement Type (Bill Option)
•Customer Name	•Pipeline
•Customer Account Number	•Base Load (applicable to non-telemetered accounts)
•Received Date	•Heat Factor (applicable to non-telemetered accounts)
•Rate	•Status Comments
•Meter Number	

Time: The Status Reports are forwarded to you weekly on Tuesdays.

Operator

Responsibility: Contact us as soon as possible with any questions, changes or discrepancies so that we may avoid any problems or misunderstandings later.

Monthly Update Report (MUR)

- Purpose:** Verifies all pool changes for the next month and provides information that will assist you in nominating for your Customers on Rates 03, 10 and 36, where its pool usage is typically based on an algorithm, rather than actual reads.
- Recipient:** Typically, nomination and marketing representatives of your firm, unless you specify otherwise.
- Sender:** Transportation Services
- Information:**
- 1) Report that identifies the new and deleted firm and interruptible service (transporting under Rate IS) Customers for your pools for the first of the upcoming month.
 - 2) Information containing the monthly forecasted BTU factor and the forecasted heating degree days for each day of the month.
- Time:** Both of the above sent on the last business day on or before the 20th of every month via e-mail.
- Operator Responsibility:** Review all information contained in the MUR and bring to our attention any discrepancy within three (3) business days from the date that we forwarded it to you. A revised MUR will be sent to you should there be any subsequent changes.

Usage Report

- Purpose:** Serves as a resource in obtaining and reviewing the daily nominations and usage by pool and by Customer. Yankee Gas provides this information on a best efforts basis. **The accuracy of Usage Reports (aka Operator Report) cannot be guaranteed and, therefore, are not reasonable grounds for relief from any of the tariff provisions.**
- Recipient:** Typically, nomination representatives of your firm, unless you request otherwise.
- Sender:** Transportation Services
- Information:** *By Customer*, the report reflects the daily reads and usage.
- By pool*, the report is broken out into three (3) parts:
1. The first page of the report displays information, which includes the pool's daily nominations and deliveries in MMBTU, their conversion to CCF (our measuring and billing standard), daily aggregate Customer usage and, if applicable, Standby Service and/or other ancillary services and city gate related penalties.
 2. For the firm service pool, the second page provides the daily imbalance volumes associated with the daily tolerance, Planned Balancing and Unplanned Balancing. For the interruptible service pool, a second page is generated only when there is an Operational Flow Order (OFO). The page will display the appropriate volumes within the OFO tolerance level and those volumes outside the tolerance. Those volumes outside the tolerance level will be subject to OFO Failure to Deliver Penalty charges.

3. The last page of the report provides a breakdown of the volumes and charges associated with monthly cash out and penalties.



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Here is an example of an Operator Report for a firm service pool.

YANKEE GAS SERVICE COMPANY
 OPERATOR REPORT
 FOR REVENUE PERIOD: 2006-11

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WINTER

Assume winter revenue period.

ACCT: XXXXXXXX
 NAME: XXX Corporation
 PIPELINE: ALGONQUIN
 POOL: 1 -- RATE 03/10/20/30/36 ACCOUNTS

CCF STB MDQ: 1250
 CCF PLANNED BALANCING: 1500
 SOM CCF UNPLANNED BALANCING: 0
 CCF UNPLANNED BALANCING RATCHET: 312
 EOM CCF UNPLANNED BALANCING: 312
 CCF PEAKING: 2500

ALL UNITS IN CCF UNLESS OTHERWISE SPECIFIED

DAY	PIPELINE					CITY GATE					BURNER TIP					
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
	MMBTU NOM	MMBTU DELIV	MMBTU PEAKING NOM	MMBTU STANDBY NOM	BTU FACTOR	CCF NOM	CCF DELIV	CCF PEAKING DELIV	CCF STANDBY DELIV	DELIV PENALTY	METERED USAGE	ALGRTHM USAGE	AVAIL IMBALNC	TRADE	NET IMBALNC	OFO
1	400	380	0	100	1.024	3847	3655	0	1154	0	2694	758	1357	100	1457	NO
2	400	400	0	100	1.021	3858	3858	0	965	0	2645	758	1420	-100	1320	NO
3	420	420	0	100	1.021	4051	4051	0	965	0	2579	758	1679	100	1779	NO
4	401	401	0	100	1.018	3879	3879	0	967	0	2779	758	1309	-100	1209	NO
5	370	370	0	100	1.012	3601	3601	0	973	0	2503	758	1313	100	1413	NO
6	370	370	0	100	1.015	3590	3590	0	970	0	2262	758	1540	-100	1440	NO
7	370	370	0	100	1.017	3583	3583	0	968	0	2681	758	1112	100	1212	NO
8	340	340	0	100	1.018	3289	3289	0	967	0	2572	758	926	-100	826	NO
9	320	320	0	100	1.016	3102	3102	0	969	0	2685	758	628	100	728	NO
10	320	320	0	100	1.018	3096	3096	0	967	0	2680	758	625	-100	525	NO
11	320	300	0	100	1.015	3105	2911	0	1164	0	2834	758	483	100	583	NO
12	340	340	0	100	1.016	3296	3296	0	969	0	2737	758	770	-100	670	NO
13	340	340	0	100	1.020	3283	3283	0	966	0	2597	758	894	100	994	NO
14	340	340	0	100	1.021	3280	3280	0	965	0	2538	758	949	-100	849	NO
15	340	340	0	100	1.020	3283	3283	0	966	0	2714	758	777	100	877	NO
16	340	340	0	100	1.021	3280	3280	0	965	0	2817	758	670	-100	570	NO
17	330	330	0	100	1.019	3189	3189	0	966	0	2688	758	709	100	809	NO
18	360	360	0	100	1.018	3483	3483	0	967	0	2783	758	909	-100	809	NO
19	360	360	0	100	1.020	3476	3476	0	966	0	2576	758	1108	100	1208	NO
20	360	360	125	100	1.020	3476	3476	1207	966	0	2414	758	2477	-100	2377	NO
21	360	360	125	100	1.019	3479	3479	1208	966	0	2825	758	2070	100	2170	NO
22	360	360	125	100	1.020	3476	3476	1207	966	0	2812	758	2079	-100	1979	NO
23	360	375	125	100	1.020	3476	3621	1207	966	145	2809	758	2227	100	2327	NO
24	360	360	125	100	1.019	3479	3479	1208	966	0	2710	758	2185	-100	2085	NO
25	360	360	125	100	1.020	3476	3476	1207	966	0	3140	848	1661	100	1761	NO
26	370	370	125	100	1.020	3573	3573	1207	966	0	2757	848	2141	-100	2041	NO
27	370	370	125	100	1.019	3576	3576	1208	966	0	2598	938	2214	100	2314	NO
28	370	370	125	100	1.019	3576	3576	1208	966	0	2577	758	2415	-100	2315	NO
29	380	380	125	100	1.019	3673	3673	1208	966	0	2926	938	1983	100	2083	NO
30	380	0	125	100	1.016	3684	0	1212	1250	2434	2812	758	-1108	-100	-1208	NO
31	350	350	0	100	1.016	3393	3393	0	969	0	3024	938	400	100	500	NO
TOTAL:	11161	10756	1375	3100		107908	103983	13287	30638	2579	83768	24218	39922	100	40022	

THIS POOL REPRESENTS 159 CUSTOMERS OUT OF A TOTAL OF 261.

CONVERSION CALCULATION FROM MMBTU TO CCF: CCF = (MMBTU / BTU FACTOR) * 10 * 0.98486 (LOSS FACTOR)

CALCULATIONS TO SECTIONS ABOVE:

F = (A / E) * 10 * 0.98486 (LOSS FACTOR)
 G = (B / E) * 10 * 0.98486 (LOSS FACTOR)
 H = (C / E) * 10 * 0.98486 (LOSS FACTOR)
 I = IF G < F (UNDERDELIVERY), THEN (F - G) + (D / E) * 10 * 0.98486 (LOSS FACTOR), UP TO STB MDQ
 IF G > F (OVERDELIVERY), THEN (D / E) * 10 * 0.98486 (LOSS FACTOR)
 J = IF G < F (UNDERDELIVERY), THEN F - G - I. IF G > F (OVERDELIVERY), THEN G - F
 M = (G + H + I) - (K + L)
 O = M + N
 P = "NO" - ABSENCE OF AN OPERATIONAL FLOW ORDER (OFO), "YES" - PRESENCE OF AN OFO



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ACCT: XXXXXXXXX
 NAME: XXX Corporation
 PIPELINE: ALGONQUIN
 POOL: 1 -- RATE 03/10/20/30/36 ACCOUNTS

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 CCF STB MDQ: 1250
 CCF PLANNED BALANCING: 1500
 SOM CCF UNPLANNED BALANCING: 0
 CCF UNPLANNED BALANCING RATCHET: 312
 EOM CCF UNPLANNED BALANCING: 312
 CCF PEAKING: 2500

ALL UNITS IN CCF UNLESS OTHERWISE SPECIFIED

DAY	UPPER TIER % IMBALNC	LOWER TIER % IMBALNC	DEFAULT IMBALNC	PLANNED IMBALNC	SUMMER DEFAULT IMBALNC *	WINTER UNPLANNED IMBALNC	TOTAL IMBALNC
1	10%	-10%	481	976	-	-	1457
2	10%	-10%	482	838	-	-	1320
3	10%	-10%	502	1,277	-	-	1779
4	10%	-10%	485	724	-	-	1209
5	10%	-10%	457	956	-	-	1413
6	10%	-10%	456	984	-	-	1440
7	10%	-10%	455	757	-	-	1212
8	10%	-10%	426	400	-	-	826
9	10%	-10%	407	321	-	-	728
10	10%	-10%	406	119	-	-	525
11	10%	-10%	408	175	-	-	583
12	10%	-10%	427	243	-	-	670
13	10%	-10%	425	569	-	-	994
14	10%	-10%	425	424	-	-	849
15	10%	-10%	425	452	-	-	877
16	10%	-10%	425	145	-	-	570
17	10%	-10%	416	393	-	-	809
18	10%	-10%	445	364	-	-	809
19	10%	-10%	444	764	-	-	1208
20	10%	-10%	565	1,500	-	312	2377
21	10%	-10%	565	1,500	-	105	2170
22	10%	-10%	565	1,414	-	-	1979
23	10%	-10%	579	1,500	-	248	2327
24	10%	-10%	565	1,500	-	20	2085
25	10%	-10%	565	1,196	-	-	1761
26	10%	-10%	575	1,466	-	-	2041
27	10%	-10%	575	1,500	-	239	2314
28	10%	-10%	575	1,500	-	240	2315
29	10%	-10%	585	1,498	-	-	2083
30	10%	-10%	246	962	-	-	1208
31	10%	-10%	436	64	-	-	500

TOTALS

* SUMMER DEFAULT IMBALNC IS THE VOLUME <= EXISTING UNPLANNED IMBALANCE

Refer to Balancing Service under [Ancillary Services](#) for definitions and examples.



The Northeast Utilities System

YANKEE GAS SERVICE COMPANY
 OPERATOR REPORT
 FOR REVENUE PERIOD: 2006-11

ACCT: XXXXXXXXX
 NAME: XXX Corporation
 PIPELINE: ALGONQUIN
 POOL: 1 -- RATE 03/10/20/30/36 ACCOUNTS

ALL UNITS IN CCF UNLESS OTHERWISE SPECIFIED

CASH OUT AND PENALTY DETAIL

DAY	TOTAL DELIVERY	METERED USAGE	ALGORITHM USAGE	= Q - (R + S)		U	= T X U V
				T			
1	4,909	2,694	758	1457		1.0694	1,558.12
2	4,723	2,645	758	1320		1.0704	1,412.93
3	5,116	2,579	758	1779		1.0715	1,906.20
4	4,746	2,779	758	1209		1.1193	1,353.23
5	4,674	2,503	758	1413		1.0532	1,488.17
6	4,460	2,262	758	1440		1.0730	1,545.12
7	4,651	2,681	758	1212		1.0428	1,263.87
8	4,156	2,572	758	826		1.0408	859.70
9	4,171	2,685	758	728		1.0428	759.16
10	3,963	2,680	758	525		0.9809	514.97
11	4,175	2,834	758	583		0.9481	552.74
12	4,165	2,737	758	670		0.9554	640.12
13	4,349	2,597	758	994		0.9621	956.33
14	4,145	2,538	758	849		0.9768	829.30
15	4,349	2,714	758	877		0.9768	856.65
16	4,145	2,817	758	570		0.9787	557.86
17	4,255	2,688	758	809		0.9787	791.77
18	4,350	2,783	758	809		0.9959	805.68
19	4,542	2,576	758	1208		0.9898	1,195.68
20	5,549	2,414	758	2377		0.9086	2,159.74
21	5,753	2,825	758	2170		0.9883	2,144.61
22	5,549	2,812	758	1979		0.9892	1,957.63
23	5,894	2,809	758	2327		0.9902	2,304.20
24	5,553	2,710	758	2085		0.9317	1,942.59
25	5,749	3,140	848	1761		0.9313	1,640.02
26	5,646	2,757	848	2041		0.9823	2,004.87
27	5,850	2,598	938	2314		0.8952	2,071.49
28	5,650	2,577	758	2315		0.9147	2,117.53
29	5,947	2,926	938	2083		0.9138	1,903.45
30	2,362	2,812	758	-1208		0.9138	-1,103.87
31	4,462	3,024	938	500		0.9377	468.85
TOTALS	148008	83768	24218	40022			\$39,458.71

DAILY CASH OUT VOLUME IS CALCULATED AS FOLLOWS:
 TOTAL DAILY DELIVERY (DELIVERED CCF + PEAKING DELIVERED CCF + STANDBY DELIVERED + IMBALANCE TRADES) - DAILY CCF USAGE

Imbalance Percentage 27.0%			
Positive			
% Monthly Imbalance	Price Factor	Imbalance/Tier	Price Factor
Tier 0 to 5%:	1.00	7400	0.18
Tier 5 to 10%:	0.85	7400	0.16
Tier 10 to 20%:	0.70	14800	0.26
Tier > 20%:	0.50	10422	0.13
Total		40022	0.73

SUMMATION OF DAILY CASH OUTS	X	TOTAL PRICE FACTOR	MONTHLY CASH OUT CHARGE
-\$39,458.71		0.73 =	-\$28,804.86



The Northeast Utilities System

CONTINUED CASH OUT AND PENALTY DETAIL

PAGE 1 -3

W	Z	= W X Z Y	AA	AB	= AA X AB AC
<u>DELIVERY PENALTY VOLUME</u>	<u>DELIVERY PENALTY CHARGE (\$)</u>	<u>TOTAL DELIVERY PENALTY (\$)</u>	<u>SUMMER UNPLANNED IMBALNC VOLUME</u>	<u>SUMMER UNPLANNED IMBALNC CHARGE (\$)</u>	<u>SUMMER UNPLANNED IMBALNC (\$)</u>
-	3.2082	-	0	N/A	\$0.00
-	3.2112	-	0	N/A	\$0.00
-	3.2145	-	0	N/A	\$0.00
-	3.3579	-	0	N/A	\$0.00
-	3.1596	-	0	N/A	\$0.00
-	3.2190	-	0	N/A	\$0.00
-	3.1284	-	0	N/A	\$0.00
-	3.1224	-	0	N/A	\$0.00
-	3.1284	-	0	N/A	\$0.00
-	2.9427	-	0	N/A	\$0.00
-	2.8443	-	0	N/A	\$0.00
-	2.8662	-	0	N/A	\$0.00
-	2.8863	-	0	N/A	\$0.00
-	2.9304	-	0	N/A	\$0.00
-	2.9304	-	0	N/A	\$0.00
-	2.9361	-	0	N/A	\$0.00
-	2.9361	-	0	N/A	\$0.00
-	2.9877	-	0	N/A	\$0.00
-	2.9694	-	0	N/A	\$0.00
-	2.7258	-	0	N/A	\$0.00
-	2.9649	-	0	N/A	\$0.00
-	2.9676	-	0	N/A	\$0.00
145	2.9706	430.74	0	N/A	\$0.00
-	2.7951	-	0	N/A	\$0.00
-	2.7939	-	0	N/A	\$0.00
-	2.9469	-	0	N/A	\$0.00
-	2.6856	-	0	N/A	\$0.00
-	2.7441	-	0	N/A	\$0.00
-	2.7414	-	0	N/A	\$0.00
2,434	2.7414	6,672.57	0	N/A	\$0.00
-	2.8131	-	0	N/A	\$0.00
2579		\$7,103.31	0		\$0.00

Time: Sent to you daily via e-mail. The current month's Usage Report for your Customers will be available on the 3rd day of the month. Both the individual Customer usage and aggregate Customer usage (pool usage) lags by two (2) calendar days.

Operator Responsibility: Review frequently, to ensure you have nominated to the correct pools and that the usage reflects your Customers' demands and prior usage history. Look for any unusual daily reads that may signal meter or telemetering problems. For instance, there may be an apparent, inaccurate read for a Customer who recently moved out of a location and disconnected its phone service, or a Customer read that remains constant from day-to-day due to a problem with their telemetering device. By our communicating and working together in this area, we can be proactive in responding to and resolving Customers' problems, thereby, keeping errors and subsequent revenue adjustments to your bill and the Customers' bills to a minimum.



The Northeast Utilities System

Transportation Contacts

See [Supplier Contacts](#) list at our Web site.

Nomination Process

As an Operator, you are subject to specific nomination requirements as described in our TRS tariff. We will review your nominations and accept or reject them based on their adherence to these requirements. Here is an overview of key guidelines and timeframes to remember.

Types of Nominations/Deadlines

Three (3) types of nominations are accepted by Yankee Gas. You must submit all three (3) types by completing a [Nomination Entry Form](#) on-line at our Web site. Nominations for Standby Service, Peaking Service and Long Haul Service are entered on-line at a different location from the Ancillary Services Nominations site, <https://online.yankeegas.com/ancillary/nominate0.asp>. The same User ID and password are used on-line when nominating for either city-gate deliveries or ancillary service deliveries, such as Standby Service. For more information on the nomination process and specific deadlines for Peaking Service, please refer to Peaking Services found in [Ancillary Services](#) within this Handbook.

In addition to completing a nomination entry form on-line, you also have the option of viewing your scheduled nominations and deliveries from this site. For nomination entry or viewing, you will need to select your User ID from the drop down menu, enter your password and press the "Login" button.

1. **First of the Month Nomination (FOM)**

Purpose: Establishes the scheduled daily volumes for each pool for the first day of the month; however, volumes for the remainder of the month may be submitted at this time, too.

Deadlines: **Supply to Firm and Interruptible Service Customers**
Due one (1) business day by 12:30 p.m. EDT prior to gas flow
Nomination must include both upstream contract numbers and their volumes.

If you do not receive written notification from us shortening this timeframe, the above-mentioned deadline is in effect.

Restriction: If either the volume or contract number on a nomination changes after FOM deadlines, the nomination is treated as an intra-day nomination and any further changes for that pool will not be accepted until the second day.

2. **Subsequent Daily Nomination**

Purpose: Changes nomination for the next day. For example, this type of nomination may be used if the expected daily usage differs from the FOM scheduled daily volume.

Deadline: Due no later than 12:30 p.m. EDT on the day prior to gas flow

Restriction: If the subsequent nomination deadline is missed, notify someone in Gas Nominations by telephone and in writing, via e-mail or fax. The nomination must then be treated as an intra-day nomination and you must follow both its requirements and deadlines in order for it to be valid.

3. Intra-Day Nomination

Purpose: Changes an established nomination for the current gas day in order to maintain daily balancing requirements, replace supplies cut by original sources, or comply with Yankee's requirements.

Deadline: Due no later than 4:00 p.m. EDT for the current day's gas flow
The nomination can be entered on-line for same day gas flow from 12:01 a.m. to 4 p.m. EDT.

Requirement: 1) Notify our Gas Nominations Staff by telephone.

During business hours:
(8 a.m. - 4:00 p.m., EDT)

860.665.5921
860.665.5926
860.665.5937

After business hours:

860.665-5913
860.665.5914

2) Follow-up by entering the nomination on-line through our Nomination Processing System.

Restrictions: 1) Allow one (1) intra-day nomination per day, per Operator, per pool, with Gas Control's approval. Additional intra-days will be permitted on a best efforts basis.

2) Will not be allowed for rejected nomination.

3) Must be confirmed by an upstream Pipeline.

Submitting Nominations

Please remember the following requirements when submitting any nomination:

1. Submit a completed nomination through our Nomination Processing System within the established deadlines. Failure to do so will result in a Failure to Deliver Penalty, even if the gas is delivered. *We will accept faxed nomination forms in the event that the Web site is down; however, we do require that you contact us first to make us aware of the situation.*
2. Provide a separate nomination for each pool **even if the nomination is zero** due to Company-provided services under Riders STB or BAL. The lack of a nomination will cause a rejection and imposition of a Failure to Deliver Penalty.
3. Identify each nomination by contract, delivery point (specific gate number or accounting meter³) and rate class. For reference, gate numbers can be found either in the Monthly Update Report (MUR) prior to your Customer starting gas flow in your pool, or in the [Towns Served by Gate Stations](#) list.

³ Yankee Gas has established specific accounting meters on the Algonquin and Tennessee Gas Pipeline Systems. In non-critical periods, pools with firm transportation and interruptible volumes can be nominated to a single meter designated by Yankee on each respective pipeline. As a condition of service, you will need to furnish and maintain with us the percentages of your physical takes at each meter station. In times of restrictions, we may require that you submit meter-specific nominations based on the above percentages. To establish an accounting meter, contact Gas Nominations.

Procedure for Submitting a Retro Nomination

In the event of an Underdelivery or Overdelivery, Yankee Gas will accept a request for a Retro Nomination.

Conditions:

1. The nomination accepted by Yankee Gas is valid.
A valid nomination is one that is complete and submitted within the nomination deadline. The nomination is complete with a date, Pipeline, delivery point, contract number, rate class, volume and contact name.
2. Pipeline nominations were cut as a result of restrictions or other supplier operational difficulties.
3. Operator notifies Yankee Gas Nominations Staff (refer to [Supplier Contacts](#) on Web site) to review the problem and to request a Retro Nomination.
4. The Upstream Receipt Point Operator, the Shipper, the Pipeline and the Delivery Point Operator (Yankee Gas) are in agreement with the Retro Nomination request.

Operator's Responsibility

Operator assumes responsibility for following up on the status of the Retro Nomination for all approvals and correction by the Pipeline.

Deadline

Retro Nomination must be processed and updated by the Pipeline no later than 12:00 p.m., EDT on the third (3rd) business day of the following month. A Failure to Deliver Penalty charge will be assessed on the appropriate day if the deadline is not met.

Nominating for Customers in Pools using Rates 03, 10 and 36 without Daily Demand Meters

Usage for these customers is based upon monthly cycle readings rather than actual daily usage. Calculation of the pool algorithm is provided below. For further clarification of the measurement and cash out calculations, refer to [Billing](#) within this Handbook.

Algorithm Calculation

The daily use is based on the following algorithm:

$Nom = BL + (HF * EHDD)$, adjusted for Transportation Losses and Forecasted Btu Factor

To Convert to MMBTU: $CCF * [Forecasted Btu Factor / (10 * Transportation Loss Factor)]$

Where: BL = aggregate of the Pool's Daily Base Load
HF = aggregate of the Pool's Heat use per Degree Day
EHDD = Effective Heating Degree Days
(The above three items are furnished by Yankee Gas.)

Nominations are calculated based on a forecasted EHDD and Btu Factor. Usage, for purposes of billing, is calculated based on a verified EHDD (actual EHDD).

Operator Guidelines

1. You have the option of relying upon your own information or utilizing our supplied forecasts to calculate your pool nominations. You may round your MMBTU nomination calculation, up or down, at your discretion. You need to evaluate the implication to your daily balancing volumes and monthly cash out, especially when small volumes are involved.
2. You may also choose to submit daily nominations for each pool or to submit one nomination for the entire month for each pool. In any case, you will be responsible for the resulting balancing costs under Rider BAL.
3. You are not required to adjust nominations due to changes in any of the factors furnished by us.

Weather - EHDD

Yankee Gas posts forecasted⁴ and actual weather in the Gas Suppliers section of our Web site, under [Weather](#).

Below is a sample of what Yankee Gas' weather forecast will look like:

Yankee Gas Services Company Weather Forecast	Hypothetical Data	
Current Date and Time:	01/31/2006 01:50:08 PM	
Forecasted EHDD for Next Day (aka subsequent day):		
tomorrow	02/01/2006	33
day after tomorrow	02/02/2006	31
Actual Verified EHDD for previous days:		
yesterday	01/30/2006	27
day before yesterday	01/29/2006	22
Revised Forecast for	01/31/2006	37
LAST FORECAST FOR	01/31/2006	37

Forecasted Effective Heating Degree Days (EHDD) are provided in the first posting of the day, which occurs in the morning. Actual verified EHDD for previous days and the last posted forecast and revised forecast for the gas day appear in the afternoon posting.

⁴ Although you may use the forecasts provided by Yankee as a tool in determining your nominations, it is not reasonable grounds for relief from any tariff provisions.

Example of Nominating for Pools Containing Customers on Rates 03, 10 and 36 Without Daily Demand Meters

Nominating for five (5) Customers for Day 1

<u>Customer</u>	<u>Delivery Point</u>	<u>(Ccf) Base Load</u>	<u>(Ccf) Heat Factor</u>	<u>Assume:</u>
A	Montville	.735	.134	Effective Heating Degree Day = 30 Forecasted Btu Factor = 1.029 Transportation Loss Factor = .9852
B	Pomfret	.605	.205	
C	Montville	.405	.108	
D	Stonington	.800	.125	
E	Pomfret	.550	.300	
Sum		3.095	.872	

Apply algorithm formula: $BL + (HF * EHDD)$
 $3.095 + (.872 * 30) = 29.255$, that is 29 (standard rounding)

To convert to MMBtu:

$$\begin{aligned} & \text{Ccf} * \frac{\text{Forecasted Btu Factor}}{(10 * \text{Transportation Loss Factor})} \\ & 29 * \frac{1.029}{(10 * .9852)} = 3.0289 \end{aligned}$$

Rejection of Nominations

The Company reserves the right to reject any nomination for just cause. On a best efforts basis, you will be notified and given an opportunity to correct the nomination, provided that it can be done within the Company's specified nomination deadlines. Here are some conditions in which Yankee Gas may reject a daily nomination:

1. Nomination is incomplete.
2. Nomination is received after established deadline.
3. Nomination, after Company's review, is inconsistent with the Company's expected daily usage by the pool.
4. Nomination is adjusted to make up for discrepancies with the upstream Pipeline.

Operator's Responsibility

1. Consider the following priority order of gas supplies when making nominations:
 - a. Operator deliveries
 - b. Rider CR firm volumes
 - c. Rider PK firm volumes
 - d. Rider BAL volumes
 - e. Rider STB firm volumes
 - f. Rider STO firm volumes
 - g. Rider LH firm volumes
 - h. Imbalance Trading

2. Ensure that the Actual Delivered Volumes match the Scheduled Nominated Volumes. If deliveries do not match nominations, you will be held financially responsible through a Failure to Deliver Penalty.
3. Adhere to a Company-issued Operational Flow Order (OFO), when applicable, and upon less than 24 hours notice. The OFO may establish mandatory daily or monthly balancing tolerances for an Operator's transported gas, require delivery of specified volumes of gas, or establish any other operational requirements deemed necessary to alleviate supply or operational conditions that threaten the integrity of the Company's system.

Penalties – Please see [Penalty Conditions](#) for a description of penalties and charges.

Reports – Please see [Reports](#) to understand those resources that we make available to you on a regular basis to keep you informed about your Customers.

Imbalance Trading – Please see [Imbalance Trading](#) for applicable definitions and details on the process and its requirements. By taking advantage of this program, you have the opportunity to control your utility-based costs.

Transportation Contacts

For appropriate contacts at Yankee Gas, please refer to [Supplier Contacts](#) at our Web site.

Imbalance Trading

Operator may trade its daily imbalance position in order to eliminate, or minimize, Unplanned Balancing volumes and to improve monthly cash out.

Requirements

- Submit trades on our Imbalance Trade Form, which is provided to you as an attachment to the monthly imbalance trade e-mail.
- Trade volumes based on the available imbalances found on the final Usage Report (aka Operator Report) that is forwarded to you when trading commences, **NOT** what appeared to be available during the month's daily Usage Reports.
- Verify that your trades with your trading partner are of equal volumes and in opposite directions.
- Trade with pools that have similar balancing requirements and are on the same pipeline. Remember that firm transportation service pools (Pools 1 and 2) can trade with other same pools on similar pipeline. Similarly, trade interruptible service pools (Pools 3 and 4) with other same pools on the same pipeline.
- Identify your trades by pool.

Please make sure that all trades on a given day meet the above requirements to avoid rejection.

Yankee Gas' Responsibility

On or about the fifth (5th) business day of each month, via e-mail, Transportation Services will:

- ◆ Notify you of imbalance trading's commencement and deadline
- ◆ Provide a list of contacts and telephone numbers of those Operators operating on our system
- ◆ Attach a copy of our Imbalance Trade Form
- ◆ Attach other appropriate notices or instructions
- ◆ Forward (in a separate e-mail) your final Usage Reports

Transportation Services will supply you with the best available daily consumption volumes through the final Usage Reports. It is this information which will be used for trading purposes. At the end of the trading period, remaining daily imbalances will be subject to monthly cash out. Should there be any subsequent changes to your pool's daily consumption volumes following the release of trade information, an adjustment will be applied to your monthly bill.

Operator's Responsibility

You are responsible for:

- ◆ Providing us with current contact information
- ◆ Adhering to the above imbalance trade requirements⁵
- ◆ Submitting trades on Yankee Gas' Imbalance Trade Form

⁵ On a best efforts basis, when we are notified of a new imbalance trade contact, we will work with that contact during their first month of imbalance trading to make sure that they fully understand the program's requirements.

Imbalance Trade Form

The Imbalance Trade Form is a user-friendly document that we created in MS Excel. Each month, a copy of the form is e-mailed to you at the start of imbalance trading. It is this form that you use to enter daily trades by pool and identify your associated trading partners. The Imbalance Trade Form contains a general worksheet that requests information, such as company name, contact name, your Yankee Gas account number, etc., and four (4) individual worksheets, each corresponding to a pool (firm service or interruptible service) and its pipeline (Algonquin or Tennessee). A sixth (6th) worksheet, labeled “*Criterion*,” is for Yankee Gas’ purposes only.

The following table provides a more detailed description of the individual worksheets.

Worksheet Name	Description
General	General Information
Pool 1 – AGT	Rate 03, 10, 20, 30 and 36 Customers Algonquin Pipeline
Pool 2 – TGP	Rate 03, 10, 20, 30 and 36 Customers Tennessee Pipeline
Pool 3 – AGT	Rate IS Customers Algonquin Pipeline
Pool 4 - TGP	Rate IS Customers Tennessee Pipeline
Criterion	Yankee Gas use only

Example of Trades and Their Impact on Rider BAL

Below are some examples to show the effect of trades on daily imbalance volumes. Both the Imbalance Trade Form and Usage Report are modified versions for the purpose of these examples. To save space here, columns for the MMBTU Nomination, MMBTU Delivery, and Btu Factor (usually seen in the Usage Report) have been omitted and only five (5) of the ten (10) daily trading partners (which appear on each pool worksheet within the Imbalance Trade Form) are displayed.

The calculation for daily imbalances along with examples can be found in [Ancillary Services](#). For the following example, assume the following trade form was submitted.

Imbalance Trade Form

Pool 1 ⇒ Rate 03, 10, 20, 30 & 36 Accounts/Algonquin Pipeline

Day	Trading Partner Operator A		Trading Partner Operator B		Trading Partner Operator C		Trading Partner Operator D		Trading Partner Operator E		Totals	
	Pool 1	Trade (Ccf)	Pool 1	Trade (Ccf)	Pool 1	Trade (Ccf)	Pool 1	Trade (Ccf)	Pool 1	Trade (Ccf)		
1	-300		1	-200	1	-275	1	-325	1	-400	1	-1500
2	250		2	100	2	250	2	125	2	275	2	1000
3	750		3	1000	3	300	3	800	3	150	3	3000
4	-700		4	-430	4	-500	4	-150	4	-220	4	-2000
5	150		5	300	5	800	5	990	5	1260	5	3500
6	125		6	125	6	100	6	125	6	25	6	500

Here is a before and after trade example to illustrate the impact of the above trades on the Winter Unplanned Balancing volumes. Assuming in a winter month (November – March), no Planned Balancing, Standby or Peaking volumes, the ratchet before trade is 2918 CCF; after trade, 770 CCF. Also, where applicable, notice the decrease in the daily default imbalance volume as a result of the trade. On a daily basis, the default imbalance volume is equal to the lesser of 10% of the delivery volume, plus any applicable Standby and Peaking Service delivery volumes, or the net imbalance (available imbalance plus trade).

BEFORE TRADE

D A Y	CCF DELIVERY	CCF AVAIL IMBALNC	CCF TRADE	CCF NET IMBALNC	% UPPER TIER IMBALNC	% LOWER TIER IMBALNC	CCF DEFAULT IMBALNC	CCF PLANNED IMBALNCE	CCF WINTER UNPLANNED IMBALNCE
1	24576	3876	0	3876	10	10	2458	0	1418
2	18065	-2035	0	-2035	10	10	1807	0	228
3	22325	-4675	0	-4675	10	10	2233	0	2442
4	22391	5009	0	5009	10	10	2239	0	2770
5	22347	-5153	0	-5153	10	10	2235	0	2918
6	23031	-3469	0	-3469	10	10	2303	0	1166

AFTER TRADE

D A Y	CCF DELIVERY	CCF AVAIL IMBALNC	CCF TRADE	CCF NET IMBALNC	% UPPER TIER IMBALNC	% LOWER TIER IMBALNC	CCF DEFAULT IMBALNC	CCF PLANNED IMBALNCE	CCF WINTER UNPLANNED IMBALNCE
1	24576	3876	-1500	2376	10	10	2376	0	0
2	18065	-2035	1000	-1035	10	10	1035	0	0
3	22325	-4675	3000	-1675	10	10	1675	0	0
4	22391	5009	-2000	3009	10	10	2239	0	770
5	22347	-5153	3500	-1653	10	10	1653	0	0
6	23031	-3469	500	-2969	10	10	2303	0	666

Transportation Contacts

See [Supplier Contacts](#) list at our Web site.

Penalty Conditions

There are two types of penalties, Failure to Deliver and Balancing Penalties. The first penalty is identified in our Tariff under Rate TRS (Transportation Receipt Service); the second penalty, described as Summer Unplanned Balancing Penalty, is under Rider BAL. Penalty definitions and their charges are reviewed below.

Failure to Deliver Penalty

The following gate-related penalties apply to all four (4) pools⁶. A Failure to Deliver Penalty occurs at the delivery point, also referred to as the city gate, which is the location where Yankee Gas receives the Customers' gas from the pipeline so that it may be distributed to Customers' service locations.

Failure to Deliver Penalty	Underdelivery	Overdelivery	Daily Charge	Season
Definition	Actual Delivered Volumes less than Scheduled Nominated Volumes	Actual Delivered Volumes greater than Scheduled Nominated Volumes	Three (3) X Gas Daily City Gate Index ⁷ or \$2.50/CCF, whichever is higher	November through March
			Two (2) X Gas Daily City Gate ⁷ Index	April through October

Operational Flow Order

An Operational Flow Order (OFO) may establish mandatory daily or monthly balancing tolerances for an Operator's pool. In an interruptible service pool (Pools 3 and 4), non-compliance to an OFO is subject to Failure to Deliver Penalty charges described above. Any volumes outside the OFO tolerances will result in a Failure to Deliver Penalty charge. On the other hand, in a firm service pool (Pools 1 and 2), which is subject to Rider BAL, any volume outside the OFO tolerance, including any additional daily tolerance provided in Rider BAL (Planned Balancing), will be subject to an Unplanned Balancing charge rather than a Failure to Deliver Penalty charge. See [Ancillary Services](#) for details on Rider BAL provisions and examples.

6 Pool 1 - Rate 03, 10, 20, 30 and 36 Customers served by the Algonquin pipeline
 Pool 2 - Rate 03, 10, 20, 30 and 36 Customers served by the Tennessee pipeline
 Pool 3 - Rate IS Customers served by the Algonquin pipeline
 Pool 4 - Rate IS Customers served by the Tennessee pipeline

7 For Operator pools on the Algonquin pipeline, the Daily Cash Out Rate is the "Midpoint" price reported in Gas Daily for "Algonquin, city-gates" for the applicable day, on the Tennessee pipeline, "Midpoint" price reported in Gas Daily for "Tennessee, zone 6 delivered." In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, the Daily Cash Out Rate is the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3," plus \$0.005/CCF. The Gas Daily "Midpoint" price is converted to \$/CCF and adjusted for Transportation Losses.

Balancing Penalty

Under Rider BAL, during the Summer season, April through October, any instance of daily Unplanned imbalances will result in a daily penalty charge of two (2) times the City Gate Index per CCF. The Index price per CCF by pipeline is the same index price used for daily cash out pricing. The penalty is applicable to firm service pools (Pools 1 and 2). See [Ancillary Services](#) for complete details on Rider BAL provisions.

Ancillary Services

Additional services available to Rate TRS Operators, on a pool-specific basis, include Balancing Service (Rider BAL), Standby Service (Rider STB) and Peaking Service (Rider PK). Standby Service and Peaking Service serve as supplemental gas supplies and are added to the Operators' total deliveries for reporting and billing purposes.

Balancing Service

Rider BAL provides relief from having to adjust on a daily basis your customers' supplies and deliveries with their demands. Balancing Service is broken into two parts, Planned Balancing and Unplanned Balancing. In non-OFO situations, the balancing tolerance is +/- 10%. Purchase of Planned Balancing allows you the opportunity to obtain additional balancing, up to a percentage of your pool's historical peak load or MDQ. Unplanned Balancing service reflects any imbalances, during the winter months, in excess of both the balancing tolerance and Planned Balancing volumes.

1. Planned Balancing Volumes

Every year in August, an annual open season is held so that you may elect Planned Balancing volumes. The elected volumes are in effect for 12 months, commencing in November. The Planned Balancing charge is based on 75% of Yankee Gas firm storage services and deliverability.

2. Unplanned Balancing Volumes

Unplanned Balancing volumes represent those volumes that exceed Yankee's balancing tolerance and elected Balancing volumes, which are the Planned Balancing volumes. It is only during the winter months, November through March, where an Unplanned Balancing occurrence will create a ratchet,⁸ resulting in the pool's subscription to Unplanned Balancing service. The Unplanned Balancing volume is assessed a charge that is equal to 125% of Yankee Gas firm storage services and deliverability. When an Unplanned Balancing event occurs, the ratchet that is created establishes a minimum 12-month commitment. Should any additional ratchets be set in subsequent months, following the initial subscription to Unplanned Balancing, each ratchet establishes its own 12-month commitment. The sum of effective Unplanned Balancing ratchets equals the total Unplanned Balancing volume that is billed.

Any Unplanned Balancing instances established outside the winter months, April through October, are not subject to subscription to Unplanned Balancing; rather the volumes, identified as Summer Unplanned Balancing, are subject to a penalty charge, two (2) times the City Gate Index⁹.

At the next annual open season, subject to Yankee Gas' terms and availability of service, Unplanned Balancing volumes may be rolled into your total elected Planned Balancing volumes, thereby eliminating Unplanned Balancing charges associated with those converted volumes. The total Planned Balancing volume is in effect for 12 months.

⁸ Initial ratchet is equal to the highest Unplanned Balancing volume in a given month. Once a ratchet is established, any subsequent month unplanned imbalance that is greater than the existing, billed Unplanned Balancing volume, will create a new ratchet and establish its own 12-month obligation.

⁹ For Operator pools on the Algonquin pipeline, the City Gate Index is the "Midpoint" price reported in Gas Daily for "Algonquin, city-gates" for the applicable day, on the Tennessee pipeline, "Midpoint" price reported in Gas Daily for "Tennessee, zone 6 delivered." In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, the City Gate Index is the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3," plus \$0.005/CCF. The City Gate Index "Midpoint" price is converted to \$/CCF and adjusted for Transportation Losses.

Examples of Planned and Unplanned Imbalances

For the firm service pools, Planned and Unplanned Balancing volumes are available from the Operator Report for your tracking and monitoring. For each given day, the total imbalance volume is broken into three (3) parts:

- 1) **Default Imbalance** = 10% of daily delivery, plus any applicable delivered standby and delivered peaking.
If the absolute value of the daily net imbalance volume (daily available imbalance volume plus daily total trade) is less than the daily default imbalance, the default imbalance will equal the absolute value of the daily net imbalance.
- 2) **Planned Imbalance** = elected Planned Balancing volumes.
- 3) **Unplanned Imbalance** = volumes exceeding default imbalance and planned imbalance volumes. Based on the season, the imbalance may be described as winter (November through March) or summer (April through October).

For illustrative purposes, examples below represent five (5) days rather than a full month.

Example 1 – Operator Report

Assumptions for Month 1

- Bill Month is November
- All units in CCF
- No Standby Service or Peaking Service
- +/- 10% Daily Balancing Tolerance
- Daily Planned Balancing = 1000
- Daily Delivery, Usage, Trade and Imbalance (below)

Day	A - B		C	D	C + D
	A	B			
	Delivery	Usage	Available Imbalance	Trade	Net Imbalance
1	10000	5000	5000	-2000	3000
2	15000	7500	7500	1000	8500
3	25000	30000	-5000	2000	-3000
4	22000	23000	-1000	3000	2000
5	17500	14000	3500	-700	2800

This information is found on page 1 of the Operator Report. These assumptions are also referenced in the Daily Imbalance Volumes example below.

Ratchet = 6000
Highest Daily Winter Unplanned Imbalance in Month 1
Ratchet is effective for 12 months, November through October.

Also referred to as Net Imbalance

DAILY IMBALANCE VOLUMES (absolute volumes shown)

	Lesser of Appropriate F or G * A or ABS(E)	ABS(E) - H, not to exceed 1000 CCF, which is the amount elected	ABS(E) - H - I	Volume <= Existing Unplanned Balancing Volume	Same as J in SUMMER months, less K	H + I + J or ABS(E)		
	F	G	H	I	J	K		
DAY	% UPPER TIER IMBALNC	% LOWER TIER IMBALNC	DEFAULT IMBALNC	PLANNED IMBALNC	WINTER UNPLANNED IMBALNC	SUMMER DEFAULT IMBALNC	SUMMER UNPLANNED IMBALNC	TOTAL IMBALNC
1	10	10	1000	1000	1000	N/A	N/A	3000
2	10	10	1500	1000	6000	N/A	N/A	8500
3	10	10	2500	500	0	N/A	N/A	3000
4	10	10	2000	0	0	N/A	N/A	2000
5	10	10	1750	1000	50	N/A	N/A	2800

Month 1 - Imbalance Results (above example)

Start of Month (SOM) Unplanned Balancing = 0

Unplanned Balancing Ratchet = 6000

End of Month (EOM) Unplanned Balancing = 6000

Example 2 – Operator Report

Assumptions for Month 2

- Bill month is December
- All units in CCF
- No Standby Service or Peaking Service
- +/- 10% Daily Balancing Tolerance
- Daily Planned Balancing = 1000
- Daily Delivery, Usage, Trade and Imbalance (below)

This information is found on page 1 of the Operator Report. These assumptions are also referenced in the Daily Imbalance Volumes example below.

Day	A - B		C + D		
	A	B	C	D	
	Delivery	Usage	Available Imbalance	Trade	Net Imbalance
1	12275	10650	1625	-300	1325
2	14300	14000	300	0	300
3	16350	28450	-12100	1250	-10850
4	21000	19000	2000	0	2000
5	17380	15100	2280	800	3080

Ratchet = 2215 (8215 - 6000)
Highest Daily Winter Unplanned Imbalance in Month 2
 Ratchet is effective for 12 months, December through November.

Also referred to as Net Imbalance

DAILY IMBALANCE VOLUMES
(absolute volumes shown)

	Lesser of Appropriate F or G * A or ABS(E)	ABS(E) - H, not to exceed 1000 CCF, which is the amount elected	ABS(E)-H-I	Volume <= Existing Unplanned Balancing Volume	Same as J in SUMMER months, less K	H + I + J or ABS(E)		
	F	G	H	I	J	K	L	M
DAY	% UPPER TIER IMBALNC	% LOWER TIER IMBALNC	DEFAULT IMBALNC	PLANNED IMBALNC	WINTER UNPLANNED IMBALNC	SUMMER DEFAULT IMBALNC	SUMMER UNPLANNED IMBALNC	TOTAL IMBALNC
1	10	10	1228	97	0	N/A	N/A	1325
2	10	10	300	0	0	N/A	N/A	300
3	10	10	1635	1000	8215	N/A	N/A	10850
4	10	10	2000	0	0	N/A	N/A	2000
5	10	10	1738	1000	342	N/A	N/A	3080

Month 2 - Imbalance Results

Start of Month (SOM) Unplanned Balancing = 6000

Unplanned Balancing Ratchet = 2215

End of Month (EOM) Unplanned Balancing = 8215 (summation of last month's and this month's Unplanned Balancing ratchets)

Example 3 – Operator Report

Assumptions for Month 6

- Bill month is April
- All units in CCF
- No Standby Service or Peaking Service
- +/- 10% Daily Balancing Tolerance
- Existing Unplanned Balancing volume = 8215 CCF (no additional ratchets after Month 2, December)
- Daily Planned Balancing = 1000
- Daily Delivery, Usage, Trade and Imbalance (below)

Day	A – B		C + D	
	A	B	C	D
	Delivery	Usage	Available Imbalance	Trade
1	7000	20000	-13000	1000
2	7240	8000	-760	0
3	9000	7700	1300	3000
4	5000	3100	1900	250
5	14000	2800	11200	0

This information is found on page 1 of the Operator Report. These assumptions are also referenced in the Daily Imbalance Volumes example below.

Ratchet = 0
 Ratchet is not applicable in Summer months, April through October. Each daily occurrence of an Unplanned Imbalance volume is assessed a penalty charge. **The total penalty volume = 2670.**

Also referred to as Net Imbalance

DAILY IMBALANCE VOLUMES (absolute volumes shown)

	F	G	H	I	J	K	L	M
	Lesser of Appropriate F or G * A or ABS(E)	ABS(E) – H, not to exceed 1000 CCF, which is the amount elected	In WINTER months ABS(E)–H–I	Volume <= Existing Unplanned Balancing Volume, which is 8215 CCF	ABS(E)–H–I–K	H + I + K + L or ABS(E)		
DAY	% UPPER TIER IMBALNC	% LOWER TIER IMBALNC	DEFAULT IMBALNC	PLANNED IMBALNC	WINTER UNPLANNED IMBALNC	SUMMER DEFAULT IMBALNC	SUMMER UNPLANNED IMBALNC	TOTAL IMBALNC
1	10	10	700	1000	N/A	8215	2085	12000
2	10	10	724	36	N/A	0	0	760
3	10	10	900	1000	N/A	2400	0	4300
4	10	10	500	1000	N/A	650	0	2150
5	10	10	1400	1000	N/A	8215	585	11200

Month 6 - Imbalance Results

Start of Month (SOM) Unplanned Balancing = 8215
 Unplanned Balancing Ratchet = 0
 End of Month (EOM) Unplanned Balancing = 8215
 Total Summer Unplanned Balancing Penalty = 2670

Standby Service

Rider STB serves two main purposes in order of the following priority:

- 1) As a backup to third party gas supply at the delivery point up to the existing Standby MDQ.

- 2) As a supplemental city gate gas supply up to the existing Standby MDQ. Please adhere to the nomination deadlines as discussed in the [Nominations Process](#) section.

Electing Standby Service

Standby Service may be elected during an annual open season held in August. Standby Service is effective for a twelve month period, beginning in November. Subject to Yankee Gas' availability, the Operator may elect a volume which is based on a percentage of its pool's historical peak day load.

An Operator who has subscribed to Standby Service has the option to trade its entitlement to another Operator under Rate TRS. Both parties need to communicate their requests to Yankee Gas in writing and the requests must agree with each other. The Operator receiving the standby entitlement will assume all its associated duties and obligations.

Peaking Service

Rider PK is a firm service available to Operators for supplementing their gas supply to meet their customers' demands during the peak or heating season, November through March. Yankee Gas acts as the agent for the Operator in providing the natural gas peaking services. The Operator may nominate the service up to their Maximum Daily Peaking Quantity (MDPQ) by pool and a portion or all of the MDPQ nominated volume by pool will count as a full day out of the 20 days that is available.

Nomination Deadlines for Peaking Service

Subsequent daily nominations for Peaking Service should be entered on-line at the Yankee Gas' Ancillary Services Nomination site, <https://online.yankeegas.com/ancillary/nominate0.asp>, within the following timeframes. Please note that these deadlines are different from those identified within the [Nomination Process](#) of this Handbook. Intraday (same day) nominations are not an option for this service.

- Daily nominations are due by 8:30 a.m. EDT on the business day prior to gas flow.
- For holidays and weekends, daily nominations are due by 8:30 a.m. EDT on the business day prior to gas flow. In addition, nominations for a multiple day period, weekends or holidays, must be the same volume for each day during this period.

Billing

You have the option of acting as a payment agent for your firm service Customer and, for convenience, may wire transfer funds to Yankee Gas not only for your Customers, but also for yourself.

Monthly distribution volumes are billed differently for telemetered and non-telemetered Customers. Similarly, your pool's monthly usage volumes are billed differently based on whether or not its Customers have telemetering. See [Measurement](#) section for more details.

Payment Agent

The Customer must notify Transportation Services, in writing, that it is their intent to have you act as their payment agent. You must submit a Gas Operator Switch Form indicating the Customer's selection of Billing Option #2 (Operator Bill).

Under the Operator Bill option, service to the Customer may be terminated if you fail to pay us the amount due, even if the Customer remitted payment to you. Service will be restored once we receive full payment.

Method of Payment

- Wire or Automated Clearing House (ACH) Fund Transfer

Wire or ACH Fund Transfer

Qualifications

Funds transferred must be for at least 25 Customers. If you need to wire transfer funds for **over 300** Customers, please contact Transportation Services at 860.665.6228.

Notification Prior to Sending Transfer

Provide at least a five (5) business day notice of the date that the wire or ACH (Automated Clearing House) fund transfer will be forwarded. If there is a conflict with the wire transfer date, we will contact you so that you can select an alternate date. At the same time of notification, you may also attach the ASCII file (file format described on following page) or send it on the same day that you transfer the funds. Notification and the ASCII file should be sent to the following e-mail addresses:

- ramosc@nu.com (Carol Ramos)
- mahankl@nu.com (Kristen Mahan)

The e-mail notifying us of the wire transfer date should include:

- 1) Contact name
- 2) Telephone number
- 3) Wire transfer date
- 4) Dollar amount of the wire transfer
- 5) Number of Customer or detail records

If there is a problem with your file or wire transfer, we will contact you via telephone and **will return the wire the following business day if the problem is not resolved**. You will be responsible for any late charges that accrue due to the delay.

Starting to Send Payments via Wire Transfer

If you are new to the wire transfer process, please send your ASCII file to us at the above-mentioned e-mail addresses prior to sending the wire transfer so that our Treasury Department can check your file for accuracy. We will do this pre-check as a courtesy for the first three (3) months only.

File Layout

The file must be set up in a specific format. The file may be created in any software as long as it is in **ASCII format**. There are three (3) main sections to the layout: the header, detail, and trailer.

Line 1 - Header - the header will consist of your (Operator) nine-digit account number followed by the six-digit file date (MMDDYY), that is, the date that you are wire transferring the funds. For example, the following Line 1, or header, reads Operator Account # 160160160 and date for transferring funds as 1/1/98.

Operator	File
Account #	Date
160160160	010198

Line 2 - Detail - the detail will consist of your Customer's nine-digit account number followed by the nine-digit payment amount. Within the nine-digit payment amount, the first seven (7) characters represent the dollar amount and the last two characters represent the cents. For instance, the first line of the following detail represents Customer Account # 111111560 and payment for \$261.03. Because of the *nine-digit payment amount*, you will notice that the number of zeros preceding the payment amount will vary depending on the payment size. Here, \$261.03 takes up only five (5) spaces (no decimal point is inputted), therefore, four (4) zeros are filled in preceding the payment amount. Likewise, the next account number is 1212121, with a payment amount for \$45.90, which has three (3) zeros preceding the account number and five (5) zeros preceding the payment amount, and so on.

Customer	Payment
Account #	Amount
111111560	000026103
000121212	000004590
145000091	000034567

Line 3 - Trailer - The trailer indicates the final line to the file and consists of three (3) parts:

- 1) Series of nine-digit number nines (999999999) which signifies the completion of the report.
- 2) Total number of customer records (or detail records), which will have five (5) characters. Please note that zero(s) should precede number of records when less than five (5) characters.



The Northeast Utilities System

- 3) The total payment amount, which will have up to ten (10) characters. The first eight (8) characters reflect the dollar amount and the last two (2) characters, the cents. (Please note that there is one (1) extra digit in this amount compared to the previously discussed customer payment amount in order to accommodate the sum payment of the detail records.

Based on the above detail example, the trailer would read:

Report Completion	# of Detail Records	Total Payment
999999999	000030000	065260

Helpful Suggestion: An apostrophe (') must precede 999999999 when using Microsoft Excel and Lotus 1-2-3 to prevent the numbers from being converted to scientific notation. An apostrophe (') is not inserted when using Microsoft Word or WordPerfect. Please note that there may be other peculiarities (not identified here) should you choose to use other software.

Placing all three (3) parts of the layout together (the header, detail and trailer), the sample wire transfer layout will look like this, all in one column and left justified:

```

160160160010198
111111560000026103
000121212000004590
145000091000034567
999999999000030000065260

```

The total of all payment amounts must equal the amount of the wire transfer. Any discrepancies will cause a delay in the application of payments to Customer accounts and may result in the application of late payment charges.

Instructions for Sending the Transfer

The wire, or ACH transfers, must include your name and account number.

All wire and ACH fund transfers are to be made to:

Beneficiary
Yankee Gas Services Company
107 Selden Street
Berlin, CT 06037

Contact
Jim Mitrano
Treasury Operation
Phone: 860.665.5649
E-mail: mitrajg@nu.com

Receiving Bank for Wire Transfer
Bank of America, N.A.
Bank ABA 026009593
Bank Account # 0066085840

Receiving Bank for ACH
Bank of America, N.A.
Bank ABA 011900445
Bank Account # 0066085840

Measurement

The following table summarizes the similarities and differences of how a Customer, on a given rate, and Operator are billed.

Customer/Operator	Billed When	Billed How
Customer Rates 20, 30 and IS	End of each month	Actual usage is based on daily readings from Metscan or telemetering device.
Operator Pools ¹⁰ 1, 2, 3 and 4	End of each month	For those customers with telemetering devices, actual usage is based on monthly readings from customers' Metscans or telemetering devices. In the Operator Report, customer usage is reported in the "Metered Usage" column.
Customer Rates 03, 10 and 36	Any time of a month, depending on Customer's cycle	Actual usage is based on monthly readings obtained from ERT device. ¹¹
Operator Pools ¹⁰ 1 and 2	End of each month	Customer usage is estimated (see details below on Monthly Pool Cash Out and Annual Pool Cash Out). In the Operator Report, customer usage is displayed in the "Algorithm Usage" column. However, should a customer elect to have a telemetering device, actual usage, rather than estimated usage, will be pulled into the Operator Report under the "Metered Usage" column. Each Customer account will be assigned a Base Load (BL) and Heat Factor (HF). This information, combined with the actual Effective Heating Degree Day (EHDD) supplied by Yankee, will create the usage: BL + (HF * EHDD)

Customers Using Rates 03, 10 and 36 without Daily Demand Meters

Monthly Pool Cash Out

The portion of the monthly pool's cash out associated with algorithm usage will account for the difference between the forecasted and actual Effective Heating Degree Days (or the inaccuracy of the weather forecasts).

¹⁰ Pool 1 - Rate 03, 10, 20, 30 and 36 Customers served by the Algonquin pipeline
 Pool 2 - Rate 03, 10, 20, 30 and 36 Customers served by the Tennessee pipeline
 Pool 3 - Rate IS Customers served by the Algonquin pipeline
 Pool 4 - Rate IS Customers served by the Tennessee pipeline

¹¹ Customer has the option to request a Metscan or telemetering device. In this event, the Customer is billed calendar month end based on its actual usage. Telemetering is a requirement for a Customer on Rate 20, 30 or IS.

Annual Pool Cash Out

Every August, there will be an annual cash out to account for the differences between estimated and actual usage. The cash out will be calculated as:

12 month summation of Pool usage based on the algorithm with Actual Degree Days
minus
12 month summation of Pool usage based on actual cycle customer readings during the same billing period
plus
annual imbalance trades
multiplied by
the average of the index price¹² over a 365 day period

Transportation Contacts

See [Supplier Contacts](#) at our Web site.

¹² For Operator pools on the Algonquin pipeline, the Annual Cash Out Rate is the "Midpoint" price reported in Gas Daily for "Algonquin, city-gates" for the applicable day, on the Tennessee pipeline, "Midpoint" price reported in Gas Daily for "Tennessee, zone 6 delivered." In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, the Annual Cash Out Rate is the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3," plus \$0.005/CCF. The Gas Daily "Midpoint" price is converted to \$/CCF and adjusted for Transportation Losses.