The Northeast Utilities System

Changes for Interruptible Customers

The Connecticut Department of Public Utility Control (DPUC) approved new rates for Yankee Gas customers, which take effect August 1, 2003. These new rates are designed to put a greater emphasis on the actual costs associated with serving different types of customers. There are changes for Interruptible customers and those changes depend on whether you are a Manual or an Automatic Interruptible customer.

Manual Interruptible Customers

The new tariffs will result in some minor changes to interruptible sales service under the existing Rate IS, and more significant changes to interruptible transportation service under the existing Rate IT.

Although Rate IT is being eliminated as a separate tariff offering, interruptible transportation (IT) service will continue to be available. The provisions of service under the existing Rate IT have been subsumed into Rate IS, and enhanced to offer you more supply options. You may continue to receive the same interruptible transportation service you receive today, whether arranging for supply on your own or through a third party supplier. Under the new rates, you may also elect to join an approved provider of gas supply under the new Rate TRS. Depending on the choices you make, you will be better able to manage your business's energy costs.

What's Not Changing

- *Rate IS* – Customer responsibilities and obligations are not changing; monthly rate/customer service charge is not changing.

What's Changing

- *Eligibility requirements* – Customers who have natural gas equipment that consumes at least 10 Ccf per hour were previously required to be "automatic" interruptible customers, and thus were not eligible for interruptible transportation (IT) service. Eligibility for "manual" interruptible service has been dropped from the existing 50 Ccf per hour to the 10 Ccf per hour threshold. This means that

previous automatic interruptible customers curtailed via a temperature sensitive device may now elect to be curtailed manually, and with this election would then be eligible to have their gas supplies provided by a third party under the IT service option.

- *Annual requirement* – No later than November 15th of each year, customers must complete and return to Yankee Gas a formal Letter of Assurance that indicates compliance with:
    - Required telemetering equipment & that a telephone data transmission line is in place and fully operational;
    - Appropriate volumes of back-up fuel are stored or contracted for delivery to serve all dual-fueled equipment;
    - All dual-fuel equipment is operational on an alternate fuel as required;
    - Customer must provide Yankee Gas with a name and telephone number of a contact person who can be available at all times, in the event an interruption is required.

Below are a series of modifications to Yankee's Rate IS that affects only provisions for the interruptible transportation (IT) service option.

- *Rate TRS* – Customers have the option, when transporting, to receive their commodity service by a third party provider under the new Rate TRS. You can do this in one of two ways: you can be in a pool by yourself or you can join the pool of an approved provider of gas supply under Rate TRS. If you choose to be in a pool by yourself, you may act as your own supplier, whether you procure gas supply yourself or authorize a third party supplier to act on your behalf. This practice is consistent with the current tariff. You are responsible and billed for all charges. If you choose to join an approved provider's pool, you are billed for Rate IS charges and the provider is billed for TRS charges, such as cash out and any TRS-related penalties. In either event, Rate TRS will determine the obligations and responsibilities for the supplier (either individual customer or a third party) when providing gas supply for interruptible transportation customers.

TODAY	**NEW – EFFECTIVE 8/1/03**
Customer acts as own supplier, whether or not customer arranges own supply or uses third party supplier.	Customer acts as own supplier (Rate TRS pool as an individual customer) OR Provider can add customer to new pool (Pool 6) under Rate TRS. (*See new rates*).
Customer receives one bill for both transportation and cash out charges.	➢ If customer acts as own supplier, he will receive 2 bills – one for transportation charges under Rate IS; a second bill for charges under Rate TRS, such as cash out. A new account number will

	be created to bill the Rate TRS charges ➢ If customer joins a provider's pool, he will receive one bill for Rate IS charges and the provider will be responsible for Rate TRS charges.

- *Cash out* -- New daily cash out process is based on market-based price (as published in *Gas Daily)* to better reflect current market conditions. Here's a comparison of the benefits of these changes:

OLD CASH OUT METHOD	**NEW CASH OUT METHOD**
Cash Out Volume = Total Monthly Deliveries minus Total Monthly Usage	Cash Out Volume = Total Daily Deliveries minus Total Daily Usage
Cash Out Price = Highest Commodity Cost of Gas (Yankee buys)	Cash Out Price = Market-based Price (*Gas Daily* index) on the applicable pipeline
Cash Out Price Factor – Factor corresponds to the total monthly imbalance percentage = total imbalance volume/total delivered volume	Cash Out Price Factor – Factor based off the imbalance volumes within each tier
Total Imbalance Volume multiplied by Price multiplied by Price Factor	Total of Daily Cash Out Dollars multiplied by Price Factor

- *Imbalance Trade* -- Another functionality made available in Rate TRS is Imbalance Trading. A daily imbalance is the difference between a daily nomination and daily usage. By taking advantage of this process, you have an opportunity to reduce your daily imbalances, improve your cash out position, thereby reducing your costs. This process begins about one week after the close of a month and lasts three business days. The reason why two bills are needed for those customers acting as gas suppliers is to ensure that the usage bill is sent out with no delay.

- *New Gas Supplier Switch Form* – This form is required by a customer who is switching their provider for an upcoming month. The form is completed by both the customer and the new provider. Also, if an interruptible customer who transports chooses to join an approved provider's pool under Rate TRS, this form can be used to notify us of such change. Such customers will be classified as being in their own pool until we are notified otherwise. Paperwork must be submitted to Yankee Gas no later than 10 a.m. Eastern Time, one business day prior to the first of the month nomination deadline.

Automatic Interruptible Customers

What's Not Changing

- *Rate IS* – Customer responsibilities and obligations are not changing; monthly rate/customer service charge is not changing.

What's Changing

- *Eligibility requirements* – Customers who have natural gas equipment that consumes at least 10 Ccf per hour were previously required to be "automatic" interruptible customers, and thus were not eligible for interruptible transportation (IT) service. Eligibility for "manual" interruptible service has been dropped from the existing 50 Ccf per hour to the 10 Ccf per hour threshold. This means that previous automatic interruptible customers curtailed via a temperature sensitive device may now elect to be curtailed manually, and with this election would then be eligible to have their gas supplies provided by a third party under the IT service option.
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