

YANKEE GAS SERVICES COMPANY

TRANSPORTATION RECEIPT SERVICE

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AVAILABILITY: Available to any Customer acting as its own supplier or approved Operator of gas supply (Operator) delivering gas supplies to a customer or Pool(s) of customers using Rates 03, 10, 20 30, 36 and IS.

PRECEDENTIAL REQUIREMENTS: The Operator shall execute a TRS Operator Agreement with the Company prior to commencement of service and provide a copy of the LDC Natural Gas Seller Registration Form and the Sales and Use Tax Resale Certificate. The Operator must have clear and marketable title to gas transported under this Rate.

MANDATORY SERVICE RIDERS: Service under the following riders is mandatory for all Operators that have firm customer pools per the Department's orders in Docket No. 05-05-10, DPUC Consolidated Investigation to Complete Connecticut's Gas Local Distribution Companies' Unbundling of Gas Service to Commercial and Industrial Customers and Docket No. 06-04-04, DPUC Review of Cost Allocation Issues Related to Natural Gas Transportation Services.

Capacity Release Service (Rider CR)
Storage Service (Rider STR)
Peaking Service (Rider PK)

OPTIONAL SERVICE RIDERS: The Operator may subscribe to any of the following optional service riders for its firm Pools (Pools 1 and 2).

Optional Standby/Supplemental Service (Rider STB)
Optional Balancing Service (Rider BAL)
Optional Long Haul Service (Rider LH)

POOL TYPES: The Operator must designate to which Pool any new customers will be added.

Algonquin Gas Transmission Company (AGT)
Tennessee Gas Pipeline Company (TGP)

Pool 1 – Rate 03, 10, 20, 30 and 36 Customers physically served by AGT
Pool 2 – Rate 03, 10, 20, 30 and 36 Customers physically served by TGP
Pool 3 - Rate IS Customers physically served by AGT
Pool 4 – Rate IS Customers physically served by TGP

ORDER OF SERVICES WITHIN THE POOL: The following order of services, as applicable, will be used to determine the Pool's balancing and delivery obligations:

1. Operator deliveries
2. Rider STR firm volumes
3. Rider PK firm volumes
4. Imbalance Trading

MEASUREMENT REQUIREMENT: The method of measurement for Customers varies based on its specific rate. For the purposes of any TRS related billing, daily gas volumes will be based on the Customer usage pattern and weather, which the Company will furnish to the Operator, unless actual readings are available. The weather will be reconciled following the end of each month based on information provided by the Company.

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MONTHLY CHARGE: The monthly charge shall include any cash out and/or penalty amounts incurred and all charges associated with the Service Riders subscribed to by the Operator.

DAILY BALANCING: The Company will allow Operators a +/- 10% daily balancing tolerance between daily usage and the Operator's scheduled quantity at the City Gate, inclusive of any volumes associated with any applicable Riders, all of which will be adjusted for retention, for its firm pools (Pools 1 and 2) during Non-OFO periods. The daily balancing tolerance may be reduced by a Company issued OFO as described below and in the TRS Operator Agreement. If the Operator of a firm pool (Pools 1 and 2) exceeds the applicable daily tolerance, including any additional daily tolerance provided in Rider BAL, as applicable, the Operator will be subject to the provisions of the Unplanned Balancing Section as stated in Rider BAL. If the Operator of an interruptible pool (Pools 3 and 4) exceeds the applicable daily tolerance, the Operator of the interruptible pool will be subject to the Operator Failure to Deliver Charge as set forth in Rate TRS.

IMBALANCE TRADING: Operator may make daily imbalance trades with other Operators in order to minimize its daily imbalances by trading its daily position with other Operators. The imbalance trades may be made once a month under the following conditions:

The Company is responsible for distributing to the Operators a list of Operators that were active during the month. The list will include the contact person and a phone number for each Operator as provided and updated, as necessary, by the Operator. Each Operator is solely responsible for keeping the contact information current with the Company.

Imbalance trades: 1) must be of equal and opposite directions; and 2) must be between Pools on the same pipeline.

The Company will supply Operators with the best available daily Pool consumption volumes on or about the fifth business day of the subsequent month. The Operators and the Company will rely on this information for imbalance trading purposes, nomination and delivery confirmation, balancing volumes and all penalty calculations. The Operators are responsible for conducting trades among themselves and will report trades to the Company within three (3) business days from the issuance by the Company of the daily Pool consumption volumes.

Both Operators participating in the same trade are responsible for separately reporting the trade information to the Company. If trade information is not consistent between both Operators, the Company will notify both of the rejection. The Operators are required to supply the following information to the Company in order for trade processing to occur: 1) the date of the imbalance; 2) the offset trade; 3) the Operators that are involved in each trade; 4) the pipeline; and 5) the trade volumes.

Daily imbalances will be accumulated throughout the month. Any imbalances existing at the end of the trade period will be subject to Monthly Cash Out.

DAILY CASH OUT: Each Day, the Daily Cash Out Volume will be multiplied by the appropriate Daily Cash Out Rate to determine the Daily Cash Out. The Daily Cash Out Rate is defined as follows: 1) For Operator pools on the Algonquin Gas Transmission Company Pipeline, the Daily Cash Out Rate shall be the "Midpoint" price reported in Gas Daily for "Algonquin, city-gates" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses as described below); and 2) for Operator pools on the Tennessee Gas Pipeline, the Daily Cash Out Rate shall be the "Midpoint" price reported in Gas Daily for "Tennessee, zone 6 delivered" for the applicable

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day (converted to \$/Ccf and adjusted for Transportation Losses, as described below). In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, then the Daily Cash Out Rate shall be the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3" (converted to \$/Ccf and adjusted for Transportation Losses as described below), plus \$0.005/Ccf.

MONTHLY CASH OUT: The summation of all Daily Cash Outs for a particular month shall be the basis for the calculation of the Monthly Cash Out Charge as described below (Rates 03 and 10 usage is estimated by algorithm). All monthly cash outs will be calculated on a Pool specific basis.

Where the Monthly Cash Out Charge (prior to adjustment by any applicable Price Factors) is a positive number, the Price Factors below shall determine the tiers at which the Monthly Cash Out Charges is calculated. Each tier of the Percentage Monthly Imbalance shall be calculated separately. Each Positive Price Factor shall be multiplied by the calculation of the imbalance volume that falls within each tier divided by the Monthly Imbalance Volume. The sum of all the amounts obtained by multiplying the Positive Price Factor by the volume associated with each tier shall constitute the total Price Factor. The total Price Factor shall be multiplied by the summation of all Daily Cash Outs to determine the Operator's Monthly Cash Out Charge.

Percentage Monthly Imbalance	Positive Price Factor
0<5%	1.00
5<10%	0.85
10<20%	0.70
20%>	0.50

Where the Monthly Cash Out Charge (prior to adjustment by any applicable Price Factors) is a negative number, the Price Factors below shall determine the tiers at which the Monthly Cash Out Charges is calculated. Each tier of the Percentage Monthly Imbalance shall be calculated separately. Each Negative Price Factor shall be multiplied by the calculation of the imbalance volume that falls within each tier divided by the Monthly Imbalance Volume. The sum of all the amounts obtained by multiplying the Negative Price Factor by the volume associated with each tier shall constitute the total Price Factor. The total Price Factor shall be multiplied by the summation of all Daily Cash Outs to determine the Operator's Monthly Cash Out Charge.

Percentage Monthly Imbalance	Negative Price Factor
0<5%	1.00
5<10%	1.15
10<20%	1.30
20%>	1.50

ANNUAL CASH OUT FOR RATE 03 AND 10 AND 36 CUSTOMERS WITHOUT DAILY DEMAND METERS: The accumulated difference (Operator's Annual Imbalance Volume) between the Operator's 1) usage based on actual degree days at the end of the up to 12 months ended August each year and 2) up to 12 cycle billing volumes will be cashed out. All annual cash outs will be calculated on a Pool specific basis.

The Annual Cash Out Rate will be calculated by taking the average of the index price over a 365 day period of: 1) For Operator pools on the Algonquin Gas Transmission Company Pipeline, the

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Daily Cash Out Rate shall be the "Midpoint" price report in Gas Daily for "Algonquin, city-gates" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses as described below); and 2) for Operator pools on the Tennessee Gas Pipeline, the Daily Cash Out Rate shall be the "Midpoint" price report in Gas Daily for "Tennessee, zone 6 delivered" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses as described below). In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, then the Daily Cash Out Rate shall be the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3" (converted to \$/Ccf and adjusted for Transportation Losses as described below), plus \$0.005/Ccf.

FAILURE TO DELIVER CHARGE: A Failure to Deliver Charge is incurred for any day that the Operator's Actual Delivered Volumes for any Pool do not match the Scheduled Nominated Volumes to the designated Delivery Point(s), for any reason. The difference between the Scheduled Nominated Volumes and the Actual Delivered Volumes shall be billed the applicable Summer or Winter Season Charges as defined below. In the event that the Operator does not submit a valid nomination, a Failure to Deliver Charge under this condition will be assessed in a volume equal to the Pool's usage on that day. Any Shortfalls in Operator deliveries will be allocated first to customers with Daily Demand Meters and then to customers without Daily Demand Meters.

Underdelivery: (Actual Delivered Volumes < Scheduled Nominated Volumes) or
Overdelivery: (Actual Delivered Volumes > Scheduled Nominated Volumes)

Winter Season (November through March):

Charge equals the higher of \$2.50 per Ccf or the applicable daily City Gate Index (as defined below) multiplied by 3. For Operator pools on the Algonquin Gas Transmission Company Pipeline, the daily City Gate Index shall be the "Midpoint" price reported in Gas Daily for "Algonquin, city-gates" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses as described below); and for Operator pools on the Tennessee Gas Pipeline, the daily City Gate Index shall be the "Midpoint" price reported in Gas Daily for "Tennessee, zone 6 delivered" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses, as described below). In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, then the daily City Gate Index shall be the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3" (converted to \$/Ccf and adjusted for Transportation Losses as described below), plus \$0.005/Ccf.

Summer Season (April through October Calendar Month)

Charge equals the applicable daily City Gate Index (as defined below) multiplied by 2. For Operator pools on the Algonquin Gas Transmission Company Pipeline, the daily City Gate Index shall be the "Midpoint" price reported in Gas Daily for "Algonquin, city-gates" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses as described below); and for Operator pools on the Tennessee Gas Pipeline, the daily City Gate Index shall be the "Midpoint" price reported in Gas Daily for "Tennessee, zone 6 delivered" for the applicable day (converted to \$/Ccf and adjusted for Transportation Losses, as described below). In the event that either of the indexes is not available on a particular day or is not published by Gas Daily, then the daily City Gate Index shall be the "Midpoint" price reported in Gas Daily for "Texas Eastern, M-3" (converted to \$/Ccf and adjusted for Transportation Losses as described below), plus \$0.005/Ccf.

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The Company is not responsible for ensuring that the Actual Delivered Volumes match the Scheduled Nominated Volumes. However, the Company will make good faith efforts to notify suppliers of differences between nominations and delivered volumes, and to avoid double counting of imbalance and Failure to Deliver penalties.

OPERATIONAL FLOW ORDERS: The Company may, if conditions warrant and upon less than 24 hours notice, issue Operational Flow Orders (OFOs). These OFOs 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.

OFOs may be issued as a blanket for the entire system, for parts of the system, for individual Operators, or for individual Pools. An OFO, if called due to pipeline constraints, is not to be more restrictive than that of the pipelines. Failure of the Operator to immediately comply with any Company issued OFO subjects the Operator to Failure to Deliver Charges as set forth in Rate TRS.

TERMINATION OF CUSTOMER: In the event that an Operator no longer wishes to provide Operator Gas Supply service to a Customer(s) the Operator must provide confirmation of such change to the Company under the Company's established notification protocol.

In the event that an Operator terminates all of its Customer(s) from a Pool or all its Pool(s), it will still be responsible for any remaining obligations under Rate TRS, or any service Rider(s).

TERM OF SERVICE: Not less than any term established in the Service Rider(s). Thereafter, service can be cancelled with 30 days advance written notice.

TRANSPORTATION SCHEDULING: The Company may require the Operator to deliver specified volumes of gas, adjust nominations, or establish other operational requirements as specified by Company issued OFOs. The Operator will be required to make available a contact person for transportation scheduling purposes on a 24 hour a day, seven day a week basis (24/7). Operators must submit a nomination for the volumes that they will deliver to the Company's designated Delivery Point. If it is the Operator's intent not to deliver any volumes, a nomination of zero must be submitted. Nominations should include volumes for Rates 03, 10 and 36 Customers without Daily Demand Meters. Nominations for Service Riders should be made in accordance with the provisions outlined in those Riders.

Each nomination must include all of the following information in order to be complete:

- Operator name consistent with downstream information on pipeline nomination
- 24/7 contact name and phone number
- Volume
- Effective period
- Pool designation
- Upstream Pipeline
- Upstream contract number
- Delivery Point
- Nomination type

First of Month (FOM) Nominations: The Operator will be required to submit a complete FOM Nomination via the Company's established electronic communication, or other means of

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communication mutually agreed upon in writing by the Company and the Operator, no later than 12:30 PM EDT on the business day prior to gas flow.

The FOM Nomination will establish the Scheduled Daily Volume for the first day of the month. The Operator may submit nominations for the remainder of the month with the FOM Nomination.

Subsequent Daily Nominations: The Operator will be required to alter its FOM Nomination as required to adhere to the balancing provisions associated with its specific Pools. This information will be furnished to the Company by the Operator no later than 12:30 PM EDT on the day prior to gas flow via the Company's established electronic communication, or other means of communication mutually agreed upon in writing by the Company and the Operator.

Intra-Day Nominations: The Operator may make one intra-day nomination per Pool, per day. Such intra-day nomination can only be made to a Pool with established nominations, confirmed by an upstream Pipeline, subject to operational limitations, in order to maintain daily balancing requirements or to replace supplies cut by original sources. Intra-day nominations may only be used to make pro-rata adjustments to total daily nomination. Intra-day nominations will not be allowed for rejected nominations. Prior to submitting intra-day nominations to the upstream Pipelines, Operators must contact the Company by telephone and may be required to provide documentation regarding the supplies that were cut to ensure deliverability. Intra-day nominations will be submitted to the Company by the Operator no later than 4:00 PM EDT of the current day's gas flow via the Company's established electronic communication, or other means of communication mutually agreed upon in writing by the Company and the Operator.

Not limited to the following, the Company reserves its right to reject any nomination for the following reasons:

1. Nomination is not submitted in accordance with the above stated requirements.
2. Nomination Transportation Form is incomplete.
3. Nomination, after Company review, is inconsistent with the Company's expected daily usage by the Pool.

Prior to rejecting an Operator's nomination, the Company will allow the Operator to revise its nominations and resubmit such to the Company on a best efforts basis, subject to the requirements stated above.

The Operator is responsible for informing the Company of its contact person for receiving transportation service information from the Company by maintaining a current Contact Information Form with the Company.

The Company reserves the right to modify portions of these Transportation Scheduling requirements as necessary if operational or Pipeline scheduling requirements change.

Retroactive Nominations: The Company may, subject to the terms below, accept a valid retroactive nomination to correct a Failure to Deliver. A valid nomination must exist in Yankee's nomination system prior to a retroactive nomination being considered for approval. Such retroactive nomination will be in accordance with the provisions and guidelines of the applicable interstate pipeline. A retroactive nomination must be finalized (with acceptance by the applicable interstate pipeline) by noon on the third business day of the month following the month in which the Failure to Deliver occurred. Acceptance or rejection of a retroactive nomination will be at the

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sole discretion of the Company, and the decision of the Company regarding such acceptance or rejection shall be final. The Company will not accept retroactive nominations on any day in which a Company-issued OFO (as defined above) is in place.

Procedure for Estimating Volumes for Rates 03, 10 and 36 Customers without Daily

Demand Meters: In addition to the foregoing, the nomination process for Rates 03, 10 and 36 Customers without Daily Demand Meters shall include as follows:

1. The Company shall furnish the Operator with daily base load (BL) and heat factors (HF) for its Rates 03, 10 and 36 Customers.
2. For each day, the Company will furnish the Operator with a forecasted daily heating degree day (HDD) at least four hours prior to the pipeline nomination deadline. The Operator shall estimate volumes for its Rate 03, 10 and 36 Customers without Daily Demand Meters and include that volume in its nomination for each Pool, as prescribed in the preceding nomination specifications. The estimated volume for each Pool must equal the aggregate of the furnished BL plus the furnished HF multiplied by the forecasted daily HDD (or revised forecasted HDD, if applicable), i.e., $Nom = BL + (HF * HDD)$, adjusted for **Transportation Losses** (see below).
3. From time to time, the Company may issue a revised forecasted HDD at least four hours prior to the pipeline nomination deadline. At such times, the Operator will be required to submit an intra-day nomination reflecting said revised forecasted HDD and, if applicable, Daily Demand Meter consumption.

TRANSPORTATION LOSSES: The Company will reduce the quantity of the Operator's gas delivered by the transmission pipeline by its Unaccounted-for-Percentage to adjust for the Company's distribution losses. The reduction will be equal to the average of the five most recent 12-month periods ended August 31 to be effective the first of the following year.

BTU ADJUSTMENT FACTOR: The following formula will be used to adjust the Operator's delivery to compensate for differences in the heating value of gas delivered by the transmission pipeline to the Company's gate station and that actually supplied to the end user from general system supply:

$$\text{Mcf Usage} \times \frac{\text{System Average BTU Supplied to End User}}{\text{Avg. Pipeline BTU Delivered to Gate Station}}$$

RESTRICTION OF SERVICE: Delivery of gas under this Rate is restricted to gas, which shall not be used interchangeably with, or as a substitute for, gas supplied under any other rate or special contract of the Company. Gas may not be exchanged between separate Pools as established under this Rate.

ADDITIONAL TERMS AND CONDITIONS: Operators are subject to all of the Company's Rules and Regulations and the terms and conditions specified in the TRS Operator Agreement. Technical terms are defined in Section 8 of the Company's Rules and Regulations and in the TRS Operator Agreement. Technical terms not defined in the above shall have the meaning customarily accorded them in the gas industry.

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OPERATIONAL PERFORMANCE AND FINANCIAL TERMS: The following terms and conditions will apply to all Operators serving firm transportation customers.

1. Definitions.

Operator: The legal entity that has executed a valid, current Operator Agreement with Yankee.

Peak Period: The period from November 1 through March 31 of each year.

Off-Peak Period: The period from April 1 through October 31 of each year.

2. Operational Performance Requirements. If an Operator (i) delivers less than 80 percent of the daily nominated volumes (computed on the basis of all of its pools in aggregate) two or more times in any rolling 30-day period, or (ii) delivers less than 60 percent of its daily nominated volumes (computed on the basis of all of its pools in aggregate) on any one occasion, then such Operator shall be deemed to be in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below. Yankee will use commercially reasonable efforts to notify an Operator if Yankee has determined that the Operator delivered less than 80 percent of the daily nominated volumes (computed on the basis of all of its pools in aggregate) on any given day. If an Operator has delivered less than 80 percent but more than 60 percent of the daily nominated volumes (computed on the basis of all of its pools in aggregate) on only one occasion, and that Operator successfully proves to Yankee's reasonable satisfaction, within five (5) business days of notification by Yankee, that such failure to deliver was solely the result of a force majeure declared by an interstate pipeline or an error on the part of Yankee or an interstate pipeline, then such delivery failure will not qualify as an operational performance failure as defined above.

3. Timely Payment Requirements.

- a. Timely Payment to Yankee. Yankee will provide bills for services under Rate TRS and all applicable Riders via US mail. Operators will be required to remit payment to Yankee via electronic means within 25 days of the date of invoice.

If an Operator is more than three (3) business days late on any payment due to Yankee (except for a bill or a portion of a bill that such Operator has notified Yankee in writing, via certified mail addressed to the Manager, Gas Management, that it is disputing in good faith and has set forth good cause for such dispute, provided that the Operator has paid all undisputed amounts that are due) Yankee shall send electronic notice to that Operator informing it that the Operator has two (2) business days to cure the late payment. If the Operator fails to make payment within such two-business day period, then such Operator will be deemed to be in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below.

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- b. Timely Payments to Pipeline for Capacity Release Transactions. If an Operator fails to make any payment to a pipeline by the due date for such payment, then the Operator shall be deemed to be in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below.
4. Adequate Security.
- a. Adequate Security. To protect Yankee from the financial risks relating to and resulting from their operating on Yankee's system (including, without limitation, risks resulting from state-mandated services to be provided by Yankee to the Operators and replacement gas costs if Operators fail to deliver) all Operators on Yankee's system shall post and deliver to Yankee security in the amounts set forth below in the form of cash or an irrevocable, transferable standby letter of credit ("Collateral"), in the form set forth in the attached document, from a U.S. commercial bank or a U.S. branch in New York City of a foreign bank with such bank having a credit rating of at least A2 from Moody's, A from S&P and A from Fitch, provided that such bank shall have assets totaling not less than ten billion dollars (\$10,000,000,000). Cash deposits will accrue interest monthly at 1/12th of the then effective Fed Funds rate less 0.5%. If an Operator fails to post or maintain the Collateral, then such Operator shall be deemed to be in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below.
 1. Existing Ancillary Services. For service under any and all ancillary service Riders, except for Rider CR, each Operator will post and deliver to Yankee collateral equal to three months of estimated demand charges, as calculated by Yankee.
 2. Rider CR. Each Operator will post and deliver to Yankee collateral equal to three months of estimated demand charges, as calculated by Yankee.
 3. Cashout/Replacement Cost Exposure. Each Operator will post and deliver to Yankee collateral in amounts equal to the following:
 - i) During the Peak Period of November 1 through March 31: An estimate of the Operator's average daily firm pool usage during December, January, and February, multiplied by the firm commodity cost of gas (reflecting the cost of gas in base rates plus an estimated PGA factor) multiplied by ten.
 - ii) During the Off-Peak Period of April 1 through October 31: An estimate of the Operator's average daily firm pool usage during May, June, and July, multiplied by the firm

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commodity cost of gas (reflecting the cost of gas in base rates plus an estimated PGA factor) multiplied by five.

- b. Additional Collateral. An Operator with a history of late payments to either Yankee or to the pipelines or a history of significant failure(s) to deliver as defined above will be required to post such additional Collateral as Yankee reasonably deems necessary. Failure to post such Collateral within five (5) business days after a request from Yankee will result in that Operator being deemed in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below.
- c. Review of security requirement. A review of the creditworthiness of each Operator will be performed annually. Each Operator will be required to provide the following data to the Company on or before November 1 of each year:
- Names and addresses of two bank references
 - Narrative describing the general scope and history of the firm
 - List of ownership interests (holder of 10% or more of the Operator's equity)
 - Preceding three (3) years of audited financial statements
 - If audited financial statements are not available, then Operator shall provide three (3) years of tax returns
 - Current Organizational Chart
 - If Operator is a subsidiary of a larger company, Operator shall provide a chart showing the relationship between the two companies
 - Resumes of senior management and officers of the Operator

Failure of the Operator to provide the data above by November 1 of each year will result in such Operator being deemed to be in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below.

A review of the security requirement of each Operator will be performed semi-annually. After such reviews, Yankee will notify each Operator as to its new security requirement, if any, on or before April 1 and October 1 of each year. If any Operator fails to provide required additional security within five (5) business days prior to the start of the next such applicable period, such Operator shall be deemed to be in default under its TRS Operator Agreement and hereunder, and shall be subject to the Consequences of Default set forth in Section 5 below.

5. Consequences of Default. In the event that an Operator is deemed by Yankee to be in default, then, without any liability to Yankee, Yankee will (a) unilaterally terminate that Operator's Rate TRS Operator Agreement, with all customers of that Operator on Yankee's system returned to sales service pending their selection of an alternative Operator, (b) recall any capacity released to that Operator by and/or on behalf of Yankee, and (c) apply any collateral held by or for the benefit of Yankee for that Operator to any outstanding balances owed to Yankee and/or to the pipeline(s)

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for capacity that was released to the Operator in default. Without limitation to the foregoing, in the event that an Operator is deemed by Yankee to be in default under its TRS Operator Agreement or hereunder, any and all collateral held by Yankee for a particular Operator may be applied at any time to cover any amounts due to or incurred by Yankee. As an example, and without limitation to the foregoing, if Yankee incurs replacement costs, it can call on the collateral that had been "earmarked" for being related to ancillary services. In addition, no single or partial exercise by Yankee of any right or remedy hereunder shall preclude any other or further exercise thereof or of any other right or remedy. Notwithstanding the above and specifically and solely for demand costs for capacity release only, in no event shall Operator pay higher than or less than the FERC maximum capacity reservation rate for the days capacity was released to the Operator.

6. Reinstatement. Any Operator who is terminated shall have the right to petition the DPUC to reinstate their TRS Operator Agreement. The filing of such a petition shall not stay any action taken by Yankee hereunder.

Supersedes Rate TRS
Effective 11/01/07

Effective: 11/01/08