
TERMS AND CONDITIONS — APPLICABLE TO TRANSPORTATION CUSTOMERS

1. General

These Transportation Terms and Conditions are applicable to service rendered by the Company to Customers pursuant to Transportation Rates set forth in the Small C&I Transportation and Large C&I Transportation Service tariffs, and special transportation contracts.

2. Definitions

Actual Transportation Quantity: The quantity of gas actually received during the Gas Day by the Company at the Point of Receipt, net of Fuel Reimbursement, where applicable, for the account of Customer for redelivery at the Point of Delivery during the same Gas Day.

Aggregation Group: A group of Customers that combines their loads for purposes of nomination, scheduling and imbalance trading.

Aggregator: A designated agent that aggregates customers loads into an Aggregation Group.

Average Cost: The Company's average cost of gas for the Gas Day.

Avoidable Cost: The variable cost of the Company's avoidable source of supply for the Gas Day.

Calendar Day: A period of twenty-four (24) consecutive hours beginning at 12 midnight, Eastern Time (E.T.).

Customer: Any party that has executed an agreement with the Company for transportation service.

Customer's Maximum Hourly Flow: The maximum hourly gas a Customer can use in a given period equal to any maximum hourly limits for delivery of gas to the Customer, during the same period, imposed by the Customer's Transporting Pipeline.

Customer's Supplier: The person, company or other party from whom Customer has purchased the gas to be transported by the Company.

Customer's Transporting Pipeline: The person or persons, company or companies, or other party or parties, engaged in the business of rendering transportation service of natural gas in interstate commerce subject to the jurisdiction of the Federal Energy Regulatory Commission, which the person(s), company(s), or party(s) is/are transporting gas for Customer's account to a Point of Receipt of the distribution facilities of the Company.

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Daily Overtake Quantity: An imbalance in which the difference between the Actual Transportation Quantity and the Gas Usage is a negative number, *i.e.*, where Gas Usage exceeds the Actual Transportation Quantity.

Daily Overtake Tolerance: The daily tolerance on daily overtake quantities expressed as a percentage.

Daily Undertake Quantity: An imbalance in which the difference between the Actual Transportation Quantity and the Gas Usage is a positive number, *i.e.*, where Gas Usage is less than the Actual Transportation Quantity.

Fuel Reimbursement: A quantity in therms by which gas received for Customer's account at the Point of Receipt is reduced in order to compensate the Company for gas loss and unaccounted for gas.

Gas Day: A period of twenty-four (24) consecutive hours beginning at 8 am, E.T., and ending at 8 am, the next calendar day.

Gas Usage: The actual quantity of gas used by the Customer during the Gas Day as measured by the Company's metering equipment at the Point of Delivery.

Imbalance: The difference, during any Gas Day, between the Actual Transportation Quantity and the amount nominated and confirmed.

Marginal Cost: The variable cost of the Company's marginal source of supply for the Gas Day.

Nomination Form: The required form for submitting initial or subsequent transportation nominations an example of which is attached to Customer's service agreement.

Operational Flow Order: Company requirement to transportation Customers and third-party suppliers of gas that a specified volume of gas be delivered for the purpose of maintaining the operational integrity of the Bangor Gas distribution system.

Period Imbalance: The aggregate imbalance during the month.

Period Index Price: The Period Index Price shall be the Maritimes and Northeast Pipeline Index Price, inclusive of any zone, location or transportation charges and also inclusive of any allowance for fuel assessed by Maritimes and Northeast Pipeline and upstream pipelines.

Point of Delivery: A location where the Company's distribution facilities are interconnected with the Customer's facility and where the Customer's gas will be delivered by the Company. The Point of Delivery is identified within the Customer's transportation agreement.

Point of Receipt: An interconnection between the Customer's Transporting Pipeline and the distribution facilities of the Company where gas will be received by the Company for transportation in its service territory. The Point of Receipt is identified within the transportation agreement.

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Scheduled Transportation Quantity: The quantity of gas scheduled by the Company to be received during the Gas Day at the Point of Receipt, net of Fuel Reimbursement, where applicable, for the account of Customer for redelivery at the Point of Delivery during the same Gas Day.

3. Nominations

Customer shall provide to the Company in the form specified by the Company, at least twenty-four (24) hours prior to its upstream transportation pipeline's deadline for first-of-the-month nominations, a nomination of its daily transportation requirements for each day during the month. Customer will have the right, on or after the first day of the month, to submit a new nomination or to revise an existing nomination for any day during the month with at least twenty-four (24) hours notice, or such lesser time as agreed upon with the Company, prior to the start of the gas day to be adjusted. Customer shall submit the completed Nomination Form within the specified time by facsimile. In so far as practicable, Customer shall arrange for delivery of the Scheduled Transportation Quantity at a uniform rate throughout the Gas Day.

4. Scheduling of Service

Company will attempt to confirm with the operators of upstream pipelines transporting Customer's gas that the volumes nominated will be delivered to the designated Point of Receipt. If such nomination is confirmed, it will be scheduled for delivery to Customer at the designated Point of Delivery. Customer's nomination will be rejected in whole or in part if the upstream pipeline does not confirm that deliveries have been scheduled for Customer or if Customer's nomination exceeds confirmed deliveries for the Customer. In the event that the Company is unable to schedule Customer's nominations for delivery, Company will notify Customer of the volumes it has scheduled to be received at the Point of Receipt and delivered at the Point of Delivery on Customer's behalf. Company will make a best efforts attempt to notify Customer in advance of the Gas Day.

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5. Balancing Service

A. Daily Balancing and Maximum Hourly Flows

The Customer shall use its best efforts to achieve a balance between its gas deliveries and requirements on a daily basis. On any given Gas Day in the month, should the Company be in a penalty situation with its upstream pipelines, the Company shall assign imbalance penalties assessed to the Company by upstream pipelines to sales and transportation customers, based on the extent that each group caused such penalties. The portion of any such penalties assigned to transportation customers shall be further assigned to individual transportation customers based on the extent to which each transportation Customer caused such penalties. The penalties, if any, assigned to each transportation Customer, shall be assessed on the Customer's monthly bill with appropriate supporting documentation.

Notices posted on the electronic bulletin board of Customer's Transporting Pipeline that requires Customer to adhere to a maximum hourly flow rate, shall also be deemed notification to Customer that Maximum Hourly Flows will be in effect on Company's distribution facilities for the same period as specified by the Customer's Transporting Pipeline. Customer's Maximum Hourly Flow will be established by Company personnel based on an allocation of even hourly flows of daily receipts of gas scheduled in the relevant period in accordance with the applicable pipeline's transportation tariff. All gas usage in excess of Customer's Maximum Hourly Flow rate will be subject to an unauthorized overrun penalty of \$2.00 per Ccf. Company will make a best efforts attempt to notify Customer of its Maximum Hourly Flow; however, it is Customer's responsibility to contact Company personnel to obtain its Maximum Hourly Flow; however.

B. Monthly Cash Out of Imbalances

The Customer shall use its best efforts to achieve a balance between its gas deliveries and requirements on a monthly basis. Imbalances between the volumes of gas delivered for the Customer net of the applicable fuel reimbursement and the volumes of gas used by the Customer will be cashed-out each month so that no imbalances will be carried forward to subsequent months. Monthly imbalance penalties associated with the cash-out mechanism are based on the relative magnitude of the imbalance compared to Customer's actual usage. Imbalances of less than the monthly tolerance of 5% are not subject to a monthly imbalance penalty.

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The Company shall purchase all positive Period Imbalance quantities at the prices listed below:

<u>Imbalance Levels</u>	<u>Prices for Period Imbalances</u>
0% to <5%	100% Period Index Price
>5% to <10%	90% Period Index Price
>10% to <15%	80% Period Index Price
>15% to < 20%	70% Period Index Price
>20% to <25%	60% Period Index Price
>25%	50% Period Index Price

The Customer shall purchase all negative Period Imbalance quantities at the prices listed below:

<u>Imbalance Levels</u>	<u>Prices for Period Imbalances</u>
0% to <5%	100% Period Index Price
>5% to <10%	110% Period Index Price
>10% to <15%	120% Period Index Price
>15% to < 20%	130% Period Index Price
>20% to <25%	140% Period Index Price
>25%	150% Period Index Price

If at anytime during the month, Customer's total imbalance level exceeds 30% of the total amount used in the prior month, the Customer will be required, upon 48 hours prior notice from the Company, to initiate corrective actions to balance its account within the following 10-day period.

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C. Exchange of Imbalances

Customers may enter into agreements to trade offsetting imbalances up until two days after the close of the billing period during which the imbalances occurred. Upon Customer's request, Company will provide Customer with data on the imbalances of other Customers that have previously authorized such disclosure. All imbalance exchange transactions must be confirmed to the Company in writing by both parties on or before the third day after the close of the billing period. Any Customer trading an imbalance may trade up to, but not beyond, a zero balance. The Company has the right to reject any proposed trade arrangements if the marginal cost of the overtake quantity is significantly different from the avoided cost of the undertake quantity. By approving the proposed trade arrangement, the Company assumes no responsibilities for enforcing any of the terms of the arrangement between the parties to any such agreement.

D. Limitations of Balancing Service:

If the Company determines, at its sole discretion, that a transportation Customer is intentionally acting so as to financially gain from the provisions for Monthly Imbalance Charges or Credits as provided for in the Company's Transportation Terms and Conditions, the Company shall, upon such a determination, first provide an Initial Notification of Balancing Limitations by telephone or telephone facsimile. The Initial Notification shall include a description of corrective actions that the Customer must take, and shall have a deadline of not less than twenty-four (24) hours for initiating the corrective actions. If the transportation Customer does not satisfy the requirements set forth in the Initial Notification, the Company shall issue a Second Notification of Balancing Limitations. Starting with the first full month following the issuance of the Second Notification, the Period Index Prices for positive imbalance quantities provided for in Section 5.B shall be increased by a Balancing Surcharge of \$0.10 per Ccf and the Period Index Prices for negative imbalance quantities provided for in Section 5.B shall be decreased by a Balancing Surcharge of \$0.10 per Ccf. The Balancing Surcharge shall remain in effect until the transportation Customer satisfies the provisions of the Initial Notification of Balancing Limitations. The Company may charge the Balancing Surcharge of \$0.10 per Ccf starting with the first full month after issuing a Notification of Balancing Limitations - Repeat Offender to any Customer that has been issued an Initial Notification according to the provisions of this section one (1) time previously in the last thirty (30) days or two (2) times previously in the last ninety (90) days. The Balancing Surcharge shall remain in effect until the transportation Customer satisfies the provisions of the Notification of Balancing Limitations -Repeat Offender.

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The Company's determination as to restrictions on Balancing Services pursuant to this section may be appealed to the Commission.

6. Agent Designation and Aggregation of Loads

Customers may designate an agent (e.g., gas marketer, broker, or producer) to satisfy certain requirements on its behalf. The Customer must notify the Company in writing of any Agent(s) that it has designated to perform initial and subsequent nominations and to receive scheduling notices from the Company. Once notified, Company will rely on information provided by Customer's agent for nomination and scheduling purposes and all notices provided by the Company to Customer's agent shall be deemed to have been provided to the Customer.

Designated agents may aggregate loads into an Aggregation Group for purposes of nominating and scheduling delivery of gas for transportation by the Company, as well as for trading imbalances. All Customers within an Aggregation Group must have the same designated Point of Receipt. The agent wishing to act as an Aggregator on behalf of any Aggregation Group must submit to the Company demonstration that establishes to the satisfaction of the Company the credit worthiness of the Aggregator. The Aggregator shall be responsible for submitting and receiving notices, making nominations and performing other administrative duties required pursuant to Customer's transportation agreements. Imbalance charges and credits and any applicable overrun charges or penalties shall be based on the combined activity of the Aggregation Group. The Aggregator acting on behalf of an Aggregation Group shall be liable for all imbalance charges and credits, imbalance penalties and Unauthorized Overrun Charges allowed for in the Company's Transportation Terms and Conditions. The Aggregator shall be presented with a summary invoice for the total month's transportation related activities provided to the Aggregation Group.

Billing for monthly customer charges and transportation charges for quantities actually delivered shall be based on the readings at each individual meter and load profile of the Customer at such meter. The individual parties in the Aggregation Group shall be liable for all rates, charges and

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surcharges allowed for in the Company's Transportation Rate Schedules related to transportation services provided to each Customer individually. Each Customer shall be presented with an invoice for that Customer's individually billed transportation activities.

Notwithstanding the above provision that the Aggregator shall have primary liability for all imbalance charges and credits, in the event of a default of payment on the part of the Aggregator, the Company reserves the right to seek performance directly from the individual members of the Aggregation Group for each member's pro rata share of any such charges, based upon the transportation services provided to each Customer during the period related to the Aggregator's default.

7. Curtailement and Operational Flows Orders

In the event that Company determines in its judgment that it must curtail deliveries of firm services, Company will curtail and/or interrupt firm sales and firm transportation customers based on end-use priority in accordance with the Company's currently effective curtailment policy, as described in Section III-Service Continuity. Company will compensate Customer for all relinquished gas quantities at the highest of the following prices: (i.) Company's daily marginal cost of gas, (ii.) Company's average cost of gas, (iii.) the cost of Customer's relinquished supply including the variable cost of supply, pipeline variable charges and 100% load factor equivalent of pipeline fixed charges.

The Company may issue an Operational Flow Order requiring delivery of specified volumes of gas in order to maintain operational integrity of the system. An Operational Flow Order may be issued as a blanket order to all transportation customers, or to individual Customers or Aggregation Groups whose actions jeopardize system integrity. Shippers who fail to deliver specified volumes of gas pursuant to an Operational Flow Order shall subject to a penalty of \$2.00 per Ccf for all deficient deliveries.

8. Limitation of Liability

The Company shall not be deemed to be in control and possession of the transportation gas

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until such gas has been delivered to the Company by the Customer's Transporting Pipeline at the Point of Receipt. Thereafter, the Company shall be deemed to be in control or possession of gas delivered to it by the Customer's Transporting Pipeline on behalf of Customer until the gas has been delivered to Customer at the Point of Delivery, after which Customer shall be deemed to be in control and possession thereof.

Gas shall be and remain the property of the Customer while being transported and delivered by the Company. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas, before, during and after receipt by the Company.

The Company shall not be liable for curtailment of service or loss of gas as a result of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the ability of the Company to render transportation service, and regardless of any defect in such law, regulation, or order.

9. Unauthorized Use

In the event that the Company provides a Firm Transportation Customer with as much notice as practicable of curtailment of service, and thereby reduces the quantity scheduled for delivery, the total quantity taken by the Customer may not exceed one hundred two percent (102%) of the revised Scheduled Transportation Quantity. If, on any Gas Day, after notice of curtailment the total quantity of gas taken by Customer exceeds one hundred two percent (102%) of Customer's revised Scheduled Transportation Quantity, and the Company has not authorized such excess quantity, then all such Gas Usage constitute Unauthorized Use and is subject to a penalty charge of \$2.00 per Ccf in addition to any other applicable charges.

In the event that the Company does not curtail the Scheduled Transportation Quantity, but does provide the Customer with as much notice as practicable that its Daily Overtake Tolerance is limited to two percent (2%) of the Scheduled Transportation Quantity, any Gas Use in excess of that limit shall constitute Unauthorized Use and is subject to a penalty charge of \$2.00 per Ccf in addition to any other applicable charges..

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Notice by the Company shall be provided to the Customer or its agent either by telephone or telephone facsimile, at the Company's discretion; notice need not be provided in writing.

10. Customer s Transporting Pipeline Requirements

Customer shall warrant that it has entered into the necessary agreements with a third-party for the purchase of a gas supply which it wants Bangor Gas to transport and that it has entered into the necessary transportation agreements for the delivery of gas supply to the Point of Receipt.

In addition, Customer shall warrant that at the time of delivery of its gas supply to the Point of Receipt, Customer shall have good title to such gas, free of all liens, encumbrances and claims whatsoever. Customer shall indemnify the Company and save it harmless from all suits, actions, debts, accounts, damage, costs, losses and expenses arising from or out of any adverse legal claims of third parties to or against said gas supply.

11. Automated Metering

The Company will install, at Customer s cost, a device that the Company will attach to its metering equipment at the Point of Delivery for the purpose of monitoring Gas Usage. The Customer shall be responsible to supply a dedicated electrical supply and a telephone line at a location acceptable to Company and capable of transmitting information collected from the monitoring device to the Company's computer system. The Customer shall be responsible for the maintenance and service of the telephone line. Should a dedicated phone line be required, it is the responsibility of the Customer to schedule the installation, and the Customer is responsible for any associated cost including the monthly service charge. Transportation service shall not commence until the automated metering equipment is in place and operational.

12. Provision for Future Taxes

In addition to other payments provided for herein, Customer shall pay to the Company the amount of any assessment or tax, on the transportation of gas, in effect at the time service is provided, which the Company may hereafter be required to pay or collect by any federal, state or local law.

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13. Fuel Reimbursement for Firm Transportation Service

The Company shall retain a percentage of all gas delivered to the Point of Receipt by Customer's Transporting Pipeline, Fuel Reimbursement Rate, to compensate for the Company's system lost and unaccounted for gas. The Company's Fuel Reimbursement Rate shall be adjusted semi-annually in accordance with the review and approval thereof by the Maine Public Utilities Commission at the time of each seasonal CGA filing.

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