

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2015-00146

December 22, 2015

NORTHERN UTILITIES INC. D/B/A UNITIL,  
Request for Approval of Rate Targeted  
Area Build-Out Program

ORDER APPROVING  
STIPULATION

VANNOY, Chairman; MCLEAN and WILLIAMSON Commissioners

## **I. SUMMARY**

In this Order, the Commission approves a stipulation filed on October 30, 2015 by Northern Utilities, Inc. d/b/a Unitil (Unitil), and signed by Unitil and the Office of the Public Advocate (OPA). Intervenor City of Saco supports the stipulation.

## **II. FACTUAL AND PROCEDURAL BACKGROUND**

On June 5, 2015, Unitil submitted a request for Commission approval of terms and conditions to implement a new Targeted Area Build-Out program (TAB program) in portions of the City of Saco. Unitil indicated that it intends to apply the TAB program to other areas where it is economically feasible, but Saco was chosen as the first candidate due to its favorable market size, density, consumer interest, and community support.

Unitil describes the TAB program as being designed to provide Unitil a mechanism to build-out its distribution network incrementally in targeted areas to serve new customers who are currently off the main line. Unitil explains that customers who are off the main line are typically required to pay a contribution in aid of construction (CIAC) up front before Unitil can extend the main line and install a new service for the customer. Unitil asserts the CIAC is a significant barrier to consumers choosing to convert to natural gas and thus impedes promoting conversion to natural gas. The TAB program would remove the CIAC barrier by replacing it with a monthly surcharge mechanism in specifically defined geographic areas in the City of Saco. The Company would assess a TAB surcharge to customers within the TAB expansion area for a 10-year period. The TAB surcharge is intended to recover the costs of the expansion over time from those customers that benefit from the expansion. Unitil proposes that its TAB program take effect January 1, 2016.

On June 23, 2015, Commission Staff issued a Notice of Proceeding and Opportunity to Intervene. On July 16, 2015, Staff granted the requests of the OPA and the City of Saco to intervene, and scheduled a case conference for July 29, 2015. Representatives of Unitil, the OPA, and the City of Saco attended the case conference, and on July 30, 2015, Staff issued a procedural order, memorializing the procedural schedule agreed upon at the case conference. On August 14, 2015, Staff convened an

initial technical conference. On September 16 & 24, 2015, Staff convened settlement conferences. At the September 24, 2015 settlement conference, Unitil and the OPA agreed to suspend the existing filing deadlines pending the parties' filing of a proposed stipulation.

On October 30, 2015, Unitil filed a stipulation, signed by Unitil and the OPA, and it included attachments A-1, A-2, B, C, D, E, and F to the stipulation. Unitil specifically seeks approval of its proposed terms and conditions as set forth in attachments A-1, D, and F. On November 24, 2015, the City of Saco filed a letter, stating it supports the stipulation.

### III. DESCRIPTION OF STIPULATION

In the stipulation, Unitil proposes to construct facilities related to the TAB program in the City of Saco over the course of three years starting in 2016. This initial TAB program and its associated new facilities are sited in certain defined areas of Saco, specifically within four blocks designated Blocks 1(a), 1(b), 2, and 3, as identified in attachment C to the stipulation. In these designated blocks, customers who wish to take natural gas service will be assessed a monthly TAB surcharge through the 10-year term of the program, instead of an up-front CIAC payment. Attachment A-1 and attachment A-2 to the stipulation provide the terms and conditions as finally proposed and a redline comparison of the terms and conditions as initially proposed, respectively. The stipulation provides that Unitil is required to obtain Commission authorization prior to implementing any new TAB surcharge pursuant to the TAB terms and conditions.

Unitil and the OPA summarize and recommend the stipulation as in the public interest as set forth below.

#### A. Approval of the Saco TAB program will expand natural gas conversion.

The parties state the TAB program promotes conversion by removing in the defined TAB areas a significant barrier to conversion that would normally require consumers to pay an up-front CIAC prior to being furnished with natural gas service. Unitil states it is not unusual for the CIAC to be thousands of dollars. As a result, the CIAC has proven to be a barrier to consumers choosing to convert to natural gas because it represents an additional up-front cost that the customer must incur before converting to natural gas.

The TAB program negotiated by the parties is designed to remove the CIAC barrier. Unitil will build-out new distribution mains within the defined TAB area, and new customers served from these TAB mains will pay a monthly TAB surcharge through the ten-year term of the program instead of paying a traditional up-front CIAC. The parties believe that the TAB terms and conditions are a reasonable solution to the conversion barrier faced by off-the-main consumers who would otherwise be required to pay a CIAC before they could convert to natural gas. The terms and conditions require Unitil to obtain Commission authorization prior to implementing any new TAB surcharges, and

therefore the Commission will have the ability to review future TAB programs before they are implemented by Unitil.

B. The Saco TAB program is a pilot program on a modest scale.

The parties agree that implementing Unitil's first TAB program on a pilot basis in the City of Saco is appropriate. Unitil already owns and operates natural gas distribution facilities in Saco, so the Saco TAB program will essentially be an expansion of Unitil's existing Saco distribution network. Unitil plans to build-out approximately nine miles of new mains in four TAB areas over the next three years, and the parties specifically seek authorization for Unitil to implement the TAB program in the areas identified on the map of the City of Saco provided in attachment C to the stipulation. Unitil estimates that it will invest \$5.4 million (excluding overheads) in new mains and services in the Saco TAB areas and plans to construct new mains starting in 2016 and running through 2018.

The parties believe this modest build-out and pilot program will provide valuable insights, including whether and how the TAB terms and conditions might be implemented in the future on a larger scale or in a green-field application. In addition, Unitil will have discretion during implementation of the Saco TAB program to scale back the program based on circumstances that may arise during the planned build-out, for example adjusting its construction schedule based upon consumer response to the TAB program. Consumer response to this program could vary widely based on a number of factors that are beyond Unitil's control, and Unitil will have the ability and obligation to adapt its build-out of the Saco TAB program to meet those and other circumstances that arise during project implementation.

C. The Saco TAB program surcharges are just and reasonable and are treated appropriately for accounting and ratemaking purposes.

Unitil calculated the TAB program surcharges for the City of Saco consistent with its policies related to main extensions and CIAC requirements. The Saco TAB program surcharges are included in the rate schedule provided in attachment D to the stipulation, and illustrative bill impacts by customer class are provided in attachment E to the stipulation. The parties agree that the Saco TAB program surcharges and the rates in the resultant rate schedule in attachment D are just and reasonable and should be approved by the Commission. The parties further request that the Commission approve the revised rate schedules and terms and conditions pages in attachment F, which are necessary to implement the TAB program.

During discovery, Unitil was asked questions about the expected accounting and ratemaking treatment of the TAB surcharge revenues that Unitil would collect from TAB customers. The stipulation includes an agreed-upon provision that governs the accounting and ratemaking treatment for the TAB surcharge revenues. For ratemaking purposes, the recoverability of TAB-related costs in base rates, including in the base rates of non-TAB customers, will be subject to Commission review and approval at the time of a general base rate case proceeding. With respect to accounting, the revenues generated by the TAB surcharges will be used to offset the plant investment attributable

to the TAB area. The TAB surcharge revenues will be treated as a CIAC in the year they are actually received by the Company, and an illustrative description of the accounting treatment is provided in attachment B to the Stipulation.

During the negotiation of the stipulation, and at least in part due to the current price of oil and resulting uncertainty in the record as to the projected rate of conversion to natural gas, Unitil was asked to consider reducing the scope of its build-out in Block 3 in an effort to reduce the TAB surcharge for all Saco TAB program customers. Unitil reduced the scope of Block 3, which resulted in lower surcharges for the Saco TAB program. The lower surcharges are included in the rate schedules provided in attachment D to the stipulation. Based on the expected bill impacts provided in attachment E to the stipulation, a residential heating customer in the Saco TAB area consuming 740 Ccfs of gas will be billed approximately \$95 per year (or 7 percent) more than an identical non-TAB residential heating customer.

#### **IV. DECISION**

Pursuant to the Commission's Rules of Practice and Procedure, Chapter 110, in order to approve a stipulation, the Commission must consider the following criteria:

- 1) Whether the parties joining the stipulation represent a sufficiently broad spectrum of interests that the Commission can be sure that there is no appearance or reality of disenfranchisement;
- 2) Whether the process that led to the stipulation was fair to all parties;
- 3) Whether the stipulated result is reasonable and is not contrary to legislative mandate; and
- 4) Whether the overall stipulated result is in the public interest.

Ch. 110 § 8(D)(7). The Commission concludes that all of the criteria for approval have been satisfied in this instance.

The record shows the parties joining the stipulation represent a sufficiently broad spectrum of interests and that the process that led to the stipulation was fair. The OPA represents the general public in matters within the jurisdiction of the Commission, and as stated above, the OPA has signed the stipulation. In addition to the general public, in this proceeding the City of Saco intervened, representing a more localized consumer interest. Although the City of Saco did not sign the stipulation, in its November 24, 2015 letter referenced above, the City states it "is highly supportive of the Stipulation and the natural gas distribution system build-out that it will bring to the City." For these reasons, the Commission finds that ratepayers were adequately represented in the proceeding, and concludes that no party was disenfranchised through the settlement process. The Commission further finds that the process that led to the stipulation was properly noticed, included the participation of parties and Staff, and was fair.



## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 11(D) of the Commission's Rules of Practice and Procedure (65-407 C.M.R. 110) within **20** days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought. Any petition not granted within **20** days from the date of filing is denied.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21** days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.

## **TARGETED AREA BUILD-OUT (“TAB”) TARIFF**

### APPLICABILITY

Applicable to customers located in TAB areas designated by the Company. A TAB area represents a specific geographic area for natural gas service defined by the Company, such as a neighborhood and/or community. Customers located in a TAB area are assessed a surcharge (“TAB surcharge”) in addition to the applicable tariff rate.

The Company may designate multiple TAB areas within its service territory when TAB surcharges for those areas are authorized by the Public Utilities Commission.

### AVAILABILITY

Service under these terms and conditions is available to customers located on designated streets in a TAB area defined by the Company pursuant to this TAB Tariff. The Company shall maintain and furnish upon request a list of designated streets within each TAB area.

### SURCHARGE

The TAB surcharge will be billed monthly to customers on a \$ per Ccf usage basis. The TAB surcharge for each rate class within a TAB area is listed on Page 163. The TAB surcharge is not subject to adjustment, reconciliation or refund.

The TAB surcharge will be in effect for a 10-year term, and will be assessed to all TAB customers during the term. A customer located on a designated street who requests service in the TAB area after the surcharge term has expired will not be assessed a TAB surcharge.

### DISCOUNTED CASH FLOW METHODOLOGY

The TAB surcharge is calculated using a discounted cash flow (“DCF”) method that considers an estimate of the capital expenditures associated with the proposed expansion, an estimate of the net revenues (revenues exclusive of related cost of gas recoveries) to be derived from the expected new customers, and an estimate of the associated depreciation, property and income taxes, and property and liability insurance expense. These amounts are reflected on an annual basis and result in the annual cash flow (after-tax) associated with the proposed TAB area construction. These annual cash flows are discounted to a present value at a rate representative of the Company’s prospective after-tax cost of capital. If the net present value (“NPV”) is zero or greater, then no TAB surcharge is required. However, if the NPV is negative, then a TAB surcharge is required to make the NPV equal to zero.

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**Effective Date: January 1, 2016**

Issued by: Mark Collin  
Title: Senior Vice President

The term of the financial analysis will begin with the year during which initial capital investment is planned to occur in the TAB area and end twenty (20) years after the final capital investment in the TAB area is planned to be made.

#### CALCULATION OF THE SURCHARGE

The surcharge is designed to recover the deficit of the NPV analysis over a ten year period by a uniform percent increase in average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges. The surcharge will be assessed monthly on a \$ per Ccf usage basis. The surcharge calculation by rate class can be expressed as the following:

$$S = VC_{\text{gross}} * RPCT$$

Where:

S = Surcharge by rate class

VC<sub>gross</sub> = The average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges.

RPCT = Uniform percent increase in revenues needed across all VC<sub>gross</sub> by rate class so that the NPV of the DCF analysis including the TAB surcharge is zero



TAB AREAS:

A) In Designated Portions of Saco, ME:

Saco TAB Surcharge Term: Effective January 1, 2016 – December 31, 2025

Saco TAB Surcharge:

Rate R-1, Residential Non-Heating	\$0.2383 per ccf
Rate R-2, Residential Heating	\$0.1288 per ccf
Rate G-40, C&I (Low Annual, High Peak Use)	\$0.0915 per ccf
Rate G-41, C&I (Medium Annual, High Peak Use)	\$0.0633 per ccf
Rate G-42, C&I (High Annual, High Peak Use)	\$0.0397 per ccf
Rate G-50, C&I (Low Annual, Low Peak Use)	\$0.1086 per ccf
Rate G-51, C&I (Medium Annual, Low Peak Use)	\$0.0578 per ccf
Rate G-52, C&I (High Annual, Low Peak Use)	\$0.0373 per ccf
Rate T-40, C&I (Low Annual, High Peak Use)	\$0.0915 per ccf
Rate T-41, C&I (Medium Annual, High Peak Use)	\$0.0633 per ccf
Rate T-42, C&I (High Annual, High Peak Use)	\$0.0397 per ccf
Rate T-50, C&I (Low Annual, Low Peak Use)	\$0.1086 per ccf
Rate T-51, C&I (Medium Annual, Low Peak Use)	\$0.0578 per ccf
Rate T-52, C&I (High Annual, Low Peak Use)	\$0.0373 per ccf

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Issued by: Mark Collin  
Title: Senior Vice President

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Title: Treasurer

4. As an alternative to the above, Customers may be required to pay the Company under its Targeted Area Buildout ("TAB") Tariff.

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Issued by:   
Title: Treasurer

**RESIDENTIAL NON-HEATING  
RATE R-1**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

Available to all individually metered Customers for any domestic purpose at any location on our mains. This precludes the use of this rate for master-metered, or single-metered, multi-unit residential dwellings. This rate is not available at locations where usage in the six winter months of November through April is greater than or equal to 80% of annual usage and usage exceeds 100 ccf in any single winter month.

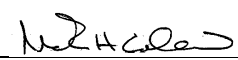
RATE – MONTHLY

Customer Charge:			\$18.58 per month
Off-Peak	-	First 40 ccf	@ \$0.4507 per ccf
	-	Excess 40 ccf	@ \$0.3299 per ccf
Peak	-	First 40 ccf	@ \$0.4507 per ccf
	-	Excess 40 ccf	@ \$0.3299 per ccf

RATE ADJUSTMENTS

The above rate is subject to any applicable Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate and Targeted Area Buildout Surcharge in effect.

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Issued by:   
Title: Senior Vice President

### **RESIDENTIAL HEATING RATE R-2**

#### CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

#### APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

#### AVAILABILITY

Available to all individually metered Customers for space heating and any other domestic purpose and at locations which are otherwise deemed ineligible for Residential Non-Heating R-1 service at any location on our mains. This precludes the use of this rate for master-metered, or single-metered, multi-unit residential dwellings. Where gas is used for space heating, it shall be utilized in Company-approved space heating equipment and shall be used for the primary source of heat. This rate shall also be available for use in a Company-approved permanently installed gas range which is designed with automatic controls, to heat one or more rooms.

#### RATE - MONTHLY

Customer Charge:			\$23.67 per month
Off-Peak	-	First 40 ccf	@ \$0.4336 per ccf
	-	Excess 40 ccf	@ \$0.3318 per ccf
Peak	-	First 40 ccf	@ \$0.4336 per ccf
	-	Excess 40 ccf	@ \$0.3318 per ccf

#### RATE ADJUSTMENTS

The above rate is subject to any applicable Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect.

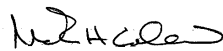
#### LOW INCOME DISCOUNT PROGRAM

Effective December 1, 2008, customers taking service under the Residential Heating rate may be eligible to receive a 30% discount on their delivery and gas supply rates. This discount will apply to all customers identified by the Maine State Housing Authority as eligible for LIHEAP. Once enrolled, customers will receive the discount for 12 consecutive months.

#### MINIMUM BILL

Customer charge per month.

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Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE  
(Low Annual Use, High Peak Period Use)  
RATE G-40**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

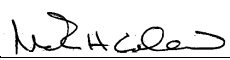
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

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Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE  
(Medium Annual Use, High Peak Period Use)  
RATE G-41**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2689 per ccf
	-	Excess 1,000 ccf	@ \$0.2444 per ccf
Peak	-	First 1,780 ccf	@ \$0.2779 per ccf
	-	Excess 1,780 ccf	@ \$0.2640 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

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Effective Date: January 1, 2016

Issued by: *[Signature]*  
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(High Annual Use, High Peak Period Use)**  
**RATE G-42**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 6,000 ccf	@ \$0.2130 per ccf
	-	Excess 6,000 ccf	@ \$0.1780 per ccf
Peak	-	First 18,000 ccf	@ \$0.2557 per ccf
	-	Excess 18,000 ccf	@ \$0.2226 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

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Effective Date: January 1, 2016

Issued by: W. H. Cole  
Title: Senior Vice  
President



**COMMERCIAL AND INDUSTRIAL SERVICE  
(Low Annual Use, Low Peak Period Use)  
RATE G-50**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

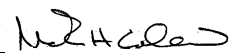
RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

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**Effective Date: January 1, 2016**

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(Medium Annual Use, Low Peak Period Use)**  
**RATE G-51**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2393 per ccf
	-	Excess 1,000 ccf	@ \$0.2148 per ccf
Peak	-	First 1,780 ccf	@ \$0.2482 per ccf
	-	Excess 1,780 ccf	@ \$0.2343 per ccf

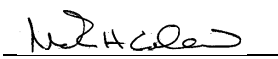
RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

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Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE  
(High Annual Use, Low Peak Period Use)  
RATE G-52**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 23,000 ccf	@ \$0.1733 per ccf
	-	Excess 23,000 ccf	@ \$0.1346 per ccf
Peak	-	First 25,000 ccf	@ \$0.2339 per ccf
	-	Excess 25,000 ccf	@ \$0.1946 per ccf

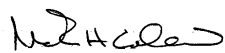
RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

**DOCKET NO. 2015-00146**  
**Effective Date: January 1, 2016**

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Low Annual Use, High Peak Period Use)  
RATE T-40**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

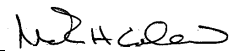
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

**DOCKET NO. 2015-00146**  
**Effective Date: January 1, 2016**

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Medium Annual Use, High Peak Period Use)  
RATE T-41**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:	\$164.12 per month		
Off-Peak	-	First 1,000 ccf	@ \$0.2689 per ccf
	-	Excess 1,000 ccf	@ \$0.2444 per ccf
Peak	-	First 1,780 ccf	@ \$0.2779 per ccf
	-	Excess 1,780 ccf	@ \$0.2640 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

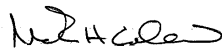
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

**DOCKET NO. 2015-00146**  
**Effective Date: January 1, 2016**

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(High Annual Use, High Peak Period Use)  
RATE T-42**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 6,000 ccf	@ \$0.2130 per ccf
	-	Excess 6,000 ccf	@ \$0.1780 per ccf
Peak	-	First 18,000 ccf	@ \$0.2557 per ccf
	-	Excess 18,000 ccf	@ \$0.2226 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

DOCKET NO. 2015-00146  
Effective Date: January 1, 2016

Issued by: W. H. Cole  
Title: Senior Vice President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE**  
**(Low Annual Use, Low Peak Period Use)**  
**RATE T-50**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, the Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

DOCKET NO. 2015-00146  
Effective Date: January 1, 2016

Issued by: W. H. Cole  
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Medium Annual Use, Low Peak Period Use)  
RATE T-51**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2393 per ccf
	-	Excess 1,000 ccf	@ \$0.2148 per ccf
Peak	-	First 1,780 ccf	@ \$0.2482 per ccf
	-	Excess 1,780 ccf	@ \$0.2343 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, the Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

DOCKET NO. 2015-00146  
Effective Date: January 1, 2016

Issued by: Neil H. Cole  
Title: Senior Vice  
President



**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE**  
**(High Annual Use, Low Peak Period Use)**  
**RATE T-52**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 23,000 ccf	@ \$0.1733 per ccf
	-	Excess 23,000 ccf	@ \$0.1346 per ccf
Peak	-	First 25,000 ccf	@ \$0.2339 per ccf
	-	Excess 25,000 ccf	@ \$0.1946 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

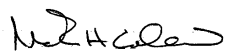
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

**DOCKET NO. 2015-00146**  
**Effective Date: January 1, 2016**

Issued by:   
Title: Senior Vice  
President

NORTHERN UTILITIES, INC. D/B/A UNITIL,  
Request for Approval of Targeted Area  
Build-Out Program

STIPULATION

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Northern Utilities, Inc., d/b/a Unitil (“Unitil” or the “Company”) and the Maine Office of Public Advocate (“OPA”), collectively the “Parties,” hereby agree and stipulate as follows:

## **I. PURPOSE**

The purpose of this Stipulation is to resolve all issues in the above-captioned proceeding, as further specified in Section III below. The provisions agreed to in this Stipulation have been reached as a result of information contained in or obtained through filings in this proceeding, discovery, technical conferences and negotiations among the Parties. The Parties agree that they will work together to obtain Commission approval of the terms of the Stipulation in the public interest.

## **II. PROCEDURAL HISTORY**

### **A. Unitil’s June 5, 2015 Targeted Area Build-Out Petition.**

On June 5, 2015, Unitil filed a petition in the above-captioned proceeding requesting Commission approval of the Company’s proposed Targeted Area Build-Out program (the “TAB Tariff”). The TAB Tariff was designed to provide the Company a mechanism to build-out its distribution network in targeted areas to serve new “off-the-main” customers.

Pursuant to the Company’s Service and Main Line Extensions and System Improvements terms and conditions (“Main Extension Tariff”), off-the-main customers have traditionally been required to pay an up-front contribution in aid of construction (“CIAC”) before the Company could extend the main and install a new service for the customer. This up-front CIAC payment has been identified as a significant barrier to consumers choosing to convert to natural gas.

The Company’s proposed TAB Tariff is designed to remove the CIAC barrier. The TAB Tariff implements a surcharge mechanism that replaces the CIAC in a specifically defined TAB geographic area. The Company will build-out new distribution mains within the defined TAB area. New customers served from

these TAB mains would pay a monthly TAB surcharge for a period of years instead of paying a traditional up-front CIAC. The amount of the surcharge would be determined by a discounted cash flow (“DCF”) analysis similar to that which the Company applies pursuant to its Main Extension Tariff. Unitil designed its TAB Tariff to be consistent with its present line extension policies, while also providing a reasonable solution to the conversion barrier faced by off-the-main consumers who would otherwise be required to pay a CIAC when converting to natural gas.

The Company’s June 5, 2015 filing identified the following major components of its TAB proposal:

- A market analysis will be performed to identify a specific geographic area or areas (“TAB area”) where the Company will focus the build-out of its natural gas distribution network;
- Unitil will perform detailed cost estimates to approximate the cost of building out the distribution network within the TAB areas;
- The Company will perform a DCF analysis pursuant to its TAB Tariff to determine the surcharge to be paid by customers served by the newly constructed mains;
- Amended rate schedules will be filed with the Commission to authorize the new TAB surcharge for the TAB customers;
- The Company will market the TAB to new customers and phase-in the build-out based on customer demand, municipal construction projects, and other relevant factors; and
- The Company will retain flexibility throughout the implementation of the TAB program to reduce the scope of its planned build-out (up to and including cancellation of all future construction) if it determines during implementation that any portion of the build-out is not economically viable.

Consistent with this approach, the Company proposed to implement its first TAB in certain defined areas within the City of Saco. Specifically, the Company proposed to perform the build-out in four designated blocks (Blocks 1(a), 1(b), 2 and 3) over the course of three years (2016-18).

In support of the Company’s TAB petition, it filed the Direct Testimony of Timothy Lyons, Christopher LeBlanc, Kevin Sprague and Cindy Carroll. Among other things, the Company’s testimony explained the rationale for the Company’s TAB Tariff, its proposed pilot implementation in Saco, and the financial model used by the Company to determine proposed surcharges for the Saco TAB. The Company requested that the Commission provide all necessary approvals by December 31, 2015.

## **B. Proceedings Leading Up to the Stipulation.**

By a Notice of Proceeding issued June 23, 2015, the Hearing Examiner opened this proceeding and established July 3, 2015 as the deadline for Petitions to Intervene. Timely Petitions to Intervene were filed by the OPA and the City of Saco. By a Procedural Order dated July 16, 2015, the Hearing Examiner granted both Petitions and scheduled a Case Conference for July 29, 2015.

During the Initial Case Conference, the Parties discussed a procedural framework for the proceeding and a schedule, both of which were memorialized in a Procedural Order dated July 30, 2015. The schedule included opportunities for discovery and comment on the Company's filing, as well as opportunities to discuss settlement of the docket.

Consistent with the adopted schedule, the OPA served discovery on the Company during August, to which the Company responded.

During the August 14, 2015 Technical Conference, the Company provided an overview of its TAB filing and the Commission Staff and Parties asked questions and propounded oral data requests seeking additional information about the Company's TAB proposal and implementation plans for Saco. A follow-up Technical Conference was held on September 16, 2015, after which the Parties and Staff began to discuss settlement of the proceeding.

On September 24, 2015, the Parties and Staff continued settlement discussions, which resulted in the agreement that is reflected in this Stipulation. The Hearing Examiner issued a Procedural Order on September 24, 2015, staying the case schedule pending the filing of this Stipulation.

## **III. REQUESTED APPROVALS AND FINDINGS**

Based on the record in this case, the Parties to this Stipulation agree and recommend that the Commission issue an Order that approves, accepts, and adopts this Stipulation, as just and reasonable and in the public interest, including the following provisions:

### **A. Approval of TAB Tariff.**

The Parties agree and request that the Commission approve the TAB Tariff provided in Attachment A-1,<sup>1</sup> with an effective date of January 1, 2016. The Parties agree and request that the Commission find that the Company's TAB program is in the public interest and will promote the conversion of Maine consumers to natural gas. The TAB program does so by removing in defined

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<sup>1</sup> Attachment A-2 is a redline comparison of Attachment A-1 to the Tab Tariff initially filed by the Company on June 5, 2015 in this proceeding.

TAB areas a significant barrier to conversion that would normally require consumers to pay an up-front CIAC prior to being furnished with natural gas service. Instead of an up-front CIAC payment, TAB customers will be assessed a monthly TAB surcharge pursuant to the TAB Tariff.

**1. Accounting and Ratemaking Treatment of TAB Surcharge.**

The Parties agree and request that the Commission approve the following accounting and ratemaking treatments for the Company’s TAB program. The recoverability of TAB-related costs in base rates will be subject to Commission review and approval at the time of a general base rate case proceeding. With respect to accounting, the revenues generated by the TAB surcharges will be used to offset the plant investment attributable to the TAB area. The TAB surcharge revenues will be treated as a contribution-in-aid-of-construction in the year it is actually received by the Company. An illustrative description of the accounting treatment is provided in Attachment B.

**B. Approval of Saco TAB.**

The Parties agree and request that the Commission authorize Unitil to implement a TAB in the City of Saco within the areas identified on the map of Saco provided in Attachment C. The Company estimates that it will invest \$5.4 million (excluding overheads<sup>2</sup>) to build-out new mains and services in the Saco TAB areas and plans to construct new mains (“Saco TAB Mains”) on approximately the following schedule:

Construction Season	TAB Block	Mains (Est. Mi.)
2016	1(a)	3.65
	1(b)	2.27
2017	2	2.43
2018	3	0.66

The Parties further agree and request that the Commission grant the Company discretion to modify the size or pace of the Saco TAB project in order to adapt to circumstances that may arise during program implementation. The Parties acknowledge that the TAB was developed based on facts and circumstances reasonably known by the Company, that it is impossible to predict every future fact or circumstance that may affect this program, and therefore the ability to adapt the program to meet changes in facts and circumstances encountered during implementation is a necessary discretion for the Company to exercise. For example, the Saco TAB may be influenced significantly by consumer

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<sup>2</sup> In Docket No. 2011-00092, the Company explained in detail how overheads are determined and allocated. See October 5, 2011 Rebuttal Testimony of Laurence M. Brock at pp. 11-25.

response, which may lead the Company to modify its program by, among other things, adjusting the construction schedule, or modifying the list of streets it designates for TAB main construction, and modifying other characteristics of the program.

**1. Approval of the Saco TAB Surcharges.**

The Parties agree and request that the Commission approve the Saco TAB surcharges listed in the table below for each rate class:

Rate Class	TAB Surcharge (\$/ccf)
Residential non-Heating (R-1)	0.2383
Residential Heating (R-2)	0.1288
C&I G40, T40	0.0915
C&I G41, T41	0.0633
C&I G42, T42	0.0397
C&I G50, T50	0.1086
C&I G51, T51	0.0578
C&I G52, T52	0.0373

The TAB surcharges were calculated consistent with the TAB Tariff using a discounted cash flow method that considers an estimate of the capital expenditures associated with the proposed Saco TAB expansion, an estimate of the net revenues (revenues exclusive of related cost of gas recoveries) to be derived from the expected new customers, and an estimate of the associated depreciation, property and income taxes, and property and liability insurance expense. These amounts were reflected on an annual basis and resulted in the annual cash flow (after-tax) associated with the proposed TAB area construction. These annual cash flows were discounted to a present value at a rate representative of the Company’s prospective after-tax cost of capital. The calculated net present value (“NPV”) was negative, which indicated that a TAB surcharge would be required to make the NPV equal to zero.

The surcharge was designed to recover the deficit of the NPV analysis over a ten-year period by a uniform percent increase in average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges. Based on this analysis for the Saco TAB, the required increase in average base revenue per Ccf for each rate class is 16.8%.

The Saco TAB surcharges in the table above are included in the rate schedule provided in Attachment D. Illustrative bill impacts by customer class are provided in Attachment E. The Parties agree and request that the Commission approve the rate schedule in Attachment D and the revised rate schedules and

tariff pages in Attachment F,<sup>3</sup> with an effective date of January 1, 2016. As stated in Attachment D, the Saco TAB Surcharge will remain in effect for a 10-year term, beginning January 1, 2016 through and including December 31, 2025.

#### **IV. STIPULATIONS RELATED TO PROCEDURE**

##### **A. Staff Presentation of Stipulation.**

The Parties to this Stipulation waive any rights they may have under 5 M.R.S. § 9062(4) and Section 8(f)(4) of the Commission's Rules of Practice and Procedure (Chapter 110) to the extent necessary to permit Staff to discuss this Stipulation and the resolution of this proceeding with the Commissioners prior to and during the Commission's scheduled deliberations, without providing to the Parties an Examiner's Report or the opportunity to file Exceptions.

##### **B. Record.**

The record on which the Parties enter into this Stipulation and on which the Commission may base its decision whether to accept and approve this Stipulation shall consist of: (1) this Stipulation; and (2) any and all confidential or public materials contained in the Commission's CMS system for the above-captioned proceeding as of this date.

##### **C. Non-Precedential Effect.**

This Stipulation shall not be considered legal precedent, nor shall it preclude a Party from making any contention or exercising any rights, including the right of appeal, in any future Commission investigation or proceeding or any other trial or action.

##### **D. Stipulation as an Integrated Document/Void if Rejected.**

This Stipulation represents the full agreement between and among the parties to this Stipulation, and the rejection of any provision or term of this Stipulation shall constitute a rejection of the whole. If not accepted by the Commission in its entirety and according to each of its terms, this Stipulation shall be void and have no further force or effect.

##### **E. Conflict Between Stipulation and Attachments.**

In the event of any conflict between the terms of this Stipulation and the Attachments hereto, the Attachments shall govern.

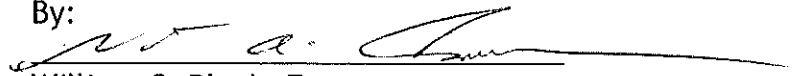
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<sup>3</sup> The revised rate schedules and tariff pages in Attachment F are related to housekeeping issues associated with approval of the TAB Tariff.

Respectfully submitted this <sup>th</sup>30 day of October, 2015.

**Maine Office of the Public Advocate**

By:



William C. Black, Esq.  
Robert A. Creamer, Esq.  
Office of the Public Advocate  
112 State House Station  
Augusta, ME 04333  
(207) 287-2445

**Northern Utilities, Inc. d/b/a Unitil**

By:

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Gary Epler, Esq.  
Chief Regulatory Counsel  
Unitil Services Corporation  
6 Liberty Lane West  
Hampton, NH 03842  
(603) 773-6440



Respectfully submitted this 30<sup>th</sup> day of October, 2015.

**Maine Office of the Public Advocate**

By:

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William C. Black, Esq.  
Robert A. Creamer, Esq.  
Office of the Public Advocate  
112 State House Station  
Augusta, ME 04333  
(207) 287-2445

**Northern Utilities, Inc. d/b/a Unutil**

By:



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Gary Epler, Esq.  
Chief Regulatory Counsel  
Unutil Services Corporation  
6 Liberty Lane West  
Hampton, NH 03842  
(603) 773-6440

## **TARGETED AREA BUILD-OUT (“TAB”) TARIFF**

### APPLICABILITY

Applicable to customers located in TAB areas designated by the Company. A TAB area represents a specific geographic area for natural gas service defined by the Company, such as a neighborhood and/or community. Customers located in a TAB area are assessed a surcharge (“TAB surcharge”) in addition to the applicable tariff rate.

The Company may designate multiple TAB areas within its service territory when TAB surcharges for those areas are authorized by the Public Utilities Commission.

### AVAILABILITY

Service under these terms and conditions is available to customers located on designated streets in a TAB area defined by the Company pursuant to this TAB Tariff. The Company shall maintain and furnish upon request a list of designated streets within each TAB area.

### SURCHARGE

The TAB surcharge will be billed monthly to customers on a \$ per Ccf usage basis. The TAB surcharge for each rate class within a TAB area is listed on Page 163. The TAB surcharge is not subject to adjustment, reconciliation or refund.

The TAB surcharge will be in effect for a 10-year term, and will be assessed to all TAB customers during the term. A customer located on a designated street who requests service in the TAB area after the surcharge term has expired will not be assessed a TAB surcharge.

### DISCOUNTED CASH FLOW METHODOLOGY

The TAB surcharge is calculated using a discounted cash flow (“DCF”) method that considers an estimate of the capital expenditures associated with the proposed expansion, an estimate of the net revenues (revenues exclusive of related cost of gas recoveries) to be derived from the expected new customers, and an estimate of the associated depreciation, property and income taxes, and property and liability insurance expense. These amounts are reflected on an annual basis and result in the annual cash flow (after-tax) associated with the proposed TAB area construction. These annual cash flows are discounted to a present value at a rate representative of the Company’s prospective after-tax cost of capital. If the net present value (“NPV”) is zero or greater, then no TAB surcharge is required. However, if the NPV is negative, then a TAB surcharge is required to make the NPV equal to zero.

The term of the financial analysis will begin with the year during which initial capital investment is planned to occur in the TAB area and end twenty (20) years after the final capital investment in the TAB area is planned to be made.

#### CALCULATION OF THE SURCHARGE

The surcharge is designed to recover the deficit of the NPV analysis over a ten year period by a uniform percent increase in average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges. The surcharge will be assessed monthly on a \$ per Ccf usage basis. The surcharge calculation by rate class can be expressed as the following:

$$S = VC_{\text{gross}} * RPCT$$

Where:

S = Surcharge by rate class

VC<sub>gross</sub> = The average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges.

RPCT = Uniform percent increase in revenues needed across all VC<sub>gross</sub> by rate class so that the NPV of the DCF analysis including the TAB surcharge is zero

## TARGETED AREA BUILD-OUT ("TAB") TARIFF

### APPLICABILITY

Applicable to customers located in TAB areas designated by the Company. A TAB area represents a specific geographic area for natural gas service defined by the Company, such as a neighborhood and/or community. Customers located in a TAB area are assessed a surcharge ("TAB surcharge") in addition to the applicable tariff rate.

The Company may designate multiple TAB areas within its service territory when TAB surcharges for those areas are authorized by the Public Utilities Commission.

### AVAILABILITY

Service under these terms and conditions is available to customers located on designated streets in a TAB area defined by the Company pursuant to this TAB Tariff. The Company shall maintain and furnish upon request a list of designated streets within each TAB area.

### SURCHARGE

The TAB surcharge will be billed monthly to customers on a \$ per Ccf usage basis. The TAB surcharge for each rate class within a TAB area is listed on Page 163. The TAB surcharge is not subject to adjustment, reconciliation or refund.

The TAB surcharge will be in effect for a 10-year term, and will be assessed to all TAB customers during the term. A customer located on a designated street who requests service in the TAB area after the surcharge term has expired will not be assessed a TAB surcharge.

### DISCOUNTED CASH FLOW METHODOLOGY

The TAB surcharge is calculated using a discounted cash flow ("DCF") method that considers an estimate of the capital expenditures associated with the proposed expansion, an estimate of the net revenues (revenues exclusive of related cost of gas recoveries) to be derived from the expected new customers, and an estimate of the associated depreciation, property and income taxes, and property and liability insurance expense. These amounts are reflected on an annual basis and

Issued: October xx, 2015  
Effective: January 1, 2016

Issued by: Mark Collin  
Title: Senior Vice President

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result in the annual cash flow (after-tax) associated with the proposed TAB area construction. These annual cash flows are discounted to a present value at a rate representative of the Company's prospective after-tax cost of capital. If the net present value ("NPV") is zero or greater, then no TAB surcharge is required. However, if the NPV is negative, then a TAB surcharge is required to make the NPV equal to zero.

The term of the financial analysis will begin with the year during which initial capital investment is planned to occur in the TAB area and end twenty (20) years after the final capital investment in the TAB area is planned to be made.

CALCULATION OF THE SURCHARGE

The surcharge is designed to recover the deficit of the NPV analysis over a ten-year period by a uniform percent increase in average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges. The surcharge will be assessed monthly on a \$ per Ccf usage basis. The surcharge calculation by rate class can be expressed as the following:

$$S = VC_{gross} * RPCT$$

$$VC_{gross} = VC/VPCT$$

Where:

S = Surcharge by rate class

VC<sub>gross</sub> = The average base revenue per Ccf by rate class, including revenue from the monthly fixed customer charge as well as all volumetric charges.

RPCT = Uniform percent increase in revenues needed across all VC<sub>gross</sub> by rate class so that the NPV of the DCF analysis including the TAB surcharge is zero

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M.P.U.C.  
Northern Utilities, Inc.

Original Page 161

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Issued: October xx, 2015  
Effective: January 1, 2016

Issued by: Mark Collin  
Title: Senior Vice President

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## Example of the CIAC and Tax accounting for NU Gas TAB Program

The Company's proposal is to book the Target Area Buildout ("TAB") surcharge as Contribution In Aid of Construction ("CIAC") as it is billed through the Company's Customer Information System ("CIS"). Each year the accumulated billed CIAC will be applied against the mains account as a reduction to the cost basis of Construction Work In Progress ("CWIP") and then closed to plant in service.

Description	FERC	DR	CR	Clears
-------------	------	----	----	--------

Initially the TAB surcharge revenue is reclassified to CIAC as it is billed through the CIS. The non-refundable CIAC revenue is currently taxable under IRS Regulations and the Company remits taxes in the period received. This creates depreciable tax basis for the Company.

### TAB Surcharge Billing to Customer (CIS)

CIS Accounts Receivable	142	1,000		A
Surcharge Revenue	480		1,000	B

### Reclass Surcharge to CIAC

Surcharge Revenue	480	1,000		B
CIAC	107		1,000	B

### Customer TAB Payment (CIS)

Cash	131	1,000		
CIS Account Receivable	142		1,000	A

### Taxes Provision for CIAC Received @ 40%

Current Taxes Payable	236		400	C
Current Income Tax Provision/Benefit	409	400		D

### Pay Taxes

Current Taxes Payable	236	400		C
Cash	131		400	G

At the end of each year (EOY), the CIAC offset to the Mains Plant in Service account and associated deferred taxes will be recognized on the Company's books. The Company has depreciable book basis lower than its tax basis by the CIAC amount. This creates a temporary book/tax timing item for income taxes.

### Close Accumulated CIAC to CWIP at EOY

CIAC	107	1,000		B
CWIP	107		1,000	H

### Close CWIP to Plant in Service EOY

CWIP	107	1,000		H
Plant In Service	101		1,000	

### Create Deferred Tax Asset @ 40%

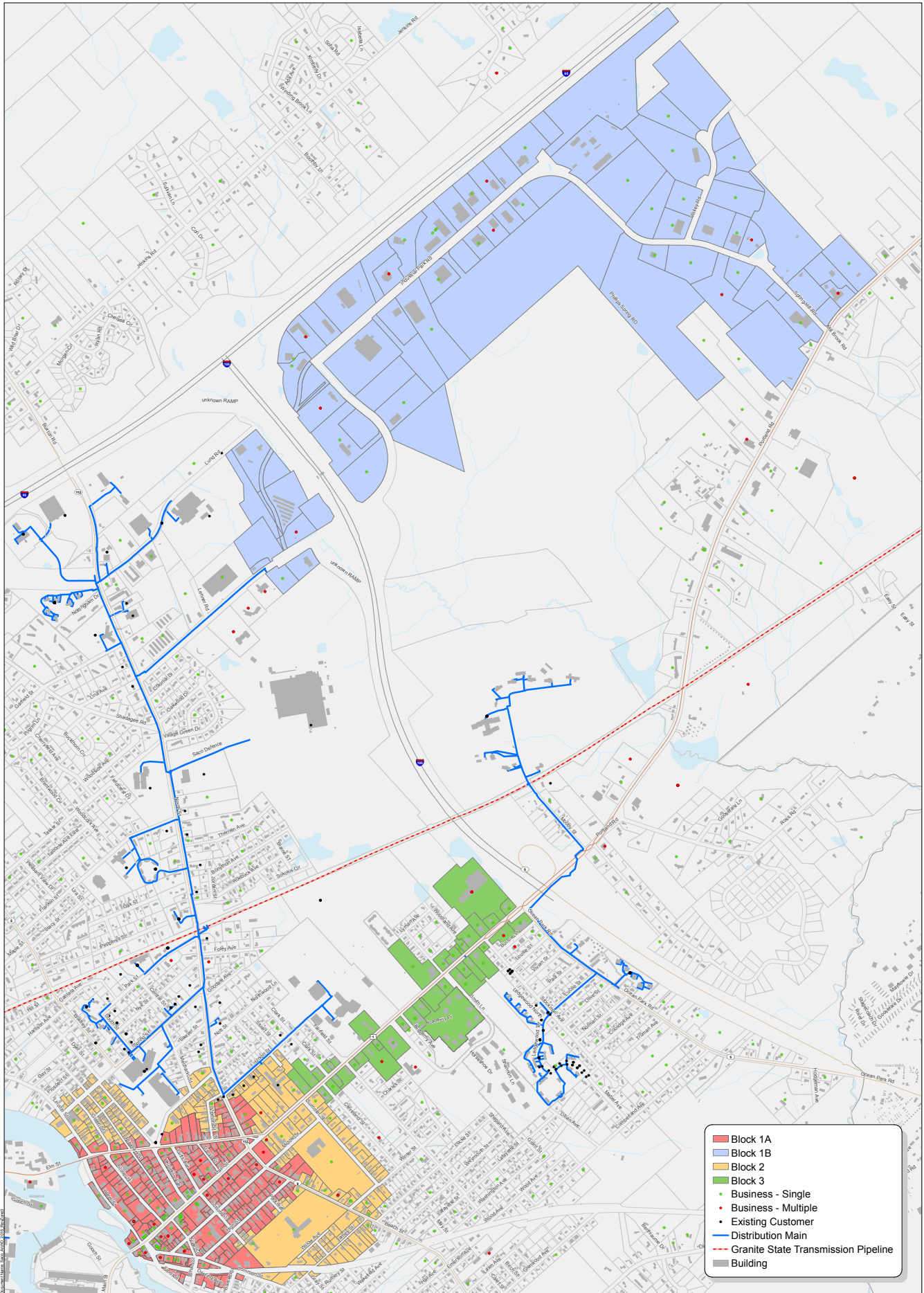
Accum Deferred Tax Asset	283	400		E
Deferred Income Tax Provision/Benefit	410		400	F

### Taxes Provision for Book/Tax Depreciation Temporary Difference (Cumulative)

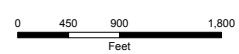
Deferred Income Tax Provision/Benefit	410	400		F
Accum Deferred Tax Asset	283		400	E
Current Taxes Payable	236	400		C
Current Income Tax Provision/Benefit	409		400	D

### Receive Taxes (Cumulative)

Cash	131	400		G
Current Taxes Payable	236		400	C



# Target Areas (Revised) Saco, Maine





TAB AREAS:

A) In Designated Portions of Saco, ME:

Saco TAB Surcharge Term: Effective January 1, 2016 – December 31, 2025

Saco TAB Surcharge:

Rate R-1, Residential Non-Heating	\$0.2383 per ccf
Rate R-2, Residential Heating	\$0.1288 per ccf
Rate G-40, C&I (Low Annual, High Peak Use)	\$0.0915 per ccf
Rate G-41, C&I (Medium Annual, High Peak Use)	\$0.0633 per ccf
Rate G-42, C&I (High Annual, High Peak Use)	\$0.0397 per ccf
Rate G-50, C&I (Low Annual, Low Peak Use)	\$0.1086 per ccf
Rate G-51, C&I (Medium Annual, Low Peak Use)	\$0.0578 per ccf
Rate G-52, C&I (High Annual, Low Peak Use)	\$0.0373 per ccf
Rate T-40, C&I (Low Annual, High Peak Use)	\$0.0915 per ccf
Rate T-41, C&I (Medium Annual, High Peak Use)	\$0.0633 per ccf
Rate T-42, C&I (High Annual, High Peak Use)	\$0.0397 per ccf
Rate T-50, C&I (Low Annual, Low Peak Use)	\$0.1086 per ccf
Rate T-51, C&I (Medium Annual, Low Peak Use)	\$0.0578 per ccf
Rate T-52, C&I (High Annual, Low Peak Use)	\$0.0373 per ccf

## Illustrative Bill Impact Analysis

### Saco Expansion

The Company prepared the following bill impact analysis that compares an annual bill for each rate class with and without the TAB surcharge. The analysis is based on the average customer use for each rate class, current base rates, the most recently approved peak and off-peak Cost of Gas Factors (CGF), other applicable charges<sup>1</sup> and the TAB surcharges shown in Attachment D.

Bill Impact Analysis	Use (Ccfs)	Bill w/ Surcharge (\$)	Bill w/o Surcharge (\$)	Difference (\$)	Difference (%)
<b>Bill Impact w/ CGF</b>					
Residential N-Heat	229	594	539	55	10%
Residential Heat	740	\$ 1,424	\$ 1,328	\$ 95	7%
G40	2,498	4,344	4,115	229	6%
G41	18,685	27,984	26,801	1,183	4%
G42	610,732	762,188	737,945	24,242	3%
G50	1,830	2,851	2,652	199	7%
G51	19,200	21,750	20,640	1,109	5%
G52	412,308	395,271	379,899	15,373	4%

The analysis shows that residential heating customers in the Saco TAB area would experience an annual bill that is higher by approximately \$95 (or 7 percent) than customers outside of the Saco TAB area.

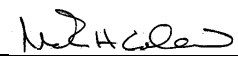
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<sup>1</sup> Other applicable charges include: Residential Low Income Program Rate; Energy Efficiency Rate Adjustment; and Environmental Response Charge.

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Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Treasurer

4. As an alternative to the above, Customers may be required to pay the Company under its Targeted Area Buildout (“TAB”) Tariff.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Treasurer

**RESIDENTIAL NON-HEATING  
RATE R-1**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

Available to all individually metered Customers for any domestic purpose at any location on our mains. This precludes the use of this rate for master-metered, or single-metered, multi-unit residential dwellings. This rate is not available at locations where usage in the six winter months of November through April is greater than or equal to 80% of annual usage and usage exceeds 100 ccf in any single winter month.

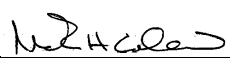
RATE – MONTHLY

Customer Charge:			\$18.58 per month
Off-Peak	-	First 40 ccf	@ \$0.4507 per ccf
	-	Excess 40 ccf	@ \$0.3299 per ccf
Peak	-	First 40 ccf	@ \$0.4507 per ccf
	-	Excess 40 ccf	@ \$0.3299 per ccf

RATE ADJUSTMENTS

The above rate is subject to any applicable Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate and Targeted Area Buildout Surcharge in effect.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**RESIDENTIAL HEATING  
RATE R-2**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

Available to all individually metered Customers for space heating and any other domestic purpose and at locations which are otherwise deemed ineligible for Residential Non-Heating R-1 service at any location on our mains. This precludes the use of this rate for master-metered, or single-metered, multi-unit residential dwellings. Where gas is used for space heating, it shall be utilized in Company-approved space heating equipment and shall be used for the primary source of heat. This rate shall also be available for use in a Company-approved permanently installed gas range which is designed with automatic controls, to heat one or more rooms.

RATE - MONTHLY

Customer Charge:			\$23.67 per month
Off-Peak	-	First 40 ccf	@ \$0.4336 per ccf
	-	Excess 40 ccf	@ \$0.3318 per ccf
Peak	-	First 40 ccf	@ \$0.4336 per ccf
	-	Excess 40 ccf	@ \$0.3318 per ccf

RATE ADJUSTMENTS

The above rate is subject to any applicable Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect.


LOW INCOME DISCOUNT PROGRAM

Effective December 1, 2008, customers taking service under the Residential Heating rate may be eligible to receive a 30% discount on their delivery and gas supply rates. This discount will apply to all customers identified by the Maine State Housing Authority as eligible for LIHEAP. Once enrolled, customers will receive the discount for 12 consecutive months.

MINIMUM BILL

Customer charge per month.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(Low Annual Use, High Peak Period Use)**  
**RATE G-40**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

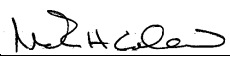
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE  
(Medium Annual Use, High Peak Period Use)  
RATE G-41**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2689 per ccf
	-	Excess 1,000 ccf	@ \$0.2444 per ccf
Peak	-	First 1,780 ccf	@ \$0.2779 per ccf
	-	Excess 1,780 ccf	@ \$0.2640 per ccf


RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President



**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(High Annual Use, High Peak Period Use)**  
**RATE G-42**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 6,000 ccf	@ \$0.2130 per ccf
	-	Excess 6,000 ccf	@ \$0.1780 per ccf
Peak	-	First 18,000 ccf	@ \$0.2557 per ccf
	-	Excess 18,000 ccf	@ \$0.2226 per ccf

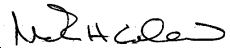
RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE  
(Low Annual Use, Low Peak Period Use)  
RATE G-50**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf


RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(Medium Annual Use, Low Peak Period Use)**  
**RATE G-51**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2393 per ccf
	-	Excess 1,000 ccf	@ \$0.2148 per ccf
Peak	-	First 1,780 ccf	@ \$0.2482 per ccf
	-	Excess 1,780 ccf	@ \$0.2343 per ccf

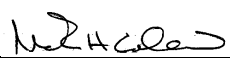
RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE  
(High Annual Use, Low Peak Period Use)  
RATE G-52**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 23,000 ccf	@ \$0.1733 per ccf
	-	Excess 23,000 ccf	@ \$0.1346 per ccf
Peak	-	First 25,000 ccf	@ \$0.2339 per ccf
	-	Excess 25,000 ccf	@ \$0.1946 per ccf

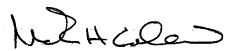
RATE ADJUSTMENTS

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Low Annual Use, High Peak Period Use)  
RATE T-40**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

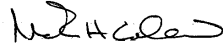
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Medium Annual Use, High Peak Period Use)  
RATE T-41**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2689 per ccf
	-	Excess 1,000 ccf	@ \$0.2444 per ccf
Peak	-	First 1,780 ccf	@ \$0.2779 per ccf
	-	Excess 1,780 ccf	@ \$0.2640 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.


RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE**  
**(High Annual Use, High Peak Period Use)**  
**RATE T-42**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 6,000 ccf	@ \$0.2130 per ccf
	-	Excess 6,000 ccf	@ \$0.1780 per ccf
Peak	-	First 18,000 ccf	@ \$0.2557 per ccf
	-	Excess 18,000 ccf	@ \$0.2226 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

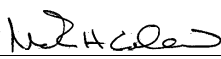
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE**  
**(Low Annual Use, Low Peak Period Use)**  
**RATE T-50**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

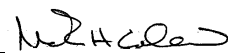
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, the Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President



**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Medium Annual Use, Low Peak Period Use)  
RATE T-51**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2393 per ccf
	-	Excess 1,000 ccf	@ \$0.2148 per ccf
Peak	-	First 1,780 ccf	@ \$0.2482 per ccf
	-	Excess 1,780 ccf	@ \$0.2343 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

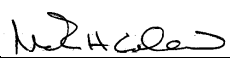
RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, the Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(High Annual Use, Low Peak Period Use)  
RATE T-52**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 23,000 ccf	@ \$0.1733 per ccf
	-	Excess 23,000 ccf	@ \$0.1346 per ccf
Peak	-	First 25,000 ccf	@ \$0.2339 per ccf
	-	Excess 25,000 ccf	@ \$0.1946 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: October 30, 2015  
Effective: January 1, 2016


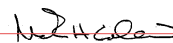
Issued by:   
Title: Senior Vice  
President

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Issued: ~~October, xx, 2015~~  
Effective: January 1, 2016,

Issued by:   
Title: ~~Senior Vice~~  
~~President~~

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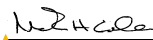
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4. As an alternative to the above, Customers may be required to pay the Company under its Targeted Area Buildout (“TAB”) Tariff.

Issued: October xx, 2015  
Effective: January 1, 2016

Issued by:   
Title: Senior Vice  
President

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### RESIDENTIAL NON-HEATING RATE R-1

#### CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

#### APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

#### AVAILABILITY

Available to all individually metered Customers for any domestic purpose at any location on our mains. This precludes the use of this rate for master-metered, or single-metered, multi-unit residential dwellings. This rate is not available at locations where usage in the six winter months of November through April is greater than or equal to 80% of annual usage and usage exceeds 100 ccf in any single winter month.

#### RATE – MONTHLY

Customer Charge:			\$18.58 per month
Off-Peak	-	First 40 ccf	@ \$0.4507 per ccf
	-	Excess 40 ccf	@ \$0.3299 per ccf
Peak	-	First 40 ccf	@ \$0.4507 per ccf
	-	Excess 40 ccf	@ \$0.3299 per ccf

#### RATE ADJUSTMENTS

The above rate is subject to any applicable Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect.

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Issued: ~~October, xx~~, 2015

Issued by: W. J. [Signature]  
Title: Senior Vice President

Effective: ~~January, 1~~, 2016

**RESIDENTIAL HEATING  
RATE R-2**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

Available to all individually metered Customers for space heating and any other domestic purpose and at locations which are otherwise deemed ineligible for Residential Non-Heating R-1 service at any location on our mains. This precludes the use of this rate for master-metered, or single-metered, multi-unit residential dwellings. Where gas is used for space heating, it shall be utilized in Company-approved space heating equipment and shall be used for the primary source of heat. This rate shall also be available for use in a Company-approved permanently installed gas range which is designed with automatic controls, to heat one or more rooms.

RATE - MONTHLY

Customer Charge:			\$23.67 per month
Off-Peak	-	First 40 ccf	@ \$0.4336 per ccf
	-	Excess 40 ccf	@ \$0.3318 per ccf
Peak	-	First 40 ccf	@ \$0.4336 per ccf
	-	Excess 40 ccf	@ \$0.3318 per ccf

RATE ADJUSTMENTS

The above rate is subject to any applicable Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect.

LOW INCOME DISCOUNT PROGRAM

Effective December 1, 2008, customers taking service under the Residential Heating rate may be eligible to receive a 30% discount on their delivery and gas supply rates. This discount will apply to all customers identified by the Maine State Housing Authority as eligible for LIHEAP. Once enrolled, customers will receive the discount for 12 consecutive months.

MINIMUM BILL

Customer charge per month.

Issued: ~~October xx~~, 2015

Issued by: *[Signature]*

Effective: ~~January 1, 2016~~

Title: ~~Senior Vice President~~

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**COMMERCIAL AND INDUSTRIAL SERVICE  
(Low Annual Use, High Peak Period Use)  
RATE G-40**

CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge, in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October, xx~~, 2015

Issued by: W. J. ...

Effective: ~~January, 1~~, 2016

Title: Senior Vice President

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**COMMERCIAL AND INDUSTRIAL SERVICE  
(Medium Annual Use, High Peak Period Use)  
RATE G-41**

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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2689 per ccf
	-	Excess 1,000 ccf	@ \$0.2444 per ccf
Peak	-	First 1,780 ccf	@ \$0.2779 per ccf
	-	Excess 1,780 ccf	@ \$0.2640 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

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Issued: ~~October, xx,~~ 2015

Issued by: *[Signature]*

Effective: ~~January, 1, 2016,~~

Title: ~~Senior Vice~~  
~~President~~



**COMMERCIAL AND INDUSTRIAL SERVICE  
(High Annual Use, High Peak Period Use)  
RATE G-42**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 6,000 ccf	@ \$0.2130 per ccf
	-	Excess 6,000 ccf	@ \$0.1780 per ccf
Peak	-	First 18,000 ccf	@ \$0.2557 per ccf
	-	Excess 18,000 ccf	@ \$0.2226 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

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Issued: ~~October, xx~~, 2015

Issued by: *[Signature]*

Effective: ~~January, 1~~, 2016

Title: ~~Senior Vice~~  
~~President~~

**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(Low Annual Use, Low Peak Period Use)**  
**RATE G-50**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

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Issued: ~~October, xx,~~ 2015

Issued by: *[Signature]*

Effective: ~~January, 1,~~ 2016

Title: ~~Senior Vice~~  
~~President,~~

**COMMERCIAL AND INDUSTRIAL SERVICE  
(Medium Annual Use, Low Peak Period Use)  
RATE G-51**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

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Customer Charge:			\$164.12 per month
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	-	Excess 1,000 ccf	@ \$0.2148 per ccf
Peak	-	First 1,780 ccf	@ \$0.2482 per ccf
	-	Excess 1,780 ccf	@ \$0.2343 per ccf

RATE ADJUSTMENTS

The above rate is subject to adjustment by any Cost of Gas Factor, Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax, which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

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Issued: ~~October, xx~~, 2015

Issued by: W. J. ...

Effective: ~~January, 1~~, 2016

Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL SERVICE**  
**(High Annual Use, Low Peak Period Use)**  
**RATE G-52**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 23,000 ccf	@ \$0.1733 per ccf
	-	Excess 23,000 ccf	@ \$0.1346 per ccf
Peak	-	First 25,000 ccf	@ \$0.2339 per ccf
	-	Excess 25,000 ccf	@ \$0.1946 per ccf

RATE ADJUSTMENTS

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A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

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Issued: ~~October, xx,~~ 2015

Issued by: [Signature]

Effective: ~~January, 1,~~ 2016

Title: Senior Vice President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Low Annual Use, High Peak Period Use)  
RATE T-40**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October, xx,~~ 2015

Issued by: *[Signature]*

Effective: ~~January 1, 2016,~~

Title: ~~Senior Vice President,~~

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Medium Annual Use, High Peak Period Use)  
RATE T-41**

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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2689 per ccf
	-	Excess 1,000 ccf	@ \$0.2444 per ccf
Peak	-	First 1,780 ccf	@ \$0.2779 per ccf
	-	Excess 1,780 ccf	@ \$0.2640 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October, xx,~~ 2015

Issued by: W. J. [Signature]

Effective: ~~January, 1,~~ 2016

Title: Senior Vice President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(High Annual Use, High Peak Period Use)  
RATE T-42**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 6,000 ccf	@ \$0.2130 per ccf
	-	Excess 6,000 ccf	@ \$0.1780 per ccf
Peak	-	First 18,000 ccf	@ \$0.2557 per ccf
	-	Excess 18,000 ccf	@ \$0.2226 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage greater than or equal to 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October, xx~~, 2015

Issued by: *[Signature]*

Effective: ~~January, 1~~, 2016

Title: Senior Vice President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE**  
**(Low Annual Use, Low Peak Period Use)**  
**RATE T-50**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$56.22 per month
Off-Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf
Peak	-	First 70 ccf	@ \$0.2895 per ccf
	-	Excess 70 ccf	@ \$0.2672 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, the Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage less than or equal to 8,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October, xx,~~ 2015

Issued by: [Signature]

Effective: ~~January, 1, 2016,~~

Title: Senior Vice President



**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(Medium Annual Use, Low Peak Period Use)  
RATE T-51**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$164.12 per month
Off-Peak	-	First 1,000 ccf	@ \$0.2393 per ccf
	-	Excess 1,000 ccf	@ \$0.2148 per ccf
Peak	-	First 1,780 ccf	@ \$0.2482 per ccf
	-	Excess 1,780 ccf	@ \$0.2343 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, the Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage of between 8,000 ccf and 99,999 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October, xx~~, 2015

Issued by: W. J. ...

Effective: ~~January, 1~~, 2016

Title: Senior Vice  
President

**COMMERCIAL AND INDUSTRIAL FIRM DELIVERY SERVICE  
(High Annual Use, Low Peak Period Use)  
RATE T-52**

Author  
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CHARACTER OF SERVICE

The standard gas unit is defined as 100 cubic feet of gas containing 1,000 Btu per cubic foot.

APPLICABILITY

Applicable to all areas where Northern is authorized to serve.

AVAILABILITY

This schedule is available at single locations throughout the territory served by the Company to Commercial and Industrial customers having certain characteristics, as defined below, for all purposes when gas is for their exclusive use and not for resale.

RATE - MONTHLY

Customer Charge:			\$947.35 per month
Off-Peak	-	First 23,000 ccf	@ \$0.1733 per ccf
	-	Excess 23,000 ccf	@ \$0.1346 per ccf
Peak	-	First 25,000 ccf	@ \$0.2339 per ccf
	-	Excess 25,000 ccf	@ \$0.1946 per ccf

The above rates are subject to adjustment as provided for in the Company's Delivery Service Terms and Conditions.

RATE ADJUSTMENTS

The above rate is subject to adjustment by the Environmental Response Cost Rate Adjustment, Energy Efficiency Rate Assessment, Residential Low Income Program Rate, and Targeted Area Buildout Surcharge in effect. This rate does not include the Maine sales tax which will be an additional charge when applicable.

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CHARACTERISTICS OF CUSTOMER

A Customer receiving service under this schedule must have annual usage greater than or equal to 100,000 ccf and peak period usage less than 63% of annual usage, as determined by the Company's records and procedures.

Issued: ~~October xx~~, 2015

Issued by: *[Signature]*

Effective: ~~January 1, 2016~~

Title: ~~Senior Vice President~~