

Millennium Pipeline Company, LLC  
FERC NGA Gas Tariff  
Millennium Pipeline Tariffs  
Proposed Effective Date: March 18, 2019  
Non-Conforming/Negotiated Rate Service Agreement No. 210165 The Narragansett Electric Company  
Option Code A

Service Agreement No. \_\_\_\_\_  
Control No. \_\_\_\_\_

### FT-1 SERVICE AGREEMENT

THIS SERVICE AGREEMENT, is made and entered into this \_\_\_\_\_ day of October, 2017, by and between MILLENNIUM PIPELINE COMPANY, L.L.C. ("Transporter") and THE NARRAGANSETT ELECTRIC COMPANY, dba NATIONAL GRID ("Shipper").

In consideration of the mutual covenants contained in this Service Agreement, the parties agree as follows:

Section 1. Definitions. Capitalized terms not defined in this Service Agreement have the same meaning given to such terms in Transporter's FERC Gas Tariff.

Section 2. Service to be Rendered. Transporter will perform and Shipper will receive service in accordance with the provisions of the effective Rate Schedule and applicable General Terms and Conditions of Transporter's FERC Gas Tariff, First Revised Volume No. 1 (Tariff), on file with the Federal Energy Regulatory Commission (Commission), as the same may be amended or superseded in accordance with the rules and regulations of the Commission. The maximum obligation of Transporter to deliver gas under this Service Agreement to or for Shipper, the designation of the points of delivery at which Transporter will deliver or cause gas to be delivered to or for Shipper, and the points of receipt at which Shipper will deliver or cause gas to be delivered, are specified in Appendix A, as the same may be amended from time to time by agreement between Shipper and Transporter, or in accordance with the rules and regulations of the Commission. Service under this Service Agreement will be provided subject to the provisions of Part 284 of the Commission's regulations.

Section 3. Term. The term of this Service Agreement is effective as of the date that all of Transporter's Expansion Facilities necessary to provide firm transportation service to Shipper have been commissioned, tested, and are ready for service as determined in Transporter's discretion; provided, however, that, unless such date falls between February 1 and July 1 of a year, in which case the effective date of this Service Agreement will be July 1 of the year in which the In-Service Date of the Expansion Facilities occurs. This Service Agreement shall remain in full force and effect for a term of fifteen (15) years from the effective date. Pre-granted abandonment applies upon termination of this Service Agreement, subject to any right of first refusal Shipper may have under; (check all which apply)

☒ Shipper's right to extend this Service Agreement pursuant to Section 7 below,

☐ Shipper's right of first refusal as a long-term shipper paying maximum rates under Transporter's FERC Gas Tariff and FERC regulations,

☒ Shipper's contractual right of first refusal, granted under this Service Agreement, which is equal to the rights of long-term shippers paying maximum rates under Transporter's FERC Gas Tariff and FERC regulations,

☐ None of the above.

Section 4. Rates. Shipper must pay Transporter the charges and furnish Retainage as described in the above-referenced Rate Schedule, unless Transporter and Shipper have agreed otherwise as referenced in the Further Agreement Section of this Service Agreement.

Section 5. Changes in Rates and Terms. Transporter has the unilateral right to file with the FERC or other appropriate regulatory authority and make changes effective in (a) the rates and charges applicable to Rate Schedules FT-1, FT-2, BH-1 and HT-1, (b) the terms or conditions of Rate Schedules FT-1, FT-2, BH-1 and HT-1, or (c) any provisions of the General Terms and Conditions of Service applicable to Rate Schedules FT-1, FT-2, BH-1 and HT-1. Transporter agrees that Shipper may protest or contest any such filings, or seek any authorization from duly constituted regulatory authorities for such adjustment of Transporter's existing FERC Gas Tariff as may be found necessary to assure that the provisions referred to in (a), (b) or (c) of this Section 5 are just and reasonable.

Section 6. Pledge and Assignment. Any company which succeeds by purchase, merger, or consolidation to the properties, substantially as an entirety, of Shipper, or of Transporter, as the case may be, is entitled to the rights and is subject to the obligations of its predecessor in title under this Service Agreement; and either the Shipper or Transporter may assign or pledge this Service Agreement under the provisions of any mortgage, deed of trust, indenture, bank credit agreement, assignment or similar instrument which they have executed or may execute hereafter. Otherwise, neither Shipper nor Transporter may assign this Service Agreement or any of their rights hereunder unless they first obtain the consent in writing of the other party which consent will not be withheld unreasonably; provided further, however, that neither Shipper nor Transporter may be released from its obligations under this Service Agreement without the consent of the other, which consent will not be withheld unreasonably.

Section 7. Special Provisions.

Check that which applies:

☒ Yes ☐ No Shipper may be entitled to extend this Service Agreement upon providing Transporter written notice of its intent to extend and, if applicable, the requested level of capacity for the extension term pursuant to Section 4.1(b)(2) of the General Terms and Conditions of Transporter's FERC Gas Tariff within the period that ends on the date that is eighteen (18) months prior to the end of the term, which extension is subject to the following limitations on the rates, level of capacity, and/or contract length applicable to the extension term(s):

Not more than three years prior to the end of the initial term, Shipper may request that Transporter provide Shipper with a cost of service study in good faith using then current actual book data and standard FERC ratemaking methodologies for Transporter's entire pipeline system in a form



substantially similar to the one in Appendix B, and if not requested by Shipper, Transporter will provide such a study to Shipper at least 2 years prior to the end of the initial term.

At the expiration of the initial term of the Service Agreement, Shipper will have a one-time right to renew the term of the Service Agreement for either an additional 5 year or 10 year period at a rate equal to either (i) the rate at the end of the initial term minus \$.08/dth/day or (ii) the rate for Transporter's entire pipeline system as set forth in the provided cost of service study in Appendix B, or as otherwise mutually agreed between Shipper and Transporter. Shipper must give Transporter notice of its election at least 18 months in advance of the end of the initial term.

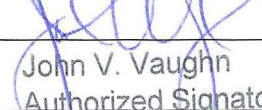
Section 8. Notices. Notices to Transporter under this Agreement should be addressed to it at Millennium Pipeline Company, L.L.C., One Blue Hill Plaza, 7th Floor, P.O. Box 1565, Pearl River, NY 10965 and notices to Shipper should be addressed to it at The Narragansett Electric Company d/b/a National Grid, 100 East Old Country Road, 2nd Floor Hicksville, NY 11801-4218 Attention: John Allocca, until changed by either party by written notice.

Section 9. Superseded Agreements. This Service Agreement supersedes and cancels, as of the first day of the term of this Service Agreement, the following Service Agreements: N/A

Section 10. Further Agreement. Shipper, aware of the availability of a maximum recourse reservation rate, elects to pay a negotiated reservation rate for the initial term of the Service Agreement as set forth in Appendix C.


Section 11. Voluntary Interruption Commitments. To the extent that Shipper has been awarded a Voluntary Interruption Commitment ("VIC") pursuant to Section 15.6 of the General Terms and Conditions of Transporter's FERC Gas Tariff, Transporter, on Shipper's behalf, shall complete a Voluntary Interruption Commitment Confirmation ("VIC Confirmation") specifying the VIC Quantity, VIC Credit, and other terms consistent with Section 15.6 of the General Terms and Conditions of Transporter's Tariff. Such VIC Confirmation shall become effective and shall be incorporated in and made a part of this Service Agreement, as of the time and date set forth in Section 15.6 of the General Terms and Conditions of Transporter's Tariff. Shipper's rights and Transporter's obligations shall be limited to the extent specified in each VIC Confirmation executed and made a part of this agreement and pursuant to Section 15.6(e)(i) of the General Terms and Conditions of Transporter's Tariff.

THE NARRAGANSETT ELECTRIC  
COMPANY dba NATIONAL GRID

By   
John V. Vaughn  
Authorized Signatory

Date 11/14/2017

MILLENNIUM PIPELINE COMPANY, L.L.C.

By   
Richard R. Gardner  
Sr Vice President

Date 11/20/17

Revision No. 0  
Control No. \_\_\_\_\_

Appendix A to Service Agreement No. \_\_\_\_\_  
Under Rate Schedule FT-1  
between Millennium Pipeline Company, L.L.C. (Transporter)  
and The Narragansett Electric Company dba National Grid (Shipper)

Transportation Demand 9,000 Dth/day  
MHRQ (if applicable) \_\_\_\_\_ Dth  
MHDQ (if applicable) \_\_\_\_\_ Dth  
Hourly Delivery Period (if applicable) \_\_\_\_\_ Hours

Primary Receipt Points

Scheduling Point No.	Scheduling Point Name	Measuring Point No.	Measuring Point Name	Maximum Daily Quantity (Dth/day)
640167	Corning – Empire PL	640167	Corning – Empire PL	9,000

Receipts at all points shall not combine to exceed Shipper's MDQ.

Minimum Receipt Point Pressure: 1/ \_\_\_\_\_

Primary Delivery Points

Scheduling Point No.	Scheduling Point Name	Measuring Point No.	Measuring Point Name	Maximum Daily Delivery Obligation (Dth/day)
633395	Ramapo AGT	633395	Ramapo AGT	9,000

Deliveries at all points shall not combine to exceed Shipper's MDQ.

Minimum Delivery Point Pressure: 1/ \_\_\_\_\_

1/ If a minimum pressure is not specifically stated, then Transporter's obligation shall be as stated in Section 13 (Pressure) of the General Terms and Conditions.

The Master List of Interconnects (MLI) as defined in Section 1 of the General Terms and Conditions of Transporter's FERC Gas Tariff is incorporated into this Service Agreement by reference for the purposes of listing valid secondary receipt points and delivery points.

Service changes pursuant to this Appendix A become effective as indicated in Section 3 of this Agreement. This Appendix A cancels and supersedes the previous Appendix A effective as of N/A to the Service Agreement referenced above. With the exception of this Appendix A, all other terms and conditions of said Service Agreement remain in full force and effect.

THE NARRAGANSETT ELECTRIC  
COMPANY dba NATIONAL GRID

MILLENNIUM PIPELINE COMPANY, L.L.C.

By

  
John V. Vaughn

Its

Authorized Signatory

Date

11/14/2017

By

  
Richard R. Gardner

Its

Sr. Vice President

Date

11/20/17

## Appendix B

### Millennium Pipeline Company, L.L.C.

#### Post Ramapo Expansion Cost of Service Calculation

Line No.	Description	Current Actual Book Data \$
1	O&M, Depreciation, and Ad Valorem Tax	
2	Operation & Maintenance Expense	-
3	Depreciation Expense	-
4	Taxes - Other than Income Taxes	-
5	Total O&M, Depreciation, and Prop Taxes	-
6	Return and Associated Income Taxes:	
7	Plant in Service	-
8	Accumulated Reserve for Depreciation	-
	Accumulated Deferred Income Taxes	-
9	Rate Base	-
10	Pre-tax Multiplier	11.51%
11	Total Return	-
12	Total Cost of Service	-
	Rate Determinants	0
	Monthly Demand Rate	
	<b>100% Load Factor Rate</b>	0.0000



Appendix C to FT-1 Agreement TBD



One Blue Hill Plaza, 7th Floor  
Post Office Box 1565  
Pearl River, NY 10965  
845.620.1300 Voice | 845.620.1320 Fax

DATE: October 23, 2017

NAME: The Narragansett Electric Company, dba National Grid  
ADDRESS: 100 East Old Country Road, 2nd Floor  
Hicksville, NY 11801-4218

Dear John Allocca,

This letter shall serve as an amendment to the FT-1 Service Agreement The Narragansett Electric Company, dba National Grid (Shipper) and Millennium Pipeline Company, L.L.C. (Transporter or Millennium) designated as Transporter's Contract Number: [TBD].

**Rates and Other Charges:** In lieu of Transporter's maximum tariff rates, Shipper will pay a negotiated reservation rate for the initial term of the FT-1 Service Agreement, which for the first six months of the initial term will be calculated in the manner set forth on Attachment C to the Precedent Agreement dated March 30, 2015 assuming a 100% load factor using the projected costs for the Expansion Facilities as filed with FERC divided by the increased capacity as filed with FERC, which is currently estimated to be \$19.3911/Dth/Month or \$0.6284/dth/day:

Projected Cost (Schedule K) as filed with FERC in Transporter's application  
multiplied by  
Cost of Service (COS) Factor of 18.6%  
divided by  
Expansion Capacity (Exhibit G) as filed with FERC in Transporter's application  
divided by  
365 days.

Using current estimates for costs and expansion capacity results in an estimated rate of:  
 $\$275,000,000 \times 18.6\% \div 223,000 \div 365 = .6284/\text{Dth}/\text{day}$

After the first six months of the initial term the reservation rate will be adjusted for the remaining initial term of the TSA using the same methodology used in Attachment C subject to the following adjustment:

In lieu of the projected construction costs set forth in Attachment C ("Projected Cost") and included in Millennium's application for a certificate of public convenience and necessity, Millennium will use its actual construction costs as filed with FERC following the completion of the Expansion Facilities ("Final Cost"). To the extent that the Final Cost is greater than the Projected Cost, only 66.66% of the amount in excess of the Projected Cost will be included in the recalculated reservation rate, subject to the fact that the total reservation rate shall never exceed \$0.6499/dth/day. To the extent that the Final Cost is less than the Projected Cost, 80% of the amount by which the Final Cost is lower than the Projected Cost will be included in the recalculated reservation rate. Attachment D to the Precedent Agreement provides an example of this cost sharing mechanism.



In addition to the reservation rate set forth above, Shipper will pay all applicable commodity charges, the FERC's annual charge adjustment, and all other surcharges in effect from time to time under Rate Schedule FT-1 of Millennium's Tariff. The charge(s) specified above are applicable to services during the entire term of the FT-1 Service Agreement, regardless of any otherwise applicable maximum recourse rate under Rate Schedule FT-1.

**Applicability of Rates to Secondary Receipt and Delivery Points:**

The rates specified above are also applicable to receipts and deliveries at all current in-path secondary receipt and delivery points and all future mainline in-path receipt and delivery points (each a "Qualifying Secondary Point"). If Shipper uses any points other than a Qualifying Secondary Point, then Shipper shall pay Millennium's applicable maximum tariff rates solely with respect to those volumes that are received at or delivered to a point that is not a Qualifying Secondary Point.

**Right of First Refusal:**

At the expiration of the initial term if Shipper does not exercise its renewal right under Section 7 of the FT-1 Service Agreement, and at the end of the renewal term if Shipper exercises its right under Section 7, Shipper will have a contractual right of first refusal equivalent to that given long term shippers paying the maximum recourse rate under Millennium's FERC Gas Tariff. Shipper will continue to have a right of first refusal under any subsequent contract consistent with Millennium's FERC Gas Tariff.

**Assurance of Payment Requirements:**

- (a) For purposes herein, Shipper will be considered Creditworthy if Shipper: (i) has and continues to maintain a long-term senior, or in the absence of a long-term senior, unsecured debt rating, a local long-term issuer rating, or issuer rating, as applicable, from (a) Moody's Investors Service, Inc. ("Moody's") of Baa3 with stable outlook or higher, and (b) Standard & Poor's ("S&P") of BBB- with stable outlook or higher. Millennium and Shipper may mutually agree to use a rating from another nationally recognized rating agency in the event ratings from Moody's or S&P as contemplated herein are no longer available. If at any time and from time to time during the term of the FT-1 Service Agreement, Millennium determines that Shipper is no longer Creditworthy, then Shipper will provide, or cause to be provided either a guaranty ("Guaranty") or a letter of credit ("Letter of Credit") in accordance with Sections (b) or (c) as applicable.
- (b) Guaranty. If Shipper fails to meet the requirements of Section (a) and Shipper elects to provide a Guaranty to satisfy its obligations, such Guaranty shall be issued by Shipper's parent company or by a third party (a "Guarantor"), provided such Guarantor is Creditworthy and Guarantor remains Creditworthy for so long as it guarantees Shipper's payment obligations. The Guaranty shall: (i) guarantee all payment obligations of Shipper under the FT-1 Service Agreement, (ii) remain in effect until Shipper regains the Creditworthy status, and (iii) be in a form acceptable to Millennium.
- (c) Letter of Credit. If at any time and from time to time during the term of the FT-1 Service Agreement, Shipper or its Guarantor fails to meet the requirements of Section (a) and Shipper elects to provide a Letter of Credit to satisfy its obligations, Shipper shall provide, or cause to be provided, at its sole cost, a standby irrevocable Letter of Credit from a Qualified Financial Institution. For purposes herein, a "Qualified Financial Institution" shall mean a major U.S. commercial bank, or the U.S. branch offices of a foreign bank, which is not the Shipper or Shipper's Guarantor (or a subsidiary or affiliate of the Shipper or Shipper's Guarantor) and which has assets of at least \$10 billion dollars and a credit rating of at least "A-" by S&P and at least "A3" by Moody's. The Letter of Credit shall: (i) remain in effect until the earlier of (A) the end of the term of the FT-1 Service Agreement, or (B) until Shipper is Creditworthy, (ii) be in a form acceptable to Millennium, and (iii) be in an amount as set forth in the next sentence of this Section (c) or the reservation charges for the remaining term of the FT-1 Service Agreement, whichever is less. If Shipper (or Shipper's Guarantor, if applicable) is no longer Creditworthy but its highest long-term senior, unsecured debt rating, or in the absence of a long-term senior, unsecured debt rating, a local long-term issuer rating, or issuer rating, as

applicable is not more than one rating lower than the rating required in Section (a), then the Letter of Credit will be in an amount equal to 12 months of reservation charges under the FT-1 Service Agreement. If Shipper (or Shipper's Guarantor, if applicable) is no longer Creditworthy but its highest long-term senior, unsecured debt rating, or in the absence of a long-term senior, unsecured debt rating, a local long-term issuer rating, or issuer rating, as applicable is more than one rating lower than the rating required in Section (a), then the Letter of Credit will be in an amount equal to 24 months of reservation charges under the FT-1 Service Agreement.

- (d) Continuing Obligation. The credit support provided to Millennium in this Section shall continue in effect until full and irrevocable payment of all outstanding balances and charges under the FT-1 Service Agreement have been made.
- (e) Millennium Notification. If at any time during the term of the FT-1 Service Agreement, Millennium determines that Shipper is not satisfying the requirements in this Section, Millennium shall notify Shipper in writing, and Shipper shall satisfy, or cause to be satisfied, such requirement(s) as soon as reasonably practicable, but in no event later than the close of the fifth (5th) business day following receipt of such notice from Millennium. If Shipper elects to provide a Letter of Credit pursuant to Section (c), Millennium will accept from Shipper a cash deposit on or before such fifth (5th) business day until such time as Shipper causes such Letter of Credit to be issued, provided that such Letter of Credit shall be issued no later than the close of the fifteenth (15th) business day.
- (f) Failure to Comply. The failure of Shipper to timely satisfy or maintain the requirements set forth in this Section shall in no way relieve Shipper or Millennium of their respective obligations under the FT-1 Service Agreement, nor shall it affect Millennium's right to seek damages or performance under the FT-1 Service Agreement related to Shipper's failure to timely satisfy or maintain such requirements.
- (g) Term of Credit Provisions and Survival. This Section shall survive and shall remain in effect until all payment obligations through the end of the initial term of the FT-1 Service Agreement, have been satisfied in full. If the FT-1 Service Agreement remains in effect after the end of the initial term, then Shipper shall be responsible for complying with the applicable credit provisions under Millennium's FERC Gas Tariff in effect at such time.

#### **Favored Nations:**

- (a) If, during the first ten years of the initial term of the FT-1 Service Agreement, the following events all occur, then Millennium will offer to Shipper the options set forth in (b) below.
  - 1. Millennium constructs and places into service mainline looping and/or compression facilities pursuant to Part 157, Subpart A of the Commission's regulations, that have a total projected cost in excess of \$30,000,000 ("Qualifying Expansion"); and
  - 2. Millennium enters into one or more firm transportation contracts regardless of the name, terms and conditions of service to support the Qualifying Expansion that meet the following requirements ("Qualifying Contract"):
    - a) the contract is the result of the Qualifying Expansion and is not a capacity release agreement;
    - b) the primary receipt point for such transportation contract is east of the primary receipt point under the FT-1 Service Agreement, but not more than 120 miles to the east;
    - c) the delivery point under such transportation contracts is the same as the primary delivery point under the FT-1 Service Agreement; or is a delivery point substantially similar to the primary delivery point under the FT-1 Service Agreement in that it is on the Algonquin Gas Transmission (AGT) mainline system and is designed to receive gas for re-delivery to points on the AGT mainline that are East and North of the delivery point on the AGT mainline; and
    - d) the reservation rates and commodity rates combined (assuming a 100% load factor) are lower than the combined reservation and commodity rates under the FT-1 Service Agreement (assuming a 100% load factor).
- (b) If Millennium enters into a Qualifying Contract with regard to a Qualifying Expansion, then Millennium will offer Shipper the following two options:
  - 1. Shipper may agree to an amendment of the FT-1 Service Agreement which for the remaining term of the FT-1 Service Agreement reduces the reservation rate under the FT-1 Service Agreement to the following amounts:



- a) If the Receipt point under the Qualifying Contract is within 60 miles of the Primary Receipt Point under the FT-1 Service Agreement, then the reservation rate will be equal to the combined reservation and commodity rates under the Qualifying Contract minus the commodity charge under the FT-1 Service Agreement (assuming a 100% load factor for both the FT-1 Service Agreement and the Qualifying Contract);
  - b) If the Receipt point under the Qualifying Contract is more than 60 miles from the Primary Receipt Point under the FT-1 Service Agreement, but less than 120 miles from the Primary Receipt Point under the FT-1 Service Agreement, then the reservation rate will be equal to the combined reservation and commodity rates under the Qualifying Contract plus .10/dth/day minus the commodity charge under the FT-1 Service Agreement (assuming a 100% load factor for both the FT-1 Service Agreement and the Qualifying Contract).
2. Shipper and Millennium may mutually agree on a fixed reduction in Shipper's reservation rate for the remaining initial term of the FT-1 Service Agreement.

If the above meets with your approval, please have this letter executed by an authorized company representative and return to the Transporter by email to [brocklesby@millenniumpipeline.com](mailto:brocklesby@millenniumpipeline.com).

These terms are effective as of the date that all of Transporter's Expansion Facilities necessary to provide firm transportation service to Shipper have been commissioned, tested, and are ready for service as determined in Transporter's discretion; provided, however, that, unless such date falls between February 1 and July 1 of a year, in which case the effective date of this Service Agreement will be July 1 of the year in which the In-Service Date of the Expansion Facilities occurs.

**THE NARRAGANSETT ELECTRIC  
COMPANY dba NATIONAL GRID**

By:  

Its: John V. Vaughn  
Authorized Signatory

**MILLENNIUM PIPELINE COMPANY, L.L.C.**

By: 

Its: Richard R. Gardner  
Sr. Vice President