

February 26, 2010

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Tennessee Gas Pipeline Company
“Clean Up” Tariff Filing, Docket No. RP10-____ ____

Dear Ms. Bose:

Pursuant to Section 4 of the Natural Gas Act (“NGA”), Part 154 of the Regulations of the Federal Energy Regulatory Commission (“Commission”), 18 C.F.R. Part 154, Tennessee Gas Pipeline Company (“Tennessee”) hereby submits for filing and acceptance an original and five copies of revised tariff sheets to its FERC Gas Tariff, Fifth Revised Volume No. 1, which tariff sheets are listed on Appendix A. The tariff sheets are proposed to be effective March 29, 2010.

Statement of Nature, Reasons and Basis for Filing

The purpose of this filing is to update Tennessee's FERC Gas Tariff to: (1) eliminate the Transition Take-or-Pay Cost Surcharges under Article XXV of the General Terms and Conditions ("GT&C") as no longer applicable; (2) revise the GT&C Index to Provisions to reflect previously accepted tariff changes, which were not reflected on the Index to Provisions; (3) modify Rate Schedules NET and NET-284 to reflect changes in shipper entity names and shippers served; and (4) delete certain tariff references that refer to eliminated tariff provision(s).

The proposed changes to Tennessee’s FERC Gas Tariff are specifically addressed below.

1. Eliminate Transition Take-or-Pay Surcharges Provision Under GT&C, Article XXV and Related References, Sheet Nos. 390-395 and Sheet Nos. 26, 26B, 27, 406 and 406A.

On May 28, 2004, at Docket No. RP04-315-000, Tennessee filed to request waiver of Article XXV of the GT&C, Transition Take-or-Pay Cost Surcharges to omit any further filings under Article XXV until Tennessee incurs any future take or pay costs. Tennessee stated that because of minimal balances remaining in take or pay accounts, Tennessee proposed to close out the take or pay accounts by writing off the balances.

On July 1, 2004¹, the Commission granted waiver of Article XXV, Section 2 of Tennessee's tariff to omit the filing of revised tariff sheets since no additional take-or-pay costs were incurred. The Commission also granted Tennessee's request of waiver of GT&C Article XXV to omit any further filings under Article XXV until Tennessee incurs any future take-or-pay costs. Because Tennessee has not incurred and will not incur further take-or-pay costs, Tennessee proposes to eliminate the Transition Take-or-Pay Cost Surcharges Provisions under Article XXV, and the related references in Article XXIX, Discounting Policy and Article XXX, Periodic Reports from its GT&C as no longer applicable.²

2. Table of Contents - Sheet No 1.

(a) Remove the reference to "Sales Rate Schedules" and "Merchant Service (MS)" because Rate Schedule Merchant Service (MS) was eliminated from Tennessee's tariff under Docket No. RP10-154-000, which was accepted by Commission order³, effective December 18, 2009. The Table of Contents was inadvertently not updated at the time of the filing.

(b) Add "(SA)" after the reference to "Supply Aggregation Service" to be consistent with the Table of Contents references to Rate Schedules. Add "Title

¹ Letter Order, dated July 1, 2004, at Docket No. RP04-315-000.

² On October 31, 1995, at Docket No. RP96-28-000, Tennessee filed pursuant to Article XXV to discontinue its Market Area Volumetric Transaction Costs Surcharge – Market Area ("TCSM") and by Commission Letter Order dated November 30, 1995, the revised tariff sheets were accepted effective November 1, 1995. Through an oversight, the reference of TCSM was not removed from the rate sheets under Rate Schedule NET, Rate Schedule NET-284 and Storage Service Rate Schedules. Additionally, through an oversight, the reference to Tennessee's Supply Area Volumetric Transaction Costs Surcharges–Supply Area ("TCSS"), was not removed from Sheet No. 406 even though the Commission issued a Letter Order on March 12, 2004 approving Tennessee's discontinuance of its TCSS at Docket No. RP04-172-000. This filing proposes the removal of references to TCSM and TCSS as oversights and as no longer applicable.

³ Unpublished Letter Order, dated December 4, 2009, at Docket No. RP10-154-000.

Transfer Tracking Service” (TTT) to the Table of Contents. Rate Schedule TTT was filed in compliance with NAESB Order No. 587-O and accepted by Commission order, effective October 1, 2002⁴. The Table of Contents was inadvertently not updated at the time of the filing.

3. Rate Schedules – Sheet No. 180 and Sheet No. 220A

(a) Update NET Rate Schedule, Section 7 to reflect various shippers’ entity name changes.

(b) Update NET-284 Rate Schedule to reflect the below listed shipper entity name changes, permanent releases, and the conversion of a NET-284 agreement to Rate Schedule FT-A service.

Entity Name Changes

Boston Gas d/b/a National Grid
EnergyNorth Natural Gas, Inc. d/b/a National Grid
Essex County Gas Company d/b/a National Grid
The Narragansett Electric Company d/b/a National Grid from Valley Gas

Permanent Releases

Barclays AC London from Dartmouth Power
New York State Electric & Gas Corp. from Lockport Energy.

Conversion of NET-284 Agreement to FT-A

Project Orange

4. General Terms and Conditions - Index to Provisions - Sheet No. 301

(a) Replace reference "New Service Laterals" with "Construction of Receipt and Delivery Facilities" under GT&C, Article XVII, Index to Provisions. On December 5, 1997, Tennessee filed revised tariff language under Docket No. RP98-84-000 and in so doing changed the reference "New Service Laterals" to "Construction of Receipt and Delivery Facilities." This revised tariff language was accepted by Commission order issued January 30, 1998, effective February 1, 1998⁵. The Index to Provisions was inadvertently not updated at the time of the filing.

(b) Remove reference "Curtailed Merchant Service" and replace with "Reserved for Future Use" under GT&C, Article XX, Index of Provisions

⁴ Tennessee Gas Pipeline Co., 100 FERC ¶ 61,340 (2002).

⁵ Tennessee Gas Pipeline Co., 82 FERC ¶ 61,081 (1998).

because the Merchant Service Rate Schedule was removed from Tennessee's tariff, and accepted by Commission order issued December 4, 2009,⁶ effective date of December 18, 2009. The Index to Provisions was inadvertently not updated at the time of the filing.

5. General Terms and Conditions – GSR Interruptible Surcharge – Sheet No. 390

On July 29, 2005 at Docket No. RP05-525-000, Tennessee filed to terminate its GSR Interruptible Surcharge under the GT&C, Article XXIV, and the Commission accepted Tennessee's proposal, effective July 1, 2005.⁷ The continuation of the GT&C, Article XXIV, specifically Section 6, was inadvertently not removed from the tariff at the time of this proceeding. This filing proposes removal of the continuation of Article XXIV, Section 6 from the GT&C as no longer applicable.

Materials Enclosed

In accordance with 18 C.F.R. § 154.7(a)(1), Tennessee states that the following items are included in this filing:

- (1) the instant transmittal letter;
- (2) a paper copy of the proposed revised tariff sheets under Appendix A;
- (3) an electronic version of the revised tariff sheets on a 3½ inch diskette; and
- (4) a redlined version of the tariff sheets pursuant to 18 C.F.R. § 154.201(a) showing the changes to Tennessee's currently effective tariff sheets;

Service and Correspondence

The undersigned certifies that a copy of this filing has been served electronically pursuant to 18 CFR § 154.208 on Tennessee's customers and affected state regulatory commissions. A paper copy of this filing may only be served if a customer has been granted waiver of electronic service pursuant to 18 CFR Part 390 of the Commission's Regulations. In addition, an electronic copy of this filing is available for public inspection during regular business hours in Tennessee's office at 1001 Louisiana Street, Houston, Texas 77002.

Tennessee requests all waivers of the Commission's regulations that may be necessary to allow this filing to become effective on March 29, 2010.

⁶ Unpublished Letter Order, dated December 4, 2009, at Docket No. RP10-154-000.

⁷ Letter Order, dated August 24, 2005, at Docket No. RP05-525-000.

APPENDIX A

Fifteenth Revised Sheet No. 1
Thirty-Second Revised Sheet No. 26
Forty-Fourth Revised Sheet No. 26B
Eighteenth Revised Sheet No. 27
Ninth Revised Sheet No. 180
Sixth Revised Sheet No. 220A
Fifteenth Revised Sheet No. 301
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RATES PER DEKATHERM			
RATE SCHEDULE NET			
Rate Schedule and Rate	Base Tariff Rate	ADJUSTMENTS (ACA)	Rate After Current Adjustments (PCB) 6/
Demand Rate 1/, 5/ -----			
Segment U	\$9.65		\$9.65
Segment 1	\$1.33		\$1.33
Segment 2	\$8.08		\$8.08
Segment 3	\$5.07		\$5.07
Segment 4	\$5.54		\$5.54
Commodity Rate 2/, 7/ -----			
Segments U, 1, 2, 3 & 4		\$0.0019	\$0.0019

Notes:

- 1/ A specific customer's Monthly Demand Rate is dependent upon the location of its points of receipt and delivery, and is to be determined by summing the Monthly Demand Rate components for those pipeline segments connecting said points.
- 2/ The applicable surcharges for ACA will be assessed on actual quantities delivered and are not dependent upon the location of points of receipt and delivery.
- 3/ Reserved for future use.
- 4/ Reserved for future use.
- 5/ Rates are subject to negotiation pursuant to the terms of the Rate Schedule for NET.
- 6/ PCB adjustment surcharge originally effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, was revised and the PCB Adjustment Period has been extended until June 30, 2010 as required by the Stipulation and Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.
- 7/ The applicable fuel retention percentages are listed on Sheet Nos. 180 and 181.

RATES PER DEKATHERM

RATE SCHEDULE NET 284

Rate Schedule and Rate	Base Tariff Rate	ADJUSTMENTS (ACA)	(PCB) 5/ Rate After Current Adjustments	Fuel and Use
Demand Rate 1/, 5/ -----				
Segment U	\$9.65		\$0.00	\$9.65
Segment 1	\$1.33		\$0.00	\$1.33
Segment 2	\$8.08		\$0.00	\$8.08
Segment 3	\$5.07		\$0.00	\$5.07
Segment 4	\$5.54		\$0.00	\$5.54
Commodity Rate 2/, 3/ -----				
Segments U, 1, 2, 3 & 4		\$0.0019	\$0.0019	6/
Extended Receipt and Delivery Rate 4/, 7/ -----				
Segment U	\$0.3173		\$0.3173	5.52%
Segment 1	\$0.0437		\$0.0437	0.69%
Segment 2	\$0.2656		\$0.2656	0.59%
Segment 3	\$0.1667		\$0.1667	0.73%
Segment 4	\$0.1821		\$0.1821	0.36%

Notes:

- 1/ A specific customer's Monthly Demand Rate is dependent upon the location of its points of receipt and delivery, and is to be determined by summing the Monthly Demand Rate components for those pipeline segments connecting said points.
- 2/ The applicable surcharges for ACA will be assessed on actual quantities delivered and are not dependent upon the location of points of receipt and delivery.
- 3/ The Incremental Pressure Charge associated with service to MassPower shall be \$0.0334 plus an additional Incremental Fuel Charge of 5.83%.
- 4/ Rates are subject to negotiation pursuant to the terms of the Rate Schedule for NET 284.
- 5/ PCB adjustment surcharge originally effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, was revised and the PCB Adjustment Period has been extended until June 30, 2010 as required by the Stipulation and Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.
- 6/ The applicable fuel retention percentages are listed on Sheet No. 220A.
- 7/ The Extended Receipt and Delivery Rates are additive for each segment outside of the segments under Shipper's base NET-284 contract.

RATES PER DEKATHERM					
STORAGE SERVICE					
Rate Schedule and Rate	Tariff Rate	ADJUSTMENTS (ACA) (PCB) 2/		Current Adjustment	Retention Percent 1/
-----	-----	-----	-----	-----	-----
FIRM STORAGE SERVICE (FS) - PRODUCTION AREA					
=====					
Deliverability Rate	\$2.02		\$0.00	\$2.02	
Space Rate	\$0.0248		\$0.0000	\$0.0248	
Injection Rate	\$0.0053			\$0.0053	1.49%
Withdrawal Rate	\$0.0053			\$0.0053	
Overrun Rate	\$0.2427			\$0.2427	
FIRM STORAGE SERVICE (FS) - MARKET AREA					
=====					
Deliverability Rate	\$1.15		\$0.00	\$1.15	
Space Rate	\$0.0185		\$0.0000	\$0.0185	
Injection Rate	\$0.0102			\$0.0102	1.49%
Withdrawal Rate	\$0.0102			\$0.0102	
Overrun Rate	\$0.1380			\$0.1380	
INTERRUPTIBLE STORAGE SERVICE (IS) - MARKET AREA					
=====					
Space Rate	\$0.0848		\$0.0000	\$0.0848	
Injection Rate	\$0.0102			\$0.0102	1.49%
Withdrawal Rate	\$0.0102			\$0.0102	
INTERRUPTIBLE STORAGE SERVICE (IS) - PRODUCTION AREA					
=====					
Space Rate	\$0.0993		\$0.0000	\$0.0993	
Injection Rate	\$0.0053			\$0.0053	1.49%
Withdrawal Rate	\$0.0053			\$0.0053	

1/ The quantity of gas associated with losses is 0.5%.

2/ PCB adjustment surcharge originally effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, was revised and the PCB Adjustment Period has been extended until June 30, 2010 as required by the Stipulation and Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.

NET RATE SCHEDULE (continued)

rendered, or delivered when mailed by either post-paid registered or ordinary mail or when sent by telegram, cable, telecopy, telex, express mail service, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may designate.

6.11 Incorporation of General Terms and Conditions of Transporter's FERC Gas Tariff.

All other provisions of the General Terms and Conditions of Transporter's FERC Gas Tariff, Volume Number 1, are hereby incorporated by reference.

6.12 Schedules and Contract Subject to Regulation

This Rate Schedule and the respective obligations of the parties under the Contract are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are subject to change from time to time by addition, amendment or substitutions as provided by law.

7. SHIPPERS

The Shippers to which this Rate Schedule is available, each Shipper's Transportation Quantity, the rate zone segments applicable to the transportation service provided by Transporter to each Shipper (designated with *), and each Shipper's Fuel and Use percentage are as follows:

Shipper	Transportation Quantity (Dth)	Segments				Fuel and Use
		U	1	2	3 4	
Castleton LLC	13,900	*				0.69%
Colonial Gas Company d/b/a National Grid	4,000			*	*	1.39%
Colonial Gas Company d/b/a National Grid	2,000			*	*	1.39%
Holyoke Gas & Electric	1,800			*	*	2.13%
Total	21,700					

NET-284 RATE SCHEDULE (continued)

Shipper	Transportation Quantity (Dth)	Segments					Fuel and Use
		U	1	2	3	4	
Bay State (from Granite) - Pleasant St.	3,706				*	*	1.26%
Bay State (from Granite) - Agawam	6,068				*		0.96%
Boston Gas d/b/a National Grid	35,000				*	*	1.31%
Boston Gas d/b/a National Grid	8,600				*	*	1.31%
Barclays Bank PLC	14,010				*	*	1.23%
EnergyNorth Natural Gas, Inc. d/b/a National Grid	4,000				*	*	1.54%
Essex Gas Company d/b/a National Grid	2,000				*	*	1.44%
Iroquois Gas Transmission (Connecticut Natural, Yankee Gas)	37,000				*		0.68%
Lockport Energy Associates	13,184	*	*				6.21%
New York State Electric & Gas Corp	14,816	*	*				6.21%
Northern Utilities (from Granite) Pleasant St.	844				*	*	1.26%
Northern Utilities (from Granite) Agawam	1,382				*		0.96%
The Narragansett Electric Company d/b/a National Grid	1,000				*	*	1.25%
Yankee Gas Services Company (Wright)	9,000				*		1.07%
Total	150,610						

GENERAL TERMS AND CONDITIONS

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Sheet No. 390 is Reserved for Future Use.

Sheet No. 391 is Reserved for Future Use.

Sheet No. 392 is Reserved for Future Use.

Sheet No. 393 is Reserved for Future Use.

Sheet No. 393A is Reserved for Future Use.

Sheet No. 394 is Reserved for Future Use.

XXVI. RESERVED FOR FUTURE USE

GENERAL TERMS AND CONDITIONS (continued)

XXIX. DISCOUNTING POLICY

29.1 Transporter may, from time to time, selectively adjust any or all of the rates charged to any individual Shipper for service under Part 284 of the Commission's regulations for which maximum and minimum rates are stated in this FERC Gas Tariff. Discounting of rates shall, however, be done in the following order:

Firm Demand -----	Firm Commodity -----	Interruptible Commodity -----
Base Rate and PCB Surcharge (Pro Rata)	Base Rate	PCB Surcharge Base Rate

Additional detail on the attribution of discounts to the PCB surcharge is provided in Article IV, Section B, of the May 15, 1995 Stipulation and Agreement in Docket Nos. RP91-203 and RP92-132 (Phase II-PCB Issues). The ACA Surcharge is not discountable.

GENERAL TERMS AND CONDITIONS (continued)

XXX. PERIODIC REPORTS

The following is a list of periodic reports that Transporter must make pursuant to Commission order or to a settlement in a proceeding initiated under Parts 154 or 284 of the Commission's regulations:

1. Cash Out Report: This report reflects the net cash out activity for the prior year which, for purposes of this report, begins on the restructuring anniversary of September 1 and must be filed with the Commission at the end of each annual period. For more information, see Transporter's LMS-MA Rate Schedule.
2. OFO/Critical Notice Report: This report provides details regarding Critical Days and OFOs issued during the previous quarter and must be filed with the Commission quarterly, if a Critical Day or an OFO was issued during the previous quarter. For more information, see Article VIII of the General Terms and Conditions of Transporter's FERC Gas Tariff.

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Firm Transportation Backhaul Service (FT-BH)	231
Firm Transportation Incremental Lateral Service (FT-IL)	242
NET	176
NET-284	218
IT-X	155A
PTR Transportation Service	224
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RATES PER DEKATHERM

RATE SCHEDULE NET

Rate Schedule and Rate	Base Tariff Rate	ADJUSTMENTS			Rate After Current Adjustments
		(ACA)	(TCSM)	(PCB) 6/	
Demand Rate 1/, 5/ -----					
Segment U	\$9.65			\$0.00	\$9.65
Segment 1	\$1.33			\$0.00	\$1.33
Segment 2	\$8.08			\$0.00	\$8.08
Segment 3	\$5.07			\$0.00	\$5.07
Segment 4	\$5.54			\$0.00	\$5.54
Commodity Rate 2/, 7/ -----					
Segments U, 1, 2, 3 & 4		\$0.0019			\$0.0019

Notes:

- 1/ A specific customer's Monthly Demand Rate is dependent upon the location of its points of receipt and delivery, and is to be determined by summing the Monthly Demand Rate components for those pipeline segments connecting said points.
- 2/ The applicable surcharges for ACA ~~and TCSM~~ will be assessed on actual quantities delivered and are not dependent upon the location of points of receipt and delivery.
- 3/ Reserved for future use.
- 4/ Reserved for future use.
- 5/ Rates are subject to negotiation pursuant to the terms of the Rate Schedule for NET.
- 6/ PCB adjustment surcharge originally effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, was revised and the PCB Adjustment Period has been extended until June 30, 2010 as required by the Stipulation and Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.
- 7/ The applicable fuel retention percentages are listed on Sheet Nos. 180 and 181.

RATES PER DEKATHERM

RATE SCHEDULE NET 284

Rate Schedule and Rate	Base Tariff Rate	ADJUSTMENTS			Rate After Current Adjustments	Fuel and Use
		(ACA)	(TCSM)	(PCB) 5/		

Demand Rate 1/, 5/ -----						
Segment U	\$9.65			\$0.00	\$9.65	
Segment 1	\$1.33			\$0.00	\$1.33	
Segment 2	\$8.08			\$0.00	\$8.08	
Segment 3	\$5.07			\$0.00	\$5.07	
Segment 4	\$5.54			\$0.00	\$5.54	
Commodity Rate 2/, 3/ -----						
Segments U, 1, 2, 3 & 4		\$0.0019			\$0.0019	6/
Extended Receipt and Delivery Rate 4/, 7/ -----						
Segment U	\$0.3173				\$0.3173	5.52%
Segment 1	\$0.0437				\$0.0437	0.69%
Segment 2	\$0.2656				\$0.2656	0.59%
Segment 3	\$0.1667				\$0.1667	0.73%
Segment 4	\$0.1821				\$0.1821	0.36%

Notes:

- 1/ A specific customer's Monthly Demand Rate is dependent upon the location of its points of receipt and delivery, and is to be determined by summing the Monthly Demand Rate components for those pipeline segments connecting said points.
- 2/ The applicable surcharges for ACA and ~~TCSM~~ will be assessed on actual quantities delivered and are not dependent upon the location of points of receipt and delivery.
- 3/ The Incremental Pressure Charge associated with service to MassPower shall be \$0.0334 plus an additional Incremental Fuel Charge of 5.83%.
- 4/ Rates are subject to negotiation pursuant to the terms of the Rate Schedule for NET 284.
- 5/ PCB adjustment surcharge originally effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, was revised and the PCB Adjustment Period has been extended until June 30, 2010 as required by the Stipulation and Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.
- 6/ The applicable fuel retention percentages are listed on Sheet No. 220A.
- 7/ The Extended Receipt and Delivery Rates are additive for each segment outside of the segments under Shipper's base NET-284 contract.

RATES PER DEKATHERM

STORAGE SERVICE

Rate Schedule and Rate	Tariff Rate	ADJUSTMENTS		Current Adjustment	Retention Percent 1/
		(ACA)	(PCB) 2/		
=====					
FIRM STORAGE SERVICE (FS) - PRODUCTION AREA					
=====					
Deliverability Rate	\$2.02		\$0.00	\$2.02	
Space Rate	\$0.0248		\$0.0000	\$0.0248	
Injection Rate	\$0.0053			\$0.0053	1.49%
Withdrawal Rate	\$0.0053			\$0.0053	
Overrun Rate	\$0.2427			\$0.2427	
FIRM STORAGE SERVICE (FS) - MARKET AREA					
=====					
Deliverability Rate	\$1.15		\$0.00	\$1.15	
Space Rate	\$0.0185		\$0.0000	\$0.0185	
Injection Rate	\$0.0102			\$0.0102	1.49%
Withdrawal Rate	\$0.0102			\$0.0102	
Overrun Rate	\$0.1380			\$0.1380	
INTERRUPTIBLE STORAGE SERVICE (IS) - MARKET AREA					
=====					
Space Rate	\$0.0848		\$0.0000	\$0.0848	
Injection Rate	\$0.0102			\$0.0102	1.49%
Withdrawal Rate	\$0.0102			\$0.0102	
INTERRUPTIBLE STORAGE SERVICE (IS) - PRODUCTION AREA					
=====					
Space Rate	\$0.0993		\$0.0000	\$0.0993	
Injection Rate	\$0.0053			\$0.0053	1.49%
Withdrawal Rate	\$0.0053			\$0.0053	

1/ The quantity of gas associated with losses is 0.5%.

2/ PCB adjustment surcharge originally effective for PCB Adjustment Period of July 1, 1995 - June 30, 2000, was revised and the PCB Adjustment Period has been extended until June 30, 2010 as required by the Stipulation and Agreement filed on May 15, 1995 and approved by Commission Orders issued November 29, 1995 and February 20, 1996.

NET RATE SCHEDULE (continued)

rendered, or delivered when mailed by either post-paid registered or ordinary mail or when sent by telegram, cable, telecopy, telex, express mail service, or such other method mutually agreed upon between the parties. The material so sent shall be addressed to the pertinent party at its last known post office address, or at such other address as either party may designate.

- 6.11 Incorporation of General Terms and Conditions of Transporter's FERC Gas Tariff.

All other provisions of the General Terms and Conditions of Transporter's FERC Gas Tariff, Volume Number 1, are hereby incorporated by reference.

- 6.12 Schedules and Contract Subject to Regulation

This Rate Schedule and the respective obligations of the parties under the Contract are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are subject to change from time to time by addition, amendment or substitutions as provided by law.

7. SHIPPERS

The Shippers to which this Rate Schedule is available, each Shipper's Transportation Quantity, the rate zone segments applicable to the transportation service provided by Transporter to each Shipper (designated with *), and each Shipper's Fuel and Use percentage are as follows:

Shipper	Transportation Quantity (Dth)	Segments				Fuel and Use
		U	1	2	3 4	
TransCanada Power <u>Castleton LLC</u>	13,900	*				0.69%
<u>Colonial Gas Company</u>	4,000			*	*	1.39%
<u>d/b/a National Grid</u>						
<u>Colonial Gas Company</u>	2,000			*	*	1.39%
<u>d/b/a National Grid</u>						
<u>Holyoke Gas & Electric</u>	1,800		*	*		2.13%
Total	21,700					

NET-284 RATE SCHEDULE (continued)

Shipper	Transportation Quantity (Dth)	Segments					Fuel and Use
		U	1	2	3	4	
Bay State (from Granite) - Pleasant St.	3,706				*	*	1.26%
Bay State (from Granite) - Agawam	6,068				*		0.96%
Boston Gas <u>d/b/a National Grid</u>	35,000				*	*	1.31%
Boston Gas <u>d/b/a National Grid</u>	8,600				*	*	1.31%
Dartmouth Power <u>Barclays Bank PLC</u>	14,010				*	*	1.23%
Energy <u>North Natural Gas, Inc.</u>	4,000				*	*	1.54%
Gas, Inc. <u>d/b/a National Grid</u>							
Essex County Gas Company <u>d/b/a National Grid</u>	2,000				*	*	1.44%
Iroquois (Connecticut Gas Transmission) <u>(Connecticut Natural, Yankee Gas)</u>	37,000				*		0.68%
Lockport Energy <u>Associates</u>	28,000	13,184		*	*		
Associates							
<u>New York State Electric & Gas Corp</u>	14,816	*	*				6.21%
Northern Utilities (from Granite) Pleasant St.	844				*	*	1.26%
Northern Utilities (from Granite) Agawam	1,382				*		0.96%
Project Orange	20,000		*	*			1.28%
Valley Gas <u>The Narragansett Electric Company</u>		1,000					* *
1.25% <u>d/b/a National Grid</u>							
<u>Yankee Gas Services Company (Wright)</u>	9,000				*		1.07%
Total	170,610						

GENERAL TERMS AND CONDITIONS

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~~GENERAL TERMS AND CONDITIONS (continued)~~

~~6. Termination of Provision~~

~~At such time as the provisions of this Article are terminated, (a) any net credit balance in the applicable Account No. 186 sub account for Unrecovered Transportation Costs shall be refunded to Shippers under the Affected Rate Schedules, or (b) any net debit balance shall be due and payable by Shippers under the Affected Rate Schedules. Such credits or debits will be allocated to the affected Shippers in proportion to their applicable billing determinants during the preceding twelve months. Any refunds received after the termination that relate to the Transportation Costs reflected in adjustments under this Article shall be flowed through to the Shippers in the same manner as such Transportation Costs were flowed through under this Article.~~

~~XXV. TRANSITION TAKE OR PAY COST SURCHARGES~~

~~Transporter shall adjust the rates for Affected Services from time to time to reflect the Demand Surcharges and Volumetric Surcharges calculated as provided in this Article.~~

~~1. Affected Services~~

~~1.1 The Affected Services for Volumetric Surcharges shall include all deliveries under Transporter's storage and transportation Rate Schedules and Rate Schedule GS; provided, however, the Volumetric Surcharge shall not be applied to any transportation or storage service deliveries where the gas transported or delivered is (i) gas which has been previously transported by Transporter for which a Volumetric Surcharge was paid, or (ii) quantities transported to make up for Plant Thermal Reduction. The throughput experienced by Transporter for the Affected Services, adjusted pursuant to the foregoing limitations, shall be the Eligible Experienced Throughput, and shall be classified between Supply Area Eligible Experienced Throughput and Market Area Eligible Experienced Throughput. Supply Area Eligible Experienced Throughput is Eligible Experienced Throughput that is delivered by Transporter upstream of Station 47 on Transporter's 100 line, Station 934 on Transporter's 800 line and Station 542 on Transporter's 500 line, including all deliveries on Transporter's pipeline facilities offshore in the Gulf of Mexico. Market Area Eligible Experienced Throughput is Eligible Experienced Throughput that is delivered by Transporter elsewhere on its system.~~

~~1.2 The Affected Services for Demand Surcharges shall be Transporter's sales service under Rate Schedules GS as well as services under Rate Schedule FT A which were converted from sales service after July 1, 1988.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~2. Determination of Demand and Volumetric Surcharges~~

~~The effective rates for Affected Services shall be the applicable Rates After Current Adjustment shown in the Summary of Rates and Charges in Volume Nos. 1 and 2 of Transporter's FERC Gas Tariff, plus the applicable Demand Surcharge determined pursuant to this Article and shown in the Summary of Rates and Charges in Volume No. 1 of Transporter's FERC Gas Tariff. Transporter has the right at any time and from time to time to adjust the Volumetric Surcharge applicable to a transportation service provided pursuant to Part 4 of the Commission's Regulations, upon notice to an affected Shipper, to any level not less than zero or more than the Volumetric Surcharge specified in this Article.~~

~~2.1 Surcharge Period: The Initial Surcharge Period shall be from September 1, 1993 through June 30, 1994. Subsequent Surcharge Periods shall be the six months commencing July 1 or January 1 during which the Demand Surcharge and Volumetric Surcharge shall be effective.~~

~~2.2 Filing Procedure: With the exception of the Initial Surcharge Period, at least thirty days prior to the first day of each Surcharge Period, Transporter shall file with the FERC and post, as defined in Section 154.2(d) of the FERC's Regulations, revised Tariff Sheets to Volume No. 1 of Transporter's FERC Gas Tariff reflecting the Demand Surcharge and Volumetric Surcharge to be effective for Transporter's Affected Services.~~

~~3. Accounting for Transition Costs~~

~~3.1 Definition of Transition Costs: For purposes of this Article, Transition Costs are all payments, property, and transportation discounts of up to \$8 million which Transporter has paid or given, or committed to pay or give, to non affiliate suppliers (i) to reduce or extinguish Take or Pay liability or claims under its existing gas purchase contracts, or (ii) to reform the economic terms of its existing gas purchase contracts, as well as any other costs which the FERC determines are eligible for recovery by Transporter under this Article. Transition Costs shall include \$8 million (exclusive of carrying charges) of settlement payments for which the FERC denied PGA recovery pursuant to orders issued in Docket No. TA90-1-9.~~

~~The Transition Costs shall exclude non-recoupable payments to the extent Transporter's customers have previously funded any of these payments under the Stipulation and Agreement (May 2, 1984) in Docket Nos. RP83-8, et al. and the Settlement Agreement (February 5, 1985) in Docket Nos. CP84-441, et al., any non-recoupable payments funded by Transporter's customers under the Stipulation and Agreement (April 11, 1986) in Docket Nos. RP85-178, et al., and any costs Transporter is permitted to recover under any Gas Inventory Charge or similar provision designed to recover from its customers Transporter's ongoing costs of maintaining gas supply for its customers.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~Existing gas purchase contracts are all gas purchase contracts, including any amendments thereto, which provide for the sale of gas supplies to Transporter, which gas supplies were under contract to Transporter on June 1, 1988.~~

~~The total amount of Transition Costs eligible for classification and recovery under this Article shall not exceed \$1.3 billion, inclusive of amounts classified as Absorbed Costs and exclusive of carrying charges, and shall be limited to Transition Costs paid or given by Transporter that arise out of written settlement agreements executed by Transporter on or before the Sunset Date of September 1, 1993.~~

~~The costs (Transition Costs and carrying charges) reflected in any filing under Section 2.2 shall be classified as Old Costs or New Costs and as Demand Costs, Volumetric Costs, or Absorbed Costs. Old Costs are all Transition Costs paid or given by Transporter on or before December 31, 1990 and all carrying charges accrued with respect to those Transition Costs. New Costs are all costs which are not classified as Old Costs. Absorbed Costs are costs for which Transporter is foregoing recovery. Demand Costs are costs recovered through a Demand Surcharge. Volumetric Costs are costs recovered through a Volumetric Surcharge. Old Costs shall be classified 41.78% as Demand Costs, 8.22% as Volumetric Costs, and 50% as Absorbed Costs. New Costs shall be classified in the same proportions. In no event will Transporter retain collections hereunder which exceed \$650 million plus associated carrying charges.~~

~~3.2 Establishment of Demand Transition Cost Account: Demand Costs shall be reflected in Transporter's Demand Transition Cost Account and recovered from Shippers through Demand Surcharges.~~

~~The Old Demand Costs reflected in Transporter's Demand Transition Cost Account shall be allocated among Shippers in accord with the Allocation Percentages shown in the Summary of Rates and Charges in Transporter's FERC Gas Tariff, Volume No. 1. The New Demand Costs shall be allocated among Shippers in proportion to each Shipper's Annual Quantity limitation for firm sales and firm sales converted to firm transportation as of the first day of the applicable Surcharge Period.~~

~~The initial balance in the Demand Transition Cost Account shall be 41.78% of the total Transition Costs as of 30 days prior to the commencement of the Initial Surcharge Period plus carrying charges calculated from May 27, 1988 up to and including the day prior to the first day of the Initial Surcharge Period using the applicable annual interest rates specified in Section 154.67(c)(2)(iii)(A) of FERC's Regulations (Annual Interest Rate). For each month or portion of a~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~month during the period this Article is in effect, each Shipper's subaccount balance in the Demand Transition Cost Account shall be (i) increased by the Demand Costs incurred by Transporter in the month multiplied by the Shipper's Allocation Percentage, (ii) decreased by principal amounts recovered in the month by Transporter from the Shipper through the Demand Surcharge, and (iii) increased by the allocated amount of carrying charges not previously reflected in a Demand or Volumetric Surcharge calculated by using the applicable Annual Interest Rate.~~

- ~~3.3 Establishment of Volumetric Transition Cost Account: Volumetric Costs shall be reflected in Transporter's Volumetric Transition Cost Account with separate subaccounts corresponding to the Supply Area and Market Area. The initial balance in the Account shall be the total Transition Costs classified as Volumetric as of 30 days prior to the commencement of the Surcharge Period plus carrying charges classified as Volumetric calculated from May 27, 1988 up to and including the day prior to the first day of the Surcharge Period using the applicable Annual Interest Rate. This balance will be reduced by the accumulated collections under any Volumetric Surcharge in effect prior to effective date of the Stipulation. 23.1% of the initial balance shall be classified as Supply Area Volumetric Costs and 76.9% shall be classified as Market Area Volumetric Costs. Any additional Volumetric Costs and any penalty revenues credited to this account in accord with Transporter's LMS Rate Schedules shall be classified in the same proportions. The balances shall be increased each month by any new Volumetric Costs incurred in the month increased by the applicable carrying charges and decreased by (i) the product of the applicable Supply Area or Market Area Eligible Experienced Throughput multiplied by three fourths (3/4) of the applicable Supply Area or Market Area Volumetric Surcharge, and (ii) by the applicable share of the penalty revenue credited to this account in accord with Transporter's LMS Rate Schedules.~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~4. Demand and Volumetric Surcharges~~

~~The Demand Surcharge and Volumetric Surcharge for each Surcharge Period shall be determined and made effective for each Shipper under the Affected Services in accord with this Section 4.~~

~~4.1 For each Surcharge Period, Transporter shall determine the Demand Surcharge for each month for each Shipper by adding:~~

Sheet No. 393A is Reserved for Future Use.

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~(i) the fixed monthly amounts determined by calculating an annuity for a 24 month amortization period utilizing the Annual Interest Rate at the time of filing and the balance as of June 30, including carrying charges, or the balance as of December 31, including carrying charges, as applicable, in the Shipper's Transition Cost Demand subaccount related to Transition Costs not reflected in previous Demand Surcharge calculations; provided, however, in the case of the Demand Surcharge to be effective for the Initial Surcharge Period, Transporter shall reflect the initial balance in the Transition Cost Account, calculated pursuant to Section 3.2; and~~

~~(ii) the fixed monthly amounts resulting from the continued amortization of the amounts in Shipper's Demand Transition Cost subaccount related to Transition Costs reflected in previous filings, which monthly amounts shall be recomputed each May 31 and November 30 to recover those previous balances over the remainder of their respective amortization periods using an annuity method based on the Annual Interest Rate at the time of recomputation.~~

~~In the last month of any 24 month amortization period, Transporter shall bill or refund to Shipper a lump sum payment equal to the outstanding balance in Shipper's Demand Transition Cost subaccount attributable to the amounts that Transporter commenced collecting from Shipper during such amortization period, including carrying charges calculated pursuant to Section 3.2.~~

~~4.2 Lump Sum Payment Option: Any Shipper may make a lump sum payment of the balance in Shipper's subaccount of the Demand Transition Cost Account at any time or from time to time.~~

~~4.3 Effectiveness of Supply Area and Market Area Volumetric Surcharges:~~

~~The Supply Area Volumetric Surcharge shall remain in effect until the end of the month in which the balance in the Supply Area Volumetric Transition Cost subaccount declines to zero, and the Market Area Volumetric Surcharge shall remain in effect until the end of the month in which the Market Area Volumetric Transition Cost subaccount declines to zero; provided, however, if the balance in either subaccount later becomes positive, Transporter shall reinstate the Market Area and/or Supply Area Volumetric Surcharge, as applicable, effective on the first day of the next Surcharge Period pursuant to filing procedures of Section 2.2. The surcharge shall remain in effect until the end of the month in which the applicable subaccount~~

~~GENERAL TERMS AND CONDITIONS (continued)~~

~~balance again declines to zero. Transporter shall retain the right to reinstate the Volumetric Surcharges as necessary to recover all Transition Costs eligible for recovery under this Article. If the balance in the Supply Area or Market Area Volumetric Transition Cost subaccount as of any June 30 or December 31 is negative, Transporter shall, in its filing pursuant to Section 2.2 to be effective commencing the next July 1 or January 1, as applicable, eliminate the negative balance in the subaccount by treating any volumetric overcollections as credits to Demand Costs to be refunded through reductions to Demand Surcharges.~~

~~5. Reporting Obligations~~

~~Transporter shall file each May 31 and November 30 a summary report describing the Transition Costs to be recovered beginning July 1 or January 1, as applicable. The summary report shall include (i) the name of each supplier to whom Transporter paid a Transition Cost, (ii) the date and amount of the payment, (iii) identification of the gas purchase contract for which the payment was made, (iv) the derivation of the balances in the Demand and Volumetric Transition Cost Accounts, including carrying charge calculations, and (v) the computation of each Shipper's Demand Surcharge.~~

~~Transporter shall also file with the Commission narrative explanations of and copies of each settlement agreement entered into resulting in Transition Costs recoverable pursuant to this Article.~~

XXVI. RESERVED FOR FUTURE USE

GENERAL TERMS AND CONDITIONS (continued)

XXIX. DISCOUNTING POLICY

29.1 Transporter may, from time to time, selectively adjust any or all of the rates charged to any individual Shipper for service under Part 284 of the Commission's regulations for which maximum and minimum rates are stated in this FERC Gas Tariff. Discounting of rates shall, however, be done in the following order:

Firm Demand -----	Firm Commodity -----	Interruptible Commodity -----
Base Rate and PCB Surcharge (Pro Rata)	Base Rate Take or Pay Surcharge (TCSS or TCSSM if applicable)	PCB Surcharge Base Rate Take or Pay Surcharge (TCSS or TCSSM if applicable)

Additional detail on the attribution of discounts to the PCB surcharge is provided in Article IV, Section B, of the May 15, 1995 Stipulation and Agreement in Docket Nos. RP91-203 and RP92-132 (Phase II-PCB Issues). The ACA Surcharge is not discountable.

GENERAL TERMS AND CONDITIONS (continued)

XXX. PERIODIC REPORTS

The following is a list of periodic reports that Transporter must make pursuant to Commission order or to a settlement in a proceeding initiated under Parts 154 or 284 of the Commission's regulations:

- ~~1.~~ ~~Transition Take or Pay Report: This report reflects the take or pay transition costs to be recovered during the next recovery period and must be filed with the Commission every May 31 and November 30. For more information, see Article XXV of the General Terms and Conditions of Transporter's FERC Gas Tariff.~~
21. Cash Out Report: This report reflects the net cash out activity for the prior year which, for purposes of this report, begins on the restructuring anniversary of September 1 and must be filed with the Commission at the end of each annual period. For more information, see Transporter's LMS-MA Rate Schedule.
22. OFO/Critical Notice Report: This report provides details regarding Critical Days and OFOs issued during the previous quarter and must be filed with the Commission quarterly, if a Critical Day or an OFO was issued during the previous quarter. For more information, see Article VIII of the General Terms and Conditions of Transporter's FERC Gas Tariff.