APPENDIX 13

Major, Minor, and Silver Lining Storm Expense Provisions

1.0 Major Storms

1.1 Definitions

1.1.1 Major Storm – A period of adverse weather during which service interruptions affect at least 10 percent of the customers in a region and/or results in customers in a region being without electric service for durations of at least 24 hours. Niagara Mohawk will provide data showing that a period of adverse weather qualifies as a Major Storm by affected region as part of its backup support for the deferral of Incremental Costs.

1.1.2 Major Storm Incremental Costs – Major Storm Incremental Costs include overtime and payroll taxes paid to employees to restore service following a Major Storm, rest time wages incurred as the result of a Major Storm (as specified in Niagara Mohawk's union contracts), outside vendor costs (including the costs of crews from affiliate companies), lodging and meal charges, and material and supply charges that Niagara Mohawk would not have incurred, except for the Major Storm. Any capitalized costs will be excluded from Major Storm Incremental Costs, and proceeds from insurance, the Federal Emergency Management Agency, New York State or any other reimbursement or proceeds received to cover such costs will be deducted from Major Storm Incremental Costs. Niagara Mohawk will open work orders to track Major Storm Incremental Costs which will be subject to audit by DPS Staff.

1.1.3 Ten Days Following Restoration – For deferral purposes only, a Major Storm will include the ten days following restoration of all customers. Except as provided below, Niagara Mohawk will not defer costs incurred after this period. The Company, however, will have the right to petition the Commission for authorization to defer qualifying Incremental Costs (as defined below) incurred more than ten days following restoration of all customers that are associated with extraordinary Major Storms. In the petition, Niagara Mohawk must demonstrate that the costs are qualifying Incremental Costs (*i.e.*, that the Incremental Costs qualify for deferral under the provisions set forth in this Appendix); however, the Company is not required to demonstrate that the Incremental Costs are material or that the Company is not earning above its allowed return on equity.

1.2 Funding

The Company's annual electric revenue requirements provide funding for Major Storm Incremental Costs of $78 million in each Rate Year. The Company will defer the difference between the base rate allowance and actual Major Storm Incremental Costs for future refund to or recovery from customers. As of the Effective Date, Niagara Mohawk will credit the deferral account with a monthly amount of $6.5 million, which equals 1/12th of the $78 million included in base rates. An illustrative example of the Major Storm Incremental Costs reconciliation is provided in Attachment A hereto.

1.3 Per Event Deferral Threshold

To qualify for deferral, Incremental Costs of an individual Major Storm must be equal to or greater than $0.750 million among all qualifying regions in the Company's service territory. If the Incremental Costs of an individual Major Storm are equal to or greater than $0.750 million, all Incremental Costs associated with that event qualify for deferral (not just the amount that exceeds $0.750 million).

1.4 Per Storm Deductible for Incremental Costs Incurred More Than Ten (10) Days After Restoration of the Last Customer

Subject to the foregoing threshold provision, all Incremental Costs of a Major Storm incurred within 10 days of restoration of the last customer are subject to deferral with no per storm deductible. If the Company petitions for authorization to defer qualifying Incremental Costs incurred more than 10 days after restoration of the last customer interrupted by a Major Storm, a per storm deductible of $0.750 million will apply to the deferral of such costs. In the event the Company does seek to defer qualifying Incremental Costs incurred more than 10 days beyond the restoration of the last customer, the Company also will perform an analysis of such costs to gather information for deductible levels in future rate proceedings.

1.5 Contractor Disallowance

The portion of Niagara Mohawk's costs of contractors that qualify for Major Storm deferral as Incremental Costs will be determined in accordance with the Contractor Disallowance rule. The Contractor Disallowance rule provides that straight-time costs for contractors replacing employees with certain job titles who perform Major Storm restoration work and who have left the Company cannot be considered Incremental Costs where the headcount in those job titles is below the level assumed in base rates. The Contractor Disallowance pertains to only the following job titles: (i) Cable Splicer A; (ii) Cable Splicer B; (iii) Cable Splicer C; (iv) Cable Splicer Helper; (v) Chief Cable Splicer A; (vi) Crew Leader LM A HS; (vii) Line Mechanic A; (viii) Line Mechanic B; (ix) Line Mechanic C; (x) Line Mechanic Helper; (xi) Line Mechanic-Hot Stick; (xii) One Person Line/Tbl Mechanic; (xiii) Trouble Mech C Hot Stick; (xiv) Trouble Mech D Hot Stick; (xv) Tran Chief Live Ln Bare H; (xvi) Tran Line Worker A 3/C; (xvii) Tran Line Worker B 2/C; (xviii) Tran Line Worker C 1/C; (xix) Tran Line Worker Hot Stick; (xx) Tran Live Line Bare Hand Spec; (xxi) TLS LL BHS B; (xxii) TLS Crew Leader LL BHS; (xxiii) TLS LL BHS A; (xxiv) TLS LM HS; (xxv) TLS LM C; and (xxvi) TLS LM B. An example of the Contractor Disallowance calculation is set forth in Attachment B hereto.

2.0 Minor Storms

2.1 Definitions

2.1.1 Minor Storm – In Rate Year One, a Minor Storm is defined as adverse weather (forecast and actual) that results in preparation and execution of restoration activities for customer service interruptions that do not qualify as a Major Storm. Beginning in Rate

Year Two, a Minor Storm is defined as any weather-related outage that does not meet the definition and criteria of a Major Storm or a Silver Lining Storm.

2.1.2 Minor Storm Expense(s) – Minor Storm Expenses are incremental costs incurred in responding to a Minor Storm except for Pre-staging costs charged to the Major Storm deferral as described in Section 3.1.1.

2.1.3 Minor Storm Incremental Costs – Minor Storm Incremental Costs include overtime and payroll taxes paid to employees to restore service following a Minor Storm, rest time wages incurred as the result of a Minor Storm (as specified in Niagara Mohawk's union contracts), outside vendor costs (including the costs of crews from affiliate companies), lodging and meal charges, and material and supply charges that Niagara Mohawk would not have incurred, except for the Minor Storm. Any capitalized costs will be excluded from Minor Storm Incremental Costs, and proceeds from insurance, the Federal Emergency Management Agency, New York State or any other reimbursement or proceeds received to cover such costs will be deducted from Minor Storm Incremental Costs. Niagara Mohawk will open work orders to track Minor Storm Incremental Costs which will be subject to audit by DPS Staff.

2.1.3 Silver Lining Storm – At the time of filing the Joint Proposal, the Signatory Parties acknowledge the necessity of conducting an analysis to establish a definition for a Silver Lining Storm, which will be applied starting in Rate Year Two. A "Silver Lining Storm" refers to storms that, without the Company's storm hardening and restoration initiatives, would traditionally have been classified as major storms. However, thanks to these efforts, customer restorations are now being completed more swiftly, reducing customer electric outage times below the 24-hour threshold that defines a major storm and allowing these storms to be categorized as minor storms. Specifically, the duration of interruptions, the percentage of customers impacted, and the associated costs that may later be classified as a Silver Lining Storm are currently undefined and must be developed based on data collected by the Company in Rate Year One. To that end, the Company will update its accounting processes and procedures in Rate Year One to track and report any storm event that could potentially qualify as a Silver Lining Storm. The Company will utilize the existing blanket account for all other Minor Storm Expense ("All Other Minor Storm Expense"). Within 45 days following the conclusion of Rate Year One, the Company and Staff will meet and work collaboratively to define a Silver Lining Storm for purposes of the Silver Lining Storm Expense Reconciliation Mechanism set forth in Section 2.2.3, and will provide interested parties with an opportunity to provide input and feedback on the Silver Lining Storm definition. The Company will include the agreed-upon definition for a Silver Lining Storm in the first quarterly report submitted in Rate Year Two per Section 2.3. The Signatory Parties retain their rights to take any position they deem appropriate in response to such filing.

2.1.4 Silver Lining Storm Expense(s) – Silver Lining Storm Expenses are incremental costs incurred in responding to a Silver Lining Storm.

2.1.5 Silver Lining Storm Incremental Costs – Silver Lining Storm Incremental Costs include overtime and payroll taxes paid to employees to restore service following a Silver Lining Storm, rest time wages incurred as the result of a Silver Lining Storm (as specified in Niagara Mohawk's union contracts), outside vendor costs (including the costs of crews from affiliate companies), lodging and meal charges, and material and supply charges that Niagara Mohawk would not have incurred, except for the Silver Lining Storm. Any capitalized costs will be excluded from Silver Lining Storm Incremental Costs, and proceeds from insurance, the Federal Emergency Management Agency, New York State or any other reimbursement or proceeds received to cover such costs will be deducted from Silver Lining Storm Incremental Costs. Niagara Mohawk will open work orders to track Silver Lining Storm Incremental Costs which will be subject to audit by DPS Staff.

2.2 Funding and Reconciliation Mechanism

2.2.1 Funding – The Company's electric revenue requirements provide funding for Minor Storm Expense of $80.3 million in Rate Year One, $85.7 million in Rate Year Two, and $87.6 million in Rate Year Three.

2.2.2 Reconciliation Mechanism – Rate Year One – In Rate Year One, the Company will compare Minor Storm Expense funding in rates ($80.3 million) to actual Minor Storm Expense incurred and reconcile costs as follows:

a. If the Company incurs less than $80.3 million of Minor Storm Expense, the difference between the actual Minor Storm Expense and $83.7 million will be deferred for return to customers (100% downward reconciliation).
b. If actual Minor Storm Expense is greater than $80.3 million by up to $10 million, there will be no reconciliation ($10 million upward deadband).
c. If actual Minor Storm Expense in Rate Year One exceeds $80.3 million by more than $10 million, the Company will defer 90 percent of the amount in excess of the $10 million upward deadband for future recovery from customers (90/10 customer/Company sharing above $10 million deadband).

2.2.3 Reconciliation Mechanism – Rate Years Two and Three – Beginning in Rate Year Two, the Minor Storm Reconciliation Mechanism will convert to a Silver Lining Storm Reconciliation Mechanism. The Company will only be able to defer Minor Storm Expense that meets the definition of Silver Lining Storm Expense as follows:

a. The Minor Storm Expense rate allowance of $85.7 million in Rate Year Two and $87.6 million in Rate Year Three will be allocated between Silver Lining Storm Expense and All Other Minor Storm Expense based on the analyses described in Section 2.1.3 above).
b. The Silver Lining Storm Expense rate allowance for Rate Year Two will be set at the ratio in Rate Year One of actual Silver Lining Storm Expense to total Minor Storm Expense (*i.e.*, Silver Lining Storm Expense plus All Other Minor Storm Expense ("Total Minor Storm Expense")) applied to the $85.7 million rate allowance.
c. The Silver Lining Storm Expense rate allowance for Rate Year Three will be set at the two-year average of the ratio in Rate Year One and Rate Year Two of actual Silver

Lining Storm Expense to Total Minor Storm Expense applied to the $87.6 million rate allowance.

d. If there is no Silver Lining Storm Expense incurred in Rate Year One, there will be no deferral authority for Rate Year Two. The Company will continue to track data in Rate Year Two to establish the ratio for deferral purposes for Rate Year Three, subject to Staff review and agreement with the methodology.
e. If the Company stays out and does not file new rates at the end of Rate Year Three, the Silver Lining Storm Expense rate allowance for each subsequent rate year will be set at the three-year average of the ratio in Rate Years One, Two, and Three of actual Silver Lining Storm Expense to Total Minor Storm Expense applied to the $87.6 million rate allowance.
f. The Silver Lining Storm Reconciliation Mechanism is a two-way reconciliation. If actual Silver Lining Storm Expense is less than the Silver Lining Storm Expense rate allowance, the Company will defer the difference for future refund to customers. If actual Silver Lining Storm Expense is more than the Silver Lining Storm Expense rate allowance, the Company will defer the difference for future recovery from customers. The following offsets will apply in calculating the deferral:

(i) If the Company *spends above* the Silver Lining Storm Expense rate allowance but spends below the rate allowance for All Other Minor Storm Expense, the underspend for All Other Minor Storm Expense will be netted against the overspend for Silver Lining Storm Expense to calculate the deferral. If the underspend for All Other Minor Storm Expense is greater than the overspend for Silver Lining Storm Expense, there is no deferral.

(ii) If the Company *spends below* the rate allowance for Silver Lining Storm Expense but spends above the rate allowance for All Other Minor Storm Expense, the Company can net the amount of the overspend for All Other Minor Storm Expense, after applying a deadband, against the underspend for Silver Lining Storm Expense to calculate the deferral amount to be refunded to customers, if any. If actual All Other Minor Storm Expense is less than the deadband, the Company cannot net All Other Minor Storm Expense overspend against Silver Lining Storm Expense underspend. If actual All Other Minor Storm Expense is greater than the deadband, the Company can net the amount above the deadband against Silver Lining Storm expense underspend. As shown in Appendix 5, Schedule 16 to the Joint Proposal, the deadband will be calculated in each of Rate Years Two and Three by multiplying the ratio of All Other Minor Storm Expense to Total Minor Storm Expense (as determined in Sections 2.2.3(a)-(e) above) by $11.7 million. The $11.7 million amount represents one-third of the three-year $30 million Minor Storm deadband established in Case 20-E-0380 adjusted for inflation.

An illustrative example of the Minor Storm Expense Reconciliation and the Silver Lining Storm Expense Reconciliation is provided in Appendix 5, Schedule 16 to the Joint Proposal.

h. If the Company is unable to perform the accounting process and procedure modifications needed to identify Silver Lining Expense for deferral treatment (*i.e.*, the Company is unable to perform all of the modifications needed to allow the recording and tracking of Silver Lining Storm Expense), there will be no Silver Lining Storm Expense Reconciliation.

2.3 Reporting

The Company will track Minor Storm Expense on work orders that will be subject to audit by DPS Staff. Within 45 days after the end of each quarterly period, the Company will submit a report to DPS Staff with details of Minor Storm Expense incurred during the preceding quarter. In addition, event analyses expenses will be segregated into two categories: proactive and reactive. Proactive storm expenses will include circumstances where the Company forecast the need for advanced preparation of crews and captured data related to the adverse weather and restoration preparation efforts. Reactive storm expenses will include circumstances where the forecast did not warrant formal advanced preparation efforts, but interruptions nevertheless occurred, and restoration efforts were required due to adverse weather conditions.

The report will provide details regarding both proactive and reactive costs associated with Minor Storm Expense. In addition, for proactive storm expenses, the report will include data related to the weather conditions, crew preparations and customers impacted. The report will also include tracked Silver Lining Storms, as discussed in Section 2.1.3 above.

Beginning in Rate Year Two, the report will include the definition of a Silver Lining Storm resulting from the collaborative following Rate Year One and tracked Silver Lining Storm Expense accounted for separately from All Other Minor Storm Expense.

Additional Provisions

3.1 Pre-Staging Costs

Based upon the severity of weather forecasts, the Company sometimes prepares in advance of a storm event by procuring and/or mobilizing contractor crews prior to the adverse weather with the intention of deploying those crews to shorten the duration of customer interruptions. If the actual weather does not occur as forecast and those crews are released without having worked on restoration efforts, the Incremental Costs (as defined in Sections 1.1.2, 2.1.3, and 2.1.5, above) associated with those preparation efforts and advance crew mobilization are Pre-Staging costs subject to the cost recovery provision in Section 3.1.1, below.

3.1.1 Pre-Staging Cost Recovery

Pre-staging costs less than $0.250 million per event will be charged to Minor Storm Expense. If Pre-staging costs reach $0.250 million for an event, then 100 percent of Pre-staging costs up to $1.5 million per event will be charged to the Major Storm deferral. Pre-staging costs above $1.5 million per event will be charged 85 percent to the Major Storm deferral and 15 percent to Minor Storm Expense. The deferral of costs as described is independent of the severity of the actual event.

With the conversion of the Minor Storm Expense deferral to the Silver Lining Storm Expense deferral beginning in Rate Year Two, Pre-staging costs that cannot be charged to the Major Storm reserve will not be included in Silver Lining Storm Expense, but will be tracked and included within all Other Minor Storm Expense identified in Rate Year Two and Rate Year Three, as well as in the tracked data for Rate Year One used to calculate the Silver Lining Storm Expense ratio.

An illustrative example of the Pre-Staging Costs calculation is provided in Attachment A hereto.

3.2 Affiliated Company Costs

In its summary of Incremental Costs to be deferred with respect to any Major Storm, Minor Storm, or Silver Lining Storm, Niagara Mohawk will identify the portion of such Incremental Costs that represents payments to any affiliated company or companies separately from the portion of Incremental Costs that represents internal costs and costs paid to unaffiliated third-parties. Affiliated company costs will be broken down into the same cost components as used for internal Company costs.

Niagara Mohawk will defer 30 percent of base labor, associated overheads (other than pension and OPEBs), and transportation costs originating from the National Grid USA Service Company as Major Storm Incremental Costs.

3.3 Other Costs

Niagara Mohawk will not defer storm-related claims costs; stores handling costs originating from Niagara Mohawk; transportation costs originating from Niagara Mohawk; pension and OPEB costs; equipment rental costs unless the Company demonstrates that such costs are Incremental Costs; base labor costs associated with the contractor Pro Unlimited, its successor and or similar agencies with a majority of employees being former Company employees; and costs for cell phone usage.

Niagara Mohawk Power Corporation d/b/a National Grid
Example Calculation of Deferrable Major Storm Costs
Hypothetical Storm Events in Rate Year 2026
Appendix 13, Attachment A
Units ($)

Storm Event	07/04/25	10/31/25	12/5/2025 [1]	01/17/26	03/25/26	Total
Storm Costs						
Non-Incremental Expenses						
Base Labor	$ 150,000	$ 5,900,000	$ 10,810,000	$ 120,000	$ 130,000	
Benefits	75,000	2,300,000	5,400,000	60,000	70,000	
Transportation	24,000	800,000	1,730,000	20,000	30,000	
Other	1,000	35,000	70,000	1,000	11,000	
Total Non-Incremental Expense	250,000	9,035,000	18,010,000	201,000	241,000	27,737,000
Incremental Expenses						
Overtime	78,000	2,530,000	5,620,000	50,000	60,000	
Affilitiate Labor	6,500	269,000	470,000	10,000	20,000	
Contractors	275,000	5,438,000	19,820,000	160,000	170,000	
Materials	10,000	10,000	720,000	10,000	20,000	
Employee Expenses	2,500	2,000	180,000	3,000	13,000	
Other	2,500	2,000	180,000	3,000	13,000	
Total Incremental Expense	374,500	8,251,000	26,990,000	236,000	296,000	36,147,500
Total Storm Expenses	624,500	17,286,000	45,000,000	437,000	537,000	63,884,500
Qualifying Incremental Costs						
Total Incremental Expense	$ 374,500	$ 8,251,000	$ 26,990,000	$ 236,000	$ 296,000	
Adjustments						
Contractor Disallowance	(20,000)	(787,000)	(500,000)	(16,000)	(6,000)	
Service Company Exclusion	(3,500)	(138,000)	(270,000)	(3,000)	(3,000)	
Other Exclusions (cell phone, claims, et al)	(1,000)	(39,000)	(90,000)	(1,000)	(1,000)	
Total Qualifying Incremental Costs	350,000	7,287,000	26,130,000	216,000	286,000	34,269,000
Per Storm Deductible and Threshold						
Number of work days post-restoration	1	8	30	8	10	
Per Storm Deductible	0	0	(750,000)	0	0	
Individual Event Under $750k	Yes	No	No	Yes	Yes	
Total Deferrable Major Storm Costs	0	7,287,000	25,380,000	0	0	32,667,000

Deferral Account Activity & Balance

	Storm Reserve (Funded in base rates)	Deferral of Major Storm Costs	Year-to-date Balance in Storm Deferral Account
April	(6,500,000)	0	(6,500,000)
May	(6,500,000)	0	(13,000,000)
June	(6,500,000)	0	(19,500,000)
July	(6,500,000)	0	(26,000,000)
August	(6,500,000)	0	(32,500,000)
September	(6,500,000)	0	(39,000,000)
October	(6,500,000)	7,287,000	(38,213,000)
November	(6,500,000)	0	(44,713,000)
December	(6,500,000)	25,380,000	(25,833,000)
January	(6,500,000)	0	(32,333,000)
February	(6,500,000)	0	(38,833,000)
March	(6,500,000)	0	(45,333,000)
Year Total	(78,000,000)	32,667,000	

Note 1: Company would need to petition for deferral of costs incurred 10 days after the last customer is restored

Niagara Mohawk Power Corporation d/b/a National Grid
Example Calculation of Deferrable Minor Storm Costs in Rate Year 1
and Silver Lining Storm Costs in Rate Year 2-3
Hypothetical Storm Events in Rate Year 2026
Appendix 13, Attachment A
Units ($)

	Example Month of Minor Storms	**October 2025**
Storm Costs		
	Non-Incremental Expenses	
	Base Labor	$ 5,900,000
	Benefits	2,300,000
	Transportation	800,000
	Other	35,000
	Total Non-Incremental Expense	9,035,000
	Incremental Expenses	
	Overtime	2,530,000
	Affilitiate Labor	269,000
	Contractors	5,438,000
	Materials	10,000
	Employee Expenses	2,000
	Other	2,000
	Total Incremental Expense	8,251,000
	Total Storm Expenses	17,286,000
Qualifying Incremental Costs		
	Total Incremental Expense	$ 8,251,000
	Adjustments	
	Service Company Exclusion	(138,000)
	Other Exclusions (cell phone, claims, et al)	(39,000)
	Total Qualifying Incremental Costs	8,074,000

Niagara Mohawk Power Corporation d/b/a National Grid
Example Calculation of Pre-Staging Storm Costs
Hypothetical Storm Events in Rate Year 2026
Appendix 13, Attachment A
Units ($)

	Qualifying Pre-Staging Costs	05/04/25	10/31/25	03/25/26	Total
Pre-Staging Costs					
	Overtime	150,000	725,000	850,000	
	Affilitiate Labor	6,500	269,000	375,000	
	Contractors	10,000	100,000	250,000	
	Materials	3,000	10,000	17,500	
	Employee Expenses	2,500	4,000	7,000	
	Other	2,500	3,000	5,000	
	Total Incremental Expense	174,500	1,111,000	1,504,500	2,790,000
Charged to Minor Storm Deferral in RY1, All Other Minor Storm Costs in RY2-3*		174,500	-	675	175,175
Charged to Major Storm Deferral		-	1,111,000	1,503,825	2,614,825

*Note: If event is less than $250K and/or 15% of amount over $1.5m

Attachment B

Calculation of Contractor Disallowance Costs

Principles

1. The adjustment for contractor straight time is to be applied to line restoration.

2. The baseline and the month prior to the storm internal employee counts are defined using job titles, which are set forth in Table 2 below. The Signatory Parties agree that these job titles represent union employees with primary responsibility for line restoration activities and are the functions most likely to be supplemented with contractors during a storm response. If job titles are changed, the Company will provide a reconciliation of prior job titles to new job titles for purposes of applying the adjustment. The employee count shall pertain only to Niagara Mohawk.

3. The Company will provide a monthly report of internal staffing levels for the job titles defined in Table 2 below.

4. The Signatory Parties agree the baseline employee counts for line restoration in Rate Years One, Two, and Three are 958, 958, and 970, respectively.

5. The hourly billing rate applied to the contractor hours to determine the straight time is described in Line D below.

6. An example of how the calculation will be developed is presented in Table 1 below.

7. Other activities may be subject to a contractor disallowance and will be reviewed on a case by case basis.

8. Employees of Company affiliates will be treated as contractors.

9. In the event the Company employs more internal employees in the specified job titles than indicated in Principle 4, above, the Company may petition the Commission for an adjustment to the storm deferral to account for the incremental straight time of the additional employees.

Illustrative Example

Table 1 is an example of the template agreed to for calculating the adjustment to deferrable contractor Major Storm costs. The example reflects contractor and applicable employee storm response and restoration staffing and costs for several days after a hypothetical Major Storm. This example is presented to illustrate the method and the sources of the data to be used and is not intended to reflect the final or agreed upon deferrable cost of any storm.

Explanation of Lines on Table 1

Line [A] – See Table 2 for the agreed upon list of qualifying job titles for Line Restoration and the column titled "Staffing Baseline in Rates" in that table for the associated employee counts. The counts represent all Niagara Mohawk employees within each job title. This data should not change during the Rate Plan.

Line [B] – See the column titled "Total Actual Staffing" in Table 2 for an example of a report reflecting the number of Niagara Mohawk employees in qualifying job titles, at the end of the month prior to the month in which a Major Storm occurs. The Company will provide by the 15th of every month, the number of line restoration employees by job title who were in qualifying positions per Table 2. If a listed job title is reclassified for operational reasons, the Company will notify on-site PSC Staff of the reclassification and include that job title on subsequent monthly reports. However, listed job titles cannot be commingled with other job titles not subject to this clause.

Line [C] – The level of non-deferrable contractors equal to the total baseline employee count Line [A] less total actual employee count Line [B].

Line [D] – The agreed upon Line Contractor hourly rates for the Rate Years are $195.58, $199.79 and $203.86, respectively. Rates beyond the Rate Years will be equal to the Rate Year Ended March 31, 2028 rate inflated using Moody's Economic Indicators consensus forecast of the GDP Deflator at the start of the year in which the rates apply.

Line [E] – Eight hours of straight-time per day.

Line [F] – Daily straight-time adjustment prior to the expense/capital allocation as determined for each Major Storm, which is the result of multiplying Lines [C], [D] and [E].

Line [G] – Expense ratio equal to the sum of listed employees' labor costs charged to expense plus contractors' labor costs charged to expense, divided by the sum of listed employees' total labor costs plus contractors' total labor costs. This ratio is calculated for and applicable to each Major Storm.

Line [H] – Line F multiplied by Line G

See Attached Excel File for Tables 1 and 2 of Attachment B

Niagara Mohawk Power Corporation d/b/a National Grid
PSC Case 24-E-0322 & 24-G-0323
Major Storm Deferral - Incremental Contractor Costs
Example Calculation of a Contractor Disallowance Adjustment
Line Restoration (Line)

	12/1/2025	**12/2/2025**	**12/3/2025**	**12/4/2025**	**12/5/2025**	**12/6/2025**	**12/7/2025**	**12/8/2025**	**Total Adjustment**
Baseline Employee Count [A]	958	958	958	958	958	958	958	958	
Actual Employee Count [B]	948	948	948	948	948	948	948	948	
Non-deferrable Contractor Count [C]	10	10	10	10	10	10	10	10	
Average Contractor Rate [D]	$ 195.58	$ 195.58	$ 195.58	$ 195.58	$ 195.58	$ 195.58	$ 195.58	$ 195.58	
Hours Per Day [E]	8	8	8	8	8	8	8	8	
Daily Adjustment before Capital Adjustment [F]	$ 15,646	$ 15,646	$ 15,646	$ 15,646	$ 15,646	$ 15,646	$ 15,646	$ 15,646	**$ 125,169**
Percentage charged to expense [G]	95%	95%	95%	95%	95%	95%	95%	95%	
Adjustment [H]	$ 14,864	$ 14,864	$ 14,864	$ 14,864	$ 14,864	$ 14,864	$ 14,864	$ 14,864	**$ 118,911**

Notes

[A] Baseline Line employees in rates - See Table 2
[B] Hypothetical actual total Line employees in month prior to the major storm
[C] Non-Deferrable Contractor equivalent headcount [A] - [B]
[D] Contractor equivalent hourly rate - See Page 2 of 2
[F] Daily adjustment before capital adjustment [C] x [D] x [E]
[G] Percent of Labor and Contractor costs charged to expense
[H] Daily adjustment [F] x [G]

Niagara Mohawk Power Corporation d/b/a National Grid
PSC Case 24-E-0322 & 24-G-0323
Major Storm Deferral - Contractor Disallowance Adjustment
Calculation of an Average Hourly Contractor Rate
Line Restoration (Line)
Support for Appendix 13

	Time Period	Inflation Rate	Hourly Contractor Rate
1	Inflate to March 31, 2014		$ 149.20
2	Inflate to March 31, 2015		$ 152.37
3	Inflate to March 31, 2016		$ 155.72
4	Inflate to March 31, 2017	1.54%	$ 158.12
5	Inflate to March 31, 2018	2.01%	$ 161.30
6	Inflate to March 31, 2019	2.15%	$ 164.76
7	Inflate to March 31, 2020	2.10%	$ 168.22
8	Inflate to March 31, 2021	2.10%	$ 171.75
9	Inflate to June 30, 2022	4.20%	$ 178.97
10	Inflate to June 30, 2023	2.30%	$ 183.08
11	Inflate to June 30, 2024	2.05%	$ 186.84
12	Inflate to March 31, 2025	2.37%	$ 191.27
13	Inflate to March 31, 2026	2.25%	$ 195.58
14	Inflate to March 31, 2027	2.16%	$ 199.79
15	Inflate to March 31, 2028	2.03%	$ 203.86

Line Notes

1 - 3 The 2014-2016 rates were originally calculated in Section 1.2.3.3, Attachment 2a, Principle 5 of the Rate Plan Provisions in Case 12-E-0201.

4 - 8 For the period April 1, 2016 through March 31, 2021, the rate for a given year is equal to the 2016 rate inflated to that year using the Blue Chip GDP Deflator forecast in Exhibit___RRP-8CU in Case 17-E-0238.

9 - 11 For the period April 1, 2021 through June 30, 2024, the rate for a given year is equal to the 2021 rate inflated to that year using the Moody's Analytics GDPIPD forecast in Case 20-E-0380.

12 - 15 For the period beyond June 30, 2024, the rate for a given year is equal to the 2024 rate inflated to that year using the Moody's Analytics GDPIPD forecast as of June 2024.

Niagara Mohawk Power Corporation d/b/a National Grid
PSC Case 24-E-0322 & 24-G-0323
Baseline Line Restoration Employee Count by Job Title
For Calculation of Straight-time Adjustment to Storm Contractor Costs

				Staffing Baseline in Rates			**RYE 03/31/26 Hypothetical Staffing for Month Prior to a Storm (used in Table 1 Example)**	
	Work Discipline	**Source**	**Job Title**	**RYE 3/31/26**	**RYE 3/31/27**	**RYE 3/31/28**	**Total Actual Staffing**	**Staffing Below Baseline**
1	Line Restoration	December 2023 Payroll	Cable Splicer A	7	7	7	7	
2			Cable Splicer B	14	14	14	14	
3			Cable Splicer C	27	27	27	27	
4			Cable Splicer Helper	5	5	5	5	
5			Chief Cable Splicer A	30	30	30	30	
6			Crew Leader LM A HS	289	289	289	295	6
7			Line Mechanic A	71	71	71	71	
8			Line Mechanic B	75	75	75	75	
9			Line Mechanic C	86	86	86	72	-14
10			Line Mechanic Helper	28	28	28	28	
11			Line Mechanic-Hot Stick	160	160	160	168	8
12			One Person Line/Tbl Mechanic	71	71	71	63	-8
13			Trouble Mech C Hot Stick	4	4	4	4	
14			Trouble Mech D Hot Stick	5	5	5	5	
15			Tran Chief Live Ln Bare H	14	14	14	0	-14
16			Tran Line Worker A 3/C	1	1	1	0	-1
17			Tran Line Worker B 2/C	16	16	16	0	-16
18			Tran Line Worker C 1/C	13	13	13	0	-13
19			Tran Line Worker Hot Stick	11	11	11	0	-11
20			Tran Live Line Bare Hand Spec	23	23	23	0	-23
21			TLS LL BHS B	0	0	0	24	24
22			TLS Crew Leader LL BHS	0	0	0	14	14
23			TLS LL BHS A	0	0	0	10	10
24			TLS LM HS	0	0	0	4	4
25			TLS LM C	0	0	0	9	9
26			TLS LM B	0	0	0	15	15
27		Other Initiatives	Cable Splicer A	1	1	1	1	
			Cable Splicer Helper	3	3	3	3	
			Chief Cable Splicer A	2	2	2	2	
28			Line Mechanic A	0	0	12	0	
29			Tran Line Worker A 3/C	2	2	2	2	
30	**Line Restoration Total**			**958**	**958**	**970**	**948**	**-10**

APPENDIX 14

APPENDIX 14: SERVICE QUALITY ASSURANCE PROGRAM

There will be a Service Quality Assurance Program for the Rate Plan that includes Customer Service Performance Indicators ("CSPI") and Electric Reliability performance measures.

The Service Quality Assurance Program will be measured on a calendar year basis. For calendar years 2025-2027, total negative revenue adjustments associated with the CSPI will be measured in basis points, with up to 48 basis points in negative revenue adjustments in calendar year 2025, 56 basis points in negative revenue adjustments in calendar year 2026, and 60 basis points in negative revenue adjustments in calendar year 2027 and each calendar year thereafter until modified by the Commission.

For the Electric Reliability performance measures, the annual potential negative revenue adjustments associated with the CAIDI and SAIFI metrics will be 25 basis points for each metric for calendar years 2025-2027. The Estimating and Inspection and Maintenance metrics will be measured in dollars with annual potential negative revenue adjustments of up to $4m for the Estimating metric and $2m for the Inspection Maintenance metric.

1.0 PROGRAM OBJECTIVE

The objective of the Service Quality Assurance Program is to encourage Niagara Mohawk to provide high levels of service quality in all areas of performance throughout the Rate Plan.

1.1 Electric and Gas CSPI

The Customer Service Performance Indicators set forth in Section 3.0, below, are designed to maintain and improve service quality in the following operations of the Company:

1) Call Center Operations
2) Billing and Collections
3) Field Services

1.2 Electric Reliability

The Electric Reliability performance measures set forth in Section 4.0, below, are designed to maintain reliability by establishing standards for the following:

1) Service Reliability (SAIFI and CAIDI)
2) Estimating
3) Inspection and Maintenance ("I&M") Program

2.0 OVERALL APPROACH

2.1 Reporting

1) Niagara Mohawk will submit annual performance results, together with supporting data and reports, to the Secretary within three months after the conclusion of each full calendar year. The annual CSPI reports will be filed in both this rate case and Case 15-M-0566. The annual CSPI report will include the dollar value of a combined basis point for the electric and gas businesses for the applicable calendar year.

2) The annual CSPI report will include a description of the service quality measures, the method for calculating performance, the results for the period, supporting calculations of annual results in spreadsheet format, and a narrative overall assessment of customer service performance during that calendar year. The annual CSPI reports will also include the number and total dollar amounts paid to customers for missed appointments.

3) The Company will continue to submit monthly CSPI reports in Case 15-M-0566. In addition to the current information, the monthly CSPI reports will include the following data:

1. Abandoned Calls (once the call enters the queue)
   a. the number calls abandoned within and including 30 seconds;
   b. the number of calls abandoned between 31 and including 60 seconds;
   c. the number of calls abandoned between 1 and including 2 minutes;
   d. the number of calls abandoned between 2 and including 5 minutes;
   e. the number of calls abandoned between 5 and including 10 minutes;
   f. the number of calls abandoned after 10 minutes.
2. Call Answer Rate
   a. number of calls answered by a representative
   b. the number of calls answered by a representative within 30 seconds.
3. Estimated Bills
   a. the number of bills based on an estimated meter read for each month, separated by residential and non-residential customers, separately for each of electric and gas customers;
   b. the number of customers who received an estimated meter read for two consecutive billing periods;
   c. the number of customers who received estimated meter reads for three consecutive billing periods;
   d. the number of customers who received estimated meter

reads for four consecutive billing periods; and

e. the number of customers who received an estimated meter reading for five or more consecutive billing periods.

4) For Electric Reliability, the Company will submit quarterly reports thirty days after the conclusion of the first, second, and third quarters of each calendar year. The quarterly reports will include SAIFI, CAIDI, Estimating, and I&M Program targets and actual results. The fourth quarter or annual Electric Reliability performance report will include SAIFI, CAIDI, Estimating, and I&M Program targets, actual results, potential pretax negative revenue adjustments and pretax negative revenue adjustments incurred.

2.2 Exclusions

The target levels established for the CSPI measures listed in Section 3.0 and the Electric Reliability measures listed in Section 4.0 are based on performance under all operating conditions except:

1) "Major storms" that are defined as a period of adverse weather resulting in a service interruption affecting at least ten percent of the customers in an operating area or causing customers to be without electric service for at least 24 hours as stated in 16 NYCRR Part 97. Niagara Mohawk will exclude interruption data associated with major storms in a consistent manner with established procedures. The Company will request any major storm related exceptions or adjustments for the Customer Service measures detailed in Section 3.0 in its annual report to the Commission.

2) Abnormal operating conditions, including during any period of catastrophe, natural disaster or other unusual event not in the Company's control, affecting more than ten percent of the customers in an operating area. Niagara Mohawk may petition for the exclusion of performance data associated with such an event. The petition should include justification for exclusion, as well as a detailed analysis of the Company's performance prior to and subsequent to the event.

3) Events that result from orders by the New York State Independent System Operator that are not a result of inappropriate actions by the Company. Niagara Mohawk may petition for the exclusion of performance data associated with such an event. The petition should include justification for exclusion as well as a detailed analysis of the Company's performance prior to and subsequent to the event.

3.0 CUSTOMER SERVICE PERFORMANCE INDICATORS

The following four CSPI measures, which are described in detail in the following subsections, are applicable during the Rate Plan:

1) PSC Complaint Rate
2) Residential Customer Satisfaction Survey

3) Small/Medium C&I Customer Satisfaction Survey
4) Percentage of Calls Answered by a Representative within 30 Seconds

3.1 PSC Complaint Rate

A PSC Complaint is initiated with a dispute being filed by, or on the behalf of, a consumer with the Staff of the DPS Office of Consumer Services. The calculation of the metric will be based on the methodology and exclusion/downgrade process used in the Historic Test Year (the 12 months ended December 31, 2023). This statement does not prohibit DPS Staff from making changes to its internal processes provided that those changes do not materially alter performance results.

The issue of concern forming the basis for the complaint must be one within the utility's responsibility and control, including an action, practice, or conduct of the utility or its employees. Only "charged" complaints are included in the PSC Complaint Rate metric. A complaint will be considered charged when a customer, after first having contacted Niagara Mohawk to express dissatisfaction with an action, practice, or conduct of Niagara Mohawk, and having provided Niagara Mohawk a reasonable opportunity to address the matter, contacts the Commission to express dissatisfaction with such action, practice, or conduct. A complaint will not be charged if the contact with the Commission is for an opinion or inquiry. For the purposes of the PSC Complaint Rate metric, an "opinion" is an instance where a customer is contacting the Commission to voice a view on a particular issue or condition, such as a pending rate case, a change in rates or charges or the imposition of new rates or charges, or the level of executive compensation. Matters within the responsibility or control of an alternative service provider(s) will not be counted as a PSC Complaint against Niagara Mohawk under this measure.

For calendar years 2025-2027, targets and negative revenue adjustments will be as follows:

	Target	**CY25 NRA (bp)**	**CY26 NRA (bp)**	**CY27 NRA (bp)**
PSC Complaint Rate	≤ 1.00	0	0	0
	> 1.00	3	4	5
	≥ 1.20	6	8	10
	≥ 1.40	12	14	15

3.2 Residential Customer Satisfaction Survey

The Residential Customer Satisfaction Survey is calculated from monthly telephone survey results of a sample of residential customer transactions with the Company occurring in each month of the calendar year.

The survey population will include all customers of the Company in that month that had any one of the following transactions with the Company:

1) Connect
2) Disconnect
3) Electric Service Orders/Gas Service Orders
4) Service Orders
5) Budget
6) High Bill
7) Collections
8) Direct Debit

The parameters of the survey include the following criteria: a) only surveys where the respondent answered question No. 28 will be considered complete; and b) the Company will seek to perform a minimum of 600 surveys each month.

Question No. 28 on the survey will be used to measure the Company's performance under this measure. The question asks "Overall, on a scale from 1 to 10, where 1 means dissatisfied and 10 means satisfied, how satisfied are you with the service provided by National Grid's Customer Service Representative?" Satisfaction is measured by a score of 8 or higher on the question.

For calendar years 2025-2027, targets and negative revenue adjustments will be as follows:

	Target	**CY25 NRA (bp)**	**CY26 NRA (bp)**	**CY27 NRA (bp)**
Customer Satisfaction (Residential)	≥ 82.0%	0	0	0
	< 82.0%	3	4	5
	≤ 81.0%	6	8	10
	≤ 79.9%	12	14	15

3.3 Small/Medium Commercial & Industrial (C&I) Customer Satisfaction Survey

The Small/Medium C&I Customer Satisfaction Survey is calculated from monthly telephone survey results of a sample of SC2 customer transactions with the Company occurring in each month of the calendar year.

The survey population will include all customers of the Company in that month that had any one of the following transactions with the Company:

1) Connect
2) Disconnect
3) Electric Service Orders/Gas Service Orders
4) Service Orders
5) Budget
6) High Bill

7) Collections
8) Direct Debit

The parameters of the survey include the following criteria: a) only surveys where the respondent answered question No. 28 will be considered complete; and b) the Company will seek to perform a minimum of 120 surveys each month.

Question No. 28 on the survey will be used to measure the Company's performance under this measure. The question asks "Overall, on a scale from 1 to 10, where 1 means dissatisfied and 10 means satisfied, how satisfied are you with the service provided by National Grid's Customer Service Representative?" Satisfaction is measured by a score of 8 or higher on the question.

For calendar years 2025-2027, targets and negative revenue adjustments will be as follows:

Customer Satisfaction (Small/Medium Commercial and Industrial)	**Target**	**CY 25 NRA (bp)**	**CY26 NRA (bp)**	**CY27 NRA (bp)**
	≥ 78.0%	0	0	0
	< 78.0%	3	4	5
	≤ 75.5%	6	8	10
	≤ 73.0%	12	14	15

3.4 Percentage of Calls Answered by a Representative within 30 Seconds

This measure is the percentage of all inbound Customer Service and Collection calls to Niagara Mohawk or its agents, regardless of location, that are answered within 30 seconds, including inbound calls to numbers used for outbound collections calls. The measure will exclude calls answered by any current or future interactive voice response ("IVR") applications, such as Niagara Mohawk's Customer Connection, icCallMe or OnCall applications.

Annual performance will be based on 12 months' data within each calendar year. For the year, the measure of performance is the number of calls answered by a representative within 30 seconds as a percentage of the total calls answered by a representative during the year.[1]

[1] Niagara Mohawk historically calculated the annual Call Answer Rate metric using a daily weighted average of each day's Call Answer Rate results. To simplify administration and align Niagara Mohawk with its downstate affiliates, KEDNY and KEDLI, beginning in calendar year 2025, Niagara Mohawk will calculate the Call Answer Rate metric using the monthly straight average, at the close of each month, to calculate the annual Call Answer Rate metric, which will not incorporate any weighting.

	Target	CY25 NRA (bp)	CY26 NRA (bp)	CY27 NRA (bp)
Call Answer Rate	≥ 79.2%	0	0	0
	< 79.2%	3	4	5
	≤ 77.0%	6	8	10
	< 74.9%	12	14	15

4.0 ELECTRIC RELIABILITY

The following four Electric Reliability measures, which are described in detail in the following subsections, are applicable during the Rate Plan:

1) System Average Interruption Frequency Index
2) Customer Average Interruption Duration Index
3) Estimating
4) Inspection and Maintenance ("I&M") Program

4.1 System Average Interruption Frequency Index ("SAIFI")

The SAIFI metric will be based on data excluding major storms and other excludable events set forth under Section 2.2.

If the Company's SAIFI performance for the calendar year exceeds 1.08, the Company will incur a negative revenue adjustment of 25 basis points.

4.2 Customer Average Interruption Duration Index ("CAIDI")

The CAIDI metric will be based on data excluding major storms and other excludable events set forth under Section 2.2.

If the Company's CAIDI performance for the calendar year exceeds 2.10, the Company will incur a negative revenue adjustment of 25 basis points.

4.3 Estimating

For each calendar year beginning January 1, 2025, the Company will implement an estimating metric consisting of: (i) a project-specific metric and (ii) a portfolio-based metric.

Project Metric

In each calendar year, for each individual distribution or sub-transmission capital project with an initial design estimate greater than $100,000, the Company will compare the final engineering estimate of each such project with the total actual costs for the project. The Company will be subject to up to $3 million in negative revenue adjustments as indicated in the table below based on the percentage of individual projects whose actual costs are within plus or minus 25 percent of their respective final engineering estimates.

Percent of Projects with Final Costs within +/-25% of Final Engineering Estimate	Negative Revenue Adjustment
≥ 80%	$0
≥ 70% but < 80%	$1 million
≥ 60% but < 70%	$2 million
<60%	$3 million

Portfolio Metric

In each calendar year, the Company will compare the sum of all final project actual costs against the sum of all associated final engineering estimates. If the sum of actual project costs differs from the sum of associated project final engineering estimates by more than plus or minus 15 percent, the Company will be subject to a $1 million negative revenue adjustment.

Portfolio Metric' Success Measured as Aggregation of all Final Project Costs within +/- 15% of Estimate	Negative Revenue Adjustment
Between -15% and 15%	$0
More than -15% or 15%	$1 million

Projects not subject to the Project Metric and not included in the Portfolio Metric include: (1) Distributed Generation, (2) Underground Residential Development, (3) Programs, and (4) Substations. For calculation purposes of both metrics, the Company may normalize overheads to calculate "effective rates" for overheads to be applied to the final engineering estimate of a project at the end of the project lifecycle for comparison to actual project costs. The Company also may request exceptions for discrete projects where there are scope changes or significant circumstances (*e.g.*, external stakeholder driven changes (*e.g.*, NYSDOT Project); in-ground conditions; *et cetera*).

4.4 I&M Program

The Company is subject to a negative revenue adjustment of $1 million if it fails to repair at least 85 percent of Level II deficiencies (as defined in the Safety Orders in Case 04-M-0159 ("Safety Orders")) that have a repair due date within the respective calendar year within the time period allowed for such repairs under the Safety Orders (*i.e.,* one year).

The Company is subject to an additional negative revenue adjustment of $1 million if it fails to repair at least 75 percent of Level III deficiencies (as defined in the Safety Orders) that have a repair due date within the respective calendar year within the time period allowed for such repairs under the Safety Orders (*i.e.,* three years). The Company will meet with Staff periodically to discuss I&M program repair performance.

5.0 ACCOUNTING MECHANISM

Niagara Mohawk will include in the deferral account any negative revenue adjustments associated with failure to meet the CSPI and Electric Reliability performance targets set forth above.

6.0 COMMISSION AUTHORITY

The Signatory Parties explicitly recognize that the Commission has the authority to modify the Service Quality Assurance Program for prospective application at any time, if, in its opinion, acceptable service quality is not maintained.

In the event that abnormal operating conditions, as defined in Section 2.2.2, above, or factors not in the Company's control, affect normal business operations, the Signatory Parties recognize that the Commission has the authority to temporarily suspend potential failures, such as negative revenue adjustments, that were hindered or bolstered by these outside influences. This temporary suspension of the metrics may not extend beyond the rate year any adjustments that would have been assessed, unless the effects of the abnormal operating conditions, or factors, continue to impact the Company's performance in the following year(s).

APPENDIX 15

Corporate Structure and Affiliate Rules
Niagara Mohawk Power Corporation d/b/a National Grid

The following Corporate Structure and Affiliate Rules apply to Niagara Mohawk Power Corporation d/b/a National Grid ("Niagara Mohawk" or "RegCo").

1. Definitions Used in This Document

UK HoldCo – the top-level holding company in the National Grid group. This is National Grid plc or its successor as the ultimate parent holding company.

US HoldCo – the immediate parent and holding company for National Grid's US utility operations. This is National Grid USA or its successor.

As used in this Section 1, "HoldCo" refers to both UK HoldCo and US HoldCo. Where explicit reference to one of the HoldCos is required, the term "UK HoldCo" or "US HoldCo" will be used.

RegCo or Niagara Mohawk – means Niagara Mohawk Power Corporation d/b/a National Grid or its successor. Niagara Mohawk is a wholly owned indirect subsidiary of US HoldCo and carries on regulated transmission and electric and gas distribution services.

ServiceCo – means National Grid USA Service Company, Inc. and National Grid Engineering & Survey Inc., or any successor(s) thereto, which provide a variety of traditional corporate, administrative, and other services.

Unregulated Competitive Energy Affiliate(s) – means any of US HoldCo's current or future unregulated affiliates engaged in competitive energy markets in New York State, including but not limited to exploration and/or production, generation, distributed energy resources ("DER"), retail energy services, or heating ventilating and air conditioning ("HVAC") services.

Unregulated Affiliate(s) – means any of US HoldCo's current or future affiliates engaged in competitive retail services that Niagara Mohawk contracts for or provides.

National Grid FERC Regulated Affiliates – means affiliates of HoldCo in New York State that are primarily regulated by the Federal Energy Regulatory Commission ("FERC").

National Grid Other Affiliates – means affiliates of HoldCo, including affiliates of Niagara Mohawk, but excluding National Grid FERC Regulated Affiliates, Unregulated Competitive Energy Affiliates, and Unregulated Affiliates.

2. Rules Governing Affiliate Transactions

2.1 Separation and Location

RegCo, HoldCo, Unregulated Competitive Energy Affiliates, Unregulated Affiliates, National Grid FERC Regulated Affiliates, and National Grid Other Affiliates will each be operated as separate entities and will maintain separate books and records of account. RegCo, HoldCo, ServiceCo, and National Grid Other Affiliates may occupy the same building. RegCo may also share premises with National Grid's affiliates engaged in regulated gas and/or electric transmission and/or distribution operations if such sharing provides for efficiencies in occupancy and use of resources. RegCo may not share offices or work space with any Unregulated Competitive Energy Affiliates or Unregulated Affiliates.

2.2 Board of Directors

A majority of the RegCo Board of Directors will be Eligible Directors. An Eligible Director is any individual who is not: (i) an officer or director of HoldCo, (ii) an officer or director of any Unregulated Competitive Energy Affiliate or Unregulated Affiliate, or (iii) an officer or director of any National Grid FERC Regulated Affiliate. No member of the RegCo Board of Directors will also be an employee, officer, or director of any Unregulated Competitive Energy Affiliate or Unregulated Affiliate. No member of the RegCo Board of Directors will also be an employee, officer, or director of any unaffiliated competitive energy firm engaged in exploration and/or production, generation, DER, retail energy services or HVAC services in RegCo's service territory. No member of the RegCo Board of Directors will also be an employee, officer, or director of any unaffiliated firm engaged in competitive retail services that Niagara Mohawk contracts for or provides.

2.3 Accounting Issues, Dividend Limitations, and Financial Protections

2.3.1 Goodwill Not Recovered in Jurisdictional Rates

Niagara Mohawk will not recover any portion of the $1.215 billion in goodwill recorded in connection with the acquisition of Niagara Mohawk by National Grid, as shown in Attachment 8 of the Stipulation of the Parties dated March 27, 2007 in Case 0l-M-0075 et al., in any rates regulated by the Commission during or after the period covered by the Merger Joint Proposal. In addition, no portion of such goodwill will be included in the equity component of Niagara Mohawk's capitalization for purposes of calculating Niagara Mohawk's return, future revenue requirements or any other component of such rates after the period covered by the Merger Joint Proposal.

2.3.2 Dividend Payments

Provided that the Dividend Restrictions set forth in Section 2 of the Financial Protections adopted in the Commission's March 28, 2008 Order in Cases 01-M-0075 and 06-M-0878 do not apply and subject to compliance with Section 2.3.3 below, Niagara Mohawk will be permitted to pay dividends in any year up to any amount permitted under applicable law.

2.3.3 Debt Limit

For purposes of this Section 2.3.3, "Average Total Debt" is defined as the sum of: (i) long-term debt, and (ii) notes payable (including current maturities of long-term debt) appearing on Niagara Mohawk's consolidated balance sheet. "Average Total Capital" is defined as the sum of: (i) Average Total Debt, (ii) common shareholder equity (excluding goodwill), and (iii) preferred stock. It is expected that, for any six-month period ending at the end of a quarter, Niagara Mohawk's Average Total Debt ratio will not exceed 55 percent of its Average Total Capital, excluding goodwill.

If the Company's Average Total Debt ratio does not exceed 55 percent for the most recent six or three month period ending at the end of a quarter, there will be no dividend restrictions. If the Company's Average Total Debt ratio exceeds 55 percent for both the most recent three and six month periods, but does not exceed 57 percent in the most recent three or six month period, then Niagara Mohawk will be permitted to pay dividends up to an amount equal to but no greater than 50 percent of its net income for the previous twelve months ending at the end of a quarter until its Average Total Debt ratio for the most recent six month period ending at the end of a quarter is less than or equal to 55 percent. In addition, absent a Commission order to the contrary, if during both the most recent six and three month period ending at the end of a quarter, Niagara Mohawk's Average Total Debt ratio exceeds 57 percent, then the Company will not pay further dividends until the Average Total Debt ratio is reduced to 55 percent or less over the most recent six months ending at the end of a quarter.

2.3.4 Bond Ratings and the Cost of Debt

If the bond rating of Niagara Mohawk falls below BBB- (Standard & Poor's) or Baa3 (Moody's), then the price of any long-term debt issued by Niagara Mohawk during the period of such reduced credit rating may be deemed by the Commission, for the purpose of establishing revised electric or gas base delivery rates, to be the market price Niagara Mohawk would have incurred for issuance of the debt had the debt been issued by a BBB- (Standard & Poor's) or Baa3 (Moody's) utility at the same issue date, and any resulting difference in interest expense will be disallowed for ratemaking purposes. Niagara Mohawk's earnings sharing reports will reflect the actual debt rates outstanding for Niagara Mohawk. This provision completely supersedes Section 3 of the Financial Protections adopted in the Commission's March 28, 2008 Order in Cases 01-M-0075 and 06-M-0878.

2.3.5 Debt and Equity Components Used for Ratemaking Purposes

The debt and equity components used to establish Niagara Mohawk's rates will be established in individual rate proceedings.

2.3.6 Additional Financial Protections

Except for those noted as superseded herein, the Commission's financial protections in the terms and conditions of its: (i) May 15, 2009 and July 29, 2009 Orders in Case 08-M-1352, and (ii) March 28, 2008 and May 29, 2008 Orders in Cases 01-M-0075 and 06-M-0878 continue in full force and effect.

2.4 Cost Allocation and Audit

2.4.1 Appropriate cost allocation procedures will be followed by HoldCo and its affiliates to assure the proper allocation on a fully distributed basis, to HoldCo, RegCo, or other affiliates of the costs of any HoldCo personnel, property or services used by RegCo or other affiliates of HoldCo.

2.4.2 Any future revisions to cost allocation methodologies of ServiceCo will be filed with the Secretary of the Commission.

2.4.3 The FERC carries out regular audits of ServiceCo. Such audits include examination of authorized cost allocation calculations and a review of internal audit policies, procedures, and reports. Department of Public Service ("DPS") Staff will be invited to participate in such audits to receive assurance that applicable transactions and/or allocations are being carried out in a compliant fashion. DPS Staff will also receive copies of all reports issued to the Company by FERC as a result of such audits.

2.4.4 The Company will meet annually with DPS Staff to review all aspects of cost allocations and their application.

2.4.5 If at any time the Company becomes aware of events likely to cause a reconsideration of or material change to cost allocations, it will advise DPS Staff and arrange a meeting to consider those issues at that time.

2.5 Transfer of Assets from or to RegCo

Transfers of assets (or rights to use such assets) from RegCo to Unregulated Competitive Energy Affiliate(s) and Unregulated Affiliate(s) will be priced at the higher of book value or fair market value and will be subject to Commission approval, except as otherwise provided in Mutual Assistance Agreements. Transfer of assets (or rights to use such assets) from Unregulated Competitive Energy Affiliate(s) and Unregulated Affiliate(s) to RegCo will be priced at the lower of book value or fair market value. Transfer of assets (or rights to use such assets) between RegCo and National Grid FERC Regulated Affiliates will be at book value.

2.6 Transfer of Services

The provision of corporate services will be subject to written contracts that, as applicable, identify the personnel, assets, and services that will be provided. The services will be provided on a fully loaded cost basis. The RegCo, HoldCo, ServiceCo, Unregulated Competitive Energy Affiliates, Unregulated Affiliates, National Grid FERC Regulated Affiliates, and National Grid Other Affiliates may be covered by common property/casualty and other business insurance policies. The costs of such policies will be allocated among the RegCo, HoldCo, ServiceCo, Unregulated Competitive Affiliates, Unregulated Affiliates, National Grid FERC Regulated Affiliates, and National Grid Other Affiliates in an equitable manner.

3. Human Resources

3.1 Separation of Employees and Officers

RegCo will have separate employees from Unregulated Affiliates and Unregulated Competitive Energy Affiliates. Operating officers *(i.e.,* those officers providing other than corporate services) of RegCo will not be operating officers of any of the Unregulated Affiliates and Unregulated Competitive Energy Affiliates. Operating officers of RegCo that engage in legal or policy advocacy before FERC or the Commission will not be officers of National Grid FERC Regulated Affiliates. Other RegCo officers, such as Information Technology and Human Resource officers or their supervisors, may be officers of National Grid FERC Regulated Affiliates. An officer of HoldCo may not be an officer of both RegCo and an Unregulated Affiliate or Unregulated Competitive Energy Affiliate. No RegCo employee or officer will also be an employee, officer or director of any unaffiliated competitive energy firm engaged in the exploration or production, generation, retail energy services, DER, or HVAC services in RegCo's service territory. No RegCo employee or officer will also be an employee, officer or director of any unaffiliated firm engaged in competitive retail services that Niagara Mohawk contracts for or provides.

3.2 Employee Transfers

3.2.1 If a RegCo employee accepts a position with an Unregulated Affiliate or Unregulated Competitive Energy Affiliate, he or she will be required to resign from RegCo unless there is a conflict with the collective bargaining agreement, in which case the collective bargaining agreement would control. Any such employee will be prohibited from copying or taking any non-public customer or competitively sensitive market information from RegCo.

3.2.2 Employees may be transferred from RegCo to an Unregulated Affiliate or Unregulated Competitive Energy Affiliate. Transferred employees may not be reemployed by RegCo for a minimum of one year after transfer. Employees returning to RegCo may not be transferred again to an Unregulated Affiliate or Unregulated Competitive Energy Affiliate for a minimum of one year. RegCo will file annual reports to the Commission showing transfers between RegCo and Unregulated Affiliates or Unregulated Competitive Energy Affiliates by employee name, former company, former position, new company, new position, and salary or annualized base compensation. There will not be any temporary employee transfers between RegCo or US HoldCo and any Unregulated Affiliates.

3.2.3 Except as provided in this Section 3.2, employees may be transferred from RegCo to HoldCo, or to a National Grid FERC Regulated Affiliate and/or any National Grid Other Affiliate (and vice-versa) without restriction.

3.3 Employee Loans in an Emergency

The foregoing provisions in no way restrict any affiliate from loaning employees to RegCo to respond to an emergency that threatens the safety or reliability of service to customers.

3.4 Compensation for Transfers to Other than a Transmission or Distribution Company

A one-time employee transfer credit equal to 25 percent of the employee's annual salary will be applied to the deferral account for each transfer from RegCo to any Unregulated Competitive Energy Affiliate.

3.5 Employee Compensation and Benefits

The compensation of RegCo employees and officers may not be tied to the financial and/or stock performance of any Unregulated Competitive Energy Affiliate or National Grid Other Affiliate, but may be tied to the financial performance of HoldCo and stock performance of UK HoldCo.

Employees of HoldCo, RegCo, ServiceCo, Unregulated Affiliates, Unregulated Competitive Energy Affiliates, National Grid FERC Regulated Affiliates, and National Grid Other Affiliates may participate in common pension and benefit plans.

3.6 Legal Representation

RegCo will have its own senior counsel, who shall not be shared with any Unregulated Affiliate or Unregulated Competitive Energy Affiliate and whose primary responsibility is RegCo. The same law firm may represent RegCo and any affiliate on any matter other than transactions between RegCo and that affiliate. On any matter not involving such an intracorporate transaction in which the interests of RegCo may be adverse to the interests of an affiliate, RegCo will take appropriate steps to ensure that RegCo's interests are vigorously and independently protected (such steps, by way of example and not limitation, could include having separate attorneys if a single law firm is used and creating an ethical wall as an information barrier between such attorneys to avoid any potential conflict of interest). With respect to all matters handled by outside counsel, HoldCo and its affiliates will instruct outside counsel to take all reasonable steps to ensure that non-public customer and competitively sensitive information in the possession of RegCo is not communicated to an affiliate.

4. Reporting

4.1 Transfers, Cost Allocations, Common Benefit Plans

On or before June 30 each year, RegCo will file reports on: transfer of assets, cost allocations, employee transfers and employees in common benefit plans.

4.2 Deferrals

A monthly update of the deferral account balances for Niagara Mohawk's deferral accounts will be provided electronically to DPS Staff as close as possible to the 15th day of the following month, but in any event no later than the 21st day of the month following closing. The monthly updates will: contain page referenced summaries, include adequate and legible backup support; the pages will be numbered, and provide the name of the Company personnel responsible for each journal entry.

4.3 Financial

Niagara Mohawk will provide DPS Staff with monthly general ledger reports, monthly financial report(s), and journal entries, as close as possible to the 15th day of the following month, but in any event no later than the 21st day of the month following closing.

4.4 Rate-Related Filings

Niagara Mohawk will provide DPS Staff monthly reports on the Supply Service Charge Statement ("SC") and Transmission Revenue Statement Clause ("TRAS"). Supporting documentation for the filed SC and TRAS amounts will also be provided.

5. Access to Books, Records and Reports

DPS Staff will have full access, on reasonable notice, and subject to resolution of confidentiality and privilege *(e.g.,* attorney-client, attorney work product, self-critical) issues, to: (i) the books and records of UK HoldCo and of the US HoldCo and its majority owned subsidiaries; and (ii) the books and records of all other HoldCo subsidiaries or affiliates, in English, to the extent necessary to audit and monitor any transactions that have occurred between the RegCo and such subsidiaries or affiliates. Such access to books and records will be provided at the Company's Syracuse headquarters, provided however, that if such access is not practicable, access will be provided at whatever reasonable location the Company deems appropriate at the Company's expense.

DPS Staff currently receive copies of a number of internal utility documents as set forth in Section 4. It is the Company's intention to continue to provide information with a similar scope and content to that currently provided. However, the Company may wish to modify the form and/or content of its internal documents from time to time. In such cases, the Company will discuss and agree with Staff the ongoing information requirements and the most appropriate way for them to be met in the future.

6. Standards of Competitive Conduct

The following standards of competitive conduct shall govern RegCo's relationship with any Unregulated Competitive Energy Affiliates, Unregulated Affiliates, or National Grid Other Affiliates, in addition to any already covered by the Commission's rules governing Uniform Business Practices.

6.1 Use of Corporate Name and Royalties

There are no restrictions on any affiliate using the same name, trade names, trademarks, service names, service marks or a derivative of a name of the HoldCo or RegCo, or in identifying itself as being affiliated with the HoldCo or RegCo. However, no non-National Grid company will be allowed to use the same name, trade names, trademarks, service names, service marks, or a derivative of a name of RegCo in any manner, except for the purposes of assisting with the marketing of Commission-approved energy efficiency programs in accordance with the May 15, 2020 Order in Case 19-G-0690. Further, no non-National Grid company will be allowed to use the same name, trade names, trademarks, service names, service marks, or a derivative of a name of HoldCo in New York State for a period exceeding six months, provided that such use will be limited to the situation where National Grid has sold the relevant business (or the assets of the business) and restricted to: (i) use of the National Grid logo during the pendency of the transition to new ownership *(e.g.*, vehicle and facility signage), and (ii) educating customers about the sales transaction and the impacts on customers. During that six-month period, DPS Staff will be given the opportunity to preview any communication using National Grid's name or logo that is to be sent from a non-National Grid company to National Grid's utility customers in New York. DPS Staff may, in the exercise of reasonable discretion, reject any customer communication it deems not in compliance with this section by providing National Grid with written notice of its specific objections. A communication will be deemed acceptable unless DPS Staff objects in a writing received by the Company within five business days of Staff's receipt of such communication from National Grid. DPS Staff and the Company will work collaboratively to resolve any disagreement as to the content of the communication.

6.2 Sales Leads

RegCo will not provide sales leads involving customers in its service territory to any affiliate or non-affiliated companies without the advanced permission of the Commission.

6.3 Customer Inquiries

If a customer requests information about securing any service or product offered by energy services companies ("ESCos"), the RegCo may provide a list of all known ESCos operating in the area, which may include its Unregulated Competitive Energy Affiliate(s).

6.4 Customer Information

Except for purposes of complying with applicable statutes, regulations, and orders, RegCo will not disclose to any Unregulated Competitive Energy Affiliate(s), Unregulated Affiliate(s), or non-affiliates any customer information about its electric and gas businesses that may provide a competitive advantage in the electric or gas markets. Customer information includes, but is not limited to, confidential information that RegCo receives from a customer, prospective customer, or marketer that is not available from sources other than RegCo, unless RegCo makes such information available to all competitors on an equal basis.

RegCo will restrict access to customer information to only those employees of RegCo, or affiliates or non-affiliates, whose functions require that they have access to such information. Such employees will be instructed to maintain the confidentiality of such information.

6.5 No Advantage Gained by Dealing with Affiliate

6.5.1 RegCo will refrain from giving any appearance that RegCo speaks on behalf of an affiliate or that an affiliate, other than ServiceCo, speaks on behalf of the RegCo. RegCo will not participate in any joint promotion or marketing with its Unregulated Competitive Energy Affiliates or Unregulated Affiliates.

6.5.2 RegCo will not represent to any customer, supplier, or third party that an advantage may accrue to such customer, supplier, or third party in the use of the RegCo's services as a result of that customer, supplier, or third party dealing with any affiliate.

6.5.3 RegCo's affiliates will not represent to any customer, supplier, or third party that an advantage may accrue to such customer, supplier, or third party in the use of the RegCo's services as a result of that customer, supplier, or third party dealing with that affiliate.

6.5.4 RegCo will not cross-subsidize National Grid FERC Regulated Affiliates or any Unregulated Competitive Energy Affiliate(s) or Unregulated Affiliate(s).

6.5.5 Release of proprietary customer information relating to customers within the RegCo's service territory shall be subject to prior authorization by the customer and subject to the customer's direction regarding the person(s) to whom such information may be released. If a customer authorizes the release of information to a RegCo affiliate and one or more of the affiliate's competitors, RegCo shall make that information available to the affiliate and such competitors on an equal basis.

6.5.6 RegCo will not disclose to its affiliates any customer or marketer information relative to its service territory that it receives from a marketer, customer, or potential customer that is not available from sources other than RegCo, unless it discloses such information to its affiliates' competitors contemporaneously on an equal basis to the extent practicable.

6.5.7 RegCo will use competitive bidding practices or standard offers to purchase DER until such time as the Commission determines otherwise. If a RegCo affiliate participates in a competitive bidding process undertaken by RegCo for DER procurement, RegCo will engage an independent party to monitor the DER procurement selection process.

6.5.8 These provisions do not restrict the use of the name of HoldCo or RegCo as set forth in Section 6.1.

6.6 <u>No Rate Discrimination</u>

All similarly situated customers, including ESCos and customers of ESCos, whether affiliated or unaffiliated, will pay the same rates for the RegCo's utility services, including those related to interconnections and dispatch. If there is discretion in the application of any tariff provision, RegCo must not offer its affiliate more favorable terms and conditions than it has offered to all similarly situated competitors of the affiliate. Should RegCo provide to an ESCo or a customer of an ESCo, whether affiliated or unaffiliated, a delivery, billing, metering, or other service set forth in its tariff or associated operating procedures, at a discounted or negotiated rate or pursuant to a special arrangement, RegCo will expeditiously post on its website the information that the Commission requires a utility to file in association with providing a discounted or negotiated rate or special arrangement, subject to the Commission's trade secret rules, if applicable, in the same manner and within the same time period for affiliates and non-affiliates.

7. Annual Meeting

Senior management of RegCo and US HoldCo will meet annually with senior DPS Staff to discuss the Company's plans related to capital attraction and financial performance.

8. Training and Certification/Adherence to Standards

8.1 Training and Certification

8.1.1 US HoldCo and RegCo will conduct training on these principles for officers, directors, and senior managers. On an annual basis, designated officers should provide certification to the Commission of the Company's adherence to these standards.

8.1.2 Additionally, all RegCo management employees shall receive annual training on Section 6, Standards of Competitive Conduct, to include the types of information that may or may not be shared, and RegCo policies and procedures restricting information sharing, with verification that such training has been completed.

8.2 Adherence to Standards

If the Commission at any time makes a finding that it believes that compliance with these provisions has been lacking, the Commission can order RegCo to pay for an independent auditor to review of all applicable transactions and/or allocations.

9. Commercialization of Products and Technologies Developed as a Result of Research and Development

The Company's affiliates may invest in commercialization of research and development products and technologies developed by RegCo consistent with the affiliate rules. If an affiliate elects to invest, it will fairly compensate RegCo, assume the business risk(s), and will be entitled to the benefits associated with that investment.

10. Dispute Resolution

If any competitor, whether an affiliated or non-affiliated company, or customer of RegCo, believes that RegCo has acted in violation of Section 2, Rules Governing Affiliate Transactions, and/or Section 6, Standards of Competitive Conduct, such competitor or customer may provide RegCo with a written notice of the complaint. RegCo will respond to any such complaint within twenty (20) business days after receipt of the complaint. Within fifteen (15) business days after responding to such complaint, the parties will meet in an attempt to resolve the matter informally. If the parties do not meet or are not successful in resolving the matter informally, then the complainant may refer the matter to the Commission for disposition within fifteen (15) business days of filing such response, or in the event the parties meet, within fifteen (15) business days of such meeting. The Commission will maintain continuing jurisdiction over Section 2, Rules Governing Affiliate Transactions, and Section 6, Standards of Competitive Conduct. This dispute resolution process will also be posted on RegCo's website.

11. Miscellaneous Corporate Provisions

11.1 Timely Correction of Errors and Adjustments

When the Company finds an error on the Company's books of account regulated by the Commission or agrees to an adjustment proposed by Staff, a journal entry correcting the error or making the adjustment (the "Correction") will be made. Where practicable, the journal entry will be made during the month of the determination that the Correction was required. To the extent that a journal entry cannot be made before the close of the month in which the Correction was acknowledged and the Correction affects an entry in an account included in the Company's monthly deferral submittal, the Company will note the pending journal entry in that monthly submittal, together with a brief description of the Correction, the date the Company acknowledged the Correction and, if possible, the amount of the Correction. In any event, the Company will make a journal entry reflecting the Correction within three months.

11.2 Adjustments to Billing Loading Factors

In accordance with the June 26, 2023 Order in Cases 20-E-0380 and 20-G-0381, Niagara Mohawk will adjust third-party job order billings loading factors no more than quarterly each year (in January, April, July, and October), provided however, that, in addition, Niagara Mohawk may adjust such loading factors at any other time in the event there is a change in such loading factor (whether positive or negative) of greater than 20 percent. The April adjustment will also include any adjustment necessary to reconcile the loading factors used during the prior period to actual amounts. Further, the Company will follow the same method for capitalizing fringe benefits into its construction costs, subject to Appendix 9, Electric and Gas Pension and OPEB Expense Provisions.

11.3 Internal Audits of Deferral Accounts

For each fiscal year, Niagara Mohawk will conduct internal audits on at least two different deferral accounts until otherwise ordered by the Commission. When Niagara Mohawk develops its internal audit plan, it will advise DPS Staff which deferral accounts will be audited in the upcoming fiscal year. If Niagara Mohawk proposes to audit the same deferral account in two consecutive years, Niagara Mohawk will discuss this with DPS Staff and advise DPS Staff of the basis for the consecutive audits. Prior to conducting each internal audit of a deferral account, Niagara Mohawk's internal audit department will interview DPS Staff to identify potential areas of concern with respect to the eligibility of costs or revenues in that account for deferral.

11.4 Journal Entry Support

Niagara Mohawk will include with each journal entry provided to DPS Staff a summary explanation of the purpose of the journal entry and documentation supporting and, if needed, detailing the calculations of the amounts charged to the various accounts shown.

11.5 Resolution of Nine Mile Sale Compliance (Case No. 01-E-0011)

With the exception of accounting resolved by Sections 7.1 - 7.4 of the Stipulation of the Parties, dated March 27, 2007 in Case 01-M-0075 *et al.*, nuclear-related costs or receipts that were unknown or unknowable at the time of the sale of the nuclear assets (for example, the results of sales tax audits, NEIL refunds, etc.) will be governed by precedent established in Case 01-E-0011 or Case No. 01-M-0075. Any adjustments resulting from any such historic or prospective costs or receipts shall be subject to audit by DPS Staff.

11.6 Operations in New York

Niagara Mohawk will notify the Commission prior to implementing any significant changes to the location(s) and/or means of delivery of services, including emergency response, associated with its customer service functions. Further, Niagara Mohawk's corporate headquarters will be maintained in Syracuse, New York. Niagara Mohawk also agrees that senior management responsible for day-to-day electric and gas operations in New York will maintain offices in New York State. To achieve customer service and reliability objectives, Niagara Mohawk agrees to maintain a level of workforce in New York that, in its view, is sufficient to achieve these objectives and to utilize all other necessary resources, including but not limited to, internal and external human resources, and investments in plant and technology.

APPENDIX 16

Additional Provisions Applicable To Daily Balancing Pool Alerts

1. **Procedures To Notify Non-PPC Daily Balanced Pool Customer To Stop Consuming Gas**

Prior to November 1 of each year, Marketers/Direct Customers that lack sufficient Pricing Point Capacity ("PPC") to serve their customers' forecast Maximum Peak Day Quantities ("MPDQs") or Average Peak Day Quantities ("APDQs"), as applicable, shall provide the Company with a list of at least three representatives of each Customer or Marketer on a Marketer's curtailment list that can be contacted in the event of a shortfall in deliveries of gas on a day on which the Company issues a Daily Balancing Pool Alert. The information provided for each Customer shall include each representatives' email address, cell phone number, work phone number, and fax information. The Company will use these communication methods to advise individual Customers and their Marketers of any impending Daily Balanced Pool Alerts. The Company will also post notice of such alerts on its website and Electronic Bulletin Board.

2. **Financial Penalties And Other Procedures To Be Established For Customers That Do Not Curtail Gas Usage In Accordance With Applicable Curtailment Plans During A Balanced Pool Alert**

The Company will modify its tariff so that the initial penalty for a Customer's failure to comply with a Balanced Pool Alert's direction to curtail gas usage will be $50 per dekatherm of unauthorized use quantities plus the Company's highest Incremental Cost of Gas ("ICOG"). Penalties would sequentially escalate to $75 plus the ICOG and $100 plus the ICOG during each heating season. Customers that incur three or more penalties over a two-year period, may, at the Company's option, be required with install flow control equipment that will enable the Company to curtail unauthorized usage, or convert a portion of the Customer's usage to interruptible service which will require the Customer to add both alternative fuel capability for the interruptible portion of its energy usage as well as metering equipment that will permit the Company to switch the Customer to alternative fuel.

3. The Company's Forecasting And Communications Of The Potential For Design Weather Conditions

When the Company's forecasting department receives a weather forecast that indicates a likelihood that the Company will experience design weather conditions in its service territory within the next seven days, the Company will communicate the forecast information to Daily Balanced Customers and their Marketers.

When the Company receives weather forecast information that indicates that the Company is likely to experience design weather conditions within the next 48 hours the Company will issue a Critical Day Operational Flow Order and communicate that information to Daily Balanced Customers and their Marketers.

4. Procedures For Physically Curtailing Customers That Do Not Comply With The Company's Curtailment Orders

Nothing in this Joint Proposal will require the Company to physically shut off Customers that engage in unauthorized use during Daily Balanced Pool Alerts. To the extent that the Company determines that it must physically shut-off a Daily Balanced Customer in order to curtail unauthorized use and maintain gas service to other firm customers, the Company will use reasonable efforts to work with the customers' representatives to ensure that any physical curtailment of a customer's usage can be implemented in a safe and effective manner.

APPENDIX 17

Census Tracts to Receive Additional EAP Outreach				
36067004301	36063024002	36083040900	36063020600	36065020802
36063940001	36037950700	36035970800	36001000800	36021001100
36093021001	36057072700	36003950600	36067002101	36093021400
36067012000	36067005300	36083040200	36029003000	36029005900
36063024202	36065021103	36029012400	36029001000	36001013200
36063024102	36089491700	36013036300	36057072200	36029017400
36023970600	36063021300	36093033200	36065020102	36029000110
36073401200	36073040802	36075021602	36063020500	36063020900
36023970900	36083040500	36083051500	36037951000	36029002900
36033940000	36067005500	36029004402	36075021604	36067004000
36067003400	36075021605	36063023100	36029005700	36063020400
36029940000	36093021500	36013035700	36013036000	36067000600
36001012800	36029005500	36033950200	36067003900	36029016300
36009961700	36063023001	36063024502	36093021002	36065021000
36089492900	36037940100	36063021700	36029005600	36029006100
36063021100	36029017100	36009960800	36029007000	36073040500
36075021102	36089491600	36065026300	36089491400	36029000200
36001000600	36055015102	36029016700	36073040300	36065020803
36029000500	36067003500	36083040400	36067002300	36093020900
36067004200	36029016600	36067000501	36067003000	36003950500
36093020300	36083040100	36065020300	36057072500	36001012900
				36067005100