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July 2, 2020

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: Joint Petition of Eversource Energy, NiSource Inc., Eversource Gas of Massachusetts, and Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval of Purchase and Sale of Assets Pursuant to General Laws Chapter 164, §§ 94 and 96 - D.P.U. 20-59

Dear Mr. Marini:

Enclosed for filing with the Department of Public Utilities in the above-referenced proceeding is a Joint Motion for Approval of Settlement and the related Settlement Agreement,¹ entered into by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“Bay State Gas”), and its holding company parent, NiSource Inc. (“NiSource”), Eversource Gas Company of Massachusetts and its holding company parent, Eversource Energy (“Eversource”), the Massachusetts Attorney General’s Office, the Massachusetts Department of Energy Resources, and the Low-Income Weatherization and Fuel Assistance Program Network (“Network”) (collectively, the “Settling Parties”) with regard to the proposed sale by NiSource and Bay State Gas, and acquisition by Eversource, of the business of Bay State Gas.

Thank you for your attention to this matter.

Sincerely,



Cheryl M. Kimball, Esq.

Enclosures

cc: Hon. Matthew Nelson, Chair (cover letter only)
Hon. Robert Hayden, Commissioner (cover letter only)

¹ Also enclosed with this filing is a Settlement Explanatory Statement prepared by NiSource and Eversource, consistent with the Department’s requirements the Settlement Proposal Filing Requirements Memorandum (“Memorandum”) issued by the Department of Public Utilities (“Department”) on July 17, 2015, in Bay State Gas Company d/b/a Columbia Gas of Massachusetts, D.P.U. 15-50 (2015).

Mark D. Marini, Secretary

D.P.U. 20-59

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Hon. Cecile Fraser, Commissioner (cover letter only)

Shane Early, General Counsel

Sarah Spruce, Hearing Officer

George Yiankos, Director, Gas Division

Emily Luksha, Director, Rates and Revenue Requirements

Rebecca M. Tepper, Assistant Attorney General

Joseph W. Rogers, Assistant Attorney General

Rachel Evans, Department of Energy Resources

Jerrold Oppenheim, Low Income Weatherization and Fuel Assistance Program Network

D.P.U. 19-140 and D.P.U. 19-141 Service Lists

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Petition of Eversource Energy, NiSource Inc.,)
Eversource Gas Company of Massachusetts,) D.P.U. 20-59
and Bay State Gas Company for Approval of)
Purchase and Sale of Assets Pursuant to)
General Laws Chapter 164, § 94 and § 96)

**JOINT MOTION FOR APPROVAL OF
SETTLEMENT AGREEMENT**

Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“Bay State Gas”), and its holding company parent, NiSource Inc. (“NiSource”), Eversource Gas Company of Massachusetts (“EGMA”)¹ and its holding company parent, Eversource Energy (“Eversource”), the Massachusetts Attorney General’s Office (“AGO”), the Massachusetts Department of Energy Resources (“DOER”), and the Low-Income Weatherization and Fuel Assistance Program Network (“Network”) (collectively, the “Settling Parties”) hereby jointly move, pursuant to G.L. c. 164, § 94, G.L. c. 164, § 96, and 220 C.M.R. § 1.04(5)(a), for approval by the Department of Public Utilities (the “Department”) of the Settlement Agreement filed herewith.

I. Overview

The Settlement Agreement resolves issues relating to the petition to the Department by NiSource, Bay State Gas, and Eversource for approval of NiSource’s sale of the business operated by Bay State Gas to Eversource for a purchase price of \$1.100 million in cash, subject to certain post-closing adjustments (the “Transaction”). Completion of the

¹ EGMA is a wholly owned subsidiary of Eversource incorporated in Massachusetts on May 15, 2020, pursuant to G.L. c. 164, § 1 to own and operate the business of Bay State Gas.

Transaction is subject to the definitions, terms, and conditions delineated in the Asset Purchase Agreement (“APA”), executed by and among NiSource, Bay State Gas, Eversource, and EGMA (“Joint Petitioners”) on February 26, 2020. The Settlement Agreement submitted herewith is intended to facilitate the Department’s approval of the Transaction between the Joint Petitioners, while providing net benefits to Bay State Gas customers following the Department’s approval.

II. Request for Approval of Settlement Agreement

This Settlement Agreement is proposed in connection with the Department’s review of the Transaction and associated rate plan under G.L. c. 164, §§ 94 and 96, and is conditioned on approval in its entirety by the Department no later than September 30, 2020 (“Requested Approval Date”). The terms of the APA require the Joint Petitioners to use their reasonable best efforts to cause the Transaction to be consummated as promptly as practicable. The Joint Petitioners seek to obtain the necessary approvals and satisfy all closing conditions by September 30, 2020, to facilitate a close by November 1, 2020, which is the start of the 2020/2021 winter heating season. To that end, the Joint Petitioners respectfully request the Department’s approval on or before September 30, 2020, so that Bay State Gas customers may realize the substantial benefits of the Transaction without undue delay.

As a result of this and various other considerations, the Requested Approval Date is of the utmost importance to the Joint Petitioners, and therefore, the Settling Parties respectfully request that the Department adhere to this date unless the date is changed by mutual agreement of the Settling Parties pursuant to the settlement provisions. If the

Department does not approve the Settlement Agreement in its entirety on the date designated by the Settling Parties, the Settlement Agreement shall be deemed withdrawn.

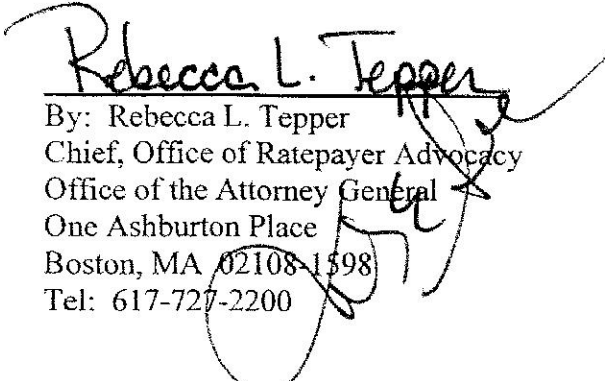
WHEREFORE, the Joint Petitioners, the AGO, DOER, and the Network request that the Department grant this Joint Motion for Approval of Settlement Agreement and make the following findings:

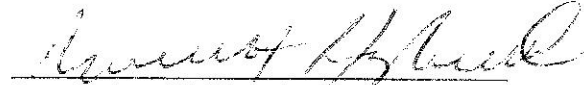
- a. Determine that the Settlement Agreement, and the terms thereof, are reasonable and consistent with the public interest;
- b. Determine that the Transaction is consistent with the public interest, pursuant to G.L. c. 164, § 96, and should be approved;
- c. Determine that approval of the Settlement Agreement will result in just and reasonable rates, pursuant to G.L. c. 164, § 94; and
- d. Confirm that, following the Transaction, and subject to the terms of the Settlement Agreement, EGMA will continue to hold the franchise rights and obligations associated with the business of Bay State Gas prior to the Transaction, and that further action pursuant to G.L. c. 164, § 21 is not required to consummate the Transaction.

The signatories listed below represent that they are authorized on behalf of their principals to enter into this Settlement Agreement.

**MAURA HEALEY,
COMMONWEALTH OF MASSACHUSETTS
ATTORNEY GENERAL**

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF ENERGY RESOURCES**

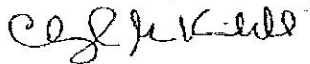

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As Joint Petitioners

**EVERSOURCE ENERGY
EVERSOURCE GAS COMPANY OF MASSACHUSETTS
NISOURCE INC.
BAY STATE GAS COMPANY d/b/a COLUMBIA GAS OF MASSACHUSETTS**

By their Attorneys,



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Dated: July 2, 2020

**Low-Income Weatherization and
Fuel Assistance Program Network**

By its Attorney



Jerrold Oppenheim
57 Middle Street
Gloucester, MA 01930
Tel: 978-283-0897

Dated: July 2, 2020

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES**

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Petition of Eversource Energy, NiSource Inc.,)	
Eversource Gas of Massachusetts, and Bay State Gas)	
Company d/b/a Columbia Gas of Massachusetts for)	D.P.U. 20-59
Approval of Purchase and Sale of Assets Pursuant to)	
General Laws Chapter 164, § 94 and § 96)	
)	

**JOINT PETITIONERS’
SETTLEMENT EXPLANATORY STATEMENT**

On July 2, 2020, Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“Bay State Gas”), and its holding company parent, NiSource Inc. (“NiSource”), Eversource Gas Company of Massachusetts (“EGMA”)¹ and its holding company parent, Eversource Energy (“Eversource”), the Massachusetts Attorney General’s Office (“AGO”), the Massachusetts Department of Energy Resources (“DOER”), and the Low-Income Weatherization and Fuel Assistance Program Network (“Network”) (collectively, the “Settling Parties”) executed a Settlement Agreement (“Settlement Agreement”), in the above-referenced proceeding. The Settlement Agreement pertains to the proposed sale by NiSource and Bay State Gas, and acquisition by Eversource and EGMA, of the business of Bay State Gas.

The Joint Petitioners submit this Explanatory Statement in accordance with the Settlement Proposal Filing Requirements Memorandum (“Memorandum”) issued by the Department of

¹ EGMA is a wholly owned subsidiary of Eversource incorporated in Massachusetts on May 15, 2020, pursuant to G.L. c. 164, § 1 to own and operate the business of Bay State Gas.

Public Utilities (“Department”) on July 17, 2015, in Bay State Gas Company d/b/a Columbia Gas of Massachusetts, D.P.U. 15-50 (2015).²

I. INTRODUCTION

A. Overview

On September 13, 2018, Bay State Gas experienced an over-pressurization of the low-pressure natural gas distribution system serving parts of Lawrence, Andover, and North Andover, Massachusetts. As defined in the Settlement Agreement, the “Greater Lawrence Incident” includes the fires and explosions that occurred on September 13, 2018 in Lawrence, Andover and North Andover, Massachusetts related to the delivery of natural gas by Bay State Gas; the subsequent shut-down of the Bay State Gas affected gas delivery system by September 14, 2018; and, the Bay State Gas restoration and recovery efforts undertaken by Bay State Gas in response thereto, from and including September 14, 2018, and the gas leak that occurred on September 27, 2019 on a main that Bay State Gas installed during those efforts and the outages resulting from that leak.

On October 25, 2019, the Department opened two investigations into the Greater Lawrence Incident. First, the Department opened the Investigation by the Department of Public Utilities on its own Motion into Bay State Gas Company d/b/a Columbia Gas of Massachusetts’ responsibility for and response to the September 13, 2018 Merrimack Valley Incident, D.P.U. 19-140 (2019) (“Pipeline Safety Investigation” or “D.P.U. 19-140”), which is focused on Bay State Gas’s responsibility for and response to the incident, as well as its restoration efforts following the incident. Second, the Department opened the Investigation by the Department of Public Utilities

² This “Settlement Explanatory Statement” was prepared by the Joint Petitioners and is not intended to be construed as part of the Settlement Agreement submitted herewith on behalf of the Settling Parties. This Settlement Explanatory Statement is prepared solely for the purposes of meeting the Department’s regulatory requirement for filing of a settlement and does not represent a component part of the Settlement Agreement.

on its own Motion into the Preparation and Response of Bay State Gas Company d/b/a Columbia Gas of Massachusetts with respect to the September 13, 2018 Merrimack Valley Gas Event, D.P.U. 19-141 (2019)(“Emergency Response Investigation” or “D.P.U. 19-141”), which is focused on Bay State Gas efforts to prepare for and restore service following the Greater Lawrence Incident. The Department is also presiding over other enforcement and compliance actions involving Bay State Gas, unrelated to the Greater Lawrence Incident.

Within this context, NiSource, Bay State Gas, Eversource, and Eversource Gas have agreed to a transaction, subject to the terms and conditions set forth in the Asset Purchase Agreement (“APA”), dated February 26, 2020, involving NiSource’s agreement to sell the business operated by Bay State Gas to Eversource for a purchase price of \$1,100 million in cash, subject to certain post-closing adjustments (the “Transaction”). The APA is submitted to the Department in this proceeding as Exhibit JP-SA-2, as part of the Joint Petitioners’ initial filing.

The Transaction requires the Department’s review and approval under G.L. c. 164, § 96, and the Department has docketed the proceeding as D.P.U. 20-59. Under the APA, Eversource and NiSource agreed to make a joint filing with the Department for approval of the Transaction within 60 days of the execution date of the APA (i.e., April 26, 2020), which was extended by mutual agreement of Eversource and NiSource to July 3, 2020. Eversource and NiSource, along with Bay State Gas and EGMA, are the “Joint Petitioners” in D.P.U. 20-59 for approval of the Transaction. To support the Department’s review and approval under G.L. c. 164, § 96, the Joint Petitioners have submitted a comprehensive proposal to the Department in D.P.U. 20-59 for approval of the acquisition, along with a multi-year rate plan for review and approval under G.L. c. 164, § 94, on this date coincident with the filing of the Settlement Agreement.

The Settlement Agreement is structured to facilitate critical work by Eversource and

EGMA, following Closing,³ to assess, remediate, and reinforce the integrity of Bay State Gas system to provide customers with the safe and reliable service they deserve and pay for. The Transaction represents an opportunity to bring value to natural gas customers served by Bay State Gas -- and after Closing by Eversource -- due to the opportunities that exist to combine the operations of two, similarly sized natural gas distribution systems, NSTAR Gas and Bay State Gas, and to achieve improved public safety and reliability, reduced environmental impact and, over time, operating efficiency. The Settlement Agreement provides Eversource with the necessary tools, both operational and financial, to undertake a comprehensive assessment, analysis, and associated restoration of the Bay State Gas system to ensure that customers experience the safe and reliable service at a reasonable cost.

B. Net Benefits Analysis

Under G.L. c. 164, § 96, the Department is required to determine that a proposed transaction is “consistent with the public interest,” in order for the transaction to be approved by the Department. To determine whether a proposed transaction is in the public interest, the Department applies a “net benefit” test, meaning that the petitioner(s) must demonstrate that the expected benefits of the transaction outweigh the expected costs of the proposed transaction, if approved by the Department. In making this determination, the Department may review a number of factors, including:

1. Effect on rates;
2. Effect on the quality of service;
3. Resulting net savings;
4. Effect on competition;
5. Financial integrity of the post-merger entity;

³ The APA defines “Closing” as the closing of the sale and transfer of the purchased assets to Eversource and the assumption of the assumed liabilities by Eversource (APA at Section 1.1). The date on which the Closing is actually held is referred to herein as the “Closing Date” (APA at Section 4.1).

6. Fairness of the distribution of resulting benefits between shareholders and ratepayers;
7. Societal costs;
8. Effect on economic development;
9. Alternatives to the merger or acquisition;
10. Long-term strategies that will assure a reliable, cost-effective energy delivery system;
11. Any anticipated interruptions in service; and
12. Other factors that may negatively impact customer service.

As discussed herein, the Settlement Agreement is designed to produce substantial net benefits for Bay State Gas customers. There are two principle drivers of the increased net benefits arising from the Settlement Agreement. These drivers are: (1) the elimination of a full base-rate proceeding in 2021, projected to involve a request for rate relief to address a \$56.0 million revenue deficiency; and (2) an increase in the payment made by NiSource in lieu of penalties from the \$22.0 million, proffered by the Joint Petitioners in their initial filing, to \$56.0 million. In effect, the Settlement Agreement reduces the recovery of operating expense through customer rates over the term of the Settlement Agreement, as compared to the operating expense increases that would likely have otherwise occurred under Massachusetts law governing the filing of rate cases. The Settlement Agreement allows recovery of capital investment necessary to improve the condition of the Bay State Gas system for the provision of safe and reliable service to customers. In addition, the Settlement Agreement encompasses numerous provisions relating to clean energy and charting a path forward for environmental sustainability.

The highlights of the environmental sustainability commitments are as follows:

- Clean Energy Business Case Analysis. Under the Settlement Agreement, EGMA and NSTAR Gas (together, “Eversource Gas”) will prepare and submit a business case analysis of potential decarbonization strategies that may be implemented in relation to

the reduction of GHG emissions associated with the sale and distribution of natural gas, consistent with state law. Eversource Gas is required to submit the business case analysis to the Department for review and comment by all stakeholders no later than September 1, 2021. Eversource Gas is also required to fund the analysis with up to \$500,000 of its own resources using outside consulting expertise. Appendix 6 to the Settlement Agreement describes the agreement of the Settling Parties on the parameters of the business case analysis.

- Energy Efficiency. EGMA has committed to the savings goals, budgets, and Term Sheet commitments applicable to Bay State Gas in the 2019-2021 Three-Year Energy Efficiency Plan, including Bay State Gas commitments approved in D.P.U. 18-110 on energy efficiency in the Merrimack Valley. For example, EGMA will extend the enhanced special offer for the City of Lawrence through December 31, 2021.⁴
- Heat Pump Incentive Program. EGMA will support the commencement of a new program through the 2022-2024 Three-Year Energy Efficiency Plan to provide targeted outreach and enhanced electrification incentives for customers in the municipalities affected by the Northampton moratorium.⁵ As a condition of settlement, EGMA agrees to allocate \$500,000 to DOER for the outreach and enhanced electrification incentives for customers.
- Gas Demand Response Program. EGMA will initiate a gas demand response program that includes up to 2,000 residential and small commercial wi-fi thermostats for a term of three years, starting November 1, 2021. EGMA shall also initiate a gas demand

⁴ See, DPU Letter Order, D.P.U. 18-110 (April 10, 2020), approving extension through December 31, 2020.

⁵ *Bay State Gas Company d/b/a Columbia Gas of Massachusetts*, D.P.U. 19-135, at 84 (2019).

response program that includes up to 10 medium/large commercial customers, starting November 1, 2021. As a condition of settlement, EGMA shall expend up to \$1.0 million for this program, inclusive of all program and evaluation costs for both the residential and commercial programs.

- EGMA Heat Pump Pilot. To fulfill the requirements of Section 1.14.2 of the D.P.U. 18-45 Rate Settlement, EGMA shall spend \$250,000 in 2021 as an incremental incentive for supplemental high efficiency air-source heat pumps for residential gas heating consumers in EGMA's service territory, as determined in consultation with DOER. EGMA is not allowed to seek recovery of the \$250,000 through its energy efficiency program, or otherwise through customer rates.

Lastly, the Settlement Agreement resolves pending legal actions at the Department and the AGO against the Discharged Persons.⁶ In lieu of penalties, NiSource has agreed to the payment of \$56.0 million. This payment will fund the establishment of the "Energy Relief Fund" comprised of two components, designated as the "Merrimack Valley Renewal Fund" and the "Arrearage Forgiveness Fund." The Merrimack Valley Renewal Fund shall be jointly administered by the AGO and DOER. The Arrearage Forgiveness Fund shall be jointly administered by the AGO and Eversource. Eversource will withhold NiSource's payment in lieu of penalties from the Closing payment and the amount withheld for such purpose shall be \$56.0 million. The Energy Relief Funds will be apportioned as follows: (1) the Merrimack Valley Renewal Fund shall receive at least \$41.0 million; and (2) the Arrearage Forgiveness Fund shall receive up to \$15.0 million.

⁶ The "Discharged Persons" are NiSource, Bay State Gas and their affiliates, and all of the respective directors, officers, employees, agents and representatives of NiSource, and Bay State Gas and their affiliates (such entities and individuals, collectively referred to as the "Discharged Persons").

The Merrimack Valley Renewal Fund will be directed toward energy efficiency and clean energy measures for the benefit of residents, businesses, and municipal governments within the City of Lawrence, the Town of Andover, and the Town of North Andover. Program initiatives shall be designed and administered by the AGO and DOER, utilizing existing state programs, competitive requests for proposals, and, directed grants.

The Arrearage Forgiveness Fund will benefit all R2 and R4 customers taking service from EGMA within the municipalities comprising the three Bay State Gas service areas of Springfield, Brockton and Greater Lawrence. By November 30, 2020, Eversource will issue credits from the Arrearage Forgiveness Fund to residential low-income customers in the amount equal to the customer's respective arrearage balance on June 30, 2020 ("June 30 Forgiveness Credit"). EGMA will apply the June 30 Forgiveness Credit to the customer accounts of all EGMA R2 and R4 customers having an outstanding balance for natural gas service as of June 30, 2020, and that remain active on the same account through the date the credit is issued.

II. SUMMARY OF SETTLEMENT AGREEMENT

Subject to the terms and conditions of the APA, following the Department's approval of the Transaction, Eversource will acquire the Bay State Gas assets through the new corporate entity formed by Eversource (EGMA) to own and operate the business of Bay State Gas post-Closing, pursuant to G.L. c. 164, § 1. EGMA will be subject to the Department's plenary jurisdiction under G.L. c. 164. EGMA is organized as a subsidiary of Yankee Energy Services Company ("Yankee Energy"), which is a wholly owned subsidiary of Eversource. This organizational structure will align with the current corporate structure wherein NSTAR Gas and Yankee Gas are operating as wholly owned subsidiaries of Yankee Energy. Except to incorporate EGMA into the Eversource

corporate organization, the Transaction will result in no changes to Eversource's existing organizational structure.

Prior to the Closing, Eversource will assign its rights to acquire the Bay State Gas business under the APA to EGMA, as allowed and contemplated in the APA. Upon closing, EGMA will take title to the "Purchased Assets" and will bear responsibility for the "Assumed Liabilities," as defined by the APA. EGMA will continue to operate as "Columbia Gas of Massachusetts" for a period of up to one year following the closing date to allow time for Eversource to prepare for a transition in the naming convention from "Columbia Gas of Massachusetts" to "Eversource Gas Company of Massachusetts."

On the closing date, Bay State Gas customers will become EGMA customers under the same rate schedules and terms of service as currently exist for Bay State Gas customers. EGMA is not seeking any changes to the rates charged to Bay State Gas customers that would take effect as of the date of Closing.

The Settling Parties are submitting the Settlement Agreement to the Department on the condition that it is approved without modification by the Department on or before September 30, 2020. In structuring the Settlement Agreement, the Settling Parties were mindful of the Department's directive, in NSTAR Electric, D.T.E./D.P.U. 07-4-C, to unambiguously and clearly set forth the relevant terms of the agreement in the Settlement Agreement. D.T.E./D.P.U. 07-4-C, at 16 (2015). To that end, the terms of agreement of the Settling Parties are limited to those provisions set forth in two articles within the Settlement Agreement: Article II – Terms of Settlement and Article III – Additional Settlement Conditions.

A. Article II – Terms of Settlement

1. Approval of the Proposed Transaction

Article II (Section 2.1) memorializes the Settling Parties’ agreement that the proposed Transaction set forth in the APA is consistent with the public interest, as required under G.L. c. 164, § 96, and that further action by the Department, under G.L. c. 164, § 21 is not required to consummate the Transaction.

2. Comprehensive Safety Assessment and Implementation Plan

Article II (Section 2.2) of the Settlement Agreement establishes Eversource’s commitment to conduct a Comprehensive Safety Assessment & Implementation Plan (“Safety Assessment”) to thoroughly evaluate the safety and condition of the EGMA system following the Closing of the Transaction, subject to the docketing, review, and approval of the Department. The Safety Assessment will accomplish the thorough investigation, evaluation and review of all aspects of EGMA’s operation including: gas supply, the Bay State Gas liquefied natural gas (“LNG”) and liquid propane (“LPG”) facilities, gate stations and district regulators, pipeline safety practices, standards and procedures, leak surveys and preventive maintenance, training and operator qualification practices, engineering and design, construction, leak management, safety management systems, integrity of maps, records and operating data, gas operations tooling and safety equipment, meters, compliance work backlog and safety culture practices.

No later than September 1, 2021, EGMA will file with the Department and make publicly available an in-depth and thorough statement of findings, work plans and associated capital budget that resulted from the development and implementation of the Safety Assessment. EGMA will file periodic progress reports on the implementation of the Safety Assessment findings, as well as its plans to address any previously unidentified safety-related issues on the EGMA distribution

system. These progress reports will be filed at six-month intervals through October 31, 2028, the date of the expiration of the Settlement Agreement.

The Safety Assessment, as well as the work plans that are developed based on the findings and the periodic progress reports on those findings and work plans, provides the Department and stakeholders with a transparent lens to review the work being done to assure that EGMA customers are benefitting, beginning with the close of the Transaction, from improved safety and reliability on the EGMA distribution system. Under this multi-disciplinary approach, EGMA will be able to efficiently and effectively identify and address any safety or reliability deficiencies on the distribution system, providing EGMA customers with real-time benefits. A detailed description of the Safety Assessment is provided in Appendix 1 to the Settlement Agreement.

3. Increase to Low-Income Discount Rate

Article II (Section 2.3) addresses the Bay State Gas low-income discount rate. The current discount rate for Bay State Gas low-income customers is 25 percent of the total residential gas bill. Under the Settlement Agreement, the discount rate for Bay State Gas low-income customers will be raised up to 30 percent of the total residential gas bill effective November 1, 2021, in the event that the Department approves an increase in the low-income discount rate, which could be as much as to 30 percent for NSTAR Gas Company's low-income customers, in NSTAR Gas Company d/b/a Eversource Energy, D.P.U. 19-120.

4. Sections 2.4 – 2.13 – Rate Plan

Sections 2.4 through 2.13 memorializes the Settling Parties' agreement as to the Rate Plan, encompassing several elements regarding the recovery of costs incurred to conduct system upgrades. The Rate Plan, which commences upon Closing and expires October 31, 2028, is comprised of three primary items: (1) implementation of certain provisions of the D.P.U. 18-45

Rate Settlement, which was withdrawn from the Department in 2018, shortly after the Greater Lawrence Incident; (2) two rate-base resets to be instituted on November 1, 2024 and November 1, 2027; and (3) the transfer of the Bay State Gas LNG and LPG peaking assets to Hopkinton LNG Corp. (“HOPCO”) and the associated execution of a Gas Service Agreement (“GSA”), similar to that approved for NSTAR Gas Company in Request for Approval of Gas Service Agreement between Hopkinton LNG Corp. and NSTAR Gas Company, D.P.U. 14-64 (2015).

Currently, the base rates in place on the Bay State Gas system were established by rate settlement in Bay State Gas Company d/b/a Columbia Gas of Massachusetts, D.P.U. 15-50 (2015), using a 2014 test year. The cost of service reflected in current base rates has not been updated for a relatively long time period, resulting in an under-recovery situation, evidenced by the Bay State Gas petition for a modification of base rates in Bay State Gas Company d/b/a Columbia Gas of Massachusetts, D.P.U. 18-45 (submitted April 13, 2018).

On September 5, 2018, a rate settlement was submitted to the Department in D.P.U. 18-45 (the “D.P.U. 18-45 Rate Settlement”). The D.P.U. 18-45 Rate Settlement is provided as reference as **Appendix 2** to the Settlement Agreement. In the Settlement Agreement, the Settling Parties have agreed to implement provisions of the D.P.U. 18-45 Rate Settlement, subject to several modifications to mitigate the effects of the necessary base distribution rate increase. Section 2.4 of the Settlement Agreement delineates the details implementation of the rate plan.

(a) Section 2.4.1 – Amount of Rate Increase

Section 2.4.1 addresses an inadvertent error contained in the rate schedules produced as part of the D.P.U. 18-45 Rate Settlement. Specifically, the Settlement Agreement notes that the \$13.4 million “agreed upon revenue deficiency” set out in Section 1.1.4 and footnote one of the

D.P.U. 18-45 Rate Settlement was incorrect. The Settlement Agreement states that the correct “agreed to revenue deficiency” in D.P.U. 18-45 was \$22.6 million, net of the then-pending return of Excess Deferred Income Tax (“EDIT”) to Bay State Gas customers. Following the Department’s approval, in Investigation by the Department of Public Utilities, on its Own Motion, into the Effect of the Reduction in Federal Income Tax Rates on the Rates Charged by Electric, Gas, and Water Companies, D.P.U. 18-15-E at 24-25, of the Tax Act Credit Factor (“TACF”) through Bay State Gas’ Local Distribution Adjustment Charge (“LDAC”), which reduced customer rates by approximately \$3.3 million. Thus, the D.P.U. 18-45 Rate Settlement “agreed upon revenue deficiency” is now calculated as \$25.9 million (\$22.6 million + \$3.3 million). The Settling Parties have agreed to reduce the “agreed upon revenue deficiency” from \$25.9 million to \$23.0 million (Section 2.4.1.3).

(b) Section 2.4.2 – Timing of Rate Increase

In Section 2.4.2, the Settling Parties memorialize the timing of the base rate increases. Specifically, the \$23 million rate increase will be instituted in two steps. On November 1, 2021, EGMA’s base distribution rates will be increased by \$13 million, less the refund to customers of the federal income-tax savings resulting from the Tax Cuts and Jobs Act (“TCJA”) for the period January 1, 2018 through June 30, 2018, with interest at the prime rate on the monthly balance of the regulatory liability associated with the TCJA income-tax savings. Beginning November 1, 2021 and continuing through April 30, 2022, EGMA will implement a 6-month “2018 Tax Credit” through the LDAC to refund to customers approximately \$6.7 million.

As part of the November 1, 2021 base rate change, approximately \$19.8 million in revenue requirement associated with GSEP and Targeted Infrastructure Reinvestment Factor (“TIRF”) capital projects completed through December 31, 2017 will be transferred into base rates. The

\$19.8 million GSEP and TIRF revenue requirement is currently being collected through Bay State Gas' GSEP and TIRF factors, and recovery through the GSEP and TIRF factors will be correspondingly reduced to reflect the transfer to EGMA's base rates. EGMA will remain eligible to recover the revenue requirement associated with TIRF and GSEP plant additions completed through December 31, 2017 and earned through the respective TIRF and GSEP factors through October 31, 2021.

The second prong of the base rate increase agreed to by the Settling Parties will occur on November 1, 2022, when EGMA net base rates will be increased by the remainder of the agreed to increase, or \$10 million.

(c) Section 2.4.4 – Cost of Capital

The Settling Parties have agreed that the Cost of Capital provisions from the D.P.U. 18-45 Rate Settlement shall apply as of January 1, 2021.

(d) Section 2.4.5 – Base Distribution Rate Freeze

The Settling Parties have agreed that, aside from the distribution rate increases discussed above and a rate-base reset scheduled for November 1, 2024 and November 1, 2027, EGMA is prohibited from filing a base-rate petition under G.L. c. 164, § 94 for rates effective prior to November 1, 2028. This prohibition extends to the creation of any new reconciling rate recovery factor, unless mandated by statute. This prohibition does not extend to any reconciling rate recovery factor in existence as of the effective date of the Settlement Agreement. Nor will the provisions of these sections prohibit recovery of costs associated with COVID-19, as established through the Department's proceeding in D.P.U. 20-58; fee free credit/debit transactions as pending in D.P.U. 19-71, or other recovery allowed by new Massachusetts statutory provisions mandating operating expenditures.

(e) Section 2.5 – Rate Base Offset

In Section 2.5 of the Settlement Agreement, the Settling Parties agree that Eversource will calculate and record a liability associated with the provision of a rate base offset (“RBO”) that will apply in ratemaking proceedings involving rate-base recovery for a period of 20 years following the Closing of the Transaction. Eversource will amortize the RBO on a straight-line basis over 20 years from the date of the Transaction Closing. The RBO amortization schedule and associated remaining balance of the RBO regulatory liability for each year of the 20-year period will be memorialized in a written schedule. In any rate-setting processes taking place during the rate plan set out in Article 2 of the Settlement Agreement and beyond, EGMA’s revenue requirement will be calculated by incorporating the appropriate remaining balance of the RBO liability from the amortization schedule as a credit to rate base in calculating the rate base used to set rates. To the extent that EGMA accumulates ADIT associated with the stepped-up basis of the assets due to the Transaction, the ADIT will be deducted from the RBO during any rate-setting process occurring in any year of the 20-year amortization period. **Appendix 3** to the Settlement Agreement provides an illustrative computation of the RBO that will be revised to use actual figures following Closing.

(f) Section 2.6 – Rate Base Resets

The Settlement Agreement provides for a resetting of rate base at two, designated intervals: November 1, 2024 and November 1, 2027.

On November 1, 2024, EGMA shall be eligible to reset all components of rate base in base distribution rates for capital additions completed in the period January 1, 2018 through December 31, 2023 (“First Rate Base Reset”). The details associated with the First Rate Base Reset are stated in Section 2.6.1. If the Settlement Agreement is approved, Eversource shall waive the condition precedent to Closing established in Section 9.1 of the APA, and make a downward adjustment to

rate base acquired as of Closing.⁷ Specifically, the Settling Parties have agreed that the rate base at Closing to be used for ratemaking in the First Rate Base Reset shall be equal to \$995 million, including all rate base components. For completeness, this means that the sum of gross plant, less accumulated depreciation, less the RBO, less ADIT, less EDIT, less the plant-in-service adjustment, and net of all other appropriate additions and deductions normally included in rate base, must equal \$995 million.

The Second Rate Base Reset will occur on November 1, 2027. The details associated with the Second Rate Base Reset are delineated in Section 2.6.2 of the Settlement Agreement.

(g) *Section 2.7 – Exogenous Adjustments*

The Settling Parties have agreed that, through October 31, 2028, distribution rates shall be subject to adjustment up or down for exogenous factors that occur after the approval of the Settlement Agreement. Eligibility for exogenous cost recovery or rate credit shall be allowed in accordance with the criteria established by the Department in Boston Gas Company, D.P.U. 96-50 (1996), unless new and/or different eligibility criteria are established by the Department in NSTAR Gas Company, D.P.U. 19-120, in which case the eligibility criteria established by the Department in D.P.U. 19-120 shall apply. The significance threshold for qualification as an exogenous factor in any calendar year covered by this Settlement Agreement shall be determined by multiplying the total operating revenues of that year by a factor of 0.001253. The AGO and DOER reserve all rights regarding disputing the substance of any such exogenous cost filings made by EGMA.

⁷ Section 9.1 of the APA provides for the “MDPU Required Regulatory Approval,” which is defined in Section 7.3(a) of the APA to include recognition that the applicable rate base for the Bay State Gas business of storing, distributing or transporting natural gas to residential, commercial and industrial customers in Massachusetts for ratemaking purposes following the Closing shall be the rate base as of the Closing, and that Eversource shall have the burden of showing prudence for any adjustments made to rate base after the Closing but not before the Closing.

(h) *Section 2.8 – Earnings Sharing Mechanism*

The Settling Parties have agreed that EGMA shall be subject to an Earnings Sharing Mechanism during the term of this Settlement Agreement. In the event that EGMA's distribution return on equity ("ROE") exceeds 230 basis points above the ROE authorized in D.P.U. 18-45, earnings above the threshold of 230 basis points shall be shared between customers and EGMA on a 75/25 basis, respectively. No sharing will occur below the authorized ROE.

(i) *Sections 2.9 through 2.11 – Gas Resource Portfolio*

The Settling Parties have also agreed to certain provisions regarding the EGMA gas resource portfolio in an effort to achieve gas cost savings for the benefit of EGMA's customers. These provisions address potential Gas Cost Savings and the Transfer of EGMA Peaking Assets to HOPCO. Following the Transaction Closing, Eversource will undertake a comprehensive assessment to study the potential gas resource portfolio efficiencies and resulting gas cost savings that may arise due to the modified management of the EGMA gas resources or integration of the NSTAR Gas and EGMA gas resource portfolios. No later than September 1, 2021, EGMA will file with the Department, the Attorney General and the DOER a report on the outcome of its comprehensive assessment. Eversource will take all reasonable steps to achieve gas cost savings for the benefit of EGMA's customers and shall pass those savings directly to EGMA's customers through the Cost of Gas Adjustment Clause.

Immediately following Closing, Eversource shall transfer, at book value, the LNG and LPG assets currently owned and operated by Bay State Gas into HOPCO. Within 30 days of the Transaction Closing, EGMA will file a long-term GSA to the Department that establishes the term and conditions of service between HOPCO and EGMA. The Settling Parties have included an illustrative draft of the GSA as **Appendix 4** to the Settlement Agreement.

(j) *Section 2.12 through 2.16 Transaction & Integration Costs and Post-Closing Reporting*

The Settlement Agreement encompasses provisions delineating the treatment of Transaction and Integration Costs, as established in Section 2.12 through 2.15 of the Settlement Agreement. Transaction and integration costs shall be eligible for recovery, following Department review and approval, and amortized over a ten-year period, subject to certain conditions set out in the Settlement Agreement. Transaction costs eligible for recovery shall exclude bankers' fees in the entirety. In the event that transaction costs, excluding bankers' fees, exceeds \$5.0 million, transaction cost recovery shall be capped at \$5.0 million pursuant to Section 2.13.1 of the Settlement Agreement.

In the event that Eversource has achieved operating costs savings in relation to EGMA's operations in an amount sufficient to offset the annual amortization of all or a portion of the Transaction and Integration costs incurred as a result of the Transaction by December 31, 2025, EGMA shall be eligible to submit a filing to the Department demonstrating that annual operating costs savings have been achieved as a direct result of the Transaction. EGMA's demonstration to the Department shall comport with the showing of discrete savings consistent with the demonstrations provided in NSTAR Gas Company, D.P.U. 14-150 (2015)("D.P.U. 14-150") and NSTAR Electric Company and Western Massachusetts Electric Company each d/b/a Eversource Energy, D.P.U. 17-05 (2017)("D.P.U. 17-05")(Article II.11.a.).

In the event of a facility closing or layoff of employees by EGMA during the first three years of the Settlement Agreement, EGMA will provide 30 days' advance notice of such action to the AGO and to DOER. Nothing in this Settlement Agreement shall be interpreted to abridge any collective bargaining rights regarding reductions to work force pursuant to Section 2.16 of the Settlement Agreement.

5. Sections 17 and 18 – Service Quality and Pipeline Safety

Under the Settlement Agreement, EGMA shall institute, track and report on service quality metrics approved by the Department for NSTAR Gas Company in NSTAR Gas Company d/b/a Eversource Energy, D.P.U. 19-120, as long as necessary data is readily available. **Appendix 5** to the Settlement Agreement lists the service-quality metrics that shall apply to EGMA, if approved by the Department in D.P.U. 19-120.

For each new metric, EGMA shall develop a baseline and goal appropriate to EGMA on the basis of three years of historical data. To the extent that three years of reliable historical data is not available, EGMA shall commence tracking the requisite data for a period of three years. EGMA shall develop a performance metric for leak rates encompassing an improvement quotient to be applied coincident with the capital upgrades made over the workplan period, 2021 through 2028. EGMA shall submit the new service-quality metrics and baselines to the Department as an addendum to the Annual Service Quality Report due to the Department on March 1, 2021, for informational purposes.

The Settling Parties have agreed that, in the event that the Department's Pipeline Safety Division ("Division") issues a notice of probable violation ("NOPV") in relation to work performed, or work processes employed, on the EGMA system following Closing, EGMA will present information to the Department as to whether the probable violation in question is a "pre-existing condition," meaning that the probable violation: (i) pertains to work performed, or work processes employed, prior to the date of Closing; and (ii) is not the product of any work performed or work practices undertaken by, or for, EGMA since the date of Closing. However, all other compliance aspects of the NOPV shall apply to EGMA, including, but not limited to, EGMA addressing all non-compliance issues.

6. Sections 2.19 through 2.24 – Clean Energy Initiatives

As part of the Settlement Agreement, the Settling Parties have agreed that Eversource shall prepare and submit a clean energy business case to the Department no later than September 1, 2021, in accordance with the description set forth in **Appendix 6** to the Settlement Agreement. In addition, the Settlement Agreement encompasses a number of other commitments relating to energy efficiency and clean energy initiatives.

7. Sections 2.25 through 2.28 -- Termination of Civil and Criminal Matters; Payment in Lieu of Penalties and Energy Relief Fund

Termination of Civil & Criminal Matters

The Settling Parties have agreed that the terms of the Settlement Agreement achieve the “MDPU Required Resolution” as set out in the APA. The *MDPU Required Resolution* is defined in the APA to mean the final resolution or termination of all pending actions, claims and investigations, lawsuits or other legal or administrative proceedings against Bay State Gas and its affiliates under the jurisdiction of the Department and all future actions, claims and investigations, lawsuits or other legal or administrative proceedings against Bay State Gas and its affiliates relating to the Greater Lawrence Incident under the jurisdiction of the Department, each as determined by NiSource in its reasonable discretion (APA at Section 10.1).

Upon the Transaction Closing, Eversource shall be responsible for confirming or achieving compliance with all provisions of the Consent Order to be executed by the Division and Bay State Gas in resolution of all outstanding pipeline safety enforcement and compliance matters referenced in Section 2.25.3 of the Settlement Agreement.

In addition, the Settling Parties have agreed that, upon the date of Closing, this Settlement Agreement shall constitute receipt from the AGO of an agreement, settlement, compromise, and consent: (i) to terminate with prejudice all pending actions, claims, lawsuits, investigations, or

proceedings under the jurisdiction of the AGO against the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident; and (ii) not to commence on its own behalf any new action, claim, lawsuit, investigation or proceeding against any of the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident.⁸

Payment in Lieu of Penalties

The Settling Parties have agreed that NiSource shall make a payment in lieu of penalties in the amount of \$56.0 million for termination of all of the pending matters referenced in Sections 2.25.2, 2.25.3, and 2.26 of the Settlement Agreement. The \$56.0 million payment in lieu of penalties shall be distributed pursuant to Section 2.28 of the Settlement Agreement.

Energy Relief Fund

The Settling Parties have agreed that the \$56.0 million payment obtained from NiSource will be used to create an “Energy Relief Fund,” comprised of two components, designated as the “Merrimack Valley Renewal Fund” (described in Section 2.28.3 of the Settlement Agreement) and the “Arrearage Forgiveness Fund” (described in Section 2.28.4 of the Settlement Agreement). The Merrimack Valley Renewal Fund will be jointly administered by the AGO and DOER. The Arrearage Forgiveness Fund will be jointly administered by the AGO and Eversource.

The **Merrimack Valley Renewal Fund** will be directed toward energy efficiency and clean energy measures for the benefit of residents, businesses, and municipal governments within the City of Lawrence, the Town of Andover, and the Town of North Andover. Program initiatives shall be designed and administered by the AGO and DOER, utilizing existing state programs;

⁸ On February 4, 2020, the AGO issued a Civil Investigative Demand (“CID”) to NiSource and Bay State Gas pursuant to G.L. 93A, § 6. Under the CID, the AGO is investigating potential violations of the Massachusetts consumer protection statute (Chapter 93A, § 2), and the accompanying regulations. Under Chapter 93A, the court may issue an injunction and award actual damages based on the AGO’s findings. If the defendant “knew or should have known” that its conduct would violate G.L. c. 93A, the court may award a penalty of not more than \$5,000 for each violation plus reasonable costs. G.L. 93A, § 4.

competitive requests for proposals; and, directed grants. The Energy Relief Funds associated with the Merrimack Valley Renewal Fund will be distributed, as follows:

Initiative	Description	Allocation of Funds
Municipal Clean or Efficient Energy	Grants for energy efficiency and clean energy projects within municipal government operations in Lawrence, Andover, and North Andover.	\$6.0 million
Geothermal Microgrid Project	Competitive grant for development of a geothermal district in Lawrence, Andover, or North Andover.	\$4.0 million
Removing Energy Efficiency Barriers and Increased Access to Efficient and Clean Energy for Low and Moderate Income Residential and Multi-Unit Housing	Design and implementation of a new program that will include, at a minimum, incentives for housing upgrades and barrier mitigation to enable energy efficiency, incremental energy efficiency measures, and electrification. This program will include requirements for partnerships with local organizations, and innovative strategies to serve renters and landlords through direct technical assistance and project support.	\$21.0 million
Energy Efficiency and Heat Pumps for Market Rate Residential Housing	Incentives for insulation and electrification not covered through Mass Save® programs.	\$3.5 million
Public Affordable Housing Energy Efficiency	Grants to support expansion of energy efficiency and electrification projects at public housing in coordination with Department of Housing and Economic Development.	\$3.0 million
Private Affordable Housing Energy Efficiency	Design and implementation of grants for comprehensive audits, planning, and implementation of energy efficiency and clean energy.	\$1.5 million
Small Business Energy Efficiency and Heat Pumps	Design and implementation of a program that serves small business customers through dedicated technical assistance and project support, and incentives for weatherization, insulation, and electrification. This program will include requirements to partner with local organizations.	\$2.0 million

The **Arrearage Forgiveness Fund** will benefit all R2 and R4 customers taking service from EGMA within the municipalities comprising the three Bay State Gas service areas of Springfield, Brockton and Greater Lawrence. By November 30, 2020, EGMA will issue credits from the Arrearage Forgiveness Fund to residential low-income customers in the amount equal to

the customer's respective arrearage balance on June 30, 2020 ("June 30 Forgiveness Credit"). All credits will be issued by the completion of one billing cycle. Specifically, EGMA will apply the June 30 Forgiveness Credit to the customer accounts of all EGMA R2 and R4 customers having an outstanding balance for natural gas service as of June 30, 2020 and that remain active on the same account through when the credit is issued.

B. Article III – Additional Conditions

Article III of the Settlement Agreement includes standard language governing the scope and breadth of the Settlement Agreement. Of particular note, the Settlement Agreement provides that the Settlement Agreement will be deemed withdrawn if the Department does not approve the Settlement Agreement in its entirety on or before September 30, 2020, the "Requested Approval Date" set out in the APA. The Requested Approval Date may be extended upon mutual consent of the Settling Parties and notification of the extension to the Department.

III. RESPONSE TO THE DEPARTMENT'S QUESTIONS

The Department's July 17, 2015 Memorandum requires any proposed settlement filed with the Department to include, among other things, the answers to the following five questions:

(1) What are the issues underlying the settlement and what are the major implications?

The issues underlying the Settlement Agreement revolve around the protection of customers. The Settlement Agreement is designed to: (1) enable the transfer of the business of Bay State Gas to Eversource; (2) set obligations for Eversource regarding system assessment; long-term system upgrades; and the reasonable recovery of costs associated with those efforts; (3) set obligations regarding clean energy and environmental sustainability on the EGMA system; and (4) establish new metrics for measuring service quality and leak-reduction initiatives. The Settlement Agreement also resolves issues relating to actions, claims, investigations, lawsuits and proceedings

against Bay State Gas and its affiliates, allowing for the transfer of the Bay State Gas business to Eversource. Resolution of these issues has resulted in a payment in lieu of penalties of \$56.0 million by NiSource. There are no issues underlying the settlement that are not specified in the Settlement Agreement. All issues resolved by the Settling Parties are detailed in the Settlement Agreement.

The “major implications” of the Settlement Agreement are as follows:

- (a) The Settlement Agreement endorses and supports Eversource’s acquisition of the business of Bay State Gas, with the exception of liabilities related to the Greater Lawrence Incident (subject to the terms and conditions of the APA);
- (b) The Settlement Agreement provides for a base-rate increase in two steps, occurring on November 1, 2021 and November 1, 2022. The base-rate increase is based on the D.P.U. 18-45 Rate Settlement that was filed, and then withdrawn, in September 2018 as a result of the Greater Lawrence Incident;
- (c) The Settlement Agreement refunds to customers approximately \$6.7 million associated with the reduction in tax expense beginning January 1, 2018 due to the Tax Cuts and Jobs Act;
- (d) The Settlement Agreement institutes a prohibition on the filing of a petition for an increase in base rates through October 31, 2028, subject to limited adjustments in specified circumstances;
- (e) The Settlement Agreement provides for the transfer of the Bay State Gas peaking and storage assets to HOPCO and requires EGMA to conduct an integration study to facilitate the achievement of gas-resource optimization and associated savings and reliability improvements;
- (f) The Settlement Agreement allows for capital cost recovery through two rate base resets scheduled to occur on November 1, 2024 and November 1, 2027. The rate base resets are subject to a revenue requirement cap to mitigate bill impacts on customers.
- (g) The Settlement Agreement institutes new service quality metrics;
- (h) The Settlement Agreement institutes a series of clean energy and environmental sustainability commitments and initiatives, including a requirement for NSTAR Gas and EGMA to conduct a comprehensive business case analysis of decarbonization strategies; and

(i) The Settlement Agreement resolves enforcement actions and investigations of the Department and the AGO, effective upon the Department's approval of the Settlement Agreement. In lieu of penalties, the Settlement Agreement requires a payment from NiSource of \$56.0 million.

(2) *Do any of the issues discussed in the response to Question 1 raise policy implications?*

None of the "major implications" listed in response to Question 1 have policy implications contrary to the established public policy goals of the Department or the Commonwealth of Massachusetts. Approval of the Settlement Agreement will protect the interests of customers by requiring actions to improve the safety and reliability of the Bay State Gas system; instituting a series of clean energy initiatives; and providing valuable assistance to customers in relation to arrearage balances. There is no issue created by any of the provisions of the Settlement Agreement that run contrary to public policy in Massachusetts or would require the Department to take action in a manner that is inconsistent with its longstanding public interest standards.

(3) *Are other pending proceedings affected by the Settlement Agreement?*

Yes. There are three pending proceedings affected by the Settlement Agreement as set out in Article II, Sections 2.25.2, 2.25.3, and 2.26. These proceedings relate to the Department's pipeline safety and emergency response investigations, currently pending in D.P.U. 19-140 and D.P.U. 19-141, and the AGO's pending investigation. In addition, there are certain provisions that overlay with the Department's review of the NSTAR Gas rate proposals in D.P.U. 19-120.

(4) *Does the Settlement Agreement involve issues of first impression or does it set out a change in treatment from a previously decided issue?*

The Settlement Agreement does not involve any issues of first impression. All of the provisions of the Settlement Agreement resolve issues that are familiar to the Department and that are similar to, or consistent with, issues considered by the Department in various ratemaking and

regulatory proceedings in the past. However, the Settlement Agreement is somewhat unique in terms of the relatively broad range of provisions and commitments that it covers and for the fact that it is addressing the transfer of a gas utility, subject to the Department's jurisdiction, following a large-scale incident with critical public-safety implications. In that regard, the Settlement Agreement imposes regulatory obligations on Eversource and EGMA extending over a number of years and involving numerous regulatory filings that will ultimately involve the participation of the AGO, DOER and the Department. Therefore, the Settlement Agreement is unique in terms of its breadth and importance. Lastly, the Settlement Agreement does not require a material change in treatment from a previously decided issue.

(5) *What is the standard of review applicable to this proceeding?*

In assessing the reasonableness of an offer of settlement, the Department will review all record evidence to ensure that the Settlement Agreement is consistent with Department precedent and in the public interest. NSTAR/NU Merger, D.P.U. 10-170, at 29 (2012); Fitchburg Gas and Electric, 06-09, at 4 (2007); Fall River Gas Company, D.P.U. 96-60 (1996); Essex County Gas Company, D.P.U. 96-70 (1996); Boston Edison Company, D.P.U. 92-130-D at 5 (1996); Bay State Gas Company, D.P.U. 95-104, at 14-15 (1995); Boston Edison Company, D.P.U. 88-28/88-48/89-100, at 9 (1989). A settlement among parties does not relieve the Department of its statutory obligation to conclude its investigation with a finding that a just and reasonable outcome will result. Fitchburg Gas and Electric, D.T.E. 06-109, at 4-5 (2007).

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Petition of Eversource Energy, NiSource Inc.,)
Eversource Gas Company of Massachusetts) D.P.U. 20-59
and Bay State Gas Company for Approval of)
Purchase and Sale of Assets Pursuant to)
General Laws Chapter 164, § 94 and § 96)

SETTLEMENT AGREEMENT

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

Petition of Eversource Energy, NiSource Inc.,)
Eversource Gas Company of Massachusetts) D.P.U. 20-59
and Bay State Gas Company for Approval of)
Purchase and Sale of Assets Pursuant to)
General Laws Chapter 164, § 94 and § 96)

SETTLEMENT AGREEMENT

WHEREAS, this Settlement Agreement (“Settlement Agreement”) is entered into by and among Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“Bay State Gas”), and its holding company parent, NiSource Inc. (“NiSource”), Eversource Gas Company of Massachusetts (“EGMA”)¹ and its holding company parent, Eversource Energy (“Eversource”), the Massachusetts Attorney General’s Office (“AGO”), the Massachusetts Department of Energy Resources (“DOER”), and the Low-Income Weatherization and Fuel Assistance Program Network (“Network”) (collectively, the “Settling Parties”) with regard to the proposed sale by NiSource and Bay State Gas, and acquisition by Eversource, of the business of Bay State Gas.

WHEREAS, there is a desire by the Settling Parties to address the loss of public confidence and to resolve matters arising from the Greater Lawrence Incident.²

¹ EGMA is a wholly owned subsidiary of Eversource incorporated in Massachusetts on May 15, 2020, pursuant to G.L. c. 164, § 1 to own and operate the business of Bay State Gas.

² “Greater Lawrence Incident” means the events described in the Order on Scope issued by the Massachusetts Department of Public Utilities in D.P.U. 19-141, on December 23, 2019, including the fires and explosions that occurred on September 13, 2018 in Lawrence, Andover, and North Andover, Massachusetts related to the delivery of natural gas by Bay State Gas and the subsequent shut-down of the Bay State Gas affected gas delivery system by September 14, 2018; the Bay State Gas restoration and recovery efforts undertaken in response thereto from and including September 14, 2018; and the gas leak that occurred on September 27, 2019, on a main that Bay State Gas installed during such efforts as well as the Bay State Gas restoration of outages resulting from such leak.

WHEREAS, NiSource, Bay State Gas, and Eversource have agreed to a transaction, subject to the terms and conditions set forth in the Asset Purchase Agreement (“APA”), dated February 26, 2020, and submitted to the Department as Exhibit JP-SA-2, in this proceeding, involving NiSource’s agreement to sell the business operated by Bay State Gas to Eversource for a purchase price of \$1,100 million in cash (the “Transaction”), subject to the approval of the Massachusetts Department of Public Utilities (the “Department”) under G.L. c. 164, § 96.

WHEREAS, under the APA, Eversource and NiSource have agreed to make a joint filing with the Department for approval of the Transaction within 60 days of the execution date of the APA (i.e., April 26, 2020), which was extended by mutual agreement of Eversource and NiSource to July 3, 2020, and whereas Eversource and NiSource, along with Bay State Gas and EGMA will be the “Joint Petitioners” in that docket for approval of the Transaction. In that filing, the Joint Petitioners will submit a comprehensive proposal to the Department for approval of the acquisition under G.L. c. 164, § 96, along with a multi-year rate plan for review and approval under G.L. c. 164, § 94.

WHEREAS, the Settling Parties have raised competing and disputed claims with respect to the various issues involved in the Transaction but wish to resolve only those matters specified in Article II and Article III of the Settlement Agreement on mutually agreeable terms, and without establishing any new precedent or principle applicable to any other proceedings.

WHEREAS, it is the objective of the Settling Parties to assure that Bay State Gas customers benefit from the Transaction in terms of improved safety and reliability, reduced long-term operating costs, enhanced service-quality requirements, and reduced environmental impact, and the Settling Parties have structured this Settlement Agreement to achieve such objectives.

WHEREAS, if approved by the Department, the provisions of the Settlement Agreement will take effect as of the date of Closing.³

NOW THEREFORE, in consideration of the exchange of promises and covenants herein contained, the legal sufficiency of which is hereby acknowledged, the Settling Parties agree, subject to approval by the Department as follows:

ARTICLE I

- 1.1 On July 2, 2020, the Joint Petitioners submitted a petition to the Department for approval of the proposed Transaction under G.L. c. 164, § 96, as contemplated by the APA, and under G.L. c. 164, § 94, regarding the proposed multi-year rate plan.
- 1.2 A copy of the Joint Petitioners' testimony and exhibits supporting the proposed Transaction is submitted to the Department as the evidentiary record in this proceeding, simultaneously with this Settlement Agreement.

ARTICLE II

Approval of Transaction Under G.L. c. 164, § 96

- 2.1 APPROVAL OF THE PROPOSED TRANSACTION: The Settling Parties agree that the proposed Transaction among Eversource, NiSource, Bay State Gas, and EGMA contemplated in the APA is consistent with the public interest as required by G.L. c. 164, § 96, and that further action pursuant to G.L. c. 164, § 21, is not required to consummate the Transaction.

³ The APA defines "Closing" as the closing of the sale and transfer of the Purchased Assets from the Seller and its Affiliates to Buyer, together with the assumption of the Assumed Liabilities by Buyer (APA at Section 1.1). The date on which the Closing is actually held is referred to herein as the "Closing Date" (APA at Section 4.1).

Comprehensive Safety Assessment and Implementation Plan

2.2 COMPREHENSIVE SAFETY ASSESSMENT & IMPLEMENTATION PLAN: The Settling Parties agree that, to obtain the concessions encompassed herein relating to rate recovery, Eversource and EGMA shall conduct a Comprehensive Safety Assessment & Implementation Plan (“Safety Assessment”) to thoroughly evaluate the safety and condition of the EGMA system following the Closing, subject to the docketing, review, and approval of the Department through an adjudicatory process. The Safety Assessment shall follow the template incorporated herewith as Appendix 1 to this Settlement Agreement.

2.2.1. The Settling Parties agree that the Safety Assessment will include investigation, evaluation, and review of all aspects of operation including, but not limited to: gas supply; liquefied natural gas (“LNG”) and liquid propane gas (“LPG”) facilities; gate stations and district regulators; pipeline-safety practices; standards and procedures; leak surveys and preventive maintenance; training and operator qualification practices; engineering and design; construction; leak management; safety management systems; integrity of maps; records and operating data; gas operations tooling and safety equipment; meters; compliance work backlog; and safety culture practices.

2.2.2. EGMA shall submit a comprehensive statement of: (i) the processes and methods used to conduct the Safety Assessment; (ii) the findings and recommended courses of action arising from the Safety Assessment; and (iii) the work plan and associated capital budget to implement the Safety Assessment, to the Department for docketing, review, and approval of the Department through an adjudicatory

process, and to the public record, no later than September 1, 2021. With respect to the capital budget, the following shall apply:

2.2.2.1 The annual capital forecast shall cover non-GSEP and LNG/LPG capital investment needed to maintain the safe and reliable condition of the EGMA system over the period 2021 through 2028.

2.2.2.2 The annual capital forecast shall include expenditure targets with a limited contingency deadband (percentage) to account for reasonably expected variation from target, for the years 2021 through 2026.

2.2.2.3 In future rate reviews to incorporate capital investment into rate base under Section 2.6 of this Settlement Agreement, EGMA shall justify any variation exceeding the deadband established in Section 2.2.2.2, for the respective expenditure target. If EGMA exceeds the upper boundary of the deadband, EGMA shall have the burden to prove the necessity of the expenditures exceeding the upper boundary or risk a delay in recovery until the next rate interval. EGMA shall notify the AGO and DOER within 60 days of the end of the calendar year, in the event that the deadband will be exceeded for any reason.

2.2.3. As part of the Safety Assessment, EGMA will evaluate the EGMA Gas Safety Enhancement Program (“GSEP”), as outlined in Appendix 1 to this Settlement Agreement. However, the Settling Parties agree that EGMA shall limit GSEP replacement work to no more than 45 miles of main per year on average over the four years, 2021-2024.

2.2.3.1. EGMA further agrees that the increase in GSEP revenue requirement sought for recovery through the GSEP factors in the years 2021 through 2024 shall not exceed three percent per year on average over those four years, pursuant to the GSEP tariff provisions included in EGMA's Local Distribution Adjustment Clause ("LDAC") tariff, as in effect from time to time.

2.2.3.2. In the event that EGMA identifies, on an emergent basis, an unforeseen public-safety issue requiring additional targeted replacement in any given year to eliminate the public safety threat, EGMA shall be eligible to make the replacement and recover, subject to litigation, the cost through the applicable Gas System Enhancement Reconciliation Adjustment Factor ("GSERAF") in its annual Gas System Enhancement Reconciliation ("GREC") filing. EGMA shall provide an explanation in its initial GREC filing: (i) supporting the unforeseeable/emergent nature of the replacement; (ii) why the replacement was not included in the GSEP plan for the respective construction year; and (iii) why EGMA could not reasonably adjust the scope of work for the year in question to satisfy the limitations set forth in Sections 2.2.3 and 2.2.3.1, above. Recovery of such costs through the GSERAF shall be contingent upon EGMA's demonstration of the preceding three elements.

2.2.3.3. In the event that an unforeseen public-safety issue is identified, after each year's April 30th Department approval of the GSEP Plan, on

an emergent basis and cannot be addressed within the limitations set forth in Sections 2.2.3 and 2.2.3.1, EGMA shall be authorized to perform the replacement to protect the public safety and shall notify the Department, the AGO and DOER within 30 days of completing said replacement. Recovery of cost associated with such replacement through the GSERAF shall be governed by Section 2.2.3.2 of this Agreement.

- 2.2.4. Progress on implementation of the Safety Assessment investigation, evaluation, review, and findings, and EGMA's plans to address any previously unidentified safety-related issues not identified in Appendix 1 to this Settlement Agreement shall be reported to the Department, the AGO, and DOER at six-month intervals through the expiration of this Settlement Agreement on October 31, 2028.
- 2.2.5. The Settling Parties agree that, upon approval of the Transaction, Eversource and EGMA shall be responsible for confirming or achieving compliance with all provisions of the Consent Order (discussed in Section 2.25.3 of this Settlement Agreement), to be executed between the Department's Pipeline Safety Division and Bay State Gas, as resolution of all outstanding pipeline safety enforcement and compliance action items, referenced in Section 2.25 of this Settlement Agreement. EGMA shall report on the status of such compliance action, and prioritization of any incomplete compliance items, as part of the Safety Assessment due to the Department on or before September 1, 2021.

Rate Plan

- 2.3 INCREASE TO LOW-INCOME DISCOUNT RATE: The current low-income discount rate for Bay State Gas customers is 25 percent of the total residential gas bill.
- 2.3.1 NSTAR Gas Company, in NSTAR Gas Company d/b/a Eversource Energy, D.P.U. 19-120, is proposing to increase the current low-income discount rate for NSTAR Gas customers to 30 percent of the total residential gas bill.
- 2.3.2 The Settling Parties agree that the low-income discount rate for Bay State Gas customers will be the same as the low-income discount rate for NSTAR customers, as approved by the Department in D.P.U. 19-120.
- 2.3.3 If the current low-income discount rate for Bay State Gas customers changes due to the Department's decision in D.P.U. 19-120, that change will become effective November 1, 2021.
- 2.4 IMPLEMENTATION OF D.P.U. 18-45 RATE SETTLEMENT: The Settling Parties agree to implement provisions set forth in D.P.U. 18-45 Rate Settlement, as modified and specified below (including Sections 2.23 and 2.24, below). The D.P.U. 18-45 Rate Settlement is provided for reference as Appendix 2 to this Settlement Agreement. The Settling Parties agree that the D.P.U. 18-45 Rate Settlement is a reference document, providing support for the Department's finding in this proceeding that authorization to recover the revenue deficiency described below in Section 2.4 will result in just and reasonable rates. In the event of any conflict between this Settlement Agreement and the D.P.U. 18-45 Rate Settlement, this Settlement Agreement shall supersede. To the extent that provisions set forth in the D.P.U. 18-45 Rate Settlement are addressed in this Settlement Agreement,

directly or indirectly, it is the Settling Parties intent that the provisions of this Settlement Agreement supersede those provisions.

2.4.1 Amount of Rate Increase. Section 1.1.1 of the D.P.U. 18-45 Rate Settlement states verbatim that “in lieu of a fully litigated rate case, the Settling Parties agree to reduce the [Bay State Gas] proposed distribution rate increase of \$44.5 million to \$33.2 million.⁴” Footnote 4, therein, states that “[t]he proposed distribution rate increase of \$33.2 million consists of the . . . agreed upon revenue deficiency (\$13.4 million), as well as current GSEP and TIRF revenues (\$19.8 million) that will be transferred into base rates.”⁴ Further, Section 1.1.4 states that the “amended incremental revenue request (i.e., revenue not associated with GSEP or TIRF) of \$24.7 million shall be reduced to \$13.4 million.”

2.4.1.1 The Settling Parties agree that the quoted revenue deficiency figure of \$13.4 million was the product of an inadvertent error in the rate schedules produced by Bay State Gas as part of the settlement process. For purposes of this Settlement Agreement, the Settling Parties agree that the correct figure for the “agreed upon revenue deficiency” is \$22.6 million, including the then-pending return of Excess Deferred Income Tax (“EDIT”) to customers.

2.4.1.2 On December 21, 2018, the Department approved the creation of a Tax Act Credit Factor (“TACF”) through the Local Distribution Adjustment Charge (“LDAC”) for Bay State Gas, reducing

⁴ “TIRF” refers to the “Targeted Infrastructure Reinvestment Factor,” which, along with GSEP, constituted the infrastructure recovery mechanisms that were in place for Bay State Gas at the time of D.P.U. 18-45.

customer rates by approximately \$3.3 million to provide customers the benefit of EDIT (D.P.U. 18-15-E, at 24-25). This increased the properly calculated “agreed upon revenue deficiency” in D.P.U. 18-45 from \$22.6 million to \$25.9 million.

2.4.1.3 For purposes of this Settlement Agreement, the Settling Parties agree that the figure of \$25.9 million shall be reduced by \$2.9 million to \$23 million, in consideration of the inadvertent misstatement of the revenue deficiency in Sections 1.1.1 and 1.1.4 of the D.P.U. 18-45 Rate Settlement.

2.4.2 Timing of Rate Increase. Section 1.1.2 of the D.P.U. 18-45 Rate Settlement provided that the distribution revenue increase resulting from implementation of the D.P.U. 18-45 Rate Settlement would be effective November 1, 2018. For purposes of this Settlement Agreement, the Settling Parties agree that the base revenue increase will take effect in two steps starting November 1, 2021, as follows:

2.4.2.1 On November 1, 2021, the base distribution rates of EGMA will be increased by \$32.8 million. This increase in base distribution rates will be offset by two items. First, the increase will be reduced by the refund to customers of the federal income-tax savings resulting from the Tax Cuts and Jobs Act for the period January 1, 2018 through June 30, 2018, acknowledging that new rates effective July 1, 2018 incorporated the normalized level of federal income-tax expense, as required by Section 1.6.7 of the D.P.U. 18-45 Rate Settlement. Accordingly, on November 1, 2021, EGMA shall

implement a 6-month “2018 Tax Credit” through the LDAC to refund EGMA customers the amount of approximately \$6.7 million on monthly customer bills for the period November 1, 2021 through April 30, 2022, including estimated interest. This balance will be returned to customers with interest at the prime rate on the monthly balance of the regulatory liability calculated starting January 1, 2018, until the amount is returned to customers through rates.

2.4.2.2 Second, as part of the change in base rates on November 1, 2021, approximately \$19.8 million of revenue requirement associated with GSEP and TIRF capital projects completed through December 31, 2017, which is currently being recovered through the Bay State Gas GSEP and TIRF factors, will be transferred into base rates. Recovery through the respective GSEP and TIRF factors shall be reduced to eliminate recovery of the revenue requirement on GSEP and TIRF plant additions completed through December 31, 2017, and to allow for recovery through base rates on and after November 1, 2021. EGMA shall remain eligible to recover the revenue requirement amounts associated TIRF and GSEP plant additions completed through December 31, 2017, and earned pursuant to the applicable tariffs through October 31, 2021, through the respective TIRF and GSEP factors.

2.4.2.3 EGMA shall make a filing no later than September 17, 2021, to institute the rate change to take effect on November 1, 2021. The

combined revenue change on November 1, 2021 will be approximately \$6.3 million, which is comprised of a base rate increase of \$32.8 million (Section 2.4.2.1) that is reduced by: (i) the 2018 Tax Credit of approximately \$6.7 million (Section 2.4.2.1); and (ii) the GSEP rate to reflect the recovery of \$19.8 million of GSEP investments in service through December 31, 2017, through base rates (Section 2.4.2.2).

2.4.2.4 EGMA shall make a filing no later than September 16, 2022, to institute the rate change to take effect on November 1, 2022. On November 1, 2022, the base distribution rates of EGMA will be increased by \$10 million, representing the second half of the D.P.U. 18-45 Rate Settlement revenue deficiency, as adjusted by Section 2.4.1.

2.4.3 Revenue Decoupling Mechanism. On November 1, 2021, EGMA shall adjust the Benchmark Revenue Per Customer targets for the EGMA Revenue Decoupling Mechanism (“RDM”) to move all customers in existence as of December 31, 2017 into the RDM and to reflect the revenue target established by Section 2.4.2.1. On November 1, 2022, EGMA shall adjust the Benchmark Revenue Per Customer targets for the EGMA RDM to reflect the revenue requirement established by Section 2.4.2.4.

2.4.4 Cost of Capital. The provisions of Section 1.5 of the D.P.U. 18-45 Rate Settlement shall apply as of January 1, 2021, establishing a return on equity of 9.70 percent; actual capital structure of 53.25 percent common equity and 46.75 percent long-

term debt; cost of debt of 5.01 percent; and resulting weighted average cost of capital of 7.50 percent (9.45 percent on a pre-tax basis), for GSEP and non-GSEP ratemaking purposes.

2.4.5 Base Distribution Rate Freeze. Section 1.8.1 of the D.P.U. 18-45 Rate Settlement established that, aside from the November 1, 2018 distribution rate increase contemplated therein, Bay State Gas would not increase or redesign base distribution rates to become effective prior to March 1, 2021, starting with the effective date of the D.P.U. 18-45 Rate Settlement. Section 1.8.1 further stated that the creation of any new reconciling rate recovery factor shall be deemed a distribution rate increase, and, therefore, may not become effective before March 1, 2021, unless mandated by statute.

2.4.5.1 For purposes of this Settlement Agreement, the Settling Parties agree that the terms set forth in Sections 1.8.1 and 1.8.2 of the D.P.U. 18-45 Rate Settlement shall be renewed in this Settlement Agreement, substituting the date of “November 1, 2028” for the date of “March 1, 2021,” except in relation to items specified in this Settlement Agreement, including the reinstatement of the rate increase on November 1, 2021 and November 1, 2022, and the two rate base resets provided for in Section 2.6 of this Settlement Agreement.

2.4.5.2 For purposes of this Settlement Agreement, the Settling Parties agree that the terms set forth in Sections 1.8.1 and 1.8.2 of the D.P.U. 18-45 Rate Settlement are not intended to apply to any

reconciling rate recovery factor in existence as of the effective date of this Settlement Agreement. Nor will the provisions of these sections prohibit recovery of costs associated with COVID-19, as established through the Department's proceeding in D.P.U. 20-58; fee free credit/debit transactions as pending in D.P.U. 19-71, or other recovery allowed by new Massachusetts statutory provisions mandating operating expenditures.

2.4.5.3 The Settling Parties agree that EGMA shall be prohibited from filing a base-rate petition under G.L. c. 164, § 94 for rates effective prior to November 1, 2028.

2.5 RATE BASE OFFSET: In this Transaction, the balance of ADIT at Closing will not transfer with the sale of the Bay State Gas business to Eversource and EGMA. To assure that EGMA customers are not harmed by the resulting increase in base rates that would otherwise occur, the Settling Parties agree that Eversource will calculate and record a liability associated with the acquired assets and liabilities that will serve as a rate base offset ("RBO") in applicable ratemaking proceedings for a period of 20 years following Closing. The RBO, will be determined as follows:

2.5.1 Prior to Closing, NiSource will determine the portion of actual, year-end 2019 per book ADIT that is rate base related, relying on the pro forma or as-filed Bay State Gas Federal income tax return for calendar year 2019, as available.

2.5.2 For calendar 2020 activity, NiSource shall provide Eversource with the incremental rate base related ADIT activity to be added to (or subtracted from) the 2019 rate base related ADIT based on the income-tax provision that supports NiSource's

books, consistent with generally accepted accounting principles. Activity for 2020 will be calculated based on actual plant investment in 2020, consistent with typical ratemaking practices (i.e., by calculating the ADIT on the book-tax timing differences).

2.5.3 Eversource shall amortize the RBO on a straight-line basis over 20 years from the date of Closing. The RBO Amortization Schedule and associated remaining balance of the RBO regulatory liability for each year of the 20-year period will be memorialized in a written schedule so that, in rate-setting processes taking place during the rate plan and beyond, EGMA's revenue requirement will be calculated by incorporating the remaining balance of the RBO regulatory liability designated in the RBO Amortization Schedule as a credit to rate base in computing the rate base for setting rates. The RBO Amortization Schedule shall follow the form shown in Appendix 3 to this Settlement Agreement and shall reflect only the balance of the RBO to be used as a deduction to rate base. The amortization of the RBO shall be recorded to Account 425 and will not be reflected in the calculation of utility operating income in any future rate proceeding, consistent with Liberty Utilities, D.P.U. 13-07 (2013) and Liberty Utilities, D.P.U. 15-75 (2015). The RBO Amortization Schedule shall apportion the RBO to distribution-related rate base, GSEP and the EGMA peaking assets listed in Appendix 4 to this Settlement Agreement and discussed in Section 2.10 of this Settlement Agreement. Eversource shall submit the RBO Amortization Schedule to the Department within 45 days of Closing.

2.5.4 To the extent that EGMA accumulates new ADIT associated with the stepped-up basis arising from the Transaction, the ADIT amount associated with the stepped-up increment would be deducted from the RBO during the rate-setting process occurring in any year of the 20-year amortization period.

2.6 RATE BASE RESETS: The Settling Parties agree that EGMA shall be eligible to reset all components of rate base in base distribution rates on two dates within the term of the Settlement Agreement, as follows:

2.6.1 November 1, 2024. On November 1, 2024, EGMA shall be eligible to reset all components of rate base in base distribution rates for capital additions completed in the period January 1, 2018 through December 31, 2023 (“First Rate Base Reset”), including depreciation expense, property taxes and return on rate base, in accordance with the following provisions:

2.6.1.1 The Settling Parties agree that Eversource shall waive the condition precedent to Closing established in Section 9.1 of the APA, and make a downward adjustment to rate base acquired as of Closing.⁵ Specifically, the Settling Parties agree that the rate base at Closing to be used for ratemaking in the First Rate Base Reset shall be equal to \$995 million, including all distribution rate base components. For completeness, this means that the sum of gross plant, less

⁵ Section 9.1 of the APA provides for the “MDPU Required Regulatory Approval,” which is defined in Section 7.3(a) of the APA to include recognition that the applicable rate base for the Bay State Gas business of storing, distributing or transporting natural gas to residential, commercial and industrial customers in Massachusetts for ratemaking purposes following the Closing shall be the rate base as of the Closing, and that Eversource shall have the burden of showing prudence for any adjustments made to rate base after the Closing but not before the Closing.

accumulated depreciation, less the RBO, less ADIT, less EDIT, less the plant-in-service adjustment, and net of all other appropriate additions and deductions normally included in rate base, must equal \$995 million, as of the Closing date.⁶

2.6.1.2 The downward adjustment to the balance of plant in service at Closing will be applied entirely to the capital assets booked by Bay State Gas to plant-in-service as a result of the Greater Lawrence Incident. The specific plant accounts shall be adjusted in direct proportion to the capital assets booked to plant accounts relating to restoration of the system following the Greater Lawrence Incident.

2.6.1.3 Notwithstanding Section 9.1 of the APA, EGMA shall bear the burden of demonstrating prudence in relation to GSEP capital additions in 2018, 2019 and 2020, completed prior to Closing. In addition, Eversource agrees to conduct a third-party verification of rate base at Closing and EGMA shall bear the burden of any modifications to rate base arising from the third-party verification of rate base at Closing, except that any modifications relating to capital assets booked in relation to the Greater Lawrence Incident shall be considered part of the adjustment made in Section 2.6.1.1, herein.

⁶ As part of the rate base reset effective November 1, 2024, investments made after the date of Closing through December 31, 2023, will be additive to the rate base amount of \$995 million referenced in Section 2.6.1.1.

2.6.1.4 As part of the First Rate Base Reset, the revenue requirement associated with GSEP capital projects completed through December 31, 2023, and recovered through the EGMA GSEP factor, will be transferred into base rates. Recovery through the respective GSEP factor shall be reduced to eliminate recovery of the revenue requirement on GSEP plant additions completed through December 31, 2023, and to allow for recovery through base rates on and after November 1, 2024. EGMA shall remain eligible to recover the revenue requirement amounts associated GSEP plant additions completed through December 31, 2023, and earned pursuant to the applicable tariffs through October 31, 2024, through the respective GSEP factor.

2.6.1.5 EGMA shall update sales revenues for weather normalized billing determinants for the 12-months ended December 31, 2023, for the First Rate Base Reset. Benchmark Revenue Per Customer targets under the EGMA RDM shall be updated to reflect EGMA's updated base distribution revenue inclusive of the revenue requirement for the First Rate Base Reset.

2.6.1.6 EGMA shall submit capital project documentation to the Department, the AGO, and DOER no later than May 1, 2024, for projects completed between the date of Closing and December 31, 2023. EGMA shall be responsible for demonstrating prudence of capital additions completed from the date of Closing through

December 31, 2023. The capital project documentation shall be subject to a prudence review through an adjudicatory process, including evidentiary hearings.

2.6.1.7 The distribution rate increase amount associated with the First Rate Base Reset shall be assigned to each rate class by the percentage of volumetric base revenue generated from effective base rates (pursuant to this Settlement Agreement) using 2023 calendar year, normalized sales volume. The resulting allocated portion of the base revenue increase will then be added to the 2023 volumetric base revenue of each volumetric rate component to determine the target volumetric base revenue by rate component. The target volumetric base revenue by rate component will be divided by the 2023 calendar year, normalized sales volume to derive the base rates to become effective on November 1, 2024. The Settlement Agreement applies the November 1, 2024 distribution rate adjustments on a volumetric basis. There is no change to the customer charge under the Settlement Agreement; however, the peak and off-peak demand rates for commercial and industrial customers shall be adjusted to reflect the First Rate Base Reset.

2.6.1.8 EGMA shall apply a cap to the revenue requirement of the First Rate Base Reset equal to 7.0 percent of EGMA's most recent calendar year total firm delivery revenues at the time of filing, plus imputed cost of gas revenues for sales and transportation customers ("Base

Rate Reset Cap”). The Base Rate Rest Cap shall exclude the revenue requirement associated with GSEP capital projects completed through December 31, 2023, already included in rates as a result of the GSEP factor and designated for transfer into base rates per Section 2.6.1.4.⁷ Any portion of the aforementioned revenue requirement in excess of the 7.0 percent cap will be deferred for recovery on a reconciling basis in the following year through the LDAC. Such deferral will be allocated to each rate class for collection based on the Distribution Revenue Allocator in effect. Should the Base Rate Reset Cap be exceeded, EGMA will implement the remaining revenue requirement in the following year through a base distribution rate increase.

2.6.2 November 1, 2027. On November 1, 2027, EGMA shall be eligible to reset all components of rate base in base distribution rates for capital additions completed through December 31, 2026 (Second Rate Base Reset), including depreciation expense, property taxes and return on rate base, in accordance with the following provisions:

2.6.2.1 The rate base used for ratemaking purposes in the Second Rate Base Reset will be computed in accordance with Section 2.5 of this Settlement Agreement.

⁷ Recovery of the revenue requirement associated with GSEP projects completed through December 31, 2023 is transferring from the GSEP factors into base rates as of November 1, 2024, which will result in a corresponding reduction to the GSEP revenues, consistent with Section 2.6.1.4. Therefore, on a total revenue basis, recovery of the GSEP revenue requirement is a revenue neutral event not subject to the cap.

2.6.2.2 EGMA shall submit capital project documentation to the Department, the AGO, and DOER no later than May 1, 2027, for projects completed between January 1, 2024 and December 31, 2026. Eversource shall be responsible for demonstrating prudence of capital additions completed from January 1, 2024 through December 31, 2026. The capital project documentation shall be subject to a prudence review through an adjudicatory process, including evidentiary hearings.

2.6.2.3 As part of the Second Rate Base Reset, the revenue requirement associated with GSEP capital projects completed through December 31, 2026, and recovered through the EGMA GSEP factor, will be transferred into base rates. Recovery through the respective GSEP factor shall be reduced to eliminate recovery of the revenue requirement on GSEP plant additions completed through December 31, 2026, and to allow for recovery through base rates on and after November 1, 2027. EGMA shall remain eligible to recover the revenue requirement amounts associated GSEP plant additions completed through December 31, 2026, and earned pursuant to the applicable tariffs through October 31, 2027, through the respective GSEP factor.

2.6.2.4 EGMA shall update sales revenues for weather normalized billing determinants for the 12-months ended December 31, 2026, for the Second Rate Base Reset. Benchmark Revenue Per Customer targets

under the EGMA RDM shall be updated to reflect EGMA's updated base distribution revenue inclusive of the revenue requirement for the Second Rate Base Reset.

2.6.2.5 The distribution rate increase associated with the Second Rate Base Reset shall be instituted in customer rates as described for the First Rate Base Reset (Section 2.6.1.7) except that billing quantities shall be updated for calendar year 2026.

2.6.2.6 EGMA shall apply the Rate Base Reset Cap to the revenue requirement of the Second Rate Base Reset equal to 7.0 percent of EGMA's most recent calendar year total firm delivery revenues at the time of filing, plus imputed cost of gas revenues for sales and transportation customers. The Rate Base Reset Cap shall exclude the revenue requirement associated with GSEP capital projects completed through December 31, 2026 and designated for transfer into base rates per Section 2.6.2.3. Any portion of the aforementioned revenue requirement in excess of the 7.0 percent cap will be deferred for recovery on a reconciling basis in the following year through the LDAC. Such deferral will be allocated to each rate class for collection based on the Distribution Revenue Allocator in effect. Should the Base Rate Reset Cap be exceeded, EGMA will implement the remaining revenue requirement in the following year through a base distribution rate increase.

2.7 EXOGENOUS ADJUSTMENTS: The Settling Parties agree that, through October 31, 2028, distribution rates shall be subject to adjustment up or down for exogenous factors that occur after the approval of the Settlement Agreement. Eligibility for exogenous cost recovery or rate credit shall be allowed in accordance with the criteria established by the Department in Boston Gas Company, D.P.U. 96-50 (1996), unless new and/or different eligibility criteria are established by the Department in NSTAR Gas Company, D.P.U. 19-120, in which case the eligibility criteria established by the Department in D.P.U. 19-120 shall apply. The significance threshold for qualification as an exogenous factor in any calendar year covered by this Settlement Agreement shall be determined by multiplying the total operating revenues of that year by a factor of 0.001253. The AGO and DOER reserve all rights regarding disputing the substance of any such exogenous cost filings made by EGMA.

2.8 EARNINGS SHARING MECHANISM: The Settling Parties agree that EGMA shall be subject to an Earnings Sharing Mechanism during the term of this Settlement Agreement, as follows:

2.8.1 In the event that EGMA's distribution return on equity ("ROE") exceeds 230 basis points above the ROE authorized in D.P.U. 18-45, earnings above the threshold of 230 basis points shall be shared between customers and EGMA on a 75/25 basis, respectively. No sharing will occur below the authorized ROE.

2.8.2 ROE shall be computed to exclude incentive payments and amounts recorded to Account 425 pursuant to Section 2.5.3 of this Settlement Agreement, but conversely, would exclude service-quality penalties, if any, as well as any amounts

recognized in the current period resulting from regulatory or court settlements or decisions related to prior periods. Any adjustment shall be subject to investigation and hearing before the Department.

Gas Resource Portfolio

- 2.9 GAS COST SAVINGS. The Settling Parties agree that, post-Closing, Eversource will perform a comprehensive study of the potential gas resource portfolio efficiencies and resulting gas cost savings that could arise from Eversource's management of the EGMA gas resources or integration of the gas-resource portfolios of NSTAR Gas and EGMA. EGMA will submit a report on the comprehensive study to the Department, the AGO, and DOER no later than September 1, 2021. Eversource shall take all reasonable steps to achieve gas cost savings to the benefit for EGMA customers and shall pass gas cost savings achieved directly to EGMA customers through the Cost of Gas Adjustment Clause.
- 2.10 TRANSFER OF EGMA PEAKING ASSETS TO HOPCO. The Settling Parties agree that, immediately following Closing, Eversource shall transfer the assets comprising the LNG and LPG assets currently owned and operated by Bay State Gas into Hopkinton LNG Corp. ("HOPCO").
- 2.10.1 The peaking assets shall be transferred from EGMA to HOPCO at net book value as of the date of Closing. The peaking assets subject to transfer are identified in Appendix 4 to this Settlement Agreement, which presents a draft, illustrative copy

of the Gas Service Agreement, or “GSA,” to be executed by EGMA and HOPCO following Closing.⁸

2.10.2 Eversource shall be authorized to operate HOPCO to provide simultaneous peaking services to NSTAR Gas and EGMA, with appropriate apportionment of operating and commodity costs across all customer segments of NSTAR Gas and EGMA, except that HOPCO shall not combine capital costs incurred in relation to the peaking assets primarily serving NSTAR Gas (i.e., Hopkinton LNG and Acushnet) and primarily serving EGMA customers (i.e., assets listed in Appendix 4 to this Settlement Agreement). HOPCO shall charge such capital costs exclusively to the respective company with primary use of the peaking assets. During the term of this Settlement Agreement, HOPCO, shall not be prohibited from submitting a proposal to the Department in coordination with NSTAR Gas, EGMA or both proposing to consolidate capital costs across both systems; however, no such consolidation shall occur without prior approval of the Department.

2.10.3 Within 30 days of Closing, EGMA shall submit a long-term GSA to the Department to establish the term and conditions of service between HOPCO and EGMA, consistent with the draft, illustrative agreement included as Appendix 4 to this Settlement Agreement for docketing, review, and approval by the Department

⁸ Appendix 4 is an illustrative presentation only. The illustrative provisions of Exhibit A (Rate Schedule) of Appendix 4 to the Settlement Agreement are not agreed to by AGO and DOER and remain subject to review within the context of the Department’s contract approval process.

pursuant to GL c. 164 § 94A⁹ and § 94B,¹⁰ subject to an adjudicatory process. The filing to the Department shall include a method of apportionment to assign, allocate or otherwise attribute operating and commodity costs between NSTAR Gas and EGMA customers.

2.11 CONSOLIDATION OF GAS COST FACTORS: The Settling Parties agree that, at any time during the term of this Settlement Agreement that Eversource plans to petition the Department for consolidation of the Gas Cost Factors and/or other elements of the Cost of Gas Adjustment Clause (“CGAC”) of NSTAR Gas and EGMA, Eversource shall make a presentation to AGO, DOER and the Network, no less than 30 days in advance of such filing to provide estimated bill impacts associated with the proposal. Eversource agrees that any proposed consolidation of the CGAC would not take effect prior to November 1, 2022. In any such filing, Eversource shall propose a method to mitigate material bill impacts, if any, for all customer segments of both NSTAR Gas and EGMA, to the extent reasonably possible without unduly burdening any particular customer segment.

Treatment of Transaction and Integration Costs

2.12 ACCOUNTING TREATMENT OF ACQUISITION-RELATED COSTS: Transaction costs will be recorded on the Eversource books, as the parent company, and not allocated or assigned to EGMA. Integration costs, such as costs incurred to transition services from NiSource Corporate Service Company to Eversource Energy Service Company; to reorganize

⁹ See, *NSTAR Gas Company and Hopkinton LNG Corp.*, D.P.U. 14-64, at 15 (2015) (citing *Commonwealth Gas Company*, D.P.U. 94-174-A, at 27 (1996) (the Department examines whether acquisition of the resource is consistent with the public interest).

¹⁰ Any service agreement between a natural gas utility and affiliated company for a term greater than one year is subject to the Department’s approval.

operations; to consolidate information systems; to identify or achieve operating cost savings, or that are otherwise incurred for the purpose of reducing operating costs of EGMA, may be recorded on the books of the parent company, or EGMA, or charged to EGMA by a service company, in a proportion appropriate to the benefit received by EGMA.

2.13 FUTURE RATEMAKING TREATMENT: Subject to Department review and approval, transaction and integration costs from the Transaction shall be eligible for recovery, amortized over a 10-year period, subject to the following terms limitations:

2.13.1 Transaction costs eligible for recovery shall exclude bankers' fees in the entirety.

In the event that transaction costs, excluding bankers' fees, exceeds \$5.0 million, transaction cost recovery shall be capped at \$5.0 million.

2.13.2 If Eversource has achieved operating cost savings in relation to the operations of EGMA by December 31, 2026 in an amount sufficient to offset the annual amortization of all, or a portion of, transaction and integration costs incurred as a direct result of the Transaction, EGMA shall be eligible to file with the Department to make a demonstration that annual operating costs savings have been achieved as a direct result of the Transaction and that recovery of the annual amortization of all, or a portion of, the transaction and integration costs incurred in relation to the Transaction should commence. The demonstration of savings shall follow the showing of discrete savings consistent with the demonstrations provided in NSTAR Gas Company, D.P.U. 14-150 (2015) and NSTAR Electric Company and Western

Massachusetts Electric Company each d/b/a Eversource Energy, D.P.U. 17-05
(2017).

2.13.3 Where annual operating savings are demonstrated to equal or exceed the annual amortization of all, or a portion of, the transaction or integration costs incurred, EGMA shall be eligible to commence recovery of the annual amortization of transaction and integration costs, but only to the extent that a corresponding reduction in rates is made to provide customers with the benefit of the savings achieved. Such recovery will occur in two parts:

2.13.2.1 EGMA shall propose to reduce base distribution rates to reflect the demonstrated level of savings approved by the Department. This reduction will be equal to the amount of annual amortization of cost sought for recovery through rates.

2.13.2.2 EGMA shall recover an amount through the LDAC representing recovery of the annual amortization of the transaction and/or integration costs offset by demonstrated operating savings. The resulting impact would be revenue neutral for EGMA.

2.13.4 At the time of the next base-rate case following the expiration of this Settlement Agreement, the operating cost savings will automatically exist within the cost of service, thereby eliminating the need for continuation of the base-rate credit. The amortization of cost recovered through the LDAC shall then be included in new base rates limited to the remainder of amortization period (i.e., up to 10 years in total).

2.13.5 If, at the time that EGMA petitions the Department to make a demonstration of savings and initiate recovery of costs under Section 2.13.2, the savings achieved are insufficient to offset fully the annual amortization of the actual transaction and integration costs incurred, the EGMA shall be eligible to recover only the amount of annual amortization that is offset by annual operating savings at that time. EGMA shall remain eligible to make the requisite showing of operating cost savings in the base-rate case following the expiration of this Settlement Agreement, and to recover the remainder of actual transaction and integration costs incurred, but not included in the initial recovery authorized under Section 2.13.2, on a 10-year amortization schedule.

Reporting of Post-Closing Operations

- 2.14 **TRANSACTION COSTS:** Actual transaction costs, by account, shall be reported to the Department in a compliance filing made within ninety (90) days of the Closing.
- 2.15 **INTEGRATION COSTS:** Actual integration costs, by account, shall be reported to the Department in a compliance filing made within sixty (60) days following the end of each calendar year through December 31, 2026.
- 2.16 **NOTICE OF FACILITY CLOSINGS OR LAYOFFS:** In the event of a facility closing or layoff of employees by EGMA during the first three years of the Settlement Agreement, EGMA will provide 30 days' advance notice of such action to the AGO and DOER. Nothing in this Settlement Agreement shall be interpreted to abridge any collective bargaining rights regarding reductions to work force.

Service Quality & Pipeline Safety

2.17 **NEW SERVICE QUALITY METRICS:** EGMA shall institute, track and report on service quality metrics approved by the Department for NSTAR Gas Company in NSTAR Gas Company d/b/a Eversource Energy, D.P.U. 19-120, as long as necessary data is readily available. Appendix 5 to this Settlement Agreement lists the service-quality metrics that shall apply to EGMA, if approved by the Department in D.P.U. 19-120.

2.17.1 EGMA shall develop a performance metric for leakage to be applied coincident with the capital upgrades made over the workplan period, 2021 through 2028. EGMA shall submit the proposed metric to the Department for no later than March 1, 2021, for docketing, review, and approval, subject to an adjudicatory process.

2.17.2 EGMA shall submit the new service-quality metrics, baselines and performance benchmarks referenced in Sections 2.17.1 and 2.17.2 to the Department as an addendum to the Annual Service Quality Report due to the Department on March 1, 2021, for informational purposes.

2.18 **EGMA PIPELINE SAFETY COMPLIANCE.** The Settling Parties agree that, in the event that the Department's Pipeline Safety Division ("Division") issues a notice of probable violation ("NOPV") in relation to work performed, or work processes employed, on the EGMA system following Closing, EGMA will present information to the Department as to whether the probable violation in question is a "pre-existing condition," meaning that the probable violation: (i) pertains to work performed, or work processes employed, prior to the date of Closing; and (ii) is not the product of any work performed or work practices undertaken by, or for, EGMA since the date of Closing. However, all other compliance

aspects of the NOPV shall apply to EGMA, including, but not limited to, EGMA addressing all non-compliance issues.

Clean Energy Initiatives

- 2.19 **Clean Energy Business Case Analysis.** The Settling Parties agree that EGMA and NSTAR Gas (together, “Eversource Gas”) shall prepare and submit a business case analysis of potential decarbonization strategies that could be implemented in relation to the reduction of GHG emissions associated with the sale and distribution of natural gas consistent with Massachusetts law. Eversource shall submit its business case analysis to the Department for review and comment by all stakeholders no later than September 1, 2021. The business case analysis shall be prepared by an independent consulting firm. Eversource shall be responsible for all costs and expenses associated with retaining the independent consulting firm, up to the amount of \$500,000. Appendix 6 to this Settlement Agreement sets forth the agreement of the Settling Parties on the parameters of the business case analysis.
- 2.20 **Energy Efficiency.** EGMA shall commit to the savings goals, budgets, and Term Sheet commitments applicable to Bay State Gas in the 2019-2021 Three-Year Energy Efficiency Plan. EGMA shall maintain Bay State Gas commitments approved in D.P.U. 18-110 on energy efficiency in the Merrimack Valley. EGMA shall extend the enhanced special offer for the City of Lawrence through December 31, 2021.¹¹ EGMA shall commit to maintaining monthly reporting to the Energy Efficiency Advisory Council (“EEAC”), enhanced landlord outreach, partnerships with local organizations, and shall arrange for and provide Spanish speaking outreach and marketing, including establishment of a

¹¹ See, DPU Letter Order, D.P.U. 18-110 (April 10, 2020), approving extension through December 31, 2020.

Spanish-only customer service line. The costs associated with this commitment shall be recovered through the energy efficiency program budget. EGMA shall also maintain Bay State Gas commitments to its municipal partners established in 2020.¹²

2.21 Heat Pump Incentive Program. EGMA shall commit, for the term of this Settlement Agreement, to terminate plans for development of the “Northampton Lateral” project.¹³ In the municipalities affected by the moratorium, as a condition of settlement, EGMA agrees to allocate to DOER \$500,000, on a schedule and in a manner to be directed by DOER, for outreach and enhanced electrification (i.e., heat pumps) incentives for customers. No portion of the \$500,000, for this heat pump incentive program, shall be recovered through EGMA’s energy efficiency program, or included, directly or indirectly, in establishing EGMA’s regulated cost of service, nor will be otherwise recovered by EGMA through customer rates. Upon closing, EGMA shall establish an interest-bearing money market account for this purpose. DOER will consult with, to the extent necessary, the electric distribution companies serving these customers and the Network. EGMA agrees to support this effort as necessary.

2.22 Gas Demand Response Program: EGMA shall initiate a gas demand response program that includes up to 2,000 residential and small-commercial wi-fi thermostats for a term of three years, starting November 1, 2021. Eversource shall also initiate a gas demand response program that includes up to 10 medium/large commercial customers, starting November 1, 2021. For residential customers, the program shall utilize Eversource’s

¹² See, Statewide Plan, Exh. 1 (D.P.U. 18-110 through 18-119), at 35-36; See, also, CMA Plan Year Report, Appendix 6, at 11 (D.P.U. 20-50).

¹³ Bay State Gas, 2017/2018 – 2021/2022 Forecast and Supply Plan, D.P.U. 17-166, at 105 (2017).

existing residential demand response management system (DRMS) and shall leverage the DRMS vendor's relationships with major thermostat manufacturers to enroll customers into the program. The program will temporarily reduce gas usage from residential and small commercial customers by changing setpoints on wi-fi thermostats that are connected to natural gas fired furnaces or boilers. EGMA shall follow a process that includes: (i) a program plan reviewed by the EEAC; (ii) quarterly reporting to the EEAC; and (iii) coordination of evaluation of program through the energy efficiency EMV framework. As a condition of settlement, EGMA shall expend up to \$1.0 million for this gas demand response program, inclusive of all program and evaluation costs for both the residential and commercial programs. No portion of the \$1.0 million, for this gas demand response program, shall be recovered through EGMA's energy efficiency program, or included, directly or indirectly, in establishing EGMA's regulated cost of service, nor will be otherwise recovered by EGMA through customer rates, unless there is agreement by the AGO and DOER to allow EGMA to seek recovery of part or all of the cost through the energy efficiency budget to expand the impact of EGMA's required contribution.

2.23 Seasonal Savings Program. In accordance with Section 1.14.1 of the D.P.U. 18-45 Rate Settlement, Bay State Gas has already implemented a seasonal savings program within its 2019-2021 Three-Year Energy Efficiency Plan to be implemented by the 2020-2021 heating season. The savings program utilizes Nest thermostats (or other comparable technology) and allows any residential customer with the Nest thermostat (or other comparable technology) to opt-in for participation in the seasonal savings program to reduce gas usage and increase winter gas savings. As a commitment of this settlement, EGMA shall make a good faith effort to increase customer enrollment in the seasonal

programs using marketing and advertising. EGMA shall report participation and savings to DOER following each heating season to the extent that such data is available from the vendor.

2.24 EGMA Heat Pump Pilot. To fulfill the requirements of Section 1.14.2 of the D.P.U. 18-45 Rate Settlement, EGMA shall spend \$250,000 in 2021 as an incremental incentive for supplemental high efficiency air-source heat pumps for residential gas heating consumers in EGMA's service territory, as determined in consultation with DOER. EGMA shall coordinate with the Mass Save[®] electric Program Administrators to offer incremental incentives to the existing \$250/ton incentive for gas heating customers that install air-source heat pumps to pilot an offer for expanded incentive for customers to use those heat pumps for heating to offset gas usage in the winter and shoulder seasons. This incentive shall be in addition to any existing or planned program offered through the Bay State Gas's 2019-2021 Three-Year Energy Efficiency Plan. No portion of the \$250,000, for such incremental heat pumps, shall be recovered through EGMA's energy efficiency program, or included, directly or indirectly, in establishing EGMA's regulated cost of service, nor will be otherwise recovered by EGMA through customer rates. EGMA shall provide DOER quarterly status updates and an annual written report for the calendar year 2021 on or before July 1st of the following year, which shall include savings, benefits, the expenditures made by EGMA, and the number of customers participating.

Termination of Pending Legal Matters and Establishment of the Energy Relief Fund

2.25 Termination of DPU Regulatory Matters. The Settling Parties agree that the terms of this Settlement Agreement achieve the “MDPU Required Resolution” applicable under the APA.¹⁴

2.25.1 Bay State Gas takes responsibility for the Greater Lawrence Incident and does not contest facts in the record sufficient to support the Department’s investigations into pipeline safety and emergency response in D.P.U. 19-140 and D.P.U. 19-141, respectively. If adjudicated, Bay State Gas could be subject to the payment of penalties potentially up to the maximum allowed by law. The Settling Parties agree that customer interests are served by the acceptance of responsibility by Bay State Gas and that customers and the Commonwealth of Massachusetts will benefit from the payment to be made pursuant to Section 2.27; the creation of the Energy Relief Fund pursuant to Section 2.28; and, avoidance of protracted and complex litigation of the issues involved in D.P.U. 19-140 and D.P.U. 19-141.

2.25.2 The Settling Parties agree that, upon the date of Closing: (i) all pending actions, claims, investigations, lawsuits and proceedings against NiSource, Bay State Gas and their affiliates, and all of the respective directors, officers, employees, agents and representatives of NiSource, and Bay State Gas and their affiliates (such entities and individuals, collectively referred

¹⁴ The *MDPU Required Resolution*,” is defined in the APA to mean the final resolution or termination of all pending actions, claims and investigations, lawsuits or other legal or administrative proceedings against Bay State Gas and its affiliates under the jurisdiction of the Department and all future actions, claims and investigations, lawsuits or other legal or administrative proceedings against Bay State Gas and its affiliates relating to the Greater Lawrence Incident under the jurisdiction of the Department, each as determined by NiSource in its reasonable discretion (APA at Section 10.1).

to as the “Discharged Persons”), under the Department’s jurisdiction, shall be considered settled, resolved, and terminated; and (ii) all future actions, claims, investigations, lawsuits and proceedings, whether known or unknown, against the Discharged Persons, in each case, relating to, arising out of, or in connection with the Greater Lawrence Incident, under the jurisdiction of the Department shall be considered settled, resolved, and terminated. This includes D.P.U. 19-140¹⁵ and D.P.U. 19-141,¹⁶ as well as any other regulatory matters that could have raised by the Department relating to, arising out of, or in connection with the Greater Lawrence Incident.

2.25.3 The Settling Parties agree that, upon the date of Closing, all pending actions, claims, investigations, lawsuits, and proceedings against the Discharged Persons, which are the subject of the Consent Order^{17,18} shall be settled, resolved, and terminated. The Settling Parties further agree, upon the date

¹⁵ In D.P.U. 19-140, the Department is investigating possible violations of pipeline safety regulations in relation to the Greater Lawrence Incident, but also other unrelated potential violations of pipeline safety regulations. Under M.G.L. c. 164, § 105A and the Department’s regulations at 220 C.M.R. 69.09, the Department is authorized to investigate potential violations of federal pipeline safety regulations and to assess a civil penalty of up to \$218,647 for a violation of those regulations. A separate violation occurs for each day of violation up to \$2.2 million for a related series of violations. The penalty amount is set by 49 U.S.C. § 60122, as amended from time to time.

¹⁶ In D.P.U. 19-141, the Department is investigating the Bay State Gas emergency response following the September 2018 incident in the Merrimack Valley, as well as the Bay State Gas response to the Grade 1 leak that occurred on September 27, 2019. Under M.G.L. c. 164, § 1J, the Department may assess penalties for violations of emergency response regulations and guidelines in the amount of \$250,000 for each violation for each day that the violation of the Department’s standards persists up to a maximum of \$20.0 million for any “related series of violations.”

¹⁷ As part of the APA, all outstanding pipeline safety compliance investigations, inquiries, or ongoing matters at the Department regardless of whether subject to Notices of Probable Violation or related to the Greater Lawrence Incident shall be terminated for Bay State Gas and its affiliates.

¹⁸ In D.P.U. 19-140, the Department will be issuing a Consent Order, including Compliance Actions. These Compliance Actions correspond to the entirety of cases pending before the Department.

of Closing, that the Consent Order (and the Department's associated Compliance Actions) addresses all outstanding pipeline safety compliance investigations, inquiries, or ongoing matters, regardless of whether subject to NOPVs or related to the Greater Lawrence Incident, existing as of the execution date of the Settlement Agreement.

2.26 Termination of AGO Matters. The Settling Parties agree that, upon the date of Closing, this Settlement Agreement shall constitute receipt from the AGO of an agreement, settlement, compromise, and consent: (i) to terminate with prejudice all pending actions, claims, lawsuits, investigations, or proceedings under the jurisdiction of the AGO against the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident; and (ii) not to commence on its own behalf any new action, claim, lawsuit, investigation or proceeding against any of the Discharged Persons relating, arising out of, or in connection with, the Greater Lawrence Incident.¹⁹

2.27 Payment in Lieu of Penalties. The Settling Parties agree that, at Closing, NiSource will make a payment in lieu of penalties in full settlement of all of the pending and potential claims, lawsuits, investigations, or proceedings settled by and released by this Settlement Agreement, including, without limitation, all pending matters referenced in Sections 2.25.2 and 2.25.3, and Section 2.26 of this Settlement Agreement in the amount of \$56.0 million.

¹⁹ On February 4, 2020, the AGO issued a Civil Investigative Demand ("CID") to NiSource and Bay State Gas pursuant to G.L. 93A, § 6. Under the CID, the AGO is investigating potential violations of the Massachusetts consumer protection statute (Chapter 93A, § 2), and the accompanying regulations. Under Chapter 93A, the court may issue an injunction and award actual damages based on the AGO's findings. If the defendant "knew or should have known" that its conduct would violate G.L. c. 93A, the court may award a penalty of not more than \$5,000 for each violation plus reasonable costs. G.L. 93A, § 4.

2.28 Energy Relief Fund. The Settling Parties agree that the funds derived from the NiSource payment described in Section 2.27 of this Settlement Agreement will be used to create an “Energy Relief Fund,” comprised of two components, designated as the “Merrimack Valley Renewal Fund” (further described in Section 2.28.3, below) and the “Arrearage Forgiveness Fund” (further described in Section 2.28.4, below). The Merrimack Valley Renewal Fund shall be jointly administered by the AGO and DOER. The Arrearage Forgiveness Fund shall be jointly administered by the AGO and Eversource. Eversource shall withhold NiSource’s payment in lieu of penalties from the Closing payment and such payment shall be in the amount of \$56.0 million.

2.28.1 Eversource shall establish an interest-bearing money market account to hold the Energy Relief Funds and shall assume the obligation of disbursing the Energy Relief Funds, including any interest earned, to programs and customers designated by the AGO and DOER in accordance with the purposes, amounts, manner and details identified below in Sections 2.28.3 and 2.28.4, and in the Memorandum of Understanding described in Section 2.28.6. The Energy Relief Funds will be apportioned as follows: (1) the Merrimack Valley Renewal Fund shall receive at least \$41.0 Million; and (2) the Arrearage Forgiveness Fund shall receive up to \$15.0 Million.

2.28.2 Eversource shall assume the obligation of accounting for the Energy Relief Funds disbursed to AGO and/or DOER for non-arrearage initiatives identified in Section 2.28.3 of this Settlement Agreement, in quarterly reports to the Department, until the Energy Relief Funds are exhausted from the account. The AGO and DOER shall provide annual reports to the

Department regarding the purpose, amount, and manner of disbursement of the Energy Relief Funds, in accordance with Sections 2.28.3, 2.28.4, and 2.28.6, of this Settlement Agreement.

2.28.3 The Merrimack Valley Renewal Fund shall be directed toward energy efficiency and clean energy measures for the benefit of residents, businesses, and municipal governments within the City of Lawrence, the Town of Andover, and the Town of North Andover. Program initiatives shall be designed and administered by the AGO and DOER, utilizing existing state programs;²⁰ competitive requests for proposals; and, directed grants. The Energy Relief Funds associated with the Merrimack Valley Renewal Fund shall be distributed, as follows:

²⁰ Existing state programs includes the low-income energy efficiency programs administered by the Network.

Initiative	Description	Allocation of Funds
Municipal Clean or Efficient Energy	Grants for energy efficiency and clean energy projects within municipal government operations in Lawrence, Andover, and North Andover.	\$6.0 million
Geothermal Microgrid Project	Competitive grant for development of a geothermal district in Lawrence, Andover, or North Andover.	\$4.0 million
Removing Energy Efficiency Barriers and Increased Access to Efficient and Clean Energy for Low and Moderate Income Residential and Multi-Unit Housing	Design and implementation of a new program that will include, at a minimum, incentives for housing upgrades and barrier mitigation to enable energy efficiency, incremental energy efficiency measures, and electrification. This program will include requirements for partnerships with local organizations, and innovative strategies to serve renters and landlords through direct technical assistance and project support.	\$21.0 million
Energy Efficiency and Heat Pumps for Market Rate Residential Housing	Incentives for insulation and electrification not covered through Mass Save® programs.	\$3.5 million
Public Affordable Housing Energy Efficiency	Grants to support expansion of energy efficiency and electrification projects at public housing in coordination with Department of Housing and Community Development.	\$3.0 million
Private Affordable Housing Energy Efficiency	Design and implementation of grants for comprehensive audits, planning, and implementation of energy efficiency and clean energy.	\$1.5 million
Small Business Energy Efficiency and Heat Pumps	Design and implementation of a program that serves small business customers through dedicated technical assistance and project support, and incentives for weatherization, insulation, and electrification. This program will include requirements to partner with local organizations.	\$2.0 million

Any Energy Relief Funds allocated to a designated initiative but not disbursed by January 1, 2026, shall be reallocated to the initiative designated as “Removing Energy Efficiency Barriers and Increased Access to Efficient and Clean Energy for Low and Moderate Income Residential and Multi-Unit Housing.” The funding amount allocated to the Municipal Clean or Efficient Energy Initiative shall be divided among the recipient

communities as follows: 50 percent to the City of Lawrence; 25 percent to the Town of Andover; and 25 percent to the Town of North Andover.

2.28.4 The Arrearage Forgiveness Fund shall benefit all R2 and R4 customers taking service from EGMA within the municipalities comprising the three Bay State Gas service areas of Springfield, Brockton and Greater Lawrence. By the close of the 2020 November billing cycles, EGMA will issue credits from the Arrearage Forgiveness Fund to residential low-income customers in the amount equal to the customer's respective arrearage balance on June 30, 2020 ("June 30 Forgiveness Credit"). All credits will be issued by the completion of all November billing cycles. Specifically, EGMA shall apply the June 30 Forgiveness Credit to the customer accounts of all EGMA R2 and R4 customers having an outstanding balance for natural gas service as of June 30, 2020 and that remain active on the same account through when the credit is issued.²¹

2.28.5 EGMA shall file a report with the Department, the AGO and DOER no later than January 1, 2021, detailing the disposition of the Arrearage Forgiveness Fund. This report shall detail the number of customers that received the June 30 Forgiveness Credit; the total amount of funds expended; and, the average credit amount paid. This report shall also provide the total outstanding arrearages for EGMA R2 and R4 customers following the distribution of the Arrearage Forgiveness Fund.

²¹ After the issuance of all June 30 Forgiveness Credits, any interest accumulated and/or unallocated funds in the Arrearage Management Fund shall be transferred to the Merrimack Valley Renewal Fund, for program funding to be determined by the AGO and DOER, and the Arrearage Management Fund shall be terminated.

2.28.6 The AGO and DOER shall provide a detailed Memorandum of Understanding for the details of the disbursement of the Merrimack Valley Renewal Fund to the Department within seven business days of the Department's approval of this Settlement Agreement. AGO and DOER shall consult with relevant parties and stakeholders during the development of Memorandum of Understanding, including, but not limited to, the City of Lawrence, the Town of Andover, the Town of North Andover, the Network, local community organizations,²² and the EEAC. In development of the "Removing Energy Efficiency Barriers and Increased Access to Efficient and Clean Energy for Low and Moderate Income Residential and Multi-Unit Housing," the AGO and DOER will work toward establishing equitable usage of funds between low- and moderate-income customers. On August 1, 2021, the AGO and DOER shall provide a report to the Department regarding the status of Merrimack Valley Renewal Fund initiatives. Thereafter, the AGO and DOER shall file annual updates on the Merrimack Valley Renewal Fund initiative spending plans and results, including an accounting of program spending and benefits, measures implemented, number of participants, and local staffing and training. The first such annual report shall be filed on March 1, 2022.

²² Local Community Organizations may include, but may not be limited to: ABCD; ACT Lawrence; All In Energy; E for All; Greater Lawrence Community Action Council; Groundwork Lawrence; Lawrence, Andover, and North Andover Inter-faith Team; Lawrence Community Works Development; Lawrence Partnership; LISC Boston; Merrimack Valley Chamber of Commerce; Merrimack Valley Housing Partnership; Merrimack Valley Planning Commission; NACA Lawrence; and Pueblo Verde.

ARTICLE III: ADDITIONAL CONDITIONS

- 3.1 The making of this Settlement Agreement establishes no principles and shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation, except as to those issues and proceedings set forth in Sections 2.25.2, 2.25.3 and Section 2.26 in this Settlement Agreement.
- 3.2 This Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in this proceeding, or any facts relating to any other pending proceeding cited in this document, are true or false.
- 3.3 Except as specified in this Settlement Agreement to accomplish the customer benefits intended by this Settlement Agreement, the entry of an order by the Department approving the Settlement Agreement shall not in any respect constitute a determination by the Department as to the merits of any other issue raised in this proceeding or any proceeding cited in this document.
- 3.4 This Settlement Agreement is the product of settlement negotiations. The Settling Parties agree that the content of those negotiations (including any workpapers or documents produced in connection with the negotiations) are confidential to the extent permissible under the Massachusetts Public Records Law, G.L. c. 66, § 10 and G.L. c. 4, § 7, cl. twenty-sixth, that all offers of settlement are without prejudice to the position of any party or participant presenting such offer or participating in such discussion, and, except to enforce rights related to this Settlement Agreement or defend against claims made under this Settlement Agreement, that they will not use the content of those negotiations in any

manner in these or other proceedings involving one or more of the parties to this Settlement Agreement, or otherwise.

- 3.5 The Settling Parties intend that customers receive the full value of the settled issues, and not some substitute regulatory treatment of lesser value either now or in the future, and the Settling Parties agree that no terms of this Settlement Agreement or supporting workpapers, calculations, or proposed tariffs will be used or interpreted to diminish, in any way, the intended customer benefit related to this Settlement Agreement.
- 3.6 This Settlement Agreement and the Settlement Appendices referred to herein comprise the entire understanding of the Settling Parties with respect to the subject matter hereof and supersede all other prior representations, warranties, agreements, understandings or letters of intent between or among any of the Settling Parties regarding the subject matter hereof. This Settlement Agreement shall not be amended, modified or supplemented except by a written instrument signed by an authorized representative of each of the Settling Parties.
- 3.7 This Settlement Agreement shall be binding upon and inure to the benefit of the Settling Parties and their respective successors and permitted assigns. No party to this Settlement Agreement may assign its rights or delegate its obligations under this Settlement Agreement without the prior express written consent of the other parties to this Settlement Agreement. Nothing in this Settlement Agreement, express or implied, is intended to or shall confer upon any person or entity other than the Settling Parties, the Discharged Parties and their respective successors, assigns, heirs and estates any legal or equitable right, benefit or remedy of any nature under or by reason of this Settlement Agreement.
- 3.8 The provisions of this Settlement Agreement are not severable. This Settlement Agreement is conditioned on its approval in full by the Department no later than September 30, 2020

(“Requested Approval Date”), and any supporting information or evidence provided to the Department during any proceeding to investigate this settlement shall not be interpreted to vary the express terms of this Settlement Agreement. Notwithstanding any of the foregoing provisions, the Attorney General may, in her sole discretion, or DOER may, in its sole discretion, rescind the Settlement Agreement in its entirety prior to the Department’s issuance of an order approving the Settlement Agreement; provided that notice of such rescission must be filed, or submitted electronically, in writing with the Department. The Settling Parties agree that the Requested Approval Date of this Settlement Agreement may be extended upon the mutual consent of the Settling Parties and notification of such extension to the Department.

- 3.9 If the Department does not approve this Settlement Agreement in its entirety by the Requested Approval Date, or if, for any reason, the Closing does not take place, this Settlement Agreement shall be null and void, even if already approved by the Department, and this Settlement Agreement and filed supporting documents shall be deemed to be withdrawn and shall not constitute a part of the record in any proceeding or used for any other purpose.
- 3.10 To the extent permitted by law, the Department shall have its usual jurisdiction to implement the terms of this Settlement Agreement. Nothing in this Settlement Agreement, however, shall be construed to prevent or delay the AGO from pursuing any cause of action related to this Settlement Agreement in court under G.L. c. 93A or otherwise under law or regulation.
- 3.11 Under no circumstances shall: (i) any charge under this Settlement Agreement or tariffs promulgated hereunder recover costs that are collected by Eversource or EGMA more than

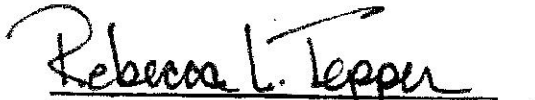
once, or through some other rate, charge or tariff; or (ii) any charge recover costs more than once in any other rate, charge or tariff collected by Eversource or EGMA, it being acknowledged by the Settling Parties that such collection(s), unless fully refunded with interest, as soon as reasonably possible, shall constitute a breach of this Settlement Agreement when discovered and generally known and be deemed to violate the involved tariffs.

3.12 The terms of this Settlement Agreement shall be governed by Massachusetts law and not the law of another state jurisdiction. This Settlement Agreement shall be effective upon approval by the Department, regardless of any pending appeals or motions for reconsideration, clarification or recalculation.

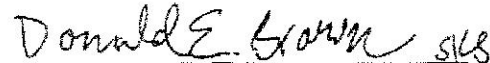
3.13 Any number of counterparts of this Settlement Agreement may be executed, and each shall have the same force and effect as an original instrument, and as if all the parties to all the counterparts had signed the same instrument.

The signatories listed below represent that they are authorized on behalf of their principals to enter into this Settlement Agreement.


**MAURA HEALEY,
COMMONWEALTH OF MASSACHUSETTS
ATTORNEY GENERAL**


By: Rebecca L. Tepper
Chief, Office of Ratepayer Advocacy
Office of the Attorney General
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NI SOURCE INC.



By: Donald E. Brown
Executive Vice President,
Chief Financial Officer
801 E. 86th Avenue
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**BAY STATE GAS COMPANY D/B/A
COLUMBIA GAS OF MASSACHUSETTS**



By: Carrie J. Hightman
Chief Executive Officer
4 Technology Drive
Westborough, MA 01581

Dated: July 2, 2020


**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF ENERGY RESOURCES**


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EVERSOURCE ENERGY


By: John M. Moreira
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**EVERSOURCE GAS COMPANY
OF MASSACHUSETTS**


By: William J. Akley
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**Low-Income Weatherization and
Fuel Assistance Program Network**

By its Attorney



Jerrold Oppenheim
57 Middle Street
Gloucester, MA 01930
Tel: 978-283-0897

Dated: July 2, 2020

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Gas Supply	<ul style="list-style-type: none"> ▪ Review of distribution system to identify supply needs given current supply portfolio. ▪ Assess system requirements and supply and demand forecast and balances. ▪ Analyze existing portfolio for diversity, flexibility, reliability, risk exposure, mismatch of supply entitlements vs. demands by areas including G Lateral. ▪ Review of upstream options (lateral expansion/pipeline expansion, contracts with other shippers holding capacity, etc.). ▪ Assess potential for environmental improvements through methane emission reduction, renewable natural gas, and hydrogen 	12-15 months	Development of a unified supply plan for EGMA	<ul style="list-style-type: none"> ▪ 2020/21 actual winter experience will be instructive to understand system operations and needs. ▪ May use consultants to support specific or overall strategic solutions.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
2	LNG/LPG Facilities – Supply Function	<ul style="list-style-type: none"> ▪ Study and evaluate opportunities to retire or refurbish existing facilities or utilize HOPCO assets. ▪ Assess interactions and synergies between Acushnet, Hopkinton and CMA system to address deficiencies. ▪ Review other on-system options (portable CNG/LNG, demand response, energy efficiency, and distribution system improvements). ▪ Given high dependency on LNG/LPG facilities for peak season, analysis shall consider interoperability, equipment placement and scheduling of work to ensure peak season availability and reliability. 	12-15 months	Development of a unified supply plan for EGMA	May use consultants to support specific or overall strategic solutions.
2	LNG/LPG – Compliance	Assess compliance of facility documentation including maintenance program, training program, Fire Study and Protection Plan (FSPP), and overall compliance documentation	6-12 months	Assessments will be used to develop gap mitigation plan; improvement plan; and FSPP updates	Assessment will likely be outsourced; planning will be collaborative or internal.
2	LNG/LPG – Operations and Maintenance (O&M)	Assess/audit procedures, spare parts inventory, calibration and maintenance practices, corrosion (incl. tanks), system architecture documentation, equipment performance testing.	9-12 months	Assessments will be used to develop gap mitigation plan and improvement plan	Assessment will likely be outsourced; planning will be collaborative or internal.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	LNG/LPG – <i>Electrical Hazard and Safety (EH&S)</i>	Assess and review hazards and safety aspects of the facilities including (a) environmental: asbestos, mercury, and (b) safety: electrical arc-flash, electrical hazardous area classifications, confined space, PPE Matrix, sound studies, etc.	6-12 months	Reports and analysis	Outsource to vendor
3	LNG/LPG – <i>Capital Investment</i>	<ul style="list-style-type: none"> ▪ Leverage Safety & Reliability Assessment gas supply study data to advance a Front-End Engineering and Design (FEED) study incorporating all facility systems. ▪ In parallel, focus specifically on areas of short-term need, such as foundation heaters, boil-off gas, and instrumentation and control systems ▪ Given the high dependency on LNG/LPG facilities for peak season, analysis shall consider interoperability, equipment placement and scheduling of work to assure peak season availability and reliability. 	6-12 months	“Next Step” Report providing increased depth of technical project development and schedule.	Outsource to vendor.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
1	Gate Stations & District Regulators	<ul style="list-style-type: none"> ▪ Assess safety, security and condition of all Gate Stations and District Regulators through field site visits and a review of operating and maintenance history records. ▪ Assess and validate slam-shut device installations & configurations on low-pressure District Regulators ▪ Review current system for inclusion into Gas System Modernization plans (e.g., enhanced telemetry and SCADA control). 	6-9 months	Assessments of stations will be used to risk-rank locations and develop mitigation programs. Stations will be prioritized for repair or replacement.	Outsource to vendor.
3	High Pressure Pipelines	Assess pipelines operating above 100 psi, including a review of high-pressure services, leak history, cathodic protection systems, cathodic protection surveys and testing, previous compliance items and commitments made for improvements. Issues of possible high-pressure system concerns/risks will consider leak data associated with DIMP, as well as other factors.	6-9 months	<ul style="list-style-type: none"> ▪ Assessment will be used to risk-rank pipelines, develop and implement mitigation programs, and identify any potential compliance issue. ▪ Assessment will identify any additional CP surveys (e.g., Close Interval Surveys) to verify levels of CP for these assets. 	Internal resources.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
1 DIMP 3 TIMP	DIMP/TIMP Transition and Integration	<ul style="list-style-type: none"> ▪ Assess DIMP and TIMP and develop transition and integration plans. Assess overall risk and asset-management programs and effectiveness ▪ DIMP leak survey trending analysis by: (1) grade; (2) pipe type (main/service lines); (3) material; (4) leak cause; and (5) by town. This information will be used to assist replacement project decisions, including decisions to move inhouse regulators outside. 	6-9 months	<ul style="list-style-type: none"> ▪ Roadmap to integrate DIMP plan into Eversource program. ▪ Outline and scope of new TIMP plan appropriate for size and scale of transmission facilities ▪ Develop additional and enhanced mitigation action plans to address issues. ▪ Align risk and asset management practices to Eversource 	Outsourced to vendor.
1	GSEP	<ul style="list-style-type: none"> ▪ Evaluate GSEP program, effectiveness of leak reduction and pace. ▪ Review project selection process and pipe-segment prioritization tools. ▪ DIMP leak survey trending analysis by: (1) grade; (2) pipe type (main/service lines); (3) material; (4) leak cause; and (5) by town. This information will assist replacement project decisions and prioritization. Primary efforts should focus on reducing grade 1 leaks. 	6-9 months	Identification of necessary changes in 2022 and long-term GSEP program to reduce overall system leakage, ensure quality construction and achieve original 20-year schedule.	May use consultants to support specific or overall strategic solutions.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Leaks on Non-Legacy Materials	<ul style="list-style-type: none"> ▪ Investigate leaks and failures on state-of-the-art facilities. ▪ Evaluate cathodic protection systems. 	6-8 months	<ul style="list-style-type: none"> ▪ Summary of causes and locations (facility type) of leaks and failures. ▪ Recommendation for mitigation plan. 	Outsource to vendor.
3	Pipeline Safety Management System	Perform gap analysis, audits, identify and assess PSMS programs and effectiveness.	12-15 months	Will identify mitigation plans and actions required, organized by program, as well as gaps to address for each program, in order to transition to a single common PSMS program for Eversource.	Outsource to vendor.
2	Gas Process Safety	<ul style="list-style-type: none"> ▪ Review current investigation and incident analysis process. ▪ Develop plan to implement Taproot (root cause analysis) training. ▪ Assess the understanding and application of Process Safety concepts in planning, design, and execution of work. 	9-12 months	<ul style="list-style-type: none"> ▪ Taproot training, implementation and rollout. ▪ Process Safety training and workforce engagement. ▪ Safety Engagement Team structure and hazard ID. 	Internal resources.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
1 on LP	System Reliability	<ul style="list-style-type: none"> ▪ Assess overall CMA distribution system to improve system reliability and resiliency. ▪ Evaluate resiliency projects that improve the system’s ability to adapt to changing conditions, withstand threats, and quickly recover from incidents by increasing system redundancy and to better able to maintain service under supply curtailments. ▪ Evaluate and track low-pressure systems for conversion to higher pressure to improve reliability. Review of single-feed systems to evaluate potential to create multiple feeds to improve reliability. 	9-12 months	Development of projects to improve system reliability and resiliency to improve overall safety and reliability of the system.	Internal resources.
1	Enhanced Leak Survey & Preventative Maintenance	<ul style="list-style-type: none"> ▪ Review and analyze leak report and integrity assessment result for potential increases to leak survey frequency. ▪ Consider additional preventative maintenance activities on key assets to ensure safety and reliability until capital investments have been made. ▪ Consider utilization of advanced leak detection technologies. ▪ Special attention should be given to leak frequency and grading and identification of pipeline areas that may warrant more frequent leak surveys 	6-9 months	<ul style="list-style-type: none"> ▪ Plan for increasing leak survey frequency. ▪ Update preventative maintenance plan for key assets. 	Internal resources.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Enhanced Quality Control & Contractor Onboarding	<ul style="list-style-type: none"> ▪ Assess contractor oversight using TRC and internal subject matter experts and existing terms & conditions regarding contractor training/quality. ▪ Assess and implement Quality Management (QM) program for all contractor and internal crews including Quality Control and Quality Assurance, with focus on field audits, including re-dig audits, to validate compliance, using internal FTEs and third-party Quality Management personnel. 	6 months	Enhanced management oversight plan, delineating investment in existing and additional personnel and QM activity focused on all activities (capital, O&M, LNG, I&R).	<ul style="list-style-type: none"> ▪ Rollout will require robust presence to reinforce the zero-defect culture. ▪ Deployment of complete QM program will take 12 months.
3	Workmanship & QA/QC	<ul style="list-style-type: none"> ▪ Evaluate prior workmanship and QA/QC processes that may impact system performance, reliability and safety. ▪ Evaluate replace or repair as a remedy. 	12-15 months	Data and information to inform replace or repair remedies	Internal Resources.
3	Enhanced Operator Qualification	Review current qualifications to transition CMA workforce to Eversource OQ Program.	6-9 months	Development of plan to transition CMA workforce to Eversource OQ Program	Eversource with support from TRC

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Training and Development Programs	<ul style="list-style-type: none"> ▪ Assess training and development programs and alignment to business needs. ▪ Assess apprentice and new employee programs developed to advance employees to required competencies. ▪ Assess refresher training to maintain skill and competence of existing workforce. ▪ Assess professional and engineering development programs. 	9-12 Months	<ul style="list-style-type: none"> ▪ Enhanced training and development programs. ▪ Develop robust training program to transition workforce to Eversource operating and emergency response procedures. 	May use consultants to support specific or overall strategic solutions.
1	Maps and Records	<ul style="list-style-type: none"> ▪ Assess CMA maps and records to assure completeness, consistency, and accuracy; availability to field crews; and updating & maintenance according to process. ▪ Identify issues that may impact Eversource commitment to reliability, including dig-ins, unplanned outages, maintenance and asset management. ▪ Validate completion of NTSB recommendation related to maps & records. ▪ Review GIS system and access/accuracy of information in the system. ▪ Assess potential for incorporating leak data in GIS, including incremental value as compared to other systems, cost, timeline, and system benefit. 	6-9 months	<ul style="list-style-type: none"> ▪ Identify areas of weakness, risks, and concern. ▪ Develop short-term and long-term strategies to eliminate gaps to the extent possible and/or mitigate risk of gaps. 	Eversource with support from TRC

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Data Integrity	Evaluate data quality and integrity and its impact on information technology systems to operate distribution facilities and deliver service to customers	10-12 months	Identify data flaws and deficiencies to create remedial plan.	May use consultants to support specific or overall strategic solutions.
3	Gas Operations Tooling and Safety Equipment	Review and assess tooling and safety equipment in the field to align, upgrade or replace. Assess process for control of maintenance and calibration of tools and safety equipment.	6-9 months	Develop program for improved safety with respect to customers and employees.	Internal Resources.
3	Meters	<ul style="list-style-type: none"> ▪ Assess customer meters (review meter protection backlog and atmospheric corrosion inspection and mitigation backlogs, review in-to-out meter strategy). ▪ Assess new technology (e.g., smart metering) ▪ Assess opportunities for accelerated effort to move meter sets out of buildings that are not part of pipe replacement. 	6-9 months	Identify highest risks and adjust mitigation plans as needed.	May use consultants to support specific or overall strategic solutions.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Compliance Work Backlog	<ul style="list-style-type: none"> ▪ Review and compile a list of compliance work, AOCs, and other regulatory obligations. ▪ Determine age profile and develop a plan for completing work on an appropriate schedule. ▪ Develop prioritization of tasks included in Compliance Agreement and action items set forth in D.P.U. 19-140. 	9-12 months	Complete a specified work plan with definitive targets to become current.	Internal resources.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
2	Procedures and Standards, NTSB Recs.	<ul style="list-style-type: none"> ▪ Review and comparison of NiSource procedures and standards to Eversource counterpart. ▪ Review of work design, constructability reviews/approvals, PE certification, live gas procedures/drawings, work execution and close-out. ▪ Validation that NTSB recommendations are addressed. ▪ Assess whether management of change covers any field equipment changes not a “replacement in kind” with escalating team process/management review and multiple management signoff even if a PE stamp is not necessary. ▪ Assess whether MOC procedures contain prescriptive and clear requirements in the MOC beyond the NTSB recommendations. 	6-9 months	<ul style="list-style-type: none"> ▪ Report of differences by procedure/process to indicate focus for training and qualification of CMA personnel. ▪ Will be used to map and focus the transition of CMA personnel to Eversource procedures and standards, methods, and Operator Qualification. ▪ MOC procedures with clear and prescriptive requirements. Requirements will cover field equipment changes not a “replacement in kind” with escalating team process and management review and multiple management signoff even if PE stamp is unnecessary. 	<ul style="list-style-type: none"> ▪ Eversource with support from TRC. ▪ Priority for MOC procedures modification as the main issue is the completeness of the MOC procedures to include prescriptive enhancement. ▪ Create a MOC procedure that goes well beyond the NTSB recommendations. The MOC process must be clear, detailed, and prescriptive.
3	Dynamic Risk Recs.	Review Dynamic Risk recommendations, current action plans and status. Assess action plans.	6-9 months	Identify necessary adjustments to action plans and recommend new or modified action plans as necessary.	Internal resources.

Priority 1 -3, 1 = Highest

Priority	Area of Focus	Type of Analysis or Investigation Performed	Estimated Time to Completion from Day 1	Type of Output or Work Product	Notes
3	Emergency Response Program	Review existing Emergency Response Program including, ERP development/maintenance, incident management strategies and structure, and reporting/documentation practices; standardized emergency response procedures and frontline operating practices; Training and Exercise Program; Critical Facilities/Emergency Operations Center(s); Emergency supplies/resources; IT Tools/Information Management Systems; Community outreach and training; and status of implementation/incorporation of NTSB Improvement recommendations.	6-9 months	<ul style="list-style-type: none"> ▪ Validate critical operation concepts (i.e. incident escalation/response activation procedures). ▪ Determine functionality of critical IT systems and CMA staff proficiencies. ▪ Identify available resources and supplies and status of community outreach efforts. ▪ Ensure critical infrastructure supports expanded ICS/ERP activations. ▪ Determine NTSB Corrective Action Review process and Improvement Planning progress. ▪ Incorporate/clarify the role of Gas Control in the event of a pipeline emergency. 	May use consultants to support specific or overall strategic solutions.
3	SCADA & Gas Control	Assess system, workforce needs to transition to EGMA SCADA and Gas Control involvement in live gas work (field work coordination, authorization of tasks affecting the flow of gas).	6-9 months	Develop plan to incorporate live gas work needs into transition of Gas Control & SCADA to EGMA system.	May use consultants to support specific or overall strategic solutions.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for Approval by the Department of Public Utilities of an Increase in Rates, Pursuant to G.L. c. 164, § 94, and 200 C.M.R. §§ 5.00

D.P.U. 18-45

SETTLEMENT AGREEMENT

WHEREAS, Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“Company”), the Attorney General of Massachusetts (“AGO”), the Massachusetts Department of Energy Resources (“DOER”), and the Low-Income Weatherization and Fuel Assistance Program Network (“Network”) (collectively, “Settling Parties”) enter into this Settlement Agreement regarding the Company’s petition filed with the Massachusetts Department of Public Utilities (“Department”) on April 13, 2018 seeking approval, pursuant to G.L. c. 164, § 94 and 220 C.M.R. §§ 5.00 et seq., of a distribution rate increase of \$44.5 million^{1,2,3} (“Initial Filing”);

WHEREAS, the Department docketed the Initial Filing as D.P.U. 18-45, and the AGO intervened in D.P.U. 18-45 as a matter of right pursuant to G.L. c. 12, § 11E(a);

¹ The Company originally calculated a \$43.8 million revenue deficiency, but subsequently revised it to \$44.3 million to incorporate certain changes identified through the discovery process. See, Company responses to Information Requests AG-2-1, AG-2-2, AG-2-10-Revised, AG-2-14, AG-2-15-Revised, AG-2-16, AG-2-17, and AG-2-23.

² The implementation of the base distribution rate reduction on July 1, 2018, resulting from the 2017 Tax Cuts and Jobs Act (“TCJA”), increased the revenue deficiency from \$44.3 million to \$44.5 million. This increase of approximately \$0.2 million occurred because the Company computed the rate reduction for effect on July 1, 2018 using the D.P.U. 18-45, 2017 test-year billing determinants, which were higher than the 2014 test-year billing determinants from D.P.U. 15-50 used to calculate the 2017 TCJA Revenue Requirement Impact in the Company’s initial filing of \$8.9 million (base rates only). The 2017 test-year billing determinants increased the revenue reduction by \$0.2 million, thereby increasing the revenue deficiency by the same amount.

³ The Company’s revenue requirement request of \$44.5 million includes \$19.8 million of revenue requirement associated with capital projects completed through December 31, 2017, which is currently being recovered through the Company’s Targeted Infrastructure Reinvestment Factor (“TIRF”) and Gas System Enhancement Program (“GSEP”) Adjustment Factor.

WHEREAS, DOER and the Network intervened on May 22, 2018 and June 4, 2018, respectively;

WHEREAS, the Company has responded to approximately 214 information requests issued by the Department, the AGO, and the Network;

WHEREAS, after the Company filed its Initial Petition for a distribution rate increase, the Company implemented a distribution rate reduction of \$9.2 million as of July 1, 2018, to account for the reduction in federal income-tax expense under the TCJA;

WHEREAS, the Settling Parties have raised competing and disputed claims regarding various matters contained in the Company's Initial Filing and with distribution rates as amended on July 1, 2018, but wish to resolve only the matters specified in Article I and Article II of this Settlement Agreement on mutually agreeable terms, and without establishing any new precedent or principle applicable to any other proceedings;

NOW THEREFORE, in consideration of the exchange of promises and covenants contained herein, the legal sufficiency of which is hereby acknowledged, the Settling Parties agree, subject to the Department's approval, to the following:

ARTICLE I: TERMS OF SETTLEMENT

1.1 Overview

1.1.1 In lieu of a fully litigated rate case, the Settling Parties agree to reduce the Company's proposed distribution rate increase of \$44.5 million to \$33.2 million.⁴

1.1.2 On November 1, 2018, the Company will increase the distribution component of its rates to recover an increase in its allowed revenue requirement of \$33.2 million over currently effective rates.

⁴ The proposed distribution rate increase of \$33.2 million consists of the Settling Parties' agreed upon revenue deficiency (\$13.4 million), as well as current GSEP and TIRF revenues (\$19.8 million) that will be transferred into base rates.

1.1.3 The \$33.2 million increase in the allowed revenue requirement includes the Settling Parties' agreed upon adjustments to the Company's proposed revenue requirement, as set forth in Articles 1.2 through 1.6.

1.1.4 The Company's amended incremental revenue request (i.e., revenue not associated with GSEP or TIRF) of \$24.7 million shall be reduced to \$13.4 million.⁵

1.2 November 1, 2018 Distribution Rates – Revenue Requirement Adjustments

1.2.1 Company Headcount Additions

1.2.1.1 The Company shall exclude \$0.3 million in costs associated with the Company's headcount additions from the Company's November 1, 2018 revenue requirement.

1.2.2 NCSC Severance Pay

1.2.2.1 The Company shall exclude \$0.3 million in costs associated with the Company's NiSource Corporate Service Company ("NCSC") severance costs from the Company's November 1, 2018 revenue requirement.

1.2.3 NCSC Information Technology Transition Costs Amortization

1.2.3.1 The Company shall exclude \$0.4 million in costs associated with the amortization of the Company's NCSC information technology transition costs from the Company's November 1, 2018 revenue requirement.

1.2.4 Intangible Plant Amortization

1.2.4.1 The Company shall exclude \$0.9 million in costs to account for fully amortized intangible plant from the Company's November

⁵ The Company's originally calculated revenue deficiency of \$24.1 million was amended to \$24.7 million to account for certain changes identified through the discovery process and impacts from TCJA and GSEP recovery (see, Company responses to Information Requests AG-2-1, AG-2-2, AG-2-10-Revised, AG-2-14, AG-2-15-Revised, AG-2-16, AG-2-17 and AG-2-23).

1, 2018 revenue requirement.

1.2.5 Rate Case Expense

1.2.5.1 The Company shall exclude \$0.3 million in costs associated with the Company's rate case expense from the Company's November 1, 2018 revenue requirement.

1.2.6 Cash Working Capital

1.2.6.1 The Company's cash working capital shall be calculated as follows: (1) revenue lag at 50.39 days; (2) net lag at 36.88 days; and (3) the cash-working capital percentage at 10.104 percent.⁶

1.3 Depreciation

1.3.1 The Company shall eliminate \$1.7 million associated with the Company's proposed changes in depreciation accrual rates, and instead the Company will continue to use the plant account depreciation accrual rates, as approved by the Department in Bay State Gas Company, D.P.U. 12-25, at 305-323 (2012).

1.4 Rate Base Adjustment

1.4.1 The Company shall exclude \$0.1 million as an agreed upon additional deduction from the Company's November 1, 2018 revenue requirement.

1.5 Cost of Capital

1.5.1 The Company shall use a 9.70 percent return as its cost of common equity for ratemaking purposes.

1.5.2 The Company shall use its actual capital structure of December 31, 2017, consisting of 53.25 percent common equity and 46.75 percent long-term debt, excluding Goodwill.

⁶ Pursuant to the provisions of the Company's Cost of Gas Adjustment Clause ("CGAC") tariff, at Section 10.0(4), the components of the Company's purchased gas days lag shall be recalculated each season based upon actual CGAC seasonal data. The recalculated days lag will be used in the calculation of the working capital allowance revenues.

1.5.3 The long-term debt rate shall be at an interest rate of 5.01 percent.

1.5.4 The computation of the weighted average cost of capital established by this Settlement Agreement is 7.50 percent (9.45 percent on a pre-tax basis), which shall be used for ratemaking purposes.

1.6 Income Taxes and Taxes Other than Income Taxes

1.6.1 The revenue-requirement reduction associated with the TCJA impact in this Settlement Agreement is \$15.7 million, which is comprised of \$12.4 million related to the reduction in federal income-tax expense and \$3.3 million (annually) related to the flow back of Excess Deferred Income Taxes (“EDIT”).⁷

1.6.2 A total of \$88.4 million of EDIT was generated by the decrease in the federal income-tax rate, as quantified by re-measuring the deferred taxes at December 31, 2017, where appropriate, to reflect a 21 percent federal tax rate. Including the tax gross-up, the Company will record a regulatory liability of \$121.6 million.

1.6.3 An additional \$7.4 million of EDIT was generated on a collective basis by the decrease in the federal income-tax rate resulting from the re-measurement of deferred taxes at December 31, 2017 for Pension and Post-Retirement Benefits Other than Pension (pending in D.P.U. 18-84), and the Remediation Adjustment Clause included in the Company’s recently submitted 2018-2019 Peak Season Local Distribution Adjustment Clause, D.P.U. 18-GAF-P1.

1.6.4 The Company will include the amortization of EDIT in distribution rates

⁷ The “as filed” TCJA revenue-requirement reduction was \$17.4 million (comprised of \$13.9 million related to a reduced federal income-tax expense and \$3.5 million related to the annual amortization of EDIT). With the reduction in revenue requirement arising from this settlement agreement, the TCJA revenue-requirement reduction is also reduced from \$17.4 million to approximately \$15.7 million. This reduction is due in large part to the change in the authorized return on equity from 10.95 percent, as filed by the Company, to 9.70 percent agreed upon for settlement purposes. Each adjustment to the cost of service impacts Operating Income before Taxes, as well as the TCJA-related, tax-expense reduction.

for the benefit of customers beginning November 1, 2018, consistent with the treatment authorized by the Department for other tax-related flow backs.⁸

- 1.6.5 Once the amortization of EDIT in distribution rates begins, it will be offset by reduced revenues received from customers equal to the EDIT credit grossed up by the conversion factor. The EDIT credit will increase rate base by the same amount and at the same time the EDIT is amortized and refunded to customers, thereby matching the expense with the rate base increase.
- 1.6.6 With respect to the amounts listed in paragraphs 1.6.2 and 1.6.3, or \$88.4 million and \$7.4 million respectively, the Company will use an amortization period of 36.1 years for property-related deferred taxes and a 20-year amortization period for non-property related deferred taxes.
- 1.6.7 The Company shall return to its customers federal income-tax savings resulting from the TCJA from the period January 1, 2018 through June 30, 2018, with interest at the prime rate on the monthly balance of the regulatory liability, acknowledging that new rates effective July 1, 2018 incorporated the normalized level of federal income-tax expense. Accordingly, on November 1, 2018, the Company shall implement a six-month, \$5.9 million Distribution Rate Credit, which will be provided to customers during the 2018/2019 Peak Season on monthly customer bills.
- 1.6.8 For the purpose of computing the revenue requirement associated with capital additions recovered through the GSEP, the Company shall use a composite property tax rate of 2.6741 percent.

⁸ Bay State Gas Company, D.T.E. 05-27, at 230-231 (2005) and Bay State Gas Company d/b/a Columbia Gas of Massachusetts, D.P.U. 13-75, at 269-270 (2014) (commencing adjustment of the South Georgia amortization upon Department approval).

1.7 Regulatory Assets & Liabilities

1.7.1 True-Up of Gain on Springfield Operating Facility

1.7.1.1 A regulatory liability was established in D.P.U. 15-50 for the pass-back of the realized gain on the sale of the land and other assets associated with the New Springfield Facilities (D.P.U. 15-50 Settlement at §§ 1.3.2.1, 1.3.2.3).

1.7.1.2 The Company will amortize the true-up of the gain on the sale on the Springfield operating facility, totaling \$0.2 million over a two-year amortization period.

1.7.2 Amortization of Costs Relating to Shrewsbury Training Facility

1.7.2.1 In D.P.U. 15-50, the Department authorized the Company to establish a regulatory asset to recover prudent and reasonable incremental operations and maintenance expenses incurred in 2016, 2017, and 2018, related to the development of the Company's New Training Facility (D.P.U. 15-50 Settlement at § 1.2.3.2).

1.7.2.2 In D.P.U. 15-50, the Company was afforded the opportunity to request recovery of the regulatory asset related to the development of the New Training Facility, through distribution rates in the Company's next base rate case (D.P.U. 15-50 Settlement at § 1.2.3.3).

1.7.2.3 The Company will continue to defer operations and maintenance expenses associated with the New Training Facility to a regulatory asset up to October 31, 2018.

1.7.2.4 On November 1, 2018, the Company will amortize the deferred costs, regulatory asset balance, over a period of twenty-four months.

1.7.2.5 The Company anticipates filing a Distribution Rate Adjustment with its compliance filing for this Settlement Agreement, containing actual costs deferred for the New Training Facility through August 31, 2018, and estimated costs for the months of September and October 2018. Any remaining amount as of October 31, 2020, will be reconciled through the Company's 2021 Peak Local Distribution Adjustment Clause ("LDAC") Filing.

1.7.3 Amortization of Active Protected Hardship Accounts Receivables Over 360 Days

1.7.3.1 Beginning November 1, 2018, the Company will amortize the \$4.6 million of total active protected hardship accounts receivables with an outstanding balance overdue for payment more than 360 days as of December 31, 2017, over a five-year period, which results in an annual amortization expense of \$0.9 million.

1.7.3.2 Any payments made by customers toward balances so amortized (per § 1.7.3.1, above) will be credited to the Company's Residential Assistance Adjustment Clause, consistent with the Department's directive in D.P.U. 10-70, at 214-216.

1.8 Distribution Rate Freeze

1.8.1 Other than the November 1, 2018 distribution rate increase contemplated herein, the Company will not increase or redesign base distribution rates to become effective prior to March 1, 2021, starting with the effective date of this Settlement Agreement.

1.8.2 The creation of any new reconciling rate recovery factor shall be deemed a distribution rate increase, and, therefore, may not become effective before March 1, 2021, unless mandated by statute. This provision is not intended to apply to any reconciling rate recovery factor in existence as of the

effective date of this Settlement Agreement.

1.9 Rate Class Allocation

1.9.1 The Company will assign the distribution rate increase amount set forth in Article 1.1.2, above, by the percentage of volumetric base revenue generated from current base rates (pursuant to D.P.U. 13-75) using the 2017 test year normalized volumes. The resulting allocated portion of the base revenue increase will be added to the 2017 volumetric base revenue of each volumetric rate component to determine the target volumetric base revenue by rate component. The target volumetric base revenue by rate component will be divided by the 2017 test year normalized volumes to derive the base rates to become effective on November 1, 2018.

1.10 Rate Design

1.10.1 All distribution rate increases established pursuant to this Settlement Agreement shall only impact the volumetric components of base rates.

1.10.2 The rate design shall be derived by maintaining the current customer charge of all rate classes.

1.10.3 The customer charge component for any customer class shall not be increased as a result of the November 1, 2018 distribution rate increase established pursuant to this Settlement Agreement.

1.10.4 The peak and off-peak demand rates for commercial and industrial customers shall be adjusted to reflect the revised cost of service. Specifically, the peak demand rate shall be \$2.8377 per dekatherm and the off-peak demand rate shall be \$1.1844 per dekatherm.

1.11 Pending Capital Cost Recovery Impacts

1.11.1 The capital additions completed in the period January 1, 2015 through December 31, 2017 and presented for recovery in the Company's May 1, 2018 filing for the GSEP reconciliation filing, docketed as D.P.U. 18-GREC-05, are included in the rate base used to calculate the November 1,

2018 distribution rate increase.

1.11.2 Any capital additions completed in the period January 1, 2015 through December 31, 2017, or reconciliations required in relation to the Company's TIRF program and included in D.P.U. 18-GREC-05, are also included in the rate base used to calculate the November 1, 2018 distribution rate increase.

1.11.3 The inclusion of the capital additions set forth in D.P.U. 18-GREC-05 in the rate base used to calculate the November 1, 2018 distribution rate increase eliminates the prudence review of the capital additions included for recovery in D.P.U. 18-GREC-05 and accepts these additions into rate base for base rates taking effect November 1, 2018. However, no Settling Party shall be prohibited from putting forth any briefing position in D.P.U. 18-GREC-05 regarding the Department's going-forward policies as to the recovery of costs for the removal, retirement, or abandonment of plastic and cathodically protected pipe through the Company's GSEP mechanism.

1.11.4 Revenue requirement calculations, including depreciation, return and taxes associated with eligible TIRF and GSEP capital additions, along with prior period reconciliations for TIRF and GSEP additions made since January 1, 2015, as calculated and included in the Company's D.P.U. 18-GREC-05 filing, must still be reviewed by the AGO and the Department, and, if warranted, adjustments will be made through the Gas System Enhancement Adjustment Reconciliation Factor.

1.12 Arrearage Management Program

1.12.1 Consistent with D.T.E. 10-106-A and D.P.U. 08-4, the Company shall continue to recover expenses, net benefits, associated with the administration of the Company's Arrearage Management Program no less frequently than annually through the Residential Assistance Adjustment Factor, which shall remain a component of the Company's LDAC.

1.13 Future Low-Income Discount

1.13.1 The Company's current discount rate for its low-income customers is 25 percent of the total residential gas bill. The Network, however, is seeking to raise the low-income discount to 29 percent.

1.13.2 The Settling Parties view any change to the low-income discount rate as a policy determination to be made by the Department. Therefore, this Settlement does not include any agreement by the Settling Parties regarding raising or maintaining the current discount rate for low-income customers. No Settling Party shall be prohibited from putting forth any briefing position in this proceeding, or in any other proceeding before the Department, taking a position on the modification of the low-income discount level for gas companies. The Settling Parties agree that if the Department determines that it is appropriate to increase the low-income discount, nothing in this Settlement will preclude the Company from increasing the low-income discount to the level ordered by the Department. In such event, the revenue requirement established by this Settlement Agreement shall be redistributed across the customer base to give effect to the higher discount level, consistent with Department practice.

1.14 Clean Energy Provisions

1.14.1 The Company will propose a seasonal savings program within the Company's 2019-2021 Three-Year Energy Efficiency Plan. The Company will implement the savings program by the 2019-2020 heating season. The program will utilize Nest thermostats (or other comparable technology) and will allow any residential customer with the Nest thermostat (or other comparable technology) to opt-in for participation in the seasonal savings program to reduce gas usage and increase winter gas savings. The Company will make a good faith effort to increase customer enrollment in the seasonal programs using marketing and advertising. The Company will report participation and savings to DOER following each

heating season.

1.14.2 The Company shall provide public interest benefits in the aggregate amount of two hundred and fifty thousand dollars (\$250,000) in 2019 and 2020 (\$125,000 each year) as an incremental incentive for wireless heating controls for residential gas heating consumers in the Company's service territory, as determined in consultation with DOER. The Company shall offer this incremental incentive to customers who both receive wireless heating controls and enroll in the seasonal saving program provided in the Company's 2019-2021 Three-Year Energy Efficiency Plan, as described in Section 1.14.1, above. This incentive shall be in addition to any existing or planned program for wireless heating controls offered through the Company's 2019-2021 Three-Year Energy Efficiency Plan. No portion of the two hundred and fifty thousand dollars (\$250,000) for such incremental wireless heating controls shall be included, directly or indirectly, in establishing the Company's regulated cost of service or otherwise be recovered by the Company through rates. The Company shall provide DOER with an annual written report for the years 2019-2021 on or before July 1st of the following year which shall include the expenditures made by the Company and the number of customers participating.

ARTICLE II: SETTLEMENT CONDITIONS

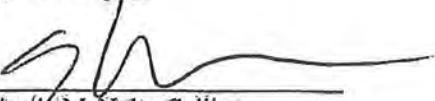
2.1 This Settlement Agreement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in this proceeding is true or false.

- 2.2 The making of this Settlement Agreement establishes no principles and shall not be deemed to foreclose any party from making any contention in any future proceeding or investigation, except as to those issues and proceedings that are stated in this Settlement Agreement as being specifically resolved by approval of this Settlement Agreement.
- 2.3 This Settlement Agreement is the product of settlement negotiations. The Settling Parties agree that the content of these negotiations (including any workpapers or documents produced in connection with the negotiations) are confidential, that all offers of settlement are without prejudice to the position of any party or participant presenting such offer or participating in such discussion, and, except to enforce rights related to this Settlement Agreement or defend against claims made under this Settlement Agreement, that they will not use the content of said negotiations in any manner in this or other proceedings involving one or more of the parties to this Settlement Agreement, or otherwise.
- 2.4 The Settling Parties intend that the Company's customers receive the full value of the settled matters, and not some substitute regulatory treatment of lesser value either now or in the future, and the Settling Parties agree that no terms of this Settlement Agreement will be used or interpreted to diminish, in any way, the intended customer benefit related to this Settlement Agreement.
- 2.5 The provisions of this Settlement Agreement are not severable. This Settlement Agreement is conditioned on its approval in full by the Department. This Settlement Agreement is also contingent upon the provision of accurate and truthful information by the Company during the settlement negotiation process.
- 2.6 If the Department does not approve this Settlement Agreement in its entirety by October 31, 2018, the Settlement Agreement shall be deemed to be withdrawn and shall not constitute a part of the record in this or any other proceeding or used for any other purpose.

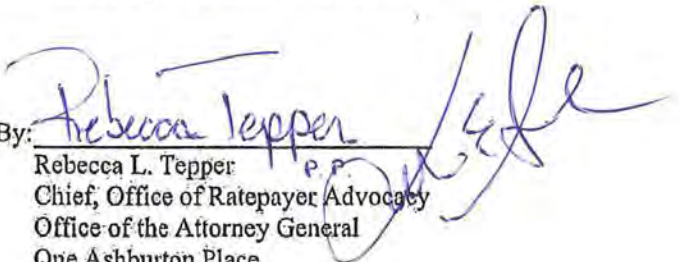
- 2.7 To the extent permitted by law, the Department shall have its usual jurisdiction to implement the terms of this Settlement Agreement. Nothing in this Settlement Agreement, however, shall be construed to prevent or delay the Attorney General from pursuing any cause of action related to this Settlement Agreement in court under G.L. c. 93A or otherwise.
- 2.8 Under no circumstances shall: (1) any charge under this Settlement Agreement or tariffs promulgated hereunder recover costs that are collected by the Company more than once, or through some other rate, charge, or tariff; or (2) any charge recover costs more than once in any other rate, charge, or tariff collected by the Company, it being acknowledged by the Settling Parties that such collection(s) described in this article unless fully refunded with interest, as soon as reasonably possible, shall constitute a breach of this Settlement Agreement when discovered and generally known, and be deemed to violate the involved tariffs.
- 2.9 Notwithstanding any provision in this Settlement Agreement to the contrary, no part of this Settlement Agreement shall be interpreted to interfere with the Attorney General's rights to petition the Department under G.L. c. 164, § 93, or otherwise under law or regulation, for a review of the Company.
- 2.10 The terms of this Settlement Agreement shall be governed by Massachusetts law and not the law of some other state. This Settlement Agreement shall be effective upon approval by the Department, regardless of any pending appeals or motions for reconsideration, clarification, or recalculation, including such motions pending in D.P.U. 18-15.
- 2.11 The signatories listed below represent that they are authorized on behalf of their principals to enter into this Settlement Agreement.
- 2.12 This Settlement Agreement may be signed in counterparts each of which shall be deemed an original and all of which together shall constitute one in the same document.

**Bay State Gas Company
d/b/a Columbia Gas of
Massachusetts**

By its attorney,

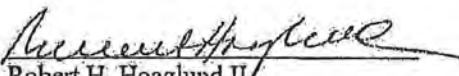

Shaqia McNulty Collins
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**Maura Healey
Massachusetts Attorney General**

By: 
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**Massachusetts Department of
Energy Resources**

By its Attorney


Robert H. Hoaglund II
General Counsel
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114
Tel: 617-626-7318

**Low-Income Weatherization and
Fuel Assistance Program Network**

By its Attorney,


Jerrold Oppenheim
57 Middle Street
Gloucester, MA 01930
Tel: 978-283-0897

Dated: September 5, 2018

**Eversource Gas Company of Massachusetts
 Rate Base Offset ⁽¹⁾**

Line (A)	Year (B)	RBO Beginning Balance ^{(2),(3)} (C)	RBO Annual Amortization ⁽⁴⁾ (D)	Rate Base Offset Ending Balance (E) = (C) - (D)	ADIT Stepped-Up Basis ⁽⁵⁾ (F)	Rate Base Offset Adjusted for ADIT Stepped-Up Basis (G) = (E) - (F)
1	2021	\$ 194,421,108	\$ 9,721,055	\$ 184,700,053	\$ -	\$ 184,700,053
2	2022	184,700,053	9,721,055	174,978,997	-	174,978,997
3	2023	174,978,997	9,721,055	165,257,942	-	165,257,942
4	2024	165,257,942	9,721,055	155,536,886	-	155,536,886
5	2025	155,536,886	9,721,055	145,815,831	-	145,815,831
6	2026	145,815,831	9,721,055	136,094,776	-	136,094,776
7	2027	136,094,776	9,721,055	126,373,720	-	126,373,720
8	2028	126,373,720	9,721,055	116,652,665	-	116,652,665
9	2029	116,652,665	9,721,055	106,931,609	-	106,931,609
10	2030	106,931,609	9,721,055	97,210,554	-	97,210,554
11	2031	97,210,554	9,721,055	87,489,499	-	87,489,499
12	2032	87,489,499	9,721,055	77,768,443	-	77,768,443
13	2033	77,768,443	9,721,055	68,047,388	-	68,047,388
14	2034	68,047,388	9,721,055	58,326,332	-	58,326,332
15	2035	58,326,332	9,721,055	48,605,277	-	48,605,277
16	2036	48,605,277	9,721,055	38,884,222	-	38,884,222
17	2037	38,884,222	9,721,055	29,163,166	-	29,163,166
18	2038	29,163,166	9,721,055	19,442,111	-	19,442,111
19	2039	19,442,111	9,721,055	9,721,055	-	9,721,055
20	2040	9,721,055	9,721,055	(0)	-	(0)
		\$ 194,421,108	\$ -	\$ -	\$ -	\$ -

Notes:

(1) The Rate Base Offset ("RBO") will be recorded to Account 253; the annual amortization will be recorded to Account 425.

(2) The Rate Base Offset is estimated at \$194,421,108 as of 12/31/19, per Settlement-AGO-1-17 (Revised). The actual Rate Base Offset will be derived in accordance with Section 2.5 of the Settlement Agreement.

(3) In ratesetting proceedings where the RBO is applicable, the RBO will be applied consistent with an allocation among rate base, GSEP and HOPCO.

(4) Eversource will amortize the RBO on a straight-line basis over 20 years from the date of Closing.

(5) To the extent that EGMA accumulates ADIT associated with the stepped-up basis arising from the Transaction, this amount would be deducted from the RBO during the rate-setting process occurring in any year of the 20-year amortization period. Therefore, this column will be updated over time.

**AMENDED AND RESTATED
GAS SERVICE AGREEMENT**

This Amended and Restated Gas Service Agreement is entered into as of [DATE] (the “Agreement”), by and between **HOPKINTON LNG CORP.** (“HOPCO”) and **EVERSOURCE GAS COMPANY OF MASSACHUSETTS** (“Customer” or (“EGMA”). Hereinafter, HOPCO and Customer may be referred to individually as a “Party” and collectively as “Parties.”

WHEREAS, HOPCO and Customer seek an arrangement, whereby HOPCO provides liquefaction, storage and vaporization services to Customer at HOPCO’s facility located in Hopkinton, Massachusetts (the “Main Facility”); storage and vaporization facilities to Customer at HOPCO’s facility located in Acushnet, Massachusetts (the “New Bedford Facility”); and liquefaction, storage and vaporization services to Customer at HOPCO’s facilities located on the former Bay State Gas Company system (the “Bay State Facilities”), (the Main Facility, the New Bedford Facility and the Bay State Facilities are collectively referred to herein as the “Storage Facilities,” and the services provided by HOPCO to Customer at the Storage Facilities are referred to as the “Service” herein);

WHEREAS, HOPCO desires to provide and Customer desires to receive the Service from the Facilities; and

WHEREAS, in order to provide reliable Service to Customer and to comply with applicable laws and regulations, HOPCO is required to replace certain equipment and to make certain improvements at the Storage Facilities; and

WHEREAS, Customer is required to obtain certain regulatory approvals associated with this Agreement and the recovery of costs incurred hereunder; and

WHEREAS, the Parties desire to memorialize the terms of their agreement for the continued performance of the Service by HOPCO to Customer;

NOW THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, and other good and valuable consideration, HOPCO and Customer stipulate and agree as follows:

1. DEFINITIONS

1.1 “Bcf” means billion (1,000,000,000) cubic feet.

1.2 “Btu” means one British Thermal Unit, and shall be the quantity of heat required to raise the temperature of one (1) pound of water from fifty-eight and five-tenths

degrees (58.5 degrees) to fifty-nine and five-tenths degrees (59.5 degrees) Fahrenheit. The reporting basis for Btu is 14.73 dry psig and 60 degrees Fahrenheit (101.325 kPa and 15 degrees C, and dry).

1.3 “Bay State Facilities” shall mean HOPCO’s storage, vaporization and liquefaction facilities located on the former Bay State Gas system.

1.4 “Business Day” means Monday through Friday, excluding Customer holidays.

1.5 “Change in Control” shall mean (a) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)), other than a trustee or other fiduciary holding securities under an employee benefit plan, becomes the “beneficial owner” (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities representing 50% or more of (A) the outstanding shares of common stock or (B) the combined voting power of the then outstanding securities; (b) a merger or consolidation which results in the voting securities outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving or another entity) at least 50% percent of the combined voting power of the voting securities or such surviving or other entity outstanding immediately after such merger or consolidation; (c) the sale or disposition of all or substantially all of the assets (or consummation of any transaction having similar effect); or (d) dissolution or liquidation.

1.6 “Contract Year” means the twelve (12) month period beginning on the date Service under this Agreement commences and each subsequent twelve month period thereafter during the Term of this Agreement.

1.7 “A cubic foot of Gas” equals the volume of Gas that occupies one cubic foot at a temperature of 60 degrees Fahrenheit, a pressure of 14.73 psig, and dry.

1.8 “Day” means a period of twenty-four (24) consecutive hours, beginning and ending at 10:00 a.m. (Eastern Clock Time (“ECT”)).

1.9 “Department” or “MDPU” means the Massachusetts Department of Public Utilities.

1.10 “Dekatherm” (“Dth”) means the quantity of heat energy which is equivalent to 1,000,000 Btu. One “Dekatherm” of Gas means the quantity of Gas which contains one Dekatherm of heat energy.

1.11 “MDPU Approvals” shall mean the Department approvals described in Section 5.2 of this Agreement.

1.12 “Effective Date” shall mean the first day of the first month following the satisfaction of the last of the conditions precedent set forth in Section 5.2 below.

1.13 “FERC” or “Commission” means the Federal Energy Regulatory Commission or any successor agency.

1.14 “Fuel Gas” shall have the meaning set forth in Section 18.1 hereof.

1.15 “Gas” shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous or liquid state consisting primarily of methane.

1.16 “HOPCO Facilities” means the Main Facility, the New Bedford Facility and/or the Bay State Facilities owned by HOPCO.

1.17 “Main Facility” shall mean HOPCO’s storage, vaporization and liquefaction facility located in Hopkinton, Massachusetts.

1.18 “Maximum Daily Withdrawal Quantity” or “MDQ” means the maximum quantity of Gas, expressed in Dths, as specified in Exhibit B to this Agreement, that Customer may nominate and that HOPCO shall deliver at a Point of Delivery to the Customer. The actual daily withdrawal quantity shall be controlled by Customer’s Gas Control Supervisor(s) and shall be coordinated with LNG plant personnel.

1.19 “Maximum Daily Injection Quantity” or “MDIQ” means the maximum quantity of Gas, expressed in Dth, as specified in Exhibit B to this Agreement, that Customer may deliver to the Main Facility for injection into storage each Day. Actual injection quantities for each day shall be determined by plant operations and shall be coordinated with Buyer’s Gas Control Supervisor(s).

1.20 “Maximum Storage Quantity” means the maximum quantity of Gas, expressed in Dth, that Customer is permitted to have in storage in the Storage Facilities at any given time as specified in Exhibit B to this Agreement.

1.21 “Mcf” means one thousand (1,000) cubic feet and MMcf means one million (1,000,000) cubic feet.

1.22 “New Bedford Facility” means HOPCO’s storage and vaporization facility located in Acushnet, Massachusetts.

1.23 “Month” means the period beginning at 10:00 a.m. Eastern Clock Time on the first Day of a calendar month and ending at 10:00 a.m. Eastern Clock Time on the first Day of the next succeeding month.

1.24 “Net Book Value” means the original price of an asset minus depreciation and amortization.

1.25 “Point(s) of Delivery” means the point or points as specified in Exhibit C to this Agreement, at which HOPCO shall tender Gas to Customer.

1.26 “Point(s) of Receipt” means the point or points as specified in Exhibit C to this Agreement, at which HOPCO shall receive Gas from Customer.

1.27 “Psig” means pounds per square inch gauge.

1.28 “Service” means that Service defined in the Recitals and as stated in Section 2 of this Agreement.

1.29 “Significant Event” shall mean a Change of Control of HOPCO, the sale of a liquefaction Facility or a significant portion thereof, or a casualty loss or regulatory or other event that has or shall likely result in a materially adverse effect on the operation of a liquefaction Facility at full capacity, or the ability of HOPCO to satisfy its obligations under the Gas Service Agreement.

1.30 “Storage Facilities” means the Main Facility, the New Bedford Facility and the Bay State Facilities.

1.31 “Storage Inventory” means the quantity of Gas, expressed in Dths, that a Customer has in place in HOPCO’s storage facilities for Customer’s account.

1.32 “Term” shall mean the term of this Agreement as stated in Section 5.1 hereof.

1.33 “Transporter” means the Customer’s transporter designated to deliver Gas to the Point(s) of Receipt or Customer’s transporter designated to receive Gas from the Point(s) of Delivery.

2. SERVICE OBLIGATIONS

Service rendered to Customer under this Agreement shall consist of:

(a) Receipt on any Day of Customer’s Gas per Customer’s delivery to the Main Facility up to Customer’s MDIQ as stated in this Agreement, plus Fuel Gas at the Point(s) of Receipt and the injection of Gas so received into storage, provided Customer’s Storage Inventory has not exceeded Customer’s Maximum Storage Quantity;

- (b) The injection of Gas in liquid form on any Day per Customer's nominations and delivery to the respective Delivery Point of the Storage Facilities;
- (c) The storage of Gas in amounts up to Customer's firm Maximum Storage Quantity;
- (d) The withdrawal from storage on any Day of Customer's Gas per Customer's nominations of Gas up to Customer's MDWQ in addition to vaporization Fuel Gas volumes and the delivery of such Gas to the Point(s) of Delivery; and
- (e) The withdrawal from storage of Gas in liquid form on any Day per Customer's nominations and delivery by HOPCO to the respective Delivery Point of the Storage Facilities to be received via truck.

3. RATES AND CHARGES

Customer shall pay rates and charges for liquefaction, storage, and vaporization services under this Agreement as set forth in Exhibit A.

4. INVOICING AND PAYMENT

4.1 Invoice. HOPCO shall submit to Customer at least once in each calendar month an invoice for the Rates and Charges payable by Customer pursuant to Section 3 and Exhibit A of this Agreement. Such invoice shall contain supporting detail for all charges reflected on the invoice, and HOPCO shall provide Customer with additional supporting documentation and information as Customer may request.

4.2 Payment. Customer shall pay HOPCO by wire transfer the full amount reflected on the invoice within ten (10) days of the date of the invoice. If the tenth (10th) day shall fall upon a weekend or legal holiday, then such payment shall be made on the last regular Business Day prior to such tenth (10th) day. The Party making payment should submit supporting documentation; party receiving payment should apply payment per supporting documentation provided by the paying party; and if payment differs from invoiced amount, remittance detail should be provided with the payment except when payment is made by electronic funds transfer (EFT), in which case, the remittance detail is due within two Business Days of the payment due date.

4.3 Billing Error. If an error is discovered in any billing, such error shall be adjusted within thirty (30) days of the determination thereof. If a dispute arises as to the amount payable in any invoice rendered hereunder, Customer shall nevertheless pay when due the amount not in dispute under such invoice. Such payment shall not be deemed to be a waiver of the right by Customer to recoup any overpayment, nor shall acceptance of any payment be deemed to be a waiver of the right by Customer to recoup any overpayment, nor shall acceptance

of any payment be deemed to be a waiver by HOPCO of any underpayment. In the event Customer fails to forward the entire undisputed amount due to HOPCO when same is due, interest on the unpaid portion shall accrue at 1% over the prime rate published in the “Money Rates” section of the Wall Street Journal from the date such payment is due until the same is paid. If Customer’s failure to pay the undisputed portion of any invoice rendered hereunder continues beyond thirty (30) days after the due date of such invoice, then HOPCO, in addition to all other legal remedies available to it, shall have the right and option to suspend further deliveries of Gas until such default shall have been cured.

5. TERM/CONDITIONS PRECEDENT/OPTION TO PURCHASE

5.1 Initial Term/Early Termination Rights. The term for Service under this Agreement shall be thirty (30) years commencing on the Effective Date. The Term may be extended or renewed by further agreement of the Parties. Customer shall have the right to terminate this Agreement: (i) for convenience at any time following the Effective Date upon twenty-four (24) month’s prior written notice to HOPCO; and (ii) on account of an adverse determination or order by the Department following the Effective Date relating to the rights or obligations under this Agreement, or the costs and charges paid or to be paid by the Customer under this Agreement. Upon such early termination date (i) Customer shall pay HOPCO an early termination charge equal to the Net Book Value of the Bay State Facilities on that date, and (ii) the Customer shall have the right and option to purchase the Bay State Facilities at no additional cost. In addition, HOPCO and Customer may agree to terminate the Agreement following the occurrence of a Significant Event, and termination under those circumstances shall not trigger the foregoing early termination charge and option to purchase provisions.

5.2 Department Approval.

(a) Department Approvals. The amount of compensation to be paid by Customer under this Agreement shall be subject to review and determination by the Department pursuant to the provisions of G.L. c. 164, § 94A and G.L. c. 164, § 94B, and the Parties acknowledge and agree that this Agreement is subject to the review and approval of the MDPU of this Agreement and all Exhibits hereto. The Parties’ obligations to perform pursuant to this Agreement are expressly subject to and contingent on receipt and acceptance by Customer and HOPCO of all consents and approvals from the Department (“MDPU Approvals”). It is expressly understood that the MDPU Approvals must be in a form and substance satisfactory to Customer and HOPCO each in its sole discretion.

(b) Initial Department Approval Process/Termination Rights. The Parties acknowledge that EGMA (Customer) will file this Agreement, together with any Appendices hereto, with the MDPU. For a period of five (5) days of the earlier of: (i) [approval date], or (ii) the date of issuance of an MDPU order, Customer and HOPCO shall have the right to terminate this Agreement on written notice, where the MDPU Approval has not been issued in a form and

substance satisfactory to Customer and HOPCO each in its sole discretion. If the MDPU Approval requires amendment, modification or alteration of the terms contained herein, then (a) absent a written amendment hereto executed by all Parties, no such MDPU requirement shall amend this Agreement, and (b) Customer or HOPCO may in their sole discretion, terminate this Agreement without liability, cost or penalty or any amount owed to the other Party.

(c) MDPU Action Following the Effective Date. In the event of an adverse determination or order by the Department following the Effective Date relating to the costs and charges paid or to be paid by the Customer under this Agreement, the Customer shall have the right of early termination of this Agreement as set forth in Section 5.1.

(d) MDPU Action in Proceeding Under G.L. c. 164, § 94. In the event of an adverse determination or order by the Department in a rate proceeding conducted for the Customer under G.L. c. 164, § 94 having an impact on this Agreement, the Customer shall have the right of early termination of this Agreement as set forth in Section 5.1.

5.3 Option to Purchase. In addition to the rights pursuant to Section 5.1 of this Agreement, the Customer shall have the right and option to purchase the Bay State Facilities, including all property and plant additions made to those facilities, upon the expiration of the Term of the agreement at a purchase price equivalent to the Net Book Value on the purchase date of the Bay State Facilities being purchased.

5.4 Department Review and Approval Prior to Termination or Sale. HOPCO and Customer agree that prior to any termination of the Agreement under Sections 5.1, 5.2 (c), or 5.2 (d), or any sale, transfer, or change of control of the HOPCO Facilities, whether to Customer, an affiliate of HOPCO or Customer, or a third-party purchaser, Customer shall petition the Department for review and approval of (i) said termination or sale, transfer, or change of control; (ii) the disposition of the proceeds, if any, from the transaction; (iii) the ratemaking treatment, if any, of the particular transaction; (iv) any changes to the Agreement or any new gas services agreement that may be required to replace all or a portion of the LNG or LPG services provided under this Agreement; and (v) any other requirements necessary to effectuate the proposed transaction.

6. AUTHORIZATION AND JURISDICTION

This Agreement and the respective obligations of the parties hereunder are subject to all valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction, and are conditioned upon the issuance of any federal, state or local governmental agency having jurisdiction, of requisite authorization for HOPCO to provide the Service contemplated hereby and to construct and operate the facilities necessary to provide such Service.

7. STORAGE OPERATIONS

7.1 Customer Obligations. Customer shall tender or cause to be tendered to HOPCO at the Point(s) of Receipt any Gas which Customer desires to have injected into storage, plus applicable Fuel Gas volumes. Customer shall also receive or cause to be received at the Point(s) of Delivery Gas requested to be withdrawn from storage.

7.2 HOPCO Obligations. HOPCO shall receive Gas for injection from Customer at the Point(s) of Receipt, and shall deliver Gas to Customer at the Point(s) of Delivery as scheduled by Customer from time to time; provided that HOPCO shall not be obligated to receive for injection any quantity of Gas if the injection of the same would cause the quantity of Gas stored for Customer's account to exceed Customer's Maximum Storage Quantity.

8. NOMINATIONS AND SCHEDULING

8.1 Advance Nominations. During any Day when Customer desires HOPCO to inject or withdraw Gas, Customer shall use reasonable efforts to notify HOPCO of Customer's requirements in advance. Specifically, Customer has the ability to nominate for multiple days, provided the nomination begin and end dates are within the Term of this Agreement.

8.2 Intraday Nominations. Customer may change its nomination at any point during the course of a Day by specifying hourly quantities for remaining hours during that Day. For liquefaction, the HOPCO operators shall notify Customer of major changes in the rate of liquefaction so that Customer can better manage the dispatch of gas on Customer's system.

9. POINT(S) OF RECEIPT AND POINT(S) OF DELIVERY

9.1 Point(s) of Receipt. Customer shall tender all Gas for injection into storage to HOPCO at the Point(s) of Receipt as specified in this Agreement.

9.2 Point(s) of Delivery. HOPCO shall tender all Gas to be withdrawn from storage to Customer at the Point(s) of Delivery as specified in this Agreement.

9.3 Measurement. Customer and HOPCO agree that the quantity of Gas delivered hereunder shall be measured by HOPCO in accordance with the requirements or Section 13 hereof. Customer and HOPCO shall cooperate with each other and with the Transporter(s) to verify delivery and receipt of the volumes of Gas delivered hereunder on a timely basis.

9.4 Downstream and Upstream Transportation. Customer shall be responsible for transportation from the Point(s) of Delivery and payment of all transportation charges relating thereto. Customer shall be responsible for transportation to the Point(s) of Receipt and payment of all transportation charges relating thereto.

10. QUALITY

10.1 Specifications. The Gas in the vapor form delivered by either party to the other hereunder shall meet the quality specifications of the Transporter which receives or delivers such Gas at the Point of Receipt or Delivery, as applicable. The parties will use reasonable efforts to manage impact of any Gas that does not satisfy the quality specifications.

10.2 Rejection of Gas. Either party shall be entitled to reject any Gas tendered to it by the other party which does not meet the minimum specifications of Section 10.1 hereunder. Acceptance of such Gas does not constitute any waiver of HOPCO's right to refuse to accept other nonconforming Gas.

11. PRESSURE AND INJECTION/WITHDRAWAL RATES

11.1 Delivery Pressures. HOPCO shall deliver Gas to Customer at pressures sufficient to enter the Transporter facilities at the Point(s) of Delivery at the operating pressures maintained by the applicable Transporter(s) from time to time. HOPCO shall not be required to deliver Gas at pressures in excess of those required by Transporter(s) or in excess of Transporter(s) maximum allowable operating pressure (MAOP). Customer shall deliver or cause to be delivered to HOPCO all Gas for injection at the Point(s) of Receipt at pressures not in excess of the MAOP of HOPCO's facilities at the Point(s) of Receipt. HOPCO shall be responsible for maintaining facilities at such Point(s) of Receipt to permit Customer to deliver Gas to HOPCO at such allowed pressures.

11.2 Receipt and Delivery Rates. HOPCO has designed the facilities required to store, inject and withdraw Gas based on "normal" operating pressures maintained by the Transporter(s) at the Point(s) of Receipt/Delivery, with allowances for reasonable fluctuations. In the event that conditions on the Transporter's system vary substantially from this "normal" design condition coincident with high levels of Customer receipt or delivery activity, HOPCO's capability to receive or deliver the quantities set forth in its Gas Service Agreements may be impaired, resulting in an interruption in Service. Customer agrees that HOPCO shall not be liable for any such interruption in Service. HOPCO will provide Customer immediate notification if "abnormal" conditions exist.

12. TITLE AND RISK OF LOSS

12.1 Title. Customer warrants for itself, its successors and assigns, that it will have at the time of delivery of Gas for injection or storage hereunder either good title to such Gas or the right to have the Gas transported or stored. Customer warrants for itself, its successors and assigns, that the Gas it delivers hereunder shall be free and clear of all liens, encumbrances, or claims whatsoever; and that it shall indemnify HOPCO and save it harmless from all claims,

suits, actions, damages, costs and expenses arising directly or indirectly from or with respect to the title and/or right to Gas tendered to HOPCO hereunder.

12.2 Risk of Loss. As between Customer and HOPCO, Customer shall be deemed to be in control and possession of the Gas prior to delivery to HOPCO for storage or injection at the Point(s) of Receipt and after redelivery by HOPCO to Customer at the Point(s) of Delivery. As between Customer and HOPCO, HOPCO shall be deemed to be in control and possession of the Gas after the receipt of the same at the Point(s) of Receipt and until redelivery by HOPCO to Customer at the Point(s) of Delivery. The risk of loss for all Gas injected into or stored in and withdrawn from storage shall remain with Customer, and HOPCO shall not be liable to Customer for any loss of Gas, except to the extent caused by the negligence or willful misconduct of HOPCO.

13. MEASUREMENT

13.1 Measurement. The unit of volume for measurement of all quantities of Gas stored by HOPCO or delivered to and received from storage hereunder shall be one (1) cubic foot of Gas at the base temperature of sixty degrees Fahrenheit (60 degrees F) and at an absolute pressure of fourteen and seventy-three hundredths (14.73) pounds per square inch and dry. All fundamental constants, observations, records, and procedures involved in determining and/or verifying the quantity and other characteristics of Gas delivered hereunder shall, unless otherwise specified herein, be in accordance with the standards prescribed in Report No. 3 of the American Gas Association, as now in effect and from time to time amended or supplemented. All measurements of Gas shall be determined by calculation into terms of such unit. All quantities given herein, unless expressly stated otherwise, are in terms of such unit. Notwithstanding the foregoing, it is agreed that, for all purposes, the Btu content of the Gas received and delivered by HOPCO hereunder shall be measured on a “dry” basis rather than a fully saturated or “wet” basis. For Gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, 15 degrees C, and dry.

13.2 Metering. Customer shall install, maintain and operate, or cause to be installed, maintained and operated, the measurement facilities for Gas in vapor form. HOPCO shall install, maintain and operate, or cause to be installed, maintained and operated, the measurement facilities for Gas in liquid form. Said measurement facilities shall be so equipped with meters, recording gauges, chromatographs or other types of related and/or similar equipment of standard make and design commonly acceptable in the industry, as to accomplish the accurate measurement of Gas delivered hereunder. The retrieval of data and calibrating and adjustment of meters shall be done by HOPCO or its agent.

13.3 Billing Disputes. If Customer withholds payment of any disputed amount as authorized herein, Customer shall within ten (10) days after the due date of the disputed invoice submit to HOPCO a written explanation of the dispute and any available supporting

documentation. The parties shall then cooperate in good faith to resolve such dispute as expeditiously as possible, and the portion, if any, of such disputed amount eventually determined to be due shall bear interest at the rate stated in Section 4.3 above from the original due date until the date actually paid.

13.4 Right to Audit. HOPCO and Customer shall each have the right at their own expense to examine and audit at any reasonable time the books, records (including measurement, billing and payment) and charts of the other party to the extent necessary to verify the accuracy of any statements or charges made under or pursuant to any of the provisions of this Agreement. Upon request, Customer shall also make available to HOPCO for audit purposes any relevant records of the Transporters to which Customer has access.

14. TAXES

If at any time HOPCO is required to remit any taxes assessed on the Gas pursuant to this Agreement, then HOPCO shall notify Customer of such assessment before such assessment is paid and HOPCO shall have the right to collect from Customer such taxes, including any penalties and interest. Customer agrees to reimburse HOPCO for the taxes assessed on the Gas, including any penalties and interest, within fifteen (15) days of the date of invoice from HOPCO. Customer shall furnish HOPCO information, satisfactory to HOPCO, to enable HOPCO to comply with any reports required by state or federal government agencies. Each Party recognizes that the other Party may be required to file federal and state tax returns, and each Party agrees to furnish the other Party with adequate information in its possession to enable the other Party to prepare such returns and related documents, and to generally coordinate such filings with the other Party.

15. INSURANCE

Customer shall be responsible for providing its own insurance coverage with respect to Gas it tenders for storage and has stored in the HOPCO storage facility. HOPCO shall be responsible for providing its own insurance for the Storage Facilities and the associated operations.

16. FORCE MAJEURE

16.1. Effect of Force Majeure. In the event HOPCO is rendered unable, wholly or in part, by reason of an event of Force Majeure, as defined herein, to perform, wholly or in part, any obligation or commitment under this Agreement, it is agreed that upon HOPCO's giving notice and full particulars of such Force Majeure event in writing to Customer as soon as practicable, but in no event later than forty-eights (48) hours after the occurrence of the cause relied on, then the obligations of HOPCO shall be suspended to the extent that HOPCO's ability

to perform such obligations is affected by such Force Majeure event and for the period of such Force Majeure condition, but for no longer period. HOPCO shall use commercially reasonable efforts to resume full performance as soon as possible.

16.2 Nature of Force Majeure. The term “Force Majeure” as employed herein and in this Agreement shall mean any cause, whether of the kind enumerated herein or otherwise, not reasonably within the control of HOPCO, such as acts of God; inability to secure or delays in obtaining labor, materials, supplies, permits, easements or rights-of-way, including inability to secure materials by reason of allocations promulgated by authorized governmental agencies; arrests and restraints of governments and people; interruptions by government or court orders; present and future valid orders, decisions or rulings of any government or regulatory entity having proper jurisdiction; acts of the public enemy; wars; riots; civil disturbances; sabotage or terrorism; blockades; insurrections; epidemics; landslides; lightning; tornadoes; hurricanes; earthquakes; fires; storms; floods; explosions; breakage, accidents involving plant facilities including machinery, and lines of pipe. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of HOPCO.

17. NOTICES

Any notice, request, demand, or statement provided for in this Agreement, except as otherwise herein provided, shall be given in writing, delivered in person, by United States Mail or via e-mail or facsimile, to the parties at the addresses shown in this Agreement or at such other addresses as may hereafter be furnished to the other party in writing.

Any notice initially delivered by fax shall be confirmed by regular mail within one (1) week after transmission of the fax.

18. FUEL GAS

The two general categories of fuel usage are: (1) Direct Fuel Usage associated with liquefaction and 2) Direct Fuel Usage associated with vaporization. Fuel Gas will be made up by replacement Gas in kind. The liquefaction Fuel Gas quantity for the Main Facility is the quantity of gas delivered to the Receipt Point as vapor, less the Dth equivalent of the liquid Gas volume injected into storage inventory. The vaporization Fuel Gas quantity is the quantity metered at the inlet of the vaporization equipment.

19. MODIFICATION

No modification to the terms and provisions of this Agreement or exhibit thereto shall be or become effective except by the execution of a superseding agreement or exhibit thereto.

20. SUCCESSORS IN INTEREST/ASSIGNMENT

Any entity that shall succeed by merger, consolidation or otherwise to either party shall be entitled to the rights and shall be subject to the obligations of its predecessors under this Agreement. No assignment of this Gas Service Agreement, or of any of the rights or obligations hereunder shall be made unless there first shall have been obtained the consent thereto of HOPCO, in the event of any assignment by Customer, or the consent thereto of Customer, in the event of an assignment by HOPCO. These restrictions on assignment shall not in any way prevent any party from pledging or mortgaging its rights under this Gas Service Agreement or any property as security for its indebtedness.

21. LIMITATION OF LIABILITY/EXCLUSIVE REMEDIES

Neither Party shall be liable to the other Party under this Agreement for any special, indirect, incidental, punitive or consequential damages of any nature, or for any lost profits, however arising, even if such Party has been made aware of the possibility of such damages or lost profits. Whenever a remedy is specified in this Agreement, the specified remedy shall be the sole remedy available to the Parties to the exclusion of any other rights, powers, privileges or remedies provided by law. There are no express or implied warranties by HOPCO as to the fitness for a particular use, merchantability, capacity, or efficiency of any Service other than expressly set forth herein, and that there are no oral or implied additional warranties made in connection with such service or this Agreement.

22. LAWS AND REGULATIONS

(a) Applicability. This Agreement is subject to all valid laws, orders, rules and regulations of governmental authorities having jurisdiction, including, but not limited to the MDPU, rules and regulations of any governmental body or official having jurisdiction over the Parties, their facilities, or this Agreement, or any provision thereof; but nothing contained herein shall be construed as a waiver of any right to question or contest any such law, order, rule or regulation in any forum having jurisdiction.

(b) Changes in Law. Each Party will provide reasonable and prompt notice to the other Party as to any proposed law, regulations or regulatory proceedings or actions that could affect the rights and obligations of the Parties. If any federal or state statute or regulation or order by a court of law or regulatory authority directly or indirectly (i) impairs or prohibits performance under this Agreement, or (ii) effects a change in a substantive provision of this Agreement, which has a material adverse impact upon the rights of either Party under this Agreement or the ability of either Party to perform its obligations under this Agreement, then the Parties will use all reasonable efforts to revise the Agreement so that:

- i. performance under the Agreement is no longer impaired, prohibited, or subject to the material adverse impact; and

ii. the Agreement is amended in a manner that preserves, to the maximum extent possible, the respective positions of the Parties.

(c) Impact of Changes in Law. If the Parties are unable to agree upon an amendment to the Agreement in accordance with the change in law described in Section 22(b), then either Party shall have the right to suspend and terminate this Agreement upon written notice to the other Party.

(d) Termination Payment/ Option to Purchase. Upon any termination of this Agreement pursuant to Section 22(c), Customer shall pay HOPCO an early termination charge equal to the Net Book Value of the Bay State Facilities on that date, and (ii) the Customer shall have the right and option to purchase the Bay State Facilities.

23. GENERAL TERMS AND CONDITIONS.

(a) TO THE EXTENT THE LAW OF ANOTHER JURISDICTION IS NOT REQUIRED TO BE APPLIED, THIS AGREEMENT SHALL BE GOVERNED, INTERPRETED, CONSTRUED AND APPLIED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS, WITHOUT REGARD TO ANY CONFLICT OR CHOICE OF LAW RULES OR PRINCIPLES WHICH, IF APPLIED, MIGHT PERMIT OR REQUIRE THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. EACH OF THE PARTIES HERETO WAIVES TO THE FULLEST EXTENT AVAILABLE UNDER APPLICABLE LAW, ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN ANY FORUM IN WHICH A CLAIM UNDER THIS AGREEMENT MAY BE BROUGHT.

(b) If this Agreement is terminated pursuant to Section 5.2 on account of a failure to satisfy a Condition Precedent, such termination shall be without liability for damages, costs or expenses of either Party to the other Party, or to any of its shareholders, directors, officers, employees, agents, consultants, representatives, and neither HOPCO nor Customer shall have any further rights or obligations whatsoever pursuant to this Agreement.

(c) This Agreement shall amend and replace the 1971 Agreement as of the Effective Date, and HOPCO's and Customer's respective rights and obligations related to the transactions contemplated herein and in the 1971 Agreement shall be determined pursuant to the terms and conditions of this Agreement as of the Effective Date.

(d) This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof. There are no oral understandings or other terms or conditions. Neither Party has relied upon any representation, expressed or implied, not contained in this Agreement.

(e) All exhibits, schedules and the like contained herein are integrally related to this Agreement, and are hereby made a part of this Agreement for all purposes.

(f) The failure of either Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms, at any time during the pendency of this Agreement, shall in no way affect the validity of this Agreement, or any part hereof, and shall not be deemed a waiver of the right of such Party thereafter to enforce any provision of this Agreement.

(g) Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any person not a Party hereto any rights, remedies or obligations under or by reason of this Agreement.

(h) The terms and provisions of this Agreement shall be kept strictly confidential by HOPCO and Customer, and no Party shall disclose to any third party this Agreement or any portion thereof, except (i) pursuant to an order of a court; (ii) as requested by a governmental agency with jurisdiction or as such Party determines is necessary associated with efforts to satisfy the Conditions Precedent set forth in Section 3 hereof; (iii) as required by applicable regulation; (iv) as requested by a potential source of financing to the HOPCO; or (v) to an employee, agent or representative of a Party with a need to know in connection with the transactions contemplated by this Agreement. Other than items (iv) and (v), the disclosing Party shall attempt to obtain a confidentiality agreement, protective order or similar protection for the confidentiality provided for herein and provide prompt notice of such disclosure to the other Party.

(i) Each Party represents and warrants that (i) it is duly organized and validly existing under the laws of its formation and has all requisite legal power and authority to execute this Agreement and carry out the terms, conditions and provisions thereof; (ii) this Agreement constitutes the valid, legal and binding obligation of such Party, enforceable in accordance with the terms hereof; (iii) there are no actions, suits or proceedings pending or, to such Party's knowledge, threatened against or affecting such Party before any court or administrative body that might materially adversely affect the ability of that Party to meet and carry out its obligations hereunder; and (iv) the execution and delivery of this Agreement has been duly authorized by all requisite corporate or limited partnership action as applicable.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed in several counterparts by their proper officers thereunto duly authorized as of the date first written above.

HOPKINTON LNG CORP.

NSTAR GAS COMPANY

By: _____

By: _____

Printed Name: James J. Judge

Printed Name: James G. Daly

Title: President

Title: Vice President, Energy Supply

Exhibit A

RATE SCHEDULE

The charges for the liquefaction, storage, and vaporization services provided under the terms of this Agreement shall be comprised of two components: (1) an Operating Charge and a (2) Demand Charge. The calculation of these charges is described in detail below.

Pursuant to the Department's decision in Acquisition of Bay State Gas Assets, D.P.U. 20-59 (2020), operating costs and commodity costs will be incurred by HOPCO on an aggregated basis for NSTAR Gas and Eversource Gas and allocated to each company on a volumetric basis. Capital costs will be tracked separately for NSTAR Gas and Eversource Gas and charged through the Demand Charge for NSTAR Gas and EGMA, in relation to the peaking assets primarily serving NSTAR Gas (i.e., Main Facility and New Bedford Facility) and primarily serving EGMA customers (Bay State Facilities), respectively. HOPCO shall charge such capital costs exclusively to the respective company with primary use of the assets.

Operating Charge: The Total Operating Charge shall equal the actual costs and expenses incurred by HOPCO associated with operating and maintaining the Main Facility. HOPCO will prepare an annual plan for the Main Facility containing a budget for operating expenses and target submission of same to Customer by August 15 of each Contract Year, but no later than October 1, for the following Contract Year. Failure to meet this date will not constitute a breach of this Agreement. The final budget for each Contract Year shall be agreed to by HOPCO and Customer at least 30 days prior to the commencement of such Contract Year. In the event that Customer does not approve an annual plan, the budget contained in the prior year's plan shall apply and the parties will continue to discuss and attempt to agree on a budget.

At the end of each month, HOPCO will prepare and submit an estimated bill which shall reflect such budget. After specific charges are determined, adjustment will be made to reflect actual experience for operating charges. Customer shall have the right to audit such accounts.

Demand Charge: The Total Demand Charge shall go in effect on November 1 of each Contract Year and shall be calculated according to the methodologies specified below in the “Post Acquisition Stage”. Customer and HOPCO will jointly file with the MDPU supporting documentation for in support of rates and costs sought for recovery in the Demand Charge by May 1 of each year in which a rate change would take effect. The contract¹ rate will take effect on the subsequent November 1, notwithstanding a continuing review by the MDPU. However, the contract rate would be subject to adjustment and reconciliation upon the MDPU’s final ruling.

POST-ACQUISITION STAGE

The period following Eversource Energy’s acquisition of the Bay State Gas Company assets shall be defined as the Post-Acquisition Stage. The Total Demand Charge during the Post-Acquisition Stage shall be fixed for periods of five (5) Contract Years. The fixed Total Demand Charge shall be calculated according to the rate calculation set forth below and shall be based on the test year immediately preceding each fixed five-year period within the Post-Acquisition Stage. HOPCO reserves the right to adjust the fixed Total Demand Charge prior to the expiration of the fixed five (5) year period if either of the following occurs: (i) the cumulative capital spending within the five-year interval equals or exceeds \$15 million, or (ii) there is a judicial, regulatory, legislative or tax change that causes an annual change in O&M costs greater than \$500,000 (in which case the rate would change to add the new total annual expense to the rate), or (iii) a base-rate proceeding for Customer results in a required change to the Demand

¹ Contract rate to be billed monthly to the Customer will equal the Demand Charge revenue requirement as calculated and described in Section III. divided by twelve (12) months.

Charge to incorporate the capital structure and return on equity approved for Customer as a result of the base-rate proceeding.

Rate Calculation

I. Methodology

The Demand Charge Revenue Requirement shall be calculated based on the calendar year immediately preceding each fixed five (5) year period within the Post-Acquisition Stage.

HOPCO reserves the right to seek Department approval to adjust the fixed Total Demand Charge prior to the expiration of the fixed five (5) year period if either of the following occurs: (i) the cumulative capital spending within the five-year interval equals or exceeds \$15 million, or (ii) there is a judicial, regulatory, legislative or tax change that causes an annual change in O&M costs greater than \$500,000 (in which case the rate would change to add the new total annual expense to the rate), or (iii) a base-rate proceeding for Customer results in a required change to the Demand Charge to incorporate the capital structure and return on equity approved for Customer as a result of the base-rate proceeding.

II. Definitions

Capitalized terms not otherwise defined elsewhere in the Agreement and as used in this Exhibit A have the following definitions:

- *Administrative and General Expense* will equal HOPCO's expenses, as recorded in FERC Account Nos. 920 – 935. [This includes the Non-PAM Benefits allocation related to the Acushnet facility labor expenses].
- *Amortization of Investment Tax Credits* will equal HOPCO's credits, as recorded in FERC Account No. 411.4.
- *Depreciation and Amortization Expense for HOPCO Plant, General Plant, and Intangible Plant* will equal HOPCO's gross plant, general plant, and intangible plant depreciation expense as recorded in FERC Account Nos. 403 and 405.
- *Depreciation Reserve for HOPCO Plant, General Plant, and Intangible Plant* will equal HOPCO's reserve balance associated with Depreciation and Amortization Expense for HOPCO Plant, General Plant, and Intangible Plant, as recorded in FERC Account No. 108, as defined herein.
- *General Plant* will equal HOPCO's gross plant balance, as recorded in FERC Account

Nos. 389 to 399, limited to amounts recorded for the Bay State Facilities.

- *Insurance Cost* will equal HOPCO's expenses, as recorded in FERC Account Nos. 924 and 925.
- *Intangible Plant* will equal HOPCO's gross plant balance, as recorded in FERC Accounts Nos. 301 to 303.
- *Miscellaneous Revenues* will equal any miscellaneous revenues received from third parties, as recorded in FERC Account No. 488 or 495.
- *Operation and Maintenance Expense* will equal HOPCO's expenses not recovered through the Operating Charge, as recorded in Manufactured Gas Production FERC Account Nos. 710 to 742, and in Local Storage Expense FERC Account Nos. 840 to 846. [This includes the Acushnet facility expenses].
- *Payroll Taxes* will equal those payroll expenses, as recorded in HOPCO's FERC Account No. 408. [This includes the Payroll Taxes allocation related to the Acushnet facility labor expenses].
- *Materials and Supplies* will equal HOPCO's balance, as recorded in FERC Account No. 154.
- *Miscellaneous Expense* will equal HOPCO's expense paid to third parties, as recorded in FERC Account No. 880.
- *Total Accumulated Deferred Income Taxes* will equal the net of HOPCO's deferred tax balances, as recorded in FERC Account Nos. 281 – 283 and HOPCO's deferred tax balances, as recorded in FERC Account No. 190, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FAS 109. *Total Municipal Tax* will equal HOPCO's municipal tax expenses, as recorded in FERC Account No. 408.
- *HOPCO Plant* will equal HOPCO's gross plant balance, as recorded in Production Plant, FERC Account Nos. 304 to 320 and Storage Plant FERC Account Nos. 360 to 364, limited to amounts recorded for the Bay State Facilities.
- *Decommissioning Expense* will equal any HOPCO decommissioning expenses incurred.

III. Calculation of Revenue Requirement

The Revenue Requirement will equal the sum of the following HOPCO components:

(A) Return on Equity

- (B) Return on Long-term Debt
- (C) Federal Income Taxes associated with Return on Equity
- (D) State Income Taxes associated with Return on Equity
- (E) Depreciation Expense
- (F) Amortization of Investment Tax Credits
- (G) Municipal Tax Expense
- (H) Payroll Tax Expense
- (I) Operation and Maintenance Expense
- (J) Administrative and General Expense
- (K) Taxes and Fees Charge
- (L) Miscellaneous Expenses
- (M) Decommissioning Expense
- (N) Miscellaneous Revenues

A. *Return on Equity* will equal the product of the HOPCO Investment Base (“Rate Base”) (as determined under Section III.A.1. below) and the Weighted Cost of Equity (as determined under Section III.A.2. below).

1. HOPCO Investment Base

The Rate Base will consist of items (i) through (vii) below. The year-end balance will be used to calculate each of these items.

(i) HOPCO Plant, plus

(ii) General Plant, plus

(iii) Intangible Plant, less

(iv) Depreciation Reserve, less

(v) Accumulated Deferred Income Taxes, plus

(vi) Plant Materials and Supplies, plus

(vii) Cash Working Capital

2. Definitions of Rate Base Items:

(i) *HOPCO Plant* will equal the balance of HOPCO’s investment in HOPCO’s LNG facilities.

(ii) *General Plant* will equal HOPCO’s balance of investment in General Plant.

(iii) *Intangible Plant* will equal HOPCO’s balance of investment in Intangible Plant.

(iv) *Depreciation Reserve* will equal HOPCO's Depreciation Reserve for HOPCO Plant, General Plant and Intangible Plant.

(v) *Accumulated Deferred Income Taxes* will equal HOPCO's balance of Total Accumulated Deferred Income Taxes.

(vi) *Materials and Supplies* will equal HOPCO's balance of Materials and Supplies.

(vii) *Cash Working Capital* will be a twelve and one half percent (12.5%) allowance (forty-five (45) days divided by three hundred sixty (360) days) of Operation and Maintenance Expense, Administrative and General Expense, and HOPCO Miscellaneous Expense included in Section II.

3. Weighted Cost of Equity. The weighted cost of equity will be calculated based upon the debt/equity ratio of the Customer as in effect from time to time as approved by the Department throughout the Term of the Agreement, and will equal the product of:

(i) ROE, and;

(ii) Equity ratio.

B. *Return on Long-term Debt* will equal the product of Rate Base (as determined in Section III.A.1. above) and HOPCO's Weighted Cost of Long-term Debt. HOPCO's Weighted Cost of Long-term Debt will use that of Customer as a proxy and will equal the product of:

(i) Customer's weighted average embedded cost to maturity (adjusted to reflect any (i) premiums, (ii) discounts, (iii) issuances expenses, and (iv) losses and gains on reacquired debt) of Customer's long-term debt then outstanding, calculated using an end of the year balance, and;

(ii) Debt ratio that is equivalent to that of Customer as approved by the Department in the most recent distribution rate case.

C. *Federal Income Taxes associated with Return on Equity* will equal the product of:

$$(i) \quad \frac{A + [(B + C) / D]}{1 - FT} \times FT$$

$$1 - FT$$

where A is the Return on Equity (as determined in Section III.A. above), B is Amortization of Investment Tax Credits (as determined in Section III.F. below), C is the Equity AFUDC component of Depreciation and Amortization Expense, as defined in III.E. below, D is Rate Base (as determined in Section III.A.1. above) and FT is the statutory Federal Income Tax Rate levied by the Federal Government for Income Taxes, and

(ii) Rate Base (as determined in Section III.A.1. above).

D. *State Income Taxes associated with Return on Equity* will equal the product of:

(i) $\frac{A + [(B + C) / D] + \text{Federal Income Tax Rate above}}{1 - ST}$

1 – ST

where A is the Return on Equity (as determined in Section III.A. above), B is Amortization of Investment Tax Credits (as determined in Section III.F. below), C is the Equity AFUDC component of Depreciation and Amortization Expense, as defined in III.E. below, D is Rate Base (as determined in Section III.A.1. above) and ST is the statutory State Income Tax Rate levied by the State Government for Income Taxes, and;

(ii) Rate Base (as determined in Section III.A.1. above).

E. *Depreciation and Amortization Expense* will equal HOPCO's Depreciation and Amortization Expense for HOPCO Plant, General Plant, and Intangible Plant.

F. *Amortization of Investment Tax Credits* will equal HOPCO's Amortization of Investment Tax Credits.

G. *Municipal Tax Expense* will equal HOPCO's Total Municipal Tax expense.

H. *Payroll Tax Expense* will equal HOPCO's Payroll Tax expense.

I. *Operation and Maintenance Expense* will equal HOPCO's Operation and Maintenance Expenses not otherwise collected as part of the Operating Charge.

J. *Administrative and General Expenses* will equal the sum of HOPCO's Administrative and General Expense.

K. *Taxes and Fees Charge* will include any fee or assessment imposed by any Governmental Authority on service provided by HOPCO under the Agreement other than Income Taxes, Total Municipal Taxes, and Payroll Taxes.

L. *Miscellaneous Expense* will equal any miscellaneous expense paid to third parties.

M. *Decommissioning Expense* will equal the expenses incurred and paid by HOPCO for any decommissioning activity related to future decommissioning of the HOPCO Facilities.

N. *Miscellaneous Revenues* will equal any miscellaneous revenues received from third parties.

IV. Future Revisions to FERC Uniform System of Accounts (USA)

If FERC prescribes an addition, deletion, or modification ("Revision") to an account in its Uniform System of Accounts (USA) and the Revision affects the revenue recovery under the contract rate described in this Exhibit, HOPCO will use cost information from the revised USA that is equivalent to the pre-Revision information in its calculation of the contract rate so that the Contract Rate's recovery of costs is unaffected by the Revision.

Exhibit B

CONTRACT QUANTITIES

A. MAIN FACILITY AND NEW BEDFORD FACILITY

Maximum Storage Quantity (“MSQ”): 3,000,000 Mcf (Main Facility)
500,000 Mcf (New Bedford Facility)

Gas in Vapor Form

Maximum Daily Injection Quantity (MDIQ): 21,000 dth (Main Facility) (1), (4), (5)

Maximum Daily Withdrawal Quantity (MDWQ): 180,000 dth (Main Facility) (1), (3), (5)

Maximum Daily Withdrawal Quantity (MDWQ): 30,000 dth (New Bedford Facility) (1), (3), (5)

Gas in Liquid Form

Maximum Daily Injection Quantity (MDIQ) : 14,500 dth (Main Facility) (1), (2), (4), (5)

Maximum Daily Injection Quantity (MDIQ) : 18,000 dth (New Bedford Facility) (1), (2), (4), (5)

Maximum Daily Withdrawal Quantity (MDWQ) 18,000 dth (Main Facility) (1), (2), (4), (5)

Notes:

(1) Maximum storage, injection and withdrawal capacities listed above are for NSTAR Gas planning purposes and are net of the reserve capacity. Service in addition to the specified quantities of injection and withdrawal, and up to the maximum rated capability of the Main Facility, New Bedford Facility may be provided on an as-available basis based on plant operating conditions, pipeline/distribution system conditions, atmospheric conditions and gas quality and btu content.

(2) Subject to federal, state and local laws, regulations, ordinances and rules regarding transportation by LNG trailer.

(3) Quantity subject to Fuel Gas Adjustment

(4) Quantity subject to adjustment following completion of Refurbishment.

(5) Subject to BTU Adjustment

B. BAY STATE FACILITIES

Facility	Supply Type	Maximum Storage Quantity ("MSQ") (Mcf):	Gas in Vapor Form ("Dth"):		Gas in Liquid Form:	
			Maximum Daily Injection Quantity (MDIQ):	Daily Withdrawal Quantity (MDWQ):	Daily Injection Capability (# of Offload Stations):	Daily Withdrawal Capability (# of Loading Stations):
Easton (1),(2),(3),(4), (5)	Liquefied Natural Gas ("LNG")	787,500		44,000	2	1
Lawrence (1),(2),(3),(4), (5)		12,471		12,500	2	
Ludlow (1),(2),(3),(4), (5)		1,015,000	7,583	48,000	1	1
Marshfield (1),(2),(3),(4), (5)		8,034		8,000	1	
Meadowlane (1),(2),(4),(5)	Liquefied Propane Gas ("LPG")	74,021		21,000	5	2
Lawrence (1),(2),(4),(5)		14,137		14,000	2	
Northampton (1),(2),(4),(5)		23,562		5,000	2	
West Springfield (1),(2), (4),(5)		26,540		18,000	1	

(1) Maximum storage, injection and withdrawal capacities listed above are for Eversource Gas planning purposes and are net of the reserve capacity. Service in addition to the specified quantities of injection and withdrawal, and up to the maximum rated capability of the Facility, may be provided on an as-available basis based on plant operating conditions, pipeline/distribution system conditions, atmospheric conditions and gas quality and btu content.

(2) Subject to federal, state and local laws, regulations, ordinances and rules regarding transportation by trailer.

(3) Quantity subject to Fuel Gas Adjustment

(4) Quantity subject to adjustment following completion of Refurbishment.

(5) Subject to BTU Adjustment

Exhibit C

RECEIPT AND DELIVERY POINTS

1. MAIN FACILITY:

Gas in Vapor Form

Primary Receipt Points:

TGP Hopkinton Meter Station 020509 or
AGT Marathon Meter Station 230

Primary Delivery Point: NSTAR Gas Distribution System, Hopkinton, MA

Alternative Delivery Points: TGP Hopkinton Meter Station Meter # 020509, and AGT Marathon
Meter Station, meter # 230

:

Gas in Liquid Form

Delivery Point: The outlet flange of the Main Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Main Facility.

2. NEW BEDFORD FACILITY:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the NSTAR Gas Company Distribution
System.

Gas in Liquid Form

Delivery Point: The outlet flange of the New Bedford Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the New Bedford Facility.

3. BAY STATE FACILITIES:

The Ludlow LNG Facility:

Gas in Vapor Form

Primary Receipt Points: TGP Ludlow Meter Station [020509]

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System, Ludlow, MA

Gas in Liquid Form

Delivery Point: The outlet flange of the Ludlow Facility.

Alternative Delivery Point: The flange at the trailer loading/ unloading station at the Ludlow Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Ludlow Facility.

The Easton LNG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

The Marshfield LNG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

The Lawrence LNG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

The Lawrence LPG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

The Brockton LPG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

The West Springfield LPG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

The Northampton LPG Facility:

Gas in Vapor Form

Delivery Point: The flange at the interconnection with the Eversource Gas Company of Massachusetts Distribution System.

Gas in Liquid Form

Delivery Point: The outlet flange of the Facility.

Receipt Point: The flange at the trailer loading/ unloading station at the Facility.

SETTLEMENT APPENDIX 5

Service Quality Metrics

D.P.U. 20-59

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Scorecard Service Quality Metrics

Pursuant to Section 2.17 of the Settlement Agreement, EGMA is committed to demonstrating specific service-quality improvements over the term of the Settlement Agreement. The listing below is the same list presented by NSTAR Gas Company in D.P.U. 19-120. EGMA will institute these metrics with data that is readily available or will be developed over a three-year performance period (2021-2023). EGMA will develop baselines and goals appropriate to the EGMA system and will submit the metrics, baselines, goals and other information on March 1, 2021, as an addendum to the EGMA Annual Service Quality Report.

In addition to the Scorecard Service Quality Metrics listed below, EGMA will establish a leak-rate improvement metric. The leak-rate improvement metric would apply coincident with the capital upgrades that will be necessary to address leak rates and that will be completed in during the period 2021 through 2026.

Scorecard Service Quality Metrics applicable to EGMA under Section 2.17, are as follows:

SAFETY AND RELIABILITY	
Scorecard Metric	Summary Description
Emergency Response Rate Within 45 Minutes	This metric would measure the elapsed time from when a report of a gas odor call is received and when a Company representative arrives at the scene. Eversource will commit to a target of a [TBD]-percent response within 45 minutes, which exceeds the Department’s current requirement.
Total Damages Per 1,000 Tickets	This metric would measure the ratio of the number of times the Company’s gas distribution facilities are damaged per 1,000 tickets. Eversource will commit to a [TBD] percent improvement over the baseline in the period 2021-2026.
DART Rate	This metric would measure the number of cases resulting in Days Away from Work, Restricted Work Activity, and/or Job Transfer (“DART”) expressed as the number of events per 200,000 hours worked. Eversource will commit to a [TBD]-percent improvement over the baseline by in the period 2021-2026.
Total Grade 2 Leaks Older than 9 Months	This metric would measure the number of Open Grade 2 Leaks older than nine months recorded at the end of the calendar year. Eversource will commit to complete [TBD] percent of Grade 2 leaks in 9 months or less (three months faster than required).
PSMS Implementation	This metric would evaluate the annual implementation of the Pipeline Safety Management System (“PSMS”), as measured by a third-party assessment.

SETTLEMENT APPENDIX 5

Service Quality Metrics

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CUSTOMER SATISFACTION & ENGAGEMENT	
Scorecard Metric	Summary Description
J.D. Power Survey (Safety & Reliability Factor)	This metric would measure improvement in the Safety & Reliability factor, as assessed by J.D. Power. Eversource will commit to an improvement in the Safety & Reliability score over the period 2021-2026.
Web Satisfaction Survey	This metric would measure improvement in customer satisfaction with on-line tools. Eversource will commit to increase this rating over the period 2021-2026.
Digital Engagement	This metric would measure digital engagement with customers via self-service and alert notifications. Eversource will commit to increase the ratio of digital transactions to total transactions over the period 2021-2026.
Gas Emergency Calls - Average Speed of Answer	This metric would measure improvement in the average speed of answer of Gas Emergency Calls. Eversource would commit to maintain 10 seconds as the average speed of answer for gas emergency calls.

EMISSION REDUCTIONS	
Scorecard Metric	Summary Description
Methane Emissions	This metric would measure progress in emission reductions, in metric tons, associated with replacement of aged distribution infrastructure through the GSEP program. Eversource would commit to reduce methane emissions from the baseline over the period 2021-2026.
Grade 3 Environmentally Significant Leaks	This metric would measure the repair of environmentally significant Grade 3 leaks within 12 months of designation. Eversource would commit to repair all non-GSEP environmentally significant Grade 3 leaks within 12 months of designation, which exceeds the Department's regulations.

CLEAN ENERGY BUSINESS CASE ANALYSIS

A. Background

In 2008, the Massachusetts General Court enacted the Global Warming Solutions Act (St. 2008, c. 298) (“GWSA”). Among other initiatives, the GWSA created Chapter 21N of the Massachusetts General Laws (the “Climate Protection and Green Economy Act”), requiring that the Secretary of Energy and Environmental Affairs (“EEA”), in consultation with the Department of Environmental Protection (“MassDEP”) and the Department of Energy Resources (“DOER”), adopt statewide limits on greenhouse gas (“GHG”) emissions, ultimately reaching a 2050 statewide emissions limit at least 80 per cent below the 1990 level. G.L. c. 21N, § 3(b).

Chapter 21N requires that the Secretary shall, in consultation with DOER and MassDEP, adopt interim statewide emissions limits for 2020, 2030, 2040 and 2050, accompanied by specific plans to achieve such limits in a way that shall maximize the ability of the Commonwealth to meet the 2050 statewide emissions limit. G.L. c. 21N, § 3(b) and § 4. The Secretary is further directed to update the plan for achieving the “maximum technologically feasible” reductions of GHG at least once every five years, including the plans to implement the 2030, 2040 and 2050 statewide emission limits. G.L. c. 21N, § 4(h).

On April 22, 2020, EEA published its Determination of Statewide Emission Limits for 2050, pursuant to designated authority under Chapter 21N (“2050 Determination”). The 2050 Determination sets a 2050 statewide emissions limit of net zero greenhouse gas emissions, defined as follows:

A level of statewide greenhouse gas emissions that is equal in quantity to the amount of carbon dioxide or its equivalent that is removed from the atmosphere and stored annually by, or attributable to, the Commonwealth; provided, however, that in no event shall the level of emissions be greater than a level that is 85 percent below the 1990 level.

2050 Determination at 1.

EEA, in consultation with MassDEP and DOER and other Commonwealth agencies, is currently engaged in a planning process to develop the “2050 Decarbonization Roadmap,” or “2050 Roadmap,” supported by quantitative pathway scenario analysis to identify technically and economically viable strategies for Massachusetts, including multiple pathways to net zero emissions in 2050.¹ EEA is also preparing the 2030 Clean Energy Climate Plan (“CECP”) that will shape achievement of interim emission reduction requirements and maximize the Commonwealth’s ability to achieve the 2050 emissions reduction goal. The 2050 Decarbonization

¹ <https://www.mass.gov/info-details/ma-decarbonization-roadmap> (Current Research Effort).

Roadmap will inform the setting of the 2030 emissions reduction limits and the development of the CECP for 2030.²

Although the mobile combustion sector represents the largest source of emissions in the Commonwealth, emissions related to the Building consumption sector are an important focus for 2030, 2040 and 2050. This includes thermal fuel sources used to heat residential and commercial building space and/or provide domestic hot water which are a source of GHG (including natural gas, heating oil, etc.).

Evaluation of decarbonization strategies will implicate numerous considerations for regulated gas companies, including the challenge of maintaining safe and reliable service to customers; identifying and implementing cost-effective and feasible strategies that achieve the state's decarbonization policy goals without undermining customer interests in affordability and functionality; conducting the identified transition on a just and reasonable and equitable basis; ensuring that environmental justice communities and customer groups with limited means receive the benefits of the state's decarbonization strategies; and the impact on commercial and industrial customers that drive economic activity in the Commonwealth.

B. Settlement Commitments

1. SCOPE OF STUDY

- A. EGMA and NSTAR Gas (together "Eversource Gas") will undertake a business case analysis of potential decarbonization strategies that could be implemented in relation to the reduction of GHG emissions associated with the sale and distribution of natural gas consistent with the 2030 CECP and 2050 Roadmap.
- B. As part of the business-case analysis, Eversource Gas will present a comparative study of identified decarbonization strategies that may include but would not be limited to the elimination of sources of GHG emissions through infrastructure investment, engineering, and/or technology innovations; deployment of energy efficiency; injection of cleaner and/or renewable biogas; strategic electrification including heat pumps; development of geothermal systems; use of hydrogen fuel; and/or other technically feasible solutions.
- C. Among other potential scenarios and strategies that may be selected for study, Eversource Gas shall present a scenario consistent with the 2030 CECP and 2050 Roadmap achieving the included emission limits through

² Id.

electrification of at least 50 percent and 100 percent of the natural gas system.

- D. For each decarbonization strategy identified and evaluated, Eversource Gas will present a forecast, estimate or other quantification of the costs involved in transitioning the natural gas system consistent with the 2030 CECP and 2050 Roadmap.
1. The evaluation of cost shall include discussion of possible mechanisms, methodologies or policies to address the recovery of cost or responsibility for cost incurrence, as well as mitigation of costs and impacts for customers, particularly lower income customers.
 2. The evaluation of cost shall include a forecast, estimate or other quantification of the electrification scenarios, as well as other scenarios identified through the analysis.
 3. Eversource shall include in each scenario a transparent depiction of key assumptions used in the analysis and will calculate emission reductions consistent with the MassDEP Greenhouse Gas Inventory methodology.
- E. For each decarbonization strategy identified and evaluated, Eversource Gas will present a discussion of qualitative factors such as: impacts on public safety, reliability, economic development, equity, emission reductions and timing.
- F. Based on this analysis and comparison of alternative strategies, Eversource Gas will develop proposed recommendations to reduce GHG emissions from the sale and distribution of natural gas to meet applicable, accepted goals in relation to the 2030 CECP and 2050 Roadmap, with specific initiatives, actions and interim milestones.
- G. Eversource Gas will submit its recommendations and the business-case analysis and all supporting data to the Department for review and comment by all stakeholders no later than September 1, 2021.

2. SELECTION OF INDEPENDENT CONSULTANT

- A. The business case analysis shall be prepared by an independent consulting firm selected through a request for proposal (“RFP”) process. The RFP process shall be conducted by Eversource Gas in consultation with the AGO

and DOER. Eversource, AGO and DOER will collaborate on the development of the scope of work to be included in the RFP.

- B. The selection of the independent consultant shall be made collectively by Eversource Gas, the AGO and DOER, subject to the final consent of Eversource.
- C. Eversource Gas shall be responsible for all costs and expenses associated with retaining an independent consulting firm, up to the amount of \$500,000. If costs and expenses reach \$500,000, Eversource Gas will notify the AGO and DOER.
- D. The RFP process shall be conducted so as to allow for the commencement of the study work within 90 days of the Closing.