

DICKSTEIN SHAPIRO MORIN & OSHINSKY LLP

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December 18, 2002

RECEIVED

DEC 18 2002

DOE/OFE/NGR

Clifford P. Tomaszewski
Manager, Natural Gas Regulation
Office of Natural Gas and
Petroleum Import and Export Activities
Fossil Energy
U.S. Department of Energy
Forrestal Building, Room 3E-042, FE-34
1000 Independence Avenue, S.W.
Washington, D.C. 20585

02-97-NG


Re: Application of Bay State Gas Company for Authorization
to Import and Export Natural Gas from and to Canada,
FE Docket No. 02-97-NG

Dear Mr. Tomaszewski:

Please find enclosed for filing an original and fifteen (15) copies of the Application of Bay State Gas Company for Authorization to Import and Export Natural Gas from and to Canada. Also enclosed is a check in the amount of \$50.00, made payable to the Treasurer of the United States, for the filing fee.

Please date-stamp the enclosed sixteenth copy of the Application and return it to us via our messenger. Thank you for your assistance.

Very truly yours,



Janet M. Robins

Enclosures

UNITED STATES OF AMERICA
BEFORE THE
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

RECEIVED
DEC 18 2002
DOE/OFE/NGR

IN THE MATTER OF
BAY STATE GAS COMPANY

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)
) FE Docket No. 02 - ____ - NG
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APPLICATION OF BAY STATE GAS COMPANY
FOR AUTHORIZATION TO IMPORT AND EXPORT
NATURAL GAS FROM AND TO CANADA

Pursuant to Section 3 of the Natural Gas Act ("NGA"), 15 U.S.C. § 717b, the regulations of the Department of Energy ("DOE"), 10 C.F.R. § 590.201, *et seq.*, and DOE Delegation Order Nos. 0204-111 and 0204-127, Bay State Gas Company ("Bay State") hereby applies to DOE's Office of Fossil Energy ("OFE") for authority to import and export¹ natural gas from and to Canada under the terms of a Gas Sales Agreement between Bay State and ENCANA Corporation ("ENCANA"), effective July 11, 2002 ("Gas Sales Agreement"). In support of its application, Bay State states the following:

I.

The exact legal name of Applicant is Bay State Gas Company. Bay State, a local natural gas distribution company, is a Massachusetts corporation with its principal office in

¹ Bay State is requesting authority to export natural gas to Canada to make it possible, on any given day, for Bay State to sell the volumes that it plans to import under the authorization it is requesting here to customers in Canada.

Westborough, Massachusetts. Bay State is a wholly-owned subsidiary of NiSource, Inc., a holding company with its principal office located in Merrillville, Indiana, and is also affiliated with Northern Utilities, Inc., a natural gas distributor operating in the states of Maine and New Hampshire, and with Granite State Gas Transmission, Inc., an interstate natural gas pipeline. As stated in the attached opinion of counsel in Exhibit A, the proposed natural gas importation and exportation is within the corporate powers of Bay State.

II.

Communications regarding the application should be directed to:

F. Chico DaFonte
Bay State Gas Company
300 Friberg Parkway
Westborough, Massachusetts 01581
(508) 836-7253
FAX: (508) 870-2294

Beth L. Webb
Janet M. Robins
Dickstein Shapiro Morin & Oshinsky LLP
2101 L Street, N.W.
Washington, DC 20037
(202) 785-9700
FAX: (202) 887-0689

III.

The authorization sought herein will permit Bay State to import and export up to 62,748 Dth day of natural gas from and to Canada, commencing on January 15, 2003 or the date of first delivery of gas under the requested import authorization and ending on April 1, 2005. Bay State intends to use the gas imported under this authorization for system supply to serve its customers in Massachusetts. All of the gas imported under the

requested authorization will be purchased from ENCANA, pursuant to the Gas Sales Agreement, which is attached to this application as Exhibit B.² Bay State will make all U.S. transportation arrangements for the gas imported or exported under the requested authority. No new pipeline facilities subject to federal regulation will be required for the importation or exportation, and no potential environmental impact is anticipated. The gas will be transported in the United States on existing facilities of Tennessee Gas Pipeline Company (“Tennessee”).

Bay State will comply with all reporting requirements deemed necessary by the Department of Energy, including filing quarterly reports.

Northeast Gas Markets, LLC (“NEGM”) will act as Bay State’s administrative agent for all purposes of the Gas Sales Agreement. In addition, NEGM will also act as agent for the purposes of several other gas sales agreements that were executed substantially simultaneously with Bay State’s Gas Sales Agreement (“Other ENCANA Agreements”), between ENCANA and The Berkshire Gas Company; Boston Gas Company d/b/a/ KeySpan Energy Delivery New England; The Brooklyn Union Gas Company d/b/a/ KeySpan Energy Delivery New York; Essex Gas Company d/b/a/ KeySpan Energy Delivery New England; EnergyNorth Natural Gas, Inc. d/b/a/ KeySpan Energy Delivery New England; KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island; and Northern Utilities, Inc. (“Other Customers”). As compensation for the services it renders, each month, each customer will pay NEGM a fee based on the Daily Contract Quantity (“DCQ”) of the customer under its respective gas sales agreement and the number of days in the month. The fee is described in Section 5 of the Management

² Bay State has attached a redacted version of the Gas Sales Agreement to the original application and the copies thereof, and has provided one copy of that agreement to OFE in its complete, unredacted form, which it has requested OFE to return after its review.

Services Agreement among NEGM and Bay State and the Other Customers. Bay State has included a copy of the Management Services Agreement³ and the Agency Agreement among NEGM and Bay State and the Other Customers as Attachments C and D to this application.

Each of the Other Customers has filed an individual application for blanket import and export authorization⁴ or already has authority to import gas under the Other ENCANA Agreements.⁵ In addition, Northern Utilities, the only Other Customer which has signed an Other ENCANA Agreement for more than 2 years, is filing an application for long-term authorization to import volumes under that agreement.⁶

IV.

The principal terms of the Gas Sales Agreement are as follows:

Contract Term. The Gas Sales Agreement became effective, subject to the receipt of regulatory approvals, on July 11, 2002 and continues until April 1, 2005. It has

³ Bay State has attached a redacted version of the Management Services Agreement to the original application and the copies thereof and has provided one copy of that agreement to OFE in its complete, unredacted form, which it has requested OFE to return after its review.

⁴ See Application of EnergyNorth Natural Gas Inc. for Blanket Authorization to Import and Export Natural Gas from and to Canada, filed December 6, 2002; Application of Essex Gas Company for Blanket Authorization to Import and Export Natural Gas from and to Canada, filed December 6, 2002.

⁵ See *The Berkshire Gas Company*, DOE/FE Order No. 1835 (Dec. 9, 2002); *KeySpan Gas East Corporation*, DOE/FE Order No. 1831 (Nov. 29, 2002); *The Brooklyn Union Gas Company*, DOE/FE Order No. 1371 (Mar. 25, 1998) and DOE/FE Order No. 1168 (May 23, 1996); *Boston Gas Company*, DOE/FE Order No. 1035 (Mar. 27, 1995).

⁶ On December 2, 2002, Northern Utilities, Inc. also filed a Blanket Authorization to Import and Export Natural Gas from and to Canada.

an Initial Term beginning on January 15, 2003 and ending February 1, 2003. The Primary Term of the agreement is from February 1, 2003 to April 1, 2005.

Point of Delivery. The point of delivery will be a point on the international boundary between Canada and the United States at or near the interconnection between the facilities of TransCanada Pipelines Limited (“TransCanada”) and the facilities of Tennessee at or near Niagara Falls, New York and Niagara Falls, Ontario.

Contract Quantity. During the Initial Term of the contract, Bay State is entitled to receive its DCQ, which is 10,471 Dth per day. During the Primary Term of the contract, it is entitled to receive the quantity nominated by NEGM on behalf of Bay State for delivery at the Delivery Point each day, which quantity cannot exceed the DCQ, except as otherwise provided in Section 5.1 of the Gas Sales Agreement. In addition, Bay State retains the flexibility to reduce the DCQ by as much as 100% no later than five business days prior to the beginning of each month.

Section 5.1 provides that Bay State may purchase additional volumes if those volumes are not nominated by the Other Customers under the Other ENCANA Agreements five business days before TransCanada’s deadline for monthly nominations. Because it is theoretically possible that all the Other Customers could decide not to purchase their volumes under such agreements on a specific day, and that Bay State could choose to purchase the entire DCQ of the Other Customers under such agreements that day, Bay State is seeking authorization to import not only its DCQ of 10,471 Dth/day, but also the full DCQ’s of Bay State and all the Other Customers under the Other ENCANA Agreements, *i.e.*, 62,478 Dth/day.⁷

⁷ The OFE authorized a similar import arrangement in *Brooklyn Union Gas Company, et al.*, 1 FE ¶ 70,285 at 71,219 (1991).

Price. The Price in the Gas Sales Agreement is based on index prices in order to ensure that the prices will be competitive over the life of the agreement. The price for the Initial Term is tied to the "Midpoint Price" as set forth in the *Daily Price Survey* published by GAS DAILY for deliveries at Niagara, and is shown in Section 1.1 of the Gas Sales Agreement. The pricing for the Primary Term is also tied to the *Gas Daily Price Guide* published monthly by GAS DAILY for deliveries at Niagara in the applicable month and is shown in Section 1.1 of the Gas Sales Agreement.

V.

Section 3 of the Natural Gas Act provides that an import or export of natural gas must be authorized unless there is a finding that it "will not be consistent with the public interest." 15 U.S.C. § 717b(a) (1993). As amended by Section 201 of the Energy Policy Act of 1992, P.L. 102-486, 106 Stat. 2866 (1992), 15 U.S.C. § 717b(c) (1993), the importation and exportation of natural gas from "a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas [is] deemed to be consistent with the public interest" and authorization for such must be granted without modification or delay. 15 U.S.C. § 717b(c). This authorization, sought by Bay State, is to import and export natural gas from and to Canada, a nation with which a free trade agreement is in effect. It therefore meets the Section 3(c) criterion, and should be approved as consistent with the public interest.

VI.

WHEREFORE, Bay State respectfully requests authorization to import and export up to 62,748 Dth day of natural gas from and to Canada, commencing on January 15, 2003 or the date of first delivery of gas under the requested authorization and ending on April 1, 2005.

Dated: December 18, 2002

Respectfully submitted,

By: *Janet M. Robins*

Beth L. Webb

Janet M. Robins

Dickstein Shapiro Morin

& Oshinsky LLP

2101 L Street, N.W.

Washington, DC 20037

(202) 785-9700

Attorneys for Bay State Gas Company

EXHIBIT A

William D. MacGillivray
*Regional Counsel
Legal*

300 Friberg Parkway
Westborough, MA 01581
(508) 836.7355
Fax: (508) 836.7039
wmacgillivray@nisource.com

December 17, 2002

Office of Natural Gas and Petroleum Import and Export Activities
Fossil Energy
United States Department of Energy
Forrestal Building, Room 3E-042, FE-34
Washington, D.C. 20585

Ladies and Gentlemen:

This opinion is furnished to you pursuant to Section 590.202(c) of the Department of Energy Regulations, 10 C.F.R. § 590.202(c) and the Application of Bay State Gas Company for Authorization to Import and Export Natural Gas from and to Canada. I am counsel to Bay State Gas Company, and as such am familiar with its corporate documents. Based upon the foregoing and for the purposes of the Application to the Office of Fossil Energy, my opinion is that the proposed imports and exports as described in the Application are within the corporate powers of Bay State Gas Company.

Very truly yours,

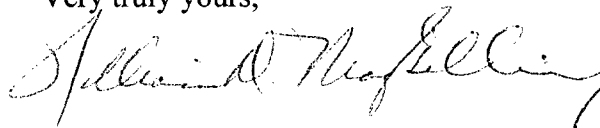


EXHIBIT B



Redacted
Version

THIS AGREEMENT is made effective this 11th day of July, 2002 (the "Effective Date") BETWEEN:

ENCANA CORPORATION, a Canadian Corporation, with principal offices in Calgary, Alberta (hereinafter referred to as "ENCANA")

and

BAY STATE GAS COMPANY, a Massachusetts Corporation, with principal offices in Westborough, Massachusetts (hereinafter referred to as "COMPANY").

ENCANA and COMPANY are hereinafter referred to separately as "Party" and jointly as "Parties."

WHEREAS, COMPANY seeks to secure long term, firm natural gas supplies;

WHEREAS, COMPANY desires ENCANA to become a natural gas supplier of COMPANY;

WHEREAS, COMPANY desires that Northeast Gas Markets L.L.C. ("NEGM") act as its administrative agent for all purposes under this Gas Sales Agreement;

WHEREAS, NEGM will also act as administrative agent for purposes of certain other Gas Sales Agreements executed substantially simultaneously herewith by and between ENCANA and The Berkshire Gas Company; Boston Gas Company d/b/a KeySpan Energy Delivery New England; The Brooklyn Union Gas Company d/b/a KeySpan Energy Delivery New York; Essex Gas Company d/b/a KeySpan Energy Delivery New England; EnergyNorth Natural Gas, Inc. d/b/a KeySpan Energy Delivery New England; KeySpan Gas East Corporation d/b/a KeySpan Energy Delivery Long Island; and Northern Utilities, Inc. (individually, "Other Customer" and collectively, the "Other Customers"); and

WHEREAS, the Parties desire to set forth the terms and conditions applicable to the sale by ENCANA and the purchase by COMPANY of certain volumes of natural gas;

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein ENCANA and COMPANY mutually agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement the following capitalized words and phrases have the following meanings:

"Agreement" means this Gas Sales Agreement.

"Business Day" means any Day, other than a Saturday, Sunday, or a Federal holiday.

"CCT" means Central Clock Time, which shall be the prevailing time (standard or daylight savings) in the United States Central Time Zone.

"Contract Price"

"Day" means a period of twenty-four consecutive hours, beginning at 9:00 a.m. CCT on any calendar Day.

"Deficiency Default" has the meaning set forth in Sections 4.3 and 4.4.

"Deficiency Quantity" has the meaning set forth in Sections 4.3 and 4.4.

"Delivery Point" means a point on the international boundary between Canada and the United States of America at or near the point of interconnection between the facilities of TransCanada PipeLines Limited ("TransCanada") and the facilities of Tennessee Gas Pipeline Company ("Tennessee") at or near Niagara Falls, New York and Niagara Falls, Ontario.

"Dollars" (and the symbol "\$") means U.S. dollars.

"Dth" means dekatherm.

"Firm" means the Parties' obligations are unconditional except in the event of a *Force Majeure* as defined in Section 12 or where excused by the other Party's failure to perform its obligations hereunder.

"Force Majeure" has the meaning set forth in Section 12.

"Full Credit Exposure" means, at any particular time, the sum of current and past due accounts receivable and a 30 Day exposure estimate. The calculation of Full Credit Exposure is set out in Exhibit "B".

"Gas" means methane and other gaseous hydrocarbons that is consistent with the quality, temperature and pressure standards and specifications of Tennessee, as amended from time to time and approved by jurisdictional regulatory authorities.

"Gas Daily" means the publication GAS DAILY published by Platts, a division of The McGraw Hill Companies, or any successor publication thereto.

"Governmental Body" means a federal or state governmental agency, regulatory body, or legislature with the authority to approve, change, modify or reject any or all of the terms of this Agreement or with the authority to take any other action which affects performance under this Agreement or to grant or deny permits or licenses necessary therefor.

"Initial Term" means the period commencing at 9:00 a.m. CCT on January 15, 2003 and ending at 9:00 a.m. CCT on February 1, 2003.

"Interest" means interest which shall accrue on any amounts owing under this Agreement calculated daily and not compounded for the period of time from the date the payment is due until it is paid, at a rate equal to the "Prime Rate" as reported in the *Money Rates* column of the WALL STREET JOURNAL on the last Business Day of the preceding month, plus one and one-half (1.5) percent, divided by 365.

"Month" means a period of time beginning at 9:00 a.m. CCT on the first Day of any calendar month and ending at 9:00 a.m. CCT on the first calendar Day of the next calendar month.

"Other Customer" shall have the meaning set forth in the fourth Whereas clause above.

"Performance Assurance" means a standby irrevocable letter of credit or any amendment to such standby irrevocable letter of credit, by an entity, and in the form, amount and term reasonably acceptable to the Requesting Party (as defined in Section 7.7), provided, however, that in no event shall a Party be required to provide a Performance Assurance in an amount which exceeds Requesting Party's Full Credit Exposure.

"Period of Delivery" means the period of time beginning on the first Day of the Initial Term and ending on the last Day of the Primary Term.

"Primary Term" means the period commencing at 9:00 a.m. CCT on February 1, 2003 and ending at 9:00 a.m. CCT on April 1, 2005.

"Reference Price"

"Replacement Price Differential"

"Scheduled Contract Quantity" shall mean (a) during the Initial Term, the Daily Contract Quantity and (b) during the Primary Term, the quantity of Gas nominated by NEGM on behalf of Company pursuant to Section 5.1 for delivery by ENCANA at the Delivery Point on each Day of a Month, which quantity, except as otherwise specifically set forth in Section 5.1, shall not exceed the DCQ.

"Taxes" means all *ad valorem*, property, occupation, severance, consumption, production, gathering, pipeline, utility, gross production, gross receipts, sales, use, excise and other taxes, governmental charges, licenses, permits and assessments, other than taxes based on excess profits, net income or net worth.

- 1.2 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any other agreements, whether written or oral, existing at the date hereof between the Parties concerning such subject matter. No amendment, modification or change to this Agreement shall be enforceable unless executed in writing by both Parties.

2. TERM

Term. This Agreement shall become effective on the date hereof and shall continue in full force and effect for a period ending at 9:00 a.m. CCT on April 1, 2005. Deliveries of the Scheduled Contract Quantity shall commence at 9:00 a.m. CCT on January 15, 2003.

3. REPRESENTATIONS AND WARRANTIES

- 3.1 **Representations.** Each Party, with respect to itself, hereby represents and warrants to the other Party that: (i) there are no suits, proceedings, judgements or orders by or before any court or any Governmental Body that materially adversely affect its ability to perform this Agreement or the rights of the other Party under this Agreement; (ii) subject to Section 8.1, it has the legal right, power and authority to conduct its business, to execute and deliver this Agreement and perform its obligations hereunder; (iii) the making and performance of this Agreement are within its powers and do not and will not violate any provision of law or any rule, regulation, order, writ, judgement, decree or other determination presently in effect applicable to it or any provision of its governing documents, except any such violations which would not have a material adverse effect; (iv) this Agreement constitutes a legal, valid, and binding act and obligation of it, enforceable against it, subject to bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, (v) there are no bankruptcy, insolvency, reorganization, receivership or other arrangement proceedings pending, or being contemplated by it or, to its knowledge, threatened against it and (vi) the financial information supplied by it is in compliance with generally accepted accounting principles.

- 3.2 **Warranty.** ENCANA warrants that it shall at the time of delivery have good title to and/or the full right and authority to sell good and merchantable title to all Gas delivered by ENCANA to COMPANY hereunder, and that such Gas is free and clear from all liens and adverse claims accruing prior to delivery of such Gas to COMPANY. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE ARE DISCLAIMED.

4. QUANTITY OBLIGATIONS

- 4.1 **COMPANY's Purchase Obligation.** COMPANY shall purchase and receive at the Delivery Point, on a Firm basis on each Day during the Period of Delivery, a quantity of Gas equal to the Scheduled Contract Quantity. COMPANY shall be the importer of Gas into the United States.
- 4.2 **ENCANA's Sales Obligation.** ENCANA shall sell and deliver at the Delivery Point, on a Firm basis on each Day during the Period of Delivery, a quantity of Gas equal to the Scheduled Contract Quantity. ENCANA shall be the exporter of Gas from Canada.

- 4.3 COMPANY's Failure to Receive. If on any Day during the Period of Delivery, COMPANY fails to purchase and receive its Scheduled Contract Quantity for such Day and such failure is not excused by ENCANA's non-performance or pursuant to an event of *Force Majeure* under Section 12, then such occurrence shall constitute a "COMPANY Deficiency Default," and the difference between its Scheduled Contract Quantity for such Day and the quantity of Gas purchased and received by COMPANY for such Day is the "COMPANY's Deficiency Quantity". In the event of a COMPANY Deficiency Default, COMPANY shall pay ENCANA an amount equal to the product of the COMPANY's Deficiency Quantity multiplied by the Replacement Price Differential, pursuant to the invoicing and payment provisions set forth in Subsections 7.1(b) and 7.2 (respectively). If a COMPANY Deficiency Default continues unabated for seven (7) consecutive Days, ENCANA may, at its sole option, immediately, or at any time thereafter, upon written notice to COMPANY, terminate this Agreement.
- 4.4 ENCANA's Failure to Deliver. If on any Day during the Period of Delivery, ENCANA fails to sell and deliver COMPANY's Scheduled Contract Quantity for such Day and such failure is not excused by COMPANY's non-performance or pursuant to an event of *Force Majeure* under Section 12 or suspension by ENCANA pursuant to Section 7.4, then such occurrence shall constitute an "ENCANA Deficiency Default," and the difference between COMPANY's Scheduled Contract Quantity for such Day and the quantity of Gas sold and delivered by ENCANA is "ENCANA's Deficiency Quantity." In the event of an ENCANA Deficiency Default, ENCANA shall pay COMPANY an amount equal to the product of ENCANA's Deficiency Quantity multiplied by the Replacement Price Differential, pursuant to the invoicing and payment provisions set forth in Subsections 7.1(b) and 7.2 (respectively). If an ENCANA Deficiency Default continues unabated for seven (7) consecutive Days, COMPANY may, at its sole option, immediately, or at any time thereafter, upon written notice to ENCANA, terminate this Agreement.
- 4.5 Redetermination of a Price Index. If the Contract Price or the Reference Price ceases to be available and no successor price index is identified or generally accepted within the industry, the Parties shall promptly and in good faith negotiate an alternate index for such price (the "Alternate Price Index"). If the Parties cannot agree upon the Alternate Price Index by the end of the first Month in which the Contract Price or the Reference Price ceases to be available, then within ten (10) Days of the end of such Month, each Party shall prepare and submit simultaneously to the other Party a list of up to five alternate published reference postings or prices representative of spot prices for Gas delivered in or near the Niagara area, numbered in order of preference. The Alternate Price Index shall be the index that appears on both Parties' lists and for which the sum of the numbers indicating each Party's order of preference is the lowest; in the event that such sums are the same for two indices, then the choice between the two will be determined by lot. If no index appears on both Parties' lists, then within ten (10) Days of the most recent exchange of lists, each Party shall prepare and submit a new list adding two indices. This procedure shall be repeated until an Alternate Price Index is determined. If either Party fails to provide timely a list, the Alternate Price Index shall be the index listed first on the other Party's list. For the first half of the period from and after the date the Contract Price or the Reference Price ceases to be available, until the date that the Alternate Price Index is determined, the Contract Price or the Reference Price shall be determined based on the last index price available, and for the second half of such period, the Contract Price or the Reference Price shall be determined based on the Alternate Price Index.

5. OPERATIONS AND DELIVERY

- 5.1 COMPANY's Monthly Nominations to ENCANA. No later than five (5) Business Days prior to TransCanada's deadline(s) for nominations for the Month, NEGM on behalf of COMPANY shall provide telephone notice to ENCANA, confirmed by facsimile or email, of the quantity of Gas COMPANY requires ENCANA to deliver at the Delivery Point on each Day of the Month. To the extent that COMPANY's Scheduled Contract Quantity is less than the DCQ for any Month, such difference shall be available for purchase in such Month by any Other Customer (pursuant to the terms and conditions of the Gas Sale Agreement between ENCANA and the Other Customer referenced in the fourth Whereas Clause) if elected by NEGM on behalf of such Other Customer by the deadline referenced in the first sentence of this Section 5.1. To the extent that COMPANY elects to purchase volumes not purchased by any Other Customer in any Month, such volumes shall be included in COMPANY's Scheduled Contract Quantity for such Month. For any Month, the sum of the Scheduled Contract Quantities nominated by NEGM on behalf of COMPANY and Other Customers shall not exceed the sum of the Daily Contract Quantities of COMPANY and Other Customers.

- 5.2 Transportation. ENCANA shall arrange and pay for transportation to the Delivery Point, and COMPANY shall arrange and pay for transportation from the Delivery Point.
- 5.3 Measurement. The volume and energy content of the Gas sold hereunder shall be measured at the Delivery Point by Tennessee, which, subject to Tennessee's tariff provisions regarding measurements and allocations, shall be used by COMPANY and ENCANA for all purposes under this Agreement.
6. **POSSESSION AND TITLE**
- 6.1 Title Transfer and Indemnity. ENCANA shall be responsible for any injury or damage caused by the Gas delivered hereunder up to and including the time it is delivered to COMPANY at the Delivery Point. Following delivery of Gas to COMPANY at the Delivery Point, COMPANY shall be responsible for any injury or damage caused thereby. Title to Gas delivered hereunder shall pass from ENCANA to COMPANY at the Delivery Point.
- 6.2 Risk of Loss. ENCANA and COMPANY each assume full responsibility and liability for, and shall indemnify and hold harmless the other Party from all losses, liabilities or claims (including reasonable legal fees and costs of Court), arising from any act or incident related to the Gas occurring when title to the Gas is vested in the indemnifying Party except to the extent such act or incident was caused by the gross negligence or willful misconduct of the other Party.
7. **BILLING AND PAYMENT**
- 7.1 Invoice Date and Charges.
- (a) By the fifteenth Day of each Month following the Month in which Gas was delivered (the "Delivery Month"), ENCANA shall provide to NEGM on behalf of COMPANY a detailed invoice setting forth the amount due, which amount shall be the product of the Contract Price and the number of dekatherms of Gas delivered in the Delivery Month, together with any other amounts due under this Agreement. If the actual quantity of Gas delivered is not available by such billing date, billing will be prepared based on the Scheduled Contract Quantities, and any discrepancy between the actual quantity of Gas delivered and the Scheduled Contract Quantities will be reflected in the following Month's invoice.
- (b) After either an ENCANA Deficiency Default or a COMPANY Deficiency Default occurs, the non-defaulting Party shall provide to the other Party a detailed statement setting forth the amount due for such default. At its option, ENCANA may include any such statement on the next scheduled invoice under Section 7.1(a). Either Party must notify the other of a default by the later of five (5) Business Days after the date such Party became aware of the default or by the fifteenth Day of the Month following the Month of Deficiency Default.
- 7.2 Payment Date. Subject to Section 7.5, COMPANY shall pay or cause NEGM to pay amounts COMPANY owes and ENCANA shall pay amounts it owes as set forth in invoices and/or statements under Section 7.1 no later than the Payment Date. For invoices rendered under Subsection 7.1(a), "Payment Date" means the twenty-fifth Day of the Month in which the statement was received, provided that if the twenty-fifth Day is not a Business Day, Payment Date shall be the next Business Day after the twenty-fifth Day. If receipt of an invoice is delayed after the fifteenth Day of the Month, the Payment Date shall be delayed for a like period, unless the payor is primarily responsible for such delay. For Deficiency Default statements rendered separately under Subsection 7.1(b) (i.e., not included in an invoice under Section 7.1(a)), "Payment Date" means the fifth Day after defaulting Party receives the default statement, provided that if the fifth Day is not a Business Day, the Payment Date shall be the next Business Day after the fifth Day. All payments invoiced under Subsection 7.1 shall be made by electronic funds transfer to the payee's account designated on Exhibit "A" hereto.
- 7.3 Late Payment. If COMPANY (or NEGM on behalf of COMPANY) or ENCANA should fail to pay any amounts due under this Agreement in full by the Payment Date, or if any adjustments are made under this Agreement, including adjustments due to audits or the resolution of a billing dispute, Interest on the unpaid portion shall accrue from the date payment was due until the date payment is made in full.
- 7.4 Failure to Pay. If COMPANY (or NEGM on behalf of COMPANY) fails to make payment when due pursuant to the terms of Section 7.2, and such failure is not remedied within three (3) Business Days after

ENCANA gives NEGM on behalf of COMPANY written notice of such failure, ENCANA, in addition to any other remedy it may have, may immediately suspend further sale and delivery of Gas until such amount, including Interest, is paid. In the event that ENCANA suspends the sale and delivery of Gas to COMPANY under this Section 7.4, COMPANY shall be obligated to ENCANA for an amount equal to the product of the Scheduled Contract Quantity (or portion thereof that is suspended) multiplied by the Replacement Price Differential for each Day of such suspension. If such failure to pay continues for an additional two (2) Business Days after the commencement of any such suspension, ENCANA may, in addition to any other rights ENCANA may have, at its sole option, immediately, or at any time thereafter, upon written notice to COMPANY, terminate this Agreement. If ENCANA fails to make payment when due pursuant to the terms of Section 7.2, and such failure is not remedied within five (5) Business Days after COMPANY (or NEGM on behalf of COMPANY) gives ENCANA written notice of such failure, COMPANY, in addition to any other remedy it may have, at its sole option, immediately, or at any time thereafter, upon written notice to ENCANA, terminate this Agreement. Notwithstanding any other provision of this Agreement, in no event shall NEGM have any liability to ENCANA for any amount due from or any other obligation of COMPANY hereunder. ENCANA's sole recourse for any amount or obligation due from COMPANY shall be against COMPANY or pursuant to any Performance Assurance by COMPANY pursuant to Section 7.7.

- 7.5 Invoice Disputes. If a dispute arises as to the amount payable in any invoice rendered hereunder, COMPANY shall nevertheless pay or cause NEGM to pay when due the amount not in dispute under such invoice, and shall, at the time of such payment, provide or cause NEGM to provide written notice to ENCANA indicating the disputed amount and the reason for such dispute, along with all supporting documentation from Tennessee. If a difference in volumes cannot be reconciled, payment shall be based upon the receipt volumes allocated to Company's transportation contract(s) with Tennessee. Such payment shall not be deemed to be a waiver of the right by COMPANY to recoup any overpayment, nor shall acceptance of any payment be deemed to be a waiver by ENCANA of additional amounts owed to it by COMPANY. If a dispute arises, the Party who prepared the statement shall promptly investigate the matter and submit an adjusted bill, if necessary, to the other Party. The underpaying or overpaid Party shall reimburse the other Party plus Interest accrued on such amount within ten (10) Business Days of determination of the under or overpayment.
- 7.6 Billing/Payment Address. Billings, payments and statements shall be made to the accounts or the addresses specified in Exhibit "A" hereto, as may be amended from time to time.
- 7.7 Financial Responsibility. A Party (the "Assuring Party") shall promptly furnish upon the other Party's (the "Requesting Party") request, which may be made at any time during the term of this Agreement, sufficient financial information for the Requesting Party to make a current credit assessment of the Assuring Party. If (1) the Assuring Party does not provide the financial information requested in a timely manner, or (2) upon review of such information, the Requesting Party has a reasonable basis to believe that such information indicates that there is a change in the financial condition of the Assuring Party that is likely to affect its current or future ability to perform its obligations as they become due under the Agreement (including, but not limited to, a reduction in credit rating or a failure to pay bills as they become due), then, if so requested in writing by Requesting Party, and whether or not any default has occurred under the Agreement, the Assuring Party shall promptly provide the Requesting Party with Performance Assurance. If the Assuring Party does not provide Performance Assurance within three (3) Business Days of the Requesting Party's written request, the Requesting Party may immediately, or at any time thereafter, upon written notice to the Assuring Party, suspend the sale and delivery or purchase and receipt of Gas, as the case may be, under this Agreement until such Performance Assurance has been received. If the Assuring Party does not provide the Requesting Party with Performance Assurance within two (2) Business Days of the commencement of any such suspension, the Requesting Party may, at its sole option, immediately, or at any time thereafter, upon written notice to the Assuring Party, terminate this Agreement. The Assuring Party shall be solely liable for all costs and expenses incurred by the Assuring Party to obtain such Performance Assurance.
- 7.8 Insolvency. In the event that a Party ("Insolvent Party") makes an assignment or any general arrangement for the benefit of creditors, files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or any such petition is filed or proceeding commenced against it, or becomes bankrupt, insolvent or unable

to pay its debts as they become due, then the other Party may, at its sole option, immediately, or at any time thereafter, upon written notice to the Insolvent Party, terminate this Agreement.

- 7.9 **Termination Payment.** In the event that this Agreement is terminated by COMPANY pursuant to the provisions of Sections 4.4, 7.4, 7.7 or 7.8, ENCANA shall pay COMPANY, within five (5) Business Days after the end of the Month in which the effective date of such termination occurs ("Termination Month"), an amount equal to the sum of the products of the Scheduled Contract Quantity and the Replacement Price Differential for each Day from the effective date of such termination to the end of the Termination Month, in addition to any amounts due and owing by ENCANA prior to such termination. In the event that this Agreement is terminated by ENCANA pursuant to the provisions of Sections 4.3, 7.4, 7.7 or 7.8, COMPANY shall pay ENCANA, within five (5) Business Days after the end of the Month in which the effective date of such termination occurs ("Termination Month"), an amount equal to the sum of the products of the Scheduled Contract Quantity and the Replacement Price Differential for each Day from the effective date of such termination to the end of the Termination Month, in addition to any amounts due and owing by COMPANY prior to such termination. The Termination Payment provided herein shall be a Party's sole and exclusive remedy in the event such Party terminates this Agreement, provided, however, that no Termination Payment shall be due or owing as a result of a termination pursuant to Section 8.2.

8. REGULATION

- 8.1 **Regulatory Approval.** The effectiveness of this Agreement is subject to receipt and acceptance, not to be unreasonably withheld, of all necessary regulatory approvals required to be obtained from all Governmental Bodies having jurisdiction. Each Party shall provide the other Party with written notice as to whether or not all necessary regulatory approvals from the relevant Governmental Bodies have been received and are acceptable to such Party (or that no such approvals are required) by no later than November 1, 2002, subject to extension upon the consent of the other Party, not to be unreasonably withheld.
- 8.2 **Other Events.** If a Party's ("Affected Party") activities under this Agreement become subject to new law or regulation or a change in law or regulation which renders this Agreement illegal or incapable of being performed, or an event of *Force Majeure*, as defined in Section 12 below, continues unabated for at least 30 consecutive Days, then the Affected Party (or, in the case of an unabated *Force Majeure*, either Party) may elect, by written notice to the other Party, to terminate this Agreement.

9. NETTING AND SET-OFF

Netting of Payments. If on any date a common amount is payable under this Agreement by each Party to the other, including, without limitation, amounts owing under Section 7.1, payments owed under Sections 4.3, 4.4 and 7.9, Interest or credits, then each Party's obligation to make payment of such common amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by a Party (the "Net Payor") exceeds the aggregate amount that would otherwise have been payable by the other Party (the "Net Payee"), it shall be replaced by an obligation upon the Net Payor to pay to the Net Payee an amount equal to the excess of the larger aggregate amount over the smaller aggregate amount. In addition to the netting of payment set forth in this Section 9, each Party reserves to itself, all rights, set-offs, counter-claims and other remedies or defenses which such Party may have against the other by operation of law or otherwise.

10. NOTICE

Address for and Receipt of Notices. All notices and communications made pursuant to this Agreement shall be in writing, as specified in Exhibit "A" and shall, if transmitted and confirmed by facsimile, telecopier, or other similar form of telecommunication or by email during normal business hours, be deemed to have been given or made on the Day on which so transmitted and, if sent by overnight courier and delivery is confirmed, or, if mailed by registered or certified mail, return receipt requested, be deemed to have been given or made on the Day on which delivered.

11. TRANSFER OR ASSIGNMENT

- 11.1 **Transfer or Assignment.** Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by security or otherwise) by either Party without the prior written consent of

the other Party (such consent shall not be unreasonably withheld), except that a Party may make such transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to another entity (but without prejudice to any other right or remedy under this Agreement) provided that the aforesaid entity is of equal or greater creditworthiness as the transferring Party.

- 11.2 NEGM as Agent. The Parties acknowledge and agree that COMPANY has appointed NEGM as agent for all purposes of administering this Agreement. NEGM, by its execution of this Agreement, acknowledges and accepts its appointment as agent for COMPANY. ENCANA hereby recognizes such appointment and agrees that any act which is to be performed by COMPANY hereunder may be performed by NEGM on behalf of COMPANY, and ENCANA agrees to accept such performance as if it were made directly by COMPANY.

- 11.3 Enurement. This Agreement shall enure to and be binding upon the successors and permitted assigns of the Parties hereto.

12. **FORCE MAJEURE**

- 12.1 Suspension for Force Majeure. Except for Sections 7.4 and 8.1 with respect to ENCANA and Section 8.1 with respect to COMPANY, this Section 12 is the sole and exclusive excuse for non-performance permitted under this Agreement. Except with regard to payment obligations incurred prior to the inception of a *Force Majeure* event, in the event either Party is rendered unable, wholly or in part, by *Force Majeure* to carry out its obligations under this Agreement, the obligations of the Parties, to the extent that they are affected by such *Force Majeure*, shall be suspended, from inception and during the continuance of the *Force Majeure*.

- 12.2 Events Constituting Force Majeure. "*Force Majeure*" means only interruptions, diversions, or curtailments of ENCANA's or COMPANY's firm delivery or takeaway transportation service at the Delivery Point(s) implemented by TransCanada or Tennessee. *Force Majeure* shall also include any directive, order, or sanction by any Governmental Body that results in the interruption, diversion or curtailment of ENCANA's or COMPANY's firm delivery or takeaway transportation service at the Delivery Point, regardless of whether TransCanada or Tennessee is declaring an event of force majeure. The Party affected by an event of *Force Majeure* shall give verbal and written notice and full particulars thereof to the other Party as soon as is reasonably possible. Neither Party shall be entitled to the benefit of the provisions of *Force Majeure* under either or both of the following circumstances: (i) to the extent the failure to perform was caused by the sole or contributory negligence of the Party claiming excuse; or (ii) to the extent the failure to perform was caused by the Party claiming excuse having failed to remedy the condition and to resume the performance of its obligations with reasonable dispatch.

- 12.3 Obligations of Parties During Force Majeure. On any Day or portion thereof that *Force Majeure* applies, the Parties' obligations to deliver and receive and pay for Gas will be reduced only by the percentage that the affected Party's total Firm Gas flows are interrupted, curtailed or pro-rated at the Delivery Point(s) as a result of such *Force Majeure*. Any imbalance penalties incurred as a result of the *Force Majeure* shall be the responsibility of the Party claiming *Force Majeure*; provided that, upon provision of notice of a *Force Majeure* event as set forth in Section 12.2, ENCANA shall be solely responsible for any imbalance penalties upstream of the Delivery Point and COMPANY shall be solely responsible for any imbalance penalties at and downstream of the Delivery Point.

13. **TAXES**

Allocation of and Indemnity for Taxes. The Contract Price includes and ENCANA is liable for and shall pay, all Taxes applicable to the Gas sold hereunder that may be imposed prior to its delivery at the Delivery Point. ENCANA shall reimburse COMPANY for all Taxes paid on behalf of ENCANA by COMPANY. The Contract Price does not include and COMPANY is liable for and shall pay, all Taxes applicable to Gas sold hereunder that may be imposed at or after delivery at the Delivery Point. COMPANY shall reimburse ENCANA for all such Taxes paid on behalf of COMPANY by ENCANA.

14. IMBALANCES

Responsibility for Imbalances. Subject to the provisions of Section 12.3, the Party causing (or Party whose pipeline transporter causes) a pipeline imbalance, imbalance or variance charge, or a pipeline-imposed penalty shall be responsible for, liable for and shall indemnify the other Party from such imbalances, charges or penalties.

15. MISCELLANEOUS

- 15.1 Winding Up Arrangements. Upon termination of this Agreement, any monies due and owing shall be promptly paid pursuant to the terms hereof. Notwithstanding the termination of this Agreement, the provisions respecting liabilities and indemnities which have accrued prior to the effective date of such termination and provisions respecting confidentiality, maintenance of records, audit rights and settlement of accounts, shall continue in full force and effect in accordance with their terms.
- 15.2 Limitation of Damages. NEITHER PARTY SHALL BE LIABLE HEREUNDER FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES IN TORT, CONTRACT, OR OTHERWISE.
- 15.3 Non-Waiver. No waiver by either Party of any default by the other in the performance of any provisions of this Agreement shall be construed as a waiver of any other default whether of a like or different nature. Except as otherwise expressly stated herein, failure of a Party to complain of any act or to declare the other Party in default, or to elect to terminate this Agreement, regardless of how long such failure continues, shall not constitute a waiver thereof until the applicable statute of limitations period has expired.
- 15.4 Severability. Except as otherwise stated herein, if any provision or Section of this Agreement is declared or rendered unlawful by a court of law or Governmental Body or deemed unlawful because of a statutory change, the remaining provisions of this Agreement shall be unaffected.
- 15.5 Headings and Exhibits. The headings used for the Sections herein are for convenience and reference purposes only and shall not affect the meaning or interpretation of the provisions of this Agreement. All Exhibits referenced in this Agreement are hereby incorporated for all purposes.
- 15.6 Audit Rights. Each Party shall have the right, at its sole cost and expense, during the Period of Delivery and for two years thereafter, upon reasonable notice and at reasonable times, to appoint an independent auditor to examine the books and records of the other Party to the extent reasonably necessary to verify the accuracy of any billing statement, payment demand, charge, payment or computation made under this Agreement. The Parties shall retain all relevant records throughout the Period of Delivery and for two years thereafter.
- 15.7 Applicable Law. This Agreement shall be governed by and construed, enforced, and performed in accordance with the laws of the State of New York, without regard to principles of conflicts of law.
- 15.8 Further Assurances. Each of the Parties shall during the term of this Agreement, on a reasonable written request to do so, do all such further acts and execute and deliver or cause to be done, executed or delivered all such further acts, deeds, documents, assurances and things as may be reasonably required in order to perform the terms of this Agreement.
- 15.9 No Third Party Beneficiaries. Nothing in this Agreement is intended to confer any rights under or by reason of this Agreement upon any person other than the Parties to this Agreement.
- 15.10 Confidentiality. Each Party agrees that it will maintain this Agreement, and all parts and contents thereof, in strict confidence, and that it will not cause or permit disclosure of same to any third-party without the express written consent of the other Party; provided that disclosure by a Party is permitted in the event and to the extent:
- (1) such Party is required by a court or agency exercising jurisdiction over the subject matter hereof, by order or regulation or law, to disclose; provided that in the event either Party becomes aware of a judicial or administrative proceeding that has resulted or may result in such a requirement or need to disclose, it shall (A) so notify the other Party immediately, (B) utilize all reasonably available means to limit the scope of the required disclosure, and (C) take all actions reasonably

necessary to prevent disclosure to the public as a result of disclosure to the court or administrative body;

- (2) disclosure is necessary to obtain transportation of the Gas covered by this Agreement;
- (3) disclosure is required to implement capacity assignment programs; or
- (4) disclosure is required in the course of routine audit procedures or to enforce the provisions of the Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

ENCANA CORPORATION

Per: Paul R. Gagné Aug 14/01

Name Printed

Title

PAUL R. GAGNÉ
Senior Vice President
Gas Marketing

BAY STATE GAS COMPANY

Per: Kenneth M. Margossian

Name Printed

Title

ACKNOWLEDGED BY
NORTHEAST GAS MARKETS L.L.C.
AS ADMINISTRATIVE AGENT
FOR COMPANY

Per: Michael S. Lucy

Michael S. Lucy
President

EXHIBIT "A" to GAS SALES AGREEMENT

between ENCANA CORPORATION

and

BAY STATE GAS COMPANY

dated July 11, 2002

NOTICES AND COMMUNICATIONS

NOTICES TO COMPANY BAY STATE GAS COMPANY C/o Northeast Gas Markets L.L.C. 100 Cummings Centre Suite 457G Beverly, Massachusetts 10915-6132 Telephone No. : (978) 922-1194 Facsimile No.: (978) 922-1195 E-Mail: mslucy@negm.com ; E-mail: mferullo@ngm.com	NOTICES TO ENCANA EnCana Corporation PO Box 2850 150-9 th Avenue SW Calgary, Alberta T2P 2S5 Attn: Contract Administration Facsimile No.: (403) 645-6201 Copy to: Wayne Harvey E-mail: barbaraanne.szabo@encana.com E-mail : wayne.harvey@encana.com
PAYMENTS TO NORTHEAST GAS MARKETS L.L.C. on behalf of COMPANY Beverly National Bank 240 Cabot Street Beverly, Massachusetts 01915 ABA No.: Account No.: Telephone: (978) 922-2100 Bank Contact: Steven Curran, Vice President	PAYMENTS TO ENCANA Harris Bank International New York, NY Swift Address: HATRUS33 ABA No.: 026007760 CHIPS ABA ID 0776 Credit to: Bank of Montreal International Banking H.O. Montreal, Quebec Swift Address: BOFMCAM2 Transit No.: 0010 (Calgary Main Branch) Account No.: 4606259
BILLING AND ACCOUNTING MATTERS: C/o Northeast Gas Markets L.L.C. 100 Cummings Centre Suite 457G Beverly, Massachusetts 10915-6132 Telephone No. : (978) 922-1194 Facsimile No.: (978) 922-1195 E-mail: mslucy@negm.com E-mail: mferullo@negm.com	BILLING AND ACCOUNTING MATTERS EnCana Corporation PO Box 2850 150-9 th Avenue SW Calgary, Alberta T2P 2S5 Attn: Kathy Waddell Facsimile No.: (403) 645-6660 E-mail: Kathy.waddell@encana.com
CONFIRMATIONS: Facsimile No.: (978) 922-1195 AFTER HOUR NOTICES: Telephone No.: (978) 545-4999	CONFIRMATIONS: Facsimile No.: (403) 645-6201 AFTER HOUR NOTICES – OPERATIONS: Telephone No.: (403) 645-6600

EXHIBIT "B" to GAS SALES AGREEMENT
between ENCANA CORPORATION
and

BAY STATE GAS COMPANY, dated July 11, 2002

FULL CREDIT EXPOSURE CALCULATION

Full Credit Exposure = Past Due Receivable + Current Receivables + 30 Day Exposure Estimate

1. Past Due Receivables = Receivables for gas delivered and invoiced but not yet paid for beyond the contractual payment date.
2. Current Accounts Receivable = Exposure for gas delivered but not yet invoiced in the current month.

$$= 30 \text{ Days} * \frac{\text{Contract Price}}{\text{Scheduled Contract Quantity}}$$

3. 30 Day Exposure Estimate

$$\text{30 Day Exposure Estimate} = 30 \text{ Days} * \frac{\text{Prompt Month Price}}{\left(1 + \frac{\text{Prompt Month Volatility}}{\text{Scheduled Contract Quantity, or, if not yet scheduled, Daily Contract Quantity}}\right)}$$

Where

$$\text{Prompt Month Price} = \frac{\text{NYMEX Prompt Month Price}}{\text{Prompt Month Basis to Physical Delivery Location}}$$

$$\text{Prompt Month Volatility} = \sqrt{\frac{1}{12}} * \frac{\text{Volatility of the NYMEX front month contract}}{\text{expressed as an annualized volatility}}$$

Data Sources:

NYMEX Prompt Month Price

- The most recent closing price for the prompt month NYMEX natural gas contract as published by Platts in Gas Daily in the table entitled "Futures NYMEX @ Henry Hub".

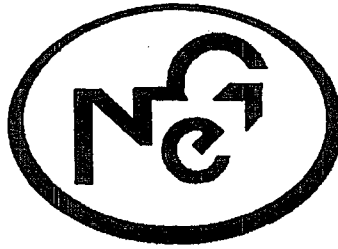
Prompt Month Basis to Physical Delivery Location

- The difference between the current month's monthly settlement index price for Henry Hub and Niagara as published by Platts in the Gas Daily Price Guide.

Volatility of front month contract expressed as an annualized volatility

The current at the money (ATM) mean implied volatility as published by Bloomberg under Natural Gas Options/Swaps/Straddles.

EXHIBIT C



Northeast Gas Markets

Redacted version

100 Cummings Center
Suite 457G
Beverly, MA 01915
Telephone: (978) 922-1194
Fax: (978) 922-1195

MANAGEMENT SERVICES AGREEMENT

This Management Services Agreement is made this 8th day of August, 2002 by and among Northeast Gas Markets LLC ("NEGM") and the following local distribution companies: Bay State Gas Company; The Berkshire Gas Company; Boston Gas Company d/b/a/KeySpan Energy Delivery New England; KeySpan Utility Services LLC as agent for The Brooklyn Union Gas Company d/b/a/KeySpan Energy Delivery New York; EnergyNorth Natural Gas, Inc. d/b/a/KeySpan Energy Delivery New England; Essex Gas Company d/b/a/KeySpan Energy Delivery New England; KeySpan Utility Services LLC as agent for KeySpan Gas East Corporation d/b/a/KeySpan Energy Delivery Long Island; and, Northern Utilities, Inc. (herein individually "Customer" and collectively "Customers").

WITNESSETH:

WHEREAS, pursuant to the Agency Agreement entered into by NEGM and Customers ("Agency Agreement" or "AA"), each Customer has authorized NEGM to act on its behalf as administrative agent for all purposes under its respective Gas Sales Agreement with EnCana Corporation ("EnCana") of even date herewith, providing for the sale and export by EnCana and the purchase and import by such Customer of Canadian natural gas (individually

"Gas Sales Agreement" or "GSA" and collectively "Gas Sales Agreements"), the form of each such Gas Sales Agreement being appended to the Agency Agreement;

WHEREAS, Customers seek to secure the services of NEGM to implement and administer on behalf of Customers the Gas Sales Agreements; and,

WHEREAS, NEGM is willing to implement and administer on behalf of Customers the Gas Sales Agreements on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, NEGM and Customers mutually agree as follows:

1. Unless otherwise provided, all terms defined in the Gas Sales Agreements and the Agency Agreement shall have the same meaning when used in this Agreement.

2. NEGM will render all operational, management, contract administration, coordination, reporting, accounting and bookkeeping services necessary for NEGM to administer the Gas Sales Agreements, subject to all applicable regulatory authorizations. NEGM, subject to review and approval of Customers, shall maintain and update as necessary an operating manual detailing the procedures to be followed by NEGM and Customers and shall provide a copy of such operating manual and updates thereto to all Customers.

Specifically, NEGM shall provide the following services under this Agreement:

SERVICES SCHEDULE

- a. Maintain records of quantities and total heating value of Gas sold by EnCana to each Customer and transportation volumes allocated at the Niagara check meter by Tennessee to the account of each Customer;

- b. Transmit promptly to the respective Customer all notices received from EnCana under a Gas Sales Agreement, receive notices from Customers of their Scheduled Contract Quantities pursuant to GSA Section 5.1, transmit to EnCana the nominations of each Customer pursuant to GSA Section 5.1;
- c. Coordinate re-offerings of Gas not nominated by individual Customers to other Customers pursuant to GSA Section 5.1 and AA Section 3;
- d. Notify promptly Customers of the effective monthly Contract Price and, when applicable, the effective Reference Price under the respective Gas Sales Agreements;
- e. Prepare and file on behalf of Customers any operational reports which may be required by regulatory authorities, including without limitation quarterly reports required by the U.S. Department of Energy Office of Fossil Energy;
- f. Prepare and file required U.S. Customs forms and arrange for payment of any levies pertaining to the importation of Gas;
- g. Analyze and reconcile the nominated and received Gas volumes;
- h. Review periodic meter station inspections reports concerning Tennessee's Niagara check meter facility and if necessary, witness annual inspection of same;
- i. Open and maintain such bank accounts as may be necessary for NEGM to perform its services pursuant to this Agreement;
- j. Coordinate meetings of representatives of Customers, EnCana, Tennessee, and any other appropriate parties; as may be necessary to discuss and resolve operational, commercial and regulatory issues;
- k. Retain legal counsel and other outside professional services as directed by Customers;
- l. Acknowledge the receipt, and verify the accuracy, of invoices from EnCana and from third parties, including but not limited to taxing authorities, vendors, lawyers and consultants;
- m. Render invoices to each Customer for amounts due in accordance with the terms of the respective Gas Sales Agreements, the Agency Agreement and this Agreement;
- n. Monitor receipt by NEGM of amounts due from each Customer in accordance with the terms of the respective Gas Sales Agreements, the Agency Agreement and this Agreement;
- o. Remit promptly sums due and owing by Customers to EnCana and third parties (including fees due under this Agreement);
- p. Maintain such office facilities, personnel and equipment as may be necessary for NEGM to perform its services pursuant to this Agreement; and
- q. Perform such other acts as may be necessary or appropriate for proper performance, implementation and administration of the Gas Sales Agreements, the Agency Agreement and this Agreement.

3. It is understood and agreed that NEGM shall receive its instructions from and shall report exclusively to Customers in the performance of this Agreement.

4. NEGM shall cause detailed books and records pertaining to the services rendered hereunder to be kept in accordance with generally accepted accounting principles and all applicable regulatory requirements. All such books and records shall be the property of NEGM and shall be kept available for use, audit and inspection by Customers or their authorized representatives during the term of this Agreement and for six years thereafter.

5. As compensation for the services rendered by NEGM pursuant to this Agreement, each Customer shall pay to NEGM each Month a fee equal to the product of Gas and the effective Daily Contract Quantity under its respective Gas Sales Agreement and the number of Days in such Month, without regard to actual quantities of Gas delivered to such Customer for that Month. NEGM's charge shall be included in the monthly invoices rendered by NEGM to Customers pursuant to AA Section 4.

6. NEGM may arrange with outside persons or organizations to perform services necessary to the administration of the Gas Sales Agreements, such as legal, consulting, internal and external audits, and bank escrow services. Such services shall be outside the scope of this Agreement and shall be performed pursuant to written agreements between such persons or organizations and NEGM. Any such agreement for outside services shall set forth the rate of compensation and the scope of services to be performed. Each Customer shall be responsible for the charges and related expenses for any such services in the same proportion that its Daily Contract Quantity bears to the sum of the Daily Contract Quantities of all Customers. Such charges and related expenses shall be billed by the provider of such service to NEGM and shall be included in the monthly invoices rendered by NEGM to Customers pursuant to AA Section 4.

NEGM shall remit sums due for such services promptly upon receipt of payment therefor from Customers. In no event shall NEGM be required to disburse monies from its own funds for such services.

7. The parties hereto acknowledge that, pursuant to AA Section 4, NEGM is to render monthly invoices to Customers. It is understood and agreed that such monthly invoices shall be prepared and rendered by NEGM to each Customer and shall include amounts due and payable by such Customer to EnCana under GSA Section 7.2, to NEGM under Section 5 hereof and to third parties under Section 6 hereof. It is further understood and agreed that deposits made by each Customer pursuant to AA Section 5 shall include all such amounts due and payable by such Customer as set forth on such monthly invoices, subject to such Customer's right under GSA Section 7.5 to dispute amounts due to EnCana. NEGM shall disburse (a) pursuant to AA Section 5, to EnCana by the Payment Date the amounts due and payable by each Customer and (b) the amounts due and payable to NEGM and to third parties by the dates due in accordance with Sections 5 and 6 hereof.

8. NEGM shall be indemnified and held harmless by the Customers against any and all claims and demands arising out of the Customers' obligations under their respective Gas Sales Agreements, NEGM's actions as agent under the Agency Agreement or NEGM's performance of services under this Agreement, except for claims and demands caused by NEGM's gross negligence or willful misconduct, including, but not limited to, criminal actions, provided, however, that this indemnification provision must be construed in a manner consistent with Section 10 of this Agreement. Customers shall be indemnified and held harmless by NEGM against any and all claims and demands arising out of NEGM's activities unrelated to its actions as agent under the Agency Agreement or its performance of services under this Agreement and any and all claims and demands arising out of or in any way connected with the Agency

Agreement or this Agreement which arise out of NEGM's gross negligence or willful misconduct, including, but not limited to, criminal actions. This Section 8 is not intended to limit the remedies available to a party in the event of a material breach of this Agreement.

9. NEGM may not assign its rights or obligations under this Agreement without the prior written approval of Customers. Each Customer may assign its rights and obligations under this Agreement only in connection with an assignment of its rights and obligations under its respective Gas Sales Agreement in accordance with the terms thereof.

10. It is understood and agreed that the obligations and liabilities of each Customer under its respective Gas Sales Agreement, the Agency Agreement and this Agreement are several, and not joint or collective.

11. No partnership, joint venture, association or other such relationship among the Customers is created by this Agreement.

12. Nothing in this Agreement limits the ability of NEGM or any Customer to engage in any business, in any transaction or in any relationship with any entity.

13. It is understood and agreed that NEGM shall receive its instructions from, and report to, each Customer with respect to its respective Gas Sales Agreement, but in no event shall have any liability to EnCana under the terms of such Gas Sales Agreement.

14. All notices and communications made pursuant to this Agreement shall be in writing, shall be addressed as specified in the Appendix hereto, and shall, if transmitted and confirmed by facsimile, telecopier, or other similar form of telecommunication or by email during

normal business hours, be deemed to have been given or made on the day on which so transmitted, and if sent by overnight courier and delivery is confirmed, or if mailed by registered or certified mail, return receipt requested, shall be deemed to have been given or made on the day on which delivered.

15. No waiver by any party of any default in the performance of any provisions of this Agreement shall be construed as a waiver of any other default whether of a like or different nature.

16. This Agreement shall not be amended except by written agreement of all the parties hereto.

17. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York.

18. NEGM agrees to perform all services hereunder in compliance with all applicable laws, rules and regulations. This Agreement shall be subject to all applicable laws, rules and regulations and orders of all governmental and regulatory bodies having jurisdiction and shall terminate to the extent that performance may conflict with any rule, regulation or order of the Securities and Exchange Commission adopted before or after the effective date hereof.

19. This Agreement shall become effective as between NEGM and each Customer as of the date on which such Customer's Gas Sales Agreement becomes effective and, except as hereafter provided in this Section 19, shall continue in full force and effect until the latest termination of a Customer Gas Sales Agreement, provided, however, that this Agreement will not be effective with respect to any Customer as of the termination of its respective Gas Sales

Agreement. Each Customer shall have the right to terminate or suspend this Agreement, effective thirty (30) days after giving notice thereof, in the event of (a) a material breach of this Agreement by NEGM not cured by NEGM within thirty (30) days of Customer giving NEGM notice of such breach or (b) three or more material breaches of this Agreement by NEGM over any consecutive sixty (60) day period, provided that such Customer has not caused, or taken any action to contribute to, any such material breach. If any of the Gas Sales Agreements is renewed, this Agreement will be deemed to be renewed as between NEGM and each renewing Customer for the term of each such renewed Gas Sales Agreement.

20. It is agreed that each party hereto will maintain this Agreement, and any proprietary information to which it has access as a consequence of this Agreement, in strict confidence, and that it will not cause or permit disclosure of same to any third party without the express written consent of the other parties or, in the case of proprietary information, the parties owning such information, provided that disclosure by a party is permitted in the event and to the extent disclosure is required (1) in the course of routine audit procedures or to enforce the provisions of this Agreement or (2) by a court or agency exercising jurisdiction over the subject matter hereof, by order or regulation or law, provided that in the event a party becomes aware of a judicial or administrative proceeding that has resulted or may result in such a requirement or need to disclose, it shall (A) so notify the affected parties immediately, (B) utilize all reasonably available means to limit the scope of the required disclosure, and (C) take all actions reasonably necessary to prevent disclosure to the public as a result of disclosure to the court or administrative body.

21. This Agreement may be executed in separate counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

NORTHEAST GAS MARKETS L.L.C.

Per: Michael S. Lucy
Michael S. Lucy
President

BAY STATE GAS COMPANY

Per: _____

Name Printed

Title

**ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England**

Per: _____

Name Printed

Title

THE BERKSHIRE GAS COMPANY

Per: Karen Zink
Karen Zink
Name Printed
Vice President
Title

**ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England**

Per: _____

Name Printed

Title

**BOSTON GAS COMPANY d/b/a KeySpan
Energy Delivery New England**

Per: _____

Name Printed

Title

**THE BROOKLYN UNION GAS COMPANY
d/b/a KeySpan Energy Delivery New York by its
agent KeySpan Utility Services LLC**

SPA
Per: _____

Charles D'Amico

Name Printed

Vice President, KeySpan Utility Services
Title

**KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC**

SPA
Per: _____

Charles D'Amico

Name Printed

Vice President, KeySpan Utility Services
Title

NORTHERN UTILITIES, INC.

Per: _____

Name Printed

Title

21. This Agreement may be executed in separate counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Agreement.

NORTHEAST GAS MARKETS L.L.C.

Per: Michael S. Lucy
Michael S. Lucy
President

BAY STATE GAS COMPANY

Per: Kenneth M. Margossian
Kenneth M. Margossian
Name Printed
Exec VP & COO
Title

THE BERKSHIRE GAS COMPANY

Per: _____

Name Printed

Title

ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England

Per: _____

Name Printed

Title

ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England

Per: _____

Name Printed

Title

**BOSTON GAS COMPANY d/b/a KeySpan
Energy Delivery New England**

Per: _____

Name Printed

Title

**THE BROOKLYN UNION GAS COMPANY
d/b/a KeySpan Energy Delivery New York by its
agent KeySpan Utility Services LLC**

Per: _____

Name Printed

Title

**KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC**

Per: _____

Name Printed

Title

NORTHERN UTILITIES, INC.

Per: Kenneth M. Margossian

Kenneth M. Margossian
Name Printed

Exec. VP E COO
Title

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IN WITNESS WHEREOF, the Parties have executed this Agreement.

NORTHEAST GAS MARKETS L.L.C.

Per: Michael S. Lucy
Michael S. Lucy
President

BAY STATE GAS COMPANY

Per: _____

Name Printed

Title

THE BERKSHIRE GAS COMPANY

Per: _____

Name Printed

Title

**ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England**

Per: Barbara Kates Garnick
Barbara Kates Garnick
Name Printed
Vice President
Title TPO

**ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England**

Per: Barbara Kates Garnick
Barbara KATES GARNICK
Name Printed
Vice President
Title TPO

BOSTON GAS COMPANY d/b/a KeySpan
Energy Delivery New England

Per: Barbara Kates Garnick

Barbara KATES-Garnick
Name Printed

Vice President
Title TPU

THE BROOKLYN UNION GAS COMPANY
d/b/a KeySpan Energy Delivery New York by its
agent KeySpan Utility Services LLC

Per: _____

Name Printed

Title

KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC

Per: _____

Name Printed

Title

NORTHERN UTILITIES, INC.

Per: _____

Name Printed

Title

Appendix 1

Northeast Gas Markets LLC

Michael S. Lucy
President
100 Cummings Center
Suite 457G
Beverly, MA 01915-6132
Tel. #: 978.922.1194
Fax #: 978.922.1195

KeySpan Energy Delivery New York

Ed Anderson
Director, Gas Supply
100 East Old Country Road
Hicksville, NY 11801
Tel. #: 516.545.6043
Fax #: 516.545.5467

KeySpan Energy Delivery New England

Elizabeth Danehy
Director, Gas Supply
201 Rivermoor Street
West Roxbury, MA 02132
Tel. #: 617.723.5512 ext. 4730
Fax #: 617.323.5372

Bay State Gas

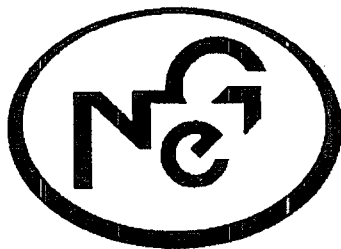
Northern Utilities

F. Chico DaFonte
Director, Energy Supply Services
300 Friberg Parkway
Westborough, MA 01581
Tel. #: 508.836.7253
Fax #: 508.870.2294

Berkshire Gas

Karen Zink
Vice President of Marketing and Resource Planning
115 Cheshire Road
Pittsfield, MA 01201
Tel #: 413.445.0244
Fax #: 413.443.0546

EXHIBIT D



Northeast Gas Markets

100 Cummings Center
Suite 457G
Beverly, MA 01915
Telephone: (978) 922-1194
Fax: (978) 922-1195

NEGM AGENCY AGREEMENT

This Agency Agreement is made this 8th day of August, 2002 by and among Northeast Gas Markets LLC ("NEGM") and the following local distribution companies: Bay State Gas Company; The Berkshire Gas Company; Boston Gas Company d/b/a/KeySpan Energy Delivery New England; KeySpan Utility Services LLC, as agent for The Brooklyn Union Gas Company d/b/a/KeySpan Energy Delivery New York; EnergyNorth Natural Gas, Inc. d/b/a/KeySpan Energy Delivery New England; Essex Gas Company d/b/a/KeySpan Energy Delivery New England; KeySpan Utility Services LLC, as agent for KeySpan Gas East Corporation d/b/a/KeySpan Energy Delivery Long Island; and, Northern Utilities, Inc. (herein individually "Customer" and collectively "Customers").

WITNESSETH:

WHEREAS, each Customer has or will enter into a certain Gas Sales Agreement with EnCana Corporation ("EnCana"), providing for the sale and export by EnCana and the purchase and import by such Customer of Canadian natural gas (individually "Gas Sales Agreement" or "GSA" and collectively "Gas Sales Agreements"), the form of each such Gas Sales Agreement being appended hereto in Appendix 1;

WHEREAS, each Customer desires that NEGM act on its behalf as administrative agent for all purposes under its respective Gas Sales Agreement; and,

WHEREAS, NEGM is willing to act on behalf of each Customer as administrative agent for all purposes under its respective Gas Sales Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein NEGM and Customers mutually agree as follows:

1. Unless otherwise provided, all terms defined in the Gas Sales Agreements shall have the same meaning when used in this Agreement.

2. Each Customer hereby authorizes NEGM to act on its behalf as administrative agent for all purposes under and with respect to its respective Gas Sales Agreement, including, without limitation, submitting nominations to EnCana on behalf of Customer pursuant to GSA Article 5, coordinating the election by Customer pursuant to GSA Article 5 to purchase quantities not being purchased by an Other Customer, receiving invoices and making payments on behalf of Customer pursuant to GSA Article 7, declaring, or receiving notice of, *Force Majeure* on behalf of Customer pursuant to GSA Article 12, negotiating or determining an Alternate Index on behalf of Customer pursuant to GSA Article 4, and carrying out all other necessary actions related to the Gas Sales Agreement, including, without limitation, preparing and filing U.S. Customs forms and payments and other operational reports as may be required by regulatory agencies. In addition to the acts NEGM is expressly required to perform under this Agency Agreement, NEGM shall perform all such other acts as may be necessary or appropriate for proper performance, implementation and administration of the Gas Sales Agreement and this Agency Agreement.

3. Each Customer hereby agrees that it shall provide telephone notice to NEGM, confirmed by facsimile or email, of the quantity of Gas Customer requires EnCana to deliver at the Delivery Point on each day of the Month prior to 10:00 a.m. Eastern Clock Time on the "NEGM Nomination Day," which NEGM Nomination Day shall be the last Business Day prior to the day that NEGM on behalf of Customer is required to give notice of nominations to EnCana pursuant to GSA Section 5.1 ("EnCana Nomination Day"). To the extent that the nominated Scheduled Contract Quantity of any Customer is less than its DCQ for the Month, NEGM, as promptly as possible on the NEGM Nomination Day, shall give notice by facsimile or email to each other Customer that such difference is available for purchase by any other Customer. Any such other Customer, again as promptly as possible on the NEGM Nomination Day, may give notice by facsimile or email to NEGM that it desires to purchase all or a portion of such difference. Each such other Customer shall be entitled to elect to purchase a portion of such difference in the same proportion that its DCQ bears to the sum of the DCQs of all other Customers electing to purchase a portion of such difference. NEGM, again as promptly as possible on the NEGM Nomination Day, shall confirm with each Customer electing to purchase a portion of such difference the specific quantity that may be, and is, elected by such Customer and, on the EnCana Nomination Day, shall give notice of the resulting Scheduled Contract Quantity for such Customer to EnCana in accordance with GSA Section 5.1.

4. The parties hereto acknowledge that, pursuant to GSA Section 7.1, EnCana is to render monthly invoices to NEGM on behalf of the respective Customer. Promptly upon the receipt of the monthly invoices from EnCana, NEGM shall render to each Customer an invoice for the amounts payable by it.

5. Each Customer shall remit to NEGM by 11:00 a.m. Eastern Clock Time on the Payment Date the amount due and payable as set forth in the invoice rendered to it by NEGM. NEGM shall disburse to EnCana the amounts due and payable by each Customer to EnCana

under the Gas Sales Agreements by the Payment Date. Any Customer making a late deposit shall be responsible for any Interest or other charges incurred as a result of such late deposit.

6. In the event that a Customer disputes an amount due to EnCana as billed by NEGM, such NEGM Customer shall notify NEGM of the dispute at least one Business Day prior to the Payment Date under the Gas Sales Agreement and shall remit to NEGM such amount as it concedes to be correct in accordance with the terms of the preceding Section 5 of this Agreement. NEGM, as agent for such Customer, shall promptly declare a dispute to EnCana in accordance with GSA Section 7.5 and shall take any such dispute into account in disbursing funds on behalf of NEGM, as agent for the Customer, to EnCana.

7. Each Customer shall have the right to audit the books and accounts of NEGM for purposes of determining the accuracy of the amounts payable by it as set forth in the invoices rendered to it by NEGM. In the event that an error is discovered in any such invoice rendered by NEGM, a proper credit or debit adjusting such error shall be shown on the next scheduled invoice. In the event that the last such invoice has been issued prior to an error being discovered, a proper credit or debit adjusting such error shall be shown on an invoice to be issued by NEGM within 30 days of the discovery of the error and shall be paid within 30 days of the issuance of such invoice.

8. Each Customer hereby authorizes NEGM to receive notices on its behalf under its respective Gas Sales Agreement. NEGM hereby agrees to promptly transmit any such notices, and any other notices received on behalf of Customer from any third party, to the Customer. NEGM further hereby agrees that NEGM will transmit a notice on behalf of Customer to EnCana or any third party promptly upon receipt of any such instruction from Customer.

9. NEGM may not assign its rights and obligations under this Agreement without the prior written approval of the Customers. Each Customer may assign its rights and obligations under this Agreement only in connection with an assignment of its rights and obligations under its respective Gas Sales Agreement in accordance with the terms thereof.

10. It is understood and agreed that the obligations and liabilities of each Customer under its respective Gas Sales Agreement and under this Agency Agreement are several, and not joint or collective.

11. No partnership, joint venture, association or other such relationship among the Customers is created by this Agreement.

12. Nothing in this Agreement limits the ability of NEGM or any Customer to engage in any business, in any transaction or in any relationship with any entity.

13. It is understood and agreed that NEGM shall receive its instructions from, and report to, each Customer with respect to its respective Gas Sales Agreement, but in no event shall have any liability to EnCana under the terms of such Gas Sales Agreement.

14. NEGM shall be indemnified and held harmless by the Customers against any and all claims and demands arising out of the Customers' obligations under their respective Gas Sales Agreements or NEGM's actions as agent under this Agreement, except for claims and demands caused by NEGM's gross negligence or willful misconduct, including, but not limited to, criminal actions, provided, however, that this indemnification provision must be construed in a manner consistent with Section 10 of this Agreement. Customers shall be indemnified and held harmless by NEGM against any and all claims and demands arising out of NEGM's activities unrelated to its actions as agent under this Agreement and any and all claims and demands arising out of or in any way connected with this Agreement which arise out of NEGM's gross negligence or willful misconduct, including, but not limited to, criminal actions. This Section 14 is not intended to limit the remedies available to a party in the event of a material breach of this Agreement.

15. All notices and communications made pursuant to this Agreement shall be in writing, shall be addressed as specified in Appendix 2 hereto, and shall, if transmitted and confirmed by facsimile, telecopier, or other similar form of telecommunication or by email during normal business hours, be deemed to have been given or made on the day on which so transmitted, and if sent by overnight courier and delivery is confirmed, or if mailed by registered

or certified mail, return receipt requested, be deemed to have been given or made on the day on which delivered.

16. No waiver by any party of any default in the performance of any provisions of this Agreement shall be construed as a waiver of any other default whether of a like or different nature.

17. This Agreement shall not be amended except by written agreement of all the parties hereto.

18. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York.

19. NEGM agrees to perform its duties hereunder as agent in compliance with all applicable laws, rules and regulations. This Agreement shall be subject to all applicable laws, rules and regulations and orders of all governmental and regulatory bodies having jurisdiction and shall terminate to the extent that performance may conflict with any rule, regulation or order of the Securities and Exchange Commission adopted before or after the effective date hereof.

20. This Agreement shall become effective as between NEGM and each Customer as of the date on which such Customer's Gas Sales Agreement becomes effective and, except as hereafter provided in this Section 20, shall continue in full force and effect until the termination of the last Gas Sales Agreement to terminate, provided, however, that this Agreement will not be effective with respect to any Customer as of the termination of its respective Gas Sales Agreement and provided further that each Customer shall have the right to terminate or suspend this Agreement, effective thirty (30) days after giving notice thereof, in the event of (a) a material breach of this Agreement by NEGM not cured by NEGM within thirty (30) days of Customer giving NEGM notice of such breach or (b) three or more material breaches of this Agreement by NEGM over any consecutive sixty (60) day period, provided that such Customer has not caused, or taken any action to contribute to, any such material breach. If any of the Gas

Sales Agreements is renewed, this Agreement will be deemed to be renewed as between NEGM and each renewing Customer for the term of each such renewed Gas Sales Agreement.

21. It is agreed that each party hereto will maintain this Agreement, and any proprietary information to which it has access as a consequence of this Agreement, in strict confidence, and that it will not cause or permit disclosure of same to any third-party (except disclosure of this Agreement to EnCana) without the express written consent of the other parties, or in the case of proprietary information, the parties owning such information, provided that disclosure by a party is permitted in the event and to the extent disclosure is required (1) in the course of routine audit procedures or to enforce the provisions of this Agreement or (2) by a court or agency exercising jurisdiction over the subject matter hereof, by order or regulation or law, provided that in the event a party becomes aware of a judicial or administrative proceeding that has resulted or may result in such a requirement or need to disclose, it shall (A) so notify the affected parties immediately, (B) utilize all reasonably available means to limit the scope of the required disclosure, and (C) take all actions reasonably necessary to prevent disclosure to the public as a result of disclosure to the court or administrative body.

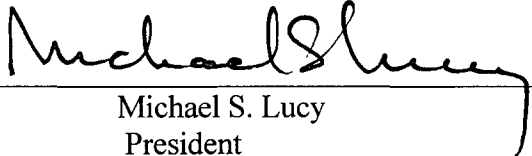
22. This Agreement may be executed in separate counterparts and all of such counterparts taken together shall be deemed to constitute on and the same instrument. IN

WITNESS WHEREOF, the Parties have executed this Agreement.

NORTHEAST GAS MARKETS L.L.C.

**ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England**

Per: _____


Michael S. Lucy
President

Per: _____

Name Printed

Title

BAY STATE GAS COMPANY

**ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England**

Per: _____

Per: _____

Name Printed

Name Printed

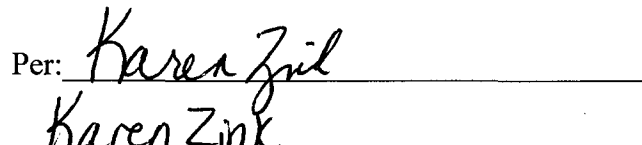
Title

Title

THE BERKSHIRE GAS COMPANY

**KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC**

Per: _____


Karen Zink
Name Printed
Vice President
Title

Per: _____

Name Printed

Title

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WITNESS WHEREOF, the Parties have executed this Agreement.

NORTHEAST GAS MARKETS L.L.C.

ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England

Per: Michael S. Lucy
Michael S. Lucy
President

Per: _____

Name Printed

Title

BAY STATE GAS COMPANY

ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England

Per: Kenneth Margossian
Kenneth Margossian
Name Printed

Per: _____

Name Printed

Title

Exec. VP & COO
Title

THE BERKSHIRE GAS COMPANY

KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC

Per: _____

Per: _____

Name Printed

Name Printed

Title

Title

**BOSTON GAS COMPANY d/b/a KeySpan
Energy Delivery New England**

Per: _____

Name Printed

Title

NORTHERN UTILITIES, INC.

Per: Kenneth M. Margossian

Kenneth M. Margossian
Name Printed

Exec. VP & COO
Title

**THE BROOKLYN UNION GAS COMPANY
d/b/a KeySpan Energy Delivery New York by its
agent KeySpan Utility Services LLC**

Per: _____

Name Printed

Title

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NORTHEAST GAS MARKETS L.L.C.

**ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England**

Per: Michael S. Lucy
Michael S. Lucy
President

Per: Barbara Kates-Garnick
Barbara KATES-GARNICK
Name Printed

Vice President
Title TPO

BAY STATE GAS COMPANY

**ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England**

Per: _____
Name Printed

Per: Barbara Kates-Garnick
Barbara KATES-GARNICK
Name Printed

Title

Vice President
Title TPO

THE BERKSHIRE GAS COMPANY

**KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC**

Per: _____
Name Printed

Per: _____
Name Printed

Title

Title

BOSTON GAS COMPANY d/b/a KeySpan
Energy Delivery New England

Per: Barbara Kates-Garnick
Barbara KATES-GARNICK
Name Printed

Vice President
Title
VP

THE BROOKLYN UNION GAS COMPANY
d/b/a KeySpan Energy Delivery New York by its
agent KeySpan Utility Services LLC

Per: _____

Name Printed

Title

NORTHERN UTILITIES, INC.

Per: _____

Name Printed

Title

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**ENERGYNORTH NATURAL GAS, INC. d/b/a
KeySpan Energy Delivery New England**

Per: Michael S. Lucy
Michael S. Lucy
President

Per: _____

Name Printed

Title

BAY STATE GAS COMPANY

**ESSEX GAS COMPANY d/b/a KeySpan Energy
Delivery New England**

Per: _____

Per: _____

Name Printed

Name Printed

Title

Title

THE BERKSHIRE GAS COMPANY

**KEYSPAN GAS EAST CORPORATION d/b/a
KeySpan Energy Delivery Long Island by its agent
KeySpan Utility Services LLC**

Per: _____

Per: Charles D'Amico

Name Printed

Charles D'AMICO
Name Printed

Title

Vice President KeySpan Utility Services
Title

**BOSTON GAS COMPANY d/b/a KeySpan
Energy Delivery New England**

Per: _____

Name Printed

Title

NORTHERN UTILITIES, INC.

Per: _____

Name Printed

Title

**THE BROOKLYN UNION GAS COMPANY
d/b/a KeySpan Energy Delivery New York by its
agent KeySpan Utility Services LLC**

Per: ^{SPA}  _____

Charles D'Amico
Name Printed

Vice President, KeySpan Utility Services
Title

Appendix 2

Northeast Gas Markets LLC

Michael S. Lucy
President
100 Cummings Center
Suite 457G
Beverly, MA 01915-6132
Tel. #: 978.922.1194
Fax #: 978.922.1195

KeySpan Energy Delivery New York

Ed Anderson
Director, Gas Supply
100 East Old Country Road
Hicksville, NY 11801
Tel. #: 516.545.6043
Fax #: 516.545.5467

KeySpan Energy Delivery New England

Elizabeth Danehy
Director, Gas Supply
201 Rivermoor Street
West Roxbury, MA 02132
Tel. #: 617.723.5512 ext. 4730
Fax #: 617.323.5372

Bay State Gas

Northern Utilities

F. Chico DaFonte
Director, Energy Supply Services
300 Friberg Parkway
Westborough, MA 01581
Tel. #: 508.836.7253
Fax #: 508.870.2294

Berkshire Gas

Karen Zink
Vice President of Marketing and Resource Planning
115 Cheshire Road
Pittsfield, MA 01201
Tel #: 413.445.0244
Fax #: 413.443.0546

Reilly, Allyson

02-97

From: Robins, Janet [RobinsJ@dsmo.com]**Sent:** Monday, December 30, 2002 10:14 AM**To:** Reilly, Allyson**Subject:** Long term Import Applications of Bay State Gas Company and Northern Utilities, Inc.

Dear Ms. Reilly,

This e-mail confirms our telephone conversation earlier today and responds to your request this morning that we provide you with the volume of gas that Bay State Gas Company and Northern Utilities, Inc. propose to import and export under their long term applications in Mcf rather than in Dth. As I explained in my earlier telephone message to you, we are assuming a heat content of 1 Btu/cf and, at that heat content, 1 Mcf of gas is equivalent to 1 Dth. Thus, Northern Utilities' and Bay State's applications request for authority to import and export up to 62,748 Dth/day, can be converted to a request to import and export 62,748 Mcf/day.

I am sorry for any confusion. Thank you for your assistance. If you have any other questions or concerns, please do not hesitate to let me know.

Sincerely,

Janet M. Robins

Janet M. Robins

Dickstein Shapiro Morin & Oshinsky, LLP

2101 L. Street, N.W.

Washington, D.C. 20037-1526

202-775-4783

=====

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To reply to our email administrator directly, send an email to postmaster@dsmo.com

Dickstein Shapiro Morin & Oshinsky LLP

<http://www.legalinnovators.com>

12/30/2002

Reilly, Allyson

From: Robins, Janet [RobinsJ@dsmo.com]
Sent: Monday, December 30, 2002 11:43 AM
To: Reilly, Allyson
Cc: Webb, Beth
Subject: Long Term Import Applications of Bay State Gas Companies and Northern Utilities, Inc.

Dear Ms. Reilly,

This e-mail confirms our telephone conversation earlier today and responds to your concern that Bay State and Northern Utilities have requested both import and export authority in their long-term applications, even though the underlying gas sales agreements relate only to gas that will be imported. You have advised us that, based on the information in the applications, OFE can grant only long-term import authority at this time. If Bay State and Northern Utilities want to export volumes connected with the gas sales contracts, they will need to use blanket export authority or submit a new export application.

In light of our discussion this morning, we are requesting that you amend the long term import and export applications of Bay State and Northern Utilities to eliminate their request for long term export authority.

Thank you for your assistance. If you have any other questions or concerns, please do not hesitate to call or e-mail me.

Sincerely,

Janet M. Robins


Janet M. Robins
Dickstein Shapiro Morin & Oshinsky, LLP
2101 L. Street, N.W.
Washington, D.C. 20037-1526
202-775-4783

Janet M. Robins
Dickstein Shapiro Morin & Oshinsky, LLP
2101 L. Street, N.W.
Washington, D.C. 20037-1526
202-775-4783

e-mail message and any attached files are confidential and are intended solely for the use of the addressee(s) named above. This communication may contain material protected by attorney-client, work product, or other privileges. If you are not the intended recipient or person responsible for delivering this confidential communication to the intended recipient, you have received this communication in error, and any review, use, dissemination, forwarding, printing, copying, or other distribution of this e-mail message and any attached files is strictly prohibited. If you have received this confidential communication in error, please notify the sender immediately by reply e-mail message and permanently delete the original message.

12/30/2002

To reply to our email administrator directly, send an email to postmaster@dsmo.com

 Dickstein Shapiro Morin & Oshinsky LLP
<http://www.legalinnovators.com>

UNITED STATES OF AMERICA
DEPARTMENT OF ENERGY
OFFICE OF FOSSIL ENERGY

RECEIVED
FE DOCKET ROOM

2003 JAN -7 P 1:08

OFFICE OF FOSSIL ENERGY
U.S. DEPARTMENT OF ENERGY

BAY STATE GAS COMPANY

)
)
)
FE DOCKET NO. 02-97-NG

ORDER GRANTING LONG-TERM AUTHORIZATION
TO IMPORT NATURAL GAS FROM CANADA

DOE/FE ORDER NO. 1843

JANUARY 7, 2003

I. DESCRIPTION OF REQUEST

On December 18, 2002, as amended on December 30, 2002, Bay State Gas Company (Bay State) filed an application with the Office of Fossil Energy of the Department of Energy (DOE), under section 3 of the Natural Gas Act (NGA),^{1/} for authority to import up to 62,748 Dth (62,748 Mcf)^{2/} per day of natural gas from Canada, under a gas sales agreement (sales agreement) with ENCANA Corporation. Bay State, a local distribution company with its principal office in Westborough, Massachusetts, is a wholly-owned subsidiary of NiSource, Inc. and an affiliate of Northern Utilities. Under the sales agreement, effective July 11, 2002, the initial term begins on January 15, 2003, and ends February 1, 2003. The primary term of the gas sales agreement is from February 1, 2003, until April 1, 2005. Bay State will use the gas as system supply to serve its customers in Maine and Massachusetts. The imported gas will enter the United States at the interconnection of the facilities of TransCanada Pipelines Limited and Tennessee Gas Pipeline at Niagara Falls, New York.

The price paid for the gas during the initial term is tied to a "Midpoint Price" as set forth in the "*Daily Price Survey*" published by *Gas Daily*, for deliveries at Niagara. The primary term price is tied to the "*Gas Daily Price Guide*" published monthly by *Gas Daily*, also for deliveries at Niagara in the applicable month.

On August 8, 2002, Bay State and Northeast Gas Markets, LLC (NEGM) entered into the an agreement in which NEGM will act as the administrative agent for all purposes of the gas

^{1/} 15 U.S.C. § 717b. This authority is delegated to the Assistant Secretary for Fossil Energy pursuant to Redeleation Order No. 00-002.4 (January 8, 2002).

^{2/} One dekatherm (Dth) is equal to approximately one Mcf.

sales agreement. The fee paid to NEGM is based on the daily contract quantity and the number of days in the month.

II. FINDING

The application filed by Bay State has been evaluated to determine if the proposed import arrangement meets the public interest requirement of section 3 of the NGA, as amended by section 201 of the Energy Policy Act of 1992 (Pub. L. 102-486). Under section 3(c), the import of natural gas from a nation with which there is in effect a free trade agreement requiring national treatment for trade in natural gas is deemed to be consistent with the public interest and must be granted without modification or delay. The authorization sought by Bay State to import natural gas from Canada, a nation with which a free trade agreement is in effect, meets the section 3(c) criterion and, therefore, is consistent with the public interest.

ORDER

Pursuant to section 3 of the Natural Gas Act, it is ordered that:

A. Bay State Gas Company (Bay State) is authorized to import up to 62,748 Mcf per day of natural gas from Canada beginning on January 15, 2003, and extending through April 1, 2005.

B. The natural gas may be imported at a point on the border between the United States and Canada, at or near Niagara Falls, New York, under the conditions of the gas sales agreement with ENCANA Corporation effective July 11, 2002.

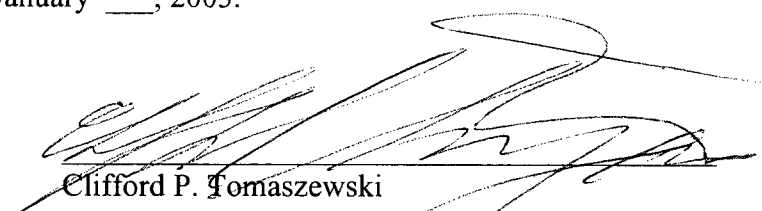
C. With respect to the natural gas imports authorized by this Order, Northeast Gas Markets, LLC (NEGM) on behalf of Bay State will file with the Office of Natural Gas & Petroleum Import & Export Activities, within 30 days following each calendar quarter, reports

indicating whether imports of natural gas have been made. If no imports of natural gas have been made, a report of "no activity" for that calendar quarter must be filed. If imports have occurred, NEGM must report total monthly volumes in Mcf and the average purchase price of gas per MMBtu at the international border. The reports will also provide the following details of each import transaction: (1) the name of the seller; (2) the name of the purchaser; (3) the estimated or actual duration of the agreement; (4) the name of the United States transporter; (5) the point of entry; and (6) the geographic market served (State). [OMB NO.: 1901-0294]

D. The quarterly reports will be filed with the Office of Natural Gas & Petroleum Import & Export Activities, Fossil Energy, Room 3E-042, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585.

E. The first quarterly report is due not later than April 30, 2003, and should cover the period from January 15, 2003, until the end of the first calendar quarter, March 31, 2003.

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