

### RING FENCE CONDITIONS

(1) ~~A requirement that~~ GMP shall not make any distribution to its parent or to any affiliates that would cause GMP's equity capital to fall below 45 percent of GMP's total capitalization without first obtaining Board approval, except to the extent that the Board imputes a lower equity percentage for ratemaking purposes. The Board may re-examine this minimum common equity percentage as financial conditions change, and may determine that it be adjusted.

(2) ~~A requirement that GMP, its parent and Gaz Métro shall provide the Board and the Department unrestricted access to all written information provided to common stock, bondholders, or bond credit rating analysts, which directly or indirectly pertains to GMP, its parent, Gaz Métro or to any affiliate that exercises influence or control over GMP. Such information includes, but is not limited to, reports provided to, and presentations made to, common stock analysts and bondholders and credit rating analysts. For purposes of this condition, "written" information includes but is not limited to any written and printed material, audio and video tapes, computer disks and electronically stored information. Nothing in this condition shall be deemed to be a waiver of GMP's right to seek protection of the information.~~

(3) ~~A requirement that~~ Unless such a disclosure is determined to be unlawful by the Board, GMP shall notify the Board and Department of:

(a) Its intention to transfer an amount that is more than 10 percent of GMP's common total stockholder equity capital to its parent or affiliates (or any combination thereof) over a 12-month period, at least 60 days before such a transfer begins;-

(b) Its intention to declare a special cash dividend from GMP, at least 30 days before declaring each such dividend; and-

(c) All regular common stock cash dividends from GMP within 10 days after declaring each such dividend.

~~(4) To the extent that it is not already adequately covered by the requirements specified in 30 VSA § 108, there should be a specific requirement that without the prior and specific authorization of the Board, neither GMP, its parent nor Gaz Métro shall notify the Board and Department prior to any transfer, merge, sell, lease, encumber or otherwise dispose of GMP's utility property that is not subject to Board approval and that which (a) has a net book value in excess of \$10,000,000 which is included in Vermont rate base, and (b) has costs recovered through rates regulated by the Board.~~

~~(5) The Board should also consider applying the following principles to proceeds of any new financing involving utility property of GMP which that is secured by GMP assets and either (i) is included in Vermont rate base, or (ii) has costs recovered through rates regulated by the Board, must be used for utility purposes only:~~

~~(a) Proceeds of debt that is secured by utility assets must be used for utility purposes only;~~

~~(b) If any utility assets that are pledged or encumbered to secure debt issuances are divested, the debt must "follow" the assets and be divested as well. The term "divested" in this context includes moving assets to both affiliated and non-affiliated corporations;~~

~~(c) If utility assets financed by unsecured debt are divested to another entity, then a proportionate share of the debt also must be divested.~~