

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
RATES APPLICABLE TO QUALIFYING FACILITIES
AND ON-SITE GENERATING FACILITIES
SCHEDULE QF

AVAILABILITY

The Company will purchase electricity from and provide certain service to any qualifying small power producer or cogenerator ("Qualifying Facility" or, "QF"), or On-Site Generating Facility as defined in 220 CMR 8.02 in accordance with the provisions below, unless the Company has an exemption from the Federal Energy Regulatory Commission of its obligation to purchase.

PURCHASE RATES

Rates for Qualifying Facilities Greater than 1 MW

In accordance with 220 CMR 8.05(2)(a), Qualifying Facilities that have a design capacity of 1 MW or greater shall have their output metered and purchased at rates equal to the payments received by the Company from the ISO power exchange for such output for the hours in which the Qualifying Facility generated electricity in excess of its requirements.

Rates for Qualifying Facilities Greater than 60 kW but less than 1 MW

In accordance with 220 CMR 8.05(2)(b), Qualifying Facilities with a design capacity greater than 60 kW but less than 1MW, shall have their output metered and purchased at rates equal to the arithmetic average of the Short-Run Energy rate in the prior calendar month for the KWH which the Qualifying Facility generated electricity in excess of its requirements. The Short-Run Energy rate is the hourly market-clearing price for energy as determined by the ISO and its successors.

Rates for Qualifying Facilities of 60 kW or Less

In accordance with 220 CMR 8.05(2)(c), Qualifying Facilities with a design capacity of 60 kW or less shall have the option to have their output metered and purchased at rates equal to the arithmetic average of the Short-Run Energy rate in the prior calendar month for the KWH which the Qualifying Facility generated electricity in excess of its requirements, or such Qualifying Facilities may elect to use the net metering method.

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Net Metering

In accordance with 220 CMR 8.05(3), certain eligible Qualifying Facilities and On-Site Generating Facilities may elect net metering consistent with 220 CMR 18.00.

Rates for Capacity and Reserves-Related Products

In accordance with 220 CMR 8.05(7), the Company shall make payments to a Qualifying Facility for capacity and/or reserves-related products if the sale is recognized by NEPOOL as a capacity and/or reserves-related product sale. The Company shall pay rates equal to the payments received for the sale of any capacity and/or reserves-related products associated with such Qualifying Facility output to the ISO power exchange.

Line Losses

In accordance with 220 CMR 8.05(6), energy for purchases shall be adjusted to reflect the costs or savings in line losses that result from purchases from the Qualifying Facility. Because the appropriate line loss factor and adjustment may be unique to each interconnection, this adjustment will be determined on a case by case basis.

Non-PTF line loss factors will be developed utilizing loadflow models of the Company's transmission and distribution network between the point of interconnection and point of delivery to the NEPOOL PTF. Non-PTF are those facilities owned by FG&E that are not NEPOOL PTF. The Qualifying Facility or On-Site Generating Facility will be modeled at rated output and losses will be evaluated at three load levels:

Peak load: Load will be modeled at 100% of the projected peak system load for the year the generator is projected to be in service with the output at full capability.

Intermediate Load: Load will be modeled at 75% of the projected peak system load for the year the generator is projected to be in service with the output at full capability.

Light Load: Load will be modeled at 45% of the projected peak system load for the year the generator is projected to be in service with the output at full capability.

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Line loss factors will be calculated by dividing the resulting losses by the generator's rated output. The final loss factor will be calculated by averaging these three factors.

PAYMENT

Payment by Company for Power Supplied

In accordance with 220 CMR 8.04(9)(a), a Qualifying Facility or On-Site Generating Facility selling power to the Company may choose to receive a check from the Company as payment for power supplied or may have payment credited towards its bill from the Company.

Payment by Customer for Interconnection

In accordance with 220 CMR 8.04(9)(b), costs charged to a Qualifying Facility or On-Site Generating facility for interconnection, equipment, meters, and meter reading shall be the standard charges contained herein. Where standard charges are not applicable, the Company shall charge the Qualifying Facility or On-Site Generating Facility the Company's invoice cost of such equipment. Interconnection costs which are not standardized or invoiced shall be estimated on a case-by-case basis.

In accordance with 220 CMR 8.04(7)(c), for Qualifying Facilities selling electricity to the Company under Short-Run Rates, interconnection costs may be amortized over a period of up to three years, with the period of amortization chosen by the Qualifying Facility. If the charges are amortized, the Qualifying Facility will pay a monthly charge designed to recover the interconnection costs plus interest computed at the Company's average weighted cost of capital. The Qualifying Facility may instead elect to pay all interconnection costs at the time of the interconnection.

INTERCONNECTION STANDARDS

In accordance with the provisions of 220 CMR 8.04(1), the Company's interconnection standards for Qualifying Facilities and On-Site Generating Facilities located within its service territory are set forth in Unitil Interconnection Requirements for Customer Owned Generation. These standards for interconnection shall apply to all new Qualifying Facility and On-Site Generating Facility interconnections in the Company's service territory.

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In accordance with 220 CMR 8.04(6)(a), the Company is not required to interconnect with a Qualifying Facility and On-Site Generating Facility until 90 days after the Qualifying Facility and On-Site Generating Facility has notified the Company in writing that it intends to interconnect with the Company's system. Upon notice to the Qualifying Facility and On-Site Generating Facility and the Department, the Company may petition the Department for additional time when extensive modifications or additions to the Company transmission or distribution system are required to accommodate an interconnection.

RATE FOR OTHER ELECTRICAL SERVICES

In accordance with the provisions of 220 CMR 8.06(1), the Company shall, upon request by a Qualifying Facility or On-Site Generating Facility, supply to a Qualifying Facility or On-Site Generating Facility supplementary, back-up, maintenance, and interruptible power pursuant to 18 C.F.R. 292.305(b) under the rate schedules applicable to all customers for such service, regardless of whether they generate their own power.

In accordance with 220 CMR 8.06(2), where it is possible for a Qualifying Facility or On-Site Generating Facility to receive this service under the applicability clauses of more than one rate schedule, the Qualifying Facility or On-Site Generating Facility may choose the rate schedule under which it will be served.

INDEMNIFICATION

The Qualifying Facility or On-Site Generating Facility shall defend, indemnify and hold the Company harmless from and against all claims for damage to the Qualifying Facility's equipment or damage or injury to any person or property arising out of the Qualifying Facility's use of generating equipment in parallel with the Company's own system; provided that nothing in this paragraph shall relieve the Company from liability for damages or injury caused by its own fault or neglect.

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INTERCONNECTION CHARGES AND INFORMATION

In accordance with the provisions of 220 CMR 8.04(9)(b), certain cost information on interconnection and metering is contained below.

a.1) Standard Charges for Commonly Used Interconnection Equipment

Each installation of a Qualifying Facility or On-Site Generating Facility is unique; because of this, a list of standard equipment and prices is not incorporated.

a.2) Interconnection Cost Estimating Procedure

In accordance with 220 CMR 8.04(3), the Company's procedure for estimating interconnection costs is contained in Unitil Interconnection Requirements for Customer Owned Generation. This document is available at the Company's place of business and a copy will be provided upon request.

In accordance with 220 CMR 8.04(3), if the parties cannot reach an agreement on interconnection costs within 90 days of the Qualifying Facility's or the On-Site Generating Facility's request for an estimate, the parties may petition the Department to review the reasonableness of the Company's interconnection cost estimate.

b) Monthly Charge for Incremental Costs of Meter Reading, Billing and Meter Maintenance:

In accordance with 220 CMR 8.04(8)(e), where the Qualifying Facility or On-Site Generating facility chooses to own the meter, the Qualifying facility or On-Site Generating facility shall pay to the Company a monthly charge to cover meter maintenance and incremental reading and billing costs. Because metering technology changes on a continual basis, the Company will estimate these charges on a case by case basis, and shall be agreed to by the Customer in writing.

c) Monthly and Annual Carrying Charges for Interconnection Costs:

For Qualifying Facilities selling electricity to the Distribution Company under Short-run Rates pursuant to 220 CMR 8.05, interconnection costs may be amortized over a period of up to

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three years, with the period of amortization chosen by the Qualifying Facility. If the charges are amortized, the Qualifying Facility will pay a monthly charge designed to recover the interconnection costs plus interest computed at the Distribution Company's average weighted cost of capital. The Qualifying Facility may instead elect to pay all interconnection costs at the time of interconnection.

d) Monthly Carrying Charges for Metering Equipment:

In accordance with 220 CMR 8.04(8)(f), where the Qualifying Facility or On-Site Generating facility chooses to have the Company own the meter, the Qualifying facility or On-Site Generating facility shall pay to the Company a monthly charge which covers taxes, meter maintenance, incremental reading and billing costs, the allowable return on the invoice cost of the meter, and the depreciation of the meter. Since these charges vary on a continual basis, they will be determined at the time of installation and agreed to by the Customer in writing.