

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
INTERNAL TRANSMISSION SERVICE COST ADJUSTMENT

SCHEDULE ITSCA

The Internal Transmission Service Cost Adjustment shall recover on a fully reconciling basis from all FG&E retail Customers the charges under a) ISO New England Inc.'s Transmission, Markets and Services Tariff, Section II - Open Access Transmission Tariff, Schedule 21- FG&E, Local Service Schedule as amended from time to time and b) FG&E's Pool Transmission Facilities net revenue requirement as included in ISO New England Inc.'s Transmission, Markets and Services Tariff, Section II - Open Access Transmission Tariff as amended from time to time. Under no circumstances shall the amount included in these charges recover costs which are collected by FG&E in any other rate or charge.

The Internal Transmission Service Cost Adjustment factors shall be established annually based on a forecast of transmission costs, and shall include a full reconciliation and adjustment with interest for any over- or under-recoveries occurring under the prior year's adjustment. This information shall be submitted as part of the annual reconciliation filing, along with complete documentation of the reconciliation adjustment calculations. The Company shall allocate the forecast of transmission costs and the prior period reconciliation to Rate Class Groups based on the 12-Coincident Peak, or 12-CP allocator from the Company's most recent rate case. The Rate Class Group is the combination of similar rate classes, as follows: the Residential group is the combination of RD-1 and RD-2; the General Service group is the combination of GD-1, GD-2, GD-4 and GD-5; the Large General Service group is the combination of GD-3 and Special Contracts; and Streetlights is the combination of Outdoor Lighting classes SD and SDC. The current 12-CP allocators are as follows:

<u>Rate Class</u>	<u>12 Coincident Peak with FG&E's Peak (kW)</u>	<u>Allocation</u>
RD-1/RD-2	33,498	45.15%
GD-1/GD-2/GD-4/GD-5	16,755	22.58%
GD-3/Special Contracts	23,581	31.78%
Streetlights	367	0.49%

Effective July 1, 2007, Interest shall be calculated using the prime rate after tax (i.e. prime rate * (1- tax rate). The tax rate shall be the combined federal and state income tax rate. The prime rate is to be fixed on a quarterly basis and established as reported in THE WALL STREET JOURNAL on the first business day of the month preceding the calendar quarter; if more than one rate is reported, the average of the reported rates shall be used.

The Company may file to change the factors at any time should significant over- or under-recoveries occur or be expected to occur. Any change in the Internal Transmission

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SCHEDULE ITSCA (continued)

Service Cost Adjustment factors shall be in accordance with a notice filed with the Department setting forth the amount of the proposed new factors, the amount of the increase or decrease, and the effective delivery charge in the Company's rates as adjusted to reflect the new factor. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Department may authorize.

The operation of this Transmission Service Cost Adjustment is subject to Chapter 164 of the General Laws.