

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

TRANSITION COST ADJUSTMENT

SCHEDULE TCA

The Transition Cost Adjustment (“TCA”) shall recover on a fully reconciling basis, with interest, from all FG&E retail Customers, FG&E's stranded investment as set forth in the Company's Electric Restructuring Plan (“Plan”) as modified by Order dated January 15, 1999 in D.T.E. 97-115/98-120. The stranded investment shall be calculated in accordance with the Formula for Calculating Transition Charges as contained in the Plan as modified in the Company's February 1, 1999 compliance filing. Interest shall be calculated at a rate of 9.05% pursuant to the Settlement Agreement approved by the Department in D.T.E. 01-103. The Company may file to change the TCA at any time should significant over- or under-recoveries occur or be expected to occur.

The TCA shall also include a final true-up for FG&E's Electric Fuel Charge. The calculation of the dollar amount of over- or under-collection of the Electric Fuel Charge will be performed as they currently are, except there will be no estimated costs after Retail Access Date.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department setting forth the amount of the applicable TCA, the amount of the increase or decrease and the effective delivery charge on the Company's rates as adjusted to reflect the new TCA amount. 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 the TCA is subject to Chapter 164 of the General Laws.