

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
EXOGENOUS COST ADJUSTMENT FACTOR

SCHEDULE ECAF

1.0 PURPOSE AND APPLICABILITY

1.1 Purpose

The purpose of the Exogenous Cost Adjustment Factor (“ECAF”) is to provide Fitchburg Gas and Electric Light Company (the “Company”) a mechanism for exogenous cost recovery. The operation of this tariff is limited to the term as specified in the Exogenous Events provision (section 1.8) of the settlement agreement approved in D.P.U. 19-131. The treatment of exogenous costs thereafter shall be subject to the Company’s Performance Based Revenue Adjustment, Schedule PBRA.

1.2 Applicability

The ECAF, as defined herein, shall be applied to all firm sales and firm transportation throughput of the Company as determined in accordance with the provisions of Section 3.0 of this clause. For billing purposes, the ECAF shall be included in the Local Distribution Clause (“LDAC”).

1.3 Effective Date

The date on which the annual ECAF becomes effective shall be March 1st of each year, unless otherwise ordered by the Department.

2.0 ALLOWABLE EXOGENOUS COST ADJUSTMENT FACTOR COSTS

Per the Company’s settlement agreement in D.P.U. 19-131 section 1.8, the Company may adjust its Benchmark Revenue due to the occurrence of any singular (not collective) event beyond the Company’s control resulting in incremental cost changes due to: (1) changes in tax laws that uniquely affect the natural gas utility industry; (2) accounting changes unique to the natural gas utility industry; and (3) regulatory judicial, or legislative changes uniquely affecting the natural gas utility industry, if the total distribution revenue impact of such event exceeds \$40,000.

3.0 EXOGENOUS COST ADJUSTMENT FACTOR FORMULA

$$\text{ECAF}_s = [(\text{ECAF}_C + \text{RA}) * \text{DRAs}] / \text{Ftherms}$$

Where:

Issued by: Daniel Hurstak
Vice President and Treasurer

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SCHEDULE ECAF (continued)

DRA_s = The Distribution Revenue Allocator is derived from the Company's most recent base rate case, unless otherwise adjusted and approved by the Department, and shall be as follows:

<u>Rate Class</u>	<u>Allocation</u> Effective March 1, 2023-February 28, 2025
Residential	60.28%
Small General Service	13.53%
Medium General Service	14.54%
Large General Service	11.65%

ECAF_s = The annual Exogenous Cost Adjustment Factor by Rate Class Group

ECAF_C = Annual Exogenous Tax Adjustment Factor Costs

F_{therms} = The forecasted therms is the forecasted amount of therms to be distributed to the Company's distribution customers for the upcoming annual ECAF billing period or an alternative recovery period approved by the MDPU.

RA = Annual Reconciliation Adjustment, which is the reconciliation of the amount authorized to be recovered through the prior years ECAFs as approved by the Department with the actual amount of revenue billed to customers through the ECAF. Interest shall be calculated on the excess or deficiency using the prime rate.

s = The Rate Class Group is the combination of similar rate classes, as follows: The Residential group is the combination of R-1, R-2, R-3 and R-4; the Small General Service group is the combination of G-41 and G-51; the Medium General Service group is the combination of G-42 and G-52; and the Large General Service group is the combination of G-43 and G-53.

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SCHEDULE ECAF (continued)

3.3 Application of ECAF to Customer Bills

The ECAF (\$ per therm) shall be calculated to the nearest one one-hundredth (\$0.0001) of a cent per therm and will be applied to the monthly firm sales and firm transportation throughput.

4.0 INFORMATION TO BE FILED WITH THE DEPARTMENT

On or before January 1 of each year, the Company shall submit to the Department its proposed ECAF for effect March 1 of that year. The filing shall state the amount of the increase or decrease, the ECAF reconciliation balance and throughput forecast for the upcoming annual period.