FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
PERFORMANCE BASED REVENUE ADJUSTMENT

SCHEDULE PBRA

Section

1.0 PURPOSE

The purpose of this Performance Based Revenue Adjustment (“PBRA”) is to establish a mechanism that enables Fitchburg Gas and Electric Light Company d/b/a Unitil (the “Company”), subject to the jurisdiction of the Department of Public Utilities (“Department”), to adjust, on an annual basis, its Base Rates, as approved in D.P.U. 23-81. The PBRA includes a revenue-indexing mechanism, a roll-over of incremental capital investment, earnings sharing if actual earnings are higher than established thresholds, and recovery of exogenous costs.

This mechanism allows for an adjustment of Base Rates using the rate of input price inflation representative of the natural gas distribution industry in the Northeast region. The exogenous cost component allows the Company to reflect costs, both positive and negative, that are beyond the control of the Company and, because the Company is subject to a stay-out provision, are deemed appropriate to recover (or return) through the PBRA. The earnings sharing component provides for sharing of earnings above an established threshold.

2.0 EFFECTIVE DATE

The PBRA is authorized for a five-year term starting July 1, 2024. The first annual adjustment pursuant to the PBRA shall be effective July 1, 2025. Subsequent annual adjustments shall occur within the five-year term, with the last adjustment taking effect on July 1, 2028.

In the event the PBRA expires or is terminated, the Company’s Base Rates, as adjusted pursuant to the PBRA, shall remain in effect, unless and until otherwise determined by the Department consistent with the provisions of G.L. c. 164, § 94. The last earnings sharing adjustment shall take effect on July 1, 2029 because the earnings sharing adjustment provided for in Section 10.0 lags the PBRA by one year.

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3.0 APPLICABILITY

This mechanism applies an annual adjustment to the Base Rates of the Company's effective distribution rate schedules subject to the jurisdiction of the Department, as determined in accordance with the provisions contained herein.

4.0 DEFINITIONS

(1) ATR Allocator is the Annual Target Revenue Allocator derived from the Company's most recent base rate case in D.P.U. 23-81 as approved by the Department and shall be as follows:

Rate Class	Allocation
R-1/R-2 Residential Non-Heating	4.13%
R-3/R-4 Residential Heating	57.04%
G-41 Low Load Factor Small General	10.96%
G-42 Low Load Factor Medium General	11.81%
G-43 Low Load Factor Large General	7.50%
G-51 High Load Factor Small General	2.27%
G-52 High Load Factor Medium General	2.60%
G-53 High Load Factor Large General	3.69%

(2) Authorized Return on Equity ("ROE") is the allowed rate of return on equity as established in D.P.U. 23-81.

(3) Base Distribution Revenue Allocator refers to the allocation factors for a group of Customer Classes and approved by the Department as follows:

Rate Class Sector	Rate Class	Allocation %
Residential	R-1, R-2, R-3, R-4	61.17%
Small Commercial & Industrial	G-41, G-51	13.23%
Medium Commercial & Industrial	G-42, G-52	14.41%
Large Commercial & Industrial	G-43, G-53	11.19%

(4) Base Revenue Requirement is the distribution revenue approved for collection through the Company's rate schedules as established by the Department in its most recent base rate case and as adjusted annually under the provisions of this tariff.

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(5) Base Rate Component is any energy or demand charge reflected in the Company's rate schedules that recovers a portion of the Company's Base Revenue Requirement as established by the Department in its most recent base rate case.

(6) Base Rates are the compilation of Base Rate Components plus the customer charge for all of the Company's rate schedules

(7) Basis Point shall be one one-hundredth of a percentage point.

(8) Calendar Year shall mean the annual period beginning on January 1st and ending on December 31st.

(9) Capital Investment Year is the period in which assets are placed in service beginning on January 1st and ending on December 31st.

(10) Consumer Dividend shall mean the benefit to consumers of future productivity gains attributable to performance-based ratemaking for the Company's gas distribution service as established by the Department in D.P.U. 23-81.

(11) Customer Class is the group of customers all taking service pursuant to the same rate schedule.

(12) Distribution Common Equity is Total Company capitalization (including long-term debt, preferred stock, and common equity, all per the Company's Annual Returns to the Department DPU Annual Return), multiplied by the percentage Distribution Common Equity approved in D.P.U. 23-81.

(13) Distribution ROE is Total Net Utility Income as reported on the Company's Annual Returns to the Department, less other amounts as described in Section 10.0, all divided by the average of the beginning year and ending year Distribution Common Equity for the year prior to the Prior Year.

(14) Earnings Sharing Threshold is the percentage range equal to 100 Basis Points above the percentage Return on Equity authorized by the Department in D.P.U. 23-81.

(15) Exogenous Events are cost changes that are (1) beyond the Company's control and are not reflected in the Gross Domestic Product-Price Inflation ("GDP-PI"); (2) arise from changes in tax laws or accounting changes, or regulatory, judicial or legislative changes; (3) unique to the natural gas distribution industry as opposed to the general economy; and (4) meet a threshold of significance established in D.P.U. 23-81. Exogenous Events shall be reflected as either a non-recurring, one-time recovery and/or a permanent change to the Base Revenue Requirement, as applicable.

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(16) Incremental Capital Investment is the revenue requirement associated with capital investments placed into service after December 31st, 2023 plus an adjustment for depreciation, return on rate base, associated federal and state income taxes, and property taxes for all existing assets.

(17) Input Price Trend is the measure of change in the prices for all inputs used to provide regulated distribution services.

(18) PBRA Revenue Requirement is the incremental Base Revenue Requirement determined through application of the PBRAF and Incremental Capital Investment applicable for each year.

(19) Pre-Tax Rate of Return is the after-tax weighted average cost of capital established by the Department in D.P.U. 23-81, adjusted to a pre-tax basis using currently effective federal and state income tax rates.

(20) Prior Year is the annual period ending immediately prior to the Rate Year.

(21) Productivity Trend is the measure of change in productivity associated with providing regulated distribution services.

(22) Rate Year is the annual period that the adjusted base rates shall be effective beginning on July 1st.

(23) Return on Rate Base is the Pre-Tax Rate of Return multiplied by rate base associated with the total capital investment, including plant in service adjusted for accumulated depreciation, and accumulated deferred income tax for assets ending as of the Capital Investment Year.

(24) X Factor is the productivity growth index as established by the Department in D.P.U. 23-81.

(25) Z Factor is the sum of the cost impacts of Exogenous Events.

5.0 ANNUAL PERFORMANCE BASED RATE ADJUSTMENT

The Initial Base Rates shall be those established by the Department in D.P.U. 23-81. The first adjustment to the Initial Base Rates under the PBRA shall be effective July 1, 2025. In the annual PBRA filing, the Company shall add the PBRA, calculated pursuant to Section 6.0, and the Incremental Capital Investment, calculated pursuant to Section 8.0 below, to the Base Revenue Requirement to arrive at the adjusted annual revenue requirement and adjusted Base Rates. The Company shall evaluate the proposed rate adjustment to determine whether the resulting impact for any one customer class exceeds ten percent and make proposals to comply with G.L. c. 164 § 94I.

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The adjusted revenue requirement will be reflected in the Base Rate Component for each Customer Class based on test year sales and demand as approved in the most recent base rate case. This adjustment to the Base Rate Component will preserve the ratio of demand revenue to energy revenue as approved by the Department for the initial base rates. The annual rate adjustment will not be subject to true up or reconciliation, except as delineated in the Company's Revenue Decoupling Adjustment Clause ("RDAC"), as amended from time to time. Benchmark Base Revenue will be adjusted based on the change in revenue requirement in the Company's RDAC.

6.0 CALCULATION OF PERFORMANCE BASED REVENUE ADJUSTMENT

$PBR\_REV_T = (BASE\_REV_{T-1}) * (PBRAF_T) * (ATRA_C)$

$PBRAF_T = (GDPPI_{T-1} - X - CD) + [(Z_{REV} / BASE\_REV_{T-1}]$

$X = TFPT_{GDI-US} + IPT_{GDI-US}$
X = 0.00% + 0.00%
X = 0.00%
CD = 0.25% and applicable when inflation exceeds 2.0 percent

Where:

PBR_REV	The Performance Based Revenue Adjustment
PBRAF	The percentage change in the Base Revenue Requirement.
ATRA	The Annual Target Revenue Allocator as set forth in Section 4.0(1).
GDPPI	The average annual percentage change in the United States Gross Domestic Product Price Inflation for the four most recent quarterly reporting periods as of the second quarter. The calculation will be performed based on the most recently available data published by the United States Department of Commerce at the time of the PBRA filing and that shall not exceed 5.00 percent or fall below zero percent.
X	The productivity or X Factor, which shall be 0.00 percent, as approved by the Department in D.P.U. 23-81.
CD	Consumer Dividend is the benefit to consumers of future productivity gains attributable to performance based ratemaking for the Company's distribution service. The consumer dividend is set at 0.25 percent and applicable when inflation exceeds 2.0 percent, as approved by the Department in D.P.U. 23-81.

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Z_{REV}	The sum of cost impacts of all Exogenous Events, positive or negative, as provided for in Section 9.0.
BASE_REV	The Base Revenue Requirement as defined in Section 4.0(2).
$TFPT_{GDI-US}$	The Total Productivity Trend differential between the natural gas distribution industry in the Northeast region and the overall United States economy, set at 0.00 percent, as approved by the Department in D.P.U. 23-81.
IPT_{GDI-US}	The total Input Price Trend differential between the natural gas distribution industry and the overall United States economy, set at 0.00 percent, as approved by the Department in D.P.U. 23-81.
C	Rate Class associated with the ATR Allocator
T	Rate Year
T-1	Prior Year

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7.0 INCREMENTAL CAPITAL INVESTMENT RATE ADJUSTMENT

The annual performance-based rate adjustment taking effect under the PBRA will be accompanied by a separate adjustment to Base Rates to reflect Incremental Capital Investments. Effective July 1, 2026, the Incremental Capital Investment for the capital investment recorded as "in-service" during the period January 2024 through December 2024 and not eligible for recovery pursuant to the Company's Gas System Enhancement Program, as authorized by the Department in D.P.U. 23-81 will be added to the performance-based revenue adjustment pursuant to Section 6.0.

8.0 CALCULATION OF INCREMENTAL CAPITAL INVESTMENT

$CAPEX_C =$ $[(RB_T \text{ x } PTRR) + DEPR_T + PTMS_T] * ATRA_C$

Where:

ATRA	The Annual Target Revenue Allocator as set forth in Section 4.0(1).
CAPEX	The annual revenue requirement associated with all capital investments placed into service in the Incremental Capital Investment Year.
DEPR	The annual depreciation expense associated with the total capital investment in the Incremental Capital Investment Year.
PTRR	The pre-tax rate of return shall be the after-tax weighted average cost of capital established by the Department in D.P.U. 23-81, adjusted to a pre-tax basis by using currently effective federal and state income tax rates.
PTMS	Property taxes calculated based on the total capital investment associated with the Incremental Capital Investment Year multiplied by the property tax rate established by the Department in D.P.U. 23-81. Property taxes will be included in CAPEX beginning in the year following the Capital Investment Period in which the capital investments were recorded as in-service at 50% of the annual property tax amount for the first year. In the subsequent year, CAPEX will reflect a full year of property taxes.
RB	Rate Base associated with total capital investment for the Incremental Capital Investment Year based upon incremental plant, accumulated depreciation, and accumulated deferred income tax balances adjusted for depreciation, return on rate base, associated federal and state income taxes, and property taxes for all assets ending as of the Incremental Capital Investment Year.

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C	Rate Class associated with the ATR Allocator
T	The Incremental Capital Investment Year is the twelve-month period for any investments reflected in base rates after December 31, 2023.

9.0 EXOGENOUS COSTS

Exogenous Costs are positive or negative cost changes beyond the Company's control and not reflected in GDP-PI, or otherwise in the PBRAF. Exogenous Costs approved by the Department are represented by the Z Factor in the PBRAF. To qualify for Exogenous Cost recovery (whether positive or negative), the following criteria must be met: (1) the cost change must be beyond the Company's control; (2) the cost change arises from a change in accounting requirements or regulatory, judicial, or legislative directives or enactments; (3) the change is unique to the natural gas distribution industry as opposed to the general economy; and (4) the change meets a threshold of "significance" for qualification.

Exogenous costs also apply to mandated changes in law, regulations, requirements, standards or practices relating to gas-safety directives arising from the National Transportation Safety Board ("NTSB"), the U.S. Department of Pipeline and Hazardous Materials Administration ("PHMSA"), the Department, or any investigation conducted on behalf of the Department by an outside consultant or expert. The significance threshold for Exogenous Costs is set at $60,000 for the annual impact of expense cost changes individually during Rate Year 2024, and thereafter, shall be adjusted annually based on changes in GDP-PI. Exogenous Cost recovery requires that the Company present supporting documentation and rationale to the Department for a determination as to the appropriateness of the proposed recovery or refund. Once allowed by the Department, the amount of the cost change occurring in the Prior Year, or the year(s) prior to the Prior Year and deferred for recovery or refund, shall be recovered or returned in a separate factor to be reviewed and approved by the Department. The separate factor shall be in effect until the Exogenous Cost is recovered or refunded, or until such time that the amounts are appropriately reflected in base distribution rates, as applicable.

10.0 EARNINGS SHARING MECHANISM

In the event that the Company's actual Distribution ROE for Calendar Year 2025 through 2028 (and the PBRA is in effect) is higher than the Earnings Sharing Threshold, the difference between actual earnings and earnings calculated at the Authorized ROE shall be shared with customers if the Company's actual Distribution ROE exceeds the Authorized ROE by more than 100 Basis Points. Such earnings above the Earnings Sharing Threshold will be shared 25 percent to the Company and 75 percent to Customers.

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The Company's Distribution Net Income used in the calculation will exclude incentive payments, such as energy efficiency incentives and Asset Management Agreement margin sharing; and conversely, would exclude service quality penalties, as well as any amounts recognized in the current period resulting from regulatory or court settlements or decisions related to prior periods if any.

Earnings Sharing, when applicable, shall result in a per therm credit or charge to distribution service customers taking service under retail tariffs. The Earnings Sharing credit or charge will be allocated by Customer Class using the Base Distribution Revenue Allocator as defined in Section 4.0(2). Any Earnings Sharing credit or charge shall be in effect for a period of one year and shall be subject to investigation and a full adjudicatory process before the Department.

11.0 INFORMATION REQUIRED TO BE FILED WITH THE DEPARTMENT

The Company shall make a PBRA filing by March 1 of each year for rates effective in the upcoming Rate Year. As part of its annual filing, the Company shall file information and supporting schedules with the Department necessary for the Department to review and approve the PBRA for the subsequent Rate Year. Such information shall include the proposed PBRA Revenue Requirement, proposed Base Rates, new Benchmark Base Revenue, the results and supporting calculations of the PBRAF, descriptions and accounting of any Exogenous Costs, and the earnings sharing credit or charge calculation for the year, two years prior to the rate adjustment, if applicable. In addition, the Company shall file revised rate schedules reflecting the impact of applying the Base Rate changes provided for herein.

No later than September 1, 2025, prior to the Company's second PBRA filing for effect July 1, 2026, the Company shall provide a timely, organized, clear, and comprehensive filing of all supporting capital documentation for plant investment completed between January 1, 2024 and December 31, 2024, including but not limited to, (1) project descriptions, (2) project sanctioning papers, or project authorization forms, (3) construction work orders, (4) project closure reports, (5) variance analyses explaining the reasons for cost overruns and for demonstrating prudency, and (6) a summary of all proposed projects.