FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

PERFORMANCE-BASED REVENUE ADJUSTMENT

SCHEDULE PBRA

Section

1.0 Purpose

The purpose of the 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 distribution rates pursuant to Section 7.0, as approved in D.P.U. 23-80. The PBRA includes a revenue-indexing mechanism, earnings sharing above established thresholds, a K-bar adjustment and recovery of exogenous costs.

This mechanism allows for an adjustment of base distribution rates using the rate of input price inflation representative of the electric distribution utility industry, less offsets for productivity and a consumer dividend. 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 rate case stay-out provision, are deemed appropriate to recover (return) to customers through the PBRA. The earnings sharing component provides for sharing of earnings above an established threshold.

2.0 Effective Date

The initial rates established in accordance with Section 5.0 shall remain in effect until the Company's next base distribution rate proceeding subject to any adjustments that may be ordered by the Department. The PBRA is authorized for a five-year term starting July 1, 2024. The first annual rate adjustment pursuant to the PBRA shall be effective July 1, 2025. Subsequent annual

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rate adjustments shall occur within the five-year term, with the last rate adjustment taking effect July 1, 2029.

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. 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.

3.0 Applicability

The PBRA applies an adjustment to the base distribution rates of the Company's effective distribution service tariffs subject to the jurisdiction of the Department, as determined in accordance with the provisions of this tariff.

4.0 Definitions

The following definitions shall apply throughout the provisions of this PBRA tariff:

(1) "Authorized ROE" shall mean the authorized rate of return on common equity as established by the Department in D.P.U. 23-80.

(2) "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 through the PBRA. Such revenue, however, shall exclude the costs of the Major Storm Reserve Fund Contribution and solar expansion projects, as approved by the Department in D.P.U. 23-80.

(3) 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.

(4) "Base Distribution Rates" shall mean the Rate Components and the Customer Charge for all of the Company's rate schedules.

(5) "Basis Point" shall mean one-hundredth of a percentage point.

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

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

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(8) "Consumer Dividend" shall mean the benefit to consumers of future productivity gains attributable to performance-based ratemaking for the Company's electric distribution service as established by the Department in D.P.U. 23-80.

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

(10) "Depreciation Expense" is the annual depreciation expense associated with the total capital investments placed in service.

(11) "Distribution Common Equity" is Total Company capitalization (including long-term debt, preferred stock, and common equity, all per the Federal Energy Regulatory Commission ("FERC") Form 1), less Transmission capitalization, calculated as Total Transmission Investment Base as submitted to ISO-New England, all multiplied by the percentage distribution common equity ratio approved in D.P.U. 23-80.

(12) "Distribution ROE" shall mean the 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 of year and ending year Distribution Common Equity for the year prior to the Prior Year.

(13) "Earnings Sharing Threshold" shall mean the percentage range equal to 100 Basis Points or more above the percentage Return on Equity authorized by the Department in D.P.U. 23-80.

(14) "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 electric distribution industry as opposed to the general economy; and (4) meet a threshold of significance established in D.P.U. 23-80. 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.

(15) "Forecasted Budget" is the annual capital expenditure forecast produced in D.P.U. 23-80, Exhibit Unitil-4 (ESMP Excluded) (2-1-2024) COS Update.

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

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(17) “K-bar Adjustment” reflects the difference between the annual change in the K-bar Revenue Requirement as compared to the Base Revenue Requirement for the Rate Year.

(18) “K-bar Depreciation Expense” is calculated using the composite depreciation rate approved in D.P.U. 23-80 times the cumulative K-bar Plant Additions. The composite depreciation rate is derived by dividing the depreciation expense, as approved in D.P.U. 23-80, by the gross plant additions.

(19) “K-bar Plant Additions” is defined as the cumulative plant additions, cost of removal and retirements, escalated for the Rate Year as defined in Section 8.0.

(20) “K-bar Net Plant Additions” is defined as the cumulative plant additions, cost of removal and retirements, less accumulated depreciation escalated for the Rate Year as defined in Section 8.0.

(21) “K-bar Property Tax Expense” is defined as the property tax expense as approved in D.P.U. 23-80 divided by the net utility plant in service multiplied by the K-bar Net Plant Additions.

(22) “K-bar Revenue Requirement” shall mean the sum of the Pre-Tax Rate of Return multiplied by the K-bar Net Plant Additions less accumulated deferred taxes, plus K-bar Depreciation Expense, and plus K-bar Property Tax Expense for the Rate Year.

(23) “Major Storm Reserve Fund Contribution” refers to the Company’s amount of storm funding authorized for recovery through base distribution rates pursuant to D.P.U. 23-80, totaling $383,000 annually.

(24) “PBRA Formula” is the mathematical expression set forth in Section 6.0 used to calculate the percentage change in the Base Revenue Requirement for the Rate Year.

(25) “Pre-Tax Rate of Return” is the after-tax weighted average cost of capital established by the Department in D.P.U. 23-80, adjusted to a pre-tax basis using currently effective federal and state income tax rates.

(26) “Prior Year” is the annual period ending immediately prior to the Rate Year.

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

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(28) "Property Tax" is calculated based on the total capital investment associated with the Capital Investment Year multiplied by the property tax rate established by the Department in D.P.U. 23-80. Property taxes will be included beginning in the year following the Capital Investment Year at 50 percent of the annual property tax for the first year. In the subsequent year and thereafter, property taxes will be reflected at 100 percent of the annual property tax.

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

(30) "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.

(31) "Transmission Investment Base" is defined as the rate base for all the Company's Massachusetts transmission investments, including Local Network Service ("LNS") as administered by the Company, Regional Network Service ("RNS") as administered by ISO-New England, both submitted on an annual basis as part of the ISO New England Inc. Transmission, Markets and Services Tariff, Section II in Schedule 21-FG&E.

(32) "Transmission Net Income" is defined as the total Transmission Investment Base times the Company's weighted common equity Transmission cost of capital plus the RNS incentive and other incentive adders, net of refunds to customers as a result of any contested charges at the FERC.

5.0 Determination of Initial Base Distribution Rates

The Initial Base Distribution Rates shall be those established by the Department in D.P.U. 23-80. The first adjustment to the Initial Base Distribution Rates under the PBRA shall be effective July 1, 2025.

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SCHEDULE PBRA (continued)

6.0 PBR Formula

$\text{ADJ BASE REV}_T = \text{BASE REV}_{T} + K_T$

$\text{BASE REV}_T = (\text{BASE REV}_{T\text{-}1})*(1+ \text{PBRAF}_T)$

$\text{PBRAF}_T = (\text{GDPPI}_{T\text{-}1} – X – CD) + (Z1_{REV})_T$

$K_T = \text{KBAR}_T – \text{PBRM\_CPT}_T – K_{T\text{-}1}$

$\text{PBRM\_CPT}_T = (\text{PBRM\_CPT}_{T\text{-}1}) * (1 + \text{PBRAF}_T)$

X= 0.00%

CD = 0.25% and applicable when inflation exceeds 2.0 percent

Where:

PBRAF_T	The percentage change in the Base Revenue Requirement.
$\text{GDPPI}_{T\text{-}1}$	The average annual percentage change in the United States GDP-PI for the four most recent quarterly reporting periods as of the first quarter of the Prior Year. 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 shall be zero percent, as established by the Department in D.P.U. 23-80.
$Z1_{REV}$	The sum of cost impacts, calculated as a percentage, of Exogenous Events requiring a permanent change to the Base Revenue Requirement, positive or negative, as provided for in Section 9.0.
BASE_REV	The Base Revenue Requirement as defined in Section 4.0.
CD	The Consumer Dividend, set at 0.25 percent and applicable when inflation exceeds 2.0 percent, as approved by the Department in D.P.U. 23-80.

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ADJ_BASE_REV	The Adjusted Base Revenue Requirement is the Base Revenue Requirement plus the K-bar Adjustment as defined in Section 4.0.
K_T	The K-bar Adjustment as defined in Section 4.0.
$KBAR_T$	The K-bar Revenue Requirement as defined in Section 4.0.
$PBRM\_CPT_T$	The capital-related Base Revenue Requirement approved in D.P.U. 23-80, as adjusted annually by the PBRAF, including depreciation expense, return on rate base, income taxes and property taxes.

7.0 Annual Rate Adjustment

The Company shall apply the PBRA calculated pursuant to Section 6.0 above to the Base Revenue Requirement to derive the incremental revenue adjustment. The incremental revenue adjustment will be allocated by Customer Class using the annual target revenue established in in the Company's Revenue Decoupling Adjustment Mechanism ("RDAC"), as adjusted from time to time. The allocated incremental revenue adjustment will be reflected in the Base Rate Component for each Customer Class based on test year sales and demand. 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. This adjustment to the Base Rate Component will not be subject to true up or reconciliation, except as delineated in the Company's RDAC.

8.0 K-bar Adjustment

The annual performance-based rate adjustment taking effect under the PBRA will be accompanied by a separate adjustment to Base Rates to reflect the K-bar Adjustment beginning July 1, 2025, to provide predictable and adequate funding for capital investments in accordance with Section 4.0 and 6.0. The K-bar Adjustment is calculated on the basis of a five-year rolling average of actual capital costs as specified in Section 8.0. The Company's actual cumulative net plant additions, including cost of removal and retirements through the calendar year prior to the year of the annual PBRA filing, will be used in the calculation of the five-year rolling average for the K-bar Adjustment. Also, rate base included in the revenue requirement approved by the Department in D.P.U. 23-80 shall be used in the K-bar Adjustment. The Forecasted Budget and K-Bar Net Plant Additions shall exclude capital projects that are eligible for recovery through rate mechanisms outside of base distribution rates.

The computation of the rolling five-year average of historical plant additions is subject to constraint to the extent that, where the K-bar Net Plant Additions in the prior year, in aggregate, exceed the Forecasted Budget for the prior year by more than ten percent, then the K-bar Net Plant Additions for the prior year included in the five-year average shall be capped at the ten-percent variance from the Forecasted Budget and shall exclude the K-bar Net Plant Additions that exceed the ten-percent threshold. To determine the capital projects that exceed the ten-percent cap compared to the Forecasted Budget, the Company shall sum the actual capital costs from the prior year from least expensive to most expensive, for informational purposes. Based on this ranking, the Department may review the reasons for the budget variance, and, if appropriate after notice, investigate prudence.

In the 2025 PBRA filing, the Company shall calculate the K-bar Net Plant Additions for effect July 1, 2025 using the five-year average of actual plant additions, including cost of removal and retirements, placed in service from 2020 through 2024.

The K-bar Adjustment for effect July 1, 2026 will calculate the K-bar Net Plant Additions using the five-year average of plant additions placed in service from 2021 through 2025, carried forward to July 1, 2026. The K-bar Adjustment for effect July 1, 2027 will calculate the K-bar Net Plant Additions using the five-year average of plant additions placed in service from 2022 through 2026, carried forward to July 1, 2027 in the same manner as the K-bar Adjustments effective July 1, 2025 and July 1, 2026. The five-year average will be updated in the same manner for each subsequent year that the K-bar Adjustment remains in effect.

9.0 Exogenous Costs

Exogenous Costs are actual positive or negative cost changes beyond the Company's control and not reflected in the GDP-PI, or otherwise in the PBRA. Exogenous Costs approved by the Department are represented by the Z Factor in the PBRA. 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 electric distribution industry as opposed to the general economy; and (4) the change meets a threshold of significance established in D.P.U. 23-80.

The significance threshold for Exogenous Costs is set at $110,000 for each individual event in the first PBR Year ending June 30, 2025, and thereafter, shall be adjusted annually thereafter based on changes in GDP-PI. The significance threshold is noncumulative and is subject to a finding by the Department that the exogenous costs arise from a single exogenous event (i.e., exogenous costs from separate exogenous events cannot be aggregated into a single total for purposes of determining whether the threshold of significance is met). Exogenous Cost recovery

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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.

Exogenous Costs shall be reflected as either a non-recurring, one-time recovery and/or a permanent change to the Base Revenue Requirement, as applicable. 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 either Base Rates per Section 6.0 or a separate reconciling factor to be reviewed and approved by the Department. This reconciling factor shall be calculated as follows:

$NECA = [(Z2_{REV} + REC) * DRA] / FkWh$

Where:

NECA = Non-Recurring Exogenous Cost Adjustment

$Z2_{REV}$ = The sum of cost impacts of non-recurring Exogenous Events, positive or negative.

REC = Deferral balance based on the difference between the actual Exogenous Cost and the revenue collected through the NECA plus interest on the average monthly reconciling balance using the prime rate.

DRA = Distribution Revenue Allocator (see Section 10.0)

FkWh = Forecast annual kWh by rate class group

The NECA shall be in effect until the non-recurring Exogenous Cost is recovered or refunded, or until such time that the amounts are appropriately reflected in Base Rates, as applicable. Reconciliations shall be performed annually, and interest shall be calculated on the average monthly reconciling balance using the prime rate computed in accordance with 220 C.M.R. § 6.08(2) and added to the reconciling balance.

10.0 Earnings Sharing

In the event that the Company's actual Distribution ROE for any calendar period ending December 31st of the years 2025 through 2028 exceeds 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 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 Transmission Net Income, incentive payments, such as energy efficiency incentives; long-term contract remuneration, 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 kWh credit to distribution service customers taking service under retail tariffs. The Earnings Sharing credit will be allocated by Rate Class using the Distribution Revenue Allocator. For billing purposes, the Earnings Sharing credit will be included in the distribution charge. Any Earnings Sharing credit shall be in effect for a period of one year and shall be subject to investigation and a full adjudicatory process before the Department.

The allocators approved in D.P.U. 23-80 for filings made after July 1, 2024 are as follows, effective with the next scheduled rate change:

Rate Class	Distribution Revenues	Allocation
RD-1/RD-2	$19,217,272	61.20%
GD-1/GD-2/GD-4/GD-5	$6,275,487	19.99%
GD-3/Special Contracts	$5,734,574	18.26%
Streetlights	$171,821	0.55%

11.0 Information to be Filed with the Department

The Company shall make a PBRA filing by March 1st of each year for rates effective July 1st for 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 results and supporting calculations of the PBR Formula descriptions and accounting of any Exogenous Costs and an earning sharing calculation for the year prior to the rate adjustment. In addition, the Company shall file revised summary rate tables reflecting the impact of applying the base rate changes provided for herein.

As part of its annual PBR filings, the Company shall file a forecast of the capital projects planned to go into service in the subsequent year, and the associated costs of those projects, for informational purposes. In addition, the Company shall file the actual distribution plant additions reported on the FERC Form 1 for the year prior to the annual PBR filing that shall be the basis of the K-bar Net Plant Additions. For example, in its 2025 annual PBR filing, the Company shall

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file its forecasted 2026 planned capital projects expected to be in service. Then, in its 2026 annual PBR docket, the Company shall make an informational filing of its actual 2025 capital additions placed in service as reported in the FERC Form 1 by the end of the first quarter of 2026.