FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

REVENUE DECOUPLING ADJUSTMENT CLAUSE

SCHEDULE RDAC

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1.0 Purpose

The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow Fitchburg Gas and Electric Light Company (the "Company") subject to the jurisdiction of the Department of Public Utilities ("Department") to adjust, on an annual basis, its rates for distribution service in order to reconcile Actual Base Revenue recoveries with Target Revenue. The RDAC eliminates the link between customer sales and Company earnings in order to align the interests of the Company and customers with respect to lowering customer usage.

2.0 Applicability

The RDAC shall apply to all of the Company's delivery service Rate Schedules, subject to the jurisdiction of the Department, as determined in accordance with the provisions of this clause.

3.0 Definitions

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

(1) **Actual Base Revenue** are amounts booked by the Company for customer charges and distribution charges over a given year, January 1 to December 31. This excludes revenue from the Revenue Decoupling Adjustment Factor. Actual revenue shall include base rate revenues from the Company's delivery service Rate Schedules and special contract customers with the rates charged to the special contract customers determined in accordance with the terms of the special contract. For purposes of calculating Actual Base Revenue, the non-discounted base revenues prior to application of the low income discount shall be used.

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(2) **Annual Target Revenue ("ATR")** is the class-specific revenue requirement as approved by the Department in the Company's most recent base rate case, and as otherwise adjusted by the Performance Based Revenue Adjustment set forth in D.P.U. 23-80, less a Streetlight Sales Adjustment as defined below.

(3) **Administrative Costs Adjustment** ("ACA") shall mean the revenues collected through the fixed charge included in the Basic Service Costs Adjustment. The costs recovered through the ACA include 1) the administrative cost of compliance with 225 CMR 14; 2) cost of the design and implementation of the competitive billing process including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts with suppliers, including accounting activities necessary to track payments made to suppliers; and 3) cost of compliance with the MDPU's regulatory requirements including required communication with Basic Service customers pursuant to 220 CMR 11.06.

(4) **Forecasted Kilowatthours** ("kWh") is the forecasted amount of electricity, as measured in kilowatthours, to be delivered by the Company for the twelve month period, January 1st to December 31st, during which the proposed Revenue Decoupling Adjustment Factor will be in effect.

(5) **Streetlight Sales Adjustment** shall mean the annual cumulative dollar adjustment to each year's ATR as a result of selling its streetlighting equipment pursuant to G.L. c. 164 § 34A subsequent to the effective date of new base distribution rates resulting from a general rate case. The Streetlight Sales Adjustment shall be a downward adjustment to each year's ATR and shall be calculated as the proceeds received by the Company from the sale of its streetlighting equipment multiplied by the avoided cost of no longer owning, operating, and maintaining such equipment, stated as a percentage, as determined by the Company's final streetlight revenue requirement. The Streetlight Sales Adjustment shall be set to zero and calculated for new streetlight sales effective with the subsequent implementation of new base distribution rates as provided for above.

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4.0 Determination of Annual Target Revenue

The ATR for each rate class shall consist of the class-specific revenue requirement as approved by the Department in a Company base rate case and as adjusted by the Streelight Sales Adjustment, and as otherwise adjusted and approved by the Department.

For the period beginning November 1, 2023, the ATR approved in D.P.U. 23-95 are as follows:

Rate RD-1/RD-2	$16,003,352
Rate GD-1	$773,084
Rate GD-2	$6,024,826
Rate GD-4	$5,648
Rate GD-5	$29,042
Rate GD-3*	$4,358,897
Outdoor Lighting	$407,553
Total	$27,602,401

*Includes Special Contract base revenues.

For the period beginning July 1, 2024, the ATR approved in D.P.U. 23-80 are as follows:

Rate RD-1/RD-2	$19,217,272
Rate GD-1	$777,959
Rate GD-2	$5,471,655
Rate GD-4	$6,406
Rate GD-5	$19,468
Rate GD-3*	$5,734,574
Outdoor Lighting	$361,170
Total	$31,588,503

*Includes Special Contract base revenues.

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For the period beginning December 1, 2024, the ATR approved in D.P.U. 23-80-A are as follows:

Rate RD-1/RD-2	$19,294,962
Rate GD-1	$781,759
Rate GD-2	$5,490,534
Rate GD-4	$6,428
Rate GD-5	$19,535
Rate GD-3*	$5,770,373
Outdoor Lighting	$361,635
Total	$31,725,226

*Includes Special Contract base revenues.

5.0 Calculation of the Revenue Decoupling Adjustment Factor

5.1 Description of Revenue Decoupling Adjustment Factor

Each year, the Company shall calculate a Revenue Decoupling Adjustment Factor ("RDAF") to be applied to customer bills for the period January 1 through December 31. For billing purposes, the RDAF shall be included in the Distribution Charge.

The RDAF shall be calculated by comparing the difference between Annual Target Revenue to Actual Base Revenue for each rate class with the resulting differences summed to develop a total Company shortfall or surplus. The total, including reconcilation, shall be divided by projected kWh sales for the next January 1 through December 31 period.

5.2 Revenue Decoupling Adjustment Factor Formula

$$RDAF_s = \frac{(RDA + R - ACA) * DRA_s}{FkWh_s}$$

Where:

ACA Administrative Costs Adjustment

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$RDAF_s$ The Revenue Decoupling Adjustment Factor for class s.

RDA The Revenue Decoupling Adjustment equals the sum of each class's difference of ATR to total Actual Base Revenue for the period January 1 through December 31. The RDA shall include actual data for January through September and estimated data for October through December.

R Revenue Decoupling Adjustment Clause Reconciliation – Balance in Account 173 as outlined in Section 5.3, inclusive of the associated interest.

$FkWh_s$ Forecasted kWh for class s as defined in Section 3.0.

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.

The allocators approved in D.P.U. 23-95 for use in RDAF filings made after November 1, 2023 are as follows, effective with the next scheduled rate change:

Rate Class	Distribution Revenues	Allocation
RD-1/RD-2	$16,003,352	58.56%
GD-1/GD-2/GD-4/GD-5	$6,832,600	25.01%
GD-3/Special Contracts	$4,358,897	15.95%
Streetlights	$131,687	0.48%

The allocators approved in D.P.U. 23-80 for use in RDAF 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%

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SCHEDULE RDAC (continued)

The allocators approved in D.P.U. 23-80-A for use in RDAFs effective on and after January 1, 2025 are as follows, effective with the next scheduled rate change:

Rate Class	Distribution Revenues	Allocation
RD-1/RD-2	$19,294,962	61.18%
GD-1/GD-2/GD-4/GD-5	$6,298,256	19.97%
GD-3/Special Contracts	$5,770,373	18.30%
Streetlights	$172,129	0.55%

s The Rate Class Group is the combination of similar rate classes, as follows: the Residential group is the combination of RD-1, RD-2, and EV-RES; the General Service group is the combination of GD-1, GD-2, including electric vehicle demand charge alternative customers, GD-4 and GD-5; the Large General Service group is the combination of GD-3 including electric vehicle demand charge alternative customers, and Special Contracts; and Streetlights is the combination of Outdoor Lighting classes SD and SDC.

5.3 Revenue Decoupling Adjustment Clause Reconciliation

Account 173.01.33 shall contain the accumulated difference between the RDA allowable per the RDAF formula, including actual data for October, November and December, and actual revenues received by the Company through application of the RDAF to customer bills. Interest shall be calculated on the average monthly balance of Account 173.01.33 using the prime rate computed in accordance with 220 C.M.R. § 6.08(2).

6.0 Revenue Decoupling Adjustment Cap

The total annual RDA, including related reconciliation, determined in accordance with Section 5.2 may not exceed one and one half percent (1.5%) of total revenues from delivered sales for the most recent year, January through December, with revenue for externally supplied customers being adjusted by imputing the Company's basic service charges for that period. Total revenue shall include amounts that the Company has billed customers through applicable charges for distribution service, transmission service, energy efficiency, basic service, and any and all related adjustment factors. This cap is applicable to underrecoveries only; overrecoveries shall be credited in full. To the extent

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that the application of the RDA cap results in a RDA that is less than that calculated in accordance with Section 5.2, the difference shall be deferred and included in the Revenue Decoupling Adjustment Clause Reconciliation for recovery in the subsequent year. Carrying charges shall be calculated on the average deferred balance using the prime rate computed in accordance with 220 C.M.R. § 6.08(2), then added to each end-of-month balance.

7.0 Effective Date

The RDAF shall be effective on January 1st of each year, unless otherwise ordered by the Department.

8.0 Information to be Filed with the Department

Information pertaining to the RDAC shall be filed with the Department sixty (60) days prior to January 1. Such information shall include the proposed RDAF, applicable revenue decoupling adjustment, and revenue decoupling adjustment clause reconciliation. The Company shall also file for its residential, commercial, industrial, and street lighting customer classes: (1) monthly customer counts; (2) monthly kWh sales; (3) weather normalized monthly kWh sales; (4) lost base revenue from energy efficiency programs for the most recent calendar year available; and (5) forecasted sales for the next two years.