

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
SOLAR COST ADJUSTMENT
SCHEDULE SCA

Section

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1.0 Purpose and Applicability

1.1 Purpose

The purpose of the Solar Cost Adjustment (“SCA”) mechanism is to recover from Customers the investment and ongoing maintenance costs of Solar Generation Facilities constructed, owned and operated by Fitchburg Gas and Electric Light Company (the “Company”) pursuant to Section 1A(f) of Chapter 164 of the General Laws, as amended by An Act Relative to Solar Energy (“Act”).

This SCA provision shall only apply to the solar generation facility at Sawyer Passway, Fitchburg, Massachusetts. This tariff may be amended to include new projects to the extent the Massachusetts Department of Public Utilities (the “Department”) approves additional Solar Generation Facilities pursuant to Section 1A(f) of Chapter 164.

The transfer of recovery of the costs associated with the Sawyer Passway project from the SCA to base distribution rates was approved in D.P.U. 23-80 for effect July 1, 2024. Unitil shall maintain the SCA tariff until such time that the Company has completed recovery or credits related to any over- or under-recoveries remaining in the mechanism as of July 1, 2024.

1.2 Applicability

This SCA 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. For billing purposes, the SCA Factors (“SCAF”) shall be included in the Distribution Charge.

1.3 Effective Date

The annual SCAF shall be effective on June 1st of each calendar year.

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2.0 Definitions

- (1) “Annual Revenue Requirement” shall mean the Return on Rate Base and associated income taxes relating to the Company’s investment in Rate Base in the Solar Generation Facilities, along with depreciation expense, incremental operation and maintenance expense, property taxes, and amortization of investment tax credits.
- (2) “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 SCA filings for effect on and after November 1, 2023 in compliance with D.P.U. 23-95 are as follows:

<u>Rate Class</u>	<u>Distribution Revenues</u>	<u>Allocation</u>
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 SCA filings for effect on and after July 1, 2024 in compliance with D.P.U. 23-80 are as follows:

<u>Rate Class</u>	<u>Distribution Revenues</u>	<u>Allocation</u>
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%

- (3) “Incremental operation and maintenance expense” is the actual monthly incremental operation and maintenance cost incurred as a result of the Solar Generation Facilities, including but not limited to such expenses as payroll and associated employee costs, contractor costs, material and supplies, and legal fees. If actual monthly expenses are unavailable at the time the rates are calculated, the Company may use an estimate and reconcile such amount in the next adjustment. Only those costs that are directly charged to the Solar Generation Facilities and are necessary for the operation and maintenance of the Solar Generation Facilities shall be included. Those direct or allocated costs recovered by any other rate, charge or tariff shall be excluded. Incremental operation and maintenance cost shall be an annual amount, except for the first year in which a Department-approved Solar Generation Facility is put into service as described below.

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- (4) “Rate Base” shall include, but is not limited to, gross plant, depreciation reserve, accumulated deferred income taxes, and a working capital allowance. Rate base will be determined on a monthly basis during the initial year following the in-service date of the Solar Generation Facilities and on a quarterly basis during subsequent years. Should certain actual monthly or quarterly rate base balances be unavailable at the time the SCAF is calculated, the Company may use an estimate and reconcile such balance through the reconciliation process.
- (5) “Return on Rate Base” shall be based on the Rate Base multiplied by the Company’s after tax weighted average cost of capital as approved in the Company’s most recent distribution rate case adjusted to a pre-tax basis by using currently effective federal and state income tax rates applicable to the period of the investment.
- (6) “Solar Generation Facilities” is defined as the Company’s investment in the equipment in solar distributed generation systems necessary for generating alternating current power, including ancillary equipment. Solar Generation Facilities shall also include solar generation with integrated battery storage.

3.0 Solar Cost Adjustment Factor Formula

Derivation of SCAF

$$\text{SCAF}_{xs} = \frac{(\text{RR} + \text{RA} - \text{MR}) \times \text{DRAr}}{\text{FkWhr}}$$

where:

SCAF_{xs} = The annual Solar Cost Adjustment Factor for year x and class s.

RR = Annual Revenue Requirement as defined in Section 2.0 (1).

RA = Annual Reconciliation Adjustment, which is the reconciliation of the prior year revenue requirement with the actual amount of revenue billed to customers through the SCAF. The RA shall also include (1) the value of Energy products produced by the solar facility and sold into the ISO New England (“ISO-NE”) Real-Time Energy Market; (2) the value of Capacity products produced by the solar facility and sold into the ISO-NE Forward Capacity Market; and (3) the market value of Renewable Energy Certificates (“RECs”) produced by the solar facility, where such value is established by the Company either through competitive procurements of

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such RECs used to comply with the Renewable Portfolio Standard for Basic Service, or if not needed for Basic Service, the market value for RECs sold into the market. Interest shall be calculated on the excess or deficiency using the interest rate paid on customer deposits.

MR= The Market Recovery, for year x is the sum of (1) the estimated value of Energy products produced by the solar facility and sold into the ISO New England (“ISO-NE”) Real-Time Energy Market; (2) the estimated value of Capacity products produced by the solar facility and sold into the ISO-NE Forward Capacity Market; and (3) the market value of Renewable Energy Certificates (“RECs”) produced by the solar facility, where such value is established by the Company either through competitive procurements of such RECs used to comply with the Renewable Portfolio Standard for Basic Service, or if not needed for Basic Service, the market value for RECs sold into the market.

DRA_s= Distribution Revenue Allocator for each rate class, as specified in Section 2.0 (2).

FkWh_{xs} = The Forecasted kWhs is the forecasted amount of electricity for year x and class s to be distributed to the Company’s distribution customers for the upcoming annual SCAF billing period.

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;
the Streetlights group is the combination of SD and SDC.

4.0 Reconciliation Adjustments

The prior year annual revenue requirement shall be reconciled to the actual amount of revenue billed to customers through the SCAF. Such reconciliation shall include any credits for (1) net proceeds associated with energy sales to the ISO-NE, (2) net proceeds, if any, associated with bidding the capacity of the Solar Generating Facilities into the ISO-NE Forward Capacity Market, and (3) either (a) net proceeds associated with sales of RECs or (b) the market value of

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RECs which were used to comply with the RPS established in Mass. Gen. Laws c. 25A, § 11F and 220 C.M.R. 14.00 – 16.00 et seq., and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be used to adjust the subsequent year's SCAF.

5.0 Information to be Filed with the Department

On or before April 2 of each year, the Company shall submit to the Department its proposed SCAF for effect June 1 of that year. The filing shall state the amount of the increase or decrease. The revenue requirement will reflect the costs of any Solar Generation Facilities with in-service dates up through December 30 of the prior year plus the estimated revenue requirement for the recovery year. The filing shall contain sufficient information to allow the Department to review the Company's actual capital expenditures for purposes of determining the Company's revenue requirement.