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DATED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

Susan L. Fleck
President

TITLE:

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ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

Susan L. Fleck
TITLE: President

The winter cost of gas rate will be applied to billings commencing with the first November revenue billing cycle; the summer cost of gas rate will be applied to billings commencing with the first May revenue billing cycle.

- C. Calculation. The amount of the cost of gas rate is the anticipated unit cost of gas sold.

At the conclusion of each winter and summer period the Company will calculate the extent that cost of gas revenues are greater or less than actual unit costs of gas compared with the anticipated unit costs. The calculated difference (actual gas sales volumes multiplied by the difference between actual and anticipated unit costs) will be carried forward into the computation of the cost of gas rate for the corresponding winter or summer period.

Any excess revenue collected, as determined above, will earn interest as specified by the Commission.

- D. Changes. The cost of gas rate may be adjusted without further Commission action based on the projected over-/under-collection of gas costs, the adjusted rate to be effective the first of the month. Any such rate adjustments may not exceed a maximum rate of 25 percent above the approved rate, but there is no limit on the amount of any rate reductions.
- E. Refunds. When refunds are made to the Company by its suppliers that are applicable to increased charges collected under this provision, the Company will make appropriate refunds to its customers and as the Commission may direct.
- F. Reporting. The Company shall submit to the Commission, at least 30 days prior to the effective date, the proposed winter and summer period cost of gas rate computation. Any monthly adjustments to the cost of gas rate must be filed five (5) business days prior to the first day of the subsequent month (the effective date of the new rate).

The cost of gas rate shall be computed to the nearest one hundredth cent per therm and shown on customers' bills.

- G. Fixed Price Option Program. An alternative to the traditional winter period cost of gas rate mechanism may be elected by the customer pursuant to the Company's Fixed Price Option (FPO) Program. The Company may offer up to 50% of its expected firm sales for the winter period under the FPO Program. The cost of gas charge offered under the FPO Program will remain fixed for all winter period billings commencing November 1 and ending April 30 of the effective winter period. Once elected, customers must remain on the FPO Program for the duration of the winter period unless service is terminated. There are no maximum or minimum usage levels. Customers may enroll in this Program by contacting the Company between the October 1 and October 19 period immediately preceding the effective winter period.

17 LOCAL DISTRIBUTION ADJUSTMENT CLAUSE AND NORMAL WEATHER ADJUSTMENT

- A. Purpose. The purpose of the Local Distribution Adjustment Clause ("LDAC" or this "Clause") is to establish procedures that allow the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, its delivery charges in order to recover Conservation Charges ("CC"), Revenue Decoupling Adjustment Clause ("RDAC"), Winter Period Surcharges ("WPS"), Environmental Surcharges ("ES") including the Relief Holder Surcharge ("RHS") and the Manufactured Gas Program Surcharge ("MGP"), rate case expenses ("RCE"), Residential Low

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ISSUED BY: /s/Susan L. Fleck

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Income Assistance Program costs (“RLIAP”) and any other expenses the NHPUC may approve from time to time. The purpose of the Normal Weather Adjustment (“NWA”) is to establish procedures that allow the Company, subject to the jurisdiction of NHPUC, to calculate and apply, for each customer on a monthly basis, the Weather Normalization Factor (“WNF”).

- B. Applicability. This Clause shall be applicable in whole or part to all of the Company's firm sales service and firm delivery service customers as shown on the table below. The application of this clause may, for good cause shown, be modified by the NHPUC. See Section 17(K) “Other Rules.”

Applicability	CC 17(C)	RDAC 17(D)	ES 17(E)	RCE 17(F)	RLIAP 17(G)
Residential Non-Space Heating – R-1, R-5	1	1	X	1	X
Residential Space Heating – R-3, R-4, R-6, R-7	1	1	X	1	X
Small C&I – G-41, G-51, G-44, G-55	1	1	X	1	X
Medium C&I – G-42, G-52, G-45, G-56	1	1	X	1	X
Large C&I – G-43, G-53, G-54, G-46, G-57, G-58	1	1	X	1	X

Notes:

N/A Not applicable

X Applicable to all

1 Applicable to Non-Managed Expansion Program Customers

- C. Conservation Charges Allowable for LDAC.

1. Purpose: The purpose of this provision is to establish a procedure that allows the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, the Conservation Charge, if and when applicable, to firm sales service and firm delivery service throughput in order to recover from firm customers costs and lost margins associated with its energy efficiency management programs.
2. Applicability: A conservation charge shall be applied to therms sold or transported by the Company subject to the jurisdiction of the Commission as determined in accordance with the provision of this rate schedule. Such conservation charge shall be determined annually by the Company, separately for the Residential Heating, and Commercial/Industrial rate categories, subject to review and approval by the Commission as provided for in this rate schedule.
3. Calculation of Conservation Charge: The Company will properly assign expenses for forecasted conservation expenditures to the applicable rate categories for a future twelve (12) month period commencing November 1 of each year. The total of such conservation expenditures plus any prior period reconciling adjustments shall be divided by therm sales as forecasted by the Company for the same annual period and rounded to the nearest hundredth of a cent. The resulting conservation charge shall be included in the Company's Local Distribution Adjustment Charge and applied to actual therms sold or transported for the following twelve (12) month period starting November 1, and ending October 31.

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4. Reporting: The Company shall submit annual reports to the Commission reconciling any difference between the actual conservation expenditures and actual revenues collected under this rate schedule. The difference whether positive or negative will be carried forward into the conservation charge for the next recovery period. Upon completion of the conservation program(s), any over or under collection may be credited or charged to the deferred Winter Period cost of gas account, subject to Commission approval.
5. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the CC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.
6. Reconciliation Adjustment: Account 1163-1755 shall contain the cumulative difference between the sum of the DSM expenditures incurred by the Company plus the sum of the DSM repayments and the revenues collected from customers. The Company shall file the reconciliation along with the COG filing on or before the first business day in September of each year.

D Revenue Decoupling Adjustment Clause.

1. Purpose: The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, its rates for firm gas sales and firm transportation in order to reconcile Actual Base Revenue per Customer with Benchmark Based Revenue per Customer. The Company's RDAC eliminates the link between volumetric sales and Company revenue in order to align the interests of the Company and customers with respect to changing customer usage.. The purpose of the NWA is to adjust each customer's bill for the difference in delivery charges caused by the variation in actual HDDs from normal HDDs during the Winter Period.
2. Effective Date: The RDAC and NWA shall take effect beginning on November 1, 2018, and replace the Lost Revenue Adjustment Mechanism (LRAM) established in Order No. 25,932 (Docket No. DE 15-137).
3. Applicability: The Revenue Decoupling Adjustment Factor and NWA shall apply to all of the Company's firm tariff Rate Schedules, subject to the jurisdiction of the Commission, as determined in accordance with the provisions of this RDAC and NWA.
4. Definitions: The following definitions shall apply throughout the RDAC and NWA:
 - a. Actual Base Revenue is the actual revenue derived from the Company's distribution rates for a given Decoupling Year for a Customer Class. The Company will use monthly distribution revenues and Actual Number of Customers to determine the Monthly Actual Base Revenue per Customer.
 - b. Actual Number of Customers is the actual number of Equivalent Bills for the applicable Customer Class for the applicable month of the Decoupling Year.

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ISSUED BY: /s/Susan L. Fleck

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- c. Billing Year is the 12-months commencing November 1 immediately following the completion of the Decoupling Year.
- d. Customer Class is the group of all customers taking service pursuant to the same Rate Schedule.
- e. Customer Class Group is the group of Rate Schedules combined for purposes of calculating the Revenue Decoupling Adjustment billing rates. The two Customer Class Groups are as follows:
 - Residential Customer Class Group (CG1): defined as both Residential Non-Heating Customer Class and Residential Heating Customer Class, shall consist of all customers taking service pursuant to the Company's residential rate schedules. CG1 shall include customers taking service under rate schedules R-1, R-3, R-4, R-5, R-6 and R-7.
 - The Commercial and Industrial Customer Class Group (CG2): shall consist of all customers taking service pursuant to one of the Company's general service rate schedules, G-41, G-42, G-43, G-44, G-45, G-46, G-51, G-52, G-53, G-54, G-55, G-56, G-57 and G-58.
- f. Decoupling Year. The first Decoupling Year shall be the 10-month period from November 1, 2018 to August 31, 2019. Each subsequent Decoupling Year shall be the twelve months commencing September 1 through August 31.
- g. Equivalent Bill. The number of days in the billing period of each customer's bill divided by 30.
- h. Real-time weather normalization adjustment is the difference between actual distribution revenue billed to each customer in each billing cycle for each month or portion thereof during the Winter Period, and what distribution revenue for each customer's bill would have been based on normalized therm deliveries for the same period. The resulting charge or credit will be added to or subtracted from each customer's bill at the time the bill is rendered (i.e., "real time").
- i. Benchmark Base Revenue per Customer is the monthly allowed distribution revenue per Equivalent Bill for a given Decoupling Year for a given Customer Class, reflecting the distribution revenue level and approved equivalent bills from the Company's most recent rate case or other proceeding that results in an adjustment to base rates. Benchmark Base Revenue per Customer will be calculated for each month based on the distribution rates in effect at the start of the Decoupling Year and the calculation will be revised for the remaining months of each Decoupling Year if there is a distribution rate change that occurs following the beginning month of each Decoupling Year.
- j. Winter Period. The time period from November 1 of a given year through April 30 of the following year inclusive.
- k. Base Load Factor for each customer is the most recent two-year average daily delivered therms for actual bills rendered during the months of June through August for that customer.
- l. Base Usage for each bill is the current Base Load Factor times the number of days in billing period.
- m. Heating Usage for each bill is the difference between the actual delivered therms for that bill less the Base Usage for that bill. If the calculated Heating Usage is less than zero, then the Heating Usage for that bill is set equal to zero.
- n. Heating Degree Days (HDD) for each day is sixty-five (65) minus the average temperature in degrees Fahrenheit for that day. If the calculated HDD is less than zero, then the HDD for that day is set equal to zero.
- o. Normal Heating Degree Days (Normal HDD) for each day is the thirty-year average HDD for that day.

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

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- p. Weather Normalization Adjustment Slope (WNA Slope) for each bill is the Heating Usage divided by the sum of actual HDD during the billing period.
- q. Normal Heating Usage for each bill is the WNA Slope times the sum of the Normal HDD for the billing period.
- r. Normal Usage for each bill is the sum of the Base Usage and the Normal Heating Usage.
- s. Weather Normalization Factor (WNF) for each bill is

$$\text{WNF} = \frac{\text{DeliveryCharge}_{\text{Normal}}}{\text{DeliveryCharge}_{\text{Actual}}} - 1$$

where DeliveryChargeNormal is the calculated delivery charge for Normal Usage for the rate schedule applicable to that bill or portion thereof during the Winter Period and DeliveryChargeActual is the calculated delivery charge for actual delivered therms for the rate schedule applicable to that bill or portion thereof during the Winter Period.

5. Calculation of Revenue Decoupling Adjustment

a. Description of Revenue Decoupling Adjustment

At the conclusion of each Decoupling Year, the Company shall calculate a Decoupling Revenue Adjustment to be used to determine the RDAF for the next Billing Year, effective November 1.

The Revenue Decoupling Adjustment shall be determined by calculating the monthly difference between the Benchmark Base Revenue per Customer times the actual number of Equivalent Bills for the applicable Customer Class and the Actual Base Revenue for that month. The sum of these monthly Revenue Decoupling Adjustments in the Decoupling Year shall be divided by forecasted Billing Year sales to derive the volumetric rate per therm to be applied to customers' bills in the Billing Year. The Revenue Decoupling Adjustment shall also include a reconciliation component for the previous Decoupling Year, which represents the difference between the accrued decoupling amount in the Decoupling Year compared to the actual revenues billed in the billing Year.

b. Revenue Decoupling Adjustment Formulas

$$\text{RD}_T = \sum_{\text{CG}=1}^{\text{CG}=2} [(\text{BRPC}_{T-1}^{\text{CG}} \times \text{ACUSTS}_{T-1}^{\text{CG}}) - \text{AR}_{T-1}^{\text{CG}}]$$

And:

$$\text{RDAF} = \frac{\text{RD} + \text{DEF}_{\text{bal}}}{\text{P:Thru}_T}$$

Where the terms in the above equation have the following meanings:

ISSUED: October 01, 2018

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- $ACUSTS_{T-1}^{CG}$: The Actual Number of Equivalent Bills for the applicable Customer Class for the most recently completed Decoupling Year (T-1)
- AR_{T-1}^{CG} : The Actual Base Revenue for the applicable Customer Class for the most recently completed Decoupling Year, (T-1), as defined in Section 4(D). For purposes of calculating the Actual Base Revenue, base revenues for Low Income rate class R-4, shall be determined based on non-discounted rate R-3.
- $BRPC_{T-1}^{CG}$: The Benchmark Base Revenue Per Equivalent Bill for the applicable Customer Class as determined in accordance with Section 4 (D) for the most recently completed Decoupling Year, stated on a monthly basis (T-1).
- cg Customer Class Groups as defined in Section 4(D).
- DEF_{bal} The balance of the unrecovered deferrals inclusive of associated interest using the prime lending rate.
- P: Thru: T Forecast Throughput Volumes inclusive of all firm tariff throughput for the Billing Year.
- RD The Revenue Decoupling adjustment to revenues, representing the sum of the monthly Revenue Decoupling Adjustments in the Decoupling Year.
- $RDAF_T$: The Revenue Decoupling Adjustment Factor for the Billing Year.

6. Calculation of the RDAC Reconciliation Adjustments

Account 1163-1756 shall contain the accumulated difference between annual revenues and the Revenue Decoupling Adjustment, as calculated by multiplying the RDAF times firm sales and transportation throughput, and the Revenue Decoupling Adjustment allowed revenues annually, plus carrying charges on the average monthly balance using the prime lending rate.

7. Application of the RDAC to Customer Bills

The RDAF (\$ per therm) shall be calculated annually for each Customer Group and shall be truncated at the nearest one one-hundredth of a cent per therm. The annual calculated Customer Group RDAF will be applied to the monthly firm tariff throughput for each customer in that particular Customer Group, effective November 1 of the given year.

8. Calculation of Normal Weather Adjustment

The Normal Weather Adjustment (NWA) for each bill is

$$NWA = \text{DeliveryCharge}_{\text{Actual}} \times WNF$$

where $\text{DeliveryCharge}_{\text{Actual}}$ is the calculated delivery charge for actual delivered therms for the rate schedule applicable to that bill or portion thereof during the Winter Period.

9. Application of the NWA to Customer Bills

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

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The NWA charge or credit will be separately stated, and added to or subtracted from each bill as applicable. Each bill will have a separate line titled "Normal Weather Adj.," which line will include the total variable distribution charges, the WNF percentage, and the resulting charge or credit.

9. Information to be Filed with the Commission

Information pertaining to the RDAC will be filed annually with the Commission consistent with the filing requirements of all costs and revenue information included in the LDAC. Such information shall include:

- a. The calculation of the applicable revenue decoupling revenue dollar adjustment for the Decoupling Year.
- b. The calculation of the revenue decoupling reconciliation dollar adjustment for the previous Decoupling Year.
- c. The calculation of the proposed decoupling rate per therm for each customer class group to be applied in the Billing Year.
- d. The calculation of the monthly Benchmark Base Revenue per Customer, to be utilized in the upcoming Decoupling Year. If distribution rates change during the Decoupling Year, the monthly Benchmark Base Revenue per Customer for the remaining months of the Decoupling Year will be revised and filed with the Commission.

E. Environmental Surcharges ("ES") Allowable for LDAC.

1. Purpose: In order to recover expenditures associated with former manufactured gas Programs, there shall be an ES Rate applied to all firm volumes billed under the Company's delivery service charges.
2. Applicability: An annual ES Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ES Rate shall be filed with the Company's Winter season Cost of Gas Clause ("COG") filing and be subject to review and approval by the Commission. The annual ES Rate shall be applied to firm sales and to firm delivery throughput as a part of the LDAC. Special contract customers are exempt from the ES.
3. Costs Allowable: All approved environmental response costs associated with manufactured gas Programs may be included in the ES Rate

The total annual charge to the Company's customers for environmental response costs during any annual ES recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and delivery throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ES expenditures reflected in the calculation of the ES Rate to be in effect for the upcoming twelve-month period, November 1 through October 31. If this recovery limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular ES Recovery Year, then the Company would defer this unrecovered amount, with interest, calculated monthly on the average monthly balance, until the next recovery period in which this amount could be recovered without violating the 5% limitation. The interest rate is to be adjusted monthly using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates.

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

Susan L. Fleck
TITLE: President

4. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the ES applicable to all firm sales and firm delivery service throughput for the subsequent twelve-month period commencing with the calendar month of November.
5. Definitions:
Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas Program sites, disposal sites, or other sites onto which material may have migrated, as a result of the operating or decommissioning of New Hampshire gas manufacturing facilities. These cost shall include the costs of the closure of the Relief Holder and pond at Gas Street, Concord, NH. The ES shall also include the expenses incurred by the Company in pursuing insurance and third-party claims and any recoveries or other benefits received by the Company as a result
6. Reconciliation Adjustments: Prior to the Winter Period COG, the Company shall calculate the difference between (a) the revenues derived by multiplying firm sales and delivery throughput by the ES Rate, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ES Recovery Period. Account 1920-1863 shall contain the cumulative difference and the Company shall file the reconciliation along with its COG filing on or before the first business day in September of each year.
7. Calculation of the ES: The ES Rate calculated annually consists of one-seventh of actual response costs incurred by the Company in the twelve-month period ending June 30 of each year until fully amortized (over seven years). Any insurance and third-party recoveries or other benefits for the twelve month period ending June 30 shall be applied to reduce the unamortized balance, shortening the amortization period. The sum of these amounts is then divided by the Company's forecast of total firm sales and delivery throughput for the upcoming twelve months of November 1 through October 31.
8. Application of ES to Bills: The annual ES Rate shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm gas sales and firm delivery service throughput by being included in the determination of the annual LDAC, and also shall be included in the Distribution Adjustment of the Delivery Charges of each firm customer's bill.

F. Expenses Related to Rate Cases/Temporary Rate Reconciliation Allowable for LDAC.

1. Purpose: The purpose of this provision is to establish a procedure that allows the Company to adjust its rates for the recovery of NHPUC-approved rate case expenses and the reconciliation of temporary rates.
2. Applicability: The Rate Case Expenses/Temporary Rate Reconciliation ("RCE") shall be applied to all firm tariffed customers. The RCE will be determined by the Company, as defined below.
3. Rate Case Expenses Allowable for LDAC: The total amount of the RCE will be equal to the amount approved by the Commission.

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

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4. Effective Date of Rate Case Expense Charge: The effective date of the RCE will be determined by the NHPUC in an individual rate proceeding.
5. Definition: The RCE includes all rate case-related expenses approved by the NHPUC. This includes legal expenses, costs for bill inserts, costs for legal notices, consulting fees processing expenses, and other approved expenses. The temporary Rate reconciliation will include the variance between the delivery revenues obtained from the rates prescribed in the temporary rate order and the delivery revenues obtained from the final rates approved by the NHPUC.
6. Rate Case Expense/Temporary Rate Reconciliation (RCE) Factor Formulas: The RCE will be calculated according to the Commission Order issued in an individual proceeding to establish details including the number of years over which the RCE shall be amortized and the allocation of recovery among rate classes. In general, the RCE Factor will be derived by dividing the annual portion of the total RCE, plus the RCE Reconciliation Adjustment, by forecast firm annual throughput.
7. Reconciliation Adjustments: Account 1930-1745 shall contain the accumulated difference between revenues toward Rate Case Expenses as calculated by multiplying the Rate Case Expense Factor ("RCEF") times the appropriate monthly volumes and Rate Case Expense allowed, plus carrying charges added to the end-of-month balance. The carrying charges shall be calculated beginning on the first month of the recovery period by applying the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates to the average monthly balance.

At the end of the recovery period, any under or over recovery will be included in an active LDAC component, as approved by the Commission.
8. Application of RCE to Bills: The RCE (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm gas sales and firm delivery service throughput by being included in the determination of the annual LDAC, and also shall be included in the Distribution Adjustment of the Delivery Charges of each firm customer's bill.
9. Information to be Filed with the NHPUC: Information pertaining to the RCE will be filed with the NHPUC consistent with the filing requirements of all cost and revenue information included in the LDAC. The RCE filing will contain the calculation of the new RCE and will include the updated RCE reconciliation balance.

G. Recoverable Residential Low Income Assistance Program Costs.

1. Purpose: The purpose of this provision is to establish a procedure that allows the Company, subject to the jurisdiction of the NHPUC, to recover the revenue shortfall (costs) associated with customers participating in the Residential Low Income Assistance Program ("RLIAP"). Such costs, as well as, associated administrative and marketing costs shall be recovered by applying an RLIAP rate to all firm sales and transportation service throughput.
2. Applicability: The RLIAP Rate shall be applied to all firm sales and transportation tariff customers. The RLIAP Rate shall be filed with the Company's Winter season Cost of Gas Clause filing and shall be determined annually by the Company and be subject to review and approval by the Commission.

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

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3. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the RLIAP Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of November.
4. RLIAP Costs Allowable for LDAC: The costs to be recovered through the RLIAP Rate shall comprised of the revenue shortfall calculated by forecasting the number of customers enrolled in the RLIAP and the associated volumetric billing determinants for the upcoming annual recovery period and applying those billing determinants to the difference between the regular and reduced low income residential base rates, plus administrative, marketing and startup costs. The RLIAP Rate shall be calculated by dividing the resulting costs, plus any prior period reconciling adjustment, by the forecast of annual firm sales and transportation service throughput.

5. RLIAP Factor Formula

$$RLIAPF = \frac{RLIAP + RA_{RLIAP}}{A: TPev}$$

where:

- A: TPev Forecast Annual Throughput Volumes of all firm sales and transportation tariffed customers eligible to receive firm delivery-only service from the Company.
- RLIAP RLIAP costs comprising of the revenue shortfall associated with customer participation, plus administrative, marketing, IT and start-up costs.
- RA_{RLIAP} RLIAP Reconciliation Adjustment - Account 1169-1756, inclusive of the associated Account 1169-1756 interest, as outlined in Section 17(G)(6).

6. Reconciliation Adjustments: Prior to the Company's Winter season Cost of Gas filing, the Company will calculate the difference between (a) the revenue derived by multiplying the actual firm sales and delivery service throughput by the RLIAP Rate through October 31st, and (b) the actual costs of the program which consists of (1) the revenue shortfall calculated by applying the actual billing determinants of the RLIAP classes to the difference in the regular and reduced residential base rates in effect for the annual reconciliation period and (2) the start-up, administrative and marketing costs associated with the implementation of the program, plus carrying charges calculated on the average monthly balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates. The combined costs will then be recorded in the deferred RLIAP account 1169-1756. The Company shall file the reconciliation along with its COG filing on or before the first business day in September of each year.
- H. Effective Date of Local Distribution Adjustment Clause. The LDAC shall be filed annually and become effective on November 1 of each year pursuant to NHPUC approval. In order to minimize the magnitude of future reconciliation adjustments, the Company may request interim revisions to the LDAC rates, subject to review and approval of the NHPUC.
- I. Local Distribution Adjustment Clause Formulas. The LDAC shall be calculated on an annual basis, by customer, by summing up the various factors included in the LDAC, where applicable.

LDAC Formula

$$LDAC^X = CC^X + RDAC^X + ES + GREF^X + RCE + RLIAP$$

and:

ISSUED: October 01, 2018

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EFFECTIVE: November 01, 2018

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$$ES^X = RHS + MGP$$

where:

$LDAC^X$ = Annualized class specific LDAC.

CC^X = Annualized class specific CC or EE Charge.

$RDAC^X$ = Annualized class specific RDAC.

ES = Total firm annualized ES.

RHS = Annualized charge to recover the costs of the closure of the Relief Holder at Gas Street, Concord, NH

MGP = Annualized charge to cover the remediation costs related to former manufactured gas plants.

$GREF^X$ = Total firm annualized class specific Gas Restructuring Expense Factor.

RCE = Rate Case Expense Factor.

$RLIAP$ = Residential Low Income Assistance Program Rate

H. Application of LDAC to Bills. The component costs comprising the LDAC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm sales and firm delivery service throughput in accordance with the table shown in Section 17(B).

I. Other Rules.

1. The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of these regulations, upon such terms that it may determine to be in the public interest.
2. Such amendments may include the addition or deletion of component cost categories, subject to the review and approval of the NHPUC.
3. The Company may implement an amended LDAC with the NHPUC approval at any time.
4. The NHPUC may, at any time, require the Company to file an amended LDAC.
5. The operation of the LDAC is subject to all powers of suspension and investigation vested in the NHPUC.

J. Amendments to Uniform System of Accounts.

1163-1755 **Energy Efficiency Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the sum of DSM and/or EE Expenditures incurred by the Company plus the sum of DSM and/or EE Repayments and the revenues collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(C).

1920-1863 **Environmental Response Costs Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the revenues toward environmental response costs as calculated by multiplying the ES times monthly firm sales volumes and delivery service throughput and environmental response costs allowable per formula. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(E).

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

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- 1930-1745 **Rate Case Expense/Temporary Rates Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the recovery and actual amounts of third-party incremental expenses associated with the Company's Rate Case initiatives and the difference between the final and temporary distribution rates. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(F).
- 1169-1756 **Residential Low Income Assistance Program Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the actual revenue derived from the actual sales and transportation service throughput multiplied by the RLIAP rate and the actual costs of the program, which consists of the revenue shortfall and all administrative and marketing costs, as outlined in the Local Distribution Adjustment Clause, 17(G).
- 1163-1756 **Revenue Decoupling Adjustment Factor:** This account shall be used to record the cumulative difference between the lost revenue of the Company and the revenue collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(D).

18 SUPPLY & CAPACITY SHORTAGE ALLOCATION POLICY

A. DEFINITIONS

The following are definitions of terms used in this subsection and applicable only to this subsection:

1. **Residential:** Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses
- B. **Commercial:** Service to customers engaged primarily in the sale of goods or services including institutions and local, state and federal government agencies for uses other than those involving manufacturing or electric power generation
- C. **Industrial:** Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power
- D. **Large Volume:** Service to large commercial and industrial customers with an annual gas load greater than 200,000 therms
- E. **Seasonal:** Service available from April 1 to October 31 to all customers using gas to replace some other fuel or gas for air conditioning purposes
- F. **Firm Sales Service:** Service from schedules or contracts under which seller is expressly obligated to supply and deliver specific volumes within a given time period and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened
- G. **Firm Transportation Service:** Service from schedules or contracts under which seller is expressly obligated to deliver specific third-party volumes within a given time period and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened.
- H. **Plant Protection Gas:** Is defined as minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel, when such protection cannot be afforded through the use of alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not

ISSUED: October 01, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

Susan L. Fleck
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ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November~~May~~ 01, 2018

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ISSUED: ~~October 01~~ July 13, 2018

ISSUED BY: /s/Susan L. Fleck
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EFFECTIVE: ~~November~~ July 01, 2018

TITLE: President

Authorized by NHPUC Order No. 26,12254 dated ~~April 27~~ June 29, 2018, in Docket No. DG 178-04864

The winter cost of gas rate will be applied to billings commencing with the first November revenue billing cycle; the summer cost of gas rate will be applied to billings commencing with the first May revenue billing cycle.

- C. Calculation. The amount of the cost of gas rate is the anticipated unit cost of gas sold.

At the conclusion of each winter and summer period the Company will calculate the extent that cost of gas revenues are greater or less than actual unit costs of gas compared with the anticipated unit costs. The calculated difference (actual gas sales volumes multiplied by the difference between actual and anticipated unit costs) will be carried forward into the computation of the cost of gas rate for the corresponding winter or summer period.

Any excess revenue collected, as determined above, will earn interest as specified by the Commission.

- D. Changes. The cost of gas rate may be adjusted without further Commission action based on the projected over-/under-collection of gas costs, the adjusted rate to be effective the first of the month. Any such rate adjustments may not exceed a maximum rate of 25 percent above the approved rate, but there is no limit on the amount of any rate reductions.
- E. Refunds. When refunds are made to the Company by its suppliers that are applicable to increased charges collected under this provision, the Company will make appropriate refunds to its customers and as the Commission may direct.
- F. Reporting. The Company shall submit to the Commission, at least 30 days prior to the effective date, the proposed winter and summer period cost of gas rate computation. Any monthly adjustments to the cost of gas rate must be filed five (5) business days prior to the first day of the subsequent month (the effective date of the new rate).

The cost of gas rate shall be computed to the nearest one hundredth cent per therm and shown on customers' bills.

- G. Fixed Price Option Program. An alternative to the traditional winter period cost of gas rate mechanism may be elected by the customer pursuant to the Company's Fixed Price Option (FPO) Program. The Company may offer up to 50% of its expected firm sales for the winter period under the FPO Program. The cost of gas charge offered under the FPO Program will remain fixed for all winter period billings commencing November 1 and ending April 30 of the effective winter period. Once elected, customers must remain on the FPO Program for the duration of the winter period unless service is terminated. There are no maximum or minimum usage levels. Customers may enroll in this Program by contacting the Company between the October 1 and October 19 period immediately preceding the effective winter period.

17 LOCAL DISTRIBUTION ADJUSTMENT CLAUSE AND NORMAL WEATHER ADJUSTMENT

- A. Purpose. The purpose of the Local Distribution Adjustment Clause ("LDAC" or this "Clause") is to establish procedures that allow the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, its delivery charges in order to recover Conservation Charges ("CC"), Revenue Decoupling Lost Revenues Adjustment Clause Mechanism ("RDACLRAM"), Winter Period Surcharges ("WPS"), Environmental Surcharges ("ES") including the Relief Holder Surcharge ("RHS") and the Manufactured Gas Program Surcharge ("MGP"), recover gas restructuring expenses ("GRE"), rate case expenses ("RCE"), Residential Low

ISSUED: October~~May~~ 018, 2018

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EFFECTIVE: November~~May~~ 01, 2018

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Income Assistance Program costs (“RLIAP”) and any other expenses the NHPUC may approve from time to time. The purpose of the Normal Weather Adjustment (“NWA”) is to establish procedures that allow the Company, subject to the jurisdiction of NHPUC, to calculate and apply, for each customer on a monthly basis, the Weather Normalization Factor (“WNF”).

B. Applicability. This Clause shall be applicable in whole or part to all of the Company's firm sales service and firm delivery service customers as shown on the table below. The application of this clause may, for good cause shown, be modified by the NHPUC. See Section 17(K) “Other Rules.”

<u>Applicability</u>	<u>CC 17(C)</u>	<u>RDAC 17(D)</u>	<u>ES 17(E)</u>	<u>RCE 17(F)</u>	<u>RLIAP 17(G)</u>
<u>Residential Non-Space Heating – R-1, R-5</u>	<u>1</u>	<u>1</u>	<u>X</u>	<u>1</u>	<u>X</u>
<u>Residential Space Heating – R-3, R-4, R-6, R-7</u>	<u>1</u>	<u>1</u>	<u>X</u>	<u>1</u>	<u>X</u>
<u>Small C&I – G-41, G-51, G-44, G-55</u>	<u>1</u>	<u>1</u>	<u>X</u>	<u>1</u>	<u>X</u>
<u>Medium C&I – G-42, G-52, G-45, G-56</u>	<u>1</u>	<u>1</u>	<u>X</u>	<u>1</u>	<u>X</u>
<u>Large C&I – G-43, G-53, G-54, G-46, G-57, G-58</u>	<u>1</u>	<u>1</u>	<u>X</u>	<u>1</u>	<u>X</u>

Notes:

N/A Not applicable

X Applicable to all

1 Applicable to Non-Managed Expansion Program Customers

C. Conservation Charges Allowable for LDAC.

- Purpose: The purpose of this provision is to establish a procedure that allows the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, the Conservation Charge, if and when applicable, to firm sales service and firm delivery service throughput in order to recover from firm customers costs and lost margins associated with its energy efficiency management programs.
- Applicability: A conservation charge shall be applied to therms sold or transported by the Company subject to the jurisdiction of the Commission as determined in accordance with the provision of this rate schedule. Such conservation charge shall be determined annually by the Company, separately for the Residential Heating, and Commercial/Industrial rate categories, subject to review and approval by the Commission as provided for in this rate schedule.

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EFFECTIVE: November~~May~~ 01, 2018

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2. Calculation of Conservation Charge: The Company will properly assign expenses for forecasted conservation expenditures to the applicable rate categories for a future twelve (12) month period commencing November 1 of each year. The total of such conservation expenditures plus any prior period reconciling adjustments shall be divided by therm sales as forecasted by the Company for the same annual period and rounded to the nearest hundredth of a cent. The resulting conservation charge shall be included in the Company's Local Distribution Adjustment Charge and applied to actual therms sold or transported for the following twelve (12) month period starting November 1, and ending October 31.

~~Income Assistance Program costs ("RLIAP") and any other expenses the NHPUC may approve from time to time.~~

- ~~B. Applicability. This Clause shall be applicable in whole or part to all of the Company's firm sales service and firm delivery service customers as shown on the table below. The application of this clause may, for good cause shown, be modified by the NHPUC. See Section 17(K) "Other Rules."~~

Applicability	CC 17(C)	LRAM 17(C.1)	ES 17(D)	GRE 17(E)	RCE 17(F)	RLIAP 17(G)
Residential Non-Space Heating— R-1, R-5	2	2	X	N/A	2	X
Residential Space Heating—R-3, R-4, R-6, R-7	2	2	X	N/A	2	X
Small C&I—G-41, G-51, G-44, G-55	2	2	X	X	2	X
Medium C&I—G-42, G-52, G- 45, G-56	2	2	X	X	2	X
Large C&I—G-43, G-53, G-54, G-46, G-57, G-58	2	2	X	X	2	X

Notes:

N/A—Not applicable

X—Applicable to all

1—Applicable to Non-Managed Expansion Program Customers

2—As ordered by the NHPUC

~~C. Conservation Charges Allowable for LDAC:~~

- ~~1. Purpose: The purpose of this provision is to establish a procedure that allows the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, the Conservation Charge, if and when applicable, to firm sales service and firm delivery service throughput in order to recover from firm customers costs and lost margins associated with its energy efficiency management programs.~~
- ~~2. Applicability: A conservation charge shall be applied to therms sold or transported by the Company subject to the jurisdiction of the Commission as determined in accordance with the provision of this rate schedule. Such conservation charge shall be determined annually by the Company, separately for the Residential Heating, and Commercial/Industrial rate categories, subject to review and approval by the Commission as provided for in this rate schedule.~~

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~~Conditions~~

3. ~~Calculation of Conservation Charge:~~ The Company will properly assign expenses for forecasted conservation expenditures to the applicable rate categories for a future twelve (12) month period commencing November 1 of each year. The total of such conservation expenditures plus any prior period reconciling adjustments shall be divided by therm sales as forecasted by the Company for the same annual period and rounded to the nearest hundredth of a cent. The resulting conservation charge shall be included in the Company's Local Distribution Adjustment Charge and applied to actual therm sales sold or transported for the following twelve (12) month period starting November 1, and ending October 31.

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EFFECTIVE: ~~November~~May 01, 2018

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4. Reporting: The Company shall submit annual reports to the Commission reconciling any difference between the actual conservation expenditures and actual revenues collected under this rate schedule. The difference whether positive or negative will be carried forward into the conservation charge for the next recovery period. Upon completion of the conservation program(s), any over or under collection may be credited or charged to the deferred Winter Period cost of gas account, subject to Commission approval.
5. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the CC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.
6. Reconciliation Adjustment: Account 1163-1755 shall contain the cumulative difference between the sum of the DSM expenditures incurred by the Company plus the sum of the DSM repayments and the revenues collected from customers. The Company shall file the reconciliation along with the COG filing on or before the first business day in September of each year.

D Revenue Decoupling Adjustment Clause.

1. Purpose: The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, its rates for firm gas sales and firm transportation in order to reconcile Actual Base Revenue per Customer with Benchmark Based Revenue per Customer. The Company's RDAC eliminates the link between volumetric sales and Company revenue in order to align the interests of the Company and customers with respect to changing customer usage.. The purpose of the NWA is to adjust each customer's bill for the difference in delivery charges caused by the variation in actual HDDs from normal HDDs during the Winter Period.
2. Effective Date: The RDAC and NWA shall take effect beginning on November 1, 2018, and replace the Lost Revenue Adjustment Mechanism (LRAM) established in Order No. 25,932 (Docket No. DE 15-137).
3. Applicability: The Revenue Decoupling Adjustment Factor and NWA shall apply to all of the Company's firm tariff Rate Schedules, subject to the jurisdiction of the Commission, as determined in accordance with the provisions of this RDAC and NWA.
4. Definitions: The following definitions shall apply throughout the RDAC and NWA:
 - a. Actual Base Revenue is the actual revenue derived from the Company's distribution rates for a given Decoupling Year for a Customer Class. The Company will use monthly distribution revenues and Actual Number of Customers to determine the Monthly Actual Base Revenue per Customer.
 - b. Actual Number of Customers is the actual number of Equivalent Bills for the applicable Customer Class for the applicable month of the Decoupling Year.

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TITLE: President

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4. ~~Reporting:~~ The Company shall submit annual reports to the Commission reconciling any difference between the actual conservation expenditures and actual revenues collected under this rate schedule. The difference whether positive or negative will be carried forward into the conservation charge for the next recovery period. Upon completion of the conservation program(s), any over or under collection may be credited or charged to the deferred Winter Period cost of gas account, subject to Commission approval.
5. ~~Effective Date:~~ On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the CC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.
6. ~~Reconciliation Adjustment:~~ Account 1163-1755 shall contain the cumulative difference between the sum of the DSM expenditures incurred by the Company plus the sum of the DSM repayments and the revenues collected from customers. The Company shall file the reconciliation along with the COG filing on or before the first business day in September of each year.

C.1 ~~Lost Revenue Adjustment Mechanism Allowable for LDAC.~~

1. ~~Purpose:~~ The purpose of this provision is to establish a procedure that allows the Company, subject to the jurisdiction of the NHPUC, to adjust, on an annual basis, the Lost Revenue Adjustment Rate, if and when applicable, to firm sales service and firm delivery service throughput in order to recover from firm customers lost revenue related to Energy Efficiency programs, pursuant to Order No. 25,932 in Docket DE 15-137, Energy Efficiency Resource Standard.
- ~~Applicability:~~ A Lost Revenue Adjustment charge shall be applied to terms sold or transported by the Company subject to the jurisdiction of the New Hampshire Public Utilities Commission (the "Commission") as determined in accordance with the provision of this rate schedule. Such Lost Revenue Adjustment charge shall be determined annually by the Company, separately for the Residential Heating, and Commercial/Industrial rate categories, subject to review and approval by the Commission as provided for in this rate schedule.
- ~~Calculation of Lost Revenue Adjustment:~~ The Lost Revenue Adjustment for each Rate Category will be derived by dividing the projected annual lost revenue, plus the reconciliation balance, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.
7. ~~Effective Date:~~ On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the Lost Revenue Adjustment Rate applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.
- 8.5. ~~Reconciliation Adjustment:~~ Account 1920-1863 shall contain the cumulative difference between the Lost Revenue Adjustment Rate revenues collected and actual costs, plus carrying charges. The

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EFFECTIVE: ~~November~~May 01, 2018

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- c. Billing Year is the 12-months commencing November 1 immediately following the completion of the Decoupling Year.
- d. Customer Class is the group of all customers taking service pursuant to the same Rate Schedule.
- e. Customer Class Group is the group of Rate Schedules combined for purposes of calculating the Revenue Decoupling Adjustment billing rates. The two Customer Class Groups are as follows:
 - Residential Customer Class Group (CG1): defined as both Residential Non-Heating Customer Class and Residential Heating Customer Class, shall consist of all customers taking service pursuant to the Company's residential rate schedules. CG1 shall include customers taking service under rate schedules R-1, R-3, R-4, R-5, R-6 and R-7.
 - The Commercial and Industrial Customer Class Group (CG2): shall consist of all customers taking service pursuant to one of the Company's general service rate schedules, G-41, G-42, G-43, G-44, G-45, G-46, G-51, G-52, G-53, G-54, G-55, G-56, G-57 and G-58.
- f. Decoupling Year. The first Decoupling Year shall be the 10-month period from November 1, 2018 to August 31, 2019. Each subsequent Decoupling Year shall be the twelve months commencing September 1 through August 31.
- g. Equivalent Bill. The number of days in the billing period of each customer's bill divided by 30.
- h. Real-time weather normalization adjustment is the difference between actual distribution revenue billed to each customer in each billing cycle for each month or portion thereof during the Winter Period, and what distribution revenue for each customer's bill would have been based on normalized therm deliveries for the same period. The resulting charge or credit will be added to or subtracted from each customer's bill at the time the bill is rendered (i.e., "real time").
- i. Benchmark Base Revenue per Customer is the monthly allowed distribution revenue per Equivalent Bill for a given Decoupling Year for a given Customer Class, reflecting the distribution revenue level and approved equivalent bills from the Company's most recent rate case or other proceeding that results in an adjustment to base rates. Benchmark Base Revenue per Customer will be calculated for each month based on the distribution rates in effect at the start of the Decoupling Year and the calculation will be revised for the remaining months of each Decoupling Year if there is a distribution rate change that occurs following the beginning month of each Decoupling Year.
- j. Winter Period. The time period from November 1 of a given year through April 30 of the following year inclusive.
- k. Base Load Factor for each customer is the most recent two-year average daily delivered therms for actual bills rendered during the months of June through August for that customer.
- l. Base Usage for each bill is the current Base Load Factor times the number of days in billing period.
- m. Heating Usage for each bill is the difference between the actual delivered therms for that bill less the Base Usage for that bill. If the calculated Heating Usage is less than zero, then the Heating Usage for that bill is set equal to zero.
- n. Heating Degree Days (HDD) for each day is sixty-five (65) minus the average temperature in degrees Fahrenheit for that day. If the calculated HDD is less than zero, then the HDD for that day is set equal to zero.
- o. Normal Heating Degree Days (Normal HDD) for each day is the thirty-year average HDD for that day.

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~~Company shall file the reconciliation along with the COG filing on or before the first business day in September of each year.~~

~~D. Environmental Surcharges ("ES") Allowable for LDAC.~~

~~1. Purpose: In order to recover expenditures associated with former manufactured gas Programs, there shall be an ES Rate applied to all firm volumes billed under the Company's delivery service charges.~~

~~1. Applicability: An annual ES Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ES Rate shall be filed with the Company's Winter season Cost of Gas Clause ("COG") filing and be subject to review and approval by the Commission. The annual ES Rate shall be applied to firm sales and to firm delivery throughput as a part of the LDAC. Special contract customers are exempt from the ES.~~

~~2. Costs Allowable: All approved environmental response costs associated with manufactured gas Programs may be included in the ES Rate~~

~~The total annual charge to the Company's customers for environmental response costs during any annual ES recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and delivery throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ES expenditures reflected in the calculation of the ES Rate to be in effect for the upcoming twelve month period, November 1 through October 31. If this recovery limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular ES Recovery Year, then the Company would defer this unrecovered amount, with interest, calculated monthly on the average monthly balance, until the next recovery period in which this amount could be recovered without violating the 5% limitation. The interest rate is to be adjusted monthly using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates.~~

~~3. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the ES applicable to all firm sales and firm delivery service throughput for the subsequent twelve month period commencing with the calendar month of November.~~

~~4. Definitions:~~

~~Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas Program sites, disposal sites, or other sites onto which material may have migrated, as a result of the operating or decommissioning of New Hampshire gas manufacturing facilities. These cost shall include the costs of the closure of the Relief Holder and pond at Gas Street, Concord, NH. The ES shall also include the expenses incurred by the Company in pursuing insurance and third party claims and any recoveries or other benefits received by the Company as a result~~

~~5.4. Reconciliation Adjustments: Prior to the Winter Period COG, the Company shall calculate the difference between (a) the revenues derived by multiplying firm sales and delivery throughput by the ES Rate, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ES Recovery Period. Account 1920-1863 shall contain the cumulative difference and the~~

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President

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p. Weather Normalization Adjustment Slope (WNA Slope) for each bill is the Heating Usage divided by the sum of actual HDD during the billing period.

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q. Normal Heating Usage for each bill is the WNA Slope times the sum of the Normal HDD for the billing period.

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r. Normal Usage for each bill is the sum of the Base Usage and the Normal Heating Usage.

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s. Weather Normalization Factor (WNF) for each bill is

$$WNF = \frac{DeliveryCharge_{Normal}}{DeliveryCharge_{Actual}} - 1$$

where $DeliveryCharge_{Normal}$ is the calculated delivery charge for Normal Usage for the rate schedule applicable to that bill or portion thereof during the Winter Period and $DeliveryCharge_{Actual}$ is the calculated delivery charge for actual delivered therms for the rate schedule applicable to that bill or portion thereof during the Winter Period.

5. Calculation of Revenue Decoupling Adjustment

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a. Description of Revenue Decoupling Adjustment

At the conclusion of each Decoupling Year, the Company shall calculate a Decoupling Revenue Adjustment to be used to determine the RDAF for the next Billing Year, effective November 1.

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The Revenue Decoupling Adjustment shall be determined by calculating the monthly difference between the Benchmark Base Revenue per Customer times the actual number of Equivalent Bills for the applicable Customer Class and the Actual Base Revenue for that month. The sum of these monthly Revenue Decoupling Adjustments in the Decoupling Year shall be divided by forecasted Billing Year sales to derive the volumetric rate per therm to be applied to customers' bills in the Billing Year. The Revenue Decoupling Adjustment shall also include a reconciliation component for the previous Decoupling Year, which represents the difference between the accrued decoupling amount in the Decoupling Year compared to the actual revenues billed in the billing Year.

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b. Revenue Decoupling Adjustment Formulas

$$RD_T = \sum_{CG=1}^{CG=2} [(BRPC_{T-1}^{CG} \times ACUSTS_{T-1}^{CG}) - AR_{T-1}^{CG}]$$

And:

$$RDAF = \frac{RD + DEF_{bal}}{P:Thru_T}$$

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Where the terms in the above equation have the following meanings:

Company shall file the reconciliation along with its COG filing on or before the first business day in September of each year.

ISSUED: October~~May~~ 018, 2018

ISSUED BY: /s/Susan L. Fleck
Susan L. Fleck

EFFECTIVE: November~~May~~ 01, 2018

TITLE: President

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7. ~~Calculation of the ES:~~ The ES Rate calculated annually consists of one-seventh of actual response costs incurred by the Company in the twelve-month period ending June 30 of each year until fully amortized (over seven years). Any insurance and third-party recoveries or other benefits for the twelve-month period ending June 30 shall be applied to reduce the unamortized balance, shortening the amortization period. The sum of these amounts is then divided by the Company's forecast of total firm sales and delivery throughput for the upcoming twelve months of November 1 through October 31.
8. ~~Application of ES to Bills:~~ The annual ES Rate shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm gas sales and firm delivery service throughput by being included in the determination of the annual LDAC, and also shall be included in the Distribution Adjustment of the Delivery Charges of each firm customer's bill.

E. ~~Expenses Related to Gas Restructuring.~~

1. ~~Purpose:~~ The purpose of this provision is to establish a procedure that allows the Company to adjust its rates on an annual basis for the recovery of NHPUC-approved costs associated with the Gas Restructuring Collaborative (Docket DE-98-124).
2. ~~Applicability:~~ The Gas Restructuring Expenses ("GRE") shall be applied to all firm-tariffed customers eligible to receive delivery service from the Company as determined in accordance with the provisions of Section 17(F) of this clause. The GRE shall be determined annually by the Company as defined below, subject to review and approved by the NHPUC as provided for in this clause.
3. ~~GRE Allowable for LDAC:~~ Costs associated with the Gas Restructuring Collaborative (DE-98-124), including, but not limited to, any legal, consulting, customer focus group(s) and survey(s), customer education campaign(s), materials and advertising, subject to review and approval by the NHPUC.
4. ~~Effective Date of GRE Charge:~~ On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the GRE applicable to all consumption of tariffed customers eligible to receive delivery service for the subsequent twelve-month period commencing with the calendar month of November.
5. ~~Definition:~~ Gas Restructuring Initiatives are activities facilitating the development, design and implementation of unbundled services for all customers.

6. ~~GRE Factor Formula:~~

$$\text{GREF} = \frac{\text{GRE} + \text{RAGRE}}{\text{A} \cdot \text{TPev}}$$

where:

A:TPev — Forecast Annual Throughput Volumes of all tariffed customers eligible to receive firm delivery-only service from the Company.

GRE — Gas Restructuring Expenses as defined in Section 17(F).05.

ISSUED: ~~October~~May 018, 2018

ISSUED BY: ~~/s/~~Susan L. Fleck
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EFFECTIVE: ~~November~~May 01, 2018

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$ACUSTS_{T-1}^{CG}$:	<u>The Actual Number of Equivalent Bills for the applicable Customer Class for the most recently completed Decoupling Year (T-1)</u>
AR_{T-1}^{CG} :	<u>The Actual Base Revenue for the applicable Customer Class for the most recently completed Decoupling Year, (T-1), as defined in Section 4(D). For purposes of calculating the Actual Base Revenue, base revenues for Low Income rate class R-4, shall be determined based on non-discounted rate R-3.</u>
$BRPC_{T-1}^{CG}$:	<u>The Benchmark Base Revenue Per Equivalent Bill for the applicable Customer Class as determined in accordance with Section 4 (D) for the most recently completed Decoupling Year, stated on a monthly basis (T-1).</u>
cg	<u>Customer Class Groups as defined in Section 4(D).</u>
DEF_{bal}	<u>The balance of the unrecovered deferrals inclusive of associated interest using the prime lending rate.</u>
P: Thru: T	<u>Forecast Throughput Volumes inclusive of all firm tariff throughput for the Billing Year.</u>
RD	<u>The Revenue Decoupling adjustment to revenues, representing the sum of the monthly Revenue Decoupling Adjustments in the Decoupling Year.</u>
$RDAF_T$:	<u>The Revenue Decoupling Adjustment Factor for the Billing Year.</u>

6. Calculation of the RDAC Reconciliation Adjustments

Account 1163-1756 shall contain the accumulated difference between annual revenues and the Revenue Decoupling Adjustment, as calculated by multiplying the RDAF times firm sales and transportation throughput, and the Revenue Decoupling Adjustment allowed revenues annually, plus carrying charges on the average monthly balance using the prime lending rate.

7. Application of the RDAC to Customer Bills

The RDAF (\$ per therm) shall be calculated annually for each Customer Group and shall be truncated at the nearest one one-hundredth of a cent per therm. The annual calculated Customer Group RDAF will be applied to the monthly firm tariff throughput for each customer in that particular Customer Group, effective November 1 of the given year.

8. Calculation of Normal Weather Adjustment

The Normal Weather Adjustment (NWA) for each bill is

$$NWA = \text{DeliveryCharge}_{\text{Actual}} \times WNF$$

where DeliveryChargeActual is the calculated delivery charge for actual delivered therms for the rate schedule applicable to that bill or portion thereof during the Winter Period.

ISSUED: October~~May~~ 018, 2018

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EFFECTIVE: November~~May~~ 01, 2018

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TITLE: President

9. Application of the NWA to Customer Bills

~~RA GRE—Gas Restructuring Expense Reconciliation Adjustment—Account 1920-1744, inclusive of the associated Account 1920-1744 interest, as outlined in Section 17(E)(7).~~

~~7. Reconciliation Adjustments: Account 1920-1744 shall contain the accumulated difference between revenues toward Gas Restructuring Expenses as calculated by multiplying the Gas Restructuring Expense Factor (“GREF”) times monthly volumes of customers eligible to receive firm delivery service and Gas Restructuring expenses allowed, plus carrying charges calculated on the average monthly balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates, and then added to the end of month balance.~~

~~8. Application of GREF to Bills: The GREF (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm gas sales and firm delivery service throughput by being included in the determination of the annual LDAC, and also shall be included in the Distribution Adjustment of the Delivery Charges of each firm customer's bill.~~

~~9. Information to be Filed with the NHPUC: Information pertaining to the Gas Restructuring Expenses shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual GREF filing shall be required on or before the first business day in September of each year. The GREF filing shall contain the calculation of the new annual GREF to become effective November 1 and shall include the updated annual Gas Restructuring Expense reconciliation balance.~~

F. ~~Expenses Related to Rate Cases/Temporary Rate Reconciliation Allowable for LDAC:~~

~~1. Purpose: The purpose of this provision is to establish a procedure that allows the Company to adjust its rates for the recovery of NHPUC approved rate case expenses and the reconciliation of temporary rates.~~

~~2. Applicability: The Rate Case Expenses/Temporary Rate Reconciliation (“RCE”) shall be applied to all firm tariffed customers. The RCE will be determined by the Company, as defined below.~~

~~3. Rate Case Expenses Allowable for LDAC: The total amount of the RCE will be equal to the amount approved by the Commission.~~

~~4. Effective Date of Rate Case Expense Charge: The effective date of the RCE will be determined by the NHPUC in an individual rate proceeding.~~

~~5. Definition: The RCE includes all rate case related expenses approved by the NHPUC. This includes legal expenses, costs for bill inserts, costs for legal notices, consulting fees processing expenses, and other approved expenses. The temporary Rate reconciliation will include the variance between the delivery revenues obtained from the rates prescribed in the temporary rate order and the delivery revenues obtained from the final rates approved by the NHPUC.~~

~~6.10. Rate Case Expense/Temporary Rate Reconciliation (RCE) Factor Formulas: The RCE will be calculated according to the Commission Order issued in an individual proceeding to establish details including the number of years over which the RCE shall be amortized and the allocation of recovery~~

ISSUED: OctoberMay 018, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: NovemberMay 01, 2018

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TITLE: President

The NWA charge or credit will be separately stated, and added to or subtracted from each bill as applicable. Each bill will have a separate line titled "Normal Weather Adj.," which line will include the total variable distribution charges, the WNF percentage, and the resulting charge or credit.

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9. Information to be Filed with the Commission

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Information pertaining to the RDAC will be filed annually with the Commission consistent with the filing requirements of all costs and revenue information included in the LDAC. Such information shall include:

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a. The calculation of the applicable revenue decoupling revenue dollar adjustment for the Decoupling Year.

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b. The calculation of the revenue decoupling reconciliation dollar adjustment for the previous Decoupling Year.

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c. The calculation of the proposed decoupling rate per therm for each customer class group to be applied in the Billing Year.

d. The calculation of the monthly Benchmark Base Revenue per Customer, to be utilized in the upcoming Decoupling Year. If distribution rates change during the Decoupling Year, the monthly Benchmark Base Revenue per Customer for the remaining months of the Decoupling Year will be revised and filed with the Commission.

E. Environmental Surcharges ("ES") Allowable for LDAC.

1. Purpose: In order to recover expenditures associated with former manufactured gas Programs, there shall be an ES Rate applied to all firm volumes billed under the Company's delivery service charges.

2. Applicability: An annual ES Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ES Rate shall be filed with the Company's Winter season Cost of Gas Clause ("COG") filing and be subject to review and approval by the Commission. The annual ES Rate shall be applied to firm sales and to firm delivery throughput as a part of the LDAC. Special contract customers are exempt from the ES.

3. Costs Allowable: All approved environmental response costs associated with manufactured gas Programs may be included in the ES Rate

The total annual charge to the Company's customers for environmental response costs during any annual ES recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and delivery throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ES expenditures reflected in the calculation of the ES Rate to be in effect for the upcoming twelve-month period, November 1 through October 31. If this recovery limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular ES Recovery Year, then the Company would defer this unrecovered amount, with interest, calculated monthly on the average monthly balance, until the next recovery period in which this amount could be recovered without violating the 5% limitation. The interest rate is to be adjusted monthly using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates, among rate classes. In general, the RCE Factor will be derived by dividing the annual portion of the total RCE, plus the RCE Reconciliation Adjustment, by forecast firm annual throughput.

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ISSUED: OctoberMay 018, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: NovemberMay 01, 2018

Susan L. Fleck
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TITLE:

Reconciliation Adjustments: Account 1930-1745 shall contain the accumulated difference between revenues toward Rate Case Expenses as calculated by multiplying the Rate Case Expense Factor ("RCEF") times the appropriate monthly volumes and Rate Case Expense allowed, plus carrying charges added to the end-of-month balance. The carrying charges shall be calculated beginning on the first month of the recovery period by applying the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates to the average monthly balance.

At the end of the recovery period, any under or over recovery will be included in an active LDAC component, as approved by the Commission.

Application of RCE to Bills: The RCE (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm gas sales and firm delivery service throughput by being included in the determination of the annual LDAC, and also shall be included in the Distribution Adjustment of the Delivery Charges of each firm customer's bill.

Information to be Filed with the NHPUC: Information pertaining to the RCE will be filed with the NHPUC consistent with the filing requirements of all cost and revenue information included in the LDAC. The RCE filing will contain the calculation of the new RCE and will include the updated RCE reconciliation balance.

G. Recoverable Residential Low Income Assistance Program Costs:

Purpose: The purpose of this provision is to establish a procedure that allows the Company, subject to the jurisdiction of the NHPUC, to recover the revenue shortfall (costs) associated with customers participating in the Residential Low Income Assistance Program ("RLIAP"). Such costs, as well as, associated administrative and marketing costs shall be recovered by applying an RLIAP rate to all firm sales and transportation service throughput.

Applicability: The RLIAP Rate shall be applied to all firm sales and transportation tariff customers. The RLIAP Rate shall be filed with the Company's Winter season Cost of Gas Clause filing and shall be determined annually by the Company and be subject to review and approval by the Commission.

Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the RLIAP Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of November.

RLIAP Costs Allowable for LDAC: The costs to be recovered through the RLIAP Rate shall comprised of the revenue shortfall calculated by forecasting the number of customers enrolled in the RLIAP and the associated volumetric billing determinants for the upcoming annual recovery period and applying those billing determinants to the difference between the regular and reduced low income residential base rates, plus administrative, marketing and startup costs. The RLIAP

ISSUED: ~~October~~May 018, 2018

ISSUED BY: /s/Susan L. Fleck
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EFFECTIVE: ~~November~~May 01, 2018

TITLE: President

Authorized by NHPUC Order No. 26,122 dated April 27, 2018, in Docket No. DG 17-048

4. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the ES applicable to all firm sales and firm delivery service throughput for the subsequent twelve-month period commencing with the calendar month of November.

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5. Definitions:

Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas Program sites, disposal sites, or other sites onto which material may have migrated, as a result of the operating or decommissioning of New Hampshire gas manufacturing facilities. These cost shall include the costs of the closure of the Relief Holder and pond at Gas Street, Concord, NH. The ES shall also include the expenses incurred by the Company in pursuing insurance and third-party claims and any recoveries or other benefits received by the Company as a result

6. Reconciliation Adjustments: Prior to the Winter Period COG, the Company shall calculate the difference between (a) the revenues derived by multiplying firm sales and delivery throughput by the ES Rate, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ES Recovery Period. Account 1920-1863 shall contain the cumulative difference and the Company shall file the reconciliation along with its COG filing on or before the first business day in September of each year.

7. Calculation of the ES: The ES Rate calculated annually consists of one-seventh of actual response costs incurred by the Company in the twelve-month period ending June 30 of each year until fully amortized (over seven years). Any insurance and third-party recoveries or other benefits for the twelve month period ending June 30 shall be applied to reduce the unamortized balance, shortening the amortization period. The sum of these amounts is then divided by the Company's forecast of total firm sales and delivery throughput for the upcoming twelve months of November 1 through October 31.

8. Application of ES to Bills: The annual ES Rate shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm gas sales and firm delivery service throughput by being included in the determination of the annual LDAC, and also shall be included in the Distribution Adjustment of the Delivery Charges of each firm customer's bill.

F. Expenses Related to Rate Cases/Temporary Rate Reconciliation Allowable for LDAC.

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1. Purpose: The purpose of this provision is to establish a procedure that allows the Company to adjust its rates for the recovery of NHPUC-approved rate case expenses and the reconciliation of temporary rates.

2. Applicability: The Rate Case Expenses/Temporary Rate Reconciliation ("RCE") shall be applied to all firm tariffed customers. The RCE will be determined by the Company, as defined below.

3. Rate Case Expenses Allowable for LDAC: The total amount of the RCE will be equal to the amount approved by the Commission.

— Rate shall be calculated by dividing the resulting costs, plus any prior period reconciling adjustment, by the forecast of annual firm sales and transportation service throughput.

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ISSUED: OctoberMay 018, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: NovemberMay 01, 2018

TITLE: Susan L. Fleck
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Authorized by NHPUC Order No. 26,122 dated April 27, 2018, in Docket No. DG 17-048

MGP = — Annualized charge to cover the remediation costs related to former manufactured gas plants.

~~GREF^x = — Total firm annualized class-specific Gas Restructuring Expense Factor.~~

RCE = — Rate Case Expense Factor.

RLIAP = — Residential Low Income Assistance Program Rate

J. ~~Application of LDAC to Bills:~~ The component costs comprising the LDAC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm sales and firm delivery service throughput in accordance with the table shown in Section 17(B).

J. ~~Other Rules:~~

1. ~~(1) The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of these regulations, upon such terms that it may determine to be in the public interest.~~

1. ~~Such amendments may include the addition or deletion of component cost categories, subject to the review and approval of the NHPUC.~~

2. ~~The Company may implement an amended LDAC with the NHPUC approval at any time.~~

3. ~~The NHPUC may, at any time, require the Company to file an amended LDAC.~~

4. ~~The operation of the LDAC is subject to all powers of suspension and investigation vested in the NHPUC.~~

K. ~~Amendments to Uniform System of Accounts:~~

1920-1744 — ~~Gas Restructuring Expense Reconciliation Adjustment:~~ This account shall be used to record the cumulative difference between the recovery and actual amounts of third-party incremental expenses associated with the Company's Gas Restructuring initiatives. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 18(E).

1163-1755 — ~~Energy Efficiency Reconciliation Adjustment:~~ This account shall be used to record the cumulative difference between the sum of DSM and/or EE Expenditures incurred by the Company plus the sum of DSM and/or EE Repayments and the revenues collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 18(C).

1920-1863 — ~~Environmental Response Costs Reconciliation Adjustment:~~ This account shall be used to record the cumulative difference between the revenues toward environmental response costs as calculated by multiplying the ES times monthly firm sales volumes and delivery service throughput and environmental response costs allowable per formula. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 18(D).

1930-1745 — ~~Rate Case Expense/Temporary Rates Reconciliation Adjustment:~~ This account shall be used to record the cumulative difference between the recovery and actual amounts of third-party incremental expenses associated with the Company's Rate Case initiatives and the

ISSUED: October May 018, 2018

ISSUED BY: /s/Susan L. Fleck
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EFFECTIVE: November May 01, 2018

TITLE: President

Authorized by NHPUC Order No. 26,122 dated April 27, 2018, in Docket No. DG 17-048

3. Effective Date: On or before the first business day in September of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the RLIAP Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of November.

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4. RLIAP Costs Allowable for LDAC: The costs to be recovered through the RLIAP Rate shall comprised of the revenue shortfall calculated by forecasting the number of customers enrolled in the RLIAP and the associated volumetric billing determinants for the upcoming annual recovery period and applying those billing determinants to the difference between the regular and reduced low income residential base rates, plus administrative, marketing and startup costs. The RLIAP Rate shall be calculated by dividing the resulting costs, plus any prior period reconciling adjustment, by the forecast of annual firm sales and transportation service throughput.

5. RLIAP Factor Formula

$$\text{RLIAPF} = \text{RLIAP} + \frac{\text{RA}_{\text{RLIAP}}}{\text{A: TPev}}$$

where:

A: TPev Forecast Annual Throughput Volumes of all firm sales and transportation tariffed customers eligible to receive firm delivery-only service from the Company.

RLIAP RLIAP costs comprising of the revenue shortfall associated with customer participation, plus administrative, marketing, IT and start-up costs.

RA_{RLIAP} RLIAP Reconciliation Adjustment - Account 1169-1756, inclusive of the associated Account 1169-1756 interest, as outlined in Section 17(G)(6).

6. Reconciliation Adjustments: Prior to the Company's Winter season Cost of Gas filing, the Company will calculate the difference between (a) the revenue derived by multiplying the actual firm sales and delivery service throughput by the RLIAP Rate through October 31st, and (b) the actual costs of the program which consists of (1) the revenue shortfall calculated by applying the actual billing determinants of the RLIAP classes to the difference in the regular and reduced residential base rates in effect for the annual reconciliation period and (2) the start-up, administrative and marketing costs associated with the implementation of the program, plus carrying charges calculated on the average monthly balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates. The combined costs will then be recorded in the deferred RLIAP account 1169-1756. The Company shall file the reconciliation along with its COG filing on or before the first business day in September of each year.

H. Effective Date of Local Distribution Adjustment Clause. The LDAC shall be filed annually and become effective on November 1 of each year pursuant to NHPUC approval. In order to minimize the magnitude of future reconciliation adjustments, the Company may request interim revisions to the LDAC rates, subject to review and approval of the NHPUC.

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I. Local Distribution Adjustment Clause Formulas. The LDAC shall be calculated on an annual basis, by customer, by summing up the various factors included in the LDAC, where applicable.

LDAC Formula

$$\text{LDAC}^X = \text{CC}^X + \text{RDAC}^X + \text{ES} + \text{GREF}^X + \text{RCE} + \text{RLIAP}$$

and:

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Susan L. Fleck

EFFECTIVE: ~~November~~May 01, 2018

TITLE: President

Authorized by NHPUC Order No. 26,122 dated April 27, 2018, in Docket No. DG 17-048

ES^x = RHS + MGP

where:

LDAC^x = Annualized class specific LDAC.

CC^x = Annualized class specific CC or EE Charge.

RDAC^x = Annualized class specific RDAC.

ES = Total firm annualized ES.

RHS = Annualized charge to recover the costs of the closure of the Relief Holder at Gas Street,
Concord, NH

MGP = Annualized charge to cover the remediation costs related to former manufactured gas plants.

GREF^x = Total firm annualized class specific Gas Restructuring Expense Factor.

RCE = Rate Case Expense Factor.

RLIAP = Residential Low Income Assistance Program Rate

H. Application of LDAC to Bills. The component costs comprising the LDAC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and shall be applied to the monthly firm sales and firm delivery service throughput in accordance with the table shown in Section 17(B).

I. Other Rules.

1. The NHPUC may, where appropriate, on petition or on its own motion, grant an exception from the provisions of these regulations, upon such terms that it may determine to be in the public interest.
2. Such amendments may include the addition or deletion of component cost categories, subject to the review and approval of the NHPUC.
3. The Company may implement an amended LDAC with the NHPUC approval at any time.
4. The NHPUC may, at any time, require the Company to file an amended LDAC.
5. The operation of the LDAC is subject to all powers of suspension and investigation vested in the NHPUC.

J. Amendments to Uniform System of Accounts.

1163-1755 **Energy Efficiency Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the sum of DSM and/or EE Expenditures incurred by the Company plus the sum of DSM and/or EE Repayments and the revenues collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(C).

H.K. 1920-1863 **Environmental Response Costs Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the revenues toward environmental response costs as calculated by multiplying the ES times monthly firm sales volumes and delivery service throughput and environmental response costs allowable per formula. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(E).

ISSUED: October 18, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November 01, 2018

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1930-1745 **Rate Case Expense/Temporary Rates Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the recovery and actual amounts of third-party incremental expenses associated with the Company's Rate Case initiatives and the difference between the final and temporary distribution rates. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(F).

1169-1756 **Residential Low Income Assistance Program Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the actual revenue derived from the actual sales and transportation service throughput multiplied by the RLIAP rate and the actual costs of the program, which consists of the revenue shortfall and all administrative and marketing costs, as outlined in the Local Distribution Adjustment Clause, 17(G).

1163-1756 **Revenue Decoupling Adjustment Factor:** This account shall be used to record the cumulative difference between the lost revenue of the Company and the revenue collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 17(D).

~~difference between the final and temporary distribution rates. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 18(F).~~

~~1169-1756 **Residential Low Income Assistance Program Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the actual revenue derived from the actual sales and transportation service throughput multiplied by the RLIAP rate and the actual costs of the program, which consists of the revenue shortfall and all administrative and marketing costs, as outlined in the Local Distribution Adjustment Clause, 18(G).~~

~~1163-1756 **Lost Revenue Reconciliation Adjustment:** This account shall be used to record the cumulative difference between the lost revenue of the Company and the revenue collected from customers pursuant to this clause with respect to a given Rate Category. Entries to this account shall be determined as outlined in the Local Distribution Adjustment Clause, 18(C.1).~~

18 SUPPLY & CAPACITY SHORTAGE ALLOCATION POLICY

A. DEFINITIONS

The following are definitions of terms used in this subsection and applicable only to this subsection:

1. Residential: Service to customers which consists of direct natural gas usage in a residential dwelling for space heating, air conditioning, cooking, water heating and other residential uses

ISSUED: October~~May~~ 018, 2018

ISSUED BY: /s/Susan L. Fleck

EFFECTIVE: November~~May~~ 01, 2018

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- B. Commercial: Service to customers engaged primarily in the sale of goods or services including institutions and local, state and federal government agencies for uses other than those involving manufacturing or electric power generation
- C. Industrial: Service to customers engaged primarily in a process which creates or changes raw or unfinished materials into another form or product including the generation of electric power
- D. Large Volume: Service to large commercial and industrial customers with an annual gas load greater than 200,000 therms
- E. Seasonal: Service available from April 1 to October 31 to all customers using gas to replace some other fuel or gas for air conditioning purposes
- F. Firm Sales Service: Service from schedules or contracts under which seller is expressly obligated to supply and deliver specific volumes within a given time period and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened
- G. Firm Transportation Service: Service from schedules or contracts under which seller is expressly obligated to deliver specific third-party volumes within a given time period and which anticipates no interruptions, but which may permit unexpected interruption in case the supply to higher priority customers is threatened.
- H. Plant Protection Gas: Is defined as minimum volumes required to prevent physical harm to the plant facilities or danger to plant personnel, when such protection cannot be afforded through the use of alternate fuel. This includes the protection of such material in process as would otherwise be destroyed, but shall not

ISSUED: ~~October~~May 01~~8~~, 2018

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EFFECTIVE: ~~November~~May 01, 2018

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