

V. LOCAL DELIVERY ADJUSTMENT CHARGE

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1. Purpose

The purpose of this clause is to establish procedures that allow Northern Utilities ("Northern" or the "Company") subject to the jurisdiction of the State of New Hampshire Public Utilities Commission ("PUC" or "NHPUC"), to adjust, on an annual basis, its rates for firm gas Sales and firm Delivery Services in order to recover Energy Efficiency program costs, recover lost revenue related to the Energy Efficiency programs, recover environmental response costs, return interruptible transportation margin credits, recover revenue shortfall associated with customer participation in the Gas Assistance Program, recover the non-distribution portion of the annual NHPUC regulatory assessment, recover rate case expenses, recover and return the reconciliation of revenues related to permanent changes in delivery rates and recover property tax expense increases associated with RSA 72:8-d and -e.

2. Applicability

This Local Delivery Adjustment Charge ("LDAC") shall be applicable in whole or part to all of Northern's firm Sales and firm Delivery Services customers as shown on the table below. The application of the clause may, for good cause shown, be modified by the NHPUC. See Part V, Section 13, "Other Rules."

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Applicability	EEC V.3.	LRR V.4	ERC V.5.	ITM V.6.	GAP V.7.	RCE V.8.	RPC V.9.	PTAM V.10.	RAAM V.11.
Residential Non-Heating	X	X	X	X	X	X	X	X	X
Residential Heating	X	X	X	X	X	X	X	X	X
Small C&I	X	X	X	X	X	X	X	X	X
Medium C&I	X	X	X	X	X	X	X	X	X
Large C&I	X	X	X	X	X	X	X	X	X
No Previous Sales Service	X	X	X	X	X	X	X	X	X

Notes:

- 1 N/A - Not applicable
- 2 X - Applicable to all
- 3 Specific EEC and LR Rates for Residential Heating and Non-Heating
- 4 Specific EEC and LR Rates for All C&I classes

3. Energy Efficiency Program Costs Allowable for LDAC

3.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Energy Efficiency Charge applicable to firm gas Sales and firm Delivery Services throughput in order to recover from firm ratepayers Energy Efficiency program costs and, per Commission Order or statute, performance incentives.

3.2 Applicability

An Energy Efficiency Charge ("EEC") shall be applied to firm Sales and firm Delivery Services throughput of the Company as determined in accordance with the provisions of Part V, Section 3 of this clause. Such EEC shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

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For purposes of applying the respective EEC each "Rate Category" shall be as follows:

Residential	Rates R-5, R-6, R-10,
Commercial/Industrial (including multi-family)	Rates G-40, G-50, G-41, G-42, G-51, G-52

Special contract customers are exempt from the EEC.

3.3 Reporting

The Company shall submit monthly and annual reports by Rate Category to the Commission reconciling any difference between the actual Energy Efficiency costs and actual revenues collected under this rate schedule. Any negative difference shall be returned to ratepayers via a bill credit by March 31 of the following year. A report shall also be submitted to the Commission by March 31 documenting any carryforward. Annual reports shall be filed with the Commission at least 45 days prior to the effective date of the next subsequent twelve-month period.

3.4 Effective Date of EEC

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the EEC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

3.5 Calculation of the EEC

The EEC for each Rate Category will be derived by dividing the projected annual EE costs, including performance incentives per Commission Order or statute, by forecast firm annual throughput.

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3.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between EEC revenues collected and actual Energy Efficiency program costs and performance incentives per Commission Order or statute, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the

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month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

3.7 Application of EEC Rate to Bills

The EEC Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

3.8 Information to be Filed with the NHPUC

An annual EEC filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual EEC to become effective November 1. The calculation will reflect the forecast of EEC annual costs, the updated annual EEC reconciliation balance and throughput forecast for the upcoming period. Monthly and annual reconciliation reports will be filed in accordance with Section 3.3 above.

4. **Lost Revenue Allowable for LDAC**

4.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Lost Revenue Rate applicable to firm gas Sales and firm Delivery Services throughput in order to recover from firm ratepayers lost revenue related to Energy Efficiency programs, pursuant to Order No. 25,932 in Docket DE 15-137, Energy Efficiency Resource Standard and Order No. 26,533 in Docket 20-092, 2021-2023 Triennial Energy Efficiency Plan.

4.2 Applicability

Effective January 1, 2017, a Lost Revenue Rate ("LRR") shall be applied to firm Sales and firm Delivery Services throughput of the Company as determined in accordance with the provisions of Part V, Section 4 of this clause. Such LRR shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

For purposes of applying the respective LRR each "Rate Category" shall be as follows: Residential Rates R-5, R-6, R-10

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Commercial/Industrial (including multi-family) Rates G-40, G-50, G-41,
G-42, G-51, G-52

Special contract customers are exempt from the LRR.

4.3 Effective Date of the LRR

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the LRR applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

4.4 Calculation of the LRR

The LRR for each Rate Category will be derived by dividing the projected annual lost revenue, plus the reconciliation balance and projected interest, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.

4.5 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between LRR revenues collected and actual costs, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

4.6 Application of LRR to Bills

The LRR (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

4.7 Information to be Filed with the NHPUC

An annual LRR filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual LRR to become effective November 1. The calculation will reflect the forecast of LRR annual costs, the updated annual LRR reconciliation balance and throughput forecast for

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the upcoming period.

5. Environmental Response Costs Allowable for LDAC

5.1 Purpose

In order to recover Environmental Response Cost ("ERC") expenditures associated with former manufactured gas plants, there shall be an ERC Rate applied to all firm gas Sales and firm Delivery Services throughput billed under the Company's sales and delivery service rate schedules.

5.2 Applicability

An annual ERC Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ERC Rate shall be filed with the Company's Annual Cost of Gas Charge ("COGC") filing and be subject to review and approval by the Commission. The annual ERC Rate will be applied to firm Sales and to firm Delivery Services throughput as a separate surcharge. Special contract customers are exempt from the ERC.

5.3 Environmental Response Cost Allowable

All approved environmental response costs associated with manufactured gas plants shall be included in the ERC Rate.

The total annual charge to the Company's ratepayers for environmental response costs during any annual ERC recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and Delivery Service throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ERC expenditures 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 ERC 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 each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

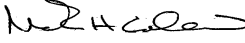
5.4 Effective Date

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a

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change in the ERC applicable to all firm sales and firm delivery service throughput for the subsequent twelve month period commencing with the calendar month of November.

5.5 Definitions

Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas plant 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. ERCs 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 of such claims.

5.6 Reconciliation Adjustments

Prior to the Annual COGC filing, the Company will calculate the difference between (a) the revenues derived by multiplying firm sales and Delivery Service throughput by the ERC Rate through October 31, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ERC Recovery Period. This cumulative difference will be recorded in Account 173. The Company shall file the reconciliation along with its COG filing forty-five (45) days prior to the beginning of the annual period.

5.7 Calculation of the ERC

The ERC 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 Service throughput for the upcoming twelve months of November 1 through October 31.

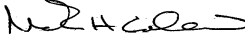
5.8 Application of ERC to Bills

The annual ERC Rate shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm gas sales by being included in the determination of the semiannual COGC, and also will be applied to the

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monthly firm Delivery throughput of each firm Delivery customer's bill.

6. Interruptible Transportation Margins Allowable for LDAC

6.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern subject to the jurisdiction of the NHPUC to adjust the Interruptible Transportation Margin Credit ("ITMC") applicable to firm gas Sales and firm Delivery Services throughput in order to return the Interruptible Transportation margins allocated to the local distribution firm ratepayers.

6.2 Applicability

An Interruptible Transportation Margin Credit ("ITMC") shall be applied to all firm Sales and firm Delivery Services throughput of the Company subject to the jurisdiction of the NHPUC as determined in accordance with the provisions of Part V, Section 6 of this clause. Such ITMC shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided for in this clause. The ITMC is not applied to the bills of special contract customers.

The application of this provision may, for good cause shown, be modified by the NHPUC. See Part V, Section 13, "Other Rules."

6.3 Effective Date of Interruptible Transportation Margin

The ITMC shall become effective on November 1 as designated by the Company.

6.4 Interruptible Transportation Margins

The ITMC shall be computed annually based on a forecast of Interruptible Transportation margins and firm sales and firm delivery service throughput volumes.

6.5 Annual ITM Credit Formula

The annual ITM Credit shall be calculated according to the following formulas:

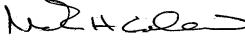
$$\text{ITMC} = \frac{\text{ITM}}{\text{A:TPvol}} + \text{RF}_{\text{ITM}}$$

and:

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$$RF_{ITM} = \frac{R_{ITM}}{A:TP_{vol}}$$

Where:

A : TP _{vol}	Forecast annual firm sales and firm delivery service throughput.
ITMC	Annual Interruptible Transportation Margin Credit.
ITM	Interruptible Transportation margins
RF _{ITM}	Annual Interruptible Transportation margin reconciliation adjustment factor applicable to total firm sales and firm delivery service throughput.
R _{ITM}	Reconciliation costs - interruptible Transportation margins, Account 173 balance, inclusive of the associated Account 173 interest.

6.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between annual, interruptible Transportation margins returned toward the local distribution function, as calculated by multiplying the interruptible Transportation margin credit (ITMC) times monthly firm sales and firm delivery service throughput during the year, and the actual margins for the year.

See Part V, Section 6.5 for Reconciliation formulas.

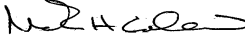
6.7 Application of ITMC to Bills

The ITMC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm by period and will be applied to the monthly firm sales and firm delivery service throughput.

6.8 Information to be Filed with the NHPUC

Information pertaining to the Interruptible Transportation Margins will be filed with the NHPUC along with the gas cost information as required pursuant to the LDAC and COGC. Required filings include an annual report providing actual data and resulting updated projection of the end-of-period reconciliation balance, as well as an annual calculation of the ITM credit, which shall be included in an annual LDAC filing. Also, the annual ITM reconciliation balances shall be filed along with the other reconciliation balances included in the LDAC.

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7. Gas Assistance Program (“GAP”) Costs Allowable for LDAC

7.1 Purpose:

The purpose of this provision is to allow Northern Utilities, subject to the jurisdiction of the NHPUC, to recover the revenue shortfall (costs) associated with customers participating in the Gas Assistance Program, as well as the associated administrative costs, pursuant to DG 20-013. Such costs shall be recovered by applying the GAP Rate to all firm gas Sales and firm Delivery Services throughput billed under the Company’s sales and delivery service rate schedules.

7.2 Applicability:

The GAP Rate shall be applied to all firm Sales and Delivery Services customers with the exception of special contract customers who are exempt from the LDAC. The GAP Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

7.3 Gas Assistance Program (“GAPC”) Allowable for LDAC

The amount of Gas Assistance Program costs is comprised of the revenue discounts given to customers enrolled under the Gas Assistance Program plus the associated administrative costs. The revenue discount and administrative costs shall be the amount approved by the NHPUC.

7.4 Effective Date of Gas Assistance Program Rate

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Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the GAP Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

7.5 Definitions:

Gas Assistance Program Costs are the discounts in delivery and cost of gas service revenues (excluding LDAC revenues) generated from customers participating in the Gas Assistance Program. Participating customers receive a 45% discount on the regular Residential Low Income Heating R-10 rate schedule during the Winter period. Also, these costs include the associated administrative costs, which include associated Information Technology and start-up costs.

7.6 Gas Assistance Program ("GAP") Rate Formula:

$$\text{GAP Rate} = \frac{\text{GAPC} + \text{RA}_{\text{GAP}}}{\text{A:TPvol}}$$

and:

$$\text{GAPC} = (\text{Cust} \times \text{DCust\$}) + (\text{Cust} \times \text{Avgthm} \times \text{Dbr}) + (\text{Cust} \times \text{Avgthm} \times \text{Dcog}) + \text{AdminC}$$

Where:

AdminC	Costs associated with administering the Gas Assistance Program, including IT and start-up costs.
Avgthm	Estimated average therm use per customer for period determined from most recent historical therm use under the Company's Gas Assistance Program, or Residential Heating, rate schedules.
Cust	Estimated number of customers participating in the

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	Gas Assistance Program.
Dbr	Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 base rate charges.
Dcog	Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 cost of gas charges.
DCust\$	Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 monthly customer charge.
GAPC	Costs, comprised of the revenue discounts associated with customer participation in the Gas Assistance Program, plus associated administrative costs, as defined in section 7.5.
RA _{GAP}	Reconciliation Adjustment associated with Gas Assistance Program costs and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 7.7
A:TPvol	Forecast annual firm sales and firm delivery service throughput.

7.7 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Gas Assistance Program costs as calculated by multiplying the (GAP) Rate times monthly firm throughput volumes and actual GAPC, comprised of the revenue shortfall and administrative costs, allowed as defined in Section 7.5, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

7.8 Application of GAP Rate to Bills

The GAP Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

7.9 Information to be Filed with the NHPUC

Information pertaining to the Gas Assistance Program (GAP) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual GAP filing will be required forty-five

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(45) days prior to the effective date of November 1, containing the calculation of the new annual GAP Rate to become effective November 1. The calculation will reflect the forecast of GAP annual costs, the updated annual GAP reconciliation balance and throughput forecast for the upcoming annual period.

8. Expenses Related to Rate Cases Allowable for LDAC

8.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the recovery of NHPUC-approved rate case expenses.

8.2 Applicability

The Rate Case Expenses ("RCE") shall be applied to all firm tariffed customers with the exception of special contract customers. The RCE will be determined by the Company, as defined below.

8.3 Rate Case Expenses Allowable for LDAC

The total amount of the RCE will be equal to the amount approved by the Commission.

8.4 Rate Case Expenses Allowable for LDAC

The effective date of the RCE will be determined by the NHPUC in an individual rate proceeding.

8.5 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.

8.6 Rate Case Expense (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

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of the total RCE, plus the RCE Reconciliation Adjustment, by forecast firm annual throughput.

8.7 Reconciliation Adjustments

Account 173 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.

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.

8.8 Application of RCE to Bills

The RCE (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

8.9 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.

9. Reconciliation of Permanent Changes in Distribution Rates

9.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the reconciliation of revenues related to a permanent change in the Company's distribution service rates implemented subsequent to the effective date of such change. This provision includes the reconciliation for the difference in revenues charged under temporary versus permanent rates.

9.2 Applicability

The factor to reconcile the revenues resulting from a permanent rate change ("RPC") shall be applied to all firm tariffed customers. The Company will determine the RPC, as defined in this section.

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9.3 Amount of RPC Allowable for LDAC

The amount of the RPC will be equal to the amount approved by the Commission.

9.4 Effective Date of RPC Charge

The effective date of the RPC Charge will be determined by the NHPUC on a case by case basis.

9.5 Definition

The RPC is a surcharge mechanism, which allows Northern Utilities to adjust its rates for the reconciliation of revenues generated under delivery service rates that have been permanently changed.

9.6 Formulas to Reconcile Revenues Resulting From a Permanent Rate Change

The RPC will be calculated according to the Commission Order issued in an individual proceeding.

9.7 Reconciliation Adjustment Account

Account 173 shall contain the accumulated difference between revenues toward reconciliation expenses as calculated by multiplying the reconciliation of the permanent changes in delivery rate charge (RPC) times the appropriate monthly volumes and reconciliation amount allowed.

9.8 Application of RPC Charge to Bills

The RPC charge (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

9.9 Information to be Filed with the NHPUC

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

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10. Property Tax Adjustment Mechanism (“PTAM”)

10.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to recover the increase in local property tax expense associated with HB 700 and RSA 72:8-d and -e.

10.2 Applicability

The PTAM Rate shall be applied to all Firm Sales and Delivery Service customers with the exception of special contract customers who are exempt from the LDAC. The PTAM Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

10.3 Property Tax Adjustment Mechanism Costs (“PTAM”) Allowable for LDAC

The amount of Property Tax Expense costs is the increase in local property tax expense related to HB 700 beginning in 2020 above the amount of local property tax expense recovery in base rates of \$3,492,961 established in DG 17-070 and two subsequent Step increases. The prior year deferral shall be charged to the PTAM in January of the subsequent year.

10.4 Effective Date of Property Tax Adjustment Mechanism Rate

Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the PTAM Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

10.5 Property Tax Adjustment Mechanism (“PTAM”) Formula:

$$\text{PTAM Rate} = \frac{\text{PTAMC} + \text{RA}_{\text{PTAM}}}{\text{A:TP}_{\text{vol}}}$$

and:

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- PTAMC** Costs, comprised of the property tax expense as defined in section 10.3.
- RA_{PTAM}** Reconciliation Adjustment associated with Property Tax Expense and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 10.6
- A:TPvol** Forecast annual firm sales and firm delivery service throughput.

10.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Property Tax Expense as calculated by multiplying the PTAM Rate times monthly firm throughput volumes and actual PTAMC, comprised of the property tax expense, allowed as defined in Section 10.3, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

10.7 Application of PTAM Rate to Bills

The PTAM Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

10.8 Information to be Filed with the NHPUC

Information pertaining to the Property Tax Adjustment Mechanism (PTAM) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual PTAM filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual PTAM Rate to become effective November 1. The calculation will reflect the incremental property tax expense for the prior calendar year, the updated annual PTAM reconciliation balance and throughput forecast for the upcoming annual period.

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11. Regulatory Assessment Adjustment Mechanism (“RAAM”)

11.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to recover change in the Company’s annual PUC Regulatory Assessment.

11.2 Applicability

The RAAM Rate shall be applied to all Firm Sales and Delivery Service customers with the exception of special contract customers who are exempt from the LDAC. The RAAM Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

11.3 Regulatory Assessment Adjustment Mechanism Costs (“RAAM”) Allowable for LDAC

Effective August 1, 2017, the amount of the NH PUC regulatory assessment to be charged, or credited, through this clause shall be calculated by taking the total assessment minus the amount in base rates of \$368,964 established in DG 17-070.

11.4 Effective Date of Regulatory Assessment Adjustment Mechanism Rate

Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the RAAM Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

11.5 Regulatory Assessment Adjustment Mechanism (“RAAM”) Formula:

$$\text{RAAM Rate} = \frac{\text{RAAMC} + \text{RA}_{\text{RAAM}}}{\text{A:TP}}$$

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Where:

RAAMC The amount of the annual NHPUC regulatory assessment which is above or below the amount of \$368,964 in base rates established in Docket 17-070.

RA_{RAAM} Reconciliation Adjustment associated with regulatory assessment expense and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 11.6

A:TPvol Forecast annual firm sales and firm delivery service throughput.

11.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Regulatory Assessment Expense as calculated by multiplying the RAAM Rate times monthly firm throughput volumes and actual RAAMC, comprised of the regulatory assessment expense, allowed as defined in Section 11.3, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

11.7 Application of RAAM Rate to Bills

The RAAM Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

11.8 Information to be Filed with the NHPUC

Information pertaining to the Regulatory Assessment Adjustment Mechanism (RAAM) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual RAAM filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual RAAM Rate to become effective November 1. The calculation will reflect the forecasted regulatory assessment expense for the pcoming period, the updated annual RAAM reconciliation balance and throughput forecast for the upcoming annual period.

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12. Effective Date of LDAC

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.

13. LDAC Formulas

The LDAC shall be calculated on an annual basis, by summing up the various factors included in the LDAC, where applicable.

LDAC Formula

$$\text{LDAC}^X = \text{EEC}^X + \text{LRR}^X + \text{ERC} - \text{ITMC} + \text{GAP} + \text{RCEF}^X + \text{RPC}^X + \text{PTAM} + \text{RAAM}$$

Where:

EEC ^x	Annualized class specific Energy Efficiency Charge
LRR ^x	Annualized class specific Lost Revenue Rate
LDAC ^x	Annualized class specific Local Delivery Adjustment Clause
ITMC	Annualized Interruptible Transportation Margin Credit
ERC	Total firm annualized Environmental Response Charge
RCEF ^x	Annualized class specific Rate Case Expense Factor
GAP	Gas Assistance Program Rate
RPC ^x	Reconciliation of Permanent Changes in Delivery Rates
PTAM	Property Tax Adjustment Mechanism Rate
RAAM	Regulatory Assessment Adjustment Mechanism

14. 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 will be applied to the monthly firm Sales and firm Delivery Services throughput in accordance with the table shown in Part V, Section 2.

15. 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

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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.

16. Amendments to Uniform System of Accounts

173 Interruptible Transportation Margin Reconciliation Adjustment for LDAC

This account shall be used to record the cumulative difference between annual Interruptible Transportation margin returns and annual Interruptible Transportation margins. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 6.

173 Energy Efficiency Reconciliation Adjustment

This account shall be used to record the cumulative difference between the sum of Energy Efficiency program costs and performance incentives 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 Delivery Adjustment Charge, Part V, Section 3.

173 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 ERC 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 Delivery Adjustment Charge, Part V, Section 5.

173 Rate Case 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

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recovery and actual amounts of third party incremental expense associated with the Company's Rate Case initiatives. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 8.

173 Reconciliation of Permanent Changes in Delivery Rates

This account shall be used to record the cumulative differences between the recovery or refund and actual amount of the reconciliation of permanent changes in delivery rates. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 9.

173 Gas Assistance Program Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual Gas Assistance Program Costs. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 7.

173 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 Delivery Adjustment Charge, Part V, Section 4.

173 Property Tax Adjustment Mechanism Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual Property Tax Expense. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 10.

173 Regulatory Assessment Adjustment Mechanism

This account shall be used to record the cumulative difference between the recovery and actual Regulatory Assessment Costs. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 11.

Local Delivery Adjustment Clause

Rate Schedule	GAP	EEC	LRR	ERC	ITMC	RCE	RPC	PTAM	RAAM	LDAC
Residential Heating	\$0.0033	\$0.0499	\$0.0066	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0816
Residential Non-Heating	\$0.0033	\$0.0499	\$0.0066	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0816
Small C&I	\$0.0033	\$0.0247	\$0.0006	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0504
Medium C&I	\$0.0033	\$0.0247	\$0.0006	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0504
Large C&I	\$0.0033	\$0.0247	\$0.0006	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0504
No Previous Sales Service										

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Section

1. Purpose
2. Applicability
3. Energy Efficiency ("EE") Program Costs Allowable for Local Delivery Adjustment Charge ("LDAC") –Energy Efficiency ("EE")
4. Lost Revenue Allowable for LDAC -- ("LR")
5. Environmental Response Costs Allowable for LDAC -- ("ERC")
6. Interruptible Transportation Margin Credit Allowable for LDAC -- ("ITMC")
7. Gas Assistance Program ~~and Regulatory Assessment~~ ("GAP~~RA~~") Costs Allowable for LDAC
8. Expenses Related to Rate Case ("RCE")
9. Reconciliation of Permanent Changes in Delivery Rates ("RPC")
10. Property Tax Adjustment Mechanism ("PTAM")
11. Regulatory Assessment Adjustment Mechanism ("RAAM")
- ~~12.~~ Effective Date of Local Delivery Adjustment Charge
- ~~13.~~ Local Delivery Adjustment Charge (LDAC) Formula
- ~~14.~~ Application of LDAC to Bills
- ~~15.~~ Other Rules
- ~~16.~~ Amendments to Uniform System of Accounts

1. Purpose

The purpose of this clause is to establish procedures that allow Northern Utilities ("Northern" or the "Company") subject to the jurisdiction of the State of New Hampshire Public Utilities Commission ("PUC" or "NHPUC"), to adjust, on an annual basis, its rates for firm gas Sales and firm Delivery Services in order to recover Energy Efficiency program costs, recover lost revenue related to the Energy Efficiency programs, recover environmental response costs, return interruptible transportation margin credits, recover revenue shortfall associated with customer participation in the Gas Assistance Program, recover the non-distribution portion of the annual NHPUC regulatory assessment, recover rate case expenses, recover and return the reconciliation of revenues related to permanent changes in delivery rates and recover property tax expense increases associated with RSA 72:8-d and -e.

2. Applicability

This Local Delivery Adjustment Charge ("LDAC") shall be applicable in whole or part to all of Northern's firm Sales and firm Delivery Services customers as shown on the table below. The application of the clause may, for good cause shown, be modified by the NHPUC. See Part V, Section 13, "Other Rules."

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Applicability	EEC V.3.	LRR <u>V.4</u>	ERC V.5.	ITM V.6.	GAP RA V.7.	RCE V.8.	RPC V.9.	PTAM V.10.	<u>RAAM</u> <u>V.11.</u>
Residential Non-Heating	X	X	X	X	X	X	X	X	<u>X</u>
Residential Heating	X	X	X	X	X	X	X	X	<u>X</u>
Small C&I	X	X	X	X	X	X	X	X	<u>X</u>
Medium C&I	X	X	X	X	X	X	X	X	<u>X</u>
Large C&I	X	X	X	X	X	X	X	X	<u>X</u>
No Previous Sales Service	X	X	X	X	X	X	X	X	<u>X</u>

Notes:

- 1 N/A - Not applicable
- 2 X - Applicable to all
- 3 Specific EEC and LR Rates for Residential Heating and Non-Heating
- 4 Specific EEC and LR Rates for All C&I classes

3. Energy Efficiency Program Costs Allowable for LDAC

3.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Energy Efficiency Charge applicable to firm gas Sales and firm Delivery Services throughput in order to recover from firm ratepayers Energy Efficiency program costs and, per Commission Order or statute, performance incentives.

3.2 Applicability

An Energy Efficiency Charge ("EEC") shall be applied to firm Sales and firm Delivery Services throughput of the Company as determined in accordance with the provisions of Part V, Section 3 of this clause. Such EEC shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

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For purposes of applying the respective EEC each "Rate Category" shall be as follows:

Residential	Rates R-5, R-6, R-10,
Commercial/Industrial (including multi-family)	Rates G-40, G-50, G-41, G-42, G-51, G-52

Special contract customers are exempt from the EEC.

3.3 Reporting

The Company shall submit monthly and annual reports by Rate Category to the Commission reconciling any difference between the actual Energy Efficiency costs and actual revenues collected under this rate schedule. Any negative difference shall be returned to ratepayers via a bill credit by March 31 of the following year. A report shall also be submitted to the Commission by March 31 documenting any carryforward. Annual reports shall be filed with the Commission at least 45 days prior to the effective date of the next subsequent twelve-month period.

3.4 Effective Date of EEC

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the EEC applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

3.5 Calculation of the EEC

The EEC for each Rate Category will be derived by dividing the projected annual EE costs, including performance incentives per Commission Order or statute, by forecast firm annual throughput.

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3.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between EEC revenues collected and actual Energy Efficiency program costs and performance incentives per Commission Order or statute, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the

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month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

3.7 Application of EEC Rate to Bills

The EEC Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

3.8 Information to be Filed with the NHPUC

An annual EEC filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual EEC to become effective November 1. The calculation will reflect the forecast of EEC annual costs, the updated annual EEC reconciliation balance and throughput forecast for the upcoming period. Monthly and annual reconciliation reports will be filed in accordance with Section 3.3 above.

4. Lost Revenue Allowable for LDAC

4.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern, subject to the jurisdiction of the NHPUC, to adjust on an annual basis, the Lost Revenue Rate applicable to firm gas Sales and firm Delivery Services throughput in order to recover from firm ratepayers lost revenue related to Energy Efficiency programs, pursuant to Order No. 25,932 in Docket DE 15-137, Energy Efficiency Resource Standard and Order No. 26,533 in Docket 20-092, 2021-2023 Triennial Energy Efficiency Plan.

4.2 Applicability

Effective January 1, 2017, a Lost Revenue Rate ("LRR") shall be applied to firm Sales and firm Delivery Services throughput of the Company as determined in accordance with the provisions of Part V, Section 4 of this clause. Such LRR shall be determined annually by the Company, separately for each Rate Category defined below, subject to review and approval by the NHPUC as provided for in this clause.

For purposes of applying the respective LRR each "Rate Category" shall be as follows: Residential Rates R-5, R-6, R-10

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Commercial/Industrial (including multi-family) Rates G-40, G-50, G-41,
G-42, G-51, G-52

Special contract customers are exempt from the LRR.

4.3 Effective Date of the LRR

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the LRR applicable to each Rate Category during the next subsequent twelve-month period commencing with the calendar month of November.

4.4 Calculation of the LRR

The LRR for each Rate Category will be derived by dividing the projected annual lost revenue, plus the reconciliation balance and projected interest, by forecast firm annual throughput. The reconciliation balance shall reflect both actual and projected data, as necessary, through October of the prior rate period.

4.5 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between LRR revenues collected and actual costs, plus carrying charges calculated on the average monthly balance and then added or credited to the end-of-month balance. Interest shall be calculated based on the prime rate, with said prime rate to be fixed on a quarterly basis and to be established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter; if more than one rate is reported the average of the reported rates shall be used.

4.6 Application of LRR to Bills

The LRR (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

4.7 Information to be Filed with the NHPUC

An annual LRR filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual LRR to become effective November 1. The calculation will reflect the forecast of LRR annual costs, the updated annual LRR reconciliation balance and throughput forecast for

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the upcoming period.

5. Environmental Response Costs Allowable for LDAC

5.1 Purpose

In order to recover Environmental Response Cost ("ERC") expenditures associated with former manufactured gas plants, there shall be an ERC Rate applied to all firm gas Sales and firm Delivery Services throughput billed under the Company's sales and delivery service rate schedules.

5.2 Applicability

An annual ERC Rate shall be calculated effective every November 1 for the annual period of November 1 through October 31. The annual ERC Rate shall be filed with the Company's Annual Cost of Gas Charge ("COGC") filing and be subject to review and approval by the Commission. The annual ERC Rate will be applied to firm Sales and to firm Delivery Services throughput as a separate surcharge. Special contract customers are exempt from the ERC.

5.3 Environmental Response Cost Allowable

All approved environmental response costs associated with manufactured gas plants shall be included in the ERC Rate.

The total annual charge to the Company's ratepayers for environmental response costs during any annual ERC recovery period shall not exceed five percent (5%) of the Company's total revenues from firm gas sales and Delivery Service throughput during the preceding twelve (12) month period ending June 30. The total annual charge shall represent the ERC expenditures 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 ERC 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 each quarter using the prime interest rate as reported by the Wall Street Journal on the first date of the month preceding the first month of the quarter.

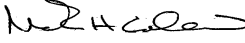
5.4 Effective Date

Forty-five ("45") days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a

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change in the ERC applicable to all firm sales and firm delivery service throughput for the subsequent twelve month period commencing with the calendar month of November.

5.5 Definitions

Environmental Response Costs shall include all costs of investigation, testing, remediation, litigation expenses, and other liabilities relating to manufactured gas plant 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. ERCs 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 of such claims.

5.6 Reconciliation Adjustments

Prior to the Annual COGC filing, the Company will calculate the difference between (a) the revenues derived by multiplying firm sales and Delivery Service throughput by the ERC Rate through October 31, and (b) the historical amortized costs approved for recoveries in the prior November's Annual ERC Recovery Period. This cumulative difference will be recorded in Account 173. The Company shall file the reconciliation along with its COG filing forty-five (45) days prior to the beginning of the annual period.

5.7 Calculation of the ERC

The ERC 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 Service throughput for the upcoming twelve months of November 1 through October 31.

5.8 Application of ERC to Bills

The annual ERC Rate shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm gas sales by being included in the determination of the semiannual COGC, and also will be applied to the

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monthly firm Delivery throughput of each firm Delivery customer's bill.

6. Interruptible Transportation Margins Allowable for LDAC

6.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern subject to the jurisdiction of the NHPUC to adjust the Interruptible Transportation Margin Credit ("ITMC") applicable to firm gas Sales and firm Delivery Services throughput in order to return the Interruptible Transportation margins allocated to the local distribution firm ratepayers.

6.2 Applicability

An Interruptible Transportation Margin Credit ("ITMC") shall be applied to all firm Sales and firm Delivery Services throughput of the Company subject to the jurisdiction of the NHPUC as determined in accordance with the provisions of Part V, Section 6 of this clause. Such ITMC shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided for in this clause. The ITMC is not applied to the bills of special contract customers.

The application of this provision may, for good cause shown, be modified by the NHPUC. See Part V, Section 13, "Other Rules."

6.3 Effective Date of Interruptible Transportation Margin

The ITMC shall become effective on November 1 as designated by the Company.

6.4 Interruptible Transportation Margins

The ITMC shall be computed annually based on a forecast of Interruptible Transportation margins and firm sales and firm delivery service throughput volumes.

6.5 Annual ITM Credit Formula

The annual ITM Credit shall be calculated according to the following formulas:

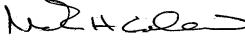
$$\text{ITMC} = \frac{\text{ITM}}{\text{A:TPvol}} + \text{RF}_{\text{ITM}}$$

and:

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$$RF_{ITM} = \frac{R_{ITM}}{A:TP_{vol}}$$

Where:

A : TP _{vol}	Forecast annual firm sales and firm delivery service throughput.
ITMC	Annual Interruptible Transportation Margin Credit.
ITM	Interruptible Transportation margins
RF _{ITM}	Annual Interruptible Transportation margin reconciliation adjustment factor applicable to total firm sales and firm delivery service throughput.
R _{ITM}	Reconciliation costs - interruptible Transportation margins, Account 173 balance, inclusive of the associated Account 173 interest.

6.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between annual, interruptible Transportation margins returned toward the local distribution function, as calculated by multiplying the interruptible Transportation margin credit (ITMC) times monthly firm sales and firm delivery service throughput during the year, and the actual margins for the year.

See Part V, Section 6.5 for Reconciliation formulas.

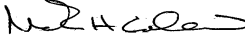
6.7 Application of ITMC to Bills

The ITMC (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm by period and will be applied to the monthly firm sales and firm delivery service throughput.

6.8 Information to be Filed with the NHPUC

Information pertaining to the Interruptible Transportation Margins will be filed with the NHPUC along with the gas cost information as required pursuant to the LDAC and COGC. Required filings include an annual report providing actual data and resulting updated projection of the end-of-period reconciliation balance, as well as an annual calculation of the ITM credit, which shall be included in an annual LDAC filing. Also, the annual ITM reconciliation balances shall be filed along with the other reconciliation balances included in the LDAC.

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V. LOCAL DELIVERY ADJUSTMENT CHARGE

7. Gas Assistance Program ~~and Regulatory Assessment~~ (“GAPRA”) Costs Allowable for LDAC

7.1 Purpose:

The purpose of this provision is to allow Northern Utilities, subject to the jurisdiction of the NHPUC, to recover the revenue shortfall (costs) associated with customers participating in the Gas Assistance Program, as well as the associated administrative costs, pursuant to DG 20-013. ~~This rate shall also recover the change in the Company’s annual NHPUC regulatory assessment.~~ Such costs shall be recovered by applying the GAPRA Rate to all firm gas Sales and firm Delivery Services throughput billed under the Company’s sales and delivery service rate schedules.

7.2 Applicability:

The GAPRA Rate shall be applied to all firm Sales and Delivery Services customers with the exception of special contract customers who are exempt from the LDAC. The GAPRA Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

7.3 Gas Assistance Program ~~and Regulatory Assessment~~ Costs (“GAPRA”) Allowable for LDAC

The amount of Gas Assistance Program costs is comprised of the revenue discounts given to customers enrolled under the Gas Assistance Program plus the associated administrative costs. The revenue discount and administrative costs shall be the amount approved by the NHPUC. ~~Effective July 5, 2017, the amount of the NHPUC regulatory assessment to be charged, or credited, through this clause shall be calculated by taking the total assessment minus the amount in base rates of \$368,964 established in DG 17-070.~~

7.4 Effective Date of Gas Assistance Program ~~and Regulatory Assessment~~ Rate

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Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the ~~GAPRA~~ Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

7.5 Definitions:

Gas Assistance Program Costs are the discounts in delivery and cost of gas service revenues (excluding LDAC revenues) generated from customers participating in the Gas Assistance Program. Participating customers receive a 45% discount on the regular Residential Low Income Heating R-10 rate schedule during the Winter period. Also, these costs include the associated administrative costs, which include associated Information Technology and start-up costs.

7.6 Gas Assistance Program and Regulatory Assessment (“GAPRA”) Rate Formula:

$$\text{GAPRA Rate} = \frac{\text{GAPRAC} + \text{RAGAPRA}}{\text{A:TPvol}}$$

and:

$$\text{GAPRAC} = (\text{Cust} \times \text{DCust}) + (\text{Cust} \times \text{Avgthm} \times \text{Dbr}) + (\text{Cust} \times \text{Avgthm} \times \text{Dcog}) + \text{AdminC} + \text{Assessment}$$

Where:

AdminC	Costs associated with administering the Gas Assistance Program, including IT and start-up costs.
Assessment	The amount of the annual NHPUC regulatory assessment which is above or below the amount of \$368,964 in base rates established in Docket 17-070.
Avgthm	Estimated average therm use per customer for period determined from most recent historical therm use under the Company's Gas Assistance Program, or Residential Heating, rate schedules.
Cust	Estimated number of customers participating in the

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	Gas Assistance Program.
Dbr	Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 base rate charges.
Dcog	Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 cost of gas charges.
DCust\$	Difference between the Residential Low Income Heating R-10 and discounted Residential Low Income Heating Service R-10 monthly customer charge.
GAPRAC	Costs, comprised of the revenue discounts associated with customer participation in the Gas Assistance Program, plus associated administrative costs, as defined in section 7.5. and the non-distribution portion of the annual NHPUC regulatory assessment.
RA GAPRA	Reconciliation Adjustment associated with Gas Assistance Program and Regulatory Assessment cCosts and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 7.7
A:TPvol	Forecast annual firm sales and firm delivery service throughput.

7.7 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Gas Assistance Program ~~and Regulatory Assessment~~ costs as calculated by multiplying the (GAPRA) Rate times monthly firm throughput volumes and actual GAPRAC, comprised of the revenue shortfall and administrative costs, allowed as defined in Section 7.5, ~~plus the non-distribution portion of the annual NHPUC regulatory assessment~~, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

7.8 Application of GAPRA Rate to Bills

The GAPRA Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

7.9 Information to be Filed with the NHPUC

Information pertaining to the Gas Assistance Program ~~and Regulatory Assessment~~ (GAPRA) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual GAPRA filing will be required forty-five

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(45) days prior to the effective date of November 1, containing the calculation of the new annual GAPRA Rate to become effective November 1. The calculation will reflect the forecast of GAPRA annual costs, the updated annual GAPRA reconciliation balance and throughput forecast for the upcoming annual period.

8. Expenses Related to Rate Cases Allowable for LDAC

8.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the recovery of NHPUC-approved rate case expenses.

8.2 Applicability

The Rate Case Expenses (“RCE”) shall be applied to all firm tariffed customers with the exception of special contract customers. The RCE will be determined by the Company, as defined below.

8.3 Rate Case Expenses Allowable for LDAC

The total amount of the RCE will be equal to the amount approved by the Commission.

8.4 Rate Case Expenses Allowable for LDAC

The effective date of the RCE will be determined by the NHPUC in an individual rate proceeding.

8.5 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.

8.6 Rate Case Expense (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

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of the total RCE, plus the RCE Reconciliation Adjustment, by forecast firm annual throughput.

8.7 Reconciliation Adjustments

Account 173 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.

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.

8.8 Application of RCE to Bills

The RCE (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

8.9 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.

9. **Reconciliation of Permanent Changes in Distribution Rates**

9.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to adjust its rates for the reconciliation of revenues related to a permanent change in the Company's distribution service rates implemented subsequent to the effective date of such change. This provision includes the reconciliation for the difference in revenues charged under temporary versus permanent rates.

9.2 Applicability

The factor to reconcile the revenues resulting from a permanent rate change ("RPC") shall be applied to all firm tariffed customers. The Company will determine the RPC, as defined in this section.

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9.3 Amount of RPC Allowable for LDAC

The amount of the RPC will be equal to the amount approved by the Commission.

9.4 Effective Date of RPC Charge

The effective date of the RPC Charge will be determined by the NHPUC on a case by case basis.

9.5 Definition

The RPC is a surcharge mechanism, which allows Northern Utilities to adjust its rates for the reconciliation of revenues generated under delivery service rates that have been permanently changed.

9.6 Formulas to Reconcile Revenues Resulting From a Permanent Rate Change

The RPC will be calculated according to the Commission Order issued in an individual proceeding.

9.7 Reconciliation Adjustment Account

Account 173 shall contain the accumulated difference between revenues toward reconciliation expenses as calculated by multiplying the reconciliation of the permanent changes in delivery rate charge (RPC) times the appropriate monthly volumes and reconciliation amount allowed.

9.8 Application of RPC Charge to Bills

The RPC charge (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales and firm delivery service throughput of tariffed customers.

9.9 Information to be Filed with the NHPUC

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

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10. Property Tax Adjustment Mechanism (“PTAM”)

10.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to recover the increase in local property tax expense associated with HB 700 and RSA 72:8-d and -e.

10.2 Applicability

The PTAM Rate shall be applied to all Firm Sales and Delivery Service customers with the exception of special contract customers who are exempt from the LDAC. The PTAM Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

10.3 Property Tax Adjustment Mechanism Costs (“PTAM”) Allowable for LDAC

The amount of Property Tax Expense costs is the increase in local property tax expense related to HB 700 beginning in 2020 above the amount of local property tax expense recovery in base rates of \$3,492,961 established in DG 17-070 and two subsequent Step increases. The prior year deferral shall be charged to the PTAM in January of the subsequent year.

10.4 Effective Date of Property Tax Adjustment Mechanism Rate

Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the PTAM Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

10.5 Property Tax Adjustment Mechanism (“PTAM”) Formula:

$$\text{PTAM Rate} = \frac{\text{PTAMC} + \text{RA}_{\text{PTAM}}}{\text{A:TP}_{\text{vol}}}$$

and:

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PTAMC = Property Tax Expense

Where:

- PTAMC** Costs, comprised of the property tax expense as defined in section 10.3.
- RA_{PTAM}** Reconciliation Adjustment associated with Property Tax Expense and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 10.6
- A:TPvol** Forecast annual firm sales and firm delivery service throughput.

10.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Property Tax Expense as calculated by multiplying the PTAM Rate times monthly firm throughput volumes and actual PTAMC, comprised of the property tax expense, allowed as defined in Section 10.3, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

10.7 Application of PTAM Rate to Bills

The PTAM Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales volumes and transportation throughput.

10.8 Information to be Filed with the NHPUC

Information pertaining to the Property Tax Adjustment Mechanism (PTAM) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual PTAM filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual PTAM Rate to become effective November 1. The calculation will reflect the incremental property tax expense for the prior calendar year, the updated annual PTAM reconciliation balance and throughput forecast for the upcoming annual period.

~~11. Effective Date of LDAC~~

~~The LDAC shall be filed annually and become effective on November 1 of each~~

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11. Regulatory Assessment Adjustment Mechanism

11.1 Purpose

The purpose of this provision is to establish a procedure that allows Northern Utilities to recover change in the Company's annual PUC Regulatory Assessment.

11.2 Applicability

The RAAM Rate shall be applied to all Firm Sales and Delivery Service customers with the exception of special contract customers who are exempt from the LDAC. The RAAM Rate shall be determined annually by the Company as defined below, subject to review and approval by the NHPUC as provided in this clause.

11.3 Regulatory Assessment Adjustment Mechanism Costs ("RAAM") Allowable for LDAC

Effective August 1, 2017, the amount of the NH PUC regulatory assessment to be charged, or credited, through this clause shall be calculated by taking the total assessment minus the amount in base rates of \$368,964 established in DG 17-070.

11.4 Effective Date of Regulatory Assessment Adjustment Mechanism Rate

Forty five (45) days prior to November 1 of each year, the Company will file with the NHPUC for its consideration and approval, the Company's request for a change in the RAAM Rate applicable to all consumption of tariff customers eligible to receive delivery service for the subsequent twelve month period commencing with billings for gas consumed on and after November 1.

11.5 Regulatory Assessment Adjustment Mechanism ("RAAM") Formula:

$$\underline{\underline{\text{RAAM Rate} = \frac{\text{RAAMC} + \text{RA}_{\text{RAAM}}}{\text{A:TP}}}}$$

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Where:

RAAMC The amount of the annual NHPUC regulatory assessment which is above or below the amount of \$368,964 in base rates established in Docket 17-070.

RA_{RAAM} Reconciliation Adjustment associated with regulatory assessment expense and revenues - Account 173 balance, inclusive of the associated interest, as outlined in Section 11.6

A:TPvol Forecast annual firm sales and firm delivery service throughput.

11.6 Reconciliation Adjustments

Account 173 shall contain the accumulated difference between revenues toward Regulatory Assessment Expense as calculated by multiplying the RAAM Rate times monthly firm throughput volumes and actual RAAMC, comprised of the regulatory assessment expense, allowed as defined in Section 11.3, plus carrying charges calculated on the average monthly balance using the Federal Reserve Statistical Release prime lending rate and then added to the end-of-month balance.

11.7 Application of RAAM Rate to Bills

The RAAM Rate (\$ per therm) shall be calculated to the nearest one one-hundredth of a cent per therm and will be applied to the monthly firm sales _____volumes and transportation throughput.

11.8 Information to be Filed with the NHPUC

Information pertaining to the Regulatory Assessment Adjustment Mechanism (RAAM) costs and revenue shall be filed with the NHPUC consistent with the filing requirements of all costs and revenue information included in the LDAC. An annual RAAM filing will be required forty-five (45) days prior to the effective date of November 1, containing the calculation of the new annual RAAM Rate to become effective November 1. The calculation will reflect the forecasted regulatory assessment expense for the pcoming period, the updated annual RAAM reconciliation balance and throughput forecast for the upcoming annual period.

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12. Effective Date of LDAC

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.

132. LDAC Formulas

The LDAC shall be calculated on an annual basis, by summing up the various factors included in the LDAC, where applicable.

LDAC Formula

$$\text{LDAC}^x = \text{EEC}^x + \text{LRR}^x + \text{ERC} - \text{ITMC} + \text{GAPRA} + \text{RCEF}^x + \text{RPC}^x + \text{PTAM} + \text{RAAM}$$

Where:

EEC ^x	Annualized class specific Energy Efficiency Charge
LRR ^x	Annualized class specific Lost Revenue Rate
LDAC ^x	Annualized class specific Local Delivery Adjustment Clause
ITMC	Annualized Interruptible Transportation Margin Credit
ERC	Total firm annualized Environmental Response Charge
RCEF ^x	Annualized class specific Rate Case Expense Factor
GAPRA	Gas Assistance Program and Regulatory Assessment Rate
RPC ^x	Reconciliation of Permanent Changes in Delivery Rates
PTAM	Property Tax Adjustment Mechanism Rate
RAAM	<u>Regulatory Assessment Adjustment Mechanism</u>

143. 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 will be applied to the monthly firm Sales and firm Delivery Services throughput in accordance with the table shown in Part V, Section 2.

154. Other Rules

- (1) The NHPUC may, where appropriate, on petition or on its own motion, grant an

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exception from the provisions of these regulations, upon such terms that it may

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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.

165. Amendments to Uniform System of Accounts

173 Interruptible Transportation Margin Reconciliation Adjustment for LDAC

This account shall be used to record the cumulative difference between annual Interruptible Transportation margin returns and annual Interruptible Transportation margins. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 6.

173 Energy Efficiency Reconciliation Adjustment

This account shall be used to record the cumulative difference between the sum of Energy Efficiency program costs and performance incentives 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 Delivery Adjustment Charge, Part V, Section 3.

173 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 ERC 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 Delivery Adjustment Charge, Part V, Section 5.

173 Rate Case 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

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recovery and actual amounts of third party incremental expense associated with the Company's Rate Case initiatives. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 8.

173 Reconciliation of Permanent Changes in Delivery Rates

This account shall be used to record the cumulative differences between the recovery or refund and actual amount of the reconciliation of permanent changes in delivery rates. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 9.

173 Gas Assistance Program ~~and Regulatory Assessment~~ Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual Gas Assistance Program ~~and Regulatory Assessment~~ Costs. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 7.

173 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 Delivery Adjustment Charge, Part V, Section 4.

173 Property Tax Adjustment Mechanism Reconciliation Adjustment

This account shall be used to record the cumulative difference between the recovery and actual Property Tax Expense. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 10.

173 Regulatory Assessment Adjustment Mechanism

This account shall be used to record the cumulative difference between the recovery and actual Regulatory Assessment Costs. Entries to this account shall be determined as outlined in the Local Delivery Adjustment Charge, Part V, Section 11.

Local Delivery Adjustment Clause

Rate Schedule	GAPRA	GAP	EEC	LRR	ERC	ITMC	RCE	RPC	PTAM	RAAM	LDAC
Residential Heating	\$0.0060	\$0.0033	\$0.0499	\$0.0066	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0816
Residential Non-Heating	\$0.0060	\$0.0033	\$0.0499	\$0.0066	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0816
Small C&I	\$0.0060	\$0.0033	\$0.0247	\$0.0006	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0504
Medium C&I	\$0.0060	\$0.0033	\$0.0247	\$0.0006	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0504
Large C&I	\$0.0060	\$0.0033	\$0.0247	\$0.0006	\$0.0056	\$0.0000	\$0.0000	\$0.0000	\$0.0135	\$0.0027	\$0.0504
No Previous Sales Service											

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