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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.

19 LOCAL DISTRIBUTION ADJUSTMENT CHARGE AND NORMAL WEATHER ADJUSTMENT

A. Purpose. The purpose of the Local Distribution Adjustment Charge (“LDAC” or this “Charge”) 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 the Energy Efficiency charges (“EE”), Revenue Decoupling Adjustment Factor (“RDAF”), , Environmental Surcharges (“ES”) including the Relief Holder Surcharge (“RHS”) and the Manufactured Gas Program Surcharge (“MGP”), rate case expenses and \recoupment (“RCE”), Gas Assistance Program costs (“GAP”) 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 Normal Weather Factor ("NWF").

B. Applicability. The Charge shall be applicable in whole or part to all of the Company's firm sales service and firm delivery service customers. The application of this charge may, for good cause shown, be modified by the NHPUC. See Section 19(K) "Other Rules." This Clause is applicable to all rates and charges on a Rate Class basis. The application of the EE, RDAF, ES, RCE and GAP is applicable to all therms and therefore the application to all customers, including Managed Expansion Program Customers, is at the same rate per therm as the corresponding non-Managed Expansion Program Customers.

Effective Date.

In order to separate the LDAC procedures and review from the cost of gas (COG) procedures and review, LDAC rates in effect as of October 31, 2023 shall remain in effect through January 31, 2024 for LDAC components RDAF, ES (MGP/GH), RCE, GAP and PTAM. The EE component will change as of January 1, 2023 and January 1, 2024 per RSA 374-F:3 VI a (d)(2). The existing "cost review period" for each LDAC component shall remain as set forth in the Table below. The LDAC "rate reconciliation period" commencing on November 1, 2022 shall run through January 31, 2024 for all LDAC components as set forth in the Table below. The subsequent "rate reconciliation period" shall begin February 1 each year and shall run for twelve-months through January 31 of the following year. The LDAC "recovery period" for the initial fifteen-month rate reconciliation period shall be the twelve-month period of February 1, 2024 through January 31, 2025, as set forth in the Table below. Thereafter, the LDAC recovery period shall be the subsequent twelve-months, beginning on February 1, of each year.

The LDAC shall be filed annually on or before August 20 and proposed to become effective on February 1 of the following year if approved by the NHPUC. In order to minimize the magnitude of future reconciliation adjustments, the Company may request interim revisions to the LDAC rates, subject to NHPUC review and approval.

LDAC Component	Tariff No. 11 Page No(s).	Cost Review Period	Rate Reconciliation Period	LDAC Recovery Period
EE	34-	N/A – Set by Statute	N/A – Set by Statute	1/1/24 – 12/31/24
RDAF	35-39	9/1 – 8/31	11/1/22 – 1/31/24	2/1/24 – 1/31/25
ES (MGP/GH)	39-40	7/1 – 6/30	11/1/22 – 1/31/24	2/1/24 – 1/31/25
RCE	40-41	As approved	11/1/22 – 1/31/24	2/1/24 – 1/31/25
GAP	41-42	11/1 – 10/31	11/1/22 – 1/31/24	2/1/24 – 1/31/25
PTAM	42	4/1 – 3/31	11/1/22 – 1/31/24	2/1/24 – 1/31/25

C. Energy Efficiency Rate.

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 Energy Efficiency rate ("EE rate") when applicable, to firm sales service and firm delivery service throughput in order to recover from firm customers costs associated with its energy efficiency programs.

2. Applicability: The EE rate 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.

3. Calculation of the EE rate: The EE rate shall be recovered through the LDAC and set at a level in accordance with RSA 374-F:3, VI-a (d)(2). For the transition period reflected above, the EE rate shall change twice, on January 1, 2023 and January 1, 2024. Thereafter the EE rate will change once during the twelve-month LDAC period.

4. Effective Date: On or before the first business day in December of each year, the Company shall file with the NHPUC for its consideration and approval, the Company's request for a change in the EE rate applicable to each Rate Category during the next calendar year, beginning January 1 for the subsequent twelve-month period.

D. Revenue Decoupling Adjustment Factor.

1. Purpose: Revenue decoupling 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 by establishing an allowed revenue per customer (“RPC”). The Company is allowed to collect that RPC for the number of actual customers it has in a given month. The purpose of the Revenue Decoupling Adjustment Factor (“RDAF”) 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 the difference between the Actual Revenue collected and the Allowed Revenue. The purpose of the Normal Weather Adjustment (“NWA”) is to establish procedures that allow the Company, subject to the jurisdiction of the NHPUC, to calculate and apply, for each customer on a monthly basis, the Normal Weather Factor (NWF). The NWA adjusts each customer’s bill for the difference in delivery charges caused by the variation in actual Heating Degree Days (“HDDs”) from normal HDDs during the Winter Period.

2. Effective Date: The RDAF 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). As of November 1, 2022, as reflected on Tariff Page 34, the RDAF and NWA shall remain in effect through January 31, 2024. Thereafter the RDAF and NWA shall take effect beginning on February 1 for a subsequent twelve-month period.

3. Applicability: The Revenue Decoupling Adjustment Factor and NWA shall apply to all of the Company’s firm tariff rate schedules, excluding special contracts, as determined in accordance with the provisions of this RDAF and NWA.

4. Definitions: The following definitions shall apply throughout Section 19D:

Actual Number of Customers is the actual number of Equivalent Bills for the applicable Rate Class for each applicable month of the Decoupling Year.

a. Equivalent Bill. Customers are billed on different days of the month. To calculate the number of customers in a month for purposes of calculating the Monthly Actual Revenue it is necessary to use Equivalent Bills as a representation for customers. Equivalent Bills are calculated by dividing the number of days in the billing period of each customer’s bill by 30.

b. Billing Year a/k/a rate reconciliation period is the 12-months commencing February 1 immediately following the completion of the Decoupling Year, with the exception of the 18-month period as illustrated on Tariff Page 34.

d. 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.

e. Rate Class are customers taking service pursuant to the rate schedules combined as follows: Rates R-1 and R-5, Rates R-3, R-4, R-6, and R-7, Rates G-41 and G-44, Rates G-42 and G-45, Rates G-43 and G-46, Rates G-51 and G-55, Rates G-52 and G-56, Rates G-53 and G-57, and Rates G-54 and G-58.

f. Customer Class Group (CG) is the group of rate schedules combined for purposes of calculating the Revenue Decoupling Adjustment and the RDAF. The two Customer Class Groups are as follows:

where Delivery Charge 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 Delivery Charge 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.

The Normal Weather Adjustment (NWA) for each bill is

$$\mathrm{NWA} = \mathrm{DeliveryCharge}_{\mathrm{Actual}} \times \mathrm{NWF}$$

where Delivery Charge 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.

7. Application of the NWA to Customer Bills

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 NWF percentage, and the resulting charge or credit.

8. Calculation of Revenue Decoupling Adjustment and Reconciliation
   a. Definitions
      i. Monthly Actual Distribution Revenue is the monthly billed Distribution Revenue less the MEP Premium for that month.
      ii. Monthly Allowed Revenue is the Approved RPC per Rate Class for the applicable month multiplied by the Actual Equivalent Bills for that month.
      iii. Forecasted Throughput Volume is the forecasted firm tariff throughput for a given Customer Group for the Billing Year.
      iv. Revenue Decoupling Accounts (“RDA Accounts”) are the accounts established on the balance sheet for the purpose of recording the Revenue Decoupling Adjustment for each Customer Class Group.
   b. Description of Revenue Decoupling Adjustment and Reconciliation

   Each month the Company will record a Revenue Decoupling Adjustment in the RDA Accounts in accordance with generally accepted accounting principles. The Revenue Decoupling Adjustment is the difference between the Monthly Allowed Revenue and the Monthly Actual Distribution Revenue. In addition, the reconciliation amounts collected or distributed through the RDAF are also recorded in the RDA Accounts for each Customer Class Group. The RDA Accounts accrue interest on the average monthly balance using the prime lending rate. At the conclusion of each Decoupling Year, the sum of the balance in each of the RDA Accounts for each Customer Class Group shall be used to determine the RDAF for the next Billing Year.

   The RDAF to be applied to customers’ bills in the Billing Year is the balance in the RDA Accounts at the end of the Decoupling Year for each Customer Class Group divided by the Forecasted Throughput Volume for that Customer Class Group.

9. Application of the RDAF to Customer Bills

The RDAF ($ per therm) shall be calculated annually for each Customer Group and shall be truncated at four decimal points 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 February 1 following the Decoupling Year, with the exception of the initial 18-month period as identified on Tariff Page 34.

10. Information to be Filed with the Commission

Information pertaining to the RDAF will be filed annually with the Commission on or before August 20 consistent with the filing requirements of all costs and revenue information included in the LDAC. Such information shall include:

a. The calculation of the RDA Account Balance at the end of the Decoupling Year.
b. The calculation of the RDAF for the Decoupling Year by Customer Class Group to be applied to the upcoming Billing Year.
c. The approved calculation of the RDAF for the previous Billing Year by Customer Class Group.
d. The calculation for each Commission Approved RPC and the associated Equivalent Bills for the Initial RPC and each Incremental RPC.

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 February 1 for the annual period of February 1 through January 31, with the exception of the initial 18-month period identified on Tariff Page 34. The annual ES rate will be filed with the Company's Winter season Cost of Gas and LDAC filing, and subject to review 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, February 1 through January 31, with the exception of the initial 18-month period identified on Tariff Page 34. 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.

Effective Date: On or before August 20 each year, the Company shall include in its annual LDAC filing with the NHPUC for its consideration and review, 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, with the exception of the initial 18-month period identified on Tariff page 34.

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

6. Reconciliation Adjustments. On or about August 20, as part of the annual LDAC filing, 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 Annual (twelve-month) ES Recovery Period, with the exception of the initial 18-month period identified on Tariff Page 34. Account 1920-1863 shall contain the cumulative difference and the Company shall file the reconciliation with its annual LDAC filing .

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 February 1 1 through January 31, with the exception of the 18-month period identified on Tariff Page 34 during which costs incurred shall extend beyond June 30 through January 31, 2024.

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.

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.

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 Gas 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 Gas Assistance Program ("GAP"). Such costs, as well as associated administrative and marketing costs shall be recovered by applying a GAP rate to all firm sales and transportation service throughput.

2. The GAP Rate shall be applied to all firm sales and transportation tariff customers. The GAP Rate shall be included with the Company's annual LDAC filing and shall be determined annually by the Company and be subject to review and approval by the Commission.

Effective Date: As part of the annual LDAC filing on or before August 20, for the NHPUC's consideration and review, the Company shall include a request for a change in the GAP Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of February, with the exception of the initial 18-month period as described on Tariff Page 34.

3. GAP Costs Allowable for LDAC: The costs to be recovered through the GAP Rate shall be comprised of the revenue shortfall calculated by forecasting the number of customers enrolled in the GAP 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 gas assistance program residential base rates, plus the GAP discount applied to the cost of gas, administrative, marketing and startup costs. The GAP 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, with the exception of the initial 18-month period as described in Tariff Page 34.

4. GAP Factor Formula

$$GAPF = \frac{GAP + A_{GAP}}{A: TPev}$$

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.

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

RA_{GAP} GAP Reconciliation Adjustment - Account 1169-1756, inclusive of the associated Account 1169-1756 interest, as outlined in Section 19(G)(6).

DATED: November 3, 2023 ISSUED BY: /s/Neil Proudman
Neil Proudman
EFFECTIVE: November 1, 2023 TITLE: President

Authorized by NPUC Order No. 26,872, dated August 14, 2023, in Docket No. 23-027, and NHPUC Order No. 26,873, dated August 14, 2023, in Docket No. 22-045

6. Reconciliation Adjustments: As part of the Company's annual LDAC filing, the Company will calculate the difference between (a) the revenue derived by multiplying the actual firm sales and delivery service throughput by the GAP Rate through October 31, and (b) the actual costs of the program which consists of (1) the revenue shortfall calculated by applying the actual billing determinants of the GAP classes to the difference in the regular and reduced residential base rates and cost of gas rates in effect for the annual reconciliation period, and (2) the GAP discount applied to the cost of gas, start-up, administrative and marketing costs associated with implementing 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 GAP account 1169-1756. The Company shall file the reconciliation with its annual LDAC filing on or about August 20 each year.

H. Property Tax Adjustment Mechanism (PTAM).

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 actual municipal property taxes from the property tax bills received in the prior calendar year as compared to the amount of municipal property taxes then in rates. At the end of the corresponding April 1 through March 31 property tax year and any over- or under-recoveries are adjusted annually through the PTAM. The PTAM is based on a full reconciliation with monthly compounded interest for any over- or under-recoveries occurring in prior year(s). Interest is calculated at the prime rate, fixed on a quarterly basis and established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter ("Prime Rate").

2. The_PTAM Rate shall be applied to all firm sales and transportation tariff customers. The PTAM Rate shall be included with the Company's annual LDAC filing and shall be determined annually by the Company and be subject to review and approval by the Commission, with the exception of the initial 18-month period, identified on Tariff Page 34.

3. Effective Date: As part of the annual LDAC filing, the Company shall file with the NHPUC for its consideration and approval the Company's request for a change in the PTAM Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of February, with the exception of the initial 18-month period, identified on Tariff Page 34

4. Reconciliation Adjustment: At the end of the corresponding April 1 through March 31 property tax year, the over- or under-recoveries are adjusted annually through the PTAM. The PTAM is based on a full reconciliation with monthly compounded interest for any over- or under-recoveries occurring in prior year(s). Interest is calculated at the prime rate, fixed on a quarterly basis and established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter ("Prime Rate"), with the exception of the initial 18-month period, identified on Tariff page 34.

J. Local Distribution Adjustment Charge Formulas. The LDAC shall be calculated on an annual basis, by customer, by summing up the various factors included in the LDAC, where applicable, with the exception of the initial 18-month period as described on Tariff Page 34.

LDAC Formula

$LDAC^{X} = EE^{X} + RDAF^{X} + PTAM^{X} + ES + + RCE + GAP$ and:

$ES^{X} = RHS + MGP$

where:

$LDAC^{X}$ = Annualized class specific LDAC.

EE^{X} = Annualized class specific EE Charge.

$RDAF^{X}$ = Annualized class specific RDAF.

$PTAM^{X}$ = Property Tax Adjustment Mechanism.

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.

RCE = Rate Case Expense Factor.

GAP = Gas Assistance Program Rate

K. 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 19(B), and annually thereafter.

L. 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

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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.

19 LOCAL DISTRIBUTION ADJUSTMENT CHARGE AND NORMAL WEATHER ADJUSTMENT

A. Purpose. The purpose of the Local Distribution Adjustment Charge ("LDAC" or this "Charge") 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 the Energy Efficiency charges ("EE~~Conservation Charges ("CC~~"), Revenue Decoupling Adjustment Factor ("RDAF"), ~~, Winter Period Surcharges ("WPS"),~~ Environmental Surcharges ("ES") including the Relief Holder Surcharge ("RHS") and the Manufactured Gas Program Surcharge ("MGP"), rate case expenses and

\recoupment ("RCE"), Gas Assistance Program costs ("GAP~~"), the Property Tax Adjustment Mechanism ("PTAM"),~~")

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 Normal Weather Factor ("NWF").

B. Applicability. The Charge shall be applicable in whole or part to all of the Company's firm sales service and firm delivery service customers. The application of this ~~Charge~~charge may, for good cause shown, be modified by the NHPUC. See Section 19(K) "Other Rules." ~~The Charge~~This Clause is applicable to all rates and charges on a Rate Class basis. The application of the EE~~CC~~, RDAF, ES, RCE~~, GAP,~~ and ~~PTAM~~GAP is applicable to all therms and therefore the application to all customers, including Managed Expansion Program Customers, is at the same rate per therm as the corresponding non-Managed Expansion Program Customers.

Effective Date.

In order to separate the LDAC procedures and review from the cost of gas (COG) procedures and review, LDAC rates in effect as of October 31, 2023 shall remain in effect through January 31, 2024 for LDAC components RDAF, ES (MGP/GH), RCE, GAP and PTAM. The EE component will change as of January 1, 2023 and January 1, 2024 per RSA 374-F:3 VI a (d)(2). The existing "cost review period" for each LDAC component shall remain as set forth in the Table below. The LDAC "rate reconciliation period" commencing on November 1, 2022 shall run through January 31, 2024 for all LDAC components as set forth in the Table below. The subsequent "rate reconciliation period" shall begin February 1 each year and shall run for twelve-months through January 31 of the following year. The LDAC "recovery period" for the initial fifteen-month rate reconciliation period shall be the twelve-month period of February 1, 2024 through January 31, 2025, as set forth in the Table below. Thereafter, the LDAC recovery period shall be the subsequent twelve-months, beginning on February 1, of each year.

The LDAC shall be filed annually on or before August 20 and proposed to become effective on February 1 of the following year if approved by the NHPUC. In order to minimize the magnitude of future reconciliation adjustments, the Company may request interim revisions to the LDAC rates, subject to NHPUC review and approval.

LDAC Component	Tariff No. 11 Page No(s).	Cost Review Period	Rate Reconciliation Period	LDAC Recovery Period
EE	34-	N/A – Set by Statute	N/A – Set by Statute	1/1/24 – 12/31/24
RDAF	35-39	9/1 – 8/31	11/1/22 – 1/31/24	2/1/24 – 1/31/25
ES (MGP/GH)	39-40	7/1 – 6/30	11/1/22 – 1/31/24	2/1/24 – 1/31/25
RCE	40-41	As approved	11/1/22 – 1/31/24	2/1/24 – 1/31/25
GAP	41-42	11/1 – 10/31	11/1/22 – 1/31/24	2/1/24 – 1/31/25
PTAM	42	4/1 – 3/31	11/1/22 – 1/31/24	2/1/24 – 1/31/25

C. Energy Efficiency Rate. ~~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 Energy Efficiency rate

(“EE rate”)~~Conservation Charge, if and~~ when applicable, to firm sales service and firm delivery service throughput in order to recover from firm customers costs associated with its energy efficiency programs.

2. Applicability: The EE rate~~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 the EE rate~~Conservation Charge~~: The EE rate~~Conservation Charge~~ shall be recovered through the LDAC and set at a level in accordance with ~~Order No. 26,579 in Docket No. DE 20-092 Electric and Gas Utilities 2021-2023 New Hampshire Statewide Energy Efficiency Plan and adjusted annually per~~ RSA 374-F:3, VI-a (d)(2). For the transition period reflected above, the EE rate shall change twice, on January 1, 2023 and January 1, 2024. Thereafter the EE rate will change once during the twelve-month LDAC period.

~~4.~~3.

~~5. 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.~~

~~6.~~4. Effective Date: On or before the first business day in December~~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 EE rate ~~CC~~applicable to each Rate Category during the next calendar year, beginning January 1 for the 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 Factor.

1. Purpose: Revenue decoupling 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 by establishing an allowed revenue per customer ("RPC"). The Company is allowed to collect that RPC for the number of actual customers it has in a given month. The purpose of the Revenue Decoupling Adjustment Factor ("RDAF") 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 the difference between the Actual Revenue collected and the Allowed Revenue. The purpose of the Normal Weather Adjustment ("NWA") is to establish procedures that allow the Company, subject to the jurisdiction of the NHPUC, to calculate and apply, for each customer on a monthly basis, the Normal Weather Factor (NWF). The NWA adjusts~~adjust~~ each customer's bill for the difference in delivery charges caused by the variation in actual Heating Degree Days ("HDDs") from normal HDDs during the Winter Period.

2. Effective Date: The RDAF 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). As of November 1, 2022, as reflected on Tariff Page 34, the RDAF and NWA shall remain in effect through January 31, 2024. Thereafter the RDAF and NWA shall take effect beginning on February 1 for a subsequent twelve-month period.

3. Applicability: The Revenue Decoupling Adjustment Factor and NWA shall apply to all of the Company's firm tariff rate schedules, excluding special contracts, as determined in accordance with the provisions of this RDAF and NWA.

4. Definitions: The following definitions shall apply throughout Section 19D:

Actual Number of Customers is the actual number of Equivalent Bills for the applicable Rate Class for each applicable month of the Decoupling Year.

a. Equivalent Bill. Customers are billed on different days of the month. To calculate the number of customers in a month for purposes of calculating the Monthly Actual Revenue it is necessary to use Equivalent Bills as a representation for customers. Equivalent Bills are calculated by dividing the number of days in the billing period of each customer's bill by 30.

b. Billing Year a/k/a rate reconciliation period is the 12-months commencing February~~November~~ 1 immediately following the completion of the Decoupling Year, with the exception of the 18-month period as illustrated on Tariff Page 34.

d. 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.

e. Rate Class are customers taking service pursuant to the rate schedules combined as follows: Rates R-1 and R-5, Rates R-3, R-4, R-6, and R-7, Rates G-41 and G-44, Rates G-42 and G-45, Rates G-43 and G-46, Rates G-51 and G-55, Rates G-52 and G-56, Rates

G-53 and G-57, and Rates G-54 and G-58.

f. Customer Class Group (CG) is the group of rate schedules combined for purposes of calculating the Revenue Decoupling Adjustment and the RDAF. The two Customer Class Groups are as follows:

where Delivery Charge 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 Delivery Charge 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.

The Normal Weather Adjustment (NWA) for each bill is

$$\mathrm{NWA} = \mathrm{DeliveryCharge}_{\mathrm{Actual}} \times \mathrm{NWF}$$

where Delivery Charge 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.

7. Application of the NWA to Customer Bills

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 NWF percentage, and the resulting charge or credit.

8. Calculation of Revenue Decoupling Adjustment and Reconciliation
   a. Definitions
      i. Monthly Actual Distribution Revenue is the monthly billed Distribution Revenue less the MEP Premium for that month.
      ii. Monthly Allowed Revenue is the Approved RPC per Rate Class for the applicable month multiplied by the Actual Equivalent Bills for that month.
      iii. Forecasted Throughput Volume is the forecasted firm tariff throughput for a given Customer Group for the Billing Year.
      iv. Revenue Decoupling Accounts ("RDA Accounts") are the accounts established on the balance sheet for the purpose of recording the Revenue Decoupling Adjustment for each Customer Class Group.
   b. Description of Revenue Decoupling Adjustment and Reconciliation

   Each month the Company will record a Revenue Decoupling Adjustment in the RDA Accounts in accordance with generally accepted accounting principles. The Revenue Decoupling Adjustment is the difference between the Monthly Allowed Revenue and the Monthly Actual Distribution Revenue. In addition, the reconciliation amounts collected or distributed through the RDAF are also recorded in the RDA Accounts for each Customer Class Group. The RDA Accounts accrue interest on the average monthly balance using the prime lending rate. At the conclusion of each Decoupling Year, the sum of the balance in each of the RDA Accounts for each Customer Class Group shall be used to determine the RDAF for the next Billing Year.

   The RDAF to be applied to customers' bills in the Billing Year is the balance in the RDA Accounts at the end of the Decoupling Year for each Customer Class Group divided by the Forecasted Throughput Volume for that Customer Class Group.

9. Application of the RDAF to Customer Bills

The RDAF ($ per therm) shall be calculated annually for each Customer Group and shall be truncated at four decimal points 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 February~~November~~ 1 following the Decoupling Year, with the exception of the initial 18-

month period as identified on Tariff Page 34~~given year~~.

10. Information to be Filed with the Commission

Information pertaining to the RDAF will be filed annually with the Commission on or before August 20 consistent with the filing requirements of all costs and revenue information included in the LDAC. Such information shall include:

a. The calculation of the RDA Account Balance at the end of the Decoupling Year.
b. The calculation of the RDAF for the Decoupling Year by Customer Class Group to be applied to the upcoming Billing Year.
c. The approved calculation of the RDAF for the previous Billing Year by Customer Class Group.
d. The calculation for ~~the~~ each Commission Approved RPC and the associated Equivalent Bills for the Initial RPC and each Incremental RPC.

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

1. Purpose: In order to recover expenditures associated with former manufactured gas ~~programs~~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 February 1 for the annual period of February 1 through January 31, with the exception of the initial 18-month period identified on Tariff Page 34. The annual ES rate will be filed with the Company's Winter season Cost of Gas and LDAC filing, and subject to review 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.

~~2.1. 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.~~

3. Costs Allowable: All approved environmental response costs associated with manufactured gas ~~programs~~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, February ~~November~~ 1 through January~~October~~ 31, with the exception of the initial 18-month period identified on Tariff Page 34.~~.~~ 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.

Effective Date: On or before August 20 ~~the first business day in September of~~ each year, the Company shall include in its annual LDAC filing with~~, for~~ the NHPUC~~'s~~ for its consideration and review~~approval~~, the Company's request for a change in the ES ~~Rate~~ applicable to all firm sales and firm delivery service throughput for the subsequent twelve-~~-~~month period~~, commencing~~ with the exception of the initial 18-~~calendar~~ month period identified on Tariff page 34~~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~~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 ~~costs~~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. On or about August 20, as part of ~~: Prior to~~ the annual LDAC filing ~~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 (twelve-month) ES Recovery Period, with the exception of the initial 18-month period identified on Tariff Page 34.~~.~~ Account 1920-1863 shall contain the cumulative difference and the Company shall ~~include~~file the reconciliation ~~along~~ with its annual LDAC filing ~~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 February 1~~November~~ 1 through January ~~October~~ 31, with the exception of the 18-month period identified on Tariff Page 34 during which costs incurred shall extend beyond June 30 through January 31, 2024.

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.

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, ~~without any~~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. ~~No carrying charges shall be included in the RCEF beginning June 1, 2023.~~

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 Gas 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 Gas Assistance Program ("GAP"). Such costs, as well as~~,~~ associated administrative and marketing costs~~,~~ shall be recovered by applying a GAP ~~Rate~~rate to all firm sales and transportation service throughput.

2. The GAP Rate shall be applied to all firm sales and transportation tariff customers. The GAP Rate shall be included~~filed~~ with the Company's annual LDAC~~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: As part of the annual LDAC filing on~~On~~ or before August 20,~~the first business day in September of each year, the Company shall file with the NHPUC~~ for the NHPUC's consideration and review~~approval~~, the Company shall include a~~Company's~~ request for a change in the GAP Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of February, with the exception of the initial 18-month period as described on Tariff Page 34~~November~~.

~~3.~~

~~4.~~3. GAP Costs Allowable for LDAC: The costs to be recovered through the GAP Rate shall be comprised of the revenue shortfall calculated by forecasting the number of customers enrolled in the GAP 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 gas assistance program residential base rates, plus the GAP discount applied to the cost of gas, administrative, marketing and startup costs. The GAP 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, with the exception of the initial 18-month period as described in Tariff Page 34.

~~5.~~4. GAP Factor

Formula

$$GAPF = \frac{GAP + A_{GAP}}{TPev}$$

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.

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

RA_{GAP} GAP Reconciliation Adjustment - Account 1169-1756, inclusive of the associated Account 1169-1756 interest, as outlined in Section 19(G)(6).

6. Reconciliation Adjustments: As part of~~Prior to~~ the Company's annual LDAC ~~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 GAP Rate through October 31~~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 GAP classes to the difference in the regular and reduced residential base rates and cost of gas rates in effect for the annual reconciliation period, and (2) the GAP discount applied to the cost of gas, start-up, administrative~~,~~ and marketing costs associated with implementing~~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 GAP account 1169-1756. The Company shall ~~include~~file the reconciliation ~~along~~ with its annual LDAC~~COG~~ filing on or about August 20~~before the first business day in September of~~ each year.

H. Property Tax Adjustment Mechanism (PTAM).

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 ~~A~~actual municipal property taxes from the property tax bills received in the prior calendar year as~~are~~ compared to the amount of municipal property taxes then in rates. At the end of the corresponding April 1 through March 31 property tax year and any over- or under-recoveries are adjusted annually through the PTAM. The PTAM is based on a full reconciliation with monthly compounded interest for any over- or under-recoveries occurring in prior year(s). Interest is calculated at the prime rate, fixed on a quarterly basis and established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter ("Prime Rate").

2. The_PTAM Rate shall be applied to all firm sales and transportation tariff customers. The PTAM Rate shall be included~~filed~~ with the Company's annual LDAC~~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, with the exception of the initial 18-month period, identified on Tariff Page 34.

3. Effective Date: As part of ~~On or before~~ the annual LDAC filing~~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 PTAM Rate applicable to all firm sales, delivery and transportation service throughput for the subsequent twelve-month period commencing with the calendar month of February, with the exception of the initial 18-month period, identified on Tariff Page 34~~November.~~

~~4.~~

4. Reconciliation Adjustment: At the end of the corresponding April 1 through March 31 property tax year, the ~~and any~~ over- or under-recoveries are adjusted annually through the PTAM. The PTAM is based on a full reconciliation with monthly compounded interest for any over- or under-recoveries occurring in prior year(s). Interest is calculated at the prime rate, fixed on a quarterly basis and established as reported in the Wall Street Journal on the first business day of the month preceding the calendar quarter ("Prime Rate"), with the exception of the initial 18-month period, identified on Tariff page 34.

~~I. Effective Date of Local Distribution Adjustment Charge. 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.~~

J. Local Distribution Adjustment Charge Formulas. The LDAC shall be calculated on an annual basis, by customer, by summing up the various factors included in the LDAC, where applicable, with ~~Local Distribution Adjustment Charge Formulas. The LDAC shall be calculated on an annual basis, by customer, by summing up~~ the exception of~~various factors included in~~ the initial 18-month period as described on Tariff Page 34.~~LDAC, where applicable.~~

LDAC Formula

$LDAC^X$ = EE~~CC~~^{X} + $RDAF^X$ + $PTAM^X$ + ES + ~~$GREF^X$~~ + RCE + GAP and:

ES^X = RHS + MGP

where:

$LDAC^X$ = Annualized class specific LDAC.

EE~~CC~~^{X} = Annualized class specific ~~CC or~~ EE Charge.

$RDAF^X$ = Annualized class specific RDAF.

$PTAM^X$ = Property Tax Adjustment Mechanism.

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.

GAP = Gas Assistance Program Rate

K. 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 19(B), ~~.~~ and annually thereafter.

L. 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