38. Reliability Enhancement Program Capital Investment Allowance

Distribution base rates are subject to adjustment on an annual basis for a Reliability Enhancement Program Capital Investment Allowance pursuant to the Settlement Agreement in Docket DE 19-064.

39. Transmission Charge

The Transmission Charge will recover, on a fully reconciling basis, the costs incurred by the Company for transmission related services, and other reconciling charges as noted below. These costs include charges billed to the Company by Other Transmission Providers; third party charges billed to the Company for transmission related services such as charges relating to the stability of the transmission system which the Company is authorized to recover by order of the regulatory agency having jurisdiction over such charges; and transmission-based assessments or fees billed by or through regulatory agencies, including those associated with the ISO-NE, regional transmission group, an independent system operator, an RTO and their successors, or other such body with the oversight of regional transmission, in the event that any of these entities are authorized to bill the Company directly for their services.

The Transmission Charge shall be established annually based on a forecast of includable costs, and shall also include a full reconciliation with interest for any over recovery or under recovery occurring in the prior year. The Company may file to change the rates at any time if a significant over recovery or under recovery occurs. Interest on over recoveries or under recoveries shall be calculated at the prime rate.

Any changes to rates determined under the charge shall only be made following a notice filed with the Commission setting forth the amount of the increase or decrease, the new rates for each rate class, and the effective date of such new rates.

The Transmission Charge includes the Regional Greenhouse Gas Initiative ("RGGI") refund as required by RSA 125-O:23,II and Order No. 25,664 dated May 9, 2014, which directs the Company to refund RGGI auction revenue it receives to its customers.

The Revenue Decoupling Adjustment Clause (RDAC) will be included in the transmission charge annual rate filing for reconciliation. The RDAC is further described in Section 39A of the Tariff.

The Property Tax Adjustment Mechanism (PTAM) will be included in the transmission charge annual rate filing for reconciliation. The PTAM is further described in Section 39B of the Tariff.

39A. Revenue Decoupling Adjustment Clause

Purpose

The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow the Company subject to the jurisdiction of the NHPUC to adjust, on an annual basis, its rates for firm sales in order to reconcile Actual Base Revenue per Customer with Benchmark Base Revenue per Customer. The Company's Revenue Decoupling Adjustment eliminates the link between customer sales and Company revenue in order to align the interests of the Company and customers with respect to changing customer usage.

Effective Date

The Revenue Decoupling Adjustment Factor ("RDAF") shall be effective on the first day of the Decoupling Year.

Applicability

The Revenue Decoupling Adjustment Factor shall apply to all of the Company's tariff Rate Schedules, subject to the jurisdiction of the Commission, as determined in accordance with the provisions of this Tariff.

Definitions

i. The following definitions shall apply throughout the Tariff:

1. Actual Base Revenue per Customer is the actual revenue derived from the Company's base rates divided by the number of customers for a given year for a Customer Class.
2. Actual Number of Customers is the actual number of customers for the applicable Customer Class for the most recently completed year. Actual Number of Customers shall be calculated by summing the monthly equivalent bills for a given year for a Customer Class and dividing by the number of months in that year.
3. Customer Class is the group of all customers taking service pursuant to the same Rate Schedule.
4. Decoupling Year. The first Decoupling Year shall be the 12-month period from July 1, 2021 to June 30, 2022. Each subsequent Decoupling Year shall be the twelve months commencing July 1 through June 30.
5. Benchmark Base Revenue per Customer is the monthly allowed distribution revenue per Equivalent Bill for a given Decoupling Year for a given Customer Class, reflecting the distribution revenue level and approved equivalent bills from the Company's most recent rate case or other proceeding that results in an adjustment to base rates. Benchmark Base Revenue per Customer will be calculated for each month based on the distribution rates in effect at the start of the Decoupling Year and the calculation will be revised for the remaining months of each Decoupling Year if there is a distribution rate change that occurs following the beginning month of each Decoupling Year.

Calculation of Revenue Decoupling Adjustment

i. Description of Revenue Decoupling Adjustment

At the Decoupling Year, the Company shall calculate a Decoupling Revenue Adjustment to be used to determine the RDAF for the next corresponding season.

The Revenue Decoupling Adjustment shall be determined by calculating the difference between the actual Revenue per Customer and the Benchmark Base Revenue per Customer and multiplying that difference by the Actual Number of Customers for the applicable Customer Class. The Revenue Decoupling Adjustment shall equal the sum of the adjustments calculated for all Customer Classes and shall include a reconciliation component. There shall be a 3% cap on the amount refunded or charged to customers. The 3% cap shall be equal to 0.03 times the allowed revenue requirement subject to annual adjustments. The decoupling amount will be recovered or refunded during the following year up to the 3% cap. Any amounts in excess of the 3% cap will be deferred and recovered or refunded in future periods, as determined by the Commission. Any amounts deferred will be added to the aggregate decoupling adjustment amount of the following periods until recovered or refunded such that there is a maximum adjustment of 3% refunded or charged each year. Any over- or under-collection shall carry interest at the prime rate.

The amounts to be refunded or collected under this decoupling mechanism shall be calculated annually using monthly accruals. These monthly accruals will be summed for each decoupling year and presented in the annual reconciliation filing. Monthly decoupling accruals are calculated as follows:

a) The monthly target revenues per customer ("Monthly Target RPC") amounts will be determined for each of the Company's rate classes by:

i) allocating each years' allowed revenue requirement to each rate class, by month, in proportion to the test year with the following exceptions:

(1) Rate classes M, LED-1, and LED-2 will not be included in the decoupling calculations;
(2) Rate classes D-11 and EV, will not be included in the decoupling calculations as they are new rate classes. The inclusion of those rate classes will be reevaluated in the next rate case; and

ii) dividing each class monthly target revenue number by the number of monthly customer bills from the test year.

b) The Monthly Actual RPC will be calculated as the actual monthly revenues by rate class divided by the actual number of bills for each rate class rendered during that month.

c) The Monthly Actual RPC will be compared to the Monthly Target RPC for each rate class. The difference between the Monthly Actual RPC and the Monthly Target RPC for each rate class will then be multiplied times the actual number of bills rendered for each rate class to determine the monthly revenue shortfall/surplus for each class, the sum of which will constitute the total monthly revenue shortfall/surplus.

d) At the end of the reconciliation period, the monthly amounts will be summed to determine the cumulative annual revenue shortfall/surplus.

e) Subject to the cap described above, the Annual Allowed Adjustment revenue shortfall/surplus, will be allocated to the classes using the Rate Class Allocation as detailed on Line 115 of Attachment 5, page 4 of the Settlement Agreement in Docket No. DE 19-064.

f) The amount allocated to each rate class will be allocated to the kWh and kW rate adjustments for each class on the basis of the actual kWh and kW's of the decoupling year.

ii. Revenue Decoupling Adjustment Formulas

$$RD_T = \sum_{CC=1}^{CC=3} \left[\left(BRPC_{T-1}^{CG} - ARPC_{T-1}^{CC} \right) x \; ACUSTS_{T-1}^{CC} \right]$$

And

$$RDAF = \frac{RD}{FV}$$

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

$ACUSTS_{T-1}^{CC}$: The actual number of customers for the applicable Customer Class for the most recently completed Decoupling Year. Actual number of customers for each Decoupling Year shall be the average number monthly customers in that season, calculated by summing the number of billed customers in each month of the most recently completed Decoupling Year, and dividing by the number of months in that year.

$ARPC_{T-1}^{CC}$: The Actual Base Revenue Per Customer for the applicable Customer Class Group for the most recently completed Decoupling Year (T-1), as defined in Section i.

$BRPC_{T-1}^{CC}$: The Benchmark Base Revenue Per Customer for the applicable Customer Class Group as determined in accordance with Section i.2. for the most recently completed Decoupling Year (T-1).

cc	Customer Classes as defined in Section i.3.
RD	The Revenue Decoupling adjustment to revenues.
$RDAF_T$:	The Revenue Decoupling Adjustment Factor.
FV	Forecast sales volumes for the Billing Year.

1.0 Application of the RDAF to Customer Bills

The RDAF ($ per kWh) shall be truncated at the nearest one one-hundredth of a cent per kWh. The RDAF will be applied to the monthly tariff sales for each customer.

2.0 Information to be Filed with the Commission

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

1. The calculation of the applicable revenue decoupling revenue dollar adjustment for the Decoupling Year by Customer Class Group.
2. The calculation of the proposed decoupling rate per kWh for all firm rates to be applied in the Billing Year.
3. The calculation of the monthly Benchmark Base Revenue per Customer, to be utilized in the upcoming Decoupling Year. If distribution rates change during the Decoupling Year, the monthly Benchmark Base Revenue per Customer for the remaining months of the Decoupling Year will be revised and filed with the Commission.

39B. 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 are compared to the amount of municipal property taxes. 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 rate classes. The PTAM Rate shall be filed with the Company's transmission charge filing and shall be determined annually by the Company and be subject to review and approval by the Commission.

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

4. Reconciliation Adjustment: 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").

40. Electricity Consumption Tax Charge

All Customers shall be obligated to pay the Electricity Consumption Tax Charge in accordance with New Hampshire Statute RSA Chapter 83-E, which may be revised from time to time, in addition to all other applicable rates and charges under this Tariff. The Electricity Consumption Tax Charge shall appear separately on all Customer bills. Any discounts provided for under a Special Contract shall not apply to the Electricity Consumption Tax Charge.

41. System Benefits Charge

All customers taking delivery service shall pay the System Benefits Charge as required by New Hampshire law and approved by the Commission. The System Benefits Charge shall recover the

38. Reliability Enhancement Program Capital Investment Allowance

Distribution base rates are subject to adjustment on an annual basis for a Reliability Enhancement Program Capital Investment Allowance pursuant to the Settlement Agreement in Docket DE 19-064.

39. Transmission Charge

The Transmission Charge will recover, on a fully reconciling basis, the costs incurred by the Company for transmission related services, and other reconciling charges as noted below. These costs include charges billed to the Company by Other Transmission Providers; third party charges billed to the Company for transmission related services such as charges relating to the stability of the transmission system which the Company is authorized to recover by order of the regulatory agency having jurisdiction over such charges; and transmission-based assessments or fees billed by or through regulatory agencies, including those associated with the ISO-NE, regional transmission group, an independent system operator, an RTO and their successors, or other such body with the oversight of regional transmission, in the event that any of these entities are authorized to bill the Company directly for their services.

The Transmission Charge shall be established annually based on a forecast of includable costs, and shall also include a full reconciliation with interest for any over recovery or under recovery occurring in the prior year. The Company may file to change the rates at any time if a significant over recovery or under recovery occurs. Interest on over recoveries or under recoveries shall be calculated at the prime rate.

Any changes to rates determined under the charge shall only be made following a notice filed with the Commission setting forth the amount of the increase or decrease, the new rates for each rate class, and the effective date of such new rates.

The Transmission Charge includes the Regional Greenhouse Gas Initiative ("RGGI") refund as required by RSA 125-O:23,II and Order No. 25,664 dated May 9, 2014, which directs the Company to refund RGGI auction revenue it receives to its customers.

The Revenue Decoupling Adjustment Clause (RDAC) will be included in the transmission charge annual rate filing for reconciliation. The RDAC is further described in Section 39A of the Tariff.

The Property Tax Adjustment Mechanism (PTAM) will be included in the transmission charge annual rate filing for reconciliation. The PTAM is further described in Section 39B of the Tariff.

39A. Revenue Decoupling Adjustment Clause

Purpose

The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow the Company subject to the jurisdiction of the NHPUC to adjust, on an annual basis, its rates for firm sales in order to reconcile Actual Base Revenue per Customer with Benchmark Base Revenue per Customer. The Company's Revenue Decoupling Adjustment eliminates the link between customer sales and Company revenue in order to align the interests of the Company and customers with respect to changing customer usage.

Effective Date

The Revenue Decoupling Adjustment Factor ("RDAF") shall be effective on the first day of the Decoupling Year.

Applicability

The Revenue Decoupling Adjustment Factor shall apply to all of the Company's tariff Rate Schedules, subject to the jurisdiction of the Commission, as determined in accordance with the provisions of this Tariff.

Definitions

i. The following definitions shall apply throughout the Tariff:

1. Actual Base Revenue per Customer is the actual revenue derived from the Company's base rates divided by the number of customers for a given year for a Customer Class.
2. Actual Number of Customers is the actual number of customers for the applicable Customer Class for the most recently completed year. Actual Number of Customers shall be calculated by summing the monthly equivalent bills for a given year for a Customer Class and dividing by the number of months in that year.
3. Customer Class is the group of all customers taking service pursuant to the same Rate Schedule.
4. Decoupling Year. The first Decoupling Year shall be the 12-month period from July 1, 2021 to June 30, 2022. Each subsequent Decoupling Year shall be the twelve months commencing July 1 through June 30.
5. Benchmark Base Revenue per Customer is the monthly allowed distribution revenue per Equivalent Bill for a given Decoupling Year for a given Customer Class, reflecting the distribution revenue level and approved equivalent bills from the Company's most recent rate case or other proceeding that results in an adjustment to base rates. Benchmark Base Revenue per Customer will be calculated for each month based on the distribution rates in effect at the start of the Decoupling Year and the calculation will be revised for the remaining months of each Decoupling Year if there is a distribution rate change that occurs following the beginning month of each Decoupling Year.

Calculation of Revenue Decoupling Adjustment

i. Description of Revenue Decoupling Adjustment

At the Decoupling Year, the Company shall calculate a Decoupling Revenue Adjustment to be used to determine the RDAF for the next corresponding season.

The Revenue Decoupling Adjustment shall be determined by calculating the difference between the actual Revenue per Customer and the Benchmark Base Revenue per Customer and multiplying that difference by the Actual Number of Customers for the applicable Customer Class. The Revenue Decoupling Adjustment shall equal the sum of the adjustments calculated for all Customer Classes and shall include a reconciliation component. There shall be a 3% cap on the amount refunded or charged to customers. The 3% cap shall be equal to 0.03 times the allowed revenue requirement subject to annual adjustments. The decoupling amount will be recovered or refunded during the following year up to the 3% cap. Any amounts in excess of the 3% cap will be deferred and recovered or refunded in future periods, as determined by the Commission. Any amounts deferred will be added to the aggregate decoupling adjustment amount of the following periods until recovered or refunded such that there is a maximum adjustment of 3% refunded or charged each year. Any over- or under-collection shall carry interest at the prime rate.

The amounts to be refunded or collected under this decoupling mechanism shall be calculated annually using monthly accruals. These monthly accruals will be summed for each decoupling year and presented in the annual reconciliation filing. Monthly decoupling accruals are calculated as follows:

a) The monthly target revenues per customer ("Monthly Target RPC") amounts will be determined for each of the Company's rate classes by:

i) allocating each years' allowed revenue requirement to each rate class, by month, in proportion to the test year with the following exceptions:

(1) Rate classes M, LED-1, and LED-2 will not be included in the decoupling calculations;
(2) Rate classes D-11 and EV, will not be included in the decoupling calculations as they are new rate classes. The inclusion of those rate classes will be reevaluated in the next rate case; and

ii) dividing each class monthly target revenue number by the number of monthly customer bills from the test year.

b) The Monthly Actual RPC will be calculated as the actual monthly revenues by rate class divided by the actual number of bills for each rate class rendered during that month.

c) The Monthly Actual RPC will be compared to the Monthly Target RPC for each rate class. The difference between the Monthly Actual RPC and the Monthly Target RPC for each rate class will then be multiplied times the actual number of bills rendered for each rate class to determine the monthly revenue shortfall/surplus for each class, the sum of which will constitute the total monthly revenue shortfall/surplus.

d) At the end of the reconciliation period, the monthly amounts will be summed to determine the cumulative annual revenue shortfall/surplus.

e) Subject to the cap described above, the Annual Allowed Adjustment revenue shortfall/surplus, will be allocated to the classes using the Rate Class Allocation as detailed on Line 115 of Attachment 5, page 4 of the Settlement Agreement in Docket No. DE 19-064.

f) The amount allocated to each rate class will be allocated to the kWh and kW rate adjustments for each class on the basis of the actual kWh and kW's of the decoupling year.

ii. Revenue Decoupling Adjustment Formulas

$$RD_T = \sum_{CC=1}^{CC=3} \left[\left(BRPC_{T-1}^{CG} - ARPC_{T-1}^{CC} \right) x \, ACUSTS_{T-1}^{CC} \right]$$

And

$$RDAF = \frac{RD}{FV}$$

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

$ACUSTS_{T-1}^{CC}$: The actual number of customers for the applicable Customer Class for the most recently completed Decoupling Year. Actual number of customers for each Decoupling Year shall be the average number monthly customers in that season, calculated by summing the number of billed customers in each month of the most recently completed Decoupling Year, and dividing by the number of months in that year.

$ARPC_{T-1}^{CC}$: The Actual Base Revenue Per Customer for the applicable Customer Class Group for the most recently completed Decoupling Year (T-1), as defined in Section i.

$BRPC_{T-1}^{CC}$: The Benchmark Base Revenue Per Customer for the applicable Customer Class Group as determined in accordance with Section i.2. for the most recently completed Decoupling Year (T-1).

cc	Customer Classes as defined in Section i.3.
RD	The Revenue Decoupling adjustment to revenues.
$RDAF_T$:	The Revenue Decoupling Adjustment Factor.
FV	Forecast sales volumes for the Billing Year.

1.0 Application of the RDAF to Customer Bills

The RDAF ($ per kWh) shall be truncated at the nearest one one-hundredth of a cent per kWh. The RDAF will be applied to the monthly tariff sales for each customer.

2.0 Information to be Filed with the Commission

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

1. The calculation of the applicable revenue decoupling revenue dollar adjustment for the Decoupling Year by Customer Class Group.
2. The calculation of the proposed decoupling rate per kWh for all firm rates to be applied in the Billing Year.
3. The calculation of the monthly Benchmark Base Revenue per Customer, to be utilized in the upcoming Decoupling Year. If distribution rates change during the Decoupling Year, the monthly Benchmark Base Revenue per Customer for the remaining months of the Decoupling Year will be revised and filed with the Commission.

39B. 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 are compared to the amount of municipal property taxes. 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 rate classes. The PTAM Rate shall be filed with the Company’s transmission charge filing and shall be determined annually by the Company and be subject to review and approval by the Commission.

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

4. Reconciliation Adjustment: 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").

40. Electricity Consumption Tax Charge

All Customers shall be obligated to pay the Electricity Consumption Tax Charge in accordance with New Hampshire Statute RSA Chapter 83-E, which may be revised from time to time, in addition to all other applicable rates and charges under this Tariff. The Electricity Consumption Tax Charge shall appear separately on all Customer bills. Any discounts provided for under a Special Contract shall not apply to the Electricity Consumption Tax Charge.

41. System Benefits Charge

All customers taking delivery service shall pay the System Benefits Charge as required by New Hampshire law and approved by the Commission. The System Benefits Charge shall recover the