

45. Energy Service Adjustment Provision

Energy Service shall be procured by the Company pursuant to a competitive bidding process or as otherwise directed by the Commission, and the rates for Energy Service shall be based on short-term market prices and include an estimate of administrative costs associated with the provision of Energy Service.

On an annual basis, the Company shall perform two reconciliations for Energy Service. In the first reconciliation, the Company shall reconcile its power supply cost of providing Energy Service with its Energy Service revenue associated with the recovery of power supply costs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be returned to, or recovered from, all Energy Service customers over the following 12 months through the Energy Service Adjustment Factor. In the second reconciliation, the Company shall reconcile its administrative cost of providing Energy Service with its Energy Service revenue associated with the recovery of administrative costs, and the excess or deficiency, including interest at the interest rate paid on customer deposits, shall be reflected in the subsequent year's Energy Service Cost Reclassification Adjustment Factor pursuant to the Energy Service Cost Reclassification Adjustment Provision. The Company may file to change the Energy Service Adjustment Factor at any time should significant over- or under- recoveries of Energy Service costs occur. For purposes of this reconciliation, Energy Service revenue shall mean all revenue collected from Energy Service customers through the Energy Service rate for the applicable 12 month reconciliation period together with payments or credits from suppliers for the provision of Energy Service. The power supply cost of providing Energy Service shall mean all payments to suppliers and the Independent System Operator associated with the provision of Energy Service.

Administrative costs of providing Energy Service shall mean all labor and consultant costs in arranging and administering Energy Service, any payments related to the cost of providing contract security, Energy Service-related working capital cost, and Energy Service-related bad debt cost.

Any adjustment to the Energy Service Adjustment Factor under the Company's applicable rates shall be in accordance with a notice filed with the Commission setting forth the amount of the increase or decrease and the new Energy Service Adjustment Factor. The notice shall further specify the effective date of such adjustment, which shall not be earlier than thirty days after the filing of the notice, or such other date as the Commission may authorize.

This provision is applicable to all Retail Delivery Service rates of the Company.

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Issued by: _____ /s/ ~~Susan L. Fleek~~Neil Proudman
~~Susan L. Fleek~~Neil Proudman

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