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FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

RESIDENTIAL ASSISTANCE ADJUSTMENT CLAUSE

SCHEDULE RAAC

1.01 Purpose

The purpose of the Residential Assistance Adjustment Clause ("RAAC") is to provide Fitchburg Gas and Electric Light Company (the "Company") a mechanism for the recovery of lost revenue, on an annual basis and subject to the jurisdiction of the Department of Telecommunications and Energy (the "Department"), based on the increase of residential assistance customers enrolled in the Company's discounted rates (Rate R-2 and Rate R-4) as a result of a computer matching program with the Massachusetts Executive Office of Health and Human Services, as described in the Department's D.T.E. 01-106 order, as well as through traditional outreach programs. On and after July 1, 2005, any amount of low-income discount in excess of the Baseline Revenue, as defined below, will be eligible for recovery through the RAAC. In accordance with the Department's D.T.E. 05-86 order, the RAAC shall also include incremental costs directly related to the Company's approved Arrearage Management Program.

1.02 Applicability

The RAAC shall be applicable to all Firm Customers unless otherwise designated. For billing purposes, the RAAC shall be included in the Local Distribution Adjustment Clause ("LDAC").

1.03 Effective Date of Annual Adjustment Factor

The Residential Assistance Adjustment Factor ("RAAF") shall be effective on November 1st of each year, unless otherwise ordered by the Department.

1.04 Definitions

The following terms shall be used in this tariff as defined in this section, unless the context requires otherwise.

(1) "Baseline Revenue" is the difference, on a weather normalized basis, between the base rate revenues that would have been collected from customers receiving the low-income discount for the twelve months ending June 30, 2005, had no low-income discount existed and the actual base rate revenues collected from low-income customers for the twelve months ending June 30, 2005.

(2) "Distribution Company" or "Company" is Fitchburg Gas and Electric Light Company.

(3) "Prior Year" is the twelve-month period immediately prior to the effective date of a proposed RAAF.

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FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

RESIDENTIAL ASSISTANCE ADJUSTMENT CLAUSE

SCHEDULE RAAC

1.05 Residential Assistance Adjustment Factor Formula

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$$RAAF_x = [(RA_x) + ((Cust_x(DCust\$_x) + Use_x(DUse\$_x)) - BR) + AMP + I_x]/FUse_x$$

$RAAF_x$ = The annual Residential Assistance Adjustment Factor.

RA_x = The Reconciliation Adjustment for $Year_x$ shall be the amount of over/under collection from the end of the Prior Year. Reconciliations shall be performed monthly and shall be based on revenue calculations for the actual customers participating in the Company's discounted rates and those customers' actual monthly usage as recorded in the Company's billing data base. The Reconciliation Adjustment for $Year_x$ shall also include actual costs incurred as a result of the Company's Arrearage Management Program. Interest shall be calculated on the average monthly balance using the prime rate computed in accordance with 220 C.M.R. § 6.08(2) and added to each end-of-month balance.

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$Cust_x$ = The estimated number of customers participating in the Company's discounted rates (Rate R-2 and Rate R-4).

Use_x = The estimated therm usage of customers participating in the Company's discounted rates (Rate R-2 and Rate R-4).

$DCust\$_x$ = The difference between the non-discounted and discounted customer charge for the applicable rates.

$DUse\$_x$ = The difference between the non-discounted and discounted therm distribution charges for the applicable rates.

BR = The Baseline Revenue is $290,060.

AMP = The incremental costs directly related to the Company's approved Arrearage Management Program.

I_x = The estimated interest in the forecast period.

$FUse_x$ = The estimated therms in the forecast period.

In the event that the Company's total low-income discount in a given year is below the Baseline Revenue, no refund of any Baseline Revenue will be due to ratepayers.

1.06 Information Required to be Filed with the Department

Information pertaining to the RAAC shall be filed with the Department at least forty-five (45) days before the date on which a new RAAF is to be effective, in conjunction with the Company's peak/winter LDAC filings. This information shall be submitted with each annual RAAF filing, along with complete documentation of the reconciliation-adjustment calculations.

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FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

RESIDENTIAL ASSISTANCE ADJUSTMENT CLAUSE

SCHEDULE RAAC

1.07 Customer Notification

The Company shall notify customers in simple terms of changes to the RAAF, including the nature of the change and the manner in which the RAAF is applied to the bill. In the absence of a standard format, the Company shall submit this notice for approval at the time of each RAAF filing. Upon approval by the Department, the Company shall immediately distribute these notices to all of its distribution customers either through direct mail or with its bills, or as a bill message.

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