REVENUE DECOUPLING ADJUSTMENT CLAUSE

1.1 Purpose

The purpose of the Revenue Decoupling Adjustment Clause ("RDAC") is to establish procedures that allow The Berkshire Gas Company ("Berkshire" or the "Company") subject to the jurisdiction of the Massachusetts Department of Public Utilities (the "Department") to adjust, on a semiannual basis, its rates for firm gas distribution service in order to reconcile effective August 1, 2026 Actual Base Revenue ("ABR") with Benchmark Base Revenue ("BBR"), and prior to August 1, 2026, Actual Base Revenue per Customer ("ARPC") with Benchmark Base Revenue per Customer ("BRPC"), as approved by the Department. The RDAC eliminates the link between customer sales and Company earnings in order to align the interests of the Company and customers with respect to lowering customer gas usage.

1.2 Applicability

The RDAC shall apply to all of the Company's firm gas distribution service Rate Schedules, subject to the jurisdiction of the Department, as determined in accordance with the provisions of this clause. For billing purposes, the Revenue Decoupling Adjustment Factor ("RDAF") shall be included in the Local Distribution Adjustment Charge.

1.3 Effective Date

The Peak Period RDAF shall be effective on the first day of each Peak Period as defined herein. The Off-Peak Period RDAF shall become effective on the first day of each Off-Peak Period as defined below.

1.4 Definitions

The following definitions shall apply throughout the provisions of this revenue decoupling tariff:

(l) "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 season for a Customer Class Group exclusive of customers and associated revenues for customers connected to the Company's distribution system since the end of the test period from the Company's D.P.U. 22-20 base rate case. For purposes of calculating the ABRPC, the non-discounted base revenues prior to application of the income-eligible discount shall be used.

DEFINITIONS (CONT'D)

(2) "Actual Base Revenue" is the actual revenue derived from the Company's Base Rates for a given season for a Customer Class Group. For purposes of calculating the ABR, the non-discounted base revenues prior to application of the income-eligible discount shall be used

(3) "Actual Number of Customers" is the actual number of customers for the applicable Customer Class Group for the most recently completed Peak or Off-Peak Period, exclusive of customers connected to the Company's distribution system since the end of the test period for the Company's D.P.U. 22-20 base rate case.

(4) "Base Rates" are the collection of any customer, volumetric or demand charge reflected in the Company's Rate Schedules that recovers a portion of the Company's base revenue requirements as established in its most recent base rate case or other proceeding that results in a base rate adjustment.

(5) "Benchmark Base Revenue per Customer" is the allowed average revenue per Customer for a given season for a Customer Class Group, reflecting the base revenue from the Company's D.P.U. 22-20 base rate case.

The BRPC effective January 1, 2024 in D.P.U. 22-20:

Customer Class Group	Winter BRPC	Summer BRPC
Residential Non-Heating (R-1, R-2)	$185.07	$139.18
Residential Heating (R-3, R-4)	$575.24	$182.61
Commercial & Industrial (G-41, G-42, G-43, G-51, G-52, and G-53)	$2,489.38	$833.47

(6) "Benchmark Base Revenue" is the allowed revenue for a given season for a Customer Class Group, reflecting the base revenue from the Company's most recent base rate case or other proceeding that results in a base rate adjustment.

DEFINITIONS (CONT'D)

The BBR effective August 1, 2026 in D.P.U. 25-170:

Customer Class Group	Winter BBR	Summer BBR
Residential Non-Heating (R-1, R-2)	$591,443	$461,836
Residential Heating (R-3, R-4)	$24,288,284	$6,633,062
Commercial & Industrial (G-41, G-42, G-43, G-51, G-52, G-53, and T-54)	$19,240,973	$6,661,347

(7) "Customer Class" is the group of all customers taking service pursuant to the same Rate Schedule.

(8) "Customer Class Group" is the group of Rate Schedules combined for purposes of calculating the Revenue Decoupling Adjustment amounts. There are three Customer Class Groups as follows:

1. The Residential Non-Heating Customer Class Group shall consist of all customers taking service pursuant to one of the Company's residential non-heating rate schedules, R-1 and R-2; and

2. The Residential Heating Customer Class Group shall consist of all customers taking service pursuant to one of the Company's residential heating rate schedules, R-3 and R-4; and

3. The Commercial and Industrial Customer Class Group shall consist of all sales and transportation customers taking service pursuant to one of the Company's general service rate schedules, G-41, G-42, G-43, G-51, G-52, G-53, and T-54.

(9) "Distribution Revenue Allocator" is derived from the Company's most recent general rate case approved by the Department and shall be as follows by Rate Class Grouping:

Residential	55.25%
Small Commercial & Industrial	15.53%
Medium Commercial & Industrial	12.20%
Large Commercial & Industrial	15.17%
Extra Large Commercial & Industrial	1.84%
Total	100.00%

DEFINITIONS (CONT'D)

(10) "Forecast Throughput Volumes**"** is the forecasted amount of gas, as measured in therms, to be delivered by the Company for the Peak or Off-Peak Period during which the proposed Revenue Decoupling Adjustment Factor will be in effect.

(11) "Off-Peak Period" is the continuous period from May 1st through October 31st.

(12) "Peak Period" is the continuous period from November 1st through April 30th.

(13) "Rate Class Group" is the combination of similar rate classes, as follows: The Residential Non-Heating group is the combination of R-1 and R-2; the Residential Heating group is the combination of R-3 and R-4; the Small C&I group is G-41 and G-51; the Medium C&I group is G-42 and G-52; the Large C&I group is G-43 and G-53; and the Extra Large C&I is T-54.

1.5 Calculation of the Revenue Decoupling Adjustment

At the conclusion of each Peak or Off-peak Period, the Company shall calculate an RDAF to be applied to customer bills in the next corresponding season. The RDAF for the Peak Period shall be applied to customer bills in the next Peak Period and the RDAF for the Off-peak Period shall be applied to customer bills in the next Off-peak Period.

Effective August 1, 2026, the Revenue Decoupling Adjustment ("RDA") shall be calculated by comparing the difference between the ABR and the BBR for the applicable Customer Class Group. Prior to August 1, 2026, the Revenue Decoupling Adjustment ("RDA") shall be calculated by comparing the difference between the ARPC and the BRPC for the applicable Customer Class Group, and multiplying that difference by the Actual Number of Customers for the applicable Customer Class Group. The sum of the adjustments calculated for each of the Customer Class Groups shall equal the total Company RDA and shall include a reconciliation component and carrying costs. If the RDA does not exceed the revenue cap described below, then it shall be allocated to each Rate Class Group by applying the Distribution Revenue Allocator approved in the Company's most recent rate filing and then divided by the Rate Class Group's seasonal forecasted throughput to derive the RDAF for each Rate Class Group.

The total Peak or Off-Peak RDA, including the prior period reconciliation,

deferral amounts, and all carrying charges, may not exceed three percent (3%) of total revenues from firm sales and firm transportation throughput for the most recent corresponding Peak or Off-Peak Period, here-in referred to as the Revenue Decoupling Cap ("RDC"), with transportation revenues adjusted by imputing the Company's cost of gas charges for that period. Total revenue shall include amounts that the Company has billed customers through applicable charges for distribution service, Local Distribution Adjustment Factors, Cost of Gas Adjustment Factors, and any related adjustment factors. If the RDA exceeds the RDC, then an amount equal to the RDC shall be allocated to each Rate Class Group by applying the Distribution Revenue Allocator approved in the Company's most recent rate filing and then divided by the Rate Class Group's seasonal forecasted throughput to derive the RDAF for each Rate Class Group. Amounts determined to be in excess of the RDC shall be deferred and included in the RDA reconciliation for recovery in the subsequent year during the corresponding Peak or Off-Peak Period as long as the sum of the RDA for that period, including the prior period reconciliation, deferral amounts, and all carrying charges, does not exceed the RDC for that period.

Carrying charges shall be calculated on the average deferred balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates. If the total amount to be reflected in the RDA represents an over-recovery to be credited to customers, the entire amount is to be reflected in the RDA at the beginning of the Peak or Off-Peak Periods i.e., the RDC is applicable to under-recoveries only; over-recoveries shall be credited in full.

1.6 Revenue Decoupling Adjustment Factor Formula

Prior to August 1, 2026, the RDA shall be:

$$RDA = \left[\left(\sum_{cg=1}^{cg=n}((BRPC_{T-1}\text{-}ARPC_{T-1}) \times ACUSTS_{T-1})\right) + RF + DEF_{BALp}\right] + \text{carrying costs}$$

Effective August 1, 2026, the RDA shall be:

$$RDA = \left[\left(\sum_{cg=1}^{cg=n}(BBR_{T-1} - ABR_{T-1})\right) + RF + DEF_{BALp}\right] + carrying\ costs$$

If:

RDA < $0

Then:

$DEF_{BALc} = \$0$

And:

$$RDAF_{S,T1} = \frac{RDA \times DRAs}{TP_{VOLs}}$$

If:

RDA > $0

And, if:

RDA < RDC

Then:

$DEF_{BALc} = \$0$

And:

$$RDAF_{S,T1} = \frac{RDA \times DRA_S}{TP_{VOLs}}$$

If:

RDA > RDC

Then:

$DEF_{BALc} = RDA - RDC$

And:

$$RDAF_{S,T1} = \frac{RDC \times DRA_S}{TP_{VOLs}}$$

Where:

ACUSTS = The Actual Number of Customers for the applicable Customer Class Group for the most recently completed Peak or Off-Peak Period (T-1), as defined in Section 1.4, exclusive of customers connected to the Company's distribution system since the end of the test period for the Company's most recent base rate case.

ARPC = Actual Base Revenue Per Customer for the applicable Customer Class Group as defined in Section 1.4 for the most recently completed Peak or Off-peak Period (T-1). For purposes of calculating the Actual Base Revenue per Customer, the non-

discounted base revenues prior to application of the income-eligible discount shall be used.

BRPC = Benchmark Base Revenue Per Customer for the applicable Customer Class Group as defined in Section 1.4 for the most recently completed Peak or Off-Peak Period (T-1).

ABR = Actual Base Revenue for the applicable Customer Class Group as defined in Section 1.4 for the most recently completed Peak or Off-peak Period (T-1). For purposes of calculating the Actual Base Revenue, the non-discounted base revenues prior to application of the income-eligible discount shall be used.

BBR = Benchmark Base Revenue for the applicable Customer Class Group as defined in Section 1.4 for the most recently completed Peak or Off-Peak Period (T-1).

cg = Customer Class Groups 1 through n as defined in Section 1.4.

DEF_{BALp} = The balance of the unrecovered deferrals from prior periods, including interest using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates.

DEF_{BALc} = The amount of Revenue Decoupling Adjustment that must be deferred in the current year based on the difference between three percent (3%) of total revenues from firm sales and firm transportation throughput for the most recent corresponding Peak or Off-Peak Period, with transportation revenues adjusted by imputing the Company's cost of gas charges for that period, and the current year's Revenue Decoupling Adjustment.

DRA = Distribution Revenue Allocator applicable to the Rate Class Group.

RDA = The calculated Revenue Decoupling amount consisting of: (1) the difference between the BBR and ABR for the period beginning August 1, 2026, or the BRPC and ARPC, with the difference multiplied by the Actual Number of Customers, for the period prior to August 1, 2026, (2) the prior period reconciliation (RF), including interest, and, if applicable, (3) any deferral of RDA from prior periods (DEF_{BALp}) that the Company was not able to reflect in a prior period's RDAF, (4) any prospective carrying cost.

RDAF = The Revenue Decoupling Adjustment Factor for the Peak or Off-Peak Period (T1).

RDC = The Revenue Decoupling Cap equal to three percent (3%) of total

revenues from firm sales and firm transportation throughput for the most recent corresponding Peak or Off-Peak Period with transportation revenues being adjusted by imputing the Company's cost of gas charges for that period, unless otherwise approved by the Department.

RF = Revenue Decoupling Reconciliation Adjustment Account 175.30 and Account 175.35 as outlined in Section 1.7, subsequent to the billing of applicable Peak or Off-Peak Period RDAF, including interest using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates.

s = Designates a separate factor for each Rate Class Group.

TP_{Vol} = Forecast Throughput Volumes inclusive of all firm tariff sales and firm tariff transportation throughput for the Peak or Off-Peak Period, as defined in Section 1.4.

1.7 Calculation of the Reconciliation Adjustment

Account 175.30 shall contain the accumulated difference between the amount of RDAF revenue that should have been collected by the Company in the Peak Period and the amount of RDAF revenue actually received by the Company in the Peak Period. Carrying charges shall be calculated on the average monthly balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates. Account 175.30 shall also include Peak Period deferrals as determined in Section 1.5.

Account 175.35 shall contain the accumulated difference between the amount of RDAF revenue that should have been collected by the Company in the Off- Peak Period and the amount of RDAF revenue actually received by the Company in the Off-Peak Period. Carrying charges shall be calculated on the average monthly balance using the monthly prime lending rate, as reported by the Federal Reserve Statistical Release of Selected Interest Rates. Account 175.35 shall also include Off-Peak Period deferrals as determined in Section 1.5.

1.8 Interim Filings

The Company will file for a mid-period adjustment if the actual revenue exceeds a threshold of ten percent (10%) above or below its benchmark revenue level.

1.9 Application of Revenue Decoupling Adjustment to Bills

Any RDAF ($ per therm) shall be rounded to the nearest one one-hundredth of a cent per therm. The RDAF for the Peak Period will be applied to customer bills in the next Peak Period and the RDAF for the Off-Peak Period will be applied to customer bills in the next Off-Peak Period.

1.10 Information Required to be Filed with the Department

Information pertaining to the RDAC will be filed with the Department ninety (90) days prior to the effective dates of the November 1 Peak or May 1 Off-Peak Period RDAF. Such information shall include the calculation of the applicable revenue decoupling adjustment and revenue decoupling reconciliation adjustment, including a summary and schedules as set out in Exhibit A to Revenue Decoupling Adjustment Factor Filing Procedures, D.P.U. 14-RDAF-01 (2014).

Other information shall also include for the pertinent period the following:

- Billed sales data by customer class
- Forecasted volumes by rate class
- Bill impact comparison, by customer class, of proposed rates to current rates and of proposed rates to rates in effect for the prior pertinent period
- Estimate of lost base revenue ("LBR")
- Capital costs associated with new customers
- Weather-normalized sales data by customer class
- Weather-normalized RDA
- Other informational schedules as prescribed by the Department from time to time

1.11 Customer Notification

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