

The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 25-170

July 31, 2026

Petition of The Berkshire Gas Company, pursuant to G.L. c. 164, § 94 and 220 CMR 5.00, for Approval of a General Increase in Base Distribution Rates for Gas Service and a Performance-Based Ratemaking Plan.

ORDER ON PROPOSED SETTLEMENT

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TABLE OF CONTENTS

SUMMARY	iv
I. INTRODUCTION	1
II. HISTORICAL BACKGROUND AND PROCEDURAL HISTORY	2
III. DESCRIPTION OF PROPOSED SETTLEMENT AGREEMENT	6
A. Introduction.....	6
B. Revenue Requirement Adjustments.....	7
1. Non-GSEP Capital Additions In-Service 2021-2024	7
2. Non-GSEP Capital Additions In-Service 2025.....	7
C. Rate Base Resets	8
1. July 1, 2027.....	8
2. July 1, 2028.....	9
D. GSEP Deferral Recovery	10
E. Full-time Employee Additions.....	11
F. Depreciation	11
G. Fee Free Program.....	12
H. Cost of Capital and Rate of Return	12
I. Distribution Rate Freeze	12
J. Exogenous Cost Recovery	13
K. Rate Design	14
L. Low-Income Discount Rate	14
M. Community Benefits	15
N. Other Settlement Terms	16
IV. STANDARD OF REVIEW	17
V. ANALYSIS AND FINDINGS	18
VI. ORDER.....	21

SUMMARY

The Department of Public Utilities (“Department”) issues this Order addressing the petition filed by The Berkshire Gas Company (“Berkshire Gas” or “Company”) on November 14, 2025, seeking an increase to its gas base distribution rates. The Department held three public hearings in January and February 2026 and invited written comments. The Department recognizes the economic impact that higher gas base distribution rates have on individual customers, businesses, and the surrounding communities. The Department appreciates hearing from numerous residents, municipal officials, and business owners who shared personal experiences struggling with the high energy costs and their opinions regarding the Company’s petition. These comments and opinions inform our decision.

Berkshire Gas was last granted an increase in base distribution rates in 2022. In the current proceeding, the Company sought to increase its gas base distribution rates to generate approximately \$28.0 million in additional revenues. The net effect of Berkshire Gas’s proposal would have been an 18-percent rate increase, on average, across all customers on a total bill basis. The proposed base distribution rate increase was in addition to changes in other rates, such as reconciling mechanism rates, that occur during the year.

The Department conducted an investigation during which we received a proposed settlement agreement (“Settlement Agreement”) from the following parties with the intent to resolve all issues in this proceeding: Berkshire Gas and the Attorney General, acting in her capacity as the Commonwealth’s ratepayer advocate (together, “the Settling Parties”). This Order approves the Settlement Agreement.

The Settlement Agreement reduces the Company’s base distribution rate increase to \$18.5 million in additional revenues. Berkshire Gas is eligible to reset certain components of rate base in base distribution rates twice during the term of the Settlement Agreement, first for effect July 1, 2027, and second for effect July 1, 2028. Furthermore, the Settlement Agreement provides that the Company shall be eligible to increase base distribution rates to account for the hiring of up to four additional employees for a total not to exceed 140. The Company is required to incorporate tiered discount rates with six income tiers established by the Department in its Energy Burden Investigation before the next heating season, which begins on November 1, 2026. The Settlement Agreement will further benefit customers because it includes a \$200,000 payment from Berkshire Gas to the Attorney General to fund programs or initiatives designed to assist with paying or lowering natural gas bills, and it establishes winter bill stabilization credits so that beginning in 2027, a typical residential heating customer will receive an average bill credit of \$20 per month in each January and February for the term of the Settlement Agreement.

I. INTRODUCTION

On November 14, 2025, The Berkshire Gas Company (“Berkshire Gas” or “Company”) filed a petition with the Department of Public Utilities (“Department”) seeking approval of an increase in base distribution rates for gas service pursuant to G.L. c. 164, § 94, as well as other proposals. The initial rates in the Company’s last gas base distribution rate case went into effect on January 1, 2023, pursuant to a settlement, with four possible step increases. The Berkshire Gas Company, D.P.U. 22-20, at 2 (2022). Among other provisions, the settlement provided for four possible step increases, of which one took effect January 1, 2023, and the remaining three of which took effect on January 1, 2024. D.P.U. 22-20, at 3-4.

In the filing, Berkshire Gas sought to increase its rates to generate a proposed \$27,968,238 in additional base distribution revenues. This increase included the transfer of \$5,739,738 from its gas system enhancement program (“GSEP”) to base distribution rates. The proposed overall increase to revenues was \$22,228,500, which represents an 18-percent increase in total revenue. The Company also proposed to implement a five-year performance-based ratemaking (“PBR”) plan, which would allow the Company to adjust its base distribution rates on an annual basis using a revenue-per-customer benchmark that accounts for the operations and maintenance costs through a mathematical formula and a forecast of allowed capital costs over the term of the plan. Berkshire Gas also proposed adjustments to certain revenue and expense categories, as well as the recovery of certain capital investments, including those made in 2025.

The Company’s filing is based on a test year of January 1, 2024 through December 31, 2024. The Department docketed this matter as D.P.U. 25-170 and suspended the effective date

of the proposed rate increase until October 1, 2026. D.P.U. 25-170, Suspension Order at 1 (2025).

On June 23, 2026, Berkshire Gas and the Attorney General of the Commonwealth of Massachusetts (“Attorney General”) (“Settling Parties”) submitted the following documents: (1) a joint motion for approval of settlement agreement (“Joint Motion”); (2) the Settlement Agreement (“Settlement Agreement”); (3) an explanatory statement (“Explanatory Statement”), and; (4) a motion to move the Company’s initial filing and responses to information requests from all parties into the evidentiary record. Also accompanying the Settlement Agreement, but not a part of the Settlement Agreement, are resulting bill impacts. In the Joint Motion, the Settling Parties request that the Department find that (1) the terms of the Settlement Agreement are reasonable, and (2) implementation of the Settlement Agreement will result in just and reasonable rates for the Company (Joint Motion at 1). As explained in further detail below, by its terms, the Settlement Agreement is deemed withdrawn, unless the Department approves the entire Settlement by August 1, 2026 (Joint Motion at 1).

II. HISTORICAL BACKGROUND AND PROCEDURAL HISTORY

The Company provides retail gas distribution service to customers in 20 municipalities in two, non-contiguous divisions in Western Massachusetts (Exh. BGC-OVERVIEW-1, at 8). Berkshire Gas serves approximately 40,400 customers in those 20 municipalities (Exh. BGC-OVERVIEW-1, at 8).

Berkshire Gas is a wholly owned subsidiary of Avangrid, Inc. (“Avangrid”) (Exh. BGC-OVERVIEW-1, at 7). Avangrid, which is a public utility holding company, has two lines of business, Avangrid Networks, which owns eight electric and natural gas utilities in New

York and New England, and Avangrid Power, which owns and operates a portfolio of renewable energy generation facilities across the United States (Exh. BGC-OVERVIEW-1, at 7).

On November 17, 2025, the Attorney General filed a notice of intervention pursuant to G.L. c. 12, § 11E (a). On December 15, 2025, the Attorney General filed a notice of retention and experts pursuant to G.L. c. 12, § 11E(b).¹ On January 13, 2026, and February 5, 2026, the Department granted intervention to the Department of Energy Resources (“DOER”) and the Conservation Law Foundation (“CLF”), respectively.

Pursuant to notice duly issued,² the Department held two public hearings in the Company’s service territory on January 29, 2026 and February 5, 2026, and one public hearing via the Zoom webinar platform on February 4, 2026. The Department received written and oral comments from a number of the Company’s customers, as well as elected and appointed public officials. The Department appreciates the public’s engagement in this proceeding.

In support of the Company’s filing,³ the following witnesses provided testimony:

- (1) Jacob S. Hurwitz, senior director of revenue requirements for Avangrid Service Company, Inc. (“ASC”),⁴ ; (2) Thomas Van De Water, manager of revenue requirements for ASC;
- (3) Adam Danner, Director – UIL controller for UIL Holdings Corporation (“UIL Holdings”);⁵

¹ On January 15, 2026, the Department stamp-granted the notice by the Attorney General.

² In addition to English, the Department issued the notice in Spanish and Mandarin.

³ With its filing, the Company included its Tier 1 Proceeding Plain Language Summary and Outreach Plan in accordance with Procedures for Enhancing Public Awareness and Participation in Department Proceedings, D.P.U. 21-50-A (2024).

⁴ ASC provides support services to the subsidiaries within the Avangrid system.

⁵ UIL Holdings serves as a regional operational branch within the larger Avangrid system.

(4) Adam J. O’Laughlin, senior director of investment planning for ASC; (5) Giancarlo Romero, senior director of gas operations for ASC; (6) James E. Peck, principal engineer of gas engineering for Berkshire; (7) Kenneth Pleasant, senior manager of gas operations for Berkshire; (8) Paul Visconti, vice president – total rewards and people and organization operations for Avangrid Management Company (“AMC”);⁶ (9) Kathryn Fournier-Decoste, director of compensation for AMC; (10) Brian Williamson, director of benefits and retirement programs for AMC; (11) Jacqueline Rosado, senior director, people business partner for ASC; (12) Tracey A. Pelella, vice president of customer service; (13) Craig J. Paterson, vice president of customer experience and digital; (14) Kristen Fellmann, supervisor of customer care and collections; (15) David B. Simek, director regulatory for UIL Holdings; (16) Eric A. Lamauro, rate design lead analyst, regulatory for UIL Holdings; (17) Brian J. Perez, lead pricing analyst for UIL Holdings; (18) Ann E. Bulkley, principal, The Brattle Group; (19) Christopher M. Wall, principal, The Brattle Group; (20) John Spanos, president of Gannet Fleming Valuation and Rate Consultants, LLC; (21) C. Drew Clayton, principal consultant with Black and Veatch Management Consulting (“B&V”); (22) Dr. Albert W. Bremser, principal consultant with B&V; and (23) Dr. Lawrence R. Kaufmann; president of LKaufmann Consulting, Inc, Senior Advisor to B&V.

On March 27, 2026, the Attorney General submitted the testimony of: (1) Timothy Newhard, financial analyst, Attorney General’s Office of Ratepayer Advocacy; (2) Bradley Cebulko, Partner, Current Energy Group; (3) David J. Garrett, Resolve Utility Consulting,

⁶ AMC is a wholly owned subsidiary of Avangrid and is the primary corporate services entity for Avangrid.

PLLC; (4) J. Randall Woolridge, Professor of Finance, Pennsylvania State University; (5) Paul Alvarez, President, Wired Group; and (6) Nicholas Onyszcak, consultant to the Wired Group.

Through April 6, 2026, Berkshire responded to 18 sets of discovery issued by the Department and 21 sets of discovery issued by the Attorney General. On April 24, 2026, the Attorney General responded to one set of discovery issued by the Company.

As noted above, on June 23, 2026, Berkshire and the Attorney General filed the Settlement Agreement and supporting papers. On June 25, 2026, the Hearing Officer issued a memorandum to the parties providing a timeline to file comments and reply comments on the Settling Parties' filing. On July 2, 2026, DOER submitted comments. DOER identified the following three provisions of the Settlement Agreement as beneficial for customers:

1. The resulting rate increase would be less than the increase proposed in the Company's initial filing (DOER Settlement Comments at 1);
2. The return on equity ("ROE") would be 9.275 percent compared with the ROE of 10.35 percent proposed in the Company's initial filing (DOER Settlement Comments at 1); and
3. Residential customers would receive a heating credit each January and February during the term of the rate plan (DOER Settlement Comments at 1).

Further DOER urged the Department to consider any and all regulatory tools available, including ROE, to avoid burdening ratepayers in future rate cases, stating that "further reducing ROE in all pending and future rate cases is a primary concern for DOER" (DOER Settlement Comments at 2). On July 8, 2026, Berkshire Gas filed reply comments. Berkshire Gas noted that the Settlement Agreement is the result of extensive, collaborative negotiations between the Attorney General and the Company (Berkshire Gas Settlement Reply Comments at 1). Berkshire Gas explains that ROE, along with the other elements of the Settlement Agreement, is a

negotiated item that is specific to the unique circumstances of the negotiations between the Settling Parties (Berkshire Gas Settlement Reply Comments at 1). Berkshire Gas indicates that the ROE provided in the Settlement Agreement is well below the minimum range recommended by the Company's witness in the initial filing (Berkshire Gas Settlement Reply Comments at 1). Berkshire Gas notes that ROE is appropriately an issue for consideration in rate proceedings before the Department (Berkshire Gas Settlement Reply Comments at 1). Berkshire Gas maintains that each utility's rate filing is unique, and support for higher or lower ROEs in a litigated or settled outcome have different inputs that should be considered in the totality of the circumstances of the individual proceeding (Berkshire Gas Settlement Reply Comments at 1-2).

In addition, Berkshire Gas responded to six sets of discovery issued by the Department regarding the Settlement Agreement.

III. DESCRIPTION OF PROPOSED SETTLEMENT AGREEMENT

A. Introduction

The Settlement Agreement provides for a base distribution rate increase of \$18,492,781⁷ for effect August 1, 2026, compared to the initial filing's proposed overall increase of \$27,968,238 (Settlement Agreement, §§ 2.1.1; 2.1.7; 3.9).⁸ Further, pursuant to the Settlement

⁷ The Settling Parties agree to the Company's proposed distribution rate increase to \$17,455,307, inclusive of the gas adjustment factor fixed production component, plus \$1,037,474 associated with its 2025 non-GSEP plant additions.

⁸ The Settlement Agreement states throughout that, if approved, the rates would go into effect July 1, 2026 (Settlement Agreement, § 3.9). If, however, the Department does not approve the Settlement Agreement by the requested date of July 1, 2026, then the rates would go into effect August 1, 2026 (Settlement Agreement, § 3.9). With the issuance of today's Order granting the Joint Motion and approving the Settlement Agreement, rates are for effect August 1, 2026 in accordance with Section 3.9. Further, all references in

Agreement, Berkshire Gas withdraws its request for a five-year PBR plan (Settlement Agreement, § 2.1.4).

B. Revenue Requirement Adjustments

1. Non-GSEP Capital Additions In-Service 2021-2024

Non-GSEP capital additions placed in service in 2021 through 2024 shall be reduced by \$167,570,⁹ consisting of \$69,139 in invoices for Project 34; \$14,198 in invoices for Project 81, reflecting amounts that should be included in the Company's GSEP; \$8,272 reflecting a duplicate invoice for Project 1; and \$75,960 due to the Company's 2025 plant addition reversal (Settlement Agreement, § 2.2.1.1).

2. Non-GSEP Capital Additions In-Service 2025

Further, the Company's \$16,331,675 of non-GSEP capital additions placed in service in 2025 shall be reduced by \$75,243, consisting of \$6,884 in duplicate invoices for Project 19; \$26,750 in duplicate invoices for Project 25; and \$41,609 due to damage caused during construction (Settlement Agreement, § 2.2.2.1). In addition, Berkshire Gas shall be entitled to increase its annual base distribution rates on August 1, 2026 to recover the annual revenue requirement associated with non-GSEP capital additions placed in service in 2025, with the

the Settlement Agreement for rates effective July 1, 2026 are adjusted to August 1, 2026 in accordance with Section 3.9.

The Department committed significant time and resources to review the Settlement by the Parties' requested August 1 deadline. We remind all parties that requests for expedited treatment can disrupt the Department's fair and orderly management of its dockets to the possible detriment of participants in other cases.

⁹ Minor discrepancies in any of the amounts in this Order are due to rounding.

amount of plant additions reflected in that increase capped at \$16,256,432 (Settlement Agreement, § 2.2.2.2).

C. Rate Base Resets

1. July 1, 2027

The Company shall be eligible to reset all components of rate base in base distribution rates for effect July 1, 2027 (“First Rate Base Reset”) to account for capital additions completed in the period January 1, 2026 through December 31, 2026, subject to a total rate base reset cap of \$30 million, for additions related to: (1) D.P.U. 22-100 pipeline safety compliance, pursuant to Settlement Agreement, § 2.4.1; and (2) other non-GSEP projects, pursuant to Settlement Agreement § 2.3.1.4 (Settlement Agreement, § 2.3.1.1).

In the First Rate Base Reset, the Company is required to update: (1) the revenue requirement for changes to depreciation, property tax, and return on rate base (grossed up for income-tax expense), in accordance with Settlement Agreement, §§ 2.3.1.2 and 2.3.1.3; (2) the revenue requirement to reflect the “roll-forward” of accumulated depreciation and accumulated deferred income taxes associated with the December 31, 2024 rate base used to set base distribution rates; (3) the benchmark for each customer class group under the Company’s revenue decoupling mechanism (“RDM”) to reflect the updated base distribution revenue requirement inclusive of the First Rate Base Reset; and (4) distribution rate increase allocations to each rate class as described below in Section II.K (Settlement Agreement, §§ 2.3.1.1 through 2.3.1.3).

On or before April 1, 2027, the Company shall submit to the Department and the Attorney General sufficient documentation and workpapers for verification of the Company’s

pipeline safety compliance capital additions as well as other non-GSEP capital additions placed in service in calendar year 2026 (Settlement Agreement, § 2.3.1.4). The Company and the Attorney General shall collaborate to verify the eligible rate adjustment for the First Rate Base Reset (Settlement Agreement, § 2.3.1.5). If the Company and the Attorney General cannot agree on the eligible rate base additions for the First Rate Base Reset, the Company may petition the Department for verification of the Company's computations (Settlement Agreement, § 2.3.1.7). The Company shall be entitled to increase its base distribution rates on July 1, 2027, to recover verified capital additions either jointly agreed to by the Company and the Attorney General or approved by the Department pursuant to the conditions described above (Settlement Agreement, §§ 2.3.1.6, 2.3.1.7).

2. July 1, 2028

Further, the Company shall be eligible to reset all components of rate base in base distribution rates for effect July 1, 2028 ("Second Rate Base Reset") to account for capital additions completed in the period January 1, 2027 through December 31, 2027, subject to a total rate base reset cap of \$29 million, for additions related to: (1) D.P.U. 22-100 pipeline safety compliance, pursuant to Settlement Agreement § 2.4.2; and (2) other non-GSEP projects, pursuant to Settlement Agreement § 2.3.2.5 (Settlement Agreement, § 2.3.2.1).

In the Second Rate Base Reset, the Company is required to update: (1) the revenue requirement for changes to depreciation expense, return on rate base, income and property taxes, and its rate base offset, in accordance with Settlement Agreement §§ 2.3.2.2 and 2.3.2.3; (2) the benchmark for each customer class group under the Company's RDM to reflect the updated base distribution revenue requirement inclusive of the Second Rate Base Reset; and (3) distribution

rate increase allocations to each rate class as described in the First Rate Base Reset, with billing quantities updated for calendar year 2027 (Settlement Agreement, §§ 2.3.2.1 through 2.3.2.3).

On or before April 1, 2028, the Company shall submit to the Department and the Attorney General sufficient documentation and workpapers that will allow for a verification of the Company's pipeline safety compliance capital additions and non-GSEP capital additions placed in service in calendar year 2027 (Settlement Agreement, § 2.3.2.4). The Company and the Attorney General shall collaborate to verify the Company's computation of the pipeline safety compliance capital additions and non-GSEP capital additions placed in service in calendar year 2027 (Settlement Agreement, § 2.3.2.5). If the Company and the Attorney General cannot agree on the eligible rate base additions for the Second Rate Base Reset, then the Company may petition the Department for verification of Berkshire Gas's computation (Settlement Agreement, § 2.3.2.7). The Company shall be entitled to increase its base distribution rates on July 1, 2028 to recover verified capital additions either jointly agreed to by the Company and the Attorney General or approved by the Department subject to the cap pursuant to the conditions described above (Settlement Agreement, §§ 2.3.2.6, 2.3.2.7).

D. GSEP Deferral Recovery

Beginning August 1, 2026, the Company shall be entitled to recover its deferred GSEP cost recovery balance of \$256,779 through the Company's base distribution rates, and the Company shall not recover carrying costs associated with this GSEP deferral recovery (Settlement Agreement, § 2.5.1). This amount shall be amortized over a five-year period beginning August 1, 2026 (Settlement Agreement, § 2.5.2).

E. Full-time Employee Additions

The Company shall demonstrate that it has hired four full-time employees (“FTEs”) to increase its headcount above its test-year-end count of 136 (Settlement Agreement, § 2.6.1). The Company will provide the Department and Attorney General with documentation supporting the Company’s total headcount and the incremental four FTEs for the three-month average of October 2026 through December 2026 (Settlement Agreement, § 2.6.2). Following the provision of this documentation, the Company and the Attorney General will coordinate in good faith to resolve any disputed issues regarding the incremental hires (Settlement Agreement, § 2.6.3). If the Attorney General does not file an objection on or before April 1, 2027, the FTE step increase shall be allowed, and the Company shall be entitled to increase the distribution component of its rates on July 1, 2027 to recover the expense portion of the compensation and Federal Insurance Contributions Act (“FICA”) taxes associated with up to four FTEs (Settlement Agreement, § 2.6.3-2.6.4). Finally, the Company’s FTE level shall not exceed 140 employees (Settlement Agreement, § 2.6.4).

F. Depreciation

The Company shall forgo its proposed depreciation methodology and instead will implement depreciation rates proposed by the Attorney General (Settlement Agreement, § 2.7.1). Specifically, the Company shall reduce its proposed \$11.5 million depreciation accrual by \$0.9 million (Settlement Agreement, § 2.7.1). The parties provide that this treatment of depreciation does not constitute the agreement on or endorsement of any specific methodology for the calculation of depreciation rates, nor agreement as to the service lives or net salvage values reflected in the Settlement Agreement (Settlement Agreement, § 2.7.1). Finally, nothing

in the Settlement Agreement shall constitute precedent with respect to the appropriate methodology for calculating depreciation rates in the future (Settlement Agreement, § 2.7.1).

G. Fee Free Program

The Company shall forgo its proposal to implement a Fee Free Program, whereby Berkshire Gas would recover the estimated costs of the debit and credit card processing fees associated with electronic customer payments and to reconcile the actual costs of the program through a new volumetric reconciling rate (Settlement Agreement, §2.8.1). The estimated cost of the proposed program is removed from the rate year revenue requirement (Settlement Agreement, § 2.8.1).

H. Cost of Capital and Rate of Return

The Company will use a 9.275-percent return on equity for ratemaking purposes (Settlement Agreement, §2.9.1). Additionally, the Company will use a capital structure consisting of 54.0 percent common equity and 46.0 percent long-term debt, excluding good will (Settlement Agreement, §2.9.2). The long-term debt rate shall be at an interest rate of 4.870 percent, and the resulting calculated weighted average cost of capital to be used for ratemaking purposes is 7.25 percent (Settlement Agreement, §§ 2.9.3, 2.9.4).

I. Distribution Rate Freeze

The Company shall not increase or redesign its rates prior to November 1, 2029, except as provided by the Settlement Agreement (Settlement Agreement, § 2.10.1). Further, no new rate reconciling factor may become effective prior to November 1, 2029, except as mandated by statute or required by the Department (Settlement Agreement, § 2.10.2). This provision does not apply to currently effective rate recovery factors (Settlement Agreement, § 2.10.2).

J. Exogenous Cost Recovery

On July 1, 2028, the Company is entitled to recover any capital addition costs resulting from new, applicable Massachusetts or Federal Regulations that require plant additions or incremental operating expense (“Exogenous Event”) incurred between January 1, 2027 and December 31, 2027, subject to the exogenous cost threshold of \$178,000 (Settlement Agreement, §§ 2.11.1, 2.11.2).

The Company may seek recovery for any singular event beyond the Company’s control where distribution revenue impact exceeds \$178,000 due to: (1) changes in tax laws that uniquely affect the gas utility industry; (2) accounting changes unique to the gas distribution utility industry; and (3) regulatory, judicial, legislative, or other anticipated changes uniquely affecting the gas distribution utility industry (Settlement Agreement, § 2.11.2). The costs related to capital plant additions pertaining to compliance with Role of Gas Local Distribution Companies as Commonwealth Achieves Target 2050 Climate Goals, D.P.U. 20-80-B (2023) are excluded from the \$178,000 threshold (Settlement Agreement, § 2.11.2).

All Exogenous Event cost recovery proposals must be submitted with supporting documentation and rationale, subject to review before the Department and the Attorney General (Settlement Agreement, § 2.11.3). Exogenous Event cost recovery allowed by the Department shall be recovered from (or credited to) customers through a separate, newly created reconciling mechanism to remain in effect until the Exogenous Event amount is recovered from (or credited to) customers, or until such time that the amounts are appropriately reflected in base distribution rates (Settlement Agreement, § 2.11.3).

K. Rate Design

The base distribution rate changes established under the Settlement Agreement shall only impact the demand and per therm volumetric charges of the base distribution rates (Settlement Agreement, § 2.12.1). The customer charge remains unchanged (Settlement Agreement, § 2.12.1). For rate classes with a volumetric component or both volumetric and demand component, those rates shall be increased to collect the changes in the revenue as established by the Settlement, such that taken together with the customer charge revenue, the total revenue calculated using 2025 weather normalized test year billing determinants equals the revenue requirement for the rate class, with each rate class to receive the same percentage increase (Settlement Agreement, § 2.12.2). Finally, the Company will propose revised tariffs that incorporate revised decoupling benchmarks for each customer class group using a revenue-cap approach rather than a revenue-per-customer approach (Settlement Agreement, § 2.12.3).

L. Low-Income Discount Rate

The Company will implement the discount rate and rate structure adjustments relative to the low-income discount as ordered by the Department in its Inquiry into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers, D.P.U. 24-15-B (February 17, 2026)¹⁰ (Settlement Agreement, § 2.13.1).

¹⁰ The Department established the name of the discount rate as tiered discount rates in its Inquiry into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers, D.P.U. 24-15-D (June 30, 2026).

M. Community Benefits

Within 30 days of approval of the Settlement Agreement, Berkshire Gas will pay \$200,000 to the Attorney General (Settlement Agreement, § 2.14.2). The Attorney General, at her sole discretion, may distribute the money to one or more political subdivisions of the Commonwealth of Massachusetts, state agencies, non-profit corporations, and/or charitable organizations with the condition that the money be used to assist customers in the Company's service territory with paying or lowering their natural gas bills (Settlement Agreement, § 2.14.2).

The Company will provide a per-therm discount to all residential customers' bills during each January and February over the term of the Settlement Agreement (Settlement Agreement, § 2.14.3). Beginning in 2027, a typical residential heating customer will receive an average bill credit of \$20 per month (Settlement Agreement, § 2.14.3; Exh. DPU 24-1(b)). The bill credit will be effectuated through the Company's local distribution adjustment clause ("LDAC") via a \$0.1348 per-therm credit (i.e., the Winter Relief Adjustment Factor) (Settlement Agreement, § 2.14.3 n.9; Exh. DPU 24-1, Att. at 7, 20-21).¹¹

The Company will recover the costs associated with the bill credits from all residential customers during the off-peak period with no carrying charges (Settlement Agreement, § 2.14.3). Finally, the Company will reconcile any under/over recovery of this discount through the local distribution adjustment factor ("LDAF") at the end of the Settlement Agreement term (Settlement Agreement, § 2.14.3; Exh. D.P.U. 24-1, Att. at 7, 23).

¹¹ The Company calculated the per-therm credit by multiplying the number of residential customers (i.e., 35,354) by \$20 then by two (i.e., January and February) and divided by the estimated sales for January and February (i.e., 10,488,488 therms) (Settlement Agreement, § 2.14.3, n.9).

N. Other Settlement Terms

The Settlement Agreement states that it: (1) shall not constitute an admission by any party that any allegation or contention in this proceeding is true or false; and (2) establishes no principles and, except as to those issues resolved by approval of this Settlement Agreement, shall not foreclose any party from making any contention in any future proceedings (Settlement Agreement, §§ 3.1, 3.2). The Settling Parties agree that the content of Settlement negotiations, including work papers and documents produced in connection with the Settlement Agreement, is confidential (Settlement Agreement, § 3.3). All offers of settlement are without prejudice to the position of any party or participant presenting such offer or participating in such discussion and that the content of settlement negotiations are not to be used in any manner with these or other proceedings involving the parties to this Settlement Agreement (Settlement Agreement, § 3.3).

The Settling Parties state that the intent is for the Company's customers to receive the full benefit of the matters addressed in the Settlement Agreement, not some substitute regulatory treatment of lesser value, and that the terms of the Settlement Agreement shall not be interpreted to diminish the intended customer benefit (Settlement Agreement, § 3.4). The Company is prohibited from recovering more than once any charges collected under this Settlement Agreement or in any other rate, charge, or tariff that the Company collects, and a full refund with interest is required as soon as reasonably possible in the event that such prohibited recovery is discovered (Settlement Agreement, § 3.13).

The Department shall have its usual jurisdiction to implement the terms of the Settlement Agreement (Settlement Agreement, § 3.11). Nothing in the Settlement Agreement shall be

construed to limit the Attorney General's right to pursue any cause of action related to the Settlement Agreement in court under G.L. c. 93A (Settlement Agreement, § 3.11).

The provisions of the Settlement Agreement are not severable, and it is conditioned on approval in full by the Department (Settlement Agreement, § 3.9). The Settlement Agreement shall be effective upon its approval by the Department, and should the Department not approve the Settlement Agreement in its entirety by August 1, 2026, it shall be null and void and not constitute any part of the record in this proceeding or be used for any other purpose (Settlement Agreement, § 3.10).

IV. STANDARD OF REVIEW

In assessing the reasonableness of an offer of settlement, the Department reviews all available information to ensure that the settlement is consistent with Department precedent and the public interest. Fall River Gas Company, D.P.U. 96-60 (1996); Essex County Gas Company, D.P.U. 96-70 (1996); Boston Edison Company, D.P.U. 92-130-D at 5 (1996); Bay State Gas Company, D.P.U. 95-104, at 14-15 (1995); Boston Edison Company, D.P.U. 88-28/88-48/89-100, at 9 (1989). A settlement among the parties does not relieve the Department of its statutory obligation to conclude its investigation with a finding that a just and reasonable outcome will result. D.P.U. 95-104, at 15; D.P.U. 88-28/88-48/89-100, at 9.

It is well established that the Department's goals for utility rate structure are efficiency, simplicity, continuity, fairness, and earnings stability. D.P.U. 95-104, at 15; Bay State Gas Company, D.P.U. 92-111, at 283 (1992); see also Massachusetts Electric Company, D.P.U. 95--40, at 144-45 (1995). The Department has previously accepted settlements that include cost allocation and/or rate design when such settlements were consistent with the

Department's goals. D.P.U. 96-60; D.P.U. 96-70; D.P.U. 95-104, at 15; Massachusetts Electric Company, D.P.U. 91-52 (1991).

V. ANALYSIS AND FINDINGS¹²

The Department has reviewed the terms of the Settlement Agreement and supporting documents, the Company's initial filing, the Attorney General's direct case, and responses to all information requests. The Department has also carefully reviewed and considered the comments made at the public hearings and submitted in writing, in addition to the written comments regarding the Settlement Agreement. In particular, the Department has fully evaluated the proposed revenue increases in light of the information provided in and with the Settlement Agreement concerning the appropriate revenue requirement of the Company, its test-year revenues and expenses, capital additions, and ROE. The Department also has reviewed the proposed GSEP-related provisions, the proposed additional full-time employees, and the fee-free program.

¹² The settlement filing includes the Company's motion to admit into the evidentiary record the Company's initial filing and responses from all parties to discovery ("Exhibit Motion"). The Company includes a proposed exhibit list with the Exhibit Motion. The Company represents that the Attorney General, DOER, and CLF do not object to the Exhibit Motion or the proposed exhibit list. The Department grants the Exhibit Motion and admits into the evidentiary record the documents identified on the proposed exhibit list. Consistent with the intent of the Exhibit Motion and the need for the Department to have a full record for review of the Settlement Agreement, pursuant to 220 CMR 1.06(5)(a), the Department admits into the evidentiary record the Company's responses to the Department's discovery on the Settlement Agreement (Exhs. DPU 19-1, DPU 20-1, DPU 20-2, DPU 21-2, DPU 22-1, DPU 23-1, and DPU 24-1). Due to a scrivener's error, information request DPU 23-1 was incorrectly labeled DPU 22-1. The Company's response to the mislabeled DPU 22-1 is admitted into the evidentiary record as Exhibit DPU 23-1.

The Department has considered the estimated bill impacts associated with the settled rate increase. The Department is mindful of the burdens associated with higher bills and recognizes that the magnitude of the proposed rate increase, even as reduced in the Settlement Agreement, is significant. We also acknowledge that the Department must ensure that the rates we approve today are sufficient to ensure the financial viability of the Company, without which it cannot serve its customers. In doing so, the Department must balance the concerns of customers, the utilities who serve them, public officials, and other regulatory bodies, summed up in our goal of providing safe and reliable service at the lowest possible cost. Liberty Utilities (New England Natural Gas Company) Corp., D.P.U. 25-85, at 21 (March 27, 2026).

Based on all of the above considerations, we find that the Settlement Agreement, taken as a whole, provides for a level of additional revenues that is consistent with findings that the Department might reasonably have made, and, therefore, produces a level of revenues consistent with the establishment of just and reasonable rates. We also conclude that the aforementioned reconciling proposals set forth in the Settlement Agreement are consistent with Department ratemaking precedent and will result in just and reasonable rates. In addition, the Settlement Agreement avoids additional rate case litigation expenses that would increase costs to the Company's customers. Further, we find that the Settlement Agreement results in a utility rate structure that reflects the Department's goals of efficiency, simplicity, continuity, fairness, and earnings stability. D.P.U. 95-104, at 15. As a result, the Department concludes that the Settlement Agreement is consistent with both applicable law and the public interest, and we find that approval of the Settlement Agreement results in a just and reasonable resolution of the many issues in this proceeding.

Moreover, the Department finds that the Settlement Agreement contains other provisions that benefit the Company's customers, including the \$200,000 payment from Berkshire Gas to the Attorney General to fund programs or initiatives designed to assist with paying or lowering natural gas bills,¹³ as well as the establishment of winter bill stabilization credits¹⁴ for all residential customers in each January and February for the term of the Settlement Agreement (Settlement Agreement, § 2.14.3). Accordingly, the Department approves the Settlement Agreement.

In accordance with the terms of the Settlement Agreement, the Department's acceptance does not constitute a determination as to the merits of any allegations or contentions made in this proceeding not expressly covered by the Settlement Agreement. In addition, the Department's acceptance does not establish a precedent for future filings, whether ultimately settled or adjudicated.¹⁵

This Order is intended to be, and shall be construed to be, a final order of the Department issued pursuant to G.L. c. 25, § 5, and expressly does not form, and may not be considered to form, a contract binding on the Department or the Commonwealth of Massachusetts. In ruling

¹³ The Company's shareholders, not ratepayers, will fund the Attorney General's bill assistance program.

¹⁴ Revenue attributable credits will be collected during off-peak periods without carrying costs (Settlement Agreement, § 2.14.3).

¹⁵ As the Department has noted in the past, the Settlement Agreement's confidentiality provision set out at Section III.N. does not bind the Department or preclude its inquiry as events may warrant. Cambridge Electric Light Company/Commonwealth Electric Company, D.T.E. 04-114/03-118, at 6 n.4 (2005); Boston Edison Company, D.T.E. 03-117-A (Phase II) at 5 n.6 (2004). To the extent that the Settling Parties intend the assertion of confidentiality to be a motion for protective treatment, it is premature.

on the Settlement Agreement, the Department exercised its regulatory authority under G.L. c. 164, §§ 76, 94, and 94I; the Department's approval of the Settlement Agreement does not operate to make the Department a party to the Settlement Agreement.

Notwithstanding any agreements reached by the Settling Parties, the Department may enforce any of the commitments or obligations provided in the Settlement Agreement and the terms of this Order under its regulatory authority, including G.L. c. 164, §§ 76, 94, and 94I, and not as a matter of contract law.

With approval of this Settlement Agreement, the Company is directed to file new tariffs to be effective August 1, 2026, reflecting the base distribution rate increase of \$18.5 million.¹⁶

VI. ORDER

Accordingly, after notice, public hearing, opportunity for comment, and due consideration, it is

ORDERED: That the Joint Motion for Approval of Settlement Agreement, submitted by The Berkshire Gas Company and the Attorney General of the Commonwealth of Massachusetts on June 23, 2026, is GRANTED and the Settlement Agreement is APPROVED; and it is

FURTHER ORDERED: That proposed tariffs M.D.P.U. Nos. 612 through 633 filed by The Berkshire Gas Company on November 23, 2025, are DISALLOWED; and it is

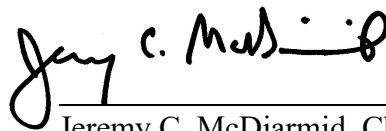
¹⁶ The Company shall also submit for approval a revised off-peak cost of gas adjustment factor ("GAF") filing in D.P.U. 26-OGAF-BERK to include the increase in the fixed production component of the GAF, effective August 1, 2026.

FURTHER ORDERED: That The Berkshire Gas Company shall file new schedules of rates and charges as required by this Order and shall design all rates in compliance with this Order; and it is

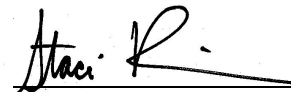
FURTHER ORDERED: That the new rates shall apply to gas consumed on and after August 1, 2026, but unless otherwise ordered by the Department, shall not be billed earlier than seven days after the rates are filed with supporting data demonstrating that such rates comply with this Order; and it is

FURTHER ORDERED: That The Berkshire Gas Company and the Attorney General of the Commonwealth of Massachusetts shall comply with all other directives contained in this Order.

By Order of the Department,



Jeremy C. McDiarmid, Chair



Staci Rubin, Commissioner



Elizabeth A. Anderson, Commissioner

An appeal as to matters of law from any final decision, order or ruling of the Commission may be taken to the Supreme Judicial Court by an aggrieved party in interest by the filing of a written petition praying that the Order of the Commission be modified or set aside in whole or in part. Such petition for appeal shall be filed with the Secretary of the Commission within twenty days after the date of service of the decision, order or ruling of the Commission, or within such further time as the Commission may allow upon request filed prior to the expiration of the twenty days after the date of service of said decision, order or ruling. Within ten days after such petition has been filed, the appealing party shall enter the appeal in the Supreme Judicial Court sitting in Suffolk County by filing a copy thereof with the Clerk of said Court. G.L. c. 25, § 5.