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April 28, 2015

Mark D. Marini, Secretary
Department of Public Utilities
One South Station, 5th Floor
Boston, MA 02110

Re: Investigation Regarding Initiatives to Improve the Retail Electric Competitive Supply Market, D.P.U. 14-140

Dear Mr. Marini:

On April 17, 2015, NSTAR Electric Company (“NSTAR Electric”) and Western Massachusetts Electric Company (“WMECO”), each d/b/a Eversource Energy (“Eversource”) filed revised tariffs for basic service, in both clean and redlined form, in accordance with a Final Order of the Department of Public Utilities (the “Department”) directing the electric distribution companies to eliminate immediately the bill recalculation process for residential and small commercial and industrial customers and to file revised basic service tariffs consistent with that directive. See Initiatives to Improve the Retail Electric Competitive Supply Market, D.P.U. 14-140-A at 14 (2015). Today, Eversource is filing further revised basic service tariffs for its NSTAR Electric service territories to strike the word “either” from the definition of “Basic Service.”

Please contact me if you have any questions regarding this filing.

Sincerely,



Michael J. Koehler

Enclosures

cc: Jeffrey Leupold, Hearing Officer
Nathan Forster, Assistant Attorney General
Alexander Early, Assistant Attorney General
Service List

BASIC SERVICE

DEFINITIONS

"Basic Service" or "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

"Competitive Supplier" shall mean any entity licensed by the M.D.P.U. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Distribution Company" or "Company" shall mean NSTAR Electric Company d/b/a Eversource Energy.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.P.U." shall mean the Massachusetts Department of Public Utilities.

"Retail Access Date" shall mean March 1, 1998.

BASIC SERVICE

AVAILABILITY

Basic Service shall be available to any Customer who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF BASIC SERVICE

Basic Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Basic Service. In this instance, Basic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Basic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Basic Service shall be initiated for the Customer with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's

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subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Basic Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

BASIC SERVICE RATES

a) **Two Rate Options**

There are two rate options available to Customers on Basic Service. M.D.P.U. No. 190 sets forth the rate options for each rate class for the specified period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the specified period upon approval by the Department.

b) **Initial Applicable Option**

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3 and R-4.
- (ii) small commercial & industrial Customers in rate classes G-1, G-2, and T-1.

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b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-3 and T-2.
- (ii) Streetlighting Customers in rate classes S-1, S-2 and S-3.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Basic Service unless and until they begin taking Generation Service from a Competitive Supplier. Basic Service Customers may make this election at the time they are first placed on Basic Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Prices

The Company will file a revised M.D.P.U. No. 190, for the upcoming pricing prior to the expiration of the current period for which prices have been approved by the Department.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the period. The Fixed Price Option represents a weighted average of the applicable monthly variable price bids for the period.

BASIC SERVICE

g) Billing Adjustment when Leaving Basic Service

Customers served through the Company's large C&I or street lighting rates receiving Basic Service under the Fixed Price Option who leave Basic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable pricing period during which the Customer was on Basic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time. The Company shall not make this billing adjustment for Customers served through the Company's residential or small C&I rates.

Basic Service Costs Adder

Effective January 1, 2006, the Basic Service rates will include the Basic Service Costs Adder. The Basic Service Costs Adder shall include the following costs associated with Basic Service:

A. Basic Service Bad Debt Costs, calculated as follows,

$$\text{Basic Service Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

Basic Service Bad Debt Expense is the forecast bad debt expense for the year

The Allocation Factor is the ratio of forecast Basic Service Retail Revenues to forecast total retail revenues for the year.

The billed Basic Service bad debt expense will be compared to the actual Basic Service bad debt expense each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

B. Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$2,583.

C. Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$103,907.

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- D. Cost of compliance with M.D.P.U.'s regulatory requirements including required communication with Basic Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$61,767.**

Annually, the costs in B., C. and D. above sum to \$168,257 and shall be fixed until the next general distribution rate case in which the Company proposes or the M.D.P.U. directs the removal of Basic Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the M.D.P.U. However, at such time that the migration of the Company's customers from Basic Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in Basic Service customers.

The Basic Service Adder will include the incurred incremental costs associated with the Dynamic Pricing program section of the Company's Smart Grid Pilot approved in D.P.U. 09-33.

Incremental costs shall be defined as those costs that: (1) are directly related to the Dynamic Pricing program as reported pursuant to the cost-tracking system established to comply with the regulations of the United States Department of Energy; and (2) are demonstrated to be incremental to those costs that the Company currently recovers through its base rates.

Incremental cost will include: (a) program setup and design costs; (b) marketing costs to attract participants; (c) installation costs for participant equipment; (d) ongoing pilot operation costs; (e) post pilot evaluation costs for data collection and analysis; (f) equipment procurement costs for customer facing equipment; (g) carrying charges at the Company's tax-adjusted weighted average cost of capital (12.52 percent annually) on the net balance of the deferred asset account; and (h) potential Company incentives.

The costs listed above shall be reduced by any external funding received by the Company that is appropriately earmarked for implementing such Dynamic Pricing programs.

The billed Dynamic Pricing program costs will be compared with actual program costs each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

The Company shall submit Smart Grid Adjustment Factor filings as outlined in Section 1.05 of M.D.P.U. 112 at least 90 days before the filing is to take effect.

Effective January 1, 2015 the Basic Service Adder shall be increased by \$0.00009 per kilowatt-hour to recover costs associated with the Company's Smart Grid Pilot approved in D.P.U. 09-33. Said cost recovery was approved by the Department in D.P.U. 14-117, pending subsequent review and reconciliation.

The Basic Service Costs Adder shall also include the recovery of the remainder of the NSTAR Green

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program under-collection of \$2.943 million in accordance with the M.D.P.U.'s Order in D.P.U. 10-161, dated June 8, 2011. Effective July 1, 2012, the Basic Service Costs Adder shall be increased by \$0.00003 per kilowatt-hour, which is designed to recover the remaining shortfall in the recovery of the \$2.943 million, over the six-month period from July 1, 2012 through December 31, 2012.

The Basic Service Costs Adder shall also include the recovery of the settlement costs associated with the unsubscribed energy portion of the NSTAR Green program wind contracts in accordance with the M.D.P.U.'s Order in D.P.U. 13-80, dated December 16, 2014. Effective January 1, 2015, the Basic Service Costs Adder shall be increased by \$0.00066 per kilowatt-hour.

BILLING

Each Customer receiving Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF BASIC SERVICE

Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Basic Service.

BASIC~~DEFAULT~~ SERVICE

DEFINITIONS

"Basic Service" or "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

"Competitive Supplier" shall mean any entity licensed by the M.D.P.U. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Basic~~Default~~ Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

~~"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.~~

"Distribution Company" or "Company" shall mean NSTAR Electric Company d/b/a Eversource Energy~~operating in the former Boston Edison service territory.~~

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.P.U." shall mean the Massachusetts Department of Public Utilities.

"Retail Access Date" shall mean March 1, 1998.

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AVAILABILITY

~~Default Generation Service~~ ("~~DefaultBasic~~ Service") shall be available to any Customer who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF ~~DEFAULTBASIC~~ SERVICE

~~DefaultBasic~~ Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive ~~DefaultBasic~~ Service. In this instance, ~~DefaultBasic~~ Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, ~~DefaultBasic~~ Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, ~~DefaultBasic~~ Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- ~~B.~~A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, ~~DefaultBasic~~ Service shall be initiated for the Customer with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and

BASICDEFAULT SERVICE

~~C.~~

INITIATION OF DEFAULTBASIC SERVICE (continued)

- ~~D.B.~~ **Conditions for Competitive Suppliers.** If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, DefaultBasic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- C.** A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, DefaultBasic Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D.** A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

DEFAULTBASIC SERVICE RATES

a) Two Rate Options

There are two rate options available to Customers on DefaultBasic Service. M.D.P.U. No. 190 sets forth the rate options for each rate class for the specified period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the specified period upon approval by the Department.

b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3 and R-4.
- (ii) small commercial & industrial Customers in rate classes G-1, G-2, and T-1.

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b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-3 and T-2.
- (ii) Streetlighting Customers in rate classes S-1, S-2 and S-3.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on DefaultBasic Service unless and until they begin taking Generation Service from a Competitive Supplier. DefaultBasic Service Customers may make this election at the time they are first placed on DefaultBasic Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Prices

The Company will file a revised M.D.P.U. No. 190, for the upcoming pricing prior to the expiration of the current period for which prices have been approved by the Department.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the period. The Fixed Price Option represents a weighted average of the applicable monthly variable price bids for the period.

BASICDEFAULT SERVICE

g) Billing Adjustment when Leaving DefaultBasic Service

Customers served through the Company's large C&I or street lighting rates receiving DefaultBasic Service under the Fixed Price Option who leave DefaultBasic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable pricing period during which the Customer was on DefaultBasic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time. The Company shall not make this billing adjustment for Customers served through the Company's residential or small C&I rates.

DefaultBasic Service Costs Adder

Effective January 1, 2006, the DefaultBasic Service rates will include the DefaultBasic Service Costs Adder. The DefaultBasic Service Costs Adder shall include the following costs associated with DefaultBasic Service:

A. DefaultBasic Service Bad Debt Costs, calculated as follows,

$$\text{DefaultBasic Service Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

DefaultBasic Service Bad Debt Expense is the forecast bad debt expense for the year

The Allocation Factor is the ratio of forecast DefaultBasic Service Retail Revenues to forecast total retail revenues for the year.

The billed DefaultBasic Service bad debt expense will be compared to the actual DefaultBasic Service bad debt expense each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

B. Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$2,583.

C. Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts

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with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$103,907.

- D. Cost of compliance with M.D.P.U.'s regulatory requirements including required communication with DefaultBasic Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$61,767.

Annually, the costs in B., C. and D. above sum to \$168,257 and shall be fixed until the next general distribution rate case in which the Company proposes or the M.D.P.U. directs the removal of DefaultBasic Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the M.D.P.U. However, at such time that the migration of the Company's customers from DefaultBasic Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in DefaultBasic Service customers.

The DefaultBasic Service Adder will include the incurred incremental costs associated with the Dynamic Pricing program section of the Company's Smart Grid Pilot approved in D.P.U. 09-33.

Incremental costs shall be defined as those costs that: (1) are directly related to the Dynamic Pricing program as reported pursuant to the cost-tracking system established to comply with the regulations of the United States Department of Energy; and (2) are demonstrated to be incremental to those costs that the Company currently recovers through its base rates.

Incremental cost will include: (a) program setup and design costs; (b) marketing costs to attract participants; (c) installation costs for participant equipment; (d) ongoing pilot operation costs; (e) post pilot evaluation costs for data collection and analysis; (f) equipment procurement costs for customer facing equipment; (g) carrying charges at the Company's tax-adjusted weighted average cost of capital (12.52 percent annually) on the net balance of the deferred asset account; and (h) potential Company incentives.

The costs listed above shall be reduced by any external funding received by the Company that is appropriately earmarked for implementing such Dynamic Pricing programs.

The billed Dynamic Pricing program costs will be compared with actual program costs each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

The Company shall submit Smart Grid Adjustment Factor filings as outlined in Section 1.05 of M.D.P.U. 112 at least 90 days before the filing is to take effect.

BASICDEFAULT SERVICE

Effective January 1, 2015 the ~~Default~~Basic Service Adder shall be increased by \$0.00009 per kilowatt-hour to recover costs associated with the Company's Smart Grid Pilot approved in D.P.U. 09-33. Said cost recovery was approved by the Department in D.P.U. 14-117, pending subsequent review and reconciliation.

The ~~Default~~Basic Service Costs Adder shall also include the recovery of the remainder of the NSTAR Green program under-collection of \$2.943 million in accordance with the M.D.P.U.'s Order in D.P.U. 10-161, dated June 8, 2011. Effective July 1, 2012, the ~~Default~~Basic Service Costs Adder shall be increased by \$0.00003 per kilowatt-hour, which is designed to recover the remaining shortfall in the recovery of the \$2.943 million, over the six-month period from July 1, 2012 through December 31, 2012.

The ~~Default~~Basic Service Costs Adder shall also include the recovery of the settlement costs associated with the unsubscribed energy portion of the NSTAR Green program wind contracts in accordance with the M.D.P.U.'s Order in D.P.U. 13-80, dated December 16, 2014. Effective January 1, 2015, the ~~Default~~Basic Service Costs Adder shall be increased by \$0.00066 per kilowatt-hour.

BILLING

Each Customer receiving ~~Default~~Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF ~~DEFAULT~~BASIC SERVICE

~~Default~~Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, ~~Default~~Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating ~~Default~~Basic Service.

BASIC SERVICE

DEFINITIONS

"Basic Service" or "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

"Competitive Supplier" shall mean any entity licensed by the M.D.P.U. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Distribution Company" or "Company" shall mean NSTAR Electric Company d/b/a Eversource Energy.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.P.U." shall mean the Massachusetts Department of Public Utilities.

"Retail Access Date" shall mean March 1, 1998.

BASIC SERVICE

AVAILABILITY

Basic Service shall be available to any Customer who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF BASIC SERVICE

Basic Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Basic Service. In this instance, Basic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Basic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Basic Service shall be initiated for the Customer with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's

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next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Basic Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

BASIC SERVICE RATES

a) **Two Rate Options**

There are two rate options available to Customers on Basic Service. M.D.P.U. No. 290 sets forth the rate options for each rate class for the specified period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the specified period upon approval by the Department.

b) **Initial Applicable Option**

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3, R-4, R-5 and R-6.
- (ii) small commercial & industrial Customers in rate classes G-0, G-1, G-4, G-5 and G-6.

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b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-2 and G-3.
- (ii) Streetlighting Customers in rate classes S-1 and S-2.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Basic Service unless and until they begin taking Generation Service from a Competitive Supplier. Basic Service Customers may make this election at the time they are first placed on Basic Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Prices

The Company will file a revised M.D.P.U. No. 290, for the upcoming pricing prior to the expiration of the current period for which prices have been approved by the Department.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the period. The Fixed Price Option represents a weighted average of the applicable monthly variable price bids for the period.

BASIC SERVICE

g) **Billing Adjustment when Leaving Basic Service**

Customers served through the Company's large C&I or street lighting rates receiving Basic Service under the Fixed Price Option who leave Basic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable pricing period during which the Customer was on Basic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time. The Company shall not make this billing adjustment for Customers served through the Company's residential or small C&I rates.

Basic Service Costs Adder

Effective January 1, 2006, the Basic Service rates will include the Basic Service Costs Adder. The Basic Service Costs Adder shall include the following costs associated with Basic Service:

A. **Basic Service Bad Debt Costs, calculated as follows,**

$$\text{Basic Service Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

Basic Service Bad Debt Expense is the forecast bad debt expense for the year

The Allocation Factor is the ratio of forecast Basic Service Retail Revenues to forecast total retail revenues for the year.

The billed Basic Service bad debt expense will be compared to the actual Basic Service bad debt expense each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

B. **Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$319.**

C. **Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts with suppliers, including accounting activities necessary to track payments made to suppliers.**

BASIC SERVICE

Annually, these costs shall be \$12,842.

- D. Cost of compliance with M.D.P.U.'s regulatory requirements including required communication with Basic Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$4,862.

Annually, the costs in B., C. and D. above sum to \$18,023 and shall be fixed until the next general distribution rate case in which the Company proposes or the M.D.P.U. directs the removal of Basic Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the M.D.P.U. However, at such time that the migration of the Company's customers from Basic Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in Basic Service customers.

The Basic Service Adder will include the incurred incremental costs associated with the Dynamic Pricing program section of the Company's Smart Grid Pilot approved in D.P.U. 09-33.

Incremental costs shall be defined as those costs that: (1) are directly related to the Dynamic Pricing program as reported pursuant to the cost-tracking system established to comply with the regulations of the United States Department of Energy; and (2) are demonstrated to be incremental to those costs that the Company currently recovers through its base rates.

Incremental cost will include: (a) program setup and design costs; (b) marketing costs to attract participants; (c) installation costs for participant equipment; (d) ongoing pilot operation costs; (e) post pilot evaluation costs for data collection and analysis; (f) equipment procurement costs for customer facing equipment; (g) carrying charges at the Company's tax-adjusted weighted average cost of capital (12.52 percent annually) on the net balance of the deferred asset account; and (h) potential Company incentives.

The costs listed above shall be reduced by any external funding received by the Company that is appropriately earmarked for implementing such Dynamic Pricing programs.

The billed Dynamic Pricing program costs will be compared with actual program costs each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

The Company shall submit Smart Grid Adjustment Factor filings as outlined in Section 1.05 of M.D.P.U. 112 at least 90 days before the filing is to take effect.

Effective January 1, 2015 the Basic Service Adder shall also be increased by \$0.00009 per kilowatt-hour to recover costs associated with the Company's Smart Grid Pilot approved in D.P.U. 09-33. Said cost recovery was approved by the Department in D.P.U. 14-117, pending subsequent review

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and reconciliation.

The Basic Service Costs Adder shall also include the recovery of the remainder of the NSTAR Green program under-collection of \$2.943 million in accordance with the M.D.P.U.'s Order in D.P.U. 10-161, dated June 8, 2011. Effective July 1, 2012, the Basic Service Costs Adder shall be increased by \$0.00003 per kilowatt-hour, which is designed to recover the remaining shortfall in the recovery of the \$2.943 million, over the six-month period from July 1, 2012 through December 31, 2012.

The Basic Service Costs Adder shall also include the recovery of the settlement costs associated with the unsubscribed energy portion of the NSTAR Green program wind contracts in accordance with the M.D.P.U.'s Order in D.P.U. 13-80, dated December 16, 2014. Effective January 1, 2015, the Basic Service Costs Adder shall be increased by \$0.00066 per kilowatt-hour.

BILLING

Each Customer receiving Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF BASIC SERVICE

Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Basic Service.

DEFAULT-BASIC SERVICE

DEFINITIONS

"Basic Service" or "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

"Competitive Supplier" shall mean any entity licensed by the M.D.P.U. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Default Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

~~_____ "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.~~

"Distribution Company" or "Company" shall mean NSTAR Electric Company d/b/a Eversource Energy operating in the former Cambridge Electric service territory.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.P.U." shall mean the Massachusetts Department of Public Utilities.

"Retail Access Date" shall mean March 1, 1998.

DEFAULT-BASIC SERVICE

AVAILABILITY

~~Default Generation Service~~ ("~~Default~~Basic Service") shall be available to any Customer who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF ~~DEFAULT-BASIC~~ SERVICE

~~Default~~Basic Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive ~~Default~~Basic Service. In this instance, ~~Default~~Basic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, ~~Default~~Basic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, ~~Default~~Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

AB. -Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, ~~Default~~Basic Service shall be initiated for the Customer with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read

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date, in accordance with the Company's Terms and

INITIATION OF DEFAULT-BASIC SERVICE (continued)

Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, DefaultBasic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, DefaultBasic Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

DEFAULT-BASIC SERVICE RATES

a) Two Rate Options

There are two rate options available to Customers on DefaultBasic Service. M.D.P.U. No. 290 sets forth the rate options for each rate class for the specified period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the specified period upon approval by the Department.

b) Initial Applicable Option

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3, R-4, R-5 and R-6.
- (ii) small commercial & industrial Customers in rate classes G-0, G-1, G-4, G-5 and G-6.

DEFAULT-BASIC SERVICE

b) **Initial Applicable Option** (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-2 and G-3.
- (ii) Streetlighting Customers in rate classes S-1 and S-2.

c) **One-Time Right to Elect Different Option**

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on DefaultBasic Service unless and until they begin taking Generation Service from a Competitive Supplier. DefaultBasic Service Customers may make this election at the time they are first placed on DefaultBasic Service or at any time after service has commenced.

d) **Timing of Any Switch to a Different Option**

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) **Changes in Prices**

The Company will file a revised M.D.P.U. No. 290, for the upcoming pricing prior to the expiration of the current period for which prices have been approved by the Department.

f) **Calculation of Fixed and Variable Pricing Option**

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the period. The Fixed Price Option represents a weighted average of the applicable monthly variable price bids for the period.

DEFAULT-BASIC SERVICE

g) Billing Adjustment when Leaving DefaultBasic Service

Customers served through the Company's large C&I or street lighting rates receiving DefaultBasic Service under the Fixed Price Option who leave DefaultBasic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable pricing period during which the Customer was on DefaultBasic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time. The Company shall not make this billing adjustment for Customers served through the Company's residential or small C&I rates.

DefaultBasic Service Costs Adder

Effective January 1, 2006, the DefaultBasic Service rates will include the DefaultBasic Service Costs Adder. The DefaultBasic Service Costs Adder shall include the following costs associated with DefaultBasic Service:

A. DefaultBasic Service Bad Debt Costs, calculated as follows,

$$\text{DefaultBasic Service Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

DefaultBasic Service Bad Debt Expense is the forecast bad debt expense for the year

The Allocation Factor is the ratio of forecast DefaultBasic Service Retail Revenues to forecast total retail revenues for the year.

The billed DefaultBasic Service bad debt expense will be compared to the actual DefaultBasic Service bad debt expense each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

B. Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$319.

C. Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts

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with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$12,842.

- D. Cost of compliance with M.D.P.U.'s regulatory requirements including required communication with DefaultBasic Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$4,862.

Annually, the costs in B., C. and D. above sum to \$18,023 and shall be fixed until the next general distribution rate case in which the Company proposes or the M.D.P.U. directs the removal of DefaultBasic Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the M.D.P.U. However, at such time that the migration of the Company's customers from DefaultBasic Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in DefaultBasic Service customers.

The DefaultBasic Service Adder will include the incurred incremental costs associated with the Dynamic Pricing program section of the Company's Smart Grid Pilot approved in D.P.U. 09-33.

Incremental costs shall be defined as those costs that: (1) are directly related to the Dynamic Pricing program as reported pursuant to the cost-tracking system established to comply with the regulations of the United States Department of Energy; and (2) are demonstrated to be incremental to those costs that the Company currently recovers through its base rates.

Incremental cost will include: (a) program setup and design costs; (b) marketing costs to attract participants; (c) installation costs for participant equipment; (d) ongoing pilot operation costs; (e) post pilot evaluation costs for data collection and analysis; (f) equipment procurement costs for customer facing equipment; (g) carrying charges at the Company's tax-adjusted weighted average cost of capital (12.52 percent annually) on the net balance of the deferred asset account; and (h) potential Company incentives.

The costs listed above shall be reduced by any external funding received by the Company that is appropriately earmarked for implementing such Dynamic Pricing programs.

The billed Dynamic Pricing program costs will be compared with actual program costs each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

The Company shall submit Smart Grid Adjustment Factor filings as outlined in Section 1.05 of M.D.P.U. 112 at least 90 days before the filing is to take effect.

Effective January 1, 2015 the DefaultBasic Service Adder shall also be increased by \$0.00009 per

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kilowatt-hour to recover costs associated with the Company's Smart Grid Pilot approved in D.P.U. 09-33. Said cost recovery was approved by the Department in D.P.U. 14-117, pending subsequent review and reconciliation.

The ~~Default~~Basic Service Costs Adder shall also include the recovery of the remainder of the NSTAR Green program under-collection of \$2.943 million in accordance with the M.D.P.U.'s Order in D.P.U. 10-161, dated June 8, 2011. Effective July 1, 2012, the ~~Default~~Basic Service Costs Adder shall be increased by \$0.00003 per kilowatt-hour, which is designed to recover the remaining shortfall in the recovery of the \$2.943 million, over the six-month period from July 1, 2012 through December 31, 2012.

The ~~Default~~Basic Service Costs Adder shall also include the recovery of the settlement costs associated with the unsubscribed energy portion of the NSTAR Green program wind contracts in accordance with the M.D.P.U.'s Order in D.P.U. 13-80, dated December 16, 2014. Effective January 1, 2015, the ~~Default~~Basic Service Costs Adder shall be increased by \$0.00066 per kilowatt-hour.

BILLING

Each Customer receiving ~~Default~~Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF ~~DEFAULT~~BASIC SERVICE

~~Default~~Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, ~~Default~~Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating ~~Default~~Basic Service.

BASIC SERVICE

DEFINITIONS

"Basic Service" or "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

"Competitive Supplier" shall mean any entity licensed by the M.D.P.U. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Distribution Company" or "Company" shall mean NSTAR Electric Company d/b/a Eversource Energy.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.P.U." shall mean the Massachusetts Department of Public Utilities.

"Retail Access Date" shall mean March 1, 1998.

BASIC SERVICE

AVAILABILITY

Basic Service shall be available to any Customer who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF BASIC SERVICE

Basic Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive Basic Service. In this instance, Basic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Basic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- B. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, Basic Service shall be initiated for the Customer with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's

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next scheduled meter read date, Basic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, Basic Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

BASIC SERVICE RATES

a) **Two Rate Options**

There are two rate options available to Customers on Basic Service. M.D.P.U. No. 390 sets forth the rate options for each rate class for the specified period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the specified period upon approval by the Department.

b) **Initial Applicable Option**

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3, R-4, R-5 and R-6.
- (ii) small commercial & industrial Customers in rate classes G-1, G-4, G-5, G-6 and G-7.

BASIC SERVICE

b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-2 and G-3.
- (ii) Streetlighting Customers in rate classes S-1, S-2.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on Basic Service unless and until they begin taking Generation Service from a Competitive Supplier. Basic Service Customers may make this election at the time they are first placed on Basic Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Prices

The Company will file a revised M.D.P.U. No. 390, for the upcoming pricing prior to the expiration of the current period for which prices have been approved by the Department.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the period. The Fixed Price Option represents a weighted average of the applicable monthly variable price bids for the period.

BASIC SERVICE

g) **Billing Adjustment when Leaving Basic Service**

Customers served through the Company's large C&I or street lighting rates receiving Basic Service under the Fixed Price Option who leave Basic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable pricing period during which the Customer was on Basic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time. The Company shall not make this billing adjustment for Customers served through the Company's residential or small C&I rates.

Basic Service Costs Adder

Effective January 1, 2006, the Basic Service rates will include the Basic Service Costs Adder. The Basic Service Costs Adder shall include the following costs associated with Basic Service:

A. **Basic Service Bad Debt Costs, calculated as follows,**

$$\text{Basic Service Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

Basic Service Bad Debt Expense is the forecast bad debt expense for the year

The Allocation Factor is the ratio of forecast Basic Service Retail Revenues to forecast total retail revenues for the year.

The billed Basic Service bad debt expense will be compared to the actual Basic Service bad debt expense each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

B. **Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$695.**

C. **Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts**

Issued by: Craig A. Hallstrom
President

Filed: April 28, 2015
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with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$27,965.

- D. Cost of compliance with M.D.P.U.'s regulatory requirements including required communication with Basic Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$28,293.

Annually, the costs in B., C. and D. above sum to \$56,953 and shall be fixed until the next general distribution rate case in which the Company proposes or the M.D.P.U. directs the removal of Basic Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the M.D.P.U. However, at such time that the migration of the Company's customers from Basic Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in Basic Service customers.

The Basic Service Adder will include the incurred incremental costs associated with the Dynamic Pricing program section of the Company's Smart Grid Pilot approved in D.P.U. 09-33.

Incremental costs shall be defined as those costs that: (1) are directly related to the Dynamic Pricing program as reported pursuant to the cost-tracking system established to comply with the regulations of the United States Department of Energy; and (2) are demonstrated to be incremental to those costs that the Company currently recovers through its base rates.

Incremental cost will include: (a) program setup and design costs; (b) marketing costs to attract participants; (c) installation costs for participant equipment; (d) ongoing pilot operation costs; (e) post pilot evaluation costs for data collection and analysis; (f) equipment procurement costs for customer facing equipment; (g) carrying charges at the Company's tax-adjusted weighted average cost of capital (12.52 percent annually) on the net balance of the deferred asset account; and (h) potential Company incentives.

The costs listed above shall be reduced by any external funding received by the Company that is appropriately earmarked for implementing such Dynamic Pricing programs.

The billed Dynamic Pricing program costs will be compared with actual program costs each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

The Company shall submit Smart Grid Adjustment Factor filings as outlined in Section 1.05 of M.D.P.U. 112 at least 90 days before the filing is to take effect.

Effective January 1, 2015 the Basic Service Adder shall also be increased by \$0.00009 per kilowatt-hour to recover costs associated with the Company's Smart Grid Pilot approved in D.P.U. 09-33.

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Said cost recovery was approved by the Department in D.P.U. 14-117, pending subsequent review and reconciliation.

The Basic Service Costs Adder shall also include the recovery of the remainder of the NSTAR Green program under-collection of \$2.943 million in accordance with the M.D.P.U.'s Order in D.P.U. 10-161, dated June 8, 2011. Effective July 1, 2012, the Basic Service Costs Adder shall be increased by \$0.00003 per kilowatt-hour, which is designed to recover the remaining shortfall in the recovery of the \$2.943 million over the six-month period from July 1, 2012 through December 31, 2012.

The Basic Service Costs Adder shall also include the recovery of the settlement costs associated with the unsubscribed energy portion of the NSTAR Green program wind contracts in accordance with the M.D.P.U.'s Order in D.P.U. 13-80, dated December 16, 2014. Effective January 1, 2015, the Basic Service Costs Adder shall be increased by \$0.00066 per kilowatt-hour.

BILLING

Each Customer receiving Basic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF BASIC SERVICE

Basic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, Basic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Basic Service.

DEFAULT-BASIC SERVICE

DEFINITIONS

"Basic Service" or "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.

"Competitive Supplier" shall mean any entity licensed by the M.D.P.U. to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Default Basic Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

~~_____ "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier in accordance with the provisions set forth in this tariff.~~

"Distribution Company" or "Company" shall mean NSTAR Electric Company d/b/a Eversource Energy operating in the former Commonwealth Electric service territory.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.P.U." shall mean the Massachusetts Department of Public Utilities.

"Retail Access Date" shall mean March 1, 1998.

DEFAULT-BASIC SERVICE

AVAILABILITY

Default Generation Service ("DefaultBasic Service") shall be available to any Customer who, for any reason, is not receiving Generation Service from a Competitive Supplier. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

INITIATION OF DEFAULTBASIC SERVICE

DefaultBasic Service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Distribution Company that he wishes to terminate such service and receive DefaultBasic Service. In this instance, DefaultBasic Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, DefaultBasic Service shall be initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, DefaultBasic Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- ~~B.~~ B. A Competitive Supplier notifies the Distribution Company that it shall terminate Generation Service to a Customer. In this instance, DefaultBasic Service shall be initiated for the Customer with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days

DEFAULT-BASIC SERVICE

before the next scheduled meter read date, in accordance with the Company's Terms and

C. —
INITIATION OF DEFAULT-BASIC SERVICE (continued)

Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, **Default-Basic** Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Distribution Company. In this instance, **Default-Basic** Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer who moves into the Company's service territory after the Retail Access Date who has not affirmatively chosen a Competitive Supplier.

DEFAULT-BASIC SERVICE RATES

a) **Two Rate Options**

There are two rate options available to Customers on **Default-Basic** Service. M.D.P.U. No. 390 sets forth the rate options for each rate class for the specified period. One option is referred to as the "Fixed Price Option". The second option is referred to as the "Variable Price Option". The rates for each option are subject to change at the end of the specified period upon approval by the Department.

b) **Initial Applicable Option**

The following Customers will automatically be placed by the Company on the Fixed Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) residential Customers in rate classes R-1, R-2, R-3, R-4, R-5 and R-6.
- (ii) small commercial & industrial Customers in rate classes G-1, G-4, G-5, G-6 and G-7.

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b) Initial Applicable Option (continued)

The following Customers will automatically be placed by the Company on the Variable Price Option, unless they otherwise make an election under section (c) and (d) below:

- (i) large commercial & industrial Customers in rate classes G-2 and G-3.
- (ii) Streetlighting Customers in rate classes S-1, S-2.

c) One-Time Right to Elect Different Option

Customers have a one-time right to elect an option other than the one they are automatically placed on by the Company. However, once the election is made, such Customers will be required to remain on the elected option during their uninterrupted stay on **DefaultBasic** Service unless and until they begin taking Generation Service from a Competitive Supplier. **DefaultBasic** Service Customers may make this election at the time they are first placed on **DefaultBasic** Service or at any time after service has commenced.

d) Timing of Any Switch to a Different Option

Customers may notify the Company at any time to elect a different pricing option. The Company will switch the Customer to the elected option on the next scheduled meter read date after receiving notice from the Customer, provided that the Company has received notice no later than two (2) business days prior to the next meter read date. Otherwise, the switch will not occur until the next successive meter read date after receipt of the notice.

e) Changes in Prices

The Company will file a revised M.D.P.U. No. 390, for the upcoming pricing prior to the expiration of the current period for which prices have been approved by the Department.

f) Calculation of Fixed and Variable Pricing Option

The Company calculates the Fixed and Variable Pricing Options based on the winning bid(s) accepted by the Company from suppliers. The Variable Price Option represents the actual monthly price from the applicable winning bid(s) for each month of the period. The Fixed Price Option represents a weighted average of the applicable monthly variable price bids for the period.

DEFAULT-BASIC SERVICE

g) Billing Adjustment when Leaving DefaultBasic Service

Customers served through the Company's large C&I or street lighting rates receiving DefaultBasic Service under the Fixed Price Option who leave DefaultBasic Service to receive Generation Service from a Competitive Supplier shall be subject to a billing adjustment for the time they were billed under the Fixed Price Option during the last pricing period. Specifically, the billing adjustment shall be based on the difference between the rate under the Fixed Price Option for the last applicable pricing period during which the Customer was on DefaultBasic Service and the monthly rates under the Variable Price Option for the same period, multiplied by the Customer's kilowatt-hour usage during the same period. The billing adjustment can be either a charge or a credit, depending upon the rates in effect at the time. The Company shall not make this billing adjustment for Customers served through the Company's residential or small C&I rates.

DefaultBasic Service Costs Adder

Effective January 1, 2006, the DefaultBasic Service rates will include the DefaultBasic Service Costs Adder. The DefaultBasic Service Costs Adder shall include the following costs associated with DefaultBasic Service:

A. DefaultBasic Service Bad Debt Costs, calculated as follows,

$$\text{DefaultBasic Service Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

DefaultBasic Service Bad Debt Expense is the forecast bad debt expense for the year

The Allocation Factor is the ratio of forecast DefaultBasic Service Retail Revenues to forecast total retail revenues for the year.

The billed DefaultBasic Service bad debt expense will be compared to the actual DefaultBasic Service bad debt expense each year and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

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- B. Administrative cost of compliance with Massachusetts Renewable Energy Portfolio Standard, 225 CMR 14. Annually, these costs shall be \$695.
- C. Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, and ongoing administration and execution of contracts with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$27,965.
- D. Cost of compliance with M.D.P.U.'s regulatory requirements including required communication with DefaultBasic Service customers pursuant to 220 CMR 11.06. Annually, these costs shall be \$28,293.

Annually, the costs in B., C. and D. above sum to \$56,953 and shall be fixed until the next general distribution rate case in which the Company proposes or the M.D.P.U. directs the removal of DefaultBasic Service-related costs, or unless otherwise proposed to be adjusted by the Company, subject to approval by the M.D.P.U. However, at such time that the migration of the Company's customers from DefaultBasic Service to competitive supply increases to a significant level as compared to the level at the time these costs were developed, the costs detailed above may be adjusted to reflect the decline in DefaultBasic Service customers.

The DefaultBasic Service Adder will include the incurred incremental costs associated with the Dynamic Pricing program section of the Company's Smart Grid Pilot approved in D.P.U. 09-33.

Incremental costs shall be defined as those costs that: (1) are directly related to the Dynamic Pricing program as reported pursuant to the cost-tracking system established to comply with the regulations of the United States Department of Energy; and (2) are demonstrated to be incremental to those costs that the Company currently recovers through its base rates.

Incremental cost will include: (a) program setup and design costs; (b) marketing costs to attract participants; (c) installation costs for participant equipment; (d) ongoing pilot operation costs; (e) post pilot evaluation costs for data collection and analysis; (f) equipment procurement costs for customer facing equipment; (g) carrying charges at the Company's tax-adjusted weighted average cost of capital (12.52 percent annually) on the net balance of the deferred asset account; and (h) potential Company incentives.

The costs listed above shall be reduced by any external funding received by the Company that is appropriately earmarked for implementing such Dynamic Pricing programs.

The billed Dynamic Pricing program costs will be compared with actual program costs each year

DEFAULT-BASIC SERVICE

and the over or under collection will be flowed back or collected from customers, respectively, in the following year with a carrying charge at the Company's customer deposit rate.

The Company shall submit Smart Grid Adjustment Factor filings as outlined in Section 1.05 of M.D.P.U. 112 at least 90 days before the filing is to take effect.

Effective January 1, 2015 the DefaultBasic Service Adder shall also be increased by \$0.00009 per kilowatt-hour to recover costs associated with the Company's Smart Grid Pilot approved in D.P.U. 09-33. Said cost recovery was approved by the Department in D.P.U. 14-117, pending subsequent review and reconciliation.

The DefaultBasic Service Costs Adder shall also include the recovery of the remainder of the NSTAR Green program under-collection of \$2.943 million in accordance with the M.D.P.U.'s Order in D.P.U. 10-161, dated June 8, 2011. Effective July 1, 2012, the DefaultBasic Service Costs Adder shall be increased by \$0.00003 per kilowatt-hour, which is designed to recover the remaining shortfall in the recovery of the \$2.943 million over the six-month period from July 1, 2012 through December 31, 2012.

The DefaultBasic Service Costs Adder shall also include the recovery of the settlement costs associated with the unsubscribed energy portion of the NSTAR Green program wind contracts in accordance with the M.D.P.U.'s Order in D.P.U. 13-80, dated December 16, 2014. Effective January 1, 2015, the DefaultBasic Service Costs Adder shall be increased by \$0.00066 per kilowatt-hour.

BILLING

Each Customer receiving DefaultBasic Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

TERMINATION OF DEFAULTBASIC SERVICE

DefaultBasic Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

NSTAR ELECTRIC COMPANY
COMMONWEALTH ELECTRIC d/b/a EVERSOURCE ENERGY
303F303U
South Shore, Cape Cod, and Martha's Vineyard Territory

M.D.P.U. No. 303U303V
Cancels M.D.P.U. No.

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DEFAULT-BASIC SERVICE

If the Company receives the notice of initiation of Generation Service by the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, DefaultBasic Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating DefaultBasic Service.

Issued by: Craig A. Hallstrom
President

Filed: ~~December 18, 2014~~ April 28, 2015
Effective: ~~January 1~~ April 13, 2015
