

DEFAULT SERVICE

Page 1 of 4

GENERAL:

This Tariff may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDTE regulations and Massachusetts law. In case of conflict between this Tariff and any orders or regulations of the MDTE, said orders or regulations shall govern.

DEFINITIONS:

“Competitive Supplier” shall mean any entity licensed by the MDTE to sell electricity to retail customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and 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 or Standard Office Service, in accordance with the provisions set forth in the Company’s Default Service Tariff, on file with the MDTE.

“Distribution Company” or “Company” shall mean an electric company organized under the laws of Massachusetts that provides Distribution Service in Massachusetts.

“Distribution Service” shall mean the delivery of electricity to Customers by the Distribution Company.

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

“MDTE” shall mean the Massachusetts Department of Telecommunications and Energy.

“Retail Access Date” shall mean March 1, 1998 unless otherwise determined by the MDTE.

“Standard Offer Service” shall mean the service provided by the Distribution Company for a term of seven years after the Retail Access Date, unless otherwise determined by the MDTE. The rates for this service shall be set at levels that achieve the overall customer rate reduction required by

DEFAULT SERVICE

Page 2 of 4

St. 1997, c. 164, §193 (G.L. c. 164 §1B). Availability for this service shall be in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the MDTE.

AVAILABILITY:

Default Service shall be available to any customer who is not receiving Standard Offer Service and who, for any reason, has stopped receiving Generation Service from a Competitive Supplier.

RATES:

The rates for Default Service shall be established through a competitive bidding process, but in no case shall exceed the average monthly market price for electricity, as determined by the MDTE. The rate for Default Service shall initially be set at \$.028 per kilowatt-hour.

BILLING:

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

INITIATION OF DEFAULT SERVICE:

Default 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 Service. In this instance, Default Service shall be initiated within two (2) business days of such notification for residential customers. For other customers, Default Service shall be initiated concurrent with the customer's next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Supplier. If the customer provides such notification fewer than two (2) days before the customer's next scheduled meter read date, Default Service shall be initiated 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, Default Service shall be initiated for the customer concurrent with the customer's next scheduled meter read data, 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 Supplier. If the notice of termination is received fewer than two (2) days before the customer's next scheduled meter read date, Default Service shall be initiated concurrent with the customers' subsequent scheduled meter read date.

DEFAULT SERVICE

Page 3 of 4

- C. A Competitive Supplier ceases to provide Generation Service to a customer, without notification to the Distribution Company. In this instance, Default Service to the customer shall be initiated immediately upon the cessation of Generation Service.
- D. A customer taking Standard Offer Service has not chosen affirmatively a Competitive Supplier at the end of the term of Standard Offer Service.

TERMINATION OF DEFAULT SERVICE:

Default 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 notice of initiation of Generation Service by the Competitive Supplier is received by the Company fewer than two days before the customer's subsequent scheduled meter read date, Default Service shall be terminated concurrent with the customer's subsequent scheduled meter read date.

There shall be no fee for terminating Default Service.

DEFAULT SERVICE COST ADJUSTMENT:

The prices in all the rates of the Company are subject to adjustment to reflect the power purchase costs incurred by the Company in arranging Default Service that are not recovered through the Default Service Rate.

On an annual basis, the Company shall reconcile its total cost of purchased power for Default Service supply against its total Default Service revenue, and the excess or deficiency shall be refunded to, or collected from, customers on a per kilowatt-hour basis over the following 12 months, with interest, through a Default Service Cost Adjustment Factor. For purposes of the above reconciliation, total purchased power revenues shall mean all revenues collected from customers through the Default Service rate for the applicable 12-month reconciliation period together with payments or credits from suppliers, including uncollected prior period balances in the Default Adjustment account.

The calculation of the Default Service Cost Adjustment Factor shall be subject to the revenue and approval of the Department.

DEFAULT SERVICE

Page 4 of 4

TERMS:

The Company's Terms and Conditions for Distribution Service and Terms and Conditions for Competitive Suppliers in effect from time to time, where not inconsistent with any specific provisions hereof, are a part of this rate schedule.