

BASIC SERVICE COST RECONCILIATION

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 Basic Service that are not recovered through the Basic Service rate.

On an annual basis, the Company shall reconcile its total cost of purchased power for Basic Service supply against its total Basic Service revenue, and the excess or deficiency shall be refunded to, or collected from, Customers on a per kilowatt-hour basis over the following twelve (12) months, with interest, through a Basic Service Cost True-Up Factor (“BSTF”). Interest shall be calculated on the average monthly reconciling balance using the customer deposit rate. For purposes of the above reconciliation, total purchased power revenues shall mean all revenues collected from Customers through the Basic Service rate for the applicable 12-month reconciliation period together with payments or credits from suppliers, including uncollected prior period balances in the Basic Service account.

Effective February 1, 2018, the reconciliation amount calculated herein shall be calculated separately for the Eastern and Western Massachusetts territories and allocated to all rate classes by applying the Base Distribution Revenue Allocator for each territory as shown below.

Service Territory/Area	Rate Classes	Distribution Revenue Allocator
Eastern Massachusetts	R-1/R-2	40.726%
Eastern Massachusetts	R-3/R-4	4.088%
Greater Boston	G-1/T-1	3.879%
Greater Boston	G-2/T-2	31.309%
Greater Boston	G-3/SBG3/WR	9.384%
Cambridge	G-0/G-1/G-6	0.972%
Cambridge	G-2	1.559%
Cambridge	G-3/SB1/SBG3	1.005%
Cambridge	G-4	0.014%
South Shore, Cape Cod, Martha’s Vineyard	G-1/G-7	4.612%
South Shore, Cape Cod, Martha’s Vineyard	G-2	1.277%
South Shore, Cape Cod, Martha’s Vineyard	G-3	0.715%
South Shore, Cape Cod, Martha’s Vineyard	G-4	0.009%
South Shore, Cape Cod, Martha’s Vineyard	G-5	0.062%
South Shore, Cape Cod, Martha’s Vineyard	G-6	0.009%
Eastern Massachusetts	S-1/S-2	0.359%
Total		100.000%

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Service Territory/Area	Rate Classes	Distribution Revenue Allocator
Western Massachusetts	R-1/R-2	48.027%
Western Massachusetts	R-3/R-4	8.144%
Western Massachusetts	23/24/G-0/T-0	19.596%
Western Massachusetts	G-2/T-4	8.650%
Western Massachusetts	T-2	11.156%
Western Massachusetts	T-5	3.270%
Western Massachusetts	S-1/S-2	0.707%
Total		100.000%

Effective January 1, 2019, the reconciliation amount calculated herein shall be combined for Eastern and Western Massachusetts and allocated to all rate classes by applying the Base Distribution Revenue Allocator as shown below.

Service Territory/Area	Rate Classes	Distribution Revenue Allocator
All	R-1/R-2	41.145%
All	R-3/R-4	4.575%
Greater Boston	G-1/T-1	3.446%
Greater Boston	G-2/T-2	27.907%
Greater Boston	G-3/WR	7.998%
Cambridge	G-0/G-1/G-6	0.829%
Cambridge	G-2	1.329%
Cambridge	G-3/SB1	0.856%
Cambridge	G-4	0.012%
Cambridge	G-5	0.018%
South Shore, Cape Cod, Martha's Vineyard	G-1/G-7	3.930%
South Shore, Cape Cod, Martha's Vineyard	G-2	1.088%
South Shore, Cape Cod, Martha's Vineyard	G-3	0.610%
South Shore, Cape Cod, Martha's Vineyard	G-4	0.008%
South Shore, Cape Cod, Martha's Vineyard	G-5	0.053%
South Shore, Cape Cod, Martha's Vineyard	G-6	0.008%
Western Massachusetts	23/24/G-0/T-0	2.626%
Western Massachusetts	G-2/T-4	1.159%
Western Massachusetts	T-2	1.495%
Western Massachusetts	T-5	0.498%
Eastern Massachusetts	S-1/S-2	0.315%
Western Massachusetts	S-1/S-2	0.095%
Total		100.000%

Issued by: Craig A. Hallstrom
President

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The rates for the BSTF, shall be as referenced in M.D.P.U. No. 1 for Eastern Massachusetts and M.D.P.U. No. 2 for Western Massachusetts as in effect from time to time.

The calculation of the Basic Service Cost True Up Factor shall be subject to the review and approval of the Department.