

BASIC SERVICE

DEFINITIONS

"Basic 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.

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.

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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 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.

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BASIC SERVICE RATES

A. Two Rate Options

There are two rate options available to Customers on Basic Service. M.D.P.U. No. 1 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 general service Customers in rate classes 23, 24, G-1, T-1, G-4, G-5, G-6 and G-7

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) medium and large general service Customers in rate classes G-2, T-4, G-3, T-5, SB-1 and WR
- (ii) street lighting 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.

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E. Changes in Prices

The Company will file a revised M.D.P.U. No. 1 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.

G. Billing Adjustment when Leaving Basic Service

Customers served through the Company's medium and large general service 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 general service rates.

BASIC SERVICE COST ADJUSTMENT

The Basic Service Cost Adjustment shall include the following costs associated with Basic Service:

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

For Eastern Massachusetts

Basic Service Bad Debt Costs = Bad Debt Expense x 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.

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For Western Massachusetts

Basic Service Bad Debt Costs = the actual uncollectible component associated with the provision of Basic Service

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. A working capital allowance.
- C. Annual administrative costs of \$10,360.
- D. Cost of the design and implementation of competitive bidding process, including evaluation of supplier bids and contract negotiations, ongoing administration, including Billing System changes, Website Update and legal support and execution of contracts with suppliers, including accounting activities necessary to track payments made to suppliers. Annually, these costs shall be \$874,464.

Annually, the costs in C. and D. above sum to \$884,824 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.

Please refer to M.D.P.U. No. 1, Summary of Electric Service Delivery Rates, for the effective price of the Basic Service Cost Adjustment.

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.

**Issued by: Craig A. Hallstrom
President**

**Filed: October 31, 2023
Effective: January 1, 2024**

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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.