

2017 TAX ACT CREDIT

1.0 Purpose

The purpose of this tariff is to provide a mechanism to return to all distribution customers taking service under retail rate schedules a regulatory liability amount of \$676,643,217 over the amortization periods approved in D.P.U. 18-15 in association with the Tax Cuts and Jobs Act of 2017.

2.0 Applicability

The Tax Act Credit Factor (“TACF”) shall be a per kilowatt-hour (“kWh”) rate applicable to all electricity, measured in kWh, delivered by the Company to customers taking service under its distribution rate schedules. For billing purposes in Eastern Massachusetts, the TACF shall be included in the Distribution Charge. For billing purposes in Western Massachusetts, the TACF shall be included in the Distribution Charge on an interim basis in 2019 and listed separately no later than January 1, 2020.

To the extent any of the regulatory liability defined in Section 1.0 includes excess accumulated deferred income tax amounts (“ADIT”) specifically associated with reconciling mechanisms, the Company shall return those amounts through the respective reconciling mechanism and adjust the regulatory liability amount accordingly.

3.0 Effective Date

The date on which the annual TACF becomes effective shall be the first day of January of each calendar year, unless otherwise ordered by the Department. The TACF shall remain in effect until the excess ADIT balance is transferred to the new rates that are established in the Company’s next base rate proceeding, or unless otherwise directed by the Department.

4.0 Reconciliation

Excess ADIT may be estimated for the purpose of determining the TACF and will be subject to reconciliation once the final tax liabilities come due. Interest on the reconciling balance will accrue at the customer deposit rate.

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5.0 Allocation to Ratepayers

Excess ADIT to be credited to customers through the TACF shall be allocated using the Base Distribution Revenue Allocator. Effective January 1, 2023, the Base Distribution Revenue Allocator shall be as shown below.

Rate Class Group	Base Distribution Revenue Allocator
Residential	50.795%
Small General Service/Streetlights	21.268%
Medium General Service	17.654%
Large General Service	10.283%
Total	100.000%

The effective rates for the TACF shall be as referenced in M.D.P.U. No. 1, as in effect from time to time.

6.0 Information to be filed with the Department

The Company shall make its TACF reconciliation as part of its annual reconciliation filing each year. Such filing shall include reconciliation of data for prior periods as appropriate along with supporting testimony and exhibits.