

***ISO New England Inc. Transmission, Markets and Services Tariff***

***ISO New England***

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**SCHEDULE 21 - NSTAR**

**NSTAR ELECTRIC COMPANY  
LOCAL SERVICE SCHEDULE**

**I COMMON SERVICE PROVISIONS**

**1.0 DEFINITIONS**

Whenever used in this Local Service Schedule, in either the singular or plural number, the following capitalized terms shall have the meanings specified in this Section 1. Terms used in this Local Service Schedule that are not defined in this Local Service Schedule shall have the meanings set forth in the Tariff or customarily attributed to such terms by the electric utility industry in New England. Where there is a conflict between this Local Service Schedule and the Tariff, the terms here shall apply.

1.1 Annual Transmission Revenue Requirements

The total annual cost of the Transmission System shall be the amount specified in Attachment D until amended by NSTAR or modified by the Commission.

1.2 Annual True-Up

The reconciliation to actual costs of the estimated costs used for billing purposes under Section 4.0 of this Local Service Schedule for any Service Year.

1.3 Designated Agent

Any entity that performs actions or functions on behalf of NSTAR, an Eligible Customer, or the Transmission Customer required under the Local Service Schedule.

1.4 Firm Local Point-To-Point Service

Transmission service under this Local Service Schedule that is reserved and/or scheduled between specified Points of Receipt and Delivery pursuant to this Local Service Schedule.

1.5 Load Ratio Share

Ratio of a Transmission Customer's most recently reported Monthly Network Load in the case of Network Customers and including, where applicable, the Reserved Capacity of Transmission Customers taking Firm Local Point-To-Point Service, to the total load of Network Customers and the Reserved Capacity of Transmission Customers taking Firm Local Point-To-Point Service.

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### 1.6 Local Network

All transmission facilities constituting NSTAR's non-Pool Transmission Facilities (Non-PTF), excluding the Phase I/II HVDC-TF, which is defined in Schedule 20A of this OATT.

### 1.7 Local Network Load

The load that a Network Customer designates for Local Network Service under this Local Service Schedule. The Network Customer's Local Network Load shall include all load designated by the Network Customer, (including losses). A Network Customer may elect to designate less than its total load as Local Network Load but may not designate only part of the load at a discrete Point of Delivery. Where an Eligible Customer has elected not to designate a particular load at discrete Points of Delivery as Local Network Load, the Eligible Customer is responsible for making separate arrangements under this Local Service Schedule for any Local Point-To-Point Service that may be necessary for such non-designated load.

### 1.8 Local Network Service

The transmission service provided under this Local Service Schedule over NSTAR's Local Network.

### 1.9 Local Network Upgrades

Modifications or additions to transmission-related facilities that are integrated with and support NSTAR's overall Transmission System for the general benefit of all users of such Transmission System.

### 1.10 Local Point-To-Point Service

The reservation and transmission of capacity and energy on either a firm or non-firm basis from the Point(s) of Receipt to the Point(s) of Delivery under this Local Service Schedule over NSTAR's Local Network.

### 1.11 Long-Term Firm Local Point-To-Point Service

Firm Local Point-To-Point Service provided under this Local Service Schedule with a term of one year or more.

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### 1.12 Monthly Network Load

A Network Customer's hourly load (including its designated Local Network Load not physically interconnected with NSTAR under Section 15.2 of this Local Service Schedule) coincident with NSTAR's Monthly Transmission System Peak.

### 1.13 Native Load Customers

The wholesale and retail power customers of NSTAR on whose behalf NSTAR, by statute, franchise, regulatory requirement, or contract, has undertaken an obligation to construct and operate NSTAR's system to meet the reliable electric needs of such customers.

### 1.14 NERC

North American Electric Reliability Council, the Electric Reliability Organization of the United States.

### 1.15 Non-Firm Local Point-To-Point Service

Local Point-To-Point Service under this Local Service Schedule that is reserved and scheduled on an as-available basis and is subject to Curtailment or Interruption as set forth in this Local Service Schedule. Non-Firm Local Point-To-Point Service is available on a stand-alone basis for periods ranging from one hour to one month.

### 1.16 NPCC

Northeast Power Coordinating Council, a regional reliability council of NERC.

### 1.17 NSTAR

NSTAR Electric Company, a Massachusetts Corporation with offices located at 800 Boylston Street, Boston, Massachusetts 02199. NSTAR owns, controls, or operates facilities used for the transmission of electric energy in interstate commerce and provides service pursuant to the rates, terms and conditions of this Local Service Schedule and the applicable terms and conditions of this Local Service Schedule.

### 1.18 NSTAR's Monthly Transmission System Load

NSTAR's Monthly Transmission System Peak minus the coincident peak usage of all Firm Local

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Point-To-Point Service customers pursuant to Part II of this Local Service Schedule plus the Reserved Capacity of all Firm Local Point-To-Point Service customers.

### 1.19 NSTAR's Monthly Transmission System Peak

The maximum firm usage of NSTAR's Transmission System in a calendar month.

### 1.20 Parties

NSTAR and the Transmission Customer receiving service under this Local Service Schedule.

### 1.21 Point(s) of Delivery

Point(s) on NSTAR's Transmission System where capacity and energy transmitted by NSTAR will be made available to the Receiving Party under this Local Service Schedule. The Point(s) of Delivery shall be specified in the Transmission Service Agreement.

### 1.22 Point(s) of Receipt

Point(s) of interconnection on NSTAR's Transmission System where capacity and energy will be made available to NSTAR by the Delivering Party under this Local Service Schedule. The Point(s) of Receipt shall be specified in the Transmission Service Agreement.

### 1.23 Service Year

The calendar year in which the Transmission Customer is receiving service under this Local Service Schedule.

### 1.24 Short-Term Firm Local Point-To-Point Service

Firm Local Point-To-Point Service under this Local Service Schedule with a term of less than one year.

### 1.25 Transmission System

The facilities owned, controlled or operated by NSTAR that are used to provide transmission service under this Local Service Schedule.

## **2.0 ANCILLARY SERVICES**

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Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. NSTAR is required to provide and the Transmission Customer is required to purchase the following Ancillary Services (i) Scheduling, System Control and Dispatch, and (ii) Supplemental End-Use Reactive Support Service.

In addition, the Transmission Customer is required to purchase additional Ancillary Services under the terms and conditions of the Tariff. The Transmission Customer may not decline the Transmission Provider's offer of Ancillary Services unless it demonstrates that it has acquired the Ancillary Services from another source. The Transmission Customer must list in its Application which Ancillary Services it will purchase from the Transmission Provider. A Transmission Customer that exceeds its firm reserved capacity at any Point of Receipt or Point of Delivery or an Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved is required to pay for all of the Ancillary Services identified in this section that were provided by the Transmission Provider associated with the unreserved service. The Transmission Customer or Eligible Customer will pay for Ancillary Services based on the amount of transmission service it used but did not reserve. NSTAR shall also assess a penalty for any unauthorized use of Ancillary Services by the Transmission Customer, based on the amount of transmission service it used but did not reserve, using the rate shown for such Ancillary Service.

The prices and/or compensation methods for Local System Control and Dispatch Services and Supplemental End-Use Reactive Support Service are described in Attachment D and Schedule 2, respectively, attached to and made a part of this Local Service Schedule. Three principal requirements apply to discounts for Ancillary Services provided by NSTAR in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by NSTAR must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. A discount agreed upon for an Ancillary Service must be offered for the same period to all Eligible Customers on NSTAR's system.

### **3.0 CREDITWORTHINESS**

NSTAR's creditworthiness procedures are specified in Attachment L to this Local Service Schedule.

**4.0 BILLING AND PAYMENT**

4.1 Billing Procedure

Within a reasonable time after the first day of each month, NSTAR shall submit an invoice to the Transmission Customer for the charges for all services furnished under this Local Service Schedule during the preceding month. The invoice shall be paid by the Transmission Customer within twenty (20) days of receipt. All payments shall be made in immediately available funds payable to NSTAR, or by wire transfer to a bank named by NSTAR.

Billings hereunder shall be based on cost estimates made by NSTAR subject to Annual True-up when actual costs for the Service Year are known. Such Annual True-up shall occur no later than six (6) months after the close of the Service Year to which the Annual True-up relates. To the extent bill adjustments are required pursuant to the Annual True-up, such adjustments shall bear interest calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii).

(i) The Annual True-Up shall be performed by recalculation of the costs for the Service Year based on actual cost and load information as reported in the FERC Form 1 for that Service Year and shall develop thereby an Embedded Cost Charge, defined in Section 16.1, to be used in the said Annual True-Up. The Annual True-Up shall also include the CWIP Supplement referred to in clause (ix).

(ii) The Annual True-Up will be filed with FERC by NSTAR in an informational filing on or before May 31 of the year following the Service Year and posted on NSTAR's website. The Annual True-Up so filed and posted shall include the actual report showing the basis for the computation of the Postretirement Benefits Other Than Pensions ("PBOP") component of "Administrative and General Expense" and shall also show the basis for the allocation of the PBOP expense to the service provided under this Local Service Schedule; provided that the information so filed and posted shall not include confidential information. The informational filing shall include a Benefits Labor Loader showing the basis for such allocation of both PBOP and prepaid pension costs. On request, NSTAR shall provide any Network Customer the Annual

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True-Up by May 31 of the year following the Service Year. Any difference between the estimated Embedded Cost Charge and the actual Embedded Cost Charge shall be collected from or refunded to the Network Customer in the month of June of the calendar year following the Service Year.

(iii) The Annual True-Up provided pursuant to Section 4.1(ii) shall include an attestation by a Company officer that “to the best of the affiant’s knowledge, information and belief the data employed in the Annual True-Up reflect NSTAR’s per book costs for the Service Year, conform to NSTAR’s FERC Form 1 Report for the Service Year, conform in all material respects to the FERC Uniform System of Accounts, and have been developed in accordance with the provisions of this rate schedule.”

(iv) The Annual True-Up shall also be accompanied by supplementary information which shall (i) detail any data used in the Annual True-Up not directly taken from NSTAR’s FERC Form 1 Report and (ii) identify any FERC Form 1 Account used to record expenses during the Service Year that was not used in the preceding Service Year. The supplementary information shall be certified by an officer of NSTAR.

(v) There shall be an “Audit Period” that will extend from July 1 through September 30 of the year following the Service Year; provided that NSTAR and the Network Customer may agree to extend the Audit Period beyond September 30 by their mutual written agreement. During the Audit Period, any Network Customer shall have the right to conduct an audit or other inspection of the actual data used in the Annual True-Up and/or request additional information not included with the Annual True-Up. NSTAR shall not withhold information, including PBOP information, on grounds of confidentiality, but is entitled to make such information available pursuant to a confidentiality agreement and to restrict access to non-competitive duty personnel and to other personnel whose receipt of the information would not be in violation of the Standards and/or Code of Conduct as prescribed by FERC. During the Audit Period, NSTAR shall exercise all commercially reasonable efforts to provide the Network Customer, within 10 business days, such additional information as the Network Customer may request in order to understand the Annual True-Up. To the extent requested, NSTAR shall meet with any Network Customer to provide such additional information, explanation, and/or clarification regarding the Annual True-Up as

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the Network Customer may request.

(vi) During the Audit Period, the Network Customer shall have the right to request NSTAR to adjust the Annual True-Up, and any refunds it received or payments it made, pursuant to the Annual True-Up to the extent of any discrepancy between the data employed by NSTAR in performing the Annual True-Up and the actual data for the Service Year or in the event NSTAR developed the Annual True-Up in a manner that is inconsistent with this rate schedule.

(vii) If NSTAR does not agree to the Network Customer's request, as set forth in subparagraph (vi), and if NSTAR and the Network Customer are in disagreement as to any component of the Annual True-Up, the Network Customer within thirty days following the conclusion of the Audit Period may request and NSTAR shall agree to non-binding dispute resolution either conducted with the FERC Staff or otherwise at the Network Customer's choice. The Network Customer may file a complaint with the Commission within thirty days following completion of the audit period or the dispute resolution process and shall specify in that complaint the component or components of the Annual True Up that the Network Customer disputes. In the event such a complaint is filed, the disputed component or components of the Annual True Up shall be subject to refund as of the first day of the Service Year pending the results of the Commission investigation instituted as a result of such complaint. If the Network Customer fails to object to the Annual True-Up within thirty days following conclusion of the Audit Period, NSTAR's costs for the Service Year shall be deemed final, and its revenues from the Network Customer for the Service Year shall not be subject to refund; provided that the deadline for such an objection shall (i) be extended for ninety days following the date NSTAR makes any subsequent change to its Form 1 data for the Service Year that affects the Annual True-Up and (ii) shall not apply if the Commission prior to December 31st of the calendar year following the Service Year institutes its own investigation of NSTAR's Service Year costs.

(viii) Subject to the limitation that the Massachusetts Attorney General does not make or receive transmission payments or refunds, the Massachusetts Attorney General shall have the same procedural rights under this Section 4.0 as a Network Customer. This in no way obligates the Massachusetts Attorney General to the dispute resolution or arbitration procedures outlined in Sections 5.1 and 5.2.

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(ix) The Annual True-Up shall include a CWIP Supplement, which shall apply to the Service Year, shall be filed with FERC by NSTAR in an informational filing on or before June 30 of the year following the Service Year and posted on NSTAR's website to the extent it does not include critical energy infrastructure information or other confidential information. The CWIP Supplement shall include NSTAR Electric's most recent annual construction forecast. The CWIP Supplement shall provide for each project included in rate base during the Service Year the actual amounts of CWIP recorded for each project, the related accounts, such as AFUDC and regulatory liability, inclusive of all subaccounts, and the resulting effect on the CWIP revenue requirement in line item detail. The CWIP Supplement shall also identify any changes in NSTAR's accounting practices related to the accrual of AFUDC and the inclusion of CWIP in rate base or related to ensuring that AFUDC is not accrued on CWIP balances that have been included in rate base.

For each "new project" (a project that is estimated to enter rate base for the first time in the Service Year), the CWIP Supplement shall provide, to the extent not included in the construction forecast, a detailed statement of the reasons for undertaking the project, the benefits to be derived from the project, and the alternatives to or consequences of not undertaking the project. For each "pre-existing project" (a project that entered rate base prior to the Service Year), the CWIP Supplement shall include an update on the status of the project including any material change regarding the estimated cost of the project, the estimated in-service date and/or project timelines, and whether there is any change in the need for the project or in alternatives to the project. CWIP associated with a project cannot be included in the rate base for a Service Year unless it is included in the CWIP Supplement applicable to the Service Year.

The CWIP Supplement applicable to a Service Year shall include a CWIP Work Order/Project Reference Aid ("Reference Aid") that distinguishes between new projects and pre-existing projects and that provides for each project, whether new or pre-existing, ISO information, to the extent such information is available and applies to a project, and NSTAR information. The ISO information shall include a short description of the project, the year the project was approved through the ISO process, and the project identification number for ISO purposes. The NSTAR information shall include reference to the most recent NSTAR construction planning forecast in

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which the project appeared, the page of the plan at which the project description begins, the NSTAR numeric project designation, the NSTAR description of the project, the work order or work orders associated with the project, and a description of each work order. The Reference Aid shall present this information in a format so that the ISO information related to a project can be correlated with the NSTAR information related to a project. The Reference Aid, as described above, is based on current ISO and NSTAR tracking systems for projects under or proposed for construction and is to be modified to present equivalent information if and to the extent the ISO and/or NSTAR tracking system is modified.

The 50% of transmission-related CWIP included in rate base is subject to the Annual True-Up and dispute resolution provisions of this Section 4.1 regarding differences between actual and estimated costs. In addition, the CWIP included in rate base for a project shall be subject to refund as provided below to the extent the Commission makes a finding that the inclusion of such CWIP in rate base is unjust and unreasonable. In the case of a new project, the refund amount shall be the CWIP actually recovered from customers from the date of collection to the date of refund. In any proceeding regarding a new project, NSTAR shall bear the burden of proving that inclusion of CWIP related to the new project in rate base is just and reasonable. In the case of a pre-existing project, the refund amount shall be for the CWIP actually recovered from customers from the prospective refund effective date specified by the Commission pursuant to the provisions of Section 206 of the Federal Power Act to the date of refund. All refunds shall include interest at the rate specified in 18 C.F.R. § 35.19a(a)(2)(iii). Any customer and/or the Massachusetts Attorney General can request that the Commission institute an investigation into the justness and reasonableness of including CWIP for any project in rate base and the Commission may institute such an investigation sua sponte.

Nothing in this Clause (ix) authorizes the inclusion in rate base of more than 50% of the CWIP balance attributable to a project. Absent a Commission finding of imprudence, NSTAR shall be entitled to accrue AFUDC as to any CWIP that is excluded from rate base. The Commission's institution of an investigation as to the justness and reasonableness of including CWIP associated with a project in rate base does not affect the timing or the finality of other components of the Annual True-Up as established by clause (vii) hereof.

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With the exception of curtailment penalty charges pursuant to Section 16.2 and Schedule 3, paragraph 5 and Schedule 4, paragraph 6, any Annual True-Up rendered under this Local Service Schedule and any other monthly bill to which the Annual True-Up relates shall be binding on both Parties one (1) year from the date of NSTAR's Annual True-Up, unless previously disputed pursuant to this section or Section 4.3 of this Local Service Schedule.

### 4.2 Interest on Unpaid Balances

Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in the Commission's regulations at 18 C.F.R. § 35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by NSTAR.

### 4.3 Customer Default

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to NSTAR on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after NSTAR notifies the Transmission Customer to cure such failure, a default by the Transmission Customer shall be deemed to exist. Upon the occurrence of a default, NSTAR may initiate a proceeding with the Commission to terminate service but shall not terminate service until the Commission so approves any such request.

In the event of a billing dispute between NSTAR and the Transmission Customer, NSTAR will continue to provide service under the Service Agreement as long as the Transmission Customer (i) continues to make all payments not in dispute, and (ii) pays into an independent escrow account the portion of the invoice in dispute, pending resolution of such dispute. If the Transmission Customer fails to meet these two requirements for continuation of service, then NSTAR may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy.

## 5.0 DISPUTE RESOLUTION PROCEDURES

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### 5.1 Internal Dispute Resolution Procedures

Any dispute between a Transmission Customer and NSTAR involving transmission service under this Local Service Schedule (excluding applications for rate changes or other changes to this Local Service Schedule, or to any Service Agreement entered into under this Local Service Schedule, which shall be presented directly to the Commission for resolution) shall be referred to a designated senior representative of NSTAR and a senior representative of the Transmission Customer for resolution on an informal basis as promptly as practicable. In the event the designated representatives are unable to resolve the dispute within thirty (30) days [or such other period as the Parties may agree upon] by mutual agreement, such dispute may be submitted to arbitration and resolved in accordance with the arbitration procedures set forth below.

### 5.2 External Arbitration Procedures

Any arbitration initiated under this Local Service Schedule shall be conducted before a single neutral arbitrator appointed by the Parties. If the Parties fail to agree upon a single arbitrator within ten (10) days of the referral of the dispute to arbitration, each Party shall choose one arbitrator who shall sit on a three-member arbitration panel. The two arbitrators so chosen shall within twenty (20) days select a third arbitrator to chair the arbitration panel. In either case, the arbitrators shall be knowledgeable in electric utility matters, including electric transmission and bulk power issues, and shall not have any current or past substantial business or financial relationships with any party to the arbitration (except prior arbitration). The arbitrator(s) shall provide each of the Parties an opportunity to be heard and, except as otherwise provided herein, shall generally conduct the arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and any applicable Commission regulations or ISO rules.

### 5.3 Arbitration Decisions

Unless otherwise agreed, the arbitrator(s) shall render a decision within ninety (90) days of appointment and shall notify the Parties in writing of such decision and the reasons therefore. The arbitrator(s) shall be authorized only to interpret and apply the provisions of this Local Service Schedule and any Service Agreement entered into under this Local Service Schedule and shall have no power to modify or change any of the above in any manner. The decision of the arbitrator(s) shall be final and binding upon the Parties, and judgment on the award may be entered in any court having jurisdiction. The decision of the arbitrator(s) may be appealed solely

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on the grounds that the conduct of the arbitrator(s), or the decision itself, violated the standards set forth in the Federal Arbitration Act and/or the Administrative Dispute Resolution Act. The final decision of the arbitrator must also be filed with the Commission if it affects jurisdictional rates, terms and conditions of service or facilities.

### 5.4 Costs

Each Party shall be responsible for its own costs incurred during the arbitration process and for the following costs, if applicable:

- (a) the cost of the arbitrator chosen by the Party to sit on the three member panel and one half of the cost of the third arbitrator chosen; or
- (b) one half the cost of the single arbitrator jointly chosen by the Parties.

### 5.5 Rights Under The Federal Power Act

Nothing in this section shall restrict the rights of any party to file a complaint with the Commission under relevant provisions of the Federal Power Act.

## **II LOCAL POINT-TO-POINT SERVICE**

### **6.0 NATURE OF FIRM LOCAL POINT-TO-POINT SERVICE**

#### 6.1 Curtailment of Firm Local Point-To-Point Service

In the event a Transmission Customer (including Third-Party Sales by NSTAR) fails to curtail a transaction when requested to do so by NSTAR, the Local Control Center and/or ISO, as appropriate and pursuant to this Section, NSTAR shall assess a penalty charge to the Transmission Customer. Said penalty charge will be determined in accordance with this Local Service Schedule.

In the event NSTAR, the Local Control Center or ISO exercises their rights to effect a Curtailment, in whole or in part, of Firm Local Point-To-Point Service, no credit or other adjustment shall be provided as a result of the Curtailment with respect to the charge payable by

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the Transmission Customer.

### 6.2 Classification of Firm Local Point-To-Point Service

(a) The Transmission Customer taking Firm Local Point-To-Point Service may, (1) change its Points of Receipt and Delivery to obtain service on a non-firm basis consistent with the terms of Part I, Section 10(a) of Schedule 21 of the OATT or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Part I, Section 10(b) of Schedule 21 of the OATT; provided that NSTAR continues to be compensated for any costs associated with the construction or upgrading of facilities associated with the original firm service.

(b) In the event that a Transmission Customer's use of the Transmission System (including Third-Party Sales by NSTAR) exceeds that Transmission Customer's Reserved Capacity at any Point of Receipt or Point of Delivery in any hour, NSTAR will charge the Transmission Customer a penalty charge in accordance with Section 10 and Schedule 3 of this Local Service Schedule.

(c) Under no circumstance will NSTAR be obligated to provide Control Area Ancillary Services to the Transmission Customer in support of any excess capacity (i.e., capacity in excess of Transmission Customer's Reserved Capacity).

## 7.0 NATURE OF NON-FIRM LOCAL POINT-TO-POINT SERVICE

### 7.1 Classification of Non-Firm Local Point-To-Point Service

In the event that a Transmission Customer's use of the Transmission System (including Third-Party Sales by NSTAR) exceeds that Transmission Customer's non-firm Reserved Capacity at any Point of Receipt or Point of Delivery, NSTAR will charge the Transmission Customer a penalty charge in accordance with Section 10 and Schedule 4 of this Local Service Schedule for such excess. Under no circumstance will NSTAR be obligated to provide Control Area Ancillary Services to the Transmission Customer in support of any excess capacity (i.e., capacity in excess of Transmission Customer's Reserved Capacity).

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### 7.2 Curtailement or Interruption of Service

In the event a Transmission Customer (including Third-Party Sales by NSTAR) fails to implement a Curtailement or Interruption when requested to do so by NSTAR, the Local Control Center and/or ISO, as appropriate and pursuant to this Section, NSTAR shall assess a penalty charge. Said penalty charge will be determined in accordance with Section 10 and Schedule 4 of this Local Service Schedule.

In the event NSTAR, the Local Control Center and/or ISO exercises its rights to effect a Curtailement, in whole or part, of Non-Firm Local Point-To-Point Service, no credit or other adjustment shall be provided as a result of the Curtailement with respect to the charge payable by the Transmission Customer.

In the event NSTAR, the Local Control Center and/or ISO exercises its rights to effect an Interruption, in whole or part, of Non-Firm Local Point-To-Point Service, the charge payable by the Transmission Customer shall be computed as if the term of service actually rendered were the term of service reserved; provided that an adjustment of the charge shall be made only when the Interruption is initiated by NSTAR, the Local Control Center and/or ISO, not when the customer fails to deliver energy to NSTAR.

## 8.0 SERVICE AVAILABILITY

### 8.1 Real Power Losses

Real power losses associated with transactions on NSTAR's Local Network shall be determined based on estimated average system losses for metering points on NSTAR's Local Network; the loss factor will be three and one tenth percent (3.1%).

### 8.2 Load Shedding

To the extent that a system contingency exists on the NSTAR Transmission System or the New England Transmission System and NSTAR, the Local Control Center or ISO, as appropriate, determines that it is necessary to shed load, the Parties shall shed load in accordance with the procedures specified by NSTAR, the Local Control Center and/or ISO.

**9.0 METERING**

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under the Local Service Schedule and to communicate the information to NSTAR. However, NSTAR reserves the right to determine and approve any and all metering equipment and the metering installation design, such approval not to be unreasonably withheld.

All meters, including any recording devices or telemetry equipment must be operated and maintained in accordance with ISO Operating Procedures. Unless otherwise agreed, such equipment shall remain the property of NSTAR.

If at any time any metering equipment owned by NSTAR (or the Transmission Customer, if so agreed) is found to be inaccurate in excess of two percent (2%), up or down, the owner of the metering equipment shall cause it to be made accurate or replaced and the meter readings and rate computation for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the next preceding month shall be made except by agreement of the Parties. In addition to an annual routine test, the owner of the metering equipment shall cause such equipment to be tested at any time upon written request of the other Party. If such equipment proves accurate within two percent (2%), up or down, the expense of the test shall be borne by the Party requesting the test. The determination of percent accuracy shall be in accordance with the weighted average percent registration as described in ANSI C12.1-1988, Section 6.1.8.1. The owner of the metering equipment shall comply with any reasonable request of the other Party concerning the sealing of meters, the presence of a representative when the seals are broken and tests are made, and other matters affecting the accuracy of the measurement of electricity hereunder.

**10.0 COMPENSATION FOR LOCAL POINT-TO-POINT SERVICE**

Rates for Firm and Non-Firm Local Point-To-Point Service shall be determined as set forth in the Schedules appended to this Local Service Schedule: Firm Local Point-To-Point Service (Schedule 3) and Non-Firm Local Point-To-Point Service (Schedule 4). Such rates shall be determined on the basis of estimated costs for each Service Year until the actual costs for such Service Year are determined. Thereafter, payments made on such estimated costs shall be recalculated based on actual data for that

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Service Year, and an appropriate billing adjustment shall be made pursuant to Section 4 of this Local Service Schedule.

NSTAR shall use this Local Service Schedule to make its Third-Party Sales to be transmitted as Local Point-To-Point Service. NSTAR shall account for such use at the applicable rates, pursuant to Section II.8.5 of the Tariff.

### **11.0 STRANDED COST RECOVERY**

NSTAR may seek to recover stranded costs from the Transmission Customer pursuant to this Local Service Schedule in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, NSTAR must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

## **III LOCAL NETWORK SERVICE**

### **12.0 NATURE OF LOCAL NETWORK SERVICE**

#### **12.1 Real Power Losses**

Real power losses associated with transactions on Non-PTF shall be determined based on estimated average system losses for metering points on NSTAR's Local Network; the loss factor will be three and one tenth percent (3.1%).

#### **12.2 Metering**

Unless agreed otherwise, all meters, including any recording devices or telemetry equipment shall be owned, operated, maintained and tested by NSTAR or its Designated Agent in accordance with ISO Operating Procedures at the Transmission Customer's expense. NSTAR shall provide access to metering data, including telephone line access, which may reasonably be required to facilitate measurement and billing under a Service Agreement at the requesting Party's expense.

NSTAR reserves the sole right to determine appropriate metering installations. When new metering equipment is required, it shall be supplied by NSTAR, at the Transmission Customer's

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expense, including applicable taxes, and overhead costs, in conformity with ISO Operating Procedures.

If at any time any metering equipment owned by NSTAR (or Transmission Customer, if so agreed) is found to be inaccurate in excess of two percent (2%), up or down, the owner of the metering equipment shall cause it to be made accurate or replaced and the meter readings and rate computation for the period of inaccuracy shall be adjusted to correct such inaccuracy so far as the same can be reasonably ascertained, but no adjustment prior to the beginning of the next preceding month shall be made except by agreement of the Parties. In addition to an annual routine test, the owner of the metering equipment shall cause such equipment to be tested at any time upon written request of the other Party.

If such equipment proves accurate within two percent (2%), up or down, the expense of the test shall be borne by the Party requesting the test. The determination of percent accuracy shall be in accordance with the weighted average percent registration as described in ANSI C12.1-1988, Section 6.1.8.1. The owner of the metering equipment shall comply with any reasonable request of the other Party concerning the sealing of meters, the presence of a representative when the seals are broken and tests are made, and other matters affecting the accuracy of the measurement of electricity hereunder.

### **13.0 NETWORK RESOURCES**

#### **13.1 Operation of Network Resources**

The Network Customer shall not operate its designated Network Resources located in the Network Customer's or NSTAR's Control Area such that the output of those facilities exceeds its designated Local Network Load, plus Non-Firm Sales delivered pursuant to Part II of this Local Service Schedule, plus losses. This limitation shall not apply to changes in the operation of a Transmission Customer's Network Resources at the request of NSTAR to respond to an emergency or other unforeseen condition which may impair or degrade the reliability of the Transmission System.

#### **13.2 Transmission Arrangements for Network Resources Not Physically Interconnected With**

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The Network Customer shall be responsible for any arrangements necessary to deliver capacity and energy from a Network Resource not physically interconnected with NSTAR's Transmission System. NSTAR will undertake reasonable efforts to assist the Network Customer in obtaining such arrangements, including without limitation, providing any information or data required by such other entity pursuant to Good Utility Practice.

#### 13.3 Use of Interface Capacity by the Network Customer

Unless otherwise provided under the Tariff, there is no limitation upon a Network Customer's use of NSTAR's Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Local Network Loads. However, unless otherwise provided by the Tariff, a Network Customer's use of NSTAR's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

#### 13.4 Network Customer Owned Transmission Facilities

The Network Customer that owns existing transmission facilities that are integrated with NSTAR's Transmission System may be eligible to receive consideration either through a billing credit or some other mechanism. In order to receive such consideration the Network Customer must demonstrate that its transmission facilities are integrated into the plans or operations of NSTAR to serve its power and transmission customers. For facilities constructed by the Network Customer subsequent to the Service Commencement Date under this Local Service Schedule, the Network Customer shall receive credit where such facilities are jointly planned and installed in coordination with NSTAR. Calculation of the credit shall be addressed in either the Network Customer's Service Agreement or any other agreement between the Parties.

### **14.0 DESIGNATION OF LOCAL NETWORK LOAD**

#### 14.1 Local Network Load

The Network Customer must designate the individual Local Network Loads on whose behalf NSTAR will provide Local Network Service. The Local Network Loads shall be specified in the Service Agreement.

14.2 Local Network Load Not Physically Interconnected with NSTAR

This section applies to both initial designation pursuant to Section 15.1 and the subsequent addition of new Local Network Load not physically interconnected with NSTAR. To the extent that the Network Customer desires to obtain transmission service for a load outside NSTAR's Transmission System, the Network Customer shall have the option of (1) electing to include the entire load as Local Network Load for all purposes under this Local Service Schedule and designating Network Resources in connection with such additional Local Network Load, or (2) excluding that entire load from its Local Network Load and purchasing Local Point-To-Point Service under this Local Service Schedule.

To the extent that the Network Customer gives notice of its intent to add a new Local Network Load as part of its Local Network Load pursuant to this section, the request must be made through a modification of service pursuant to a new Application.

**15.0 LOAD SHEDDING AND CURTAILMENTS**

15.1 Procedures

Prior to the Service Commencement Date, NSTAR and the Network Customer shall establish Load Shedding and Curtailment procedures pursuant to the OATT with the objective of responding to contingencies on the Transmission System. The Parties will implement such programs during any period when NSTAR, the Local Control Center or ISO, as appropriate, determines that a system contingency exists and such procedures are necessary to alleviate such contingency. NSTAR will notify all affected Network Customers in a timely manner of any scheduled Curtailment.

15.2 Allocation of Curtailments

NSTAR shall, on a non-discriminatory basis, effect a Curtailment of the transaction(s) that effectively relieves the constraint. However, to the extent practicable and consistent with Good Utility Practice, any Curtailment will be shared by NSTAR and Network Customer in proportion to their respective Load Ratio Shares. NSTAR shall not direct the Network Customer to effect a Curtailment of schedules to an extent greater than NSTAR would effect a Curtailment of NSTAR's schedules under similar circumstances.

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### 15.3 Load Shedding

To the extent that a system contingency exists on NSTAR's Transmission System and ISO, the Local Control Center or NSTAR, as appropriate, determines that it is necessary for NSTAR, Local Point-to-Point Customers and Network Customers to shed load, the Parties shall shed load in accordance with the OATT.

### 15.4 System Reliability

Any Curtailment of Local Network Service will be not unduly discriminatory relative to NSTAR's use of the Transmission System on behalf of its Native Load Customers. In the event that the Network Customer fails to respond to established Load Shedding and Curtailment procedures, NSTAR shall assess a penalty charge. Said penalty charge will be determined in accordance with Section 16.2.

## 16.0 RATES AND CHARGES

Rates for Local Network Service shall be determined as set forth in this Section 16 on the basis of estimated costs for each Service Year until the actual costs for such Service Year are determined. Thereafter, payments made on such estimated costs shall be recalculated based on actual data for that Service Year, and all appropriate billing adjustments shall be made pursuant to Section 4 of this Local Service Schedule.

The Network Customer shall pay NSTAR for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following:

### 16.1 Monthly Demand Charge

The Network Customer shall pay a Monthly Demand Charge which shall be the Embedded Cost Charge. The Embedded Cost Charge shall be determined by multiplying the Network Customer's Load Ratio Share by one twelfth (1/12) of NSTAR's Annual Transmission Revenue Requirements, as determined in accordance with Attachment D of this Local Service Schedule and as subject to an Annual True-up pursuant to Section 4. The Embedded Cost Charge is based on NSTAR's system average embedded cost. In the event NSTAR seeks to apply a rate based on a methodology other than average embedded cost to all or any part of a Network Customer's

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service, either already being provided or proposed to be provided, NSTAR shall provide the affected Network Customer thirty days advance written notice of any filing with the Commission seeking to implement such a rate and shall comply with all applicable requirements of the Commission and the Tariff. Any dispute as to NSTAR's position concerning proposed cost allocation shall be addressed as provided in Section II.7(g) of Schedule 21-Local Service to Section II of the Tariff; provided that nothing in this provision prevents NSTAR from filing with the Commission at any time to establish new rates pursuant to the provisions of Section 205 of the FPA or a Network Customer from opposing such a filing, and nothing in this provision is intended to reflect a Network Customer's agreement that NSTAR has the rights set out in this Section 16.1 or is intended to prevent the affected Network Customer from filing a complaint with the Commission at any time pursuant to the provisions of Section 206 of the FPA or NSTAR from opposing such a filing.

### 16.2 Curtailment Penalty Charge

If the Transmission Customer fails to respond to established emergency load shedding and curtailment procedures to relieve emergencies on the transmission system, NSTAR may assess a penalty charge to the Transmission Customer. Said penalty charge will be equal to two (2) times the Monthly Demand Charge for Local Network Service, as calculated in accordance with Section 16.1 of this Local Service Schedule, for the month in which such service was not curtailed or interrupted.

### 16.3 [Reserved]

### 16.4 Taxes and Fees Charge

16.4.1 If NSTAR incurs tax liability currently for which it will in subsequent years receive tax benefits (for example, a taxable contribution in aid of construction) then Transmission Customer shall pay to NSTAR an amount sufficient to reimburse NSTAR, on a net present value basis, for the reasonably projected costs resulting from the tax liability incurred in the current year less the reasonably projected tax benefits received by NSTAR in future years. Sections 16.4.1 and 16.4.2 are intended to apply to those Transmission Customers for whom Direct Assignment Facilities are constructed pursuant to this Local

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Service Schedule and to any Transmission Customer's appropriate share of the cost of any required Local Network Upgrades to the extent that any such Local Network Upgrade is identified pursuant to the study procedures outlined in Schedule 21-Local Service, Section II.7(d) and permitted or required by Commission ruling to be paid as a contribution in aid of construction.

16.4.2 If NSTAR takes a position that any particular transaction under any section of the Local Service Schedule does not constitute a transaction of the type described immediately above, and that position is subsequently reversed by Treasury ruling or regulation or court action, then the Transmission Customer shall pay to NSTAR an amount calculated as described above, but additionally taking into account any interest assessment required to be paid by NSTAR.

16.4.3 At its effective date, this Section 16.4 applies only to contributions in aid of construction ("CIAC"). NSTAR reserves the right to file under Section 205 of the FPA to modify this provision to apply to items other than CIAC and the Network Customer reserves the right to oppose any such filing.

### **17.0 OPERATING ARRANGEMENTS**

#### 17.1 Operating Requirements

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of this Local Service Schedule shall be specified in the OATT. The OATT shall provide for the Parties to:

- (i) operate and maintain equipment necessary for integrating the Network Customer within NSTAR's Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment),
- (ii) transfer data between NSTAR and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for

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units outside NSTAR's Transmission System, interchange schedules, unit outputs for redispatch required under Section 15, voltage schedules, loss factors and other real time data),

- (iii) use software programs required for data links and constraint dispatching,
- (iv) exchange data on forecasted loads and resources necessary for long-term planning, and
- (v) address any other technical and operational considerations required for implementation of this Local Service Schedule, including scheduling protocols.

The OATT will recognize that the Network Customer shall either:

- (i) operate as a Control Area under applicable guidelines of the Electric Reliability Organization (ERO), as defined in 18 CFR 38.1, and ISO,
- (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with NSTAR, or
- (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies the applicable reliability guidelines of the ERO and ISO. NSTAR shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services.

### 17.2 Network Operating Committee

A Network Operating Committee (Committee) shall be established to coordinate operating criteria for the Parties' respective responsibilities under the OATT. Each Network Customer shall be entitled to have at least one representative on the Committee. The Committee shall meet from time to time as need requires, but no less than once each calendar year.

**SCHEDULE 2**

**SUPPLEMENTAL END-USE REACTIVE SUPPORT SERVICE**

In the event that power factor levels and reactive supply requirements set forth in the service agreement or other associated operating or interconnect agreement are not maintained by the Delivering Party (or, as appropriate, the Receiving Party), in accordance with applicable ISO standards and practices then NSTAR shall charge the Transmission Customer to take corrective action. The Transmission customer shall compensate NSTAR for installing the necessary equipment, whether in the form of generating units or other non-generating resources, such as demand resources, to correct the incremental difference between the Transmission Customer's lowest (or highest) power factor level and that which is an acceptable level in accordance with ISO standards and practices. The charges will be based upon the necessary level of reactive power supply required to correct the deficiency in the power factor level.

For the KVAR demand supplied to the Transmission Customer, the charge shall be the greater of a) the market price of installing leading reactive power supply expressed in terms of \$/KVAR or b) \$50/KVAR of installed (leading) reactive power reflecting current NSTAR cost.

For the KVAR demand absorbed by NSTAR the charge shall be the greater of a) the market price of installing lagging reactive power supply expressed in terms of \$/KVAR or b) \$22.5/KVAR of installed (lagging) reactive power reflecting current NSTAR cost.

**SCHEDULE 3**

**LONG-TERM FIRM AND SHORT-TERM FIRM**

**LOCAL POINT-TO-POINT SERVICE**

The Transmission Customer shall compensate NSTAR for any Direct Assignment Facilities, Ancillary Services, and applicable study costs, consistent with Commission policy, along with the following charges as applicable:

1) Annual Rate

The Annual Rate for Firm Local Point-To-Point Service shall consist of the higher of (i) the Embedded Cost Charge or (ii) the Incremental Cost Charge, as set forth below:

- (i) The Embedded Cost Charge shall be determined by dividing NSTAR's Annual Transmission Revenue Requirements (determined in accordance with Attachment D of this Local Service Schedule) by the maximum amount of NSTAR's Monthly Transmission System Load during such Service Year.
- (ii) The Incremental Cost Charge shall be determined from the total costs of all Local Network Upgrades plus other incremental costs incurred provided for in the Service Agreement application to a transaction. If the Incremental Cost Charge is higher, the Transmission Customer shall pay for the facilities necessary to provide it with service during an amortization period, with the Transmission Customer paying the Embedded Cost Charge upon completion of the amortization. Such amortization period shall be coterminous with the Service Agreement.

2) Firm Local Point-To-Point Service for Monthly Transactions or Longer Term Transactions

The charge for each month applicable to a monthly transaction or longer term transaction (the "Monthly Rate") shall be determined as the product of: (a) NSTAR's Annual Rate for Firm Local Point-To-Point Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Service Agreement for such month, expressed in kilowatts.

3) Firm Local Point-To-Point Service for Less Than One Month

NSTAR's Weekly Rate is equal to NSTAR's Annual Rate for Firm Local Point-To-Point Service divided

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by fifty-two (52) weeks. NSTAR's Daily Rate is equal to NSTAR's Annual Rate for Firm Local Point-To-Point Service divided by three hundred and sixty-five (365) days. NSTAR's Hourly Rate is equal to NSTAR's Annual Rate for Firm Local Point-To-Point Service divided by eight thousand seven hundred and sixty (8,760) hours.

The Transmission Customer shall pay the Weekly, Daily or Hourly Rate, as applicable, times the Reserved Capacity set forth in the Transmission Customer's Applicable Service Agreement.

### 4) Penalty

When the Transmission Customer exceeds its Reserved Capacity or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved (Excess Incident), NSTAR will charge the Transmission Customer 200% of the rate determined as follows for each kilowatt of the Excess Incident:

- The unreserved use penalty for a single hour of unreserved use shall be based on the rate for daily Firm Point-to Point Transmission Service.
- If there is more than one assessment for a given duration (e.g., daily) for the Transmission Customer, the penalty shall be based on the next longest duration (e.g., weekly).
- The unreserved penalty charge for multiple instances of unreserved use (i.e., more than one hour) within a day shall be based on the daily rate for Firm Point-To-Point Transmission Service.
- The unreserved penalty charge for multiple instances of unreserved use isolated to one calendar week shall be based on the charge for weekly Firm Point-To-Point Transmission Service.
- The unreserved use penalty charge for multiple instances of unreserved use during more than one week during a calendar month shall be based on the charge for monthly Firm Point-To-Point Transmission Service.
- The unreserved use penalty charge for multiple instances of unreserved use during more than one month during a calendar year shall be based on the charge for yearly Firm Point-To-Point Transmission Service.

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All Excess Incidents will be recorded by NSTAR, and if in any calendar year more than ten (10) Excess Incidents occur in connection with service for the Transmission Customer, then NSTAR may require the Transmission Customer to apply for additional Firm Local Point-To-Point Service under this Local Service Schedule in the amount equal to the highest Excess Incident during that Service Year. Charges for such additional transmission service will relate back to the first day of the month following the month of NSTAR's notice.

### 5) Curtailement Penalty Charge

If the Transmission Customer fails to respond to established emergency load shedding and curtailment procedures to relieve emergencies on the Transmission System, NSTAR may assess a penalty charge to the Transmission Customer. Said penalty charge will be equal to two (2) times the Monthly Rate for Firm Local Point-To-Point Service for the month in which such service was not curtailed or interrupted.

### 6) Taxes and Fees Charge

A) If any governmental authority requires the payment of any fee or assessment not specifically provided for in any of the charge or rate provisions under this Local Service Schedule or imposes a sales, gross revenue, or other form of tax with respect to payments made for service provided under this Local Service Schedule, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. NSTAR will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's Regulations.

B) If NSTAR incurs tax liability currently for which it will, in subsequent years, receive tax benefits (for example, a taxable contribution in aid of construction), the Transmission Customer shall pay to NSTAR an amount sufficient to reimburse NSTAR, on a net present value basis, for the reasonably projected costs resulting from the tax liability incurred in the current year less the reasonably projected tax benefits received by NSTAR in future years.

C) If NSTAR takes a position that any particular transaction under any section of this Local Service

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Schedule does not constitute a transaction of the type described immediately above, and that position is subsequently reversed by Treasury ruling or regulation, or court action, then the Transmission Customer shall pay to NSTAR an amount calculated as described above but additionally taking into account any interest assessment required to be paid by NSTAR.

### 7) Regulatory Expense Charge

NSTAR shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with this Local Service Schedule and the Service Agreement(s).

### 8) Customer-Related Expense Charge

NSTAR shall charge the Transmission Customer, in addition to the other charges assessed pursuant to this Local Service Schedule, and as set forth in its Service Agreement for those costs attributable to the billing, meter reading, record keeping, (all from FERC Uniform System of Accounts Nos. 901-905) and an allocation of administrative and general expenses (FERC Uniform System of Accounts Nos. 920-935) associated with each of these costs, all of which are related to the Transmission Customer's Local Point-To-Point Service and allocated on the basis of the total number of customers served by NSTAR.

### 9) Exchanges

With respect to any transactions that involve an exchange, each party to such transaction shall be an individual Transmission Customer under this Local Service Schedule. Accordingly, a transmission charge, as applicable, will be calculated for, and a separate bill will be rendered to, each such Transmission Customer.

### 10) Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by NSTAR must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, NSTAR must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

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### 11) Resales

The rates and rules governing charges and discounts shall not apply to resales of transmission service, compensation for which shall be governed by § I.11(a) of Schedule 21.

**SCHEDULE 4**

**NON-FIRM LOCAL POINT-TO-POINT SERVICE**

The Transmission Customer shall compensate NSTAR for any Ancillary Services and for Non-Firm Local Point-To-Point Service up to the sum of the applicable charges set forth below:

1) The Annual Rate for Non-Firm Local Point-To-Point Service shall be NSTAR's Annual Transmission Revenue Requirements (determined in accordance with Attachment D of this Local Service Schedule) for the Service Year divided by NSTAR's Monthly Transmission System Load during such Service Year.

2) Non-Firm Local Point-To-Point Service for Monthly Transactions or Longer Term Transactions

The charge for each month applicable to a monthly transaction or longer term transaction (the "Monthly Rate") shall be determined as the product of: (a) NSTAR's Annual Rate for Non-Firm Local Point-To-Point Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Service Agreement for such month, expressed in kilowatts.

3) Non-Firm Local Point-To-Point Service for Less Than One Month

NSTAR's Weekly Rate is equal to NSTAR's Annual Rate for Non-Firm Local Point-To-Point Service divided by fifty-two (52) weeks.

NSTAR's Daily Rate is equal to NSTAR's Annual Rate for Non-Firm Local Point-To-Point Service divided by three hundred and sixty-five (365) days. NSTAR's Hourly Rate is equal to NSTAR's Annual Rate for Non-Firm Local Point-To-Point Service divided by eight thousand seven hundred and sixty (8,760) hours.

The Transmission Customer shall pay the Weekly, Daily or Hourly Rate, as applicable, time the Reserved Capacity set forth in the Transmission Customer's Applicable Service Agreement.

4) Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by NSTAR, or its Designated Agent

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including ISO, the Transmission Charges to the Transmission Customer calculated pursuant to Sections 2 and 3 of this Schedule 4 shall be credited by an amount equal to the sum of the credits calculated for each hour of interruption or curtailment in service. The credit to the Transmission Customer for each hour of interruption or curtailment shall be calculated as the product of (a) NSTAR's Hourly Rate and (b) the kilowatts of service interruption or curtailment during such hour.

### 5) Penalty

When the Transmission Customer exceeds its Reserved Capacity or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved (Excess Incident), NSTAR will charge the Transmission Customer 200% of the rate determined as follows for each kilowatt of the Excess Incident:

- The unreserved use penalty for a single hour of unreserved use shall be based on the rate for daily Firm Point-to Point Transmission Service.
- If there is more than one assessment for a given duration (e.g., daily) for the Transmission Customer, the penalty shall be based on the next longest duration (e.g., weekly).
- The unreserved penalty charge for multiple instances of unreserved use (i.e., more than one hour) within a day shall be based on the daily rate for Firm Point-To-Point Transmission Service.
- The unreserved penalty charge for multiple instances of unreserved use isolated to one calendar week shall be based on the charge for weekly Firm Point-To-Point Transmission Service.
- The unreserved use penalty charge for multiple instances of unreserved use during more than one week during a calendar month shall be based on the charge for monthly Firm Point-To-Point Transmission Service.
- The unreserved use penalty charge for multiple instances of unreserved use during more than one month during a calendar year shall be based on the charge for yearly Firm Point-To-Point Transmission Service.

All Excess Incidents will be recorded by NSTAR, and if in any calendar year more than ten (10) Excess

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Incidents occur in connection with service for the Transmission Customer, then NSTAR may require the Transmission Customer to apply for additional Non-Firm Local Point-To-Point Service under this Local Service Schedule in the amount equal to the highest Excess Incident during that Service Year. Charges for such additional Non-Firm Local Point-To-Point Service will relate back to the first day of the month following the month of NSTAR's notice.

### 6) Curtailment Penalty Charge.

If the Transmission Customer fails to respond to established emergency load shedding and curtailment procedures to relieve emergencies on the Transmission System, NSTAR may assess a penalty charge to the Transmission Customer. Said penalty charge will be equal to two (2) times the monthly demand charge for Non-Firm Local Point-To-Point Service for the month in which such service was not curtailed or interrupted.

### 7) Taxes and Fees Charge

- A) If any governmental authority requires the payment of any fee or assessment not specifically provided for in any of the charge or rate provisions under this Local Service Schedule or imposes a sales, gross revenue, or other form of tax with respect to payments made for service provided under this Local Service Schedule, including any applicable interest charged on any deficiency assessment made by the taxing authority, together with any further tax on such payments, the obligation to make payment for any such fee, assessment, or tax shall be borne by the Transmission Customer. NSTAR will make a separate filing with the Commission for recovery of any such costs in accordance with Part 35 of the Commission's Regulations.
- B) If NSTAR incurs tax liability currently for which it will, in subsequent years, receive tax benefits (for example, a taxable contribution in aid of construction), the Transmission Customer shall pay to NSTAR an amount sufficient to reimburse NSTAR, on a net present value basis, for the reasonably projected costs resulting from the tax liability incurred in the current year less the reasonably projected tax benefits received by NSTAR in future years.
- C) If NSTAR takes a position that any particular transaction under any section of this Local Service Schedule does not constitute a transaction of the type described immediately above, and that

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position is subsequently reversed by Treasury ruling or regulation, or court action, then the Transmission Customer shall pay to NSTAR an amount calculated as described above but additionally taking into account any interest assessment required to be paid by NSTAR.

### 8) Regulatory Expense Charge

NSTAR shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with this Local Service Schedule and the Service Agreement(s).

### 9) Customer-Related Transaction Charge

NSTAR shall charge the Transmission Customer, in addition to the other charges assessed pursuant to this Local Service Schedule, and as set forth in its Service Agreement for those costs attributable to the billing, meter reading, record keeping, (from FERC Uniform System of Accounts Nos. 901-905) and an allocation of administrative and general expenses (Nos. 920-935) associated with each of these costs, all of which are related to the Transmission Customer's Local Point-To-Point Service and allocated on the basis of the total number of customers served by NSTAR.

### 10) Exchanges

With respect to any transactions that involve an exchange, each party to such transaction shall be an individual Transmission Customer under this Local Service Schedule. Accordingly, a transmission charge, as applicable, will be calculated for, and a separate bill will be rendered to, each such Transmission Customer.

### 11) Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by NSTAR must be announced to all Eligible Customers solely by posting on the OASIS, (2) any customer-initiated requests for discounts (including requests for use by one's wholesale merchant or an Affiliate's use) must occur solely by posting on the OASIS, and (3) once a discount is negotiated, details must be immediately posted on the OASIS. For any discount agreed upon for service on a path, from point(s) of receipt to point(s) of delivery, NSTAR must offer the same discounted transmission service rate for the same time period to all Eligible Customers on all unconstrained transmission paths that go to the same point(s) of delivery on the Transmission System.

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12) Resales

The rates and rules governing charges and discounts shall not apply to resales of transmission service, compensation for which shall be governed by § I.11(a) of Schedule 21.

**ATTACHMENT A**

**METHODOLOGY TO ASSESS AVAILABLE TRANSFER CAPABILITY**

1. Introduction

ISO is the regional transmission organization (“RTO”), serving the New England Control Area. ISO is responsible for development, oversight, and fair administration of New England’s wholesale market and management of bulk electric power system and wholesale markets' planning processes. The ISO serves as the Balancing Authority for the New England Control Area. The New England Control Area is interconnected to three neighboring Balancing Authority Areas: New Brunswick System Operator Area (“NBSO Area”), New York Independent System Operator Area (“NYISO Area”), and Hydro-Québec TransÉnergie Area (“HQTÉ Area”).

As part of its RTO responsibilities, the ISO is registered with the North American Electric Reliability Corporation (“NERC”) as several functional model entities that have responsibilities related to the calculation of ATC as defined in the following NERC Standards: MOD-001 – Available Transmission System Capability (“MOD-001”), MOD-004 – Capacity Benefit Margin (“MOD-004”), and MOD-008 – Transmission Reliability Margin Calculation Methodology (“MOD-008”). The extent of those responsibilities is based on various Commission-approved transmission operating agreements and the provisions of the ISO New England Operating Documents.

While the ISO is the transmission provider for transmission service associated with PTF, the Participating Transmission Owners (PTOs) under the Transmission Operating Agreement, such as NSTAR, provide local transmission service over Non-Pool Transmission Facilities within the RTO footprint and are responsible for calculating TTC and ATC associated with Local Service provided under Schedule 21. Pursuant to CFR § 37.6(b)<sup>1</sup> of the Commission’s regulations, NSTAR as a Transmission Provider is obligated to calculate and post ATC and TTC for certain local facilities over which Point-to-Point transmission service is provided under Schedule 21-NSTAR. These are primarily radial paths that provide transmission service to directly interconnected generators.

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<sup>1</sup> §37.6(b) Posting transfer capability. The available transfer capability (ATC) on the Transmission Provider’s

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system and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set forth in this section.

Posted Path is defined as any control area-to-control area interconnection; any path for which service is denied, curtailed or interrupted for more than 24 hours in the past 12 months; and any path for which a customer requests to have ATC or TTC posted. For this last category, the posting must continue for 180 days and thereafter until 180 days have elapsed from the most recent request for service over the requested path. For purposes of this definition, an hour includes any part of any hour during which serviced was denied, curtailed or interrupted. §37.6(b)(1)(i).

NSTAR does not currently have any Posted Paths based on the above definition. However, to the extent that NSTAR does in the future have any Posted Path(s), NSTAR will calculate ATC and TTC using NERC Standard MOD-029-1 Rated System Path Methodology as outlined below.

### 1.1 Scope of Document

The scope of this document is limited to the following functions which are performed or utilized by NSTAR in order to provide Local Point-to Point Service under Schedule 21-NSTAR: Total Transfer Capability (TTC) methodology; Available Transfer Capability (ATC) methodology; Existing Transmission Commitment (ETC); Use of Transmission Reliability Margin (TRM); Use of Capacity Benefit Margin (CBM); and Use of Rollover Rights (ROR) in the calculation of ETC.

TTC and ATC are required to be calculated only for certain non-PTF internal paths over which Local Point-to-Point Service is provided under Schedule 21-NSTAR. TTC and ATC are not calculated by NSTAR for Local Network Service because ISO employs a market model for economic, security constrained dispatch of generation, and NSTAR does not require advance reservation for such network service.

### 2. Transmission Service in the New England Markets

Since the inception of the open access transmission tariff for New England, the process by which generation located inside New England supplies energy and/or capacity to the bulk electric system has differed from the Commission's pro forma open access transmission tariff. The fundamental difference is that internal generation is dispatched in an economic, security constrained manner by the ISO rather than utilizing a system of physical rights, advance reservations and point-to-point transmission service.

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Through this process, internal generation provides offers that are utilized by the ISO in the Real-Time Energy Market dispatch software. This process provides the least-cost dispatch to satisfy Real-Time load on the system.

In addition to offers from generation within New England, entities may submit energy transactions that move into the New England Control Area, out of the New England Control Area or through the New England Control Area. The Real-Time Energy Market clears these External Transactions based on forecast LMPs and the transfer capability of the associated external interfaces. With those External Transactions in place, the Real-Time Energy Market dispatches internal generation in an economic, security constrained manner to meet Real-Time load within the region.

The process for submitting External Transactions into the Real-Time Energy Market does not require an advance physical reservation for use of the PTF. In the event that the net of economic External Transactions is greater than the transfer capability of the associated external interface, the External Transactions selected to flow are selected based on the rules specified in the Tariff. For any External Transactions that are confirmed to flow in Real-Time based on the economics of the system, a transmission reservation for RNS and Through-or-Out Service is created after-the-fact to satisfy the transparency needs of the market.

The process described above is applicable to the PTF within the New England Control Area, and non-PTF where utilized for Local Network Service by generation or load. However, NSTAR owns local transmission facilities over which an advance transmission service reservation for firm or non-firm transmission service may be required. On those facilities, Market Participants may obtain a transmission service reservation from NSTAR under Schedule 21-NSTAR prior to delivery of energy and/or capacity into the New England markets pursuant to Schedule 18, 20A or 20B of the Tariff. This document addresses the calculation of ATC and TTC for these non-PTF internal paths.

### 3. NSTAR Total Transfer Capability (TTC)

TTC is the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of all transmission lines (or paths) between those areas under specified system conditions. TTC for Schedule 21-NSTAR is calculated using NERC Standard MOD-029-1 Rated System Path Methodology and posted on the NSTAR OASIS site.

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The TTC on NSTAR's Non-PTF that requires Local Point-to-Point Service reservations are relatively static values. NSTAR calculates the TTC for Posted Paths as the rating of the particular radial transmission path. NSTAR will calculate and post TTC on its OASIS site for all non-PTF Posted Paths that are eligible for Local Point-to-Point Service reservations. TTC is calculated as the transfer capability rating of the particular radial transmission path less the most limiting element within the Posted Path.

#### 4. Capacity Benefit Margin (CBM)

CBM is defined as the amount of firm transmission transfer capability set aside by a Transmission Provider for use by the Load Serving Entities. The ISO does not set aside any CBM for use by the Load Serving Entities, because of the New England approach to capacity planning requirements in the ISO New England Operating Documents, and in any event, ISO's determination of CBM does not apply directly to the determination of ATC for Local Service. Load Serving Entities operating with the New England Control Area are required to arrange for their Capacity Requirements prior to the beginning of any given month in accordance with the Tariff, Section III.13.7.3.1 (Calculation of Capacity Requirement and Capacity Load Obligation). Load Serving Entities do not utilize CBM to ensure that their capacity needs are met; therefore, CBM is not applicable within the New England market design. Accordingly, for purposes of NSTAR's ATC calculation and because CBM for the New England Control Area is set to zero (0), NSTAR utilizes a zero (0) CBM value.

#### 5. Transmission Reliability Margin (TRM)

TRM is the amount of transmission transfer capability set aside to provide reasonable assurance that the interconnected transmission network will be secure. TRM accounts for the inherent uncertainty in system conditions and the need for operating flexibility to ensure reliable system operation as system conditions change. It is used only for external interfaces under the New England market design. As NSTAR does not have any external interfaces, TRM for its non-PTF facilities is presently set to zero.

#### 6. Existing Transmission Commitments

##### 6.1 Existing Transmission Commitments, Firm (ETC<sub>F</sub>)

ETC<sub>F</sub> are confirmed Firm Local Point-To-Point Transmission Service reservations (PTP<sub>F</sub>) plus any exercised rollover rights for Firm Point-To-Point Transmission Service reservations (ROR<sub>F</sub>). There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission

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Service (NITS<sub>F</sub>), grandfathered Transmission Service (GF<sub>F</sub>), and other services, contracts or agreements (OS<sub>F</sub>) to be considered in the ETC<sub>F</sub> calculation.

### 6.2 Existing Transmission Commitments, Non-Firm (ETC<sub>NF</sub>)

ETC<sub>NF</sub> are confirmed Non-Firm transmission reservations (PTP<sub>NF</sub>). There are no allowances necessary for Non-Firm Network Integration Transmission Service (NITS<sub>NF</sub>), Non-Firm grandfathered Transmission Service (GF<sub>NF</sub>), or other services, contracts or agreements (OS<sub>NF</sub>).

### 7. Calculation of ATC for NSTAR's Transmission System

NERC Standards MOD-001-1 – Available Transmission System Capability and MOD-029-1 – Rated System Path Methodology define the required items to be identified when describing a Transmission Provider's ATC methodology. As a practical matter, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available.

Common practice is not to calculate or post firm and non-firm ATC values for the Non-PTF assets, as ATC is positive and listed as 9999. Transmission Customers are not restricted from reserving Firm or Non-Firm Point-to-Point Service on Non-PTF facilities.

As Real-Time approaches, the ISO utilizes the Real-Time Energy Market rules to determine which of the submitted energy transactions will be scheduled in the coming hour. Basically, the ATC of the non-PTF assets in the New England market is almost always positive. The ATC is equal to the amount of net energy and/or capacity transactions that the ISO will schedule on an interface for the designated hour. With this simplified version of ATC, there is no detailed algorithm to be described or posted other than: ATC equals TTC. Thus, for those non-PTF that serve as a path for NSTAR's Transmission Customers taking Local Point-to-Point Service, NSTAR has posted the ATC as 9999, consistent with industry practice. ATC on these paths varies depending on the time of day. However, it is posted with an ATC of "9999" to reflect the fact that there are no restrictions on these paths for commercial transactions.

#### 7.1 Calculation of Schedule 21-NSTAR Firm ATC (ATC<sub>F</sub>)

##### 7.1.1 Calculation of ATC<sub>F</sub> in the Planning Horizon (PH)

For purposes of this Attachment A, PH is any period before the Operating Horizon.

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Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for TRM, CBM,  $ETC_F$ ,  $Postbacks_F$  and  $counterflows_F$ . As discussed above, TRM and CBM are zero. Firm Transmission Service under Schedule 21-NSTAR that is available in the PH includes: Yearly, Monthly, Weekly and Daily.  $Postbacks_F$  and  $counterflows_F$  of Schedule 21-NSTAR transmission reservations are not considered in the ATC calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$ .

### 7.1.2 Calculation of $ATC_F$ in the Operating Horizon (OH)

For purposes of this Attachment A, OH begins noon eastern prevailing time each day. At that time, the OH spans from noon through midnight of the next day for a total of 36 hours. As time progresses, the total hours remaining in the OH decrease until noon the following day when the OH is once again reset to 36 hours.

Consistent with the NERC definition,  $ATC_F$  is the capability for Firm transmission reservations that remain after allowing for  $ETC_F$ , CBM, TRM,  $Postbacks_F$  and  $counterflows_F$ . As discussed above, TRM and CBM are zero. Daily Firm Transmission Service under Schedule 21-NSTAR is the only firm service offered in the OH.  $Postbacks_F$  and  $counterflows_F$  of Schedule 21-NSTAR transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$ .

### 7.1.3 Calculation of $ATC_F$ in the Scheduling Horizon (SH)

Because Firm Schedule 21-NSTAR transmission service is not offered in the SH,  $ATC_F$  in the SH is zero.

## 7.2 Calculation of Schedule 21-NSTAR Non-Firm ATC ( $ATC_{NF}$ )

### 7.2.1 Calculation of $ATC_{NF}$ in the PH

$ATC_{NF}$  is the capability for Non-Firm transmission reservations that remain after allowing for  $ETC_F$ ,  $ETC_{NF}$ , scheduled CBM ( $CBM_S$ ), unreleased TRM ( $TRM_U$ ), Non-Firm Postbacks ( $Postbacks_{NF}$ ) and Non-Firm counterflows ( $counterflows_{NF}$ ). As discussed above, the TRM and CBM for Schedule 21-NSTAR are zero.  $ATC_{NF}$  available in the PH includes: Monthly, Weekly, Daily and Hourly.  $TRM_U$ ,  $Postbacks_{NF}$  and  $counterflows_{NF}$  of Schedule 21-NSTAR transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

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### 7.2.2 Calculation of $ATC_{NF}$ in the OH

$ATC_{NF}$  available in the OH includes: Daily and Hourly. As discussed above, the TRM and CBM for Schedule 21-NSTAR are zero.  $TRM_U$ , counterflows $_{NF}$  and  $ETC_{NF}$  of Schedule 21-NSTAR transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the OH is equal to the TTC minus  $ETC_F$  plus postbacks of  $PTP_F$  in the OH as  $PTP_{NF}$  (Postbacks $_{NF}$ ).

### 7.3 Negative ATC

As stated above, the ratings of the radial transmission paths are always higher than the transmission requirements of the Transmission Customers connected to that path. As such, transmission services over these posted paths are considered to be always available. As also stated above, NSTAR's Non-PTF are primarily radial paths that provide transmission service to directly interconnected generators. It is possible that in the future a particular radial path may interconnect more nameplate capacity generation than the path's TTC. For the local facilities modeled by ISO, and consistent with ISO's economic, security-constrained dispatch methodology, the ISO will only dispatch an amount of generation interconnected to such path so as not to incur a reliability or stability violation on the subject path. Therefore, ATC in the PH, OH and SH could become zero, but will never be negative.

## 8. Posting of Schedule 21-NSTAR ATC

### 8.1 Location of ATC Posting

ATC values are posted on the NSTAR OASIS site.

### 8.2 Updates to ATC

When any of the variables in the ATC equations change, the ATC values are recalculated and immediately posted.

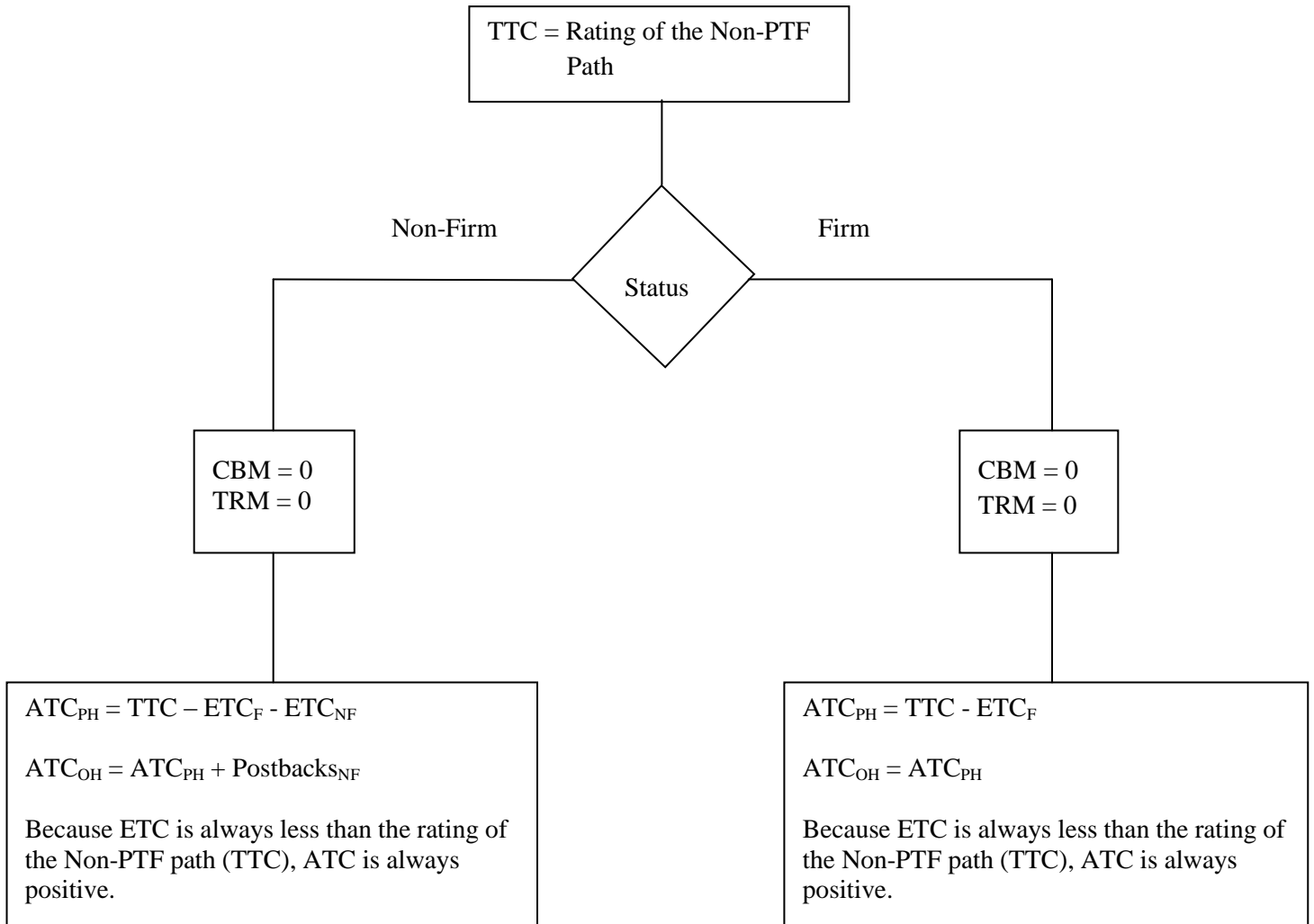
### 8.3 Coordination of ATC Calculations

NSTAR's Non-PTF has no external interfaces. Therefore, it is not necessary to coordinate the values.

### 8.4 Mathematical Algorithms

The mathematical algorithms for the calculation of ATC can be found on NSTAR's web site at [http://www.nstar.com/business/rates\\_tariffs/open\\_access/docs/ATC\\_Algorithm-Sch\\_21.pdf](http://www.nstar.com/business/rates_tariffs/open_access/docs/ATC_Algorithm-Sch_21.pdf)

**Non-PTF Transmission Path ATC Process Flow Diagram**



**ATTACHMENT B**

**METHODOLOGY FOR COMPLETING A SYSTEM IMPACT STUDY**

When NSTAR determines on a non-discriminatory basis that a System Impact Study is needed because its Transmission System will be inadequate to accommodate a Completed Application for service, the following outlines the study methodology that NSTAR will employ to estimate the Transmission System impact of a Completed Application for Firm Local Point-To-Point Service, Network Integration Service and/or any costs associated with Direct Assignment Facilities and/or Local Network Upgrades that would be incurred in order to accommodate the service requested in the Completed Application.

1. System Impact will be estimated based on consideration of reliability requirements to:

- meet obligations under agreements that predate this Local Service Schedule;
- meet obligations of existing and pending Completed Application under this Local Service Schedule;
- maintain thermal, voltage and stability system performance within acceptable regional practices.

2. Guidelines and Principles followed by NSTAR: When performing the System Impact Study, NSTAR will apply the following, as amended and/or adopted from time to time.

- Good Utility Practice;
- Criteria, rules and reliability standards applicable to the New England Transmission System;
- NPCC criteria and guidelines; and
- NSTAR criteria and guidelines.

3. Transmission System Model Representation: The Transmission System model will be based on a library of load flow cases prepared by ISO for studies of the New England area. The models may include representations of other NPCC and neighboring systems. These load flow cases include individual system model representations provided by Transmission Owners and represent forecasted system conditions for up to ten (10) years into the future. This library of load flow cases is maintained and updated as appropriate by ISO, and is consistent with information filed under FERC Form 715. NSTAR will use system models that it deems appropriate for study of the Completed Application for service. Additional system models and operating conditions, including assumptions specific to a particular

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analysis, may be developed for conditions not available in the library of load flow cases. The system models may be modified, if necessary, to include additional system information on load, transfers and configuration, as it becomes available.

4. System Conditions: Loading of all Transmission System elements shall be less than normal ratings for pre-contingency conditions and less than long-term emergency (LTE) ratings for post-contingency conditions. Post-contingency loading above LTE rating and less than short-term emergency (STE) rating may be allowed where demonstrated that loading can be reduced below the LTE rating within fifteen (15) minutes. Transmission System voltage shall be within the applicable design ratings of connected equipment for normal and emergency conditions. Normal and post-contingency voltages shall be in accordance with NSTAR and ISO standards.
5. Short Circuits: Transmission System short circuit currents shall be within the applicable equipment design ratings.
6. Study Analysis: System impact of the integration of new load will be evaluated to meet the requirements of design, identified in the guidelines and principles under Item 2 above, to provide sufficient transmission capability to maintain stability and to maintain thermal and voltage levels of lines and equipment within applicable limits. The same applies to the evaluation of Firm Point-To-Point Service when it has been determined that insufficient transfer capability is available and the Eligible Customer requests a System Impact Study be conducted.
7. Loss Evaluation: The impact of losses on the Transmission System will be taken into account in the System Impact Study to ensure Good Utility Practice in the design and operation of its system.
8. System Protection: Protection requirements will be evaluated by NSTAR in accordance with ISO, NPCC, and NSTAR criteria.
9. Approvals: NSTAR will conduct the System Impact Study to ensure compliance with its planning and design policies and practices. However, the actions to be taken by the Parties to implement the recommendations of the System Impact Study are subject to approval under the Tariff.

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10. Study Scope and Reporting: The study will determine the impacts and identify changes required, if any, to NSTAR's existing Transmission System. NSTAR will provide the Eligible Customer with a written report of the physical interconnection alternative(s), required NSTAR system additions and/or modifications, if any, associated study grade cost estimates (+/- 25%) and the results of the analysis.

**ATTACHMENT C**

**INDEX OF LOCAL POINT-TO-POINT SERVICE CUSTOMERS**

<u>Customer</u>	<u>Date of Service Agreement</u>
AIG Trading Corporation	October 29, 1996
Altresco Pittsfield Light Plant	December 26, 1996
Aquila Power Company	February 26, 1997
Axia Energy, LP	June 20, 2001
Baltimore Gas & Electric Co.	January 14, 1997
Bangor Hydro-Electric Co.	October 1, 1996
Belmont Municipal Light Dept.	December 11, 1996
Central Vermont Public Service	January 3, 1997
Chicopee Municipal Light Dept.	October 2, 1996
CINERGY Capital and Trading, Inc.	January 1, 1998
CINERGY Operating Companies	December 1, 1997
Citizens Lehman Power Sales	November 6, 1996
Constellation Power Source, Inc.	July 11, 1997
Duke Energy Solutions, Inc.	March 19, 1999
DukeSolutions, Inc.	May 18, 1999
Edison Source	June 9, 1997
Electric Clearinghouse, Inc.	October 7, 1996
Entergy Nuclear Generation Company	April 10, 2003
Equitable Power Services Company	October 29, 1996
Green Mountain Power Corporation	January 10, 1997
HQ Energy Services (US) Inc.	February 8, 1999
LG&E Power Marketing, Inc.	October 8, 1996
Maine Public Service Company	September 30, 1996
Massachusetts Bay Transportation Authority	May 1, 1999
Massachusetts Municipal Wholesale Electric Co.	September 6, 1996
Merchant Energy Group of the Americas, Inc.	August 16, 1998
Mirant Canal, LLC	July 6, 1998

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Mirant Americas Energy Marketing, LP	April 28, 2004
Montaup Electric Co.	October 15, 1996
Morgan Stanley Capital Group, Inc.	October 29, 1996
NEPOOL on Behalf of NEPOOL Participants	June 1, 1997
New England Power Company	December 30, 1996
New York State Gas & Electric Corp.	December 16, 1997
NorAm Energy Services	November 14, 1997
Northeast Energy Services, Inc.	June 17, 1997
NP Energy, Inc.	August 1, 1997
NRG Power Marketing, Inc.	January 1, 2001
NSTAR Electric Company	December 24, 1996
PECO Energy Power Team	January 3, 1997
Rainbow Energy Power Marketing	November 7, 1996
Reading Municipal Light Department	September 6, 1996
Sithe New England Holdings, LLC	January 3, 1998
Sonat Power Marketing, Inc.	November 14, 1997
Southern Energy Trading and Marketing, Inc.	March 10, 1997
Strategic Energy Ltd.	May 11, 1999
The Power Company of America	November 18, 1996
Town of Braintree Electric Light Dept.	September 6, 1996
Town of Hingham Municipal Light Plant	September 9, 1996
Town of Hull Municipal Light Plant	December 11, 1996
Trans Alta Energy Marketing	November 24, 1998
Trans Canada Power Corporation	January 27, 1997
Western Power Services, Inc.	December 24, 1996
Williams Energy Services Company	July 17, 1997
VTEC Energy, Inc.	March 24, 1998

**ATTACHMENT D**

**ANNUAL TRANSMISSION REVENUE REQUIREMENTS**

The Transmission Revenue Requirements for NSTAR (“the Company”) will reflect the costs for its Transmission System, including costs attributable to those incurred by the Company in owning, leasing, maintaining and supporting the Transmission System net of revenues for transmission services provided under any other FERC accepted tariff or under any contract with other parties that provides reimbursement to the Company for transmission related services. Under no circumstances shall the Company’s Local Network Service rates include costs that are charged through any other rate or tariff. The Transmission Revenue Requirements will be an annual calculation based on the estimated costs for its Transmission System during the Service Year.

The Company shall make an annual informational filing with the FERC on or before May 31 of each year which shall include a True-up of estimated costs and revenues, and actual costs and revenues for the preceding Service Year. Actual costs will be determined using data required to be reported annually in the FERC Form 1 and recorded on the Company’s books in accordance with FERC’s Uniform System of Accounts; unless the use of other data, such as subaccount balances, is specifically required by the provisions below, in which case an officer of the Company, shall certify that the development, accuracy and application of such other data is in accordance with the provisions of this Local Service Schedule. Such certification will be included with the annual informational filing along with adequate detail that supports the values contained within the True-up calculation. References to specific FERC Form 1 pages, line numbers and columns included in this Local Service Schedule are based on the 2006 Form 1 of the Company’s predecessor entities. Subsequent FERC changes to Form 1 may be adopted to the extent they are consistent with the provisions and terms of this Local Service Schedule and not otherwise prohibited by FERC.

**I. DEFINITIONS**

Capitalized terms not otherwise defined in Section II.1 of the OATT or the Local Service Schedule and as used herein have the following definitions:

**A. ALLOCATION FACTORS**

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1. Transmission Wages and Salaries Allocation Factor shall equal the ratio of transmission-related direct wages and salaries including those of affiliated companies as reported in the Company's annual FERC Form 1, page 354, line 21, column (b) to the Company's total direct wages and salaries including those of the affiliated companies as reported in the Company's FERC Form 1, page 354, line 28, column (b), and excluding administrative and general wages and salaries as reported in the Company's FERC Form 1, page 354, line 27, column (b).
2. Plant Allocation Factor shall equal the ratio of the sum of Transmission Plant, excluding HQ leases, plus Transmission Related Intangible and General Plant to Total Plant in Service excluding HQ Leases.

### B. TERMS

Administrative and General Expense shall equal the expenses as reported in the Company's FERC Form 1, page 323, line 197, column (b), excluding Property Insurance included in FERC Account No. 924, Regulatory Commission Expense included in FERC Account No. 928, and Advertising Expense included in FERC Account No. 930.1. The amount of Postretirement Benefits Other Than Pensions ("PBOP") expense in FERC Account No. 926 shall be separately stated as a footnote to the Company's FERC Form 1, page 323, line 187, column (b): Current Year and column (c): Previous Year.

Amortization of Gain on Reacquired Debt shall equal the amortization amount recorded in FERC Account No. 429.1.

Amortization of Loss on Reacquired Debt shall equal the expenses as recorded in FERC Account No. 428.1.

Amortization of Investment Tax Credits shall equal the credits as recorded in FERC Account No. 411.4.

Depreciation Expense for Transmission Plant shall equal the transmission expenses as recorded in FERC Account No. 403 as reported in the Company's annual FERC Form 1 page 336, line 7, column (f).

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General Plant shall equal the gross plant balance as recorded in FERC Account Nos. 389-399.

General Plant Depreciation and Amortization Expense shall equal the general plant expenses as recorded in FERC Account Nos. 403 for depreciable items and 404 for items subject to amortization as reported in the Company's annual FERC Form 1, page 336, line 10, column (f).

General Plant Depreciation Reserve shall equal the general reserve balance as recorded in FERC Account No. 108 and reported in the Company's annual FERC Form 1, page 219, line 28, column (b).

General Plant Amortization Reserve shall equal the general reserve balance as recorded in FERC Account No. 111 and reported in the Company's annual FERC Form 1, page 200 in a footnote to line 14.

Hydro-Quebec DC Facilities (HQ Leases) shall equal the balance in capital leases as recorded in FERC Account Nos. 350-359 and FERC Account Nos. 389-399.

Intangible Plant shall equal the gross plant balance as recorded in FERC Account No. 303 as reported in the Company's annual FERC Form 1, page 205, line 4, column (g). The only allowable Intangible Plant for inclusion in the Local Service Schedule are software, patent or rights costs.

Intangible Plant Amortization Expense shall equal amortization expenses as recorded in FERC Account Nos. 404-405 as reported in the Company's annual FERC Form 1, page 336, line 1, column (f). The only allowable Intangible Plant Amortization Expense for inclusion in the Local Service Schedule is the amortization of software, patent or rights costs.

Intangible Plant Amortization Reserve shall equal the amortization reserve balance as recorded in FERC Account No. 111. The only allowable Intangible Plant Amortization Reserve for inclusion in the Local Service Schedule is that related to the amortization of software, patent or rights costs.

Other Regulatory Assets/Liabilities - FAS 106 shall equal the net of the FAS 106 balance as recorded in FERC Account No. 182.3 and any FAS 106 balance as recorded in the FERC Account No. 254.

Other Regulatory Assets/Liabilities - FAS 109 shall equal the net of the FAS 109 asset and any FAS 109

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balance liability.

Payroll Taxes shall equal those payroll expenses as recorded in the FERC Account No. 408.1.

Plant Held for Future Use shall equal the balance in FERC Account No. 105 that relates to land and land rights which have been purchased for future transmission use, or transmission related projects that were included in this account before January 1, 2007.

Prepayments shall equal the prepayment balance as recorded in FERC Account No. 165, plus any prepayment specifically related to the Company's Pension plans related to electric company operations recorded in FERC Account No. 182.3, Other Regulatory Assets.

Property Insurance shall equal the expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of the deferred tax balance as recorded in FERC Account Nos. 281-283 and 190 for those balances that are directly related to transmission, excluding those directly related to distribution or other businesses.

Total Gain on Recquired Debt shall equal the gain as recorded in FERC Account No. 257.

Total Loss on Recquired Debt shall equal the expenses as recorded in FERC Account No. 189.

Total Municipal Tax Expense shall equal the municipal tax expenses as recorded in FERC Account No. 408.1 as reported in the Company's annual FERC Form 1, page 263, line 10, column (i).

Total Plant in Service shall equal the total gross plant balance as recorded in FERC Account Nos. 301-399 excluding HQ Leases recorded in those accounts.

Total Transmission Depreciation Reserve shall equal the transmission reserve balance as recorded in FERC Account No. 108 as reported in the Company's annual FERC Form 1, page 219, line 25, column (b), excluding HQ-related amounts recorded in that account.

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Transmission Depreciation Expense shall be the annual depreciation expense for transmission accounts computed using the following rates, as approved by FERC in Docket No. ER03-1274:

<u>Account</u>	<u>Description</u>	<u>Rate</u>
352	Structures and Improvements	2.19%
353	Station Equipment	2.53%
354	Towers and Fixtures	2.03%
355	Poles and Fixtures	2.25%
356	Overhead Conductors and Devices	2.19%
357	Underground Conduit	2.06%
358	Underground Conductors and Devices	2.15%
359	Roads and Trails	1.63%

Transmission Operation and Maintenance Expense shall equal all transmission-related expenses as recorded in FERC Account Nos. 560-564 and 566-576.5, and shall exclude; (i) all HQ HVDC expenses recorded in those accounts, and (ii) expenses billed to the Company by ISO-NE for Scheduling and Dispatch Service.

Transmission Plant shall equal the balance as recorded in FERC Account Nos. 350-359.1, adjusted to exclude the capital leases in the Hydro-Quebec DC Facilities (HQ Leases).

Transmission Plant Materials and Supplies shall equal the balance as assigned to transmission, as recorded in FERC Account No. 154 as reported in the Company's annual FERC Form 1, page 227, lines 5 and 8, column (c).

## **II. CALCULATION OF TRANSMISSION REVENUE REQUIREMENTS**

The Transmission Revenue Requirement shall equal the sum of (A) Return and Associated Income Taxes, (B) Transmission Depreciation and Amortization Expense, (C) Transmission Related Amortization of Gain/Loss on Reacquired Debt, (D) Transmission Related Amortization of Investment Tax Credits, (E) Transmission Related Municipal Tax Expense, (F) Transmission Related Payroll Tax Expense, (G) Transmission Operation and Maintenance Expense, (H) Transmission Related Administrative and General Expenses, (I) Transmission Related Integrated Facilities Charges, minus (J) Transmission

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Support Revenue, plus (K) Transmission Support Expense, plus (L) Transmission-Related Expense from Generators, minus (M) Transmission Rents Received from Electric Property, minus (N) Short-Term and Non-Firm Point-To-Point Service Revenues, minus (O) Regional Network Services (RNS) Revenues, minus (P) Through or Out Revenues, minus (Q) ISO-NE Scheduling and Dispatch Revenues.

A. Return and Associated Income Taxes shall equal the product of the Transmission Investment Base and the Cost of Capital Rate.

1. Transmission Investment Base

The Transmission Investment Base will be the year end balances of (a) Transmission Plant, plus (b) Transmission Related Intangible and General Plant, plus (c) Transmission Plant Held for Future Use, plus (d) 50 percent of Transmission Related Construction Work In Progress (CWIP), less (e) Transmission Related Depreciation and Amortization Reserve, less (f) Transmission Related Accumulated Deferred Taxes, less, (g) AFUDC Regulatory Liability, plus (h) Transmission Related Gain/Loss on Reacquired Debt, plus (i) Other Regulatory Assets/Liabilities, plus (j) Transmission Prepayments, plus (k) Transmission Materials and Supplies, plus (l) Transmission Related Cash Working Capital.

- (a) Transmission Plant will equal the balance of the investment in Transmission Plant. This value excludes the capital leases in the Hydro-Quebec DC Facilities (HQ Leases).
- (b) Transmission Related Intangible and General Plant shall equal the sum of the balance of investment in Intangible Plant and General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
- (c) Transmission Plant Held for Future Use shall equal the land and land rights portion of the balance of Transmission-related Plant Held for Future Use (FERC Account No. 105) plus the non-land Plant Held for Future Use related to projects that were included in Account No. 105 prior to January 1, 2007 to the extent such non-land plant has not been closed to Plant In Service; such balances to be provided in conformance with the FERC Uniform System of Accounts, Instruction E, Account No. 105 which requires that

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“...property included in this account shall be classified according to detail accounts (301-399)...and shall be maintained in such detail as though the property were in service.”

- (d) 50 Percent of Transmission Related Construction Work in Process (CWIP) shall equal the balance of Transmission related investment in FERC Account 107 multiplied by 50%, subject to any exclusions pursuant to the provisions of Section 4.1 of this Local Service Schedule.
- (e) Transmission Related Depreciation and Amortization Reserve shall equal the balance of Total Transmission Depreciation Reserve as reported in the Company’s annual FERC Form 1, page 219 line 25, column (b), plus the balance of Transmission Related Intangible Plant Amortization Reserve, Transmission Related General Plant Depreciation Reserve and Transmission Related General Plant Amortization Reserve. Transmission Related Intangible Plant Amortization Reserve, Transmission Related General Plant Depreciation Reserve and Transmission Related General Plant Amortization Reserve shall equal the product of (i) the sum of the Intangible Plant Amortization Reserve, General Plant Depreciation Reserve and General Plant Amortization Reserve and (ii) the Transmission Wages and Salaries Allocation Factor. The Total Transmission Depreciation Reserve balance excludes any amounts related to the capital leases in the Hydro-Quebec DC Facilities (HQ Leases).
- (f) Transmission Related Accumulated Deferred Taxes shall equal the electric balance of Total Accumulated Deferred Income Taxes (for those balances that are directly related to transmission, plus the balances not directly related to other businesses), with the remaining accumulated deferred taxes not directly related to other businesses being allocated on the same basis used for the related rate base assets.
- (g) AFUDC Regulatory Liability shall equal 50% of the capitalized AFUDC booked on transmission projects as recorded in FERC Account No. 254.
- (h) Transmission Related Gain/Loss on Recquired Debt shall equal the electric balance of Total Gain/Loss on Recquired Debt multiplied by the Plant Allocation Factor.

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- (i) Other Transmission Related Regulatory Assets/Liabilities shall equal the electric balance of any deferred rate recovery of FAS 106 expenses multiplied by the Transmission Wages and Salaries Allocation Factor, plus the electric balance of FAS 109 multiplied by the Plant Allocation Factor.
- (j) Transmission Prepayments shall equal the electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor.
- (k) Transmission Materials and Supplies shall equal the electric balance of Transmission Plant Materials and Supplies.
- (l) Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of the Transmission Operation and Maintenance Expense included in Section II.G, Transmission Related Administrative and General Expenses included in Section II.H, and Transmission Support Expenses included in Section II.K.

### 2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the Weighted Cost of Capital, plus (b) Federal Income Tax plus (c) State Income Tax.

- (a) The Weighted Cost of Capital for Service Years ending before January 1, 2013 will be calculated based 70% upon the capital structure at the end of each year and 30% upon a pro-forma capital structure consisting of 50% debt, 0% preferred, and 50% common equity; thereafter the pro-forma capital structure will be the same as the actual capital structure, and will equal the sum of (i), (ii) and (iii) below. Notwithstanding the foregoing, for Service Years ending before January 1, 2013, NSTAR's Weighted Cost of Capital will be the lower of the blended rate as calculated herein or the actual rate.
  - (i) the long-term debt component, which equals the product of: the actual weighted average embedded cost to maturity of the long-term debt then outstanding; and the sum of (a) the ratio that long-term debt is to the total capital multiplied by 70%, plus (b) 50% pro-forma

## ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

capital structure multiplied by 30%.

- (ii) the preferred component shall be the product of: the embedded cost of preferred stock outstanding at the end of each year; and the sum of (a) the ratio that preferred stock is to the total capital multiplied by 70%, plus (b) 0% pro-forma capital structure multiplied by 30%.
- (iii) the return on equity component shall be the product of: the allowed ROE of the common equity; and the sum of (a) the ratio that common equity is to the total capital multiplied by 70%, plus (b) 50% pro-forma capital structure multiplied by 30%. The allowed ROE shall be 11.14%, plus any additional incentive ROE adders as may be applied to specific investment approved by the Commission pursuant to Order No. 679. The allowed ROE shall be subject to revision at any time by unilateral filing by NSTAR under Section 205 of the FPA or by such Section 205 filing by NSTAR on a joint basis with other New England transmission owners. In either case, the revised ROE shall become effective no later than sixty days after the filing in accordance with the provisions of the FPA and also subject to any suspension or refund condition which the Commission may order pursuant to its authority under that Section. Any filing made by NSTAR to revise the ROE in compliance with a Commission order shall become effective as of the date specified in such order and shall raise no issue regarding this Local Service Schedule other than the compliance with the Commission order. The allowed ROE is also subject to revision pursuant to the authority of the Commission under Sections 205 and 206 of the FPA.
- (b) Federal Income Tax shall equal

$$\frac{(A+[(C+B)/D])(FT)}{1 - FT}$$

where FT is the Federal Income Tax Rate and A is the weighted return on equity component, including preferred, as determined in Sections II.A.2.(a)(ii) and (iii) above, B is Transmission Related Amortization of Investment Tax Credits, as determined in Section II.D below, C is the equity AFUDC component of Transmission Depreciation

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and Amortization Expense, as defined in Section II.B below, and D is Transmission Investment Base, as determined in Section II.A.1 above.

(c) State Income Tax shall equal

$$\frac{(A+[(C+B)/D] + \text{Federal Income Tax})(ST)}{1 - ST}$$

where ST is the State Income Tax Rate, A is the weighted return on equity component, including preferred, determined in Sections II.A.2.(a)(ii) and (iii) above, B is the Amortization of Investment Tax Credits as determined in Section II.D below, C is the equity AFUDC component of Transmission Depreciation and Amortization Expense, as defined in Section II.B below, D is the Transmission Investment Base, as determined in II.A.1 above and Federal Income Tax is the rate determined in Section II.A.2.(b) above.

B. Transmission Depreciation and Amortization Expense shall equal the sum of (i) the Depreciation Expense for Transmission Plant and (ii) an allocation of Intangible Plant Amortization Expense and General Plant Depreciation Expense, which is calculated by multiplying the sum of (a) Intangible Plant Amortization Expense and (b) General Plant Depreciation Expenses by the Transmission Wages and Salaries Allocation Factor; less the Amortization of AFUDC Regulatory Credit as recorded in FERC Account No. 407.4.

C. Transmission Related Amortization of Gain/Loss on Reacquired Debt shall equal the electric Amortization of Gain/Loss on Reacquired Debt multiplied by the Plant Allocation Factor.

D. Transmission Related Amortization of Investment Tax Credits shall equal the electric Amortization of Investment Tax Credits multiplied by the Plant Allocation Factor.

E. Transmission Related Municipal Tax Expense shall equal the total electric municipal tax expense reported in the Company's FERC Form 1, page 263, Local Real Estate and Personal Property Taxes, column (i), multiplied by the Plant Allocation Factor.

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- F. Transmission Related Payroll Tax Expense shall equal the total electric payroll tax expense reported in the Company's FERC Form 1, page 263, Service Company Allocations and Capitalization, column (i), multiplied by the Transmission Wages and Salaries Allocation Factor.
- G. Transmission Operation and Maintenance Expense shall equal the Transmission Operation and Maintenance Expenses in Section I.B above.
- H. Transmission Related Administrative and General Expenses shall equal the sum of the (1) Administrative and General Expense multiplied by the Transmission Wages and Salaries Allocation Factor, (2) Property Insurance included in FERC Account No. 924, line 156 multiplied by the Transmission Plant Allocation Factor, and (3) expenses included in Account No. 928, line 160 related to (i) transmission related FERC Assessments, plus (ii) any other Federal and State transmission related expenses or assessments, plus (iii) the cost of any independent audit requested by the Mass AG as the representative for NSTAR's retail customers. The amount of PBOP expense shall be separately stated. NSTAR commits to adhere to: (i) the Commission's PBOP policy as expressed in the Commission's December 17, 1992, Statement of Policy in Docket No. PL93-1-000, as the Commission may amend that policy from time to time in the future; and (ii) the provisions of Financial Accounting Statement 106, Employers' Accounting for Postretirement Benefits Other Than Pensions.
- I. Transmission Related Integrated Facilities Charges shall equal the transmission payments to Affiliates for use of the integrated transmission facilities of those Affiliates included in FERC Account No. 565.
- J. Transmission Support Revenues shall equal the revenue received for transmission support included or includable in FERC Account Nos. 454 and 456 but excluding any revenue received for use of the Company's entitlement in the Hydro-Quebec Facilities.
- K. Transmission Support Expense shall equal the expense paid by the Company for transmission support included in FERC Account No. 565, but excluding expenses for the Hydro-Quebec DC Facilities.
- L. Transmission-Related Expense from Generators shall equal the expenses from generators that are reflected in a filing made by the Company with the Commission under Section 205 of the Federal Power

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Act and accepted by the Commission for recovery under the Local Service Schedule and included or includable in FERC Account No. 565.

M. Transmission Rents Received from Electric Property shall equal any FERC Account Nos. 454 and 456 Rents from Electric Property, associated with Transmission Plant but not reflected as a credit in Transmission Support Revenues in Section II.J.

N. Short-Term and Non-Firm Point-to-Point Service Revenues shall equal the applicable wheeling revenues received for Local Point-To-Point Service provided under this Local Service Schedule, including the transmission component of the Company's Third-Party Sales, as recorded in FERC Account Nos. 447 and 456.1.

O. Regional Network Services (RNS) Revenues shall equal the Company's RNS revenues pursuant to the Tariff, as included or includable in FERC Account Nos. 454, 456 and 456.1 but excluding any incremental revenues associated with FERC-approved adders for RTO participation and new investment.

P. Through or Out Revenues shall equal the distribution of revenues received by the Company for Through or Out Service pursuant to the Tariff as included or includable in FERC Account Nos. 454 and 456.1.

Q. ISO-NE Scheduling and Dispatch Revenues shall be the amount of revenues received by the Company from ISO-NE for scheduling and dispatch services pursuant to the Tariff as included or includable in FERC Account Nos. 454, 456 and 456.1.

**ATTACHMENT E**

**INDEX OF LOCAL NETWORK SERVICE CUSTOMERS**

<u>Customer</u>	<u>Date of Service Agreement</u>
ANP Blackstone Energy Company	October 1, 2000
Entergy Nuclear Generation Company	September 1, 1999
New England Power Company	September 6, 1996
NSTAR Electric Company	December 24, 1996
Sithe New Boston LLC	September 1, 1998
Sithe Framingham LLC	September 1, 1998
Sithe Mystic LLC	September 1, 1998
Sithe Edgar LLC	September 1, 1998
Sithe West Medway LLC	September 1, 1998
Town of Braintree Municipal Light Dept.	March 1, 1997
Town of Concord Municipal Light Plant	June 21, 2002
Town of Hingham Municipal Light Plant	March 1, 1997
Town of Hull Municipal Light Plant	March 1, 1997
Town of Norwood Municipal Light Dept.	September 6, 1996
Town of Reading Municipal Light Plant	March 1, 1997
Town of Wellesley Municipal Light Plant	June 21, 2002

**ATTACHMENT F**

**FORMULA RATE TEMPLATE**

**NSTAR Electric Company**  
**Annual Local Network Service Revenue Requirement**  
**Service Year Ended December 31, xxxx**

This template does not change the other provisions of this Schedule 21. The template is not a substitute for Schedule 21 language. If an inconsistency between the Schedule 21 language and the template arises, the Schedule 21 language is controlling. The template is illustrative and the actual true-up filing as made from time to time may include format changes or reflect non-material changes required by the Uniform System of Accounts.

**Sheet 1**

(a)	(b)	(c)	(d)	
<u>Line</u>	<u>Description</u>	<u>Section</u>	<u>Amount</u>	<u>Reference</u>
1	<b>Investment Base</b>	II.A.1		
2	Transmission Plant	II.A.1.a	\$ -	Sheet 3, Line 1, Col (f)
3	Transmission Related Intangible & General Plant	II.A.1.b	-	Sheet 3, Line 4, Col (f)
4	Transmission Plant Held for Future Use	II.A.1.c	-	Sheet 3, Line 5, Col (f)
5	Transmission Related Construction Work in Progress	II.A.1.d	-	Sheet 3, Line 6, Col (f)
6	Total Plant		-	Sum Lines 2 thru 5
7	Trans Related Depreciation and Amortization Reserve	II.A.1.e	-	Sheet 3, Line 12, Col (f)
8	Transmission Related Accumulated Deferred Taxes	II.A.1.f	-	Sheet 3, Line 20, Col (f)
9	AFUDC Regulatory Liability	II.A.1.g	-	Sheet 3, Line 21, Col (f)
10	Total Net Plant		-	Sum Lines 6 thru 9
11	Transmission Related Gain/Loss on Reacquired Debt	II.A.1.h	-	Sheet 3, Line 22, Col (f)
12	Other Trans Related Regulatory Assets/Liabilities	II.A.1.i	-	Sheet 3, Line 28, Col (f)
13	Transmission Prepayments	II.A.1.j	-	Sheet 3, Line 29, Col (f)
14	Transmission Materials & Supplies	II.A.1.k	-	Sheet 3, Line 30, Col (f)
15	Transmission Related Cash Working Capital	II.A.1.l	-	Sheet 3, Line 35, Col (f)
16	<b>Total Investment Base</b>		<u>\$ -</u>	Sum Lines 10 thru 15
17	<b>Revenue Requirement</b>			
18	Investment Return and Income Taxes	II.A.2	\$ -	Sheet 2, Line 39, Col (c)
19	Transmission Depreciation and Amortization Expense	II.B	-	Sheet 4, Line 7, Col (f)
20	Amortization of Gain/Loss on Reacquired Debt	II.C	-	Sheet 4, Line 8, Col (f)
	Transmission Related Amort. of Investment Tax			
21	Credits	II.D	-	Sheet 4, Line 9, Col (f)
22	Transmission Related Municipal Tax Expense	II.E	-	Sheet 4, Line 10, Col (f)
23	Transmission Related Payroll Tax Expense	II.F	-	Sheet 4, Line 11, Col (f)
24	Transmission Operation & Maintenance Expense	II.G	-	Sheet 4, Line 30, Col (f)
25	Trans Related Administrative and General Expense	II.H	-	Sheet 4, Line 42, Col (f)
26	Transmission Related Integrated Facilities Charges	II.I	-	Sheet 5, Line 10, Col (e)
27	Transmission Support Revenues	II.J	-	Sheet 5, Line 15, Col (e)
28	Transmission Support Expense	II.K	-	Sheet 5, Line 20, Col (e)
29	Transmission Related Expense from Generators	II.L	-	Sheet 5, Line 23, Col (e)
30	Transmission Rents Received from Electric Property	II.M	-	Sheet 5, Line 28, Col (e)
31	Short-Term and Non-Firm P-T-P Service Revenues	II.N	-	Sheet 5, Line 31, Col (e)
32	Regional Network Services (RNS) Revenues	II.O	-	Sheet 5, Line 36, Col (e)
33	Through or Out Revenues	II.P	-	Sheet 5, Line 39, Col (e)
34	ISO-NE Scheduling and Dispatch Revenues	II.Q	-	Sheet 5, Line 43, Col (e)
35	<b>Total LNS Revenue Requirement</b>		<u>\$ -</u>	Sum Lines 18 thru 34
36	Wholesale LNS Revenues Received:			
37	Item # 1		-	
38	Item #2		-	

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39	Last Item	<u>                    </u>	-	
40	Total Wholesale LNS Revenue	<u>\$                    </u>	-	Sum Lines 37 thru 39
41	<b>Total Retail LNS Revenue Requirement</b>	<u><u>\$                    </u></u>	-	Line 35 - Line 40
42	Average 12 CP			
43	Sum of Monthly Peaks (kw)		-	FF1: 400.17(b)
44	Average Peak		-	Line 43 / 12
45	Annual Rate per kw	\$	-	Line 35 / Line 44
46	Monthly Rate per kw	\$	-	Line 45 / 12
47	Daily Rate per kw	\$	-	Line 45 / 365

**NSTAR Electric Company**  
**Investment Return and Income Taxes**  
**Service Year Ended December 31, xxxx**  
**Sheet 2**

Line	(a) Description	(b) Tariff Section	(c) Balance	(d) Capitalization Ratio *	(e) Cost *	(f) Weighted Cost *	(g) Equity Cost	(h) Reference
1	<b>Weighted Cost of Capital</b>	II.A.2.a						
2	Long Term Debt	II.A.2.a.i	\$ -		0.0000%	0.0000%		FF1: Page 112.24(c)
3	Preferred Stock	II.A.2.a.ii	-		0.0000%	0.0000%	0.0000%	FF1: Page 112.3(c) FF1: Page 112.16(c) - Line
4	Common Equity	II.A.2.a.iii	-		0.0000%	<u>0.0000%</u>	<u>0.0000%</u>	3(c)
5	Total		<u>\$ -</u>			<u>0.0000%</u>	<u>0.0000%</u>	Sum Lines 2 thru 4
6	<b>Investment Return</b>	II.A.2						
7	Total Investment Base		\$ -					Sheet 1, Line 16, Col (c)
8	Weighted Cost of Capital			<u>0.0000%</u>				Line 5, Col (f)
9	Total Return on Investment		<u>\$ -</u>					Line 7 * Line 8
10	<b>Federal Income Tax</b>	II.A.2.b						
11	A = Equity Cost B = Transmission			0.0000%				Line 5, Col (g)
12	Amortization of ITC		\$ -					Sheet 1, Line 21, Col (c)
13	C = Equity AFUDC		-					FF1: Page 117.38
14	Total B + C		-					Line 12 + Line 13
15	D = Investment Base		-					Line 7
16	(B + C) / D		0.00%					Line 14 / Line 15
17	(A + [(C + B) / D]) FT = Federal Income Tax		0.00%					Line 11 + Line 16
18	Rate		35.00%					Federal corporate tax rate
19	1 - FT		65.00%					1 - Line 18
20	Federal Tax Factor		<u>0.00000%</u>					Line 17 * Line 18 / Line 19
21	Total Federal Income Taxes		<u>\$ -</u>					Line 15 * Line 20
22	<b>State Income Tax</b>	II.A.2.c						
23	A = Equity Cost B = Transmission			0.0000%				Line 5, Col (g)
24	Amortization of ITC		\$ -					Sheet 1, Line 21, Col (c)
25	C = Equity AFUDC		-					
26	Total B + C		-					Line 24 + Line 25
27	D = Investment Base		-					Line 7
28	(B + C) / D		0.00%					Line 26 / Line 27
29	(A + [(C + B) / D]) ST = State Income Tax		0.00%					Line 23 + Line 28 Massachusetts corporate tax
30	Rate		6.50%					rate
31	1 - ST		93.50%					1 - Line 30
32	Federal Tax Factor		0.00000%					Line 23 (Line 29 + Line 32) * Line 30
33	State Tax Factor		<u>0.00000%</u>					/ Line 31
34	Total State Income Taxes		<u>\$ -</u>					Line 27 * Line 33
35	<b>Investment Return and Income Taxes</b>	II.A.2						

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36	Return on Investment	\$ -	Line 9
37	Federal Income Taxes	-	Line 21
38	State Income Taxes	<u>-</u>	Line 34
	<b>Total Return and Income</b>		
39	<b>Taxes</b>	<u>\$ -</u>	Sum Lines 36 thru 38

\* Note that weighting and cost are determined on Sheet 7

**NSTAR Electric Company**  
**Investment Base**  
**Service Year Ended December 31, xxxx**  
**Sheet 3**

(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<u>Line</u>	<u>Description</u>	<u>Section</u>	<u>Total</u>	<u>Allocator</u>	<u>Factor</u>	<u>Amount</u>	<u>Reference</u>
		<b>Tariff</b>				<b>Allocations</b>	
						<b>LNS</b>	
1	<b>Transmission Plant</b>	II.A.1.a	\$ -	Direct	100.0000%	-	FF1: Page 207.58(g)
2	General Plant		-	W&S	0.0000%	-	FF1: Page 207.99(g)
3	Intangible Plant		-	W&S	0.0000%	-	FF1: Page 205.5(g)
4	<b>Total Intangible &amp; General Plant</b>	II.A.1.b	-			-	Sum Lines 2 thru 3
5	<b>Transmission Plant Held for Future Use</b>	II.A.1.c	-	Direct	100.0000%	-	FF1: Page 214.10&.23(d)
6	<b>Transmission Related CWIP</b>	II.A.1.d	-	CWIP	50.0000%	-	FF1: Page 216(b) Trans only
	<b>Transmission Related Dep &amp; Amort</b>						
7	<b>Reserve</b>	II.A.1.e					
8	Transmission Accumulated Depreciation		-	Direct	100.0000%	-	FF1: Page 219.25(b)
9	General Plant Accumulated Depreciation		-	W&S	0.0000%	-	FF1: Page 219.28(b) FF1: Page 200.21(c)
10	General Plant Accumulated Amortization		-	W&S	0.0000%	-	Footnote FF1: Page 200.21(c)
11	Intangible Plant Accumulated Amortization		-	W&S	0.0000%	-	Footnote
	Total Transmission Related Depreciation		-			-	
12	Reserve		-			-	Sum Lines 8 thru 11
13	<b>Transmission Accumulated Deferred Taxes</b>	II.A.1.f					
14	Accumulated Deferred Taxes (190)		-		0.0000%	-	Sheet 8, Line 5, col (d)
15	Accumulated Deferred Income Taxes (281)		-			-	FF1: Page 113.62(c)
16	Accumulated Deferred Taxes - Property (282)		-			-	FF1: Page 275.9(k)
17	Less Transition Property		-			-	FF1: Page 275.4(k)
	Net Acc. Def. Income Taxes - Other Property		-			-	
18	(282)		-	Plant	0.0000%	-	Sum Lines 16 thru 17
	Accumulated Deferred Income Taxes - Other		-			-	
19	(283)		-		0.0000%	-	Sheet 8, Line 10, col (d)
20	Total		-			-	Sum Lines 17 thru 19
21	<b>AFUDC Regulatory Liability</b>	II.A.1.g	-	Direct	100.00%	-	FF1: Page 278.6(f)
						-	FF1: Page
22	<b>Gain/Loss on Reacquired Debt</b>	II.A.1.h	-	Plant	0.0000%	-	111.81(c)+113.61(c)
23	<b>Other Regulatory Assets</b>	II.A.1.i					
						-	FF1: Page
24	FAS 106 (182.3 & 254)		-	W&S	0.0000%	-	232.1.39(f)+278.(f)
25	FAS 109 (182.3 & 254)		-			-	FF1: Page 232.1.29(f)
26	Less FAS 109 - Liability (182.3 & 254)		-			-	FF1: Page 278.2(f)
27	Net FAS 109 (182.3 & 254)		-	Plant	0.0000%	-	Sum Lines 25 thru 26

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28	Total Other Regulatory Assets						Line 24 + line 27
							FF1: Page 111.57(c)+
29	<b>Prepayments</b>	II.A.1.j	-	W&S	0.0000%	-	232.2.8(f)
							FF1: Page 227.8(c)+227.5(c)
30	<b>Transmission Materials &amp; Supplies</b>	II.A.1.k	-	Direct	100.0000%	-	Trans
31	<b>Cash Working Capital</b>	II.A.1.l					
32	Operation & Maintenance Expense		-	WC	12.50%	-	Sheet 1, Line 24, col (c)
33	Administrative & General Expense		-	WC	12.50%	-	Sheet 1, Line 25, col (c)
34	Transmission Support Expenses		-	WC	12.50%	-	Sheet 1, Line 28, col (c)
35	Total Cash Working Capital		-			-	Sum Lines 32 thru 33

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**Allocation**

36	<u>Description</u>	<u>Factor</u>	<u>Reference</u>
37	Direct Allocation (Direct)	100.0000%	
38	Wages & Salary (W&S)	0.0000%	Sheet 6, Line 6(c)
39	Plant Allocation (Plant)	0.0000%	Sheet 6, Line 14(c)
	Construction Work in Progress Allocation		
40	(CWIP)	50.0000%	Sheet 6, Line 15(c)
41	Cash Working Capital (WC)	12.50%	Tariff Section II.A.1.1

**NSTAR Electric Company**  
**Transmission Expenses**  
**Service Year Ended December 31, xxxx**  
**Sheet 4**

<u>Line</u>	<u>Description</u>	<u>Tariff</u>	<u>Total</u>	<u>Allocator</u>	<u>Factor</u>	<u>LNS Amount</u>	<u>Reference</u>
1	<b>Transmission Depreciation Expense</b>	II.B					
2	Transmission Depreciation	II.B.i		Direct	100.00%	\$ -	FF1: Page 336.7(f)
3	General Plant Depreciation and Amortization	II.B.ii		W&S	0.00%	-	FF1: Page 336.10(f)
4	Amortization of Transmission Related Intangible Plant			W&S	0.00%	-	FF1: Page 336.1(f)
5	Amortization of AFUDC Regulatory Credit		-			-	FF1: Page 278.6(d) (amort)
6	Net Amortization of Transmission Related Intangible Plant		-			-	Sum Lines 4 and 5
7	<b>Total Transmission Depreciation Expense</b>		<u>\$ -</u>			<u>\$ -</u>	Sum Lines 2, 3 and 6
8	<b>Amortization of Gain/Loss on Reacquired Debt</b>	II.C		Plant	0.00%	\$ -	FF1: Page 117.64c
9	<b>Transmission Related Amortization of ITC</b>	II.D		Plant	0.00%	\$ -	FF1: Page 114.19(c)
10	<b>Transmission Related Municipal Tax Expense</b>	II.E		Plant	0.00%	\$ -	FF1: Page 263.5(i)
11	<b>Transmission Related Payroll Tax Expense</b>	II.F		W&S	0.00%	\$ -	FF1: Page 263.8i
12	<b>Transmission Operation and Maintenance Expense</b>	II.G					
13	Operation Supervision & Engineering (560)			Direct	100.00%	\$ -	FF1: Page 321.83(b)
14	Load Dispatching (561)		-	Internal Costs		-	FF1: Page 321.83(b)
15	Load Dispatch - Reliability (561.1)		-	Internal Costs		-	FF1: Page 321.85(b) footnote
16	Load Dispatch-Mon and Oper Trans System (561.2)		-	Internal Costs		-	FF1: Page 321.86(b) footnote
17	Load Dispatch-Trans Service and Scheduling (561.3)		-	Internal Costs		-	FF1: Page 321.87(b) footnote
18	Scheduling, System Control and Dispatch Services (561.4)		-	Internal Costs		-	FF1: Page 321.88(b) footnote

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19	Reliability, Planning and Standards Development (561.5)	-	Internal Costs	-	FF1: Page 321.89(b)
20	Transmission Service Studies (561.6)	-	Internal Costs	-	FF1: Page 321.90(b)
21	Generation Interconnection Studies (561.7)	-	Internal Costs	-	FF1: Page 321.91(b)
22	Reliability, Planning and Standards Development (561.8)	-	Internal Costs	-	FF1: Page 321.92(b) footnote
23	Station Expenses (562)	-	Direct	100.00%	- FF1: Page 321.93(b)
24	Overhead Lines Expenses (563)	-	Direct	100.00%	- FF1: Page 321.94(b)
25	Underground Lines Expenses (564)	-	Direct	100.00%	- FF1: Page 321.95(b)
26	Miscellaneous Transmission Expenses (566)	-	Direct	100.00%	- FF1: Page 321.97(b)
27	Rents (567)	-	Direct	0.00%	- Sheet 5, Line 7, col (d)
28	Transmission Maintenance (568 - 573)	-	Direct	100.00%	- FF1: Ppage 321.111(b)
29	Regional Market Expense (575)	<u>-</u>	Internal Costs	0.00%	- FF1: Ppage 322.131(b)
30	Total Transmission O&M Expense	<u>\$ -</u>		<u>\$ -</u>	Sum Lines 13 thru 28
31	<b>Transmission Related A&amp;G Expenses</b>	II.H			
32	Administrative and General Expenses		\$0		FF1: Page 323.197(b)
33	Property Insurance (924)		-		FF1: Page 323.185(b)
34	Employee Pension and Benefits (926)		-		FF1: Page 323.187(b)
35	Regulatory Commission Expense (928)		-		FF1: Page 323.189(b)
36	General Advertising Expense (930.1)		<u>-</u>		FF1: Page 323.191(b)
37	Sub-Total		-	W&S 0.00%	- Sum Lines 32 thru 36
38	Property Insurance (924)	II.H.2	-	Plant 0.00%	- Line 33
39	Employee Pension and Benefits (926) - Note 1	II.H.1	-	W&S 0.00%	- Line 34
40	Regulatory Commission Expense (928)	II.H.3	-	Footnote 0.00%	- Line 57
41	General Advertising Expense (930.1)	II.H	<u>-</u>	0.00%	- Line 36
42	Total Transmission Related A&G Expenses		<u>\$ -</u>	<u>\$ -</u>	Sum Lines 37 thru 41
43	Regulatory Commission Expense (928)	II.H.3			
44	DPU - General Assessment		\$ -	0.00%	- FF1: Page 350.1 (d)
45	DPU - Appropriation Account		-	0.00%	- FF1: Page 350.2 (d)
46	DPU - AGO Assessment #1		-	0.00%	- FF1: Page 350.3 (d)
47	DPU - AGO Assessment #2		-	0.00%	- FF1: Page 350.4 (d)
48	DPU - Outage Reporting Assessment		-	0.00%	- FF1: Page 350.5 (d)

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49	DPU - Manhole Cover Assessment	-		0.00%	-	FF1: Page 350.6 (d)
50	DPU - Stray Voltage Assessment	-		0.00%	-	FF1: Page 350.7 (d)
51	MA Emergency Management Agency	-		0.00%	-	FF1: Page 350.8 (d)
52	FERC Assessment	-	Direct	100.00%	-	FF1: Page 350.9 (d)
53	FER LICAP Docket	-	Direct	100.00%	-	FF1: Page 350.10 (d)
54	FERC RMR Docket	-	Direct	100.00%	-	FF1: Page 350.11 (d)
55	FERC Docket ER07-549, Including cost of audit	-	Direct	100.00%	-	FF1: Page 350.12 (d)
56	DPU Regulatory Proceeding Costs 05-85	-		0.00%	-	FF1: Page 350.13 (d)
57	Total Regulatory Commission Expenses	II.H.3		0.00%	-	Sum Lines 44 thru 56

**Allocation**

58	<u>Description</u>	<u>Factor</u>	<u>Reference</u>
59	Direct Allocation (Direct)	100.0000%	
60	Wages & Salaries Allocation (W&S)	0.0000%	Sheet 6, Line 6(c)
61	Plant Allocation (Plant)	0.0000%	Sheet 6, Line 14(c)

62 **Note 1**

63 Included in the Employee Pension and Benefits Expenses are costs related to Post Retirement Benefits other than Pension (PBOP). PBOP costs are determined  
 64 by an independent actuary as required by FASB 106. The PBOP expense included in Account 926 for 20xx was \$xx,xxx,xxx as compared to \$xx,xxx,xxx in the prior year;  
 65 as shown  
 66 on the FF1, Page 323, footnote. Applying the labor allocator to the total PBOP expense results in \$x,xxx,xxx of PBOP expense being recovered through the LNS Tariff  
 66 in 20xx as compared to \$x,xxx,xxx in the prior year.

**NSTAR Electric Company**  
**Support Expense & Revenue Detail**  
**Service Year Ended December 31, xxxx**

**Sheet 5**

(a)	(b)	(c)	(d)	(e)	
<u>Line</u>	<u>Description</u>	<u>Tariff</u> <u>Section</u>	<u>Amount</u>	<u>Includable Amount</u>	<u>Reference</u>
1	Transmission Rents (Account 567)	II.G			
2	Hydro Quebec DC Phase I Support			-	FF1: Page 320.98 (b) Footnote
3	Hydro Quebec DC Phase II Support			-	FF1: Page 320.98 (b) Footnote
4	New England Power Support			-	FF1: Page 320.98 (b) Footnote
	Hydro Quebec Phase II NEP AC, Chester				
5	SVC			-	FF1: Page 320.98 (b) Footnote
6	Transmission Line Rents		-	-	FF1: Page 320.98 (b) Footnote
7	Total Transmission Rents Received		-	-	Sum Lines 2 thru 6
	Transmission Related Integrated Facilities				
8	Charges	II.I	-	-	
9	- none -		-	-	
10	Total Trans Related Integrated Facilities Charges		-	-	Sum Lines 9 thru 9
11	Transmission Support Revenues 456 & 456.1	II.J			
12	Item #1			\$ -	FF1: Page 300.21(b) Footnote
13	Item # 2			-	FF1: Page 300.21(b) Footnote
14	Last Item		-	-	FF1: Page 300.22(b) Footnote
15	Total Short Term & Non-Firm PTP Revenues		\$ -	\$ -	Sum Lines 12 thru 14
16	Transmission Support Expense (565)	II.K			
17	Item #1			-	FF1 Q2: Page 332.2(h)
18	Item # 2			-	FF1 Q3: Page 332.2(h)
19	Last Item		-	-	FF1: Page 332.2(h)
20	Total Transmission Support Expense		-	-	Sum Lines 17 thru 19
21	Transmission Related Expense from Generators	II.L			N/A
22	- none -		-	-	
23	Total Trans Related Expense from Generators		-	-	Sum Lines 22 thru 22
24	Rents Received from Electric Property (454)	II.M			
25	Item #1			-	FF1: Page 300.19(b) Footnote
26	Item # 2			-	FF1: Page 300.19(b) Footnote
27	Last Item		-	-	FF1: Page 300.19(b) Footnote
28	Total Rents Received		-	-	Sum Lines 25 thru 27
29	Short-Term and Non-Firm Point-to-Point Rev	II.N	\$ -	\$ -	N/A
30	- none -		-	-	
31	Total ST and Non-Firm Point-to-Point Revenues		-	-	Sum Lines 30 thru 30
32	Regional Network Service Revenues (456):	II.O			
33	RNS Transmission Revenue		-	-	
34	RNS PTF Post 2003 investment 1 % Adder		-	-	RNS Revenue Requirement
35	RNS PTF RTO Participation 0.5% Adder		-	-	RNS Revenue Requirement

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36	Total Regional Network Services Revenues		<u>          -</u>	<u>          -</u>	Sum Lines 33 thru 35
37	Through or Out Revenues	II.P	\$ -	\$ -	N/A
38	- none -		<u>          -</u>	<u>          -</u>	
39	Total Through or Out Revenue		<u>          -</u>	<u>          -</u>	Sum Lines 38 thru 38
40	ISO-NE Scheduling & Dispatch Revenue	II.Q			
41	Nepool Scheduling & Dispatch Revenue		-	-	Reguional Schedule 1 Revenue
42	RTO Participation 0.5% Adder		<u>          -</u>	<u>          -</u>	Requirement
43	Total ISO-NE Scheduling & Dispatch Revenue		<u>          -</u>	<u>          -</u>	Sum Lines 42 thru 42

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**NSTAR Electric Company**

**Allocation Factors**

**Service Year Ended December 31, xxxx**

**Sheet 6**

(a)	(b)	(c)	(d)	
<u>Line</u>	<u>Description</u>	<u>Tariff Section</u>	<u>Amount</u>	<u>Reference</u>
<b>Transmission Wages &amp; Salaries Allocation</b>				
1	<b>Factor</b>	I.A.1		
2	Transmission Related Direct Wages & Salaries		\$ -	FF1: Page 354.21(b)
3	Total Direct Wages & Salaries		-	FF1: Page 354.28(b)
4	Administrative & General Wages & Salaries		=	FF1: Page 354.27(b)
5	Net Total Direct Wages & Salaries		-	Line 3 less Line 4
6	Transmission Wages & Salaries Allocation Factor		<b>0.0000%</b>	Line 2 / Line 5
<b>Plant Allocation Factor</b>				
7	<b>Plant Allocation Factor</b>	I.A.2		
8	Transmission Plant Investment		\$ -	FF1: Page 207.58(g)
9	HQ Leases		-	
10	Transmission Related General Plant		-	Sheet 3, Line 2, Col (f)
11	Transmission Related Intangible Plant		=	Sheet 3, Line 3, Col (f)
12	Total Transmission Plant Investment		-	Sum Lines 8 thru 11
13	Total Plant in Service		-	FF1: Page 207.104(g)
14	Plant Allocation Factor		<b>0.0000%</b>	Line 12 / Line 13

**Construction Work in Progress Allocation**

15	<b>Factor</b>	II.A.1.d	<b>50.0000%</b>
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**NSTAR Electric Company**  
**Cost of Long Term Debt**  
**Service Year Ended December 31, xxxx**  
**Sheet 7**

	(a) FF1:256(a)	(b) FF1:256(d) <u>Long Term Debt</u>	(c)	(d) FF1:256(e)	(e) FF1:256(b)	(f) FF1:256(h) Principal Amount <u>Outstanding</u>	(g) Percent of Total  Col f / Col f Total	(h) FF1:256(c) Debt Disc & <u>Exp</u>	(i) Call Premium on <u>Debt</u>	(j) Net Proceeds  Col f - Col h - Col i	(k) Cost to Maturity  Col d + ((Col h + Col i) / (Col e / Col d))	(l) Weighted Cost  Col h * Col g	(m) <u>Reference</u>
<u>Line</u>	<u>Series</u>	<u>Dated</u>	<u>Term</u> <u>(Years)</u>	<u>Coupon</u> <u>Rate</u>	<u>Original</u> <u>Issue</u>								
1	MIFA Bonds	2/8/94	20	5.75%			0.00%				0.0000%	0.0000%	FF1: Page 256 & 257
2	4.875% Debentures	4/13/04	10	4.875%			0.00%				0.0000%	0.0000%	FF1: Page 256 & 257
3	7.8% Debentures	5/10/95	15	7.80%			0.00%				0.0000%	0.0000%	FF1: Page 256 & 257
4	4.875 Debentures	10/9/02	10	4.875%			0.00%				0.0000%	0.0000%	FF1: Page 256 & 257
5	5.75% Debentures	3/13/06	30	5.750%			0.00%				0.0000%	0.0000%	FF1: Page 256 & 257
6	5.625% Debentures	11/19/07	10	5.63%			<u>0.00%</u>				0.0000%	<u>0.0000%</u>	FF1: Page 256 & 257
7	Total				\$ -	\$ -	<u>0.00%</u>	\$ -	\$ -	\$ -		<u>0.0000%</u>	Sum Lines 1 Thru 6

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**Cost of Preferred Stock**

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FF1:250(a)		FF1:250(a)			FF1:250(f)		Weighted	
		<u>Preferred Stock</u>			Principal		<u>Cost</u>	<u>Reference</u>
<u>Series</u>	<u>Dated</u>	<u>Term</u>	<u>Coupon Rate</u>	<u>Original Issue</u>	<u>Amount Outstanding</u>	<u>Percent of Total</u>		
8	4.25%	6/13/1956	N/A	4.25%		0	0.0000%	FF1: Page 250 & 251
9	4.78%	7/10/1958	N/A	4.78%		0	0.0000%	FF1: Page 250 & 251
10	Total			\$ -	\$ -	0.00%	0.0000%	Sum Lines 8 Thru 9

**Effective NSTAR ROI**  
Tariff Section II.A.2.a

<u>Line</u>	<u>Description</u>	(a)	(b)	(c)	(d)	(e)	(f)
			<u>Common</u>	<u>Preferred</u>	<u>LTD</u>	<u>Total</u>	<u>Reference</u>
11	Amount				\$	-	Sheet 2, lines 2 thru 4
12	Cost		0.0000%	0.0000%	0.0000%		See Note
13	Actual Weighting		0.0000%	0.0000%	0.0000%	0.0000%	Line 11 / Total Line 11
14	Weighted Cost		0.0000%	0.0000%	0.0000%	0.0000%	Line 12 * Line 13
15	70% of Weighted Cost		0.0000%	0.0000%	0.0000%		Line 14 * 70%
16	Tariff Weighting		50.0000%	0.0000%	50.0000%	100.0000%	Tariff Section II.A.2.a
17	Weighted Cost		0.0000%	0.0000%	0.0000%	0.0000%	Line 12 * Line 16
18	30% of Weighted Cost		0.0000%	0.0000%	0.0000%		Line 17 * 30%
19	Blended Cost of Capital		0.0000%	0.0000%	0.0000%	0.0000%	Line 15 + Line 18

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20	<b>Lower of Blended or Actual</b>	<b>0.0000%</b>	<b>0.0000%</b>	<b>0.0000%</b>	<b>0.0000%</b> Lower of line 14, col (e) or line 19, col (e) Tariff Section II.A.2.a
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21 Note:

22 The Return on Equity component is specified in Tariff Section II.A.2.a.iii

23 The Cost of Preferred Stock is calculated on line 10

24 The Cost of Long Term Debt is calculated on line 7

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**NSTAR Electric Company**  
**Annual Local Network Service Revenue Requirement**  
**Service Year Ended December 31, xxxx**  
**Sheet 8**

Transmission Related ADIT - Tariff Section II.A.1.f

<u>Line</u>	<u>Description</u>	(a)	(b)	(c)	(d)	(e)
			<u>Amount</u>	<u>Allocator</u>	<u>Rate Base</u>	<u>Notes</u>
1	<b>Account 190</b>					
2	Item # 1			0.0000%	\$ -	FF1: Page 234.2(c) Footnote
3	Item #2			0.0000%	-	FF1: Page 234.2(c) Footnote
4	Last Item		<u>-</u>	<u>0.0000%</u>	<u>-</u>	FF1: Page 234.2(c) Footnote
5	Total 190		<u>\$ -</u>	<u>0.0000%</u>	<u>\$ -</u>	Sum Lines 2 thru 4
6	<b>Account 283</b>					
7	Item # 1			0.0000%	-	FF1: Page 276.3(k) Footnote
8	Item #2			0.0000%	-	FF1: Page 276.3(k) Footnote
9	Last Item		<u>-</u>	<u>0.0000%</u>	<u>-</u>	FF1: Page 276.3(k) Footnote
10	Total 283		<u>\$ -</u>	<u>0.0000%</u>	<u>\$ -</u>	Sum Lines 7 thru 9
11	Wages & Salary Allocator		0.0000%			Sheet 6, Line 6, Col (d)
12	Plant Allocator		0.0000%			Sheet 6, Line 14, Col (d)

**ATTACHMENT L**  
**CREDITWORTHINESS POLICY**

I. General Information:

This Attachment L details the specific requirements for the creditworthiness procedures of NSTAR. All customers taking (i) any service under Schedule 21-NSTAR or (ii) any FERC-regulated interconnection service from NSTAR must meet the terms of this Policy (where all the above, collectively, are referred to as “Services”). The creditworthiness of each customer must be established prior to receiving service from NSTAR. A customer will be evaluated at the time its application for service is provided to NSTAR. A credit review shall be conducted for each transmission customer not less than annually or upon reasonable request by the transmission customer. This Attachment L, when updated, will be done so in accordance with Section 10 of this Policy and as posted on NSTAR’s OASIS.

All customers must comply with the terms of this Attachment L. Each customer should refer to NSTAR’s web site at [www.nstar.com](http://www.nstar.com), or NSTAR’s OASIS site, for the NSTAR representative to whom to forward the information required by this Attachment L.

Upon receipt of a customer’s information, NSTAR will review it for completeness and will notify the customer if additional information is required. Upon completion of an evaluation of a customer, NSTAR will notify the customer of its Financial Assurance requirements. NSTAR will provide a written evaluation, upon request, to customers who are not required to provide Financial Assurance.

II. Financial Information:

Customers receiving transmission service or requesting interconnection service must submit, if available, the following:

- All current rating agency reports from Standard and Poor’s (“S&P”), Moody’s and/or Fitch of the customer.
- Audited financial statements provided by a registered independent auditor for the two most recent years, or the period of its existence, if shorter, for the customer.

III. Creditworthiness Requirements:

## ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

A. The customer must meet at least one of the following quantitative criteria in order to receive unsecured credit equivalent to 3 months of transmission charges or, for interconnections, the credit equivalent of 3 months of the annual facilities charges and other ongoing charges:

- i) If rated, the customer must have either for itself or for its outstanding debt the following:
  - Standard and Poor's or Fitch rating of at least a BBB, or
  - Moody's rating of at least a Baa2.
- ii) If un-rated or if rated below BBB/Baa2, as stated in a), the customer must meet all of the following:
  - A Current Ratio of at least 1.0 times (current assets divided by all current liabilities);
  - A Total Capitalization Ratio of less than 60% debt: total debt (including all short-term borrowing) divided by total shareholders' equity plus total debt;
  - "Earnings before interest, taxes, depreciation and amortization" in most recent fiscal quarter divided by expense for interest" (EBITDA-to-Interest Expense Ratio) of at least 2.0 times; and
  - Audited Financial Statement with an unqualified audit opinion.
- iii) If the customer relies on the creditworthiness of a parent company, the customer's parent company must meet the criteria set out in (a) or (b) above, and must provide to NSTAR a written guarantee that it will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from NSTAR.
- iv) If the customer is a municipal that is a member of the Massachusetts Municipals Wholesale Electric Cooperative (MMWEC), MMWEC must meet the criteria set out in (a) or (b) above and provide to NSTAR a written guarantee that MMWEC will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from NSTAR.

B. If the customer does not qualify for unsecured credit under Section A, the customer will qualify

## ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

for unsecured credit equivalent to two months of transmission service charges, or for interconnections, the credit equivalent of two months of the annual facilities charges and other ongoing charges, if one of the following qualitative factors is met:

- The customer has, on a rolling basis, 12 consecutive months of payments to NSTAR with no missed, late or defaults in payment; or
- The customer has an executed long-term contract for the sale of the full output (energy and capacity) of its generating unit and either has executed a corresponding service agreement under Schedule 21-NSTAR for the transmission of that output or the execution of such a service agreement is pending the customer's demonstration of creditworthiness pursuant to this Attachment L.

### IV. Financial Assurance:

If the customer does not meet the applicable requirements for Creditworthiness set out in Section III above, then the customer must either:

- Pay in advance for service an amount equal to the lesser of the total charge for Transmission Service or the charge for three months of Transmission Service not less than 5 days in advance of the commencement of service; or
- Obtain Financial Assurance in the form of a: letter of credit, performance bond, or corporate guarantee equal to the equivalent of 3 months of Transmission Service charges prior to receiving service.

If the customer pays for service in advance, NSTAR will pay to the customer interest on the amounts not yet due to NSTAR, computed in accordance with the Commission's regulations at 18 CFR 35.19a(a)(2)(iii).

### V. Contesting Creditworthiness Determination:

The Transmission Customer may contest NSTAR's determination of creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. Such request should provide information supporting the basis for a request to re-evaluate a

## ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

Transmission Customer's creditworthiness. NSTAR will review and respond to the request within 20 calendar days.

### VI. Process for Changing Credit Requirements:

In the event that NSTAR plans to revise its requirements for credit levels or collateral requirements as detailed in this Attachment L, NSTAR shall submit such changes in a filing to the Commission under Section 205 of the Federal Power Act. NSTAR shall follow the notification requirements pursuant to Section 3.04(a) of the Transmission Operating Agreement and reflected herein.

#### A. General Notification Process

- i) NSTAR shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
- ii) Filing notifications shall include a detailed description of the filing, including a redlined document containing revised change(s).
- iii) NSTAR shall consult with interested stakeholders upon request.
- iv) Following Commission acceptance of such filing and upon the effective date, NSTAR shall revise Attachment L and an updated version of Schedule 21-NSTAR shall be posted the ISO-NE website.

#### B. Transmission Customer Responsibility

When there is a change in requirements pursuant to this Attachment L, it is the responsibility of the customers to forward updated financial information to NSTAR at the address noted on NSTAR's OASIS site and indicate whether the change affects their ability to meet the requirements of this Attachment L. In such cases where the customer's status has changed, the customer must take the necessary steps to comply with the revised requirements of the Attachment L by the effective date of the change.

### VII. Posting Collateral Requirements:

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### A. Changes in Customer's Financial Condition

Each customer must inform NSTAR, in writing, within five (5) business days of any material change in its financial condition, and, if the customer qualifies under Section III.A(c), that of its parent company. A material change in financial condition may include, but is not limited to, the following:

- Change in ownership by way of a merger, acquisition or substantial sale of assets;
- A downgrade of long- or short-term debt rating by a major rating agency;
- Being placed on a credit watch with negative implications by a major rating agency;
- A bankruptcy filing;
- Any action requiring filing of a Form 8-K;
- A declaration of or acknowledgement of insolvency;
- A report of a significant quarterly loss or decline in earnings;
- The resignation of key officer(s);
- The issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

### B. Change in Creditworthiness Status

- A customer who has been extended unsecured credit under this policy must comply with the terms of Financial Assurance in Section IV above if one or more of the following conditions apply:
- The customer no longer meets the applicable criteria for Creditworthiness in Section III above;
- The customer exceeds the amount of unsecured credit extended by NSTAR, in which case Financial Assurance equal to the amount of excess must be provided within 5 business days; or
- The customer has missed two or more payments for any of the services offered by NSTAR in the last 12 months.

In the event that NSTAR determines that there is a change in the credit level or collateral requirements, the customer may request a written explanation of the basis for this change. Such notification should be

## ISO New England - ISO New England Inc. Transmission, Markets and Services Tariff

sent to the NSTAR contact indicated on the NSTAR OASIS site. NSTAR shall respond to such request within 20 days of receipt of such notification.

Unless otherwise noted above, when there is a change in a customer's Creditworthiness Status requiring the customer to provide Financial Assurance, the customer must provide such Financial Assurance within 20 business days from the date the customer either notifies NSTAR, as required in Section VI.B above, or receives notice from NSTAR.

### VIII. Ongoing Financial Review:

Each customer is required to submit to NSTAR annually or when issued, as applicable:

- Current rating agency report;
- Audited financial statements from a registered independent auditor; and
- 10-Ks and 8-Ks, promptly upon their issuance.

### IX. Suspension of Service:

NSTAR may immediately suspend service (with notification to Commission) to a customer, and may initiate proceedings with Commission to terminate service, if the customer does not meet the terms described in Sections III through VIII above at any time during the term of service or if the customer's payment obligations to NSTAR exceed the amount of unsecured or secured credit to which it is entitled under this Attachment L. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.