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March 8, 2021

**Submitted via eTariff, Filing Type 80**

Kimberly D. Bose, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Eversource Energy Service Company, Docket No. ER21-\_\_\_\_\_  
Order No. 864 Supplemental Compliance Filing (Revisions to Schedule  
21-ES of the ISO-NE OATT)  
Supplementing Compliance Filings in Docket Nos. ER20-2572 and ER21-  
1130

Dear Secretary Bose:

Eversource Energy Service Company (“Eversource”), on behalf of The Connecticut Light and Power Company (“CL&P”), Public Service Company of New Hampshire (“PSNH”), and NSTAR Electric Company (“NSTAR”) (collectively, “the Eversource Companies”) hereby submits this supplemental Order No. 864<sup>1</sup> compliance filing proposing tariff revisions to Schedule 21-ES under Section II of the ISO New England Inc. Transmission, Markets and Services Tariff (“ISO-NE OATT”).<sup>2</sup> As explained further herein, this supplemental compliance

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<sup>1</sup> *Pub. Util. Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Order No. 864, 169 FERC ¶ 61,139 (2019), *order on reh’g and clarification*, Order No. 864-A, 171 FERC ¶ 61,033 (2020).

<sup>2</sup> Eversource is submitting this filing with the assistance of ISO New England Inc. (“ISO-NE”). This filing is being submitted through the eTariff system by ISO-NE on behalf of Eversource given ISO-NE’s capacity as administrator of the ISO-NE Open Access Transmission Tariff (“OATT”) in the eTariff system. Proposed revisions to Schedule 21-NSTAR of the ISO-NE OATT will be submitted in a separate, contemporaneous supplemental Order No. 864 compliance filing.

filing is related to the Order No. 864 compliance filing that the Eversource Companies and the other New England Transmission Owners (“NETOs”)<sup>3</sup> submitted in Docket No. ER20-2572 on July 30, 2020, as supplemented on February 12, 2021 in Docket No. ER21-1130.

In this supplemental compliance filing, in compliance with Order No. 864, Eversource proposes revisions to the calculation of the annual transmission revenue requirements for local transmission service under Schedule 21-ES to deduct excess accumulated deferred income taxes (“ADIT”) from, or add any deficient ADIT to, rate base (“Rate Base Adjustment Mechanism”) and to increase or decrease the income tax allowances by any amortized excess or deficient ADIT (“Income Tax Allowance Mechanism”). Further, as discussed below, Eversource proposes additional, similar revisions within Schedule ES-1 of Schedule 21-ES (“Schedule ES-1 Revisions”)<sup>4</sup> to ensure the return of excess ADIT to customers and the proper alignment of rates under Schedule 21-ES.

Eversource requests that the Commission accept the tariff revisions to Schedule 21-ES<sup>5</sup> to the ISO-NE OATT as in compliance with the requirements of Order No. 864. As discussed further herein, Eversource also requests that the Commission allow the tariff revisions to be in effect for the period January 1, 2020 through December 31, 2021 (the “Interim Period”) until the new formula rate template associated with the settlement filing submitted in Docket No. ER20-2054 (the “Settled Formula Rate”) that the Commission approved on December 28, 2020 becomes effective and supplants the current transmission rates for regional and local transmission service under the ISO-NE OATT beginning on January 1, 2022. With respect to

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<sup>3</sup> The NETOs are Central Maine Power Company (“CMP”); Eversource as agent for: CL&P, NSTAR, and PSNH; Fitchburg Gas and Electric Light Company; Green Mountain Power Corporation; Maine Electric Power Company; New England Power Company, d/b/a National Grid; New Hampshire Transmission, LLC; The United Illuminating Company; Unitil Energy Systems, Inc.; Vermont Transco LLC, acting by and through its Manager, Vermont Electric Power Co., Inc.; and Versant Power (f/k/a Emera Maine).

<sup>4</sup> Schedule ES-1 is part of Schedule 21-ES, and sets forth the rates for scheduling, system control and dispatch service.

<sup>5</sup> As a result of an internal corporate reorganization authorized by the Commission in Docket No. EC17-62, effective January 1, 2018, limited revisions to certain schedules and sections of the ISO-NE OATT became effective. These revisions are used to delineate the two geographic regions of NSTAR Electric Company – NSTAR Electric Company (East) and NSTAR Electric Company (West) – for purposes of transmission services and rates previously provided separately by NSTAR Electric Company and Western Massachusetts Electric Company (“WMECO”), respectively. *See NSTAR Electric Company and Western Massachusetts Electric Company*, 158 FERC ¶ 62,155 (2017); *ISO New England Inc. and Eversource Energy Service Co.*, Docket No. ER18-132, Delegated Letter Order (Dec. 20, 2017). Although WMECO no longer maintains an individual corporate entity, its revenue requirements are collected through Schedule 21-ES, in which the former WMECO is referred to as NSTAR Electric Company (West).

the Schedule ES-1 Revisions, Eversource proposes the tariff revisions to be in effect during the Interim Period and continuing under the Settled Formula Rate.

## **I. BACKGROUND AND REASONS FOR THIS SUPPLEMENTAL COMPLIANCE FILING**

On July 30, 2020, the NETOs submitted in Docket No. ER20-2572 a compliance filing in response to the requirements of Order No. 864 (the “July 30 Compliance Filing”). In the July 30 Compliance Filing, the NETOs demonstrated compliance with the requirements of Order No. 864 under the new formula rate templates that the NETOs filed as part of an uncontested Joint Offer of Settlement, including a Settlement Agreement, on June 15, 2020 in Docket No. ER20-2054 (the “Settlement Filing”). In their July 30 Compliance Filing, the NETOs explained that the new formula rate templates resulting from the Settlement Filing, if approved by the Commission, would comply with the key aspects of Order No. 864. Specifically, they explained that the new formula rate templates contain: (i) a mechanism to preserve rate base neutrality through the removal of excess accumulated deferred income taxes (“ADIT”) from or addition of deficient ADIT to rate base; and (ii) a mechanism to return the excess ADIT to or recover deficient ADIT from customers.<sup>6</sup> The July 30 Compliance Filing also included a proposed new permanent, unpopulated ADIT worksheet to the NETOs’ transmission formula rate templates that will annually track information related to excess or deficient ADIT, as well as populated versions of the worksheet for each NETO to reflect the Tax Cuts and Jobs Act of 2017 (“TCJA”).<sup>7</sup>

In the July 30 Compliance Filing, the NETOs requested an effective date of January 1, 2021 in order to align with the effective date that the NETOs had proposed for the new formula rate templates associated with the Settlement Filing submitted in Docket No. ER20-2054 (“Settled Formula Rate”). Specifically, the NETOs explained that in Docket No. ER20-2054, they requested the Commission approve the Settlement Filing by November 1, 2020 so that the Settled Formula Rate could be implemented beginning January 1, 2021.<sup>8</sup> The NETOs indicated, however, that if the Commission did not accept the Settlement Filing by November 1, 2020, the Settled Formula Rate would not become effective until at least January 1, 2022 under the terms of the Settlement Agreement.<sup>9</sup> In that event, the NETOs committed that they would supplement their Order No. 864 compliance filing by submitting tariff changes to ensure compliance with Order No. 864 under the current versions of Attachment F to the ISO-NE OATT, as well as the NETOs’ local service schedules in Schedule 21 of the ISO-NE OATT during the Interim Period until the Settled Formula Rate becomes effective and supplants the current regional and local

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<sup>6</sup> July 30 Compliance Filing, Transmittal Letter at 7-8.

<sup>7</sup> Tax Cuts and Jobs Act, Pub. L. No. 115-97, 131 Stat. 2054 (2017).

<sup>8</sup> July 30 Compliance Filing, Transmittal Letter at 6, 13-14.

<sup>9</sup> *Id.* at 7.

rates under the ISO-NE OATT.<sup>10</sup> No protests or substantive comments were filed in response to the July 30 Compliance Filing. To date, the Commission has not acted on the filing.

On December 28, 2020, the Commission approved the Settlement Filing in Docket No. ER20-2054.<sup>11</sup> Because the Commission's approval order was issued after November 1, 2020, under the terms of the Settlement Agreement, the effective date of the new formula rate templates will be January 1, 2022. As the Commission directed in the Settlement Agreement Order, ISO-NE submitted on behalf of the NETOs a compliance filing in Docket No. ER20-2054-001 on January 27, 2021 containing eTariff records to implement the new formula rate templates beginning on January 1, 2022.<sup>12</sup> On February 24, 2021, the Commission, through a delegated Letter Order, approved the January 27, 2021 compliance filing.<sup>13</sup>

Given that the Settled Formula Rate will become effective January 1, 2022, in accordance with their commitment in the July 30 Compliance Filing, on February 12, 2021, the NETOs submitted in Docket No. ER21-1130 a supplemental compliance filing (the "February 12 Supplemental Compliance Filing") in which they proposed tariff revisions to the currently effective version of Attachment F to ISO-NE OATT in order to comply with Order No. 864 for the Interim Period before the Settled Formula Rate becomes effective and supplants the existing regional and local formula rates under the ISO-NE OATT on January 1, 2022. As noted, beginning on January 1, 2022, the Settled Formula Rate—*i.e.*, the new formula rate templates contained in the Settlement Filing, as approved by the Commission in the Settlement Agreement Order—will take effect.<sup>14</sup>

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<sup>10</sup> *Id.* at 7. In the July 30 Compliance Filing, the NETOs provided an overview of the NETOs' current transmission formula rates under the ISO-NE OATT and the Settled Formula Rate. *See* Transmittal Letter to the July 30 Compliance Filing at 5-7 (explaining, among other things, that NETOs operate transmission facilities in New England to provide regional and local transmission services under the ISO-NE OATT and that they currently recover their transmission revenue requirement under the ISO-NE OATT through a combination of Attachment F (providing for recovery of regional costs of Pool Transmission Facilities ("PTF")), NETO-specific recovery under each NETO's local service schedule in Schedule 21 (providing, among other things, for recovery of non-PTF costs from local customers), and Schedule 12C (providing for recovery of costs for PTF/localized costs that are not allocated on a pool-wide basis).

<sup>11</sup> *ISO New England Inc.*, 173 FERC ¶ 61,270 (2020) ("Settlement Agreement Order"). The Settlement Agreement Order resolved all issues in Docket No. EL16-19. *Id.* at P 5.

<sup>12</sup> *See* Settlement Agreement Order at P 7.

<sup>13</sup> *ISO New England Inc.*, Docket No. ER20-2054-001 (Feb. 24, 2021).

<sup>14</sup> For the period beginning on January 1, 2022, as set forth in the July 30 Compliance Filing, and supplemented by the February 12 Supplemental Compliance Filing, the NETOs are requesting that the Commission find that the Settled Formula Rate, Attachment F, Appendix A, Worksheets 2 and 3 (which

In the February 12 Supplemental Compliance Filing, the NETOs noted that certain of the NETOs will also submit separate supplemental compliance filings to propose revisions to their individual local service schedule in Schedule 21 of the ISO-NE OATT to be effective during the Interim Period.<sup>15</sup> Consistent with this statement, Eversource, on behalf of the Eversource Companies, hereby submits this supplemental compliance filing proposing revisions to their local service schedule to the ISO-NE OATT (namely, Schedule 21-ES) in compliance with Order No. 864 to be in effect for the Interim Period, and in the case of Schedule ES-1 Revisions, to continue in effect under the Settled Formula Rate.

In Section II. A and Section II. B of this Transmittal Letter, Eversource describes how the proposed revisions to the current version of Schedule 21-ES to the ISO-NE OATT comply with Order No. 864's requirements. Specifically, in accordance with Order No. 864, the proposed revisions to the current version of Schedule 21-ES incorporate (i) a mechanism to preserve rate base neutrality through the removal of excess ADIT from or addition of deficient ADIT to rate base; and (ii) a mechanism to return the excess ADIT to or recover deficient ADIT from customers. Eversource also submits an unpopulated ADIT worksheet to be effective for the Interim Period under the tariff revisions to the current version of Schedule 21-ES ("ADIT Worksheet") and a populated version of the ADIT Worksheet as an attachment to this filing.

## **II. EVERSOURCE COMPANIES' SUPPLEMENTAL COMPLIANCE FILING**

In light of the fact that the Settled Formula Rate will not take effect until January 1, 2022, Eversource is making this supplemental compliance filing proposing tariff revisions to Schedule 21-ES to the ISO-NE OATT to comply with the requirements of Order No. 864 relating to the Rate Base Adjustment and the Income Tax Allowance, as discussed further below. Eversource requests that the proposed tariff revisions to Schedule 21-ES (other than the Schedule ES-1 Revisions) be effective during the Interim Period until supplanted by the Settled Formula Rate beginning on January 1, 2022, and that the Schedule ES-1 Revisions be in effect during the Interim Period and continue under the Settled Formula Rate.<sup>16</sup>

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already have been approved by the Commission and which will become effective beginning on January 1, 2022 by virtue of the Settlement Agreement Order), complies with Order No. 864's requirements.

<sup>15</sup> See February 12, 2021 Transmittal Letter at n.10.

<sup>16</sup> Unlike the tariff revisions that Eversource is proposing to the annual transmission revenue requirement calculated under Attachment ES-H and Attachment ES-I of Schedule 21-ES, which would be supplanted by the Settled Formula Rate after the Interim Period, the substance of the proposed Schedule ES-1 Revisions will be applicable to Schedule ES-1 under the revised Schedule 21-ES that the Commission approved to take effect on January 1, 2022 as part of the Settlement Filing. After the Commission issues an order approving the instant supplemental compliance filing, Eversource will make a further compliance filing to include the Schedule ES-1 Revisions (in eTariff record format) in the version of Schedule 21-ES approved as part of the Settlement Filing so that Schedule ES-1 would continue to conform to the Commission's order in this proceeding.

#### **A. Rate Base Adjustment Mechanism**

The formula rate under the current version of Schedule 21-ES already contains a mechanism to adjust the Eversource Companies' rate bases to reflect any deficient or excess ADIT to maintain rate base neutrality. Specifically, Attachment ES-H to Schedule 21-ES specifies that "Other Regulatory Assets/Liabilities - FAS 109" is a component that is used to calculate rate base. The term "Other Regulatory Assets/Liabilities - FAS 109" is currently defined in Attachment ES-H to Schedule 21-ES as "shall equal the net of Eversource's FAS 109 balance in FERC Account 182.3 and any FAS 109 balance as recorded in Eversource's FERC Account No. 254." However, for purposes of clarity and to ensure compliance with Order No. 864's requirements, in this supplemental compliance filing, Eversource is proposing to modify the definition in Schedule 21-ES of "Other Regulatory Assets/Liabilities – FAS 109" to make it clear that it includes "Transmission Related Deficient or Excess Accumulated Deferred Income Taxes as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet." The modified definition of "Other Regulatory Assets/Liabilities" relating to FAS 109 reads in full as follows: "Other Regulatory Assets/Liabilities" relating to FAS 109 "shall equal the net of Eversource's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in Eversource's FERC Account No. 254, including Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet." The additional, underlined language makes clear that the Eversource Companies' rate bases will be adjusted to reflect any transmission-related deficient or excess ADIT due to changes in the Federal, State or Local income tax rates, thus maintaining rate base neutrality.

Eversource proposes similar tariff revisions, discussed above, to Attachment ES-I of Schedule 21-ES (relating to the Eversource Companies' localized annual transmission revenue requirement) as well as Schedule ES-1 of Schedule 21-ES (relating to the Eversource Companies' CL&P Dispatch Center annual revenue requirement) in accordance with the requirements of Order No. 864 relating to the Rate Base Adjustment.

#### **B. Income Tax Allowance Mechanism**

To decrease or increase the Eversource Companies' income tax allowances by any amortized excess or deficient ADIT that is recorded in order to return excess or recover deficient ADIT, the proposed revisions to the current version of Schedule 21-ES contain a new term "Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities." This term is defined as equaling Eversource's "Transmission related expenses and credits as recorded in FERC Account Nos. 410.1 and 411.1, respectively, solely related to any excess or deficient deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet." This term is included as a new item (K) to the calculation of the Transmission Revenue Requirement. In accordance with Order No. 864, the proposed tariff language creates a mechanism in Schedule 21-ES for the Eversource Companies to decrease or increase the income tax components of their formula rates by any amortized excess or deficient ADIT. The Eversource Companies will



include their transmission-related amortization of deficient or excess Accumulated Deferred Income Taxes in the numerator portion of the Federal Income Tax formula outlined in Section II.A.2(b) of Attachment ES-H of Schedule 21-ES. They will also include their transmission-related amortization of deficient or excess Accumulated Deferred Income Taxes in the numerator portion of the State Income Tax formula outlined in Section II.A.2(c) of Attachment ES-H of Schedule 21-ES. As required by Order No. 864, the revisions to the above-mentioned formulas will ensure that the Eversource Companies' income tax allowances appropriately reflect the impacts of transmission-related amortization of deficient or excess ADIT and will apply to any future Federal, State, and Local tax rate changes that give rise to excess or deficient ADIT.

Eversource proposes similar revisions, discussed above, to Attachment ES-I of Schedule 21-ES (relating to the calculation of the Eversource Companies' localized transmission revenue requirement), as well as to Schedule ES-1 of Schedule 21-ES (relating to the Eversource Companies' CL&P Dispatch Center annual revenue requirement) to comply with the requirements of Order No. 864 relating to the Income Tax Allowance.

### **C. ADIT Worksheet**

In this supplemental compliance filing, Eversource is submitting a proposed annual ADIT Worksheet in connection with the tariff revisions to Schedule 21-ES. The ADIT Worksheet addresses each of the five requirements set forth in Order No. 864: (1) how any ADIT accounts were re-measured and the excess or deficient ADIT contained therein; (2) the accounting for any excess or deficient amounts in Accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities); (3) whether the excess or deficient ADIT is protected or unprotected; (4) the identification of accounts to which the excess or deficient ADIT are amortized; and (5) the amortization period of the excess or deficient ADIT being returned or recovered through the rates.

This ADIT Worksheet is based on the ADIT worksheet that was submitted by the NETOs in the February 12 Supplemental Compliance Filing. Since the submission of the July 30 Compliance Filing, Commission Staff has requested a number of public utilities to further explain or clarify their ADIT worksheets, either through informal discussions or the issuance of deficiency letters. Based upon the issues and questions that Commission Staff has raised in other Order No. 864 compliance proceedings, in the February 12 Supplemental Compliance Filing, the NETOs submitted a revised ADIT Worksheet in an effort to add further clarity and increase the transparency of the ADIT Worksheet regarding the adjustment mechanisms to reflect excess or deficient ADIT. In this supplemental compliance filing relating to Eversource's proposed revisions to Schedule 21-ES, Eversource proposes to use the same revised ADIT Worksheet that the NETOs included in their February 12 Supplemental Compliance Filing in Docket No. ER21-1130. As discussed below, Eversource's proposed ADIT Worksheet satisfies Order No. 864's requirements.

1. *How any ADIT accounts were re-measured and the excess or deficient ADIT contained therein.*

The ADIT Worksheet provides support and transparency with respect to the remeasurement of the excess or deficient ADIT resulting from the TCJA. Specifically, footnote (c) in the ADIT Worksheet provides an explanation as to how the Eversource Companies will remeasure their ADIT balances following a change in the Federal, State, or Local income tax rate. The footnote states that the affected ADIT accounts are remeasured by comparing ADIT on cumulative temporary differences for each item in accounts 190, 282, and 283 at the current Federal, State and Local Income tax rate to the ADIT balances at the historical Federal, State and Local income tax rates and that the difference between the two represents the deficient or excess ADIT balances. Moreover, footnote (c) specifies that the Eversource Companies will provide a supporting worksheet showing the remeasurement as part of the annual update process any time there is a change in the Federal, State, or Local income tax rate. As part of this supplemental compliance filing, to enhance transparency, Eversource is including a supporting worksheet (set forth in Attachment 3) showing the remeasurement of the excess/deficient ADIT caused by the TCJA by showing the ADIT balances before the tax rate change under TCJA and after the tax rate change under TCJA, and the resulting excess or deficient ADIT due to the rate change under the TCJA.

2. *The accounting for any excess or deficient amounts in Accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities)*

The ADIT Worksheet shows the accounting for the ADIT balances as in either Account 182.3 or Account 254. See Line 3 (Deficient ADIT-Regulatory Asset) and Line 4 (Excess ADIT – Regulatory Liability) of the ADIT Worksheet.

3. *Whether the excess or deficient ADIT is protected or unprotected*

The ADIT Worksheet identifies whether the excess or deficient ADIT amounts in Accounts 190, 282, 283 are protected or unprotected. See Columns (A), (B), (E), (F), (G), (H), (J), (K), (M) and (N) of the ADIT Worksheet.

The ADIT Worksheet includes a revised footnote (f), which provides additional clarity and transparency with respect to the Eversource Companies' protected and unprotected ADIT amounts that are recorded in Account 282.

4. *The identification of accounts to which the excess or deficient ADIT are amortized*

Footnote (d) to the ADIT Worksheet states that deficient ADIT is amortized to Account 410.1, and excess ADIT is amortized to Account 411.1.

5. *The amortization period of the excess or deficient ADIT being returned or recovered through the rates*

Columns (E) and (F) set forth the amortization periods for protected and unprotected ADIT amounts. In addition, for ease of reference, footnote (g) in the ADIT Worksheet sets forth



the amortization periods for the Eversource Companies for protected and unprotected ADIT balances.

Further, the ADIT Worksheet contains columns showing the change in the tax gross-up calculation related to amortization and other adjustments as separate steps in the calculations. The inclusion of these additional tax gross-up columns provides additional clarity and transparency as to how the calculation of the excess/deficient ADIT is performed. *See* ADIT Worksheet, Columns (C), (I), (L) and (O);<sup>17</sup>

#### **D. Populated ADIT Worksheet Related to the TCJA**

In Order No. 864, the Commission required public utilities with transmission formula rates to provide a populated version of the permanent ADIT worksheet with their compliance filing to facilitate an understanding of how the worksheet will be used. As part of this supplemental compliance filing, Eversource is providing a populated version of the ADIT Worksheet applicable to the TCJA-related excess and deficient ADIT balances, including a supporting worksheet showing the remeasurement of the excess or deficient ADIT resulting from the TCJA. *See* Attachment 3.<sup>18</sup>

#### **E. Eversource's Proposal to Amortize Excess or Deficient ADIT**

With respect to the amortization period for the excess or deficient ADIT, in Order No. 864, the Commission stated that public utilities should follow the guidance set forth in the TCJA, where available. The Commission also stated that it would “evaluate any amortization periods for unprotected excess and deficient ADIT on a case-by-case basis.”<sup>19</sup> Eversource proposes to amortize the Eversource Companies’ excess ADIT balances as follows:<sup>20</sup>

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<sup>17</sup> The tax gross up of excess/deficient ADIT amortization occurs in the Eversource Companies’ income tax allowance calculations and ensures that their income tax allowances are appropriately increased or decreased by any amortization of deficient or excess ADIT, as required by Order No. 864. The gross-up columns in the ADIT Worksheet provide transparency as to the change in the gross-up balance that results when the deficient or excess ADIT balance is increased or decreased by amortization or other adjustments, and do not result in a “double gross-up” of excess or deficient ADIT.

<sup>18</sup> The populated versions of the permanent worksheet reflect December 31, 2019 actual balances for the beginning balance in Columns A through D, as these amounts are included in the most recently filed FERC Form 1.

<sup>19</sup> Order No. 864 at P 44.

<sup>20</sup> This amortization proposal for the Eversource Companies remains the same as the amortization proposal for the Eversource Companies in the July 30 Compliance Filing. The same proposal was also retained for the Eversource Companies in the February 12 Supplemental Compliance Filing.

For all property-related excess ADIT, which relate to temporary differences in Account 282, Eversource proposes to use the Average Rate Assumption Method (“ARAM”). This method amortizes all property-related excess ADIT, protected and unprotected, over the average remaining lives of the underlying temporary differences. For non-property related excess ADIT, which are all unprotected and relate to temporary differences in Accounts 190 and 283, the Eversource proposes two amortization periods. For temporary differences associated with Pension and Other Post-Employment Benefits costs, a ten-year amortization period is proposed. For all other non-property related excess ADIT, Eversource proposes a five-year amortization period. The amortization periods proposed for non-property related items approximate the assumed remaining lives of the underlying temporary differences.

### **III. PROPOSED EFFECTIVE DATE**

Eversource recognizes that in Order No. 864, the Commission indicated that it expects public utilities with transmission formula rates to make their proposed tariff revisions effective on January 27, 2020.<sup>21</sup> However, Eversource is requesting an earlier effective date of January 1, 2020 for the proposed changes to the current version of Schedule 21-ES to the ISO-NE OATT.<sup>22</sup> There is good cause in support of the requested effective date of January 1, 2020.

Granting an effective date of January 1, 2020 would promote administrative efficiency because it would allow the return of the excess ADIT to customers to commence at the beginning of the month and obviate the need for the Eversource Companies to pro-rate the amortization of excess ADIT for a partial month that would be associated with a January 27, 2020 effective date. Additionally, customers would benefit from a January 1, 2020 effective date because they would get a return of excess ADIT resulting from the TCJA earlier.<sup>23</sup>

### **IV. RETURN/RECOVERY OF EXCESS OR DEFICIENT ADIT**

With respect to the return of excess ADIT resulting from the TCJA to customers, in Order No. 864, the Commission “did not propose any specific requirements for transmission formula rates to ensure that customers receive the entire balance of excess ADIT caused by the Tax Cuts and Jobs Act.” Instead, the Commission stated that “public utilities should not amortize an excess ADIT regulatory liability for accounting purposes until the Commission approves the ADIT regulatory liability for the public utility’s transmission formula rate.”<sup>24</sup>

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<sup>21</sup> Order No. 864 at P 100; Order No. 864-A at P 23.

<sup>22</sup> In the February 12 Supplemental Compliance Filing, the NETOs are also requesting an effective date of January 1, 2020 for the proposed revisions to Attachment F of the ISO-NE OATT for the Interim Period.

<sup>23</sup> Order No. 864 at P 34. Alternatively, if the Commission does not grant the requested effective date of January 1, 2020, Eversource proposes an effective date of January 27, 2020, consistent with Order No. 864.

<sup>24</sup> Order No. 864 at P 34.

Because the proposed January 1, 2020 effective date for the revisions to the current version of Schedule 21-ES to the ISO-NE OATT is before the date on which the Commission will approve this supplemental compliance filing, Eversource proposes to return or recover the amortization of the excess or deficient ADIT for the Interim Period beginning on the January 1, 2020 effective date through December 31, 2021, as follows, assuming the Commission issues an order approving the NETOs' Order No. 864 compliance filings in 2021 (and thus allows the Eversource Companies to begin recording amortization of excess ADIT in 2021). Specifically, Eversource proposes to record a "catchup" amortization amount to reflect the amortization of the excess ADIT for 2020 and 2021 in 2021. Under the Settled Formula Rate, there is no mechanism to reflect the amortization of excess ADIT that is recorded in 2021 to customers until January 1, 2023, when rates under the Settled Formula Rate will be based on actual revenue requirement data for 2021 (and forecast data for Plant in Service Additions for 2022 and 2023). Eversource proposes to return the excess ADIT to customers one year earlier, and accordingly requests the Commission's authorization for the Eversource Companies to include one year of amortization of excess ADIT in the forecast for the revenue requirement for service provided under Schedule 21-ES beginning on January 1, 2022. This proposal, if granted, would allow the Eversource Companies to reflect all of the 2020 amortization of excess ADIT in the rate in effect beginning on January 1, 2022. This proposal is just and reasonable and would benefit customers by commencing the flow back of excess ADIT associated with the TCJA to them one year earlier (i.e., commencing on January 1, 2022, rather than January 1, 2023).

## **V. DOCUMENTS SUBMITTED WITH THIS FILING**

Eversource is submitting the following materials in this supplemental compliance filing:

1. This Transmittal Letter;
  2. Tariff revisions to the current version of Schedule 21-ES to the ISO-NE OATT in eTariff Record format;
  3. Clean and redline copies of the Schedule 21-ES to the ISO-NE OATT in PDF format for posting in eLibrary (Attachments 1a and 1b);
  4. Permanent ADIT Worksheet in Excel format (Attachment 2); and
  5. The Eversource Companies' populated version of the ADIT Worksheet, including a supporting worksheet that shows the remeasurement of the excess or deficient ADIT resulting from the TCJA (Attachment 3).
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## VI. CONCLUSION

Eversource requests the Commission accept this supplemental compliance filing, and make the proposed tariff changes to Schedule 21-ES to the ISO-NE OATT effective beginning on January 1, 2020. Eversource respectfully requests any necessary waivers in connection with this supplemental compliance filing and the July 30 Compliance Filing.

Respectfully submitted,

s/ Mary E. Grover

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*Counsel to Eversource Energy Service  
Company, as agent for The Connecticut Light  
and Power Company, NSTAR Electric  
Company and Public Service Company of New  
Hampshire*

Dated: March 8, 2021

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document via electronic mail upon the official service list compiled by the Secretary in Docket Nos. ER20-2572 and ER21-1130.

/s/Jeannette Crooks  
Jeannette Crooks  
Steptoe & Johnson LLP  
1330 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Attachment 1a

Clean Version

Schedule 21-ES to the ISO-NE OATT



**Eversource**  
**SCHEDULE 21-ES**

## **Table of Contents**

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- II.** Point-To-Point Transmission Service
- III.** Local Network Service

### **Schedule ES-1: Scheduling System Control and Dispatch Service**

#### **Appendix A: Point-to-Point Transmission Rate**

**Exhibit 1** - Determination of Annual Control Center Expenses

**Exhibit 2** - CL&P Dispatch Center Revenue Requirement

#### **Appendix B: Network Transmission Formula Requirements**

**Exhibit 1** - Determination of Annual Control Center Expenses

**Exhibit 2** - CL&P Dispatch Center Revenue Requirement

#### **Appendix C: Generation Rates**

### **Schedule ES-2: Firm Point-to-Point Service**

#### **Appendix A: Category A Rate Firm Point-to-Point Transmission Service**

### **Schedule ES-3: Non-Firm Point to Point Service**

#### **Appendix A: Category A Rate for Non-Firm Point-to-Point Service**

**Schedule ES-4: Charge Provisions for Local Network Service**

**Appendix A:** Network Formula Requirements for Category A Costs

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**Attachment ES-C:** Available Transfer Capability Methodology

**Attachment ES-D:** Penalty Disbursement Methodology

**Attachment ES-E:** Localized Costs Responsibility Agreement

**Attachment ES-G:** Network Operating Agreement

**Attachment ES-H:** Annual Transmission Revenue Requirements

**Attachment ES-I:** Annual Localized Transmission Revenue Requirement

**Attachment ES-J:** The Connecticut Light and Power Company Depreciation Rates

**Attachment ES-K:** NSTAR Electric Company (West) Depreciation Rates

**Attachment ES-L:** Creditworthiness Procedures

**Attachment ES-M:** ADIT Worksheet

## **SCHEDULE 21-ES**

### **LOCAL SERVICE SCHEDULE**

This Local Service Schedule, designated Schedule 21-ES, governs the terms and conditions of service taken by Transmission Customers over the Transmission System of The Connecticut Light and Power Company, Public Service Company of New Hampshire and NSTAR Electric Company (West) (together, “Eversource”), but not over the Transmission System of NSTAR Electric Company (East), which provides service pursuant to Schedule 21-NSTAR.

#### **I. COMMON SERVICE PROVISIONS**

##### **1 Definitions**

Capitalized terms not defined herein shall have the meanings given them in the Tariff.

##### **1.1 Annual Transmission Costs**

The total annual cost of the Transmission System for purposes of Local Network Service shall be the amount specified in Attachments ES-H and ES-I, until amended by Eversource or modified by the Commission.

##### **1.2 Annual True Up**

The reconciliation to actual costs and actual loads of the estimated costs and loads costs used for billing purposes under Section 3.0 of this Local Service Schedule for any Service Year.

##### **1.3 Category A Load Ratio Share**

Ratio of a Transmission Customer's Category A Network Load to Eversource's total load computed in accordance with Sections 16.5 and 16.6 under Part III of this Local Service Schedule and calculated on a rolling twelve month basis. Also referred to as “Load Ratio Share”.

##### **1.4 Category B Load Ratio Share**

Ratio of a Transmission Customer's Monthly Category B Load in the Designated State or Area for a Localized Facility to the Monthly Transmission System Category B Load for such Designated State or Area, calculated in accordance with Sections 16.5 and 16.6, and calculated on a rolling twelve month basis.

### **1.5 Designated Agent**

See Tariff. Also, the Designated Agent of Eversource is Eversource Energy Service Company (“Eversource Service”) which is a subsidiary of Eversource Energy.

### **1.6 Designated State or Area**

The state or area to which the Commission allocates the costs of a Localized Facility identified in Section 16.3.

### **1.7 Interest**

The amount computed in accordance with the Commission’s regulations at 18 CFR §35.19a (a)(2)(iii). Interest on deposits and shall be calculated from the day the deposit check is credited to Eversource’s account.

### **1.8 Interruption**

A reduction in non-firm transmission service due to economic reasons pursuant to Schedule 21.

### **1.9 Localized Facility**

Facility or costs that the New England System Operator determines should not be included in Attachment F of the ISO OATT.

### **1.10 Network Load**

The load that a Network Customer designates for Local Network Service. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as 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 Network Load, the Eligible Customer is responsible for making separate arrangements for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

### **1.11 Network Operating Agreement**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under Part III of this Local Service Schedule.

**1.12 Network Upgrades**

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

**1.13 New England System Operator**

ISO New England Inc. ("ISO") or its successor entity.

**1.14 Party(ies)**

Eversource and the Transmission Customer receiving service under the Tariff.

**1.15 Short-Term Firm Point-To-Point Transmission Service**

Firm Point-To-Point Transmission Service with a term of less than one year.

**1.16 Service Agreement**

Service Agreement is a transmission service agreement for transmission service provided under this Local Service Schedule or Localized Costs Responsibility Agreement ("LCRA").

**1.17 Service Year**

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

**1.18 Eversource**

For purposes of this Schedule 21-ES, Eversource shall refer to The Connecticut Light and Power Company, NSTAR Electric Company (West), and Public Service Company of New Hampshire, but excluding NSTAR Electric Company (East), which provides Transmission Service pursuant to Schedule 21-NSTAR.

**1.19 Eversource's Monthly Transmission System Peak**



The maximum firm usage of the Eversource Transmission System in a calendar month (this does not include load of Eversource's customers exclusively connected to PTF).

#### **1.20 Eversource Transmission System**

The PTF and non-PTF facilities owned, controlled or operated by Eversource that are used to provide transmission service under this Local Service Schedule. This includes PTF facilities whose costs are not included in the regional rate.

#### **1.21 Transmission Service**

Point-To-Point Transmission Service provided under this Local Service Schedule on a firm and non-firm basis.

### **2. Ancillary Services**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. Eversource is required to provide (or offer to arrange with the New England System Operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Service (i) Scheduling, System Control and Dispatch.

The Transmission Customer serving load within the Eversource Control Area shall also obtain the following ancillary services: (i) Reactive Supply and Voltage Control from Generation Sources, (ii) Regulation and Frequency Response, (iii) Energy Imbalance, (iv) Operating Reserve - Spinning, and (v) Operating Reserve - Supplemental.

The Transmission Customer serving load within the Eversource Control Area is required to acquire the appropriate Ancillary Services, whether from the New England System Operator, Eversource, another party, or by self-supply.

The Transmission Customer may not decline Eversource's or the New England System Operator's offer of appropriate 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 Eversource.

If Eversource is unable to provide Scheduling, System Control and Dispatch, Eversource can fulfill its obligation to provide this Ancillary Service by acting as the Transmission Customer's agent to secure this Ancillary Service from the New England System Operator. The Transmission Customer may elect to (i) have Eversource act as its agent to obtain Scheduling, System Control and Dispatch, (ii) secure Scheduling, System Control and Dispatch directly from the New England System Operator, or from a third party.

Eversource or New England System Operator shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedule that is attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by Eversource in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by Eversource 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 the Eversource system.

### **3. Billing and Payment**

#### **3.1 Billing Procedure**

Within a reasonable time after the first day of each month, Eversource Service shall submit an invoice to the Transmission Customer for the charges for all services furnished or costs allocated under the Tariff during the preceding month.

The invoice shall be paid by the Transmission Customer within twenty five (25) days of the date of the invoice. All payments shall be made in immediately available funds payable to Eversource Service, or by wire transfer to a bank named by Eversource Service. Billing hereunder shall be based on cost estimates made by Eversource 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. The Annual True-up will include interest calculated in accordance with Section 35.19a of the Commission's regulations. If the in

service date of a forecasted capital addition changes, and the impact of such change on Eversource's annual revenue requirement is ten percent or more, Eversource Service will adjust current billing to the Transmission Customer as appropriate.

### **3.2 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 Eversource Service.

### **3.3 Customer Default**

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Eversource Service on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Eversource Service 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, Eversource 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 Eversource and the Transmission Customer, Eversource 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 Eversource may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy. Neither Party shall have the right to challenge any monthly bill or to bring any court or administrative action of any kind questioning the propriety of any bill after a period of twenty four (24) months from the date the bill was due; provided, however, that in the case of a bill based on estimates, such twenty-four month period shall run from the due date of the final adjusted bill.

### **3.4 Transmission Customer Right to Audit**

Eversource shall keep complete and accurate accounts and records with respect to its performance under this Local Service Schedule and shall maintain such data for a period of at least two (2)

years after final billing for audit by a Transmission Customer. The Transmission Customer shall provide thirty (30) days' written notice to Eversource to request an audit of all such accounts and records relevant to service provided to the Transmission Customer for a specific time period. The Transmission Customer shall have the right, during normal business hours and at its own expense, to examine, inspect and make copies of all such accounts and records relevant to service provided to the Transmission Customer at such offices where such accounts and records are maintained, insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statements of charges submitted hereunder to the Transmission Customer. The records made available to a Transmission Customer for auditing purposes hereunder shall not include information pertaining to the loads of or charges to an individual customer other than the Transmission Customer; unless the Transmission Customer requests that the Commission order that such information be made available to the Transmission Customer and the Commission so orders. Nothing in this section shall be interpreted as limiting the Transmission Customer's access to system-wide load or charge data.

### **3.5 Regulatory Oversight of Formula Rate**

Eversource will submit to the Connecticut Public Utilities Regulatory Authority, the Massachusetts Department of Public Utilities and the New Hampshire Public Utilities Commission ("State Commissions") the following information:

- (a) A copy of the New England Power Pool's ("NEPOOL's") or any successor's annual informational filing at FERC supporting the total transmission revenue requirement for New England, which contains information submitted by Eversource supporting its total transmission revenue requirement;
- (b) Eversource's total transmission revenue requirement as calculated in Attachments H & I under Schedule 21-ES;
- (c) A copy of Eversource's applications under Restated NEPOOL Agreement Section 15.5, concerning the installation of or material changes to transmission facilities (or any successor approval process), and Section 18.4, concerning plans for additions, retirements, or changes in the capacity of transmission facilities (including descriptions of facilities and cost estimates);

- (d) A copy of ISO New England's or any successor's Regional Transmission System Plan, which contains all identified improvements to the New England power system approved by the ISO New England or any successor's board;
- (e) A copy of Eversource's filing to each New England state's siting council for those projects to be recovered through the RNS or LNS rates, such copy to be filed with the State Commissions when the estimated costs of the projects in question are proposed to be included in the RNS and LNS rates;
- (f) At the same time that new estimated rates are implemented, the estimated cost for each capital addition (on a project-by-project basis) the cost of which is to be included in the estimated rates; and, for each such capital addition with an estimated cost of \$20 million or greater, Eversource will provide the following to the extent available: (i) a breakdown of the projected cost into the following categories: labor (broken down into planning, engineering, construction, and other), outside services (broken down into planning, engineering, construction and other), materials (broken down into station equipment, towers and poles, overhead conductor, underground conduit and conductor, and other), land (broken down into fee ownership, easement, and other), and other (if applicable) and (ii) a non-binding estimate of the total project costs by calendar quarter;
- (g) Within 60 days after the true-up is rendered for a year, the actual cost for each capital addition that was placed in service during that year; and, for each such capital addition with an actual or estimated cost of \$20 million or greater, Eversource will provide the following to the extent available: (i) a breakdown of the actual cost into the following categories: labor (broken down into planning, engineering, construction, and other), outside services (broken down into planning, engineering, construction, and other), materials (broken down into station equipment, towers and poles, overhead conductor, underground conduit and conductor, and other), land (broken down into fee ownership, easement, and other), and other (if applicable) and (ii) the actual total project costs by calendar quarter.

#### **4. Regulatory Filings**

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of Eversource to unilaterally make application to the Commission for a change in rates, terms and

conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

**5. Creditworthiness:** See Attachment ES-L to this Schedule 21-ES.

**6. 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. POINT-TO-POINT TRANSMISSION SERVICE**

**Scheduling of Point-To-Point Transmission Service:**

The System Operator will dispatch all resources subject to its control, pursuant to Market Rule 1, in order to meet load and to accommodate external transactions. Resources within the New England Control Area using Firm Point-to-Point Transmission Service shall be dispatched based on economic merit in accordance with Market Rule 1 and will have no physical scheduling or dispatch rights. Transmission Customers will be charged for congestion costs and any other costs associated with such dispatch in accordance with Market Rule 1.

**7. Nature of Firm Point-To-Point Transmission Service**

**7.1 Classification of Firm Transmission Service**

The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule ES-2, as appropriate, for Long and Short-Term Firm Point-To-Point Transmission Service. In the event that either a Transmission Customer has not made a capacity reservation, or a Transmission Customer exceeds its firm capacity reservation at the Point of Receipt and Point of Delivery the Transmission Customer shall be billed and pay for its actual use of such excess capacity in addition to any Reserved Capacity pursuant to Schedule ES-2, including ancillary services provided pursuant to Schedule ES-1 hereto.



## **8. Nature of Non-Firm Point-To-Point Transmission Service**

### **8.1 Classification of Non-Firm Point-To-Point Transmission Service**

The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule ES-3, as appropriate, for non-firm Point-To-Point Transmission Service. In the event that either a Transmission Customer has not made a capacity reservation, or a Transmission Customer exceeds its non-firm capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer shall be billed and pay for its actual use of such excess capacity in addition to any Reserved Capacity pursuant to Schedule ES-3, including ancillary services provided pursuant to Schedule ES-1 hereto. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and/or energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule ES-3.

## **9. Service Availability**

### **9.1 Real Power Losses**

Real Power Losses are associated with all transmission service. Eversource is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as determined under Market Rule 1. The applicable Real Power Loss factors are as follows:

The amount of transmission losses incurred in transmitting power from the POR(s) to the POD(s) ("Loss Amount") shall be determined from time to time by the New England System Operator in accordance with ISO procedures applicable at the time of delivery. The Loss Amounts, when determined by the New England System Operator, shall be posted on Eversource's Open Access Same-Time Information System ("OASIS"). In the event that the New England System Operator, for any reason, does not determine the entire Loss Amount, the losses not determined by the New England System Operator shall be based on average system losses as set forth below:

<b>Cumulative Losses in Percent</b>			
<b>POR/POD</b>	<b>Peak*</b>	<b>Off-Peak</b>	<b>24 Hr. Avg.</b>
Bulk Transmission	1.98	2.42	2.21
Bulk Substation	2.46	2.92	2.70
Pri. Distribution	4.58	4.50	4.54

\*Peak hours are defined as 0700-2300, Monday-Friday; Off-Peak hours are all other hours.

## **10. Procedures for Arranging Firm Point-To-Point Transmission Service**

### **10.1 Deposit**

A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either three month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month.

## **11. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests:**

### **11.1 Disbursement Methodology for Late Study Penalties**

See Attachment ES-D to Schedule 21-ES.

## **12. Compensation for Transmission Service**

The Transmission Customers taking Point-To-Point Transmission Service shall pay Eversource for any Direct Assignment Facilities, Ancillary Services and applicable study costs, along with the following:

### **12.1 Rates and Charges for Transmission Service**

Rates for Firm and Non-Firm Point-To-Point Transmission Services are provided in the Attachments appended to this Local Service Schedule: Firm Point-To-Point Transmission Services (Schedule ES-2); and Non-Firm Point-To-Point Transmission Services (Schedule ES-3).

### **12.2 Rates for Firm and Non-Firm Point-To-Point Transmission Services**

Rates for Firm and Non-Firm Point to Point Transmission Services shall be determined as set forth in Attachments ES-2 and ES-3 of this Local Service Schedule 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 an appropriate billing adjustment shall be made pursuant to Section 3 of this Local Service Schedule. Eversource shall use Part II of the Tariff to make its Third-Party Sales. Eversource shall account for such use at the applicable Tariff rates.

### **III. LOCAL NETWORK SERVICE**

#### **13. Nature of Local Network Service**

##### **13.1 Real Power Losses**

Real Power Losses are associated with all transmission service. Eversource is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as determined under Market Rule 1. The applicable Real Power Loss factors are as follows:

The amount of transmission losses incurred in transmitting power across the Eversource Transmission System to the Network Customer's Network Load shall be determined from time to time by the New England System Operator in accordance with ISO procedures applicable at the time of delivery. The Loss Amounts, when determined by the New England System Operator, shall be posted on the Open Access Same-Time Information System ("OASIS"). In the event that the New England System Operator, for any reason, does not determine the entire Loss Amount, the losses not determined by the New England System Operator shall be based on average system losses as set forth below:

<b>Cumulative Losses in Percent</b>			
<b>POR/POD</b>	<b>Peak*</b>	<b>Off-Peak</b>	<b>24 Hr.</b>
			<b>Avg.</b>
Bulk Transmission	1.98	2.42	2.21
Bulk Substation	2.46	2.92	2.70
Pri. Distribution	4.58	4.50	4.54

\*Peak hours are defined as 0700-2300, Monday-Friday; Off-Peak hours are all other hours.

## **14. Network Resources**

### **14.1 Use of Interface Capacity by the Network Customer**

There is no limitation upon a Network Customer's use of the Eversource Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of Eversource's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

## **15. Additional Study Procedures For Local Network Service Requests**

**15.1 Disbursement Methodology for Late Study Penalties** See Attachment ES-D to Schedule 21-ES

## **16. Rates and Charges**

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

### **16.1 Rates and Charges**

Rates for Local Network Service shall be determined as set forth in Schedule ES-4 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 an appropriate billing adjustment shall be made pursuant to Section 3 of this Local Service Schedule.

### **16.2 Eligible Customers Taking Service Under the ISO Tariff**

Any Eligible Customer taking Regional Network Service under the ISO Tariff in a Designated State or Area shall pay to Eversource Service the customer's Category B Load Ratio Share of the Formula Requirements as calculated in Schedule ES-4, Appendix B for such Designated State or Area. Eversource Service shall execute a LCRA under this Local Service Schedule, in the form set forth in Attachment ES-E, to recover such charges from such customer. Eversource Service shall not bill any such customer any such costs until (1) such LCRA has been executed with the

Eligible Customer, or (2) an unexecuted LCRA has been permitted to be made effective **by** the Commission.

16.3 Listing of Localized Facilities by Designated State or Area:

**(a)** Connecticut:

Bethel to Norwalk Project

Middletown to Norwalk Project

Glenbrook Cables Project

Greater Springfield Reliability Project (Connecticut portion)

**(b)** Massachusetts:

Greater Springfield Reliability Project (Massachusetts portion)

16.4 **Monthly Demand Charge**

The Network Customer shall pay monthly Demand Charges, which shall be determined by multiplying its Category A Load Ratio Share times one twelfth (1/12) of the Formula Requirements in Schedule ES-4, Appendix A, and by multiplying its Category B Load Ratio Share for the Designated State or Area times one twelfth (1/12) of the Formula Requirements in Schedule ES-4, Appendix B for the Localized Facilities that are in such Designated State or Area.

16.5 **Determination of Network Customer's Monthly Network Load**

The Network Customer's Monthly Category A Network Load is its hourly load (including its designated Network Load not physically interconnected with Eversource under Schedule 21) coincident with Eversource's Monthly Transmission System Peak.

The Network Customer's Monthly Category B Load for a Designated State **or** Area for a Localized Facility is its hourly load in such Designated State or Area coincident with the monthly transmission system peak load for such Designated State or Area.

For Localized Facilities for which the Designated State or Area is identified as "Connecticut" in Section 16.3(a) of this Schedule 21-ES, the customer's hourly load shall be all of the customer's

Regional Network Load in Connecticut, and the monthly transmission system peak load shall be all Regional Network Load in Connecticut.

For Localized Facilities for which the Designated State or Area is identified as “Massachusetts” in Section 16.3(b) of this Schedule 21-ES, the customer’s hourly load shall be all of the customer’s Regional Network Load in Massachusetts, and the monthly transmission system peak load shall be all Regional Network Load in Massachusetts; provided, that the customer’s monthly load and the monthly transmission system peak load shall exclude the load of generators taking RNS for the delivery of offline station service.

#### **16.6 Determination of Eversource’s Monthly Transmission System Load**

Eversource’s Monthly Transmission System Category A Load is Eversource’s Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to this Local Service Schedule plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.<sup>1</sup>

Eversource’s Monthly Transmission System Category B Load for the Designated State or Area for a **Localized** Facility is the monthly transmission system peak load for such Designated State or Area.<sup>1</sup>

For Localized Facilities for which the Designated State or Area is identified as “Connecticut” in Section 16.3(a) of this Schedule 21-ES, the monthly transmission system peak load shall be all Regional Network Load in Connecticut.

For Localized Facilities for which the Designated State or Area is identified as “Massachusetts” in Section 16.3(b) of this Schedule 21-ES, the monthly transmission system peak load shall be all Regional Network Load in Massachusetts; provided, that the monthly transmission system peak load shall exclude the load of generators taking RNS for the delivery of offline station service.

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<sup>1</sup> Excludes MWs associated with lump sum payment transactions identified in footnote 2.



## **17. Operating Arrangements**

### **17.1 Operation under the Network Operating Agreement**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

### **17.2 Network Operating Agreement**

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Eversource Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Eversource and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Eversource Transmission System, interchange schedules, unit outputs for redispatch, 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 Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with Eversource, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and NPCC requirements. Eversource shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment ES-G.

## **SCHEDULE ES-1**

### **SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by Eversource (if Eversource is the Control Area operator) or indirectly by Eversource making arrangements with the New England System Operator that performs this service for the Eversource Transmission System. The Transmission Customer must purchase this service from Eversource or the New England System Operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the New England System Operator performs this service for Eversource, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Eversource by that New England System Operator.

Each Point-To-Point Transmission Customer under this Local Service Schedule will be charged for Transmission Scheduling, System Control and Dispatch Services for the total Reserved Capacity specified in each reservation for Point-To-Point Transmission Service made under this Local Service Schedule at the rates set forth in Appendix A of this Schedule ES-1. In the event that a Transmission Customer utilizes transmission capacity without a reservation or exceeds its capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer **shall** pay for its actual use of such excess capacity in addition to any Reserved Capacity. The charge for such excess use of capacity shall be determined by multiplying the sum of the actual use in excess of its capacity reservation times the hourly non-firm rate posted on Eversource's OASIS including ancillary services provided pursuant to Schedule ES-1 hereto.

Each Network Customer under this Local Service Schedule will be charged a monthly Transmission Scheduling, System Control and Dispatch Service Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Formula Requirements specified in Appendix B of this Schedule ES-1.

Each Transmission Customer with generation within the New England Control Area shall be required also to provide for Scheduling, System Control and Dispatch Service for that generation. It is anticipated that the Transmission Customer will obtain these services from the ISO. Eversource will make available

Generation Scheduling, System Control and Dispatch Service at the rates set forth in Appendix C of this Schedule ES-1.

Each Transmission Customer with generation located outside of the New England Control Area shall be required to provide for Scheduling, System Control and Dispatching Service for that generation. It is anticipated that the Transmission Customer will obtain these services by contracting for these services from the provider of these services within the Control Area where the generation is located.

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-1 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

Depreciation rates shall be stated values that are approved by FERC and displayed in Attachment ES-J (CL&P), and Attachment ES-K (NSTAR (West)) to this Schedule 21-ES.

**SCHEDULE ES-1**  
**Appendix A**  
**POINT-TO-POINT TRANSMISSION RATE**

Eversource's Formula Rate for Point-To-Point Transmission Scheduling, System Control and Dispatch Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_{i-1} - B_{i-1}) C_{i-1} \text{ WHERE:}$$

- $i$  equals the calendar year during which service is being rendered ("Service Year").
- $A_{i-1}$  is the Annual Control Center Expenses (expressed in dollars) of Eversource for the calendar year prior to the Service Year. The Annual Control Center Expenses are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule ES-1.
- $B_{i-1}$  is the actual transmission scheduling, system control and dispatch revenues (expressed in dollars) provided from the provision of transmission services to others. The actual transmission scheduling and dispatch revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account No. 456.1 pertaining to Transmission of Electricity for Others and such other applicable FERC accounts for the calendar year prior to the Service Year.
- $C_{i-1}$  is the average Eversource Monthly Transmission System Category A Load (expressed in kilowatts).

**SCHEDULE ES-1**

**Appendix A**

**Exhibit 1**

**DETERMINATION OF ANNUAL CONTROL CENTER EXPENSES**

The rate formula for determination of the annual control center expenses revenue requirements for each of the companies comprising Eversource hereunder is determined as follows:

A. ANNUAL CONTROL CENTER EXPENSES

Eversource's System Control and Load Dispatching Expense, for the calendar year prior to the Service Year, as recorded in FERC Account 561.1-561.4 and the revenue requirement calculation for the CL&P Dispatch Center Plant as described in Appendix A, Exhibit 2.

**SCHEDULE ES-1**  
**APPENDIX A**  
**EXHIBIT 2**  
**CL&P DISPATCH CENTER REVENUE REQUIREMENT**

This exhibit calculates the CL&P Dispatch Center Revenue Requirement. The CL&P Dispatch Center Revenue Requirement for use during a calendar year shall be based on CL&P's costs for the immediately preceding calendar year.

**I. DEFINITIONS**

Capitalized terms not otherwise defined in Section I. of the ISO-NE Transmission, Markets and Services Tariff and as used in this exhibit have the following definitions:

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's year-end gross plant balances used for CL&P's Dispatch Center as recorded in FERC Account Nos. 303, 350-359, and 389-399.

Dispatch Center Depreciation Reserve shall equal CL&P's year-end depreciation reserve balance for Dispatch Center Plant as recorded in FERC Account No. 108.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of CL&P's year-end deferred tax balances for Dispatch Center Plant as recorded in FERC Account Nos. 281-283 and 190.

Other Regulatory Assets/Liabilities shall equal the year-end balance of Dispatch Center Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as recorded in FERC Account Nos. 182.3 and 254.

**II. CALCULATION OF TOTAL DISPATCH CENTER REVENUE REQUIREMENT**

The Dispatch Center Revenue Requirement shall equal the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense; provided, that during the period January 1, 2008 through December 31, 2008, the Dispatch Center Revenue Requirement shall equal the product of (i) the number of months (or fractions thereof) remaining in 2007 on and after the

date upon which the CONVEX Agreements are permitted to be made effective by FERC, divided by 12 and (ii) the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, (D) Dispatch Center Municipal Tax Expense, and (E) Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities. "CONVEX Agreements" refers to the agreements between The Connecticut Light & Power Company and various entities relating to the operation of the Dispatch Center and filed with FERC contemporaneously with the filing of this Exhibit 2.

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

1. Dispatch Center Investment Base

The Dispatch Center Investment Base will be the year-end balances of: (a) Dispatch Center Plant, less (b) Dispatch Center Depreciation Reserve, less (c) Dispatch Center Accumulated Deferred Income Taxes, plus or minus (d) Other Regulatory Assets/Liabilities.

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 will be calculated based upon CL&P's capital structure at the end of each year and will equal the sum of (i),(ii), and (iii) below.

(i) The long-term debt component, which equals the product of the year-end balance of CL&P's first mortgage bonds and pollution control notes adjusted for premiums, discounts, debt expense and losses on reacquired debt and the ratio of the long term debt to CL&P's total capital.

(ii) The preferred stock component, which equals the product of the year-end balance of CL&P's preferred stock adjusted for premiums, discounts and unamortized issue expense and the ratio of the preferred stock to CL&P's total capital.

(iii) The common equity component, which equals the product of 10.3% and the ratio of the common equity to CL&P's total capital.

(b and c) Federal and State Income Taxes shall be computed as follows:

$$A \times B \times C$$

where:

A = Dispatch Center Investment Base

B = Cost of equity capital (the sum of the preferred stock component and common equity component)

C =  $TE / (1 - TE)$ , where TE is the effective combined federal and state statutory income tax rates in effect at the applicable time.

B. Dispatch Center Depreciation Expense shall equal CL&P's Dispatch Center depreciation expense as recorded in FERC Account No. 403.

C. Dispatch Center Amortization of Investment Tax Credits shall equal CL&P's Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

D. Dispatch Center Municipal Tax Expense shall equal CL&P's Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

E. Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal the Dispatch Center's related expenses and credits as recorded in FERC Account No. 410.1 and 411.1, respectively, solely related to any deficient or excess deferred income taxes as a result of changes to Federal, State, or Local income tax rates. Amortization will be multiplied by a factor of  $1/(1 - T)$ , where T is the effective combined Federal Income Tax and the Corporate Income Tax Rate of Connecticut in effect at the applicable time.

## **SCHEDULE ES-1**

### **Appendix B**



## NETWORK TRANSMISSION FORMULA REQUIREMENTS

Eversource's formula requirements for Network Transmission Scheduling, System Control and Dispatch Service is determined from the following formula.

$$\text{Formula Requirements}_i = (A_{i-1} - B_{i-1})$$

WHERE:

- $i$  equals the calendar year during which service is being rendered ("Service Year").
- $A_{i-1}$  is the Annual Control Center Expenses (expressed in dollars) of Eversource for the calendar year prior to the Service Year. The Annual Control Center Expenses are determined pursuant to the formula specified in Exhibit 1 to this Appendix B of Schedule ES-1.
- $B_{i-1}$  is the actual transmission scheduling, system control and dispatch revenues (expressed in dollars) provided from the provision of transmission services to others. The actual transmission scheduling, system control and dispatch revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account No. 456.1 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

**SCHEDULE ES-1**  
**APPENDIX B**  
**EXHIBIT 1**  
**DETERMINATION OF ANNUAL CONTROL CENTER EXPENSES**

The rate formula for determination of the annual control center expenses for each of the companies comprising Eversource hereunder is determined as follows:

A. ANNUAL CONTROL CENTER EXPENSES

Eversource's System Control and Load Dispatching Expense), for the calendar year prior to the Service Year as recorded in FERC Account 561.1-561.4 and the revenue requirement calculation for the CL&P Dispatch Center Plant as described in Appendix B, Exhibit 2.

**SCHEDULE ES-1**  
**APPENDIX B**  
**EXHIBIT 2**  
**CL&P DISPATCH CENTER REVENUE REQUIREMENT**

This exhibit calculates the CL&P Dispatch Center Revenue Requirement. The CL&P Dispatch Center Revenue Requirement for use during a calendar year shall be based on CL&P's costs for the immediately preceding calendar year.

**I. DEFINITIONS**

Capitalized terms not otherwise defined in Section I. of the ISO-NE Transmission, Markets and Services Tariff and as used in this exhibit have the following definitions:

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's year-end gross plant balances used for CL&P's Dispatch Center as recorded in FERC Account Nos. 303, 350-359, and 389-399.

Dispatch Center Depreciation Reserve shall equal CL&P's year-end depreciation reserve balance for Dispatch Center Plant as recorded in FERC Account No. 108.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of CL&P's year-end deferred tax balances for Dispatch Center Plant as recorded in FERC Account Nos. 281-283 and 190.

Other Regulatory Assets/Liabilities shall equal the year-end balance of Dispatch Center Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as recorded in FERC Account Nos. 182.3 and 254.

**II. CALCULATION OF TOTAL DISPATCH CENTER REVENUE REQUIREMENT**

The Dispatch Center Revenue Requirement shall equal the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense; provided, that during the period January 1, 2008 through December 31, 2008, the Dispatch Center Revenue Requirement shall equal the product of (i) the number of months (or fractions thereof) remaining in 2007 on and after the

date upon which the CONVEX Agreements are permitted to be made effective by FERC, divided by 12 and (ii) the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, (D) Dispatch Center Municipal Tax Expense, and (E) Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities. "CONVEX Agreements" refers to the agreements between The Connecticut Light & Power Company and various entities relating to the operation of the Dispatch Center and filed with FERC contemporaneously with the filing of this Exhibit 2.

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

1. Dispatch Center Investment Base

The Dispatch Center Investment Base will be the year-end balances of: (a) Dispatch Center Plant, less (b) Dispatch Center Depreciation Reserve, less (c) Dispatch Center Accumulated Deferred Income Taxes, plus or minus (d) Other Regulatory Assets/Liabilities.

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 will be calculated based upon CL&P's capital structure at the end of each year and will equal the sum of (i),(ii), and (iii) below.

(i) The long-term debt component, which equals the product of the year-end balance of CL&P's first mortgage bonds and pollution control notes adjusted for premiums, discounts, debt expense and losses on reacquired debt and the ratio of the long term debt to CL&P's total capital.

(ii) The preferred stock component, which equals the product of the year-end balance of CL&P's preferred stock adjusted for premiums, discounts and unamortized issue expense and the ratio of the preferred stock to CL&P's total capital.

- (iii) The common equity component, which equals the product of 10.3% and the ratio of the common equity to CL&P's total capital.

(b and c) Federal and State Income Taxes shall be computed as follows:

$$A \times B \times C$$

where:

A = Dispatch Center Investment Base

B = Cost of equity capital (the sum of the preferred stock component and common equity component)

C = TE / (1-TE), where TE is the effective combined federal and state statutory income tax rates in effect at the applicable time.

B. Dispatch Center Depreciation Expense shall equal CL&P's Dispatch Center depreciation expense as recorded in FERC Account No. 403.

C. Dispatch Center Amortization of Investment Tax Credits shall equal CL&P's Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

D. Dispatch Center Municipal Tax Expense shall equal CL&P's Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

E. Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal the Dispatch Center's expenses as recorded in FERC Account No. 410.1 and 411.1, respectively, solely related to any deficient or excess deferred income taxes as a result of changes to Federal, State, or Local income tax rates.

**SCHEDULE ES-1**  
**Appendix C**  
**GENERATION RATES**

Eversource's Formula Rate for Generation Scheduling, System Control and Dispatch Service ("Formula Rate") shall be calculated using the Point-to-Point Formula Rate for Transmission Scheduling, System Control, and Dispatch Service in Appendix A of Schedule ES-1.

**SCHEDULE ES-2**  
**FIRM POINT-TO-POINT SERVICE**

I. Each month, Eversource Service shall bill the Transmission Customer for Long-Term Firm and Short-Term Firm Transmission Service and the Transmission Customer shall be obligated to pay Eversource the charges as set forth in this Schedule ES-2, as applicable.

**A. TRANSMISSION CHARGES**

1. Determination of Transmission Charges

The Transmission Charges will provide for recovery of the costs of the transmission facilities of Eversource. The Category A Transmission Charges for each month will equal the sum of the Category A Charges for each monthly (or longer term), weekly or daily transaction during such month. In the event that a Transmission Customer utilizes transmission capacity without a reservation or exceeds its capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer **shall** pay for its actual use of such excess capacity in addition to the charges for each monthly, weekly or daily transactions during such month. The charge for such excess use of capacity shall be determined by multiplying the actual hourly use in excess of its capacity reservation times the applicable Category A on-peak or off-peak hourly non-firm rate posted on Eversource's OASIS pursuant to Schedule ES-3 including ancillary services provided pursuant to Schedule ES-1 hereto.

The Category A Charge for each monthly (or longer term) transactions will be the product of:

(a) Eversource's Category A Formula Rate (expressed in \$ per kilowatt-year), divided by twelve (12) months, and (b) the Reserved Capacity set forth for such monthly (or longer term) transaction (expressed in kilowatts).

The Category A Charge for each weekly transaction will be the product of: (a) Eversource's Weekly Category A Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-week), and (b) the Reserved Capacity set forth for such weekly transaction (expressed in kilowatts). Eversource's Weekly Category A Rate is Eversource's Category A Formula Rate for Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Category A Charge for each daily transaction will be the product of: (a) Eversource's Daily Category A Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-day), and (b) the Reserved Capacity set forth for such daily transaction (expressed in kilowatts). Eversource's Daily Category A Rate is Eversource's Weekly Category A Rate for Short-Term Firm Point-To-Point Transmission Service divided by five (5) days. The total of the Transmission Customer's charges for daily transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

2. Eversource's Formula Rates

Eversource's Formula Rates for Long-Term Firm and Short-Term Firm Point-To-Point Service shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule ES-2.

3. Tax Rates and Taxes

Eversource's Formula Rates set forth in this schedule in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, Eversource's Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4. Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under this Local Service Schedule. Accordingly, a separate Schedule ES-2 or other



applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

5. Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Eversource 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, Eversource 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.

6. Resales

The rates and rules governing charges and discounts in Sections I.A.1 and 5 of this Schedule ES-2 stated above shall not apply to resales of transmission service, compensation for which shall be governed by Schedule 21.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to Eversource Service each month the following additional charges for Long-Term, and Short-Term Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Long-Term Firm or Short Term Firm Point-To-Point Transmission Service provided under this Local Service Schedule, not specifically provided for in any of the charge or

rate provisions 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. Eversource 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. **REGULATORY EXPENSES CHARGE**

Eversource shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with this Local Service Schedule and the Service Agreements.

C. **OTHER**

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-2 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

**SCHEDULE ES-2**  
**Appendix A**  
**CATEGORY A RATE**  
**FIRM POINT-TO-POINT TRANSMISSION SERVICE**

Eversource's Category A Formula Rate for Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_i - B_i + C_i - D_i) / E_i$$

WHERE:

- $i$  equals the Service Year.
- $A$  is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment ES-H,
- $B$  is the revenues received (expressed in dollars) from the provision of transmission and other related services, to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load ( $E$ ),<sup>2</sup> minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $C$  is the transmission payments (expressed in dollars) to the New England System Operator as recorded in FERC Account 565 in accordance with the Tariff.
- $D$  is the sum of the annual revenues received (expressed in dollars) for the costs associated with the Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $E$  is the average Eversource Monthly Transmission System Category A Load (expressed in kilowatts).

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<sup>2</sup> Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

## **SCHEDULE ES-2**

**[Reserved]**

**SCHEDULE ES-3**  
**NON-FIRM POINT-TO-POINT SERVICE**

- I. Eversource shall bill the Transmission Customer for Non-Firm Point-To-Point Transmission Service, and the Transmission Customer shall be obligated to pay Eversource the charges as set forth in this Schedule ES-3 as applicable.

A. **TRANSMISSION CHARGES**

1. **General**

The Transmission Customer shall pay to Eversource Service each month the Category A Transmission Charges calculated for all of the Transmission Customer's monthly transactions, weekly transactions, daily transactions and hourly transactions, each as set forth below. In the event that a Transmission Customer utilizes transmission capacity without a reservation or exceeds its capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay for its actual use of such excess capacity in addition to the charges for each monthly, weekly, daily or hourly transactions during such month. The charge for such excess use of capacity shall be determined by multiplying the actual hourly use in excess of its capacity reservation times the applicable Category A on-peak or off-peak hourly non-firm rate posted on Eversource's OASIS pursuant to this Schedule ES-3 including ancillary services provided pursuant to Schedule ES-1 hereto.

With respect to any wholesale 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.

The Category A Transmission Charge for each month applicable to a monthly transaction shall be determined as the product of: (a) the Category A rate posted on Eversource's Open Access Same-Time Information System ("OASIS") at the time the service is reserved, not to exceed Eversource's Annual Category A Rate for Non Firm Point-To-Point Transmission Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such month (expressed in kilowatts).

The Category A Transmission Charge for each month applicable to weekly transactions shall be the sum of the transmission charges determined for each weekly transaction during such month. The transmission charge for each weekly transaction shall be determined as the product of: (a) the Category A rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Weekly Category A Firm Point-To-Point Transmission Charge Rate (expressed in \$ per kilowatt-week), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such week (expressed in kilowatts). Eversource's Weekly Category A Rate is Eversource's Annual Category A Rate for Non-Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Transmission Charge for each month applicable to daily transactions will be the sum of the transmission charges determined for each daily transaction. The transmission charge for each daily transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Daily Category A Firm Point-To-Point Transmission Charge Rate (expressed in \$ per kilowatt-day), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such day (expressed in kilowatts). Eversource's Daily Category A On-Peak Rate is Eversource's Weekly Category A Rate for Non-Firm Point-To-Point Transmission Service divided by five (5) days. Eversource's Daily Category A Off-Peak Rate is Eversource's Weekly Category A Rate for Non-Firm Point-To-Point Transmission Service divided by seven (7) days. The total of the Transmission Customer's charges for daily transactions, under an individual Reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

The Transmission Charge for each month applicable to hourly transactions will be the sum of the transmission charges determined for each hourly transaction during such month. The transmission charge for each hour of an hourly Transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Daily Category A Firm Point-To-Point Transmission Service Rate divided by sixteen (16) hours (expressed in \$ per kilowatt-hour), and (b) the Reserved Capacity as set forth in the Transmission Customer's applicable Reservation for such hour (expressed in kilowatts). Eversource's Hourly Category A On-Peak Rate is equal to Eversource's Daily Category A Rate for Non-Firm Transmission Service divided by sixteen (16) hours. Eversource's Hourly Category A Off-Peak Rate is equal to Eversource's Daily Category A Rate for Non-Firm Transmission

Service divided by twenty-four (24) hours. The total of the Transmission Customer's charges for hourly transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

2. Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Eversource 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, Eversource 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.

3. Resales

The rates and rules governing charges and discounts in Sections I.A.1 and 2 of this Schedule ES-3 stated above shall not apply to resales of transmission service, compensation for which shall be governed by Schedule 21.

4. Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by Eversource, the Local Control Center or the New England System Operator, the Transmission Charges to the Transmission Customer calculated pursuant to Section A, of this Schedule ES-3 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 such hour of interruption or curtailment shall be calculated as the product of (i) the applicable equivalent hourly charge for hourly, daily, weekly, or monthly transactions, and (ii) the kilowatts of service interruption or curtailment during such hour.

5. Eversource's Annual Formula Rate for Non Firm Point-To-Point Transmission Service

Eversource's Annual Formula Rates for Non Firm Point-To-Point Transmission Service shall be expressed in \$ per kilowatt-year and shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule ES-3 ("Formula Rates").

6. Tax Rates and Taxes

The Formula Rates set forth in this Schedule ES-3 in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay Eversource Service each month the following additional charges for Non-firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Non-Firm Point-To-Point Transmission Service provided under this Local Service Schedule, not specifically provided for in any of the charge or rate provisions 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 such fee, assessment, or tax shall be borne by the Transmission Customer. Eversource 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. **REGULATORY EXPENSES**

Eversource reserves its rights to make a Section 205 filing for recovery of its costs to administer this Local Service Schedule and the Service Agreements.

C. **OTHER**

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-3 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

**SCHEDULE ES-3**  
**Appendix A**  
**CATEGORY A RATE**  
**FOR NON-FIRM POINT-TO-POINT SERVICE**

Eversource's Category A Formula Rate for Non-Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_i - B_i + C_i - D_i) / E_i$$

WHERE:

- $i$  equals the Service Year.
- $A$  is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment ES-H.
- $B$  is the revenues received (expressed in dollars) from the provision of transmission and other related services to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load (E),<sup>2</sup> minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $C$  is the transmission payments (expressed in dollars) to the New England System Operator as recorded in FERC Account 565 in accordance with the Tariff.
- $D$  is the sum of the annual revenues received (expressed in dollars) for the costs associated with the Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $E$  is the average Eversource Monthly Transmission System Category A Load (expressed in kilowatts).

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<sup>2</sup> Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

**SCHEDULE ES-3[RESERVED]**

**SCHEDULE ES-4**  
**CHARGE PROVISIONS FOR LOCAL NETWORK SERVICE**

I. Network Customers will pay the following demand charges for Local Network Service.

A. **DEMAND CHARGE A**

1. Determination of Demand Charge:

The Demand Charge will be determined in accordance with Section ~~16.3~~16.4 of this Local Service Schedule.

2. Eversource's Annual Transmission Revenue Requirements:

The annual Transmission Revenue Requirements shall be determined in accordance with the formula specified in Appendix A of this Schedule ES-4 ("Formula Requirements").

B. **DEMAND CHARGE B**

1. Determination of Demand Charge

The Demand Charge will be determined in accordance with Section ~~16.3~~16.4 of this Local Service Schedule.

2. Eversource Annual Transmission Revenue Requirements:

The annual Transmission Revenue Requirements for each Localized Facility of a Designated State or Area shall be determined in accordance with the formula specified in Appendix B of this Schedule ES-4 ("Formula Requirements").

C. **TAX RATES AND TAXES**

The Formula Requirements set forth in this Schedule ES-4 in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Requirements will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to Eversource Service each month the following additional charges for Local Network Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for service provided under this Local Service Schedule, not specifically provided for in any of the charge or rate provisions under this Local Service Schedule, including any applicable interest charged on any deficiency assessment 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. Eversource 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. **REGULATORY EXPENSES CHARGE**

Eversource shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with this Local Service Schedule and the Service Agreements.

C. **OTHER**

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-4 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

**SCHEDULE ES-4**  
**Appendix A**  
**NETWORK FORMULA REQUIREMENTS**  
**FOR CATEGORY A COSTS**

Eversource's formula requirements for Local Network Service is determined from the following formula.

$$\text{Formula Requirements}_i = A_i - B_i + C_i - D_i$$

WHERE:

- $i$  equals the Service Year.
- $A$  is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment ES-H.
- $B$  is the revenues received (expressed in dollars) from the provision of transmission and other related services to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load,<sup>2</sup> minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $C$  is the transmission payments to (expressed in dollars) the New England System Operator as recorded in FERC Accounts 565 in accordance with the Tariff.
- $D$  is the sum of the annual revenues received (expressed in dollars) for the costs associated with Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.

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<sup>2</sup> Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

**SCHEDULE ES-4**  
**Appendix B**  
**NETWORK FORMULA REQUIREMENTS**  
**FOR CATEGORY B COSTS**

Eversource's formula requirements for Local Network Service and for Eligible Customers taking Regional Network Service under this Tariff in a Designated State or Area of a Localized Facility, is determined from the following formula, and separately determined for each Designated State or Area of a Localized Facility.

$$\text{Formula Requirements}_i = D_i$$

WHERE:

- $i$  equals the Service Year.
- $D$  is the annual Localized Transmission Revenue Requirements (expressed in dollars) of the Localized Facilities of Eversource for a Designated State or Area of a Localized Facility, as described in Attachment ES-I.

**ATTACHMENT ES-C**  
**AVAILABLE TRANSFER CAPABILITY METHODOLOGY**



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7. Posting of ATC Related Information
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## **1. Introduction**

ISO is the regional transmission organization (“RTO”), serving the New England Control Area. ISO is responsible for the development, oversight, and fair administration of New England’s wholesale market, management of the 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 (“BAA”): New Brunswick System Operator Area (“NBSO Area”), New York Independent System Operator Area (“NYISO Area”), and Hydro-Quebec TransEnergie Area (“HQTE 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 Service Provider for Regional Network Service (“Regional Transmission Service”) associated with Pool Transmission Facilities, the Participating Transmission Owners (“PTOs”) provide local transmission service over Non-Pool Transmission Facilities within the RTO footprint and are responsible for calculating TTC and ATC associated with Local Transmission Service provided under Schedule 21 pursuant to the Transmission Operating Agreement (“TOA”). Pursuant to CFR § 37.6(b)<sup>1</sup> of the FERC Regulations Transmission Provider’s are obligated to calculate and post TTC and ATC for each Posted Path. The ISO is not responsible for the calculation of these values.

Pursuant to the terms of the Transmission Operating Agreement executed between the companies comprising Eversource hereunder as Participating Transmission Owners (“PTOs”) and ISO, Eversource is a Transmission Service Provider and calculates TTC and ATC for certain Local Facilities over which Point-to-Point transmission service is provided under Schedule 21-ES of the ISO Open Access Transmission Tariff (“ISO OATT”).

<sup>1</sup> §37.6(b) Posting transfer capability. The available transfer capability on the Transmission Provider’s system (ATC) and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set out 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 service was denied, curtailed or interrupted (§37.6(b)(1)(i)).

Non-PTF facilities are primarily radial paths that provide transmission service directly to interconnected generators. It is possible, in the future that a particular path may interconnect more nameplate capacity generation than the path's TTC. However, for Eversource's Non-PTF modeled by the ISO or the Local Control Center ("LCC"), the ISO or the LCC 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 consistent with ISO's economic, security constrained dispatch methodology.

Eversource does not currently have any Posted Paths based on the above definition. However, if Eversource does have any Posted Path(s) in the future, Eversource will calculate 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 those functions performed or utilized by Eversource as the Transmission Provider of Schedule 21-ES Local Point-to Point transmission service over Non-PTF pursuant to the PTOs' Transmission Operating Agreement and the ISO OATT:

- Total Transfer Capability (TTC) methodology
- Available Transfer Capability (ATC) methodology
- Existing Transmission Commitment (ETC)
- Use of Rollover Rights (ROR) in the calculation of ETC

As explained in Section 2, TTC and ATC are required to be calculated only for certain non-PTF internal Posted Paths over which Local Point-to-Point transmission service is provided under Schedule 21-ES. TTC and ATC is not calculated by Eversource for Local Network Service because ISO employs a market model for economic, security constrained dispatch of generation, and Eversource does not require advance reservation for such network service.

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

Since the inception of the OATT for New England, the process by which generation located inside New England supplies energy to the bulk electric system has differed from the Commission's pro forma OATT. 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. 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 External Transactions to move energy into the ISO Area, 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 Locational Marginal Pricing (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.

This process for submitting External Transactions into the New England Real-Time Energy Market does not require an advance physical reservation for use of the PTF. In the event that the net of the 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 ISO Area, and non-PTF Local Facilities where utilized for Local Network Service by generation or load. However, Eversource owns Local Facilities over which an advance transmission service reservation for firm or non-firm transmission service may be required. On those Local Facilities, the market participant may obtain a transmission service reservation from Eversource under Schedule 21-ES prior to delivery of energy into the New England Wholesale Market. This document addresses the calculation of ATC and TTC for these non-PTF internal paths.

### 3. Eversource **Total Transfer Capability (TTC)**

The Total Transfer Capability (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-ES is calculated using NERC Standard MOD-029-1 Rated System Path Methodology and posted on Eversource's OASIS site.

Eversource will calculate and post TTC on its OASIS site for all non-PTF Posted Paths that are eligible for Point-to-Point transmission service reservations. The TTC on Eversource's non-PTF Local Facilities that are eligible for Local Point-to-Point transmission service reservations are relatively static values. Eversource thus calculate the TTC for Non-PTF Posted Paths that may require Local Point-to-Point Local Point-to-Point transmission reservations on its OASIS provider page according to NAESB Standards.

### 4. **Capacity Benefit Market (CBM)**

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP 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. Load Serving Entities operating within the New England Control Area are required to arrange for their Capacity Requirements prior to the beginning of any given month in accordance with ISO 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 Eversource's ATC calculation and because CBM for the New England Control Area is set to zero (0), Eversource utilizes a zero (0) CBM value.

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

The ETC<sub>F</sub> are those confirmed Firm transmission reservations (PTP<sub>F</sub>) plus any rollover rights for Firm transmission reservations (ROR<sub>F</sub>) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission Service (NITS<sub>F</sub>),

grandfathered Transmission Service ( $GF_F$ ) and other service(s), contract(s) or agreement(s) ( $OS_F$ ) to be considered in the  $ETC_F$  calculation.

### **Existing Transmission Commitments, Non-Firm( $ETC_{NF}$ )**

The ( $ETC_{NF}$ ) are those confirmed Non-Firm transmission reservations ( $PTP_{NF}$ ). There are no allowances necessary for Non-Firm Network Integration Transmission Service ( $NITS_{NF}$ ), Non-Firm grandfathered Transmission Service ( $GF_{NF}$ ) or other service(s), contract(s) or agreement(s) ( $OS_{NF}$ ).

### **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. Eversource does not have any external interfaces, and therefore TRM for Eversource's non-PTF facilities is zero.

### **6. Calculation of ATC for Eversource's Local Facilities - General Description:**

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 described above, as ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission 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. With this simplified version of ATC, there is no detailed algorithm to be described or posted. Thus, for those non-PTF facilities that serve as a path for Eversource's Schedule 21-ES Point-to-Point Transmission Customers, Eversource 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.

## **6.1 Calculation of Schedule 21-ES Firm ATC ( $ATC_F$ )**

### **6.1.1 Calculation of $ATC_F$ in the Planning Horizon (PH)**

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

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-ES that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily.  $Postbacks_F$  and  $counterflows_F$  of Schedule 21-ES transmission reservations are not considered in the ATC calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$

### **6.1.2 Calculation of $ATC_F$ in the Schedule 21-ES Operating Horizon (OH)**

For purposes of this Attachment C OH is 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 decreases 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 is zero. Daily Firm Transmission Service under Schedule 21-ES is the only firm service offered in the Operating Horizon (OH).  $Postbacks_F$  and  $counterflows_F$  of Schedule 21-ES transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$ .

### **6.1.3 Because Firm Schedule 21-ES transmission service is not offered in the Scheduling Horizon (SH): $ATC_F$ in the SH is zero.**

## **6.2 Calculation of Schedule 21-ES Non-Firm ATC ( $ATC_{NF}$ )**

### **6.2.1 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-ES are zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly.  $TRM_U$ ,  $Postbacks_{NF}$  and  $counterflows_{NF}$  of Schedule 21-ES transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

### **6.2.2 Calculation of $ATC_{NF}$ in the OH**

$ATC_{NF}$  available in the OH includes: Daily and Hourly.

As discussed above TRM and CBM for Schedule 21-ES are zero.  $TRM_U$ , counterflows and  $ETC_{NF}$  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 OH as  $PTP_{NF}$  ( $Postbacks_{NF}$ )

## **6.3 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 stated above, Eversource's non-PTF facilities are primarily radial paths that provide transmission service to directly interconnected generators. It is possible, in the future, that a particular radial path may interconnect more nameplate capacity generation than the path's TTC. However, due to the ISO's 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 may become zero, but will not become negative.

## **7. Posting of Schedule 21-ES ATC**

### **7.1 Location of ATC Posting**

ATC values are posted on Eversource's OASIS site.

### **7.2 Updates To ATC**

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

### **7.3 Coordination of ATC Calculations**

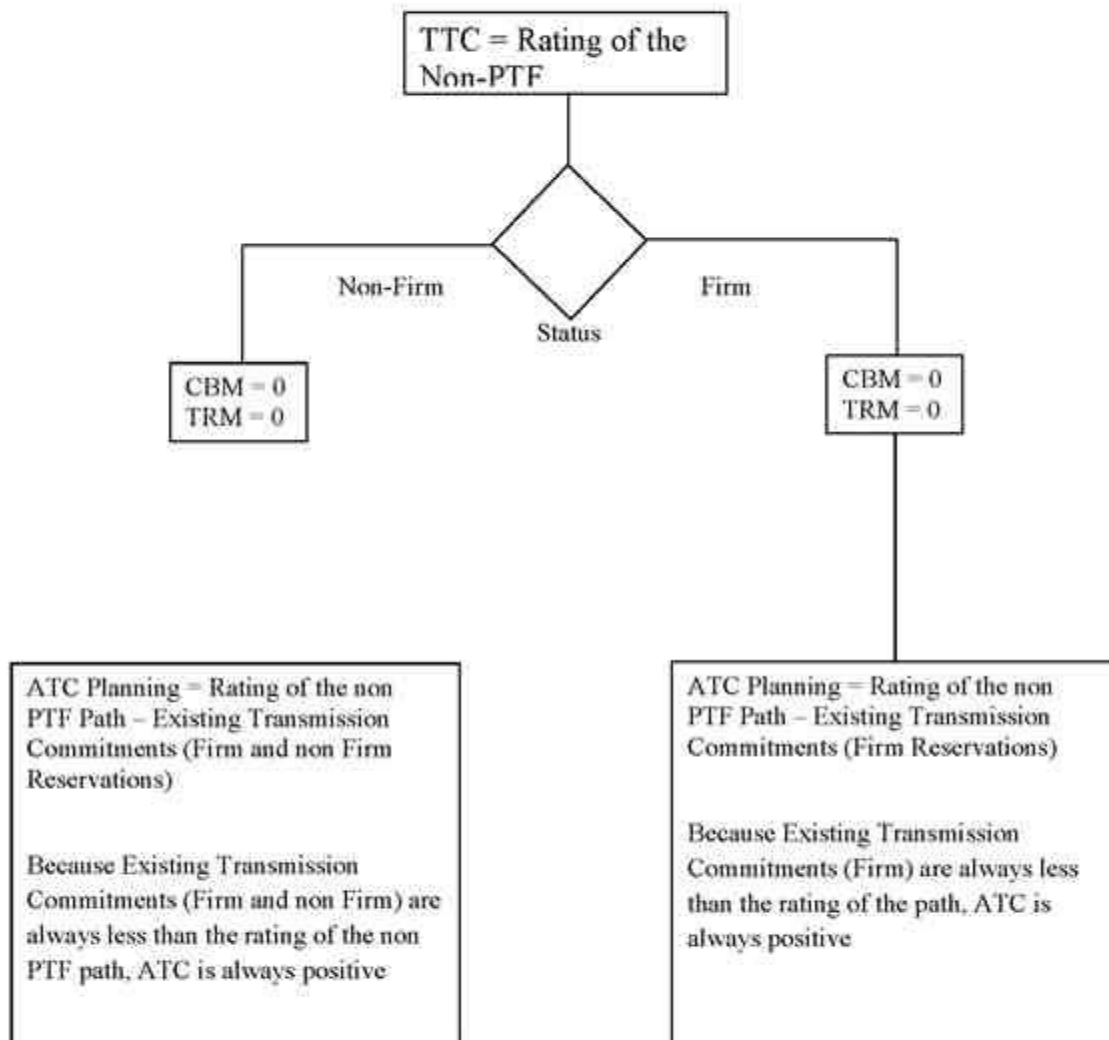
Schedule 21-ES non-PTF has no external interfaces. Therefore it is not necessary to coordinate the values.

**7.4 Mathematical Algorithms** A link to the actual mathematical algorithm for the calculation of ATC for the Eversource non-PTF internal interfaces is located at

<https://www.eversource.com/Content/docs/default-source/Transmission/attachment-6.pdf?sfvrsn=0>.

## 8. Process Flow Diagram for ATC Calculation

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



**ATTACHMENT ES-D**  
**PENALTY DISBURSEMENT METHODOLOGY**

**Late Study Penalties:** Penalties paid by the Transmission Provider pursuant to Schedule 21 are referred to as "Late Study Penalties," and therefore subject to distribution to all Transmission Customers that are not affiliated with the Transmission Provider. On the month following the end of each calendar quarter, each Transmission Customer that is not affiliated with the Transmission Provider shall receive, on the relevant monthly invoice, a credit for its share of the Late Study Penalties that were assessed during the applicable calendar quarter. The Transmission Customer's share of the Late Study Penalties (if any) will be determined as follows:

(a) For each quarter, the Transmission Provider will determine: (1) the sum of all Late Study Penalties assessed during the quarter measured in dollars (LSRq), and (2) the sum of all transmission revenue from Transmission Customers that are not affiliated with the Transmission Provider during that quarter, measured in dollars (LSTRq). Where:

LSRq = Late Study Penalty Revenue in the quarter

LSTRq = Transmission Revenue from Transmission Customers not affiliated with the  
Transmission Provider in the quarter

(b) For each quarter, each Transmission Customer that was not affiliated with the Transmission Provider will receive a credit equal to the product of (i) LSRq multiplied by (ii) a fraction derived from dividing the amount of transmission revenue from that Transmission Customer (TC1) during that quarter (measured in dollars), where TC1 is equal to one Transmission Customer, and a denominator equal to LSTRq.

(c) The Transmission Provider shall apply the credit for Late Study Penalties to service that the non-affiliated Transmission Customer takes from the Transmission Provider pursuant to this Schedule 21-ES. Any remaining credit will be refunded to the Transmission Customer.

**ATTACHMENT ES-E**  
**LOCALIZED COSTS RESPONSIBILITY AGREEMENT**

This Localized Costs Responsibility Agreement (“LCRA” or “Agreement”), dated as of \_\_\_\_\_, is entered into by and between the Eversource Energy Service Company ("Eversource Service" or "COMPANY"), acting as agent for [The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire], and the "Transmission Customer".

The Transmission Customer is \_\_\_\_\_. The Transmission Customer has been determined to be an Eligible Customer taking Regional Network Service under the Tariff whose load **is located in the** Designated State or Area for a **Localized** Facility listed in **Section 16.3 of** Schedule 21-ES of the Tariff.

The Transmission Customer agrees to pay its portion of the cost of Localized Facilities in the Designated State or Area in which the Transmission Customer’s load is located as provided in the Tariff and in accordance with Commission orders. Billing under this Agreement shall commence on the later of: (1) 0001 hours on \_\_\_\_\_, or (2) such other date as permitted by the Commission.

Charges under this Agreement shall terminate on the earlier of: (1) the date on which the costs of the Localized Facilities in the Designated State or Area in which the Transmission Customer’s load is located are fully depreciated; or (2) the date upon which the Transmission Customer no longer takes Regional Network Service under the Tariff in the Designated State or Area in which the Transmission Customer’s load is located; provided, that the Transmission Customer shall remain responsible for all final payment obligations. In the event that the Transmission Customer sells or assigns, or transfers its load to another entity (“New Transmission Customer”), the Transmission Customer must provide Eversource Service with at least ninety (90) calendar days advance written notice of the sale, assignment, or transfer.

The Transmission Customer shall remain liable for the performance of all obligations under this Agreement until a new LCRA has been executed between the New Transmission Customer and Eversource Service, or in the case of an unexecuted LCRA, such other date as it has been **permitted to be** made effective by the Commission. No sale or assignment shall **become effective** until the Parties have complied with all Applicable Laws and Regulations required for such sale, assignment, or transfer.

Other special provisions (if any)

\_\_\_\_\_.

Any notice or request made to or by any Party regarding this greement shall be made in writing and shall be telecommunicated or delivered either in person, or by prepaid mail (return receipt requested) to the representative of the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party to the other.

COMPANY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TRANSMISSION CUSTOMER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any exhibits to thisAgreement and the Tariff are incorporated herein and made a part hereof.  
ThisAgreement may be amended, from time to time, as provided for in Schedule 21-ES of the Tariff.

IN WITNESS WHEREOF, the Parties have caused thisAgreement to be executed by their respective authorized officials as of the date first above written.

EVERSOURCE ENERGY SERVICE COMPANY

By: \_\_\_\_\_

Its \_\_\_\_\_

TRANSMISSION CUSTOMER

By: \_\_\_\_\_

Its \_\_\_\_\_

## **ATTACHMENT ES-G**

### **NETWORK OPERATING AGREEMENT**

This Network Operating Agreement is an appendix to Schedule 21-ES (this Local Service Schedule) of the OATT and operates as an implementing agreement for Local Network Service under this Local Service Schedule. This Network Operating Agreement is subject to and in accordance with Part III of this Local Service Schedule. All definitions and other terms and conditions of this Local Service Schedule are incorporated herein by reference.

#### **1.0 Definitions:**

##### **1.1 Data Acquisition Equipment**

Supervisory control and data acquisition ("SCADA"), remote terminal units ("RTUs") to obtain information from a Party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements of this Local Service Schedule.

##### **1.2 Data Link**

The direct communications link between the Transmission Customer's energy control center and Eversource's designated location(s) that will enable Eversource to receive real time telemetry and data from the Transmission Customer.

##### **1.3 Metering Equipment**

High accuracy, solid state kW, kVAR, kWh meters, metering cabinets, metering panels, conduits, cabling, high accuracy current transformers and high accuracy potential transformers, which directly or indirectly provide input to meters or transducers, metering recording devices, telephone circuits, signal or pulse dividers, transducers, pulse accumulators, metering sockets, test switch devices, enclosures, conduits, and any other metering, telemetering or communication equipment necessary to implement the provisions of this Local Service Schedule.

##### **1.4 Protective Equipment**

Protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and

fault recorders, which directly or indirectly provide input to relays, fiber optic communication equipment, power line carrier equipment and telephone circuits, and any other protective equipment necessary to implement the protection provision of this Local Service Schedule.

## **2.0 Term**

The term shall be as provided in the Service Agreement consistent with this Local Service Schedule (including, but not limited to, application procedures, commencement of service, and effect of termination).

## **3.0 Point(s) Of Interconnection**

Local Network Service will be provided by Eversource at the point(s) of interconnection specified in Appendix \_\_, as amended from time to time. Each point of interconnection in this listing shall have a unique identifier, meter location, meter number, metered voltage, terms on meter compensation and designation of current or future year of in service.

## **4.0 Cogeneration And Small Power Production Facilities**

If a Qualifying Facility is located or locates in the future on the System of the Transmission Customer, and the owner or operator of such Qualifying Facility sells the output of such Qualifying Facility to an entity other than the Transmission Customer, the delivery of such Qualifying Facility's power shall be subject to and contingent upon transmission arrangements being established with Eversource prior to commencement of delivery of any such power and energy.

## **5.0 Character Of Service**

Network Transmission Service at the points of interconnection shall be in the form of single phase or balanced three-phase alternating current at a frequency of sixty (60) hertz. The Transmission Customer shall operate and maintain its electric system in a manner that avoids: (i) the generation of harmonic frequencies exceeding the limits established by the latest revision of IEEE-519; (ii) voltage flicker exceeding the limits established by the latest revision of IEEE-141; (iii) negative sequence currents; (iv) voltage or current fluctuations; (v) frequency variations; or (vi) voltage or power factor levels that could adversely affect Eversource's electrical equipment or facilities or those of its customers, and in a manner that complies with all applicable NERC, NPCC, ISO and Eversource's operating criteria, rules, regulations, procedures, guidelines and interconnection standards as amended from time to time.

## **6.0 Continuity Of Service**

(a) Eversource and the Transmission Customer shall operate and maintain their respective network systems, in accordance with Good Utility Practice, and in a manner that will allow Eversource to safely and reliably operate the Eversource Transmission System in accordance with this Local Service Schedule, so that either Party shall not unduly burden the other Party; provided, however, that notwithstanding any other provision of this Local Service Schedule, Eversource shall retain the sole responsibility and authority for all operating decisions that could affect the integrity, reliability and security of the Eversource Transmission System.

(b) Eversource shall exercise reasonable care and Due Diligence to ensure Local Network Service hereunder in accordance with Good Utility Practice; provided, however, that Eversource shall not be responsible for any failure to ensure electric power service, nor for interruption, reversal or abnormal voltage of the service, if such failure, interruption, reversal or abnormal voltage is due to a Force Majeure.

## **7.0 Power Factor**

(a) Where Local Network Service provided under this Local Service Schedule is for delivery of power to a load center of the Transmission Customer served from the Eversource Transmission System, the Transmission Customer shall maintain load power factor levels, during both on- and off- peak hours, appropriate to meet the operating requirements of Eversource, and shall follow the ISO standards and practices, as set forth in the Service Agreement.

(b) Where Local Network Service provided under this Local Service Schedule is for delivery of power from a generating facility connected to the Eversource Transmission System, the Transmission Customer shall deliver power at a lagging or leading power factor as set forth in the Service Agreement.

(c) Where Local Network Service provided under this Local Service Schedule is for delivery of power from outside the Eversource Transmission System, the obligation to maintain proper sending and receiving end voltages rests with the Transmission Customer, as set forth in the Service Agreement.

(d) In the event that the power factor levels and reactive supply requirements set forth in the Service Agreement are not maintained by the Transmission Customer, Eversource shall thereupon have the right to take the appropriate corrective action and to charge the Transmission Customer for the costs thereof.



Eversource shall have the right, at any time, unilaterally to make a Section 205 filing with the Commission for the recovery of any such costs.

## **8.0 Metering**

(a) The Transmission Customer shall, at its expense, purchase all necessary metering equipment to accurately account for the electric power being transmitted under this Local Service Schedule.

Eversource may require the installation of telemetering equipment for the purposes of billing, power factor measurements and to allow Eversource to maximize economic and reliable operation of its transmission system. Such metering equipment shall meet the specifications and accepted metering practices of Eversource and applicable criteria, rules, standards and operating procedures, or such successor rules and standards. At Eversource's option, communication metering equipment may be installed in order to transmit meter readings to Eversource's designated locations.

(b) Electric power being transmitted under this Local Service Schedule will be measured by meters at all points of interconnection and/or on generating facilities (Network and non-Network Resources) located on and outside the Transmission Customer's system as required by Eversource.

(c) The Transmission Customer shall purchase meters capable of time-differentiated (by hour) measurement of the instantaneous flow in kW and net active power flow in kWh and of reactive power flow. All meters shall compensate for applicable line and/or transformer losses in accordance with Good Utility Practice when measurement is made at any location other than the point of interconnection.

(d) Eversource reserves the right: (i) to determine metering equipment ownership; (ii) to determine the equipment installation at each point of interconnection; (iii) to require the Transmission Customer to install the equipment -- or -- install the equipment with the Transmission Customer supplying without cost to Eversource a suitable place for the installation of such equipment; (iv) to determine other equipment allowed in the metering circuit; (v) to determine metering accuracy requirements; (vi) to determine the responsibilities for operation, maintenance, testing and repair of metering equipment.

(e) Eversource shall have access to metering data, including telephone line access, which may reasonably be required to facilitate measurement and billing under this Local Service Schedule. Eversource may require the Transmission Customer provide, at its expense, a separate dedicated voice grade telephone circuit for Eversource and the Transmission Customer to remotely access each meter.

Metering equipment and data shall be accessible at all reasonable hours for purposes of inspection and reading.

(f) All metering equipment shall be tested in accordance with practices of Eversource, applicable criteria, rules, standards and operating procedures or upon the request by Eversource. If at any time metering equipment fails to register or is determined to be inaccurate, in accordance with Eversource's practices and applicable criteria, rules, standards and operating procedures, the Transmission Customer shall make the equipment accurate as soon thereafter as practicable, and the meter readings and rate computation for the period of such inaccuracy, insofar as can reasonably be ascertained, shall be adjusted; provided, however, that no adjustment to charges shall be required for any period exceeding two (2) months prior to the date of the test. Representatives of Eversource will be afforded opportunity to witness such tests.

## **9.0 Network Load**

The Transmission Customer shall provide Eversource with the actual hourly Network Load for each calendar month by the seventh day of the following calendar month.

## **10.0 Data Transfer:**

(a) The Transmission Customer shall provide timely, accurate real time information to Eversource in order to facilitate performance of its obligations under this Local Service Schedule.

(b) The selection of real time telemetry and data to be received by Eversource and the Transmission Customer shall be necessary for safety, reliability, security, economics, and/or monitoring of real-time conditions that affect the Eversource Transmission System. This telemetry shall include, but is not limited to, loads, line flows (MW and MVAR), voltages, generator output, and status of substation equipment at any of the Transmission Customer's transmission and generation facilities. To the extent that Eversource or the Transmission Customer requires data that are not available from existing equipment, the Transmission Customer shall, at its expense and at locations designated by Eversource or the Transmission Customer, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the telemetry to be received by Eversource or the Transmission Customer. Eversource shall have the right to inspect equipment and software associated with the data transfer in order to assure conformance with Good Utility Practices.

### **11.0 Maintenance of Equipment**

The Transmission Customer shall, on a regular basis in accordance with practices of Eversource, applicable criteria, rules, standards and operating procedures or at the request of Eversource, and at its expense, test, calibrate, verify and validate the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule. Eversource shall have the right to inspect such tests, calibrations, verifications and validations of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule. Upon Eversource's request, the Transmission Customer will provide Eversource a copy of the installation, test and calibration records of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software. Eversource shall, at the Transmission Customer's expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule.

### **12.0 Notification**

(a) The Transmission Customer shall notify and coordinate with Eversource prior to the commencement of any work or maintenance by the Transmission Customer, Network Member, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the Transmission Customer or Eversource's data link, or the reliability of the Eversource Transmission System. All notifications for scheduled outages of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software must meet the requirements of the ISO and Eversource.

### **13.0 Emergency System Operations**

(a) The Transmission Customer, at its expense, shall be subject to all applicable emergency operation standards promulgated by NERC, NPCC, ISO and Eversource which may include but not limited to underfrequency relaying equipment, load shedding equipment and voltage reduction equipment.

(b) Eversource reserves the right to take whatever actions they deem necessary to preserve the integrity of the Eversource Transmission System during emergency operating conditions. If the Local Network Service at the points of interconnection is causing harmful physical effects to the Eversource

Transmission System facilities or to its customers (e.g., harmonics, undervoltage, overvoltage, flicker, voltage variations, etc.), Eversource shall promptly notify the Transmission Customer and if the Transmission Customer does not take the appropriate corrective actions immediately, Eversource shall have the right to interrupt Local Network Service under this Local Service Schedule in order to alleviate the situation and to suspend all or any portion of Local Network Service under this Local Service Schedule until appropriate corrective action is taken.

(c) In the event of any adverse condition or disturbance on the Eversource Transmission System or on any other system directly or indirectly interconnected with the Eversource Transmission System, Eversource may, as it deems necessary, take actions or inactions that, in Eversource's sole judgment, result in the automatic or manual interruption of Local Network Service in order to: (i) limit the extent or damage of the adverse condition or disturbance; (ii) prevent damage to generating or transmission facilities; (iii) expedite restoration of service; or (iv) preserve public safety.

#### **14.0 Cost Responsibility**

- (a) The Transmission Customer shall be responsible for the costs incurred by the Transmission Customer and Eversource to implement the provisions of this Local Service Schedule including, but not limited to, engineering, administrative and general expenses, material and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, and relocation of equipment, or software.
- (b) Additionally, the Transmission Customer shall be responsible for all costs incurred by the Transmission Customer and Eversource for on-going operation and maintenance of the metering, telecommunications and safety protection facilities and equipment required to implement the provisions of this Local Service Schedule. Such work shall include, but not limited to, normal and extraordinary engineering, administrative and general expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, or relocation of equipment required to accommodate service under this Local Service Schedule.

### **15.0 Default**

The Transmission Customer's failure to implement the terms and conditions of this Network Operating Agreement will be deemed to be a default under this Local Service Schedule and will result in Eversource seeking, consistent with FERC rules and regulations, immediate termination of service under this Local Service Schedule.

### **16.0 Regulatory Filings**

Nothing contained in this Local Service Schedule or any associated Service Agreement, including this Network Operating Agreement, shall be construed as affecting in any way the right of Eversource to unilaterally make application to the Commission for a change in any portion of this Network Operating Agreement under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

IN WITNESS WHEREOF, the Parties have caused this Network Operating Agreement to be executed by their respective authorized officials as of the date written.

Date: \_\_\_\_\_

Eversource Energy Service Company

by: \_\_\_\_\_

its Vice President

Transmission Customer

by: \_\_\_\_\_

its \_\_\_\_\_

## ATTACHMENT ES-H

### ANNUAL TRANSMISSION REVENUE REQUIREMENTS

#### *Attachment ES-H Methodology:*

This formula sets forth the method that Eversource will use to determine its annual Total Transmission Revenue Requirements. The Transmission Revenue Requirements reflect Eversource's total cost to own, operate and maintain the transmission facilities used for providing Open Access Transmission Service to transmission customers under this Local Service Schedule. The Transmission Revenue Requirements will be an annual formula rate calculation, effective for an initial term commencing on the effective date established by FERC and ending on May 31 of the following year. The calculation will be based on the previous calendar year's FERC Form 1 data, with an estimate of Eversource's current year average plant additions, Construction Work in Progress (CWIP), and the Allowance for Funds Used During Construction (AFUDC) regulatory liability account. Plant additions will be multiplied by a fixed charge carrying cost, and CWIP and the AFUDC regulatory liability account will be multiplied by the Cost of Capital. The revenue requirements will be updated thereafter each June 1 based on actual costs from the Service Year. The true-up information will be based on actual data, in lieu of allocated data if specifically identified in the FERC Form 1. For a capital addition whose cost exceeds \$20 million, Eversource will make rate base adjustments to estimates and in the true-up process to represent the estimated and actual in-service dates for the capital addition. Specifically, Eversource will adjust for transmission plant, CWIP, AFUDC regulatory liability, accumulated depreciation and accumulated deferred taxes. Depreciation rates shall be stated values that are approved by FERC and displayed in Attachment ES-J (CL&P), and Attachment ES-K (NSTAR (West)) to this Schedule 21-ES.

#### I. Definitions

Capitalized terms not otherwise defined in the Tariff and as used in this formula have the following definitions:

#### A. Allocation Factors

1. Transmission Wages and Salaries Allocation Factor shall equal the ratio of Eversource's Transmission-related direct wages and salaries, including those of affiliated companies, to

Eversource's total direct wages and salaries, including those of affiliated companies, excluding administrative and general wages and salaries.

2. Plant Allocation Factor shall equal the ratio of the sum of total investment in Transmission Plant and Transmission Related General Plant to Total Plant in Service.

B. Terms

Administrative and General Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928 and 930.1 and excluding Merger-Related Costs included in FERC Account Nos. 920-935 (other than those in FERC Account Nos. 924, 928 and 930.1, which have already been excluded).

AFUDC Regulatory Liability shall equal the unamortized balance of the capitalized AFUDC booked on Eversource's transmission projects as recorded in FERC Account 254 consistent with Commission orders.

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

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

Depreciation Expense for Transmission Plant shall equal Eversource's transmission expense as recorded in FERC Account No. 403.

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's gross plant balance for the Dispatch Center as recorded in FERC Account Nos. 350-359 and 389-399.

Dispatch Center Depreciation Expense shall equal the Dispatch Center depreciation expense as recorded in FERC Account No. 403.

Dispatch Center Amortization of Investment Tax Credits shall equal the Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of Eversource's Dispatch Center deferred tax balance as recorded in FERC Account Nos. 281-283 and Eversource's Dispatch Center deferred tax balance as recorded in FERC Account No. 190.

Dispatch Center Municipal Tax Expense shall equal the Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

General Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 389-399, less the Dispatch Center general plant.

General Plant Depreciation Expense shall equal Eversource's general plant expenses as recorded in FERC Account No. 403.

General Plant Depreciation Reserve shall equal Eversource's general plant reserve balance as recorded in FERC Account No. 108 less the portion of such reserve for the Dispatch Center.

Merger-Related Costs shall equal Eversource's amortized merger-related costs as authorized by FERC or by state regulatory order.

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

Other Regulatory Assets/Liabilities – FAS 109 shall equal the net of Eversource's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in Eversource's FERC Account No. 254, including Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet.

Payroll Taxes shall equal those payroll expenses as recorded in Eversource's FERC Account Nos. 408.1 and 409.1.



Plant Held for Future Use shall equal Eversource's balance in FERC Account No. 105.

Prepayments shall equal Eversource's prepayment balance as recorded in FERC Account No. 165.

Property Insurance shall equal Eversource's expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of Eversource's deferred tax balance as recorded in FERC Account Nos. 281-283 and Eversource's deferred tax balance as recorded in FERC Account No. 190.

Total Loss on Reacquired Debt shall equal Eversource's expenses as recorded in FERC Account 189.

Total Municipal Tax Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 408.1, 409.1.

Total Plant in Service shall equal Eversource's total gross plant balance as recorded in FERC Account Nos. 301-399.

Total Transmission Depreciation Reserve shall equal Eversource's Transmission reserve balance as recorded in FERC Account 108 less the portion of such reserve for the Dispatch Center.

Transmission Merger-Related Costs shall equal Eversource's amortized merger-related transmission costs as authorized by FERC.

Transmission Operation and Maintenance Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 560, 561.5 – 561.8, 562-564 and 566-576.5 and shall exclude all HQ HVDC expenses booked to Accounts 560 through 576.5 and expenses already included in Transmission Support Expense, as described in Section I below, that are included in FERC Account Nos. 560-576.5.

Transmission Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 350-359, less Dispatch Center transmission plant.

Transmission Plant Materials and Supplies shall equal Eversource's balance as assigned to transmission, as recorded in FERC Account 154.

Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Transmission related expenses and credits as recorded in FERC Account No. 410.1 and 411.1, respectively, solely related to any deficient or excess deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet.

Transmission Related Construction Work in Progress shall equal Eversource's investment in Transmission-related projects as recorded in FERC Account 107 consistent with commission orders.

## II. Calculation of Transmission Revenue Requirements

The Transmission Revenue Requirement shall equal the sum of Eversource's (A) Return and Associated Income Taxes, (B) Transmission Depreciation Expense, (C) Transmission Related Amortization of 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 Expense (I) Transmission Support Expense, (J) Transmission Related Taxes and Fees Charge, and (K) Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities.

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 average balances of (a) Transmission Plant, plus (b) Transmission Related General Plant, plus (c) Transmission Plant Held for Future Use, plus (d) Transmission Related Construction Work in Progress, less (e) Transmission Related Depreciation Reserve, less (f) Transmission Related Accumulated Deferred Taxes, plus (g) Transmission Related Loss on Reacquired Debt, plus (h) Other Regulatory Assets/Liabilities – FAS 106 , plus (i) Other Regulatory Assets/Liabilities – FAS 109, less (j) AFUDC Regulatory Liability, plus (k) Transmission Prepayments, plus (l) Transmission Materials and Supplies, plus (m) Transmission Related Cash Working Capital.

- (a) Transmission Plant will equal the balance of Eversource's investment in Transmission Plant.
- (b) Transmission Related General Plant shall equal Eversource's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
- (c) Transmission Plant Held for Future Use shall equal the balance of Transmission Plant Held for Future Use.
- (d) Transmission Related Construction Work in Progress shall equal the portion of Eversource's investment in Transmission-related projects as recorded in FERC Account 107 consistent with Commission orders.
- (e) Transmission Related Depreciation Reserve shall equal the balance of Total Transmission Depreciation Reserve, plus the balance of Transmission Related General Plant Depreciation Reserve. Transmission Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Transmission Wages and Salaries Allocation Factor.
- (f) Transmission Accumulated Deferred Taxes shall equal Eversource's electric balance of Total Accumulated Deferred Income Taxes multiplied by the Plant Allocation Factor, less the transmission and general plant components of Dispatch Center Accumulated Deferred Income Taxes.
- (g) Transmission Related Loss on Reacquired Debt shall equal Eversource's electric balance of Total Loss on Reacquired Debt multiplied by the Plant Allocation Factor.
- (h) Other Regulatory Assets/Liabilities – FAS 106 shall equal Eversource's electric balance of any deferred rate recovery of FAS 106 expense multiplied by the Transmission Wages and Salaries Allocation Factor
- (i) Other Regulatory Assets/Liabilities – FAS 109 , shall equal the net of Eversource's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in

Eversource's FERC Account No. 254, including Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet.

- (j) AFUDC Regulatory Liability shall equal the unamortized balance of the capitalized AFUDC booked on Eversource's transmission projects as recorded in FERC Account 254 consistent with Commission orders.
  - (k) Transmission Prepayments shall equal Eversource's electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor.
  - (l) Transmission Materials and Supplies shall equal Eversource's electric balance of Transmission Plant Materials and Supplies.
  - (m) Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Transmission Operation and Maintenance Expense and Transmission Related Administrative and General Expense.
2. Cost of Capital Rate
- The Cost of Capital Rate will equal (a) Eversource's Weighted Cost of Capital, plus (b) Federal Income Tax plus (c) State Income Tax.
- (a) The Weighted Cost of Capital will be calculated based upon the capital structure at the end of each year and will equal the sum of:
    - (i) the long term debt component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's long-term debt then outstanding and the ratio that long-term debt is to Eversource's total capital.
    - (ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's preferred stock then outstanding and the ratio that preferred stock is to Eversource's total capital.

(iii) the return on equity component, shall equal the product of Eversource's return on equity ("ROE") of 10.57% and the ratio that common equity is to Eversource's total capital.

(b) Federal Income Tax shall equal

$$[(A+[(B+C+D)/E] \times (FT))] \text{ divided by } (1-FT)$$

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, 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 Expense, as defined in Section II.B., D is Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K., below, and E is Transmission Investment Base, as Determined in II.A.1., above.

(c) State Income Tax shall equal

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

where ST is the State Income Tax Rate, A is the sum of the preferred stock component and return on equity component 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 Expense, as defined in Section II.B., D is Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K., below, and E 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 Expense shall equal the sum of Depreciation Expense for Transmission Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Transmission Wages and Salaries Allocation Factor, less the amortization of AFUDC Regulatory Credit as recorded in Account 407.4, less the transmission plant and general plant components of Dispatch Center Depreciation Expense.

C. Transmission Related Amortization of Loss on Reacquired Debt shall equal Eversource's electric Amortization of Loss on Reacquired Debt multiplied by the Plant Allocation Factor.

D. Transmission Related Amortization of Investment Tax Credits shall equal Eversource's electric Amortization of Investment Tax Credits multiplied by the Plant Allocation Factor less the transmission plant and general plant components of Dispatch Center Amortization of Investment Tax Credits.

E. Transmission Related Municipal Tax Expense shall equal Eversource's electric Total Municipal Tax Expense multiplied by the Plant Allocation Factor, less the transmission plant and general plant components of Dispatch Center Municipal Tax Expense.

F. Transmission Related Payroll Tax Expense shall equal Eversource's electric Payroll Tax expense, multiplied by the Transmission Wages and Salaries Allocation Factor.

G. Transmission Operation and Maintenance Expense shall equal Transmission Operation and Maintenance Expenses.

H. Transmission Related Administrative and General Expenses shall equal the sum of (1) Eversource's Administrative and General Expenses multiplied by the Transmission Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Transmission Plant Allocation Factor, (3) Expenses included in Account 928 (excluding Merger-Related Costs included in Account 928) related to FERC Assessments multiplied by the Plant Allocation Factor, plus any other Federal and State transmission related expenses or assessments in Account 928 plus specific transmission related expenses included in Account 930.1, plus Transmission Merger-Related Costs and, (4) specific transmission related public education expenses included in Account 426.54.

I. Transmission Support Expense shall equal the expense paid by Eversource for transmission support.

J. Transmission Related Taxes and Fees Charge shall include any fee or assessment imposed by any governmental authority on service provided under this Local Service Schedule that is not specifically identified under any other section of this Local Service Schedule.

K. Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes  
Regulatory Assets and Liabilities shall equal Transmission related expenses and credits as recorded in FERC Account 410.1 or 411.1, respectively, solely related to any excess or deficient deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in that ADIT Worksheet.

**ATTACHMENT ES-I**  
**ANNUAL LOCALIZED TRANSMISSION REVENUE REQUIREMENT**

*Attachment ES-I Methodology*

This formula sets forth the method that Eversource will use to determine its annual total revenue requirements for each Localized Facility (“Localized Transmission Revenue Requirement”). Subsequent references in this formula to “Localized Facility” and “Localized Transmission Revenue Requirement” refer to the Localized Facility and Localized Facility Revenue Requirement for each individual Localized Transmission Project. Each Localized Facility is identified in Section 16.3.

The Localized Transmission Revenue Requirement will be calculated for an initial term for a Localized Facility commencing on the date of the New England System Operator’s Schedule 12C cost allocation determination for the Localized Facility and ending on the May 31<sup>st</sup> following the date approved by the Commission for including the costs of the Localized Facilities in this Attachment ES-I (“Initial Term”), and continuing thereafter for successive 12 month periods commencing each June 1st (“Rate Year”). The Localized Transmission Revenue Requirement for the Initial Term for a Localized Facility will be calculated based on the estimated cost of the Localized Facilities for such period, and will be charged to customers in equal monthly installments beginning on the date permitted by the Commission, and continuing through the end of the Initial Term. The Localized Transmission Revenue Requirement for the Initial Term for a Localized Facility will be trued up for the appropriate calendar year by June 30th of the succeeding year(s) based on actual costs for the Initial Term.

The Localized Transmission Revenue Requirement for a Localized Transmission Project for a Rate Year commencing after the Initial Term (and for succeeding Rate Years) will be an annual calculation based on the previous calendar year’s Localized Transmission Revenue Requirements, plus the forecasted revenue requirements of Localized Facilities to be placed in service in the upcoming Rate Year. Each June 30th,



the Localized Transmission Revenue Requirement in effect during the portion of the Rate Year that occurred in the previous calendar year will be trued-up based on actual costs from such previous calendar year.

The true-up information will be based on actual data, in lieu of allocated data if specifically identified in the FERC Form 1, or based on allocated data if such specific information is not identified. For a capital addition whose cost exceeds \$20 million, Eversource will make rate base adjustments to estimates and in the true-up process to represent the estimated and actual in-service dates for the capital addition. Specifically, Eversource will adjust for transmission plant, accumulated depreciation and accumulated deferred taxes.

The Localized Transmission Revenue Requirement for Eversource that is based on data for calendar year 2004 or later shall include a Localized Incremental Return and Associated Income Taxes on Eversource's Localized PTF transmission plant investments placed in-service on or after January 1, 2004 (such investments referred to herein as "Localized Post-2003 PTF Investment"). The Localized Incremental Return and Associated Income Taxes for Localized Post-2003 Investment shall incorporate an incentive ROE adder of 100 basis points for plant investments placed in service by December 31, 2008 or as otherwise permitted in Docket Nos. ER04-157 et al. for any projects included in the Regional System Plan ("RSP"), and shall incorporate any incentive ROE adder approved by the FERC under Order No. 679 for other plant investments. The total ROE for any project, including any authorized ROE incentives for Post-2003 PTF Investment and any other incentive ROE approved by FERC under Order No. 679 shall be capped by the top of the applicable zone of reasonableness determined by FERC for the relevant period. The data used in determining Eversource's Localized Incremental Return and Associated Taxes for Localized Post-2003 Investment shall be based on actual data in lieu of allocated data if specifically identified in Eversource accounting records. Depreciation rates shall be stated values that are approved by

FERC and displayed in Attachment ES-J (CL&P), and Attachment ES-K (NSTAR (West)) to this Schedule 21-ES.

I. Definitions

Capitalized terms not otherwise defined in the Tariff and as used in this formula have the following definitions:

A. Allocation Factors

1. Localized Transmission Allocation Factor shall equal the ratio of Localized Transmission Plant in Service to total investment in Transmission Plant.
2. Total Localized Plant Allocation Factor shall equal the ratio of Localized Transmission Plant in Service to Total Plant in Service.
3. Transmission Wages and Salaries Allocation Factor shall equal the ratio of Eversource's Transmission-related direct wages and salaries, including those of affiliated companies, to Eversource's total direct wages and salaries, including those of affiliated companies, and excluding administrative and general wages and salaries.

B. Terms

Administrative and General Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928 and 930.1 and excluding Merger-Related Costs included in FERC Account Nos. 920-935 (other than those in FERC Account Nos. 924, 928 and 930.1, which have already been excluded).

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

Amortization of Investment Tax Credits shall equal Eversource's expenses as recorded in FERC Account No. 411.4.

Depreciation Expense for Localized Transmission Plant shall equal Eversource's Localized Facilities expenses as recorded in FERC Account No. 403.

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's gross plant balance for the Dispatch Center as recorded in FERC Account Nos. 350-359 and 389-399.

General Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 389-399 less Dispatch Center general plant.

General Plant Depreciation Expense shall equal Eversource's general plant expenses as recorded in FERC Account No. 403 less the portion of such expense for the Dispatch Center.

General Plant Depreciation Reserve shall equal Eversource's general plant reserve balance as recorded in FERC Account No. 108 less the portion of such reserve for the Dispatch Center.

Merger-Related Costs shall equal Eversource's amortized merger-related costs as authorized by FERC or by state regulatory order.

Payroll Taxes shall equal those payroll expenses as recorded in Eversource's FERC Account Nos. 408.1 and 409.1.

Prepayments shall equal Eversource's prepayment balance as recorded in FERC Account No. 165.

Property Insurance shall equal Eversource's expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of Eversource's deferred tax balance as recorded in FERC Account Nos. 281-283 and Eversource's deferred tax balance as recorded in FERC Account No. 190.

Total Loss on Reacquired Debt shall equal Eversource's expenses as recorded in FERC Account 189.

Total Municipal Tax Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 408.1, 409.1.

Transmission Merger-Related Costs shall equal Eversource's amortized merger-related transmission costs as authorized by FERC.

Localized Transmission Plant in Service shall equal Eversource's Localized Facilities gross plant balance as recorded in FERC Account Nos. 350-359.

Localized Transmission Plant Held for Future Use shall equal Eversource's Localized Facilities balance as recorded in FERC Account 105.

Localized Transmission Depreciation Reserve shall equal Eversource's Localized Facilities reserve balance as recorded in FERC Account 108.

Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Transmission related expenses and credits as recorded in FERC Account No. 410.1 and 411.1, respectively, as calculated in the ADIT Worksheet, multiplied by the Localized Transmission Allocation Factor.

Localized Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Localized balances in Accounts 182.3 and 254, respectively, solely associated with changes in Federal, State and Local income tax rates.

Transmission Operation and Maintenance Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 560, 561.5 – 561.8, 562-564 and 566-576.5 and shall exclude all HQ HVDC expenses booked to Accounts 560 through 576.5 and expenses already included in Transmission Support Expense, as described in Section I below, which are included in FERC Account Nos. 560-576.5.

Transmission Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 350-359.

Transmission Plant Materials and Supplies shall equal Eversource's balance as assigned to transmission, as recorded in FERC Account 154.

Total Plant in Service shall equal Eversource's total gross plant balance as recorded in FERC Account Nos. 301-399.

## II. Calculation of Localized Transmission Revenue Requirements

The Localized Transmission Revenue Requirements shall equal the sum of Eversource's (A) Localized Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 PTF Investment), (B) Localized Transmission Depreciation Expense, (C) Localized Transmission Related Amortization of Loss on Reacquired Debt, (D) Localized Transmission Related Amortization of Investment Tax Credits, (E) Localized Transmission Related Municipal Tax Expense, (F) Localized Transmission Related Payroll Tax Expense, (G) Localized Transmission Operation and Maintenance Expense, (H) Localized Transmission Related Administrative and General Expense, (I) Localized Transmission Support Expense, (J) Localized Transmission Related Taxes and Fees Charge, and (K) Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities. The Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment for Eversource shall be calculated using the investment base components specifically identified in Section A.1 of the formula below.

A. Localized Return and Associated Income Taxes shall equal the product of the Localized Transmission Investment Base and the Cost of Capital Rate. To calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Plant will only include Sections II.A.1.(a), (c), and (d), in the manner indicated.

### 1. Localized Transmission Investment Base

The Localized Transmission Investment Base will be the average balances of (a) Localized Transmission Plant, plus (b) Localized Transmission Plant Held for Future Use less (c) Localized Transmission Related Depreciation Reserve, less (d) Localized Transmission Related Accumulated Deferred Taxes, plus (e) Localized Transmission Related Loss of Reacquired Debt, plus (f) Localized Transmission Prepayments, plus (g) Localized Transmission Materials and Supplies, plus (h) Localized Transmission Related Cash Working Capital, plus or minus (i)

Localized Transmission Related Deficient or Excess Accumulated Deferred Income Taxes  
Regulatory Assets and Liabilities.

- (a) Localized Transmission Plant will equal the balance of (1) Eversource's investment in Localized Transmission Plant plus, (2) Eversource's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor, further multiplied by the Localized Transmission Allocation Factor. In order to calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Post-2003 PTF Transmission Plant shall be separately identified.
- (b) Localized Transmission Plant Held for Future Use shall equal Eversource's balance of Localized Transmission Plant Held for Future Use.
- (c) Localized Transmission Related Depreciation Reserve shall equal the balance of Localized Transmission Depreciation Reserve plus the balance of Localized Transmission Related General Plant Depreciation Reserve. Localized Transmission Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Transmission Wages and Salaries Allocation Factor, further multiplied by the Localized Transmission Allocation Factor. In order to calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Related Depreciation Reserve associated with Localized Post-2003 PTF Investment shall equal Eversource's balance of Localized Transmission Depreciation Reserve.
- (d) Localized Transmission Related Accumulated Deferred Taxes shall equal Eversource's electric balance of Total Accumulated Deferred Income Taxes, multiplied by the Total Localized Plant Allocation Factor. To calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Related Accumulated Deferred Taxes associated with Localized Post-2003 PTF Investment shall equal Eversource's electric balance of Total Accumulated Deferred Income Taxes multiplied by the Total Localized Plant Allocation Factor.
- (e) Localized Related Loss on Reacquired Debt shall equal Eversource's electric balance of Total Loss on Reacquired Debt multiplied by the Total Localized Plant Allocation Factor.

(f) Localized Transmission Prepayments shall equal Eversource's electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor.

(g) Localized Transmission Materials and Supplies shall equal Eversource's electric balance of Transmission Plant Materials and Supplies multiplied by the Localized Transmission Allocation Factor.

(h) Localized Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of (i) Localized Transmission Operation and Maintenance Expense, plus (ii) Localized Administrative and General Expense.

(i) Localized Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Localized balances in Accounts 182.3 and 254, respectively, solely associated with changes in Federal, State and Local income tax rates.

## 2. Cost of Capital Rate

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

(a) The Weighted Cost of Capital will be calculated based upon the average capital structure and will equal the sum of:

(i) the long term debt component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's long-term debt then outstanding and the ratio that long-term debt is to Eversource's total capital.

(ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's preferred stock then outstanding and the ratio that preferred stock is to Eversource's total capital.

(iii) the return on equity component shall equal the product of Eversource's return on equity ("ROE") of 11.07% and the ratio that common equity is to Eversource's total capital. In order to

calculate the Localized Incremental Return and Associated Taxes for Post-2003 PTF Investment, the Localized Incremental Return on Equity shall be the product of (1) Eversource's incremental return on equity of 1% for transmission plant investments associated with projects included in the RSP and placed in service by December 31, 2008 or otherwise permitted in Docket Nos. ER04-157 et al., and (2) any ROE incentive adder approved by the FERC under Order No. 679 for other transmission plant investments, provided that the total ROE for any project, including any such ROE incentives, shall be capped by the top of the applicable zone of reasonableness determined by FERC for the relevant period; and (3) the ratio of that common equity to total capital.<sup>1</sup>

(b) Federal Income Tax shall equal

$[(A + [(B + C + D) / E]) \times (FT)]$  divided by  $(1 - FT)$

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, as determined in Sections II.A.2.(a)(ii) and (iii) above, B is Localized Transmission Related Amortization of Investment Tax Credits, as determined in Section II.D., below, C is the Equity AFUDC component of Localized Transmission Depreciation Expense, as defined in Section II.B., D is Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K., below, and E is Localized Transmission Investment Base, as Determined in II.A.1., above.

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<sup>1</sup> FERC Form-730 contains a list of transmission projects for which FERC has granted incentives under Order No. 679.



(c) State Income Tax Shall equal:

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

where ST is the State Income Tax Rate, A is the sum of the preferred stock component and return on equity component determined in Sections II.A.2.(a)(ii) and (iii) above, B is the

Localized Transmission Related Amortization of Investment Tax Credits as determined in Section II.D. below, C is the equity AFUDC component of Localized Transmission Depreciation Expense, as defined in Section II.B., D is Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K below, and E is the Localized 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. Localized Transmission Depreciation Expense shall equal the sum of Depreciation Expense for Localized Transmission Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor.

C. Localized Transmission Related Amortization of Loss on Reacquired Debt shall equal Eversource's electric Amortization of Loss on Reacquired Debt multiplied by the Total Localized Plant Allocation Factor.

D. Localized Transmission Related Amortization of Investment Tax Credits shall equal Eversource's electric Amortization of Investment Tax Credits multiplied by the Total Localized Plant Allocation Factor.

E. Localized Transmission Related Municipal Tax Expense shall equal Eversource's Total Municipal Tax Expense multiplied by the Total Localized Plant Allocation Factor.

F. Localized Transmission Related Payroll Tax Expense shall equal Eversource's electric Payroll Taxes expense, multiplied by the Transmission Wages and Salaries Allocation Factor, and further multiplied by the Localized Transmission Allocation Factor.

G. Localized Transmission Operation and Maintenance Expense shall equal Eversource's Transmission Operation and Maintenance Expense multiplied by the Localized Transmission Allocation Factor.

H. Localized Transmission Related Administrative and General Expense shall equal the sum of (1) Eversource's Administrative and General Expense multiplied by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor, (2) Property Insurance multiplied by the Total Localized Plant Allocation Factor, (3) Expenses included in Account 928 (excluding Merger-Related Costs included in Account 928) related to FERC Assessments multiplied by the Total Localized Plant Allocation Factor, (4) Federal and State transmission related expenses or assessments in Account 928 multiplied by the Localized Transmission Allocation Factor, (5) specific transmission related expenses included in Account No. 930.1, multiplied by the Localized Transmission Allocation Factor, plus Transmission Merger-Related Costs multiplied by the Localized Transmission Allocation Factor and (6) specific Localized Facility related public education expenses included in Account 426.54.

I. Transmission Support Expense shall equal the expense paid by Eversource for transmission support for Localized Facilities.

J. Transmission Related Taxes and Fees Charge shall include any fee or assessment imposed by any governmental authority on transmission service provided under this Local Service Schedule that is not specifically identified under any other section of this Local Service Schedule, multiplied by the Localized Transmission Allocation Factor.

K. Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Localized Transmission related expenses and credits as recorded in FERC account 410.1 or 411.1 solely related to any excess or deficient deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet, multiplied by the Localized Transmission Allocation Factor.

**SCHEDULE 21-ES**  
**ATTACHMENT ES-J**  
**The Connecticut Light and Power Company**  
**Depreciation Rates**

<b>Line No.</b>	<b>FERC Account Number</b>	<b>FERC Account Description</b>	<b>Annual Rate Percentage</b>
<b><u>I. Transmission Plant</u></b>			
1	350	Land and Land Rights	1.54%
2	352	Structures and Improvements	2.86%
3	353	Station Equipment	2.23%
4	354	Towers and Fixtures	2.21%
5	355	Poles and Fixtures	3.77%
6	356	Overhead Conductor and Devices	3.01%
7	357	Underground Conduit	1.91%
8	357	Glenbrook SS Cedar Hts SS	1.85%
9	357	Norwalk Harbor-Glenbrook	1.51%
10	357	Norwalk Harbor -Rowayton Jct	1.51%
11	357	Plumtree-Bethel	2.10%
12	357	S Meadow SW Hartford	2.02%
13	357	SW Hartford NW Hartford	2.12%
14	357	Triangle-Danbury	2.10%
15	358	Underground Conductor and Devices	1.35%
16	358	Glenbrook SS Cedar Hts SS	1.95%
17	358	Norwalk Harbor-Flax Hill	2.65%
18	358	Norwalk Harbor-Glenbrook	1.62%
19	358	Norwalk Harbor-Northport	6.52%
20	358	Norwalk Harbor-Rowayton Jct	2.20%
21	358	Plumtree-Middle River	2.17%
22	358	S Meadow SW Hartford	2.04%
23	358	SW Hartford NW Hartford	2.10%
24	358	Thames SS Montville SS	4.55%
25	358	Triangle-Middle River	2.17%
26	359	Roads and Trails	1.54%
<b><u>II. General Plant</u></b>			
27	389	Land and Land Rights	0.00%
28	390	Structures & Improvements	1.98%
29	391	Office Furniture & Equipment	6.67%
30	391	Computer Equipment	20.00%
31	392	Transportation Equipment	6.83%
32	392	Class 1 Car	12.65%

**SCHEDULE 21-ES**  
**ATTACHMENT ES-J**  
**The Connecticut Light and Power Company**  
**Depreciation Rates**

<b>Line No.</b>	<b>FERC Account Number</b>	<b>FERC Account Description</b>	<b>Annual Rate Percentage</b>
33	392	Class 2 Light Trucks	5.50%
34	392	Class 3 Medium Trucks	3.74%
35	392	Class 4 Heavy Trucks	3.88%
36	392	Class 5 Rolling Equipment	8.01%
37	392	Class 6 Trailers	4.40%
38	392	Electric Vehicle Charge Station	20.00%
39	392	Fleet Vehicle	33.00%
40	393	Stores Equipment	5.00%
41	394	Tools, Shop & Garage Equipment	4.00%
42	395	Laboratory Equipment	4.00%
43	396	Power Operated Equipment	0.31%
44	397	Communication Equipment-System	5.00%
45	397	Communication Equipment - GPS	20.00%
46	397	Communication Equipment Microwave	2.29%
47	398	Miscellaneous General Equipment	6.67%
48	399	Other Tangible Property	5.00%

**SCHEDULE 21-ES**  
**ATTACHMENT ES-K**  
**NSTAR Electric Company (West)**  
**Depreciation Rates**

<b>Line No.</b>	<b>FERC Account Number</b>	<b>FERC Account Description</b>	<b>Annual Rate Percentage</b>
<b><u>I. Transmission Plant</u></b>			
1	350	Land and Land Rights	0.00%
2	352	Structures and Improvements	2.17%
3	353	Station Equipment	1.90%
4	353	Cobble Mtn	1.90%
5	354	Towers and Fixtures	2.26%
6	355	Poles and Fixtures	1.95%
7	356	Overhead Conductor and Devices	2.32%
8	357	Underground Conduit	2.47%
9	358	Underground Conductor and Devices	2.66%
10	359	Roads and Trails	1.35%
<b><u>II. General Plant</u></b>			
11	389	Land and Land Rights	8.11%
12	390	Structures & Improvements	3.10%
13	391	Office Furniture & Equipment	5.00%
14	391	Computer Equipment	14.29%
15	392	Transportation Equipment	4.76%
16	392	Class 1 Car	8.26%
17	392	Class 2 Light Trucks	7.38%
18	392	Class 3 Medium Trucks	3.75%
19	392	Class 4 Heavy Trucks	3.60%
20	392	Class 5 Rolling Equipment	8.33%
21	392	Class 6 Trailers	4.40%
22	392	Electric Vehicle Charge Station	20.00%
23	392	Fleet Vehicles	33.33%
24	393	Stores Equipment	4.00%
25	394	Tools, Shop & Garage Equipment	4.00%
26	395	Laboratory Equipment	5.00%
27	396	Power Operated Equipment	4.65%
28	397	Communication Equipment	6.67%
29	397	Communication Equipment - GPS	20.00%
30	397	Communication Equipment – Microwave	1.95%
31	398	Miscellaneous Equipment	5.00%

**SCHEDULE 21-ES**  
**ATTACHMENT ES-L**  
**Creditworthiness Procedures**

**1. General Information**

All customers taking any service under Schedule 21-ES, the Local Service Schedule (“LSS”), and the associated schedules of The Connecticut Light and Power Company, NSTAR Electric Company (West) and Public Service Company of New Hampshire (together, “Eversource”) must meet the terms of this Attachment ES-L.

**2. Establishing Creditworthiness**

- a)** Each customer’s creditworthiness must be established before receiving transmission services from Eversource. A customer will be evaluated at the time that its application for transmission service is provided to Eversource based on the creditworthiness information required under this Attachment ES-L. Eversource shall conduct a credit review of each Transmission Customer not less than annually or upon reasonable request by the Transmission Customer.
- b)** Eversource will review the customer’s creditworthiness information for completeness and will notify the customer if additional information is required.
- c)** Upon completion of a creditworthiness evaluation of a customer, Eversource will forward a written evaluation to the customer if they determine that Financial Assurance must be provided.

**3. Financial Information**

Customers requesting transmission service must submit if available the following:

- a)** All current rating agency reports of the customer from Standard and Poor’s (“S&P”), Moody’s Investors Service (“Moody’s”), and/or Fitch Ratings (“Fitch”).
- b)** A Management Discussion and Analysis (“MD&A”) along with audited financial statements provided by an independent registered public accounting firm or a registered

independent auditor for the three (3) most recent fiscal years, or the period of the customer's existence, if shorter than three (3) years.

#### **4. Creditworthiness – Qualification for Unsecured Credit**

**a)** A customer may receive unsecured credit from Eversource equivalent to three (3) months of the transmission charges. The customer must meet at least one of the following criteria:

(i) If rated, the customer's lowest rating from the three rating agencies on its senior unsecured long-term debt; or if the customer does not have such a rating, then one rating level below the rating then assigned to the customer's corporate credit rating, as follows:

1. a Standard and Poor's or Fitch rating of at least BBB, or
2. a Moody's rating of least Baa2.

(ii) If un-rated or if rated below BBB/Baa2, as described in 4(a)(i) above, the customer must meet all of the following creditworthiness criteria for the three (3) most recent fiscal years:

1. A Capitalization Ratio (Debt divided by the sum of shareholders' equity and Debt) of no more than 60 percent Debt, where "Debt" is defined as the sum of all long-term and short-term debt, preferred securities and capital leases. Each of which is recorded in accordance with generally accepted accounting principles;
2. Earnings before interest, taxes, depreciation and amortization ("EBITDA") in the most recent fiscal quarter divided by interest expense (ratio of EBITDA-to-interest expense of at least three (3) times); and
3. Audited Financial Statements with an unqualified auditor opinion.

**b)** If the customer relies on the creditworthiness of a parent company, the parent company must satisfy the ratings criteria in Section 4(a) above, and must provide to Eversource a written

guarantee that it will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from Eversource.

**c)** If the customer or the customer's parent company do not qualify for unsecured credit under Sections 4(a) or (b) above, the customer can still qualify for unsecured credit equivalent to three (3) months of transmission service charges, if:

- (i)** the customer has, on a rolling basis, 12 consecutive months of payments to Eversource with no missed, late or defaults in payment; or
- (ii)** 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 transmission service agreement under Schedule 21-ES for the transmission of that output or the execution of such agreement is pending the customer's demonstration of creditworthiness.

## **5. Financial Assurance**

If the customer does not meet the applicable requirements for unsecured credit set out in Section 4 then the customer must either:

**a)** pay in advance an amount equal to the lesser of the total charge for transmission service not less than five (5) days in advance of the commencement of service, in which case Eversource will pay to the customer interest on the amounts not yet due to Eversource, computed in accordance with 18 C.F.R. §35.19(a)(2)(iii) of the Commission's Regulations; or

**b)** obtain Financial Assurance in the form of a letter of credit or a parent guarantee equal to the equivalent of three (3) months of transmission service charges prior to receiving service.

- (i)** The letter of credit must be one or more irrevocable, transferable standby letters of credit issued by a United States commercial bank or a United States branch of a foreign bank provided that such customer is not an affiliate of such bank. The issuing bank must have a credit rating of at least A2 from Moody's or an A rating from S&P or Fitch, or an equivalent credit rating by another nationally recognized rating service reasonably acceptable to Eversource, provided that such bank shall have assets totaling not less than



ten billion dollars (\$10,000,000,000). All costs of the letter of credit shall be borne by the applicant for such letter of credit. In the event of an inconsistency in the ratings by Moody's, S&P, or Fitch, a "split rating", the lowest credit rating shall apply.

- (ii) If the credit rating of a bank or other financial institution issuing a letter of credit to a customer falls below the levels specified in Section 5(b)(i) above, the customer shall have three (3) business days to obtain a suitable letter of credit from another bank or other financial institution that meets the specified levels unless Eversource agrees in writing to extend such period.

## **6. Notifications**

Each customer must inform Eversource in writing within three (3) business days of any material change in its or its letter of credit issuer's financial condition, and if the customer qualifies under Section 4(b), that of its parent company. A material change in financial condition may include, without limitation, the following:

- a) change in ownership by way of a merger, acquisition, or substantial sale of assets;
- b) downgrade by a recognized major financial rating agency;
- c) placement on credit watch with negative implications by a major financial rating agency;
- d) a bankruptcy filing by the customer or parent;
- e) any action requiring the filing of a SEC Form 8-K;
- f) declaration of or acknowledgement of insolvency;
- g) report of a significant quarterly loss or decline in earnings;
- h) resignation of key officer(s); or
- i) issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

## **7. Ongoing Financial Review**

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

- a) current rating agency reports;
- b) audited financial statements from an independent registered public accounting firm or a registered independent auditor; and
- c) SEC Forms 10-K and 8-K, promptly upon their filing.

## **8. Change in Creditworthiness Status**

A customer who has been extended unsecured credit pursuant to Section 4, must comply with the terms of Financial Assurance in Section 5, if one or more of the following conditions apply:

- a) the customer no longer meets the applicable criteria for unsecured credit in Section 4;
- b) the customer exceeds the amount of unsecured credit extended by Eversource, in which case Financial Assurance equal to the amount of exceeded unsecured credit must be provided within five (5) business days; or
- c) the customer has missed two or more payments for any of the transmission services provided by Eversource in the last twelve (12) months.

## **9. Procedures for Changes in Credit Levels and Collateral Requirements**

- a) Eversource shall issue notice to a customer of any changes to the approved credit levels and/or collateral requirements within five (5) business days after (1) receiving notification of any material changes in financial condition under Section 6 above; (2) receiving the information required for the customer's ongoing financial review listed in Section 7 above; or (3) the occurrence of any of the events leading to a change in creditworthiness requirements listed in Section 8 above.
- b) A customer may submit a written request that Eversource provide an explanation of the reasons for the changes in credit levels and/or collateral requirements within five (5) business days after receiving notification of the changes. Eversource will provide a written response within five (5) business days after receiving such a request.

## **10. Contesting Creditworthiness Determinations**

A customer may contest Eversource's determination of its creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. The request should provide information supporting the basis for a re-evaluation of the customer's creditworthiness. Eversource will review the request and respond within 20 calendar days of receipt.

## **11. Process for Changing Credit Requirements**

- a)** In the event Eversource plans to revise the Schedule 21-ES requirements for credit levels or collateral requirements described in this Attachment ES-L, they will make a filing under Section 205 of the Federal Power Act.
- b)** Eversource shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
- c)** Filing notifications shall include a detailed description of the filing, including a redlined document containing revised changes(s) to this Attachment ES-L.
- d)** Eversource shall consult with interested stakeholders upon request.
- e)** Following Commission acceptance of such filing and upon the effective date, Eversource shall revise its Attachment ES-L an updated version of Schedule 21-ES shall be posed to the ISO-NE web site.
- f)** When Eversource changes its credit requirements for service under Schedule 21-ES, the customer is responsible for forwarding updated financial information to Eversource. The customer must indicate whether the change affects its ability to meet the requirements of Attachment ES-L. In cases where the customer's credit status has changed, the customer must take the necessary steps to comply with the revised credit requirements of Attachment ES-L by the effective date of the change.

## **12. Suspension of Service**

Eversource may immediately suspend service (with notification to the Commission) to a customer, and may initiate proceedings with the Commission to terminate service, if the customer does not meet the terms described in Sections 4 through 8 at any time during the term of service or if the customer's payment obligations to Eversource exceed the amount of unsecured or secured credit to which it is entitled under this Attachment ES-L. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.

**SCHEDULE 21-ES**  
**ATTACHMENT ES-M**  
**ADIT Worksheet**

												<b>Company Name</b>	
												<b>Annual Transmission Revenue Requirements (ATR)</b>	
												<b>(Excess)/Deficient ADIT Worksheet</b>	
												<b>Attachment</b>	
												<b>For costs in 20__</b>	
Input Cells are Shaded Yellow													
			(A)	(B)	(C)	(D) = (A) + (B) + (C)	(E)	(F)	(G)	(H)	(I)	(J)	
			<b>20__ Year End Unamortized (Excess)/Deficient ADIT</b>				<b>Amortization Periods (g)</b>		<b>Amortization Expense (d)</b>				
<b>Line No.</b>	<b>Description (c)</b>	<b>FERC Account No. (c)</b>	<b>Protected</b>	<b>Unprotected</b>	<b>Gross-Up (i)</b>	<b>12/31/__ Balance</b>	<b>Protected</b>	<b>Unprotected</b>	<b>Protected</b>	<b>Unprotected</b>	<b>Gross-Up (i)</b>	<b>Protected</b>	
1a						-							
1b						-							
1c						-							
1d						-							
1e						-							
1f						-							
2	Total (Sum Lines 1a thru 1f) (b)		-	-	-	-			-	-	-	-	
3	Deficient ADIT - Regulatory Asset	182.3	FF1Page 232_										
4	Excess ADIT - Regulatory Liability	254	FF1Page 278_										
5	Deficient/(Excess) Deferred Income Tax Regulatory Asset/(Liability) (Line 3 + Line 4)					-							
6	Total Protected and Unprotected Amortization Expense (Line 2(G) + Line 2(H))									-			
7	Transmission Allocation (Plant Allocator or Direct Assigned (DA))												
8	Transmission-related Amortization Expense (Line 6 x Line 7)									- (j)			

**Notes:**

(a) Enter credit balances as negatives.

(b) Total equals the sum of sublines a through f, where f is the last subline denoted by a letter. The PTO may add or remove sublines without a FPA Section 205 filing.

(c) Upon a change in Federal, State or Local income tax rates, the Company remeasures its affected accumulated deferred income tax (ADIT) assets and liabilities to reflect the new applicable corporate income tax rate. The affected ADIT accounts are remeasured by comparing ADIT on cumulative temporary differences for each item in accounts 190, 282, and 283 net change in regulatory assets (account 182.3) and regulatory liabilities (account 254) to reflect the resulting excess or deficient ADIT balances to be returned/recovered to/from customers, respectively. The PTO will provide a supporting worksheet showing the remeasurement in the annual update any time there is a change in the Federal, State or Local income tax rates.

(d) Deficient ADIT is amortized to Account 410.1; Excess ADIT is amortized to Account 411.1.

(e) PTO will provide explanation for "other adjustments," where applicable.

(f) For Eversource, FERC Account Number 282 consists of both protected and unprotected temporary differences. Since these protected and unprotected property-related deficient/excess ADIT balances will be amortized using the Average Rate Assumption Method (ARAM), the total account 282 balance is reported as protected herein. Eversource adheres to the shorter in period than the method and period used to compute its depreciation expense.

(g) The amortization periods of the deficient or excess ADIT being returned or recovered through rates are as follows:

Company	Protected	Unprotected (years)	
CL&P	ARAM	10, 5	For CL&P, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts
CMP	ARAM	10, 5	For CMP, unprotected deficient/(excess) ADIT will be amortized over 10 years and unprotected excess ADIT will be amortized over 5 years.
Fitchburg Gas & Electric	ARAM	ARAM	For FG&E, unprotected deficient/(excess) ADIT balances will be amortized using the ARAM methodology.
Green Mountain Power	Rev. So. GA Method	5	For GMP, protected deficient/(excess) VTransco-related ADIT balance will be amortized in accordance with VTransco's amortization schedule. GMP's unprotected deficient/(excess) ADIT balance will be amortized over 10 years.
MEPCO	ARAM	10	For MEPCO, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.
NEP	ARAM	ARAM, 10	For NEP, unprotected deficient/(excess) property-related ADIT balances will be amortized using the ARAM methodology and all other transmission related balances will be amortized over 10 years.
NHT	ARAM	3	For NHT, unprotected deficient/(excess) property related ADIT balances will be amortized using the ARAM methodology; unprotected deficient/(excess) non-property related ADIT balances will be amortized over 10 years.
NSTAR East	ARAM	10, 5	For NSTAR East, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts
NSTAR West	ARAM	10, 5	For NSTAR West, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts
PSNH	ARAM	10, 5	For PSNH, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts
United Illuminating	ARAM	10	For UI, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.
Versant	ARAM	10	For Versant, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.
VTransco	ARAM	ARAM, 37, 10	For VTransco, unprotected deficient/(excess) ADIT balances will be amortized as follows: "property-related" = 37 years, "Other" = 10 years, and "Federal Benefit of State Tax" = according to the applicable state's rules.

(h) Relates to the Federal Income Tax rate change associated with the 2017 Tax Cuts and Jobs Act.

(i) Tax gross up calculated using the Composite Tax Rate / (1 - Composite Tax Rate) in effect for the applicable period.

(j) Notwithstanding anything to the contrary in Attachment F, the New England Transmission Owners will be permitted to reflect the amortization of excess or deficient ADIT in estimated rates under the Settled Formula Rate.

(k) PTO will add footnotes below to identify excess or deficient ADIT from future Federal, State and Local income tax rate changes.

(k) f

(J)	(K)	(L)	(M) = (A) - (G) - (J)	(N) = (B) - (H) - (K)	(O) = (C) - (I) - (L)	(P) = (M) + (N) + (O)	(Q)
Other Adjustments (e)			20__ Year End Unamortized (Excess)/Deficient ADIT				
Protected	Unprotected	Gross-Up (i)	Protected	Unprotected	Gross-Up (i)	12/31/__ Balance	Reference
			-	-	-	-	
			-	-	-	-	
			-	-	-	-	
			-	-	-	-	
			-	-	-	-	
			-	-	-	-	
-	-	-	-	-	-	-	
			FF1Page 232_				
			FF1Page 278_				
						-	

Internal Records for the period 1/1/2020 to 12/31/2021; Beginning on 1/1/2022, Appendix A, W/S 5, Line 12 or Direct Assigned (DA)

accounts 190, 282, and 283 at the current Federal, State & Local income tax rate to ADIT balances at the historical Federal, State & Local income tax rates. The difference between the two represents the deficient or excess ADIT balances. The result of this remeasurement is a change to the net deferred tax assets/liabilities recorded in accounts 190, 282, and 283 with a corresponding Federal, State or Local income tax rates that gives rise to deficient/excess ADIT.

Eversource adheres to the IRC Normalization rules by following IRC Section 168(i)(3)(A)(i) which requires that, to use a normalization method of accounting, the taxpayer, in determining its tax expense for ratemaking purposes and reflecting operating results, must use the same depreciation method, and one that is not shorter in period than the method and period used to compute its depreciation expense.

Notes

units

Deficient/(excess) ADIT balance will be amortized over 5 years

be amortized over 10 years. Deficient/(excess) property related net operating loss ("NOL") ADIT will offset the amortization of protected excess ADIT until the balance is exhausted. 2014 MA State Tx Rate Change approved in Docket ER20-2054.

related ADIT balances will be amortized over 3 years

er amounts

ver amounts

units

e Tax" = according to the related underlying deferred items (i.e., ARAM, 37 yrs., and 10 yrs. as applicable).

Attachment 1b

Redline Version

Schedule 21-ES to the ISO-NE OATT

**Eversource**  
**SCHEDULE 21-ES**

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## **SCHEDULE 21-ES**

### **LOCAL SERVICE SCHEDULE**

This Local Service Schedule, designated Schedule 21-ES, governs the terms and conditions of service taken by Transmission Customers over the Transmission System of The Connecticut Light and Power Company, Public Service Company of New Hampshire and NSTAR Electric Company (West) (together, “Eversource”), but not over the Transmission System of NSTAR Electric Company (East), which provides service pursuant to Schedule 21-NSTAR.

#### **I. COMMON SERVICE PROVISIONS**

##### **1 Definitions**

Capitalized terms not defined herein shall have the meanings given them in the Tariff.

##### **1.1 Annual Transmission Costs**

The total annual cost of the Transmission System for purposes of Local Network Service shall be the amount specified in Attachments ES-H and ES-I, until amended by Eversource or modified by the Commission.

##### **1.2 Annual True Up**

The reconciliation to actual costs and actual loads of the estimated costs and loads costs used for billing purposes under Section 3.0 of this Local Service Schedule for any Service Year.

##### **1.3 Category A Load Ratio Share**

Ratio of a Transmission Customer's Category A Network Load to Eversource’s total load computed in accordance with Sections 16.5 and 16.6 under Part III of this Local Service Schedule and calculated on a rolling twelve month basis. Also referred to as “Load Ratio Share”.

##### **1.4 Category B Load Ratio Share**

Ratio of a Transmission Customer’s Monthly Category B Load in the Designated State or Area for a Localized Facility to the Monthly Transmission System Category B Load for such Designated State or Area, calculated in accordance with Sections 16.5 and 16.6, and calculated on a rolling twelve month basis.

### **1.5 Designated Agent**

See Tariff. Also, the Designated Agent of Eversource is Eversource Energy Service Company (“Eversource Service”) which is a subsidiary of Eversource Energy.

### **1.6 Designated State or Area**

The state or area to which the Commission allocates the costs of a Localized Facility identified in Section 16.3.

### **1.7 Interest**

The amount computed in accordance with the Commission’s regulations at 18 CFR §35.19a (a)(2)(iii). Interest on deposits and shall be calculated from the day the deposit check is credited to Eversource’s account.

### **1.8 Interruption**

A reduction in non-firm transmission service due to economic reasons pursuant to Schedule 21.

### **1.9 Localized Facility**

Facility or costs that the New England System Operator determines should not be included in Attachment F of the ISO OATT.

### **1.10 Network Load**

The load that a Network Customer designates for Local Network Service. The Network Customer's Network Load shall include all load served by the output of any Network Resources designated by the Network Customer. A Network Customer may elect to designate less than its total load as 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 Network Load, the Eligible Customer is responsible for making separate arrangements for any Point-To-Point Transmission Service that may be necessary for such non-designated load.

### **1.11 Network Operating Agreement**

An executed agreement that contains the terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Local Network Service under Part III of this Local Service Schedule.

**1.12 Network Upgrades**

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

**1.13 New England System Operator**

ISO New England Inc. ("ISO") or its successor entity.

**1.14 Party(ies)**

Eversource and the Transmission Customer receiving service under the Tariff.

**1.15 Short-Term Firm Point-To-Point Transmission Service**

Firm Point-To-Point Transmission Service with a term of less than one year.

**1.16 Service Agreement**

Service Agreement is a transmission service agreement for transmission service provided under this Local Service Schedule or Localized Costs Responsibility Agreement ("LCRA").

**1.17 Service Year**

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

**1.18 Eversource**

For purposes of this Schedule 21-ES, Eversource shall refer to The Connecticut Light and Power Company, NSTAR Electric Company (West), and Public Service Company of New Hampshire, but excluding NSTAR Electric Company (East), which provides Transmission Service pursuant to Schedule 21-NSTAR.

**1.19 Eversource's Monthly Transmission System Peak**

The maximum firm usage of the Eversource Transmission System in a calendar month (this does not include load of Eversource's customers exclusively connected to PTF).

#### **1.20 Eversource Transmission System**

The PTF and non-PTF facilities owned, controlled or operated by Eversource that are used to provide transmission service under this Local Service Schedule. This includes PTF facilities whose costs are not included in the regional rate.

#### **1.21 Transmission Service**

Point-To-Point Transmission Service provided under this Local Service Schedule on a firm and non-firm basis.

### **2. Ancillary Services**

Ancillary Services are needed with transmission service to maintain reliability within and among the Control Areas affected by the transmission service. Eversource is required to provide (or offer to arrange with the New England System Operator as discussed below), and the Transmission Customer is required to purchase, the following Ancillary Service (i) Scheduling, System Control and Dispatch.

The Transmission Customer serving load within the Eversource Control Area shall also obtain the following ancillary services: (i) Reactive Supply and Voltage Control from Generation Sources, (ii) Regulation and Frequency Response, (iii) Energy Imbalance, (iv) Operating Reserve - Spinning, and (v) Operating Reserve - Supplemental.

The Transmission Customer serving load within the Eversource Control Area is required to acquire the appropriate Ancillary Services, whether from the New England System Operator, Eversource, another party, or by self-supply.

The Transmission Customer may not decline Eversource's or the New England System Operator's offer of appropriate 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 Eversource.

If Eversource is unable to provide Scheduling, System Control and Dispatch, Eversource can fulfill its obligation to provide this Ancillary Service by acting as the Transmission Customer's agent to secure this Ancillary Service from the New England System Operator. The Transmission Customer may elect to (i) have Eversource act as its agent to obtain Scheduling, System Control and Dispatch, (ii) secure Scheduling, System Control and Dispatch directly from the New England System Operator, or from a third party.

Eversource or New England System Operator shall specify the rate treatment and all related terms and conditions in the event of an unauthorized use of Ancillary Services by the Transmission Customer.

The specific Ancillary Services, prices and/or compensation methods are described on the Schedule that is attached to and made a part of the Tariff. Three principal requirements apply to discounts for Ancillary Services provided by Eversource in conjunction with its provision of transmission service as follows: (1) any offer of a discount made by Eversource 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 the Eversource system.

### **3. Billing and Payment**

#### **3.1 Billing Procedure**

Within a reasonable time after the first day of each month, Eversource Service shall submit an invoice to the Transmission Customer for the charges for all services furnished or costs allocated under the Tariff during the preceding month.

The invoice shall be paid by the Transmission Customer within twenty five (25) days of the date of the invoice. All payments shall be made in immediately available funds payable to Eversource Service, or by wire transfer to a bank named by Eversource Service. Billing hereunder shall be based on cost estimates made by Eversource 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. The Annual True-up will include interest calculated in accordance with Section 35.19a of the Commission's regulations. If the in

service date of a forecasted capital addition changes, and the impact of such change on Eversource's annual revenue requirement is ten percent or more, Eversource Service will adjust current billing to the Transmission Customer as appropriate.

### **3.2 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 Eversource Service.

### **3.3 Customer Default**

In the event the Transmission Customer fails, for any reason other than a billing dispute as described below, to make payment to Eversource Service on or before the due date as described above, and such failure of payment is not corrected within thirty (30) calendar days after Eversource Service 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, Eversource 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 Eversource and the Transmission Customer, Eversource 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 Eversource may provide notice to the Transmission Customer of its intention to suspend service in sixty (60) days, in accordance with Commission policy. Neither Party shall have the right to challenge any monthly bill or to bring any court or administrative action of any kind questioning the propriety of any bill after a period of twenty four (24) months from the date the bill was due; provided, however, that in the case of a bill based on estimates, such twenty-four month period shall run from the due date of the final adjusted bill.

### **3.4 Transmission Customer Right to Audit**

Eversource shall keep complete and accurate accounts and records with respect to its performance under this Local Service Schedule and shall maintain such data for a period of at least two (2)

years after final billing for audit by a Transmission Customer. The Transmission Customer shall provide thirty (30) days' written notice to Eversource to request an audit of all such accounts and records relevant to service provided to the Transmission Customer for a specific time period. The Transmission Customer shall have the right, during normal business hours and at its own expense, to examine, inspect and make copies of all such accounts and records relevant to service provided to the Transmission Customer at such offices where such accounts and records are maintained, insofar as may be necessary for the purpose of ascertaining the reasonableness and accuracy of all relevant data, estimates or statements of charges submitted hereunder to the Transmission Customer. The records made available to a Transmission Customer for auditing purposes hereunder shall not include information pertaining to the loads of or charges to an individual customer other than the Transmission Customer; unless the Transmission Customer requests that the Commission order that such information be made available to the Transmission Customer and the Commission so orders. Nothing in this section shall be interpreted as limiting the Transmission Customer's access to system-wide load or charge data.

### **3.5 Regulatory Oversight of Formula Rate**

Eversource will submit to the Connecticut Public Utilities Regulatory Authority, the Massachusetts Department of Public Utilities and the New Hampshire Public Utilities Commission ("State Commissions") the following information:

- (a) A copy of the New England Power Pool's ("NEPOOL's") or any successor's annual informational filing at FERC supporting the total transmission revenue requirement for New England, which contains information submitted by Eversource supporting its total transmission revenue requirement;
- (b) Eversource's total transmission revenue requirement as calculated in Attachments H & I under Schedule 21-ES;
- (c) A copy of Eversource's applications under Restated NEPOOL Agreement Section 15.5, concerning the installation of or material changes to transmission facilities (or any successor approval process), and Section 18.4, concerning plans for additions, retirements, or changes in the capacity of transmission facilities (including descriptions of facilities and cost estimates);



- (d) A copy of ISO New England's or any successor's Regional Transmission System Plan, which contains all identified improvements to the New England power system approved by the ISO New England or any successor's board;
- (e) A copy of Eversource's filing to each New England state's siting council for those projects to be recovered through the RNS or LNS rates, such copy to be filed with the State Commissions when the estimated costs of the projects in question are proposed to be included in the RNS and LNS rates;
- (f) At the same time that new estimated rates are implemented, the estimated cost for each capital addition (on a project-by-project basis) the cost of which is to be included in the estimated rates; and, for each such capital addition with an estimated cost of \$20 million or greater, Eversource will provide the following to the extent available: (i) a breakdown of the projected cost into the following categories: labor (broken down into planning, engineering, construction, and other), outside services (broken down into planning, engineering, construction and other), materials (broken down into station equipment, towers and poles, overhead conductor, underground conduit and conductor, and other), land (broken down into fee ownership, easement, and other), and other (if applicable) and (ii) a non-binding estimate of the total project costs by calendar quarter;
- (g) Within 60 days after the true-up is rendered for a year, the actual cost for each capital addition that was placed in service during that year; and, for each such capital addition with an actual or estimated cost of \$20 million or greater, Eversource will provide the following to the extent available: (i) a breakdown of the actual cost into the following categories: labor (broken down into planning, engineering, construction, and other), outside services (broken down into planning, engineering, construction, and other), materials (broken down into station equipment, towers and poles, overhead conductor, underground conduit and conductor, and other), land (broken down into fee ownership, easement, and other), and other (if applicable) and (ii) the actual total project costs by calendar quarter.

#### **4. Regulatory Filings**

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the right of Eversource to unilaterally make application to the Commission for a change in rates, terms and

conditions, charges, classification of service, Service Agreement, rule or regulation under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

Nothing contained in the Tariff or any Service Agreement shall be construed as affecting in any way the ability of any Party receiving service under the Tariff to exercise its rights under the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

**5. Creditworthiness:** See Attachment ES-L to this Schedule 21-ES.

**6. 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. POINT-TO-POINT TRANSMISSION SERVICE**

**Scheduling of Point-To-Point Transmission Service:**

The System Operator will dispatch all resources subject to its control, pursuant to Market Rule 1, in order to meet load and to accommodate external transactions. Resources within the New England Control Area using Firm Point-to-Point Transmission Service shall be dispatched based on economic merit in accordance with Market Rule 1 and will have no physical scheduling or dispatch rights. Transmission Customers will be charged for congestion costs and any other costs associated with such dispatch in accordance with Market Rule 1.

**7. Nature of Firm Point-To-Point Transmission Service**

**7.1 Classification of Firm Transmission Service**

The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule ES-2, as appropriate, for Long and Short-Term Firm Point-To-Point Transmission Service. In the event that either a Transmission Customer has not made a capacity reservation, or a Transmission Customer exceeds its firm capacity reservation at the Point of Receipt and Point of Delivery the Transmission Customer shall be billed and pay for its actual use of such excess capacity in addition to any Reserved Capacity pursuant to Schedule ES-2, including ancillary services provided pursuant to Schedule ES-1 hereto.

## **8. Nature of Non-Firm Point-To-Point Transmission Service**

### **8.1 Classification of Non-Firm Point-To-Point Transmission Service**

The Transmission Customer will be billed for its Reserved Capacity under the terms of Schedule ES-3, as appropriate, for non-firm Point-To-Point Transmission Service. In the event that either a Transmission Customer has not made a capacity reservation, or a Transmission Customer exceeds its non-firm capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer shall be billed and pay for its actual use of such excess capacity in addition to any Reserved Capacity pursuant to Schedule ES-3, including ancillary services provided pursuant to Schedule ES-1 hereto. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and/or energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Schedule ES-3.

## **9. Service Availability**

### **9.1 Real Power Losses**

Real Power Losses are associated with all transmission service. Eversource is not obligated to provide Real Power Losses. The Transmission Customer is responsible for replacing losses associated with all transmission service as determined under Market Rule 1. The applicable Real Power Loss factors are as follows:

The amount of transmission losses incurred in transmitting power from the POR(s) to the POD(s) ("Loss Amount") shall be determined from time to time by the New England System Operator in accordance with ISO procedures applicable at the time of delivery. The Loss Amounts, when determined by the New England System Operator, shall be posted on Eversource's Open Access Same-Time Information System ("OASIS"). In the event that the New England System Operator, for any reason, does not determine the entire Loss Amount, the losses not determined by the New England System Operator shall be based on average system losses as set forth below:

<b>Cumulative Losses in Percent</b>			
<b>POR/POD</b>	<b>Peak*</b>	<b>Off-Peak</b>	<b>24 Hr.</b>
			<b>Avg.</b>
Bulk Transmission	1.98	2.42	2.21
Bulk Substation	2.46	2.92	2.70
Pri. Distribution	4.58	4.50	4.54

\*Peak hours are defined as 0700-2300, Monday-Friday; Off-Peak hours are all other hours.

## **10. Procedures for Arranging Firm Point-To-Point Transmission Service**

### **10.1 Deposit**

A Completed Application for Firm Point-To-Point Transmission Service also shall include a deposit of either three month's charge for Reserved Capacity or the full charge for Reserved Capacity for service requests of less than one month.

## **11. Additional Study Procedures For Firm Point-To-Point Transmission Service Requests:**

### **11.1 Disbursement Methodology for Late Study Penalties**

See Attachment ES-D to Schedule 21-ES.

## **12. Compensation for Transmission Service**

The Transmission Customers taking Point-To-Point Transmission Service shall pay Eversource for any Direct Assignment Facilities, Ancillary Services and applicable study costs, along with the following:

### **12.1 Rates and Charges for Transmission Service**

Rates for Firm and Non-Firm Point-To-Point Transmission Services are provided in the Attachments appended to this Local Service Schedule: Firm Point-To-Point Transmission Services (Schedule ES-2); and Non-Firm Point-To-Point Transmission Services (Schedule ES-3).

### **12.2 Rates for Firm and Non-Firm Point-To-Point Transmission Services**

Rates for Firm and Non-Firm Point to Point Transmission Services shall be determined as set forth in Attachments ES-2 and ES-3 of this Local Service Schedule 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 an appropriate billing adjustment shall be made pursuant to Section 3 of this Local Service Schedule. Eversource shall use Part II of the Tariff to make its Third-Party Sales. Eversource shall account for such use at the applicable Tariff rates.

### **III. LOCAL NETWORK SERVICE**

#### **13. Nature of Local Network Service**

##### **13.1 Real Power Losses**

Real Power Losses are associated with all transmission service. Eversource is not obligated to provide Real Power Losses. The Network Customer is responsible for replacing losses associated with all transmission service as determined under Market Rule 1. The applicable Real Power Loss factors are as follows:

The amount of transmission losses incurred in transmitting power across the Eversource Transmission System to the Network Customer's Network Load shall be determined from time to time by the New England System Operator in accordance with ISO procedures applicable at the time of delivery. The Loss Amounts, when determined by the New England System Operator, shall be posted on the Open Access Same-Time Information System ("OASIS"). In the event that the New England System Operator, for any reason, does not determine the entire Loss Amount, the losses not determined by the New England System Operator shall be based on average system losses as set forth below:

<b>Cumulative Losses in Percent</b>			
<b>POR/POD</b>	<b>Peak*</b>	<b>Off-Peak</b>	<b>24 Hr.</b>
			<b>Avg.</b>
Bulk Transmission	1.98	2.42	2.21
Bulk Substation	2.46	2.92	2.70
Pri. Distribution	4.58	4.50	4.54

\*Peak hours are defined as 0700-2300, Monday-Friday; Off-Peak hours are all other hours.

## **14. Network Resources**

### **14.1 Use of Interface Capacity by the Network Customer**

There is no limitation upon a Network Customer's use of the Eversource Transmission System at any particular interface to integrate the Network Customer's Network Resources (or substitute economy purchases) with its Network Loads. However, a Network Customer's use of Eversource's total interface capacity with other transmission systems may not exceed the Network Customer's Load.

## **15. Additional Study Procedures For Local Network Service Requests**

**15.1 Disbursement Methodology for Late Study Penalties** See Attachment ES-D to Schedule 21-ES

## **16. Rates and Charges**

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

### **16.1 Rates and Charges**

Rates for Local Network Service shall be determined as set forth in Schedule ES-4 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 an appropriate billing adjustment shall be made pursuant to Section 3 of this Local Service Schedule.

### **16.2 Eligible Customers Taking Service Under the ISO Tariff**

Any Eligible Customer taking Regional Network Service under the ISO Tariff in a Designated State or Area shall pay to Eversource Service the customer's Category B Load Ratio Share of the Formula Requirements as calculated in Schedule ES-4, Appendix B for such Designated State or Area. Eversource Service shall execute a LCRA under this Local Service Schedule, in the form set forth in Attachment ES-E, to recover such charges from such customer. Eversource Service shall not bill any such customer any such costs until (1) such LCRA has been executed with the

Eligible Customer, or (2) an unexecuted LCRA has been permitted to be made effective **by** the Commission.

16.3 Listing of Localized Facilities by Designated State or Area:

**(a)** Connecticut:

Bethel to Norwalk Project

Middletown to Norwalk Project

Glenbrook Cables Project

Greater Springfield Reliability Project (Connecticut portion)

**(b)** Massachusetts:

Greater Springfield Reliability Project (Massachusetts portion)

16.4 **Monthly Demand Charge**

The Network Customer shall pay monthly Demand Charges, which shall be determined by multiplying its Category A Load Ratio Share times one twelfth (1/12) of the Formula Requirements in Schedule ES-4, Appendix A, and by multiplying its Category B Load Ratio Share for the Designated State or Area times one twelfth (1/12) of the Formula Requirements in Schedule ES-4, Appendix B for the Localized Facilities that are in such Designated State or Area.

16.5 **Determination of Network Customer's Monthly Network Load**

The Network Customer's Monthly Category A Network Load is its hourly load (including its designated Network Load not physically interconnected with Eversource under Schedule 21) coincident with Eversource's Monthly Transmission System Peak.

The Network Customer's Monthly Category B Load for a Designated State **or** Area for a Localized Facility is its hourly load in such Designated State or Area coincident with the monthly transmission system peak load for such Designated State or Area.

For Localized Facilities for which the Designated State or Area is identified as "Connecticut" in Section 16.3(a) of this Schedule 21-ES, the customer's hourly load shall be all of the customer's

Regional Network Load in Connecticut, and the monthly transmission system peak load shall be all Regional Network Load in Connecticut.

For Localized Facilities for which the Designated State or Area is identified as “Massachusetts” in Section 16.3(b) of this Schedule 21-ES, the customer’s hourly load shall be all of the customer’s Regional Network Load in Massachusetts, and the monthly transmission system peak load shall be all Regional Network Load in Massachusetts; provided, that the customer’s monthly load and the monthly transmission system peak load shall exclude the load of generators taking RNS for the delivery of offline station service.

#### **16.6 Determination of Eversource’s Monthly Transmission System Load**

Eversource’s Monthly Transmission System Category A Load is Eversource’s Monthly Transmission System Peak minus the coincident peak usage of all Firm Point-To-Point Transmission Service customers pursuant to this Local Service Schedule plus the Reserved Capacity of all Firm Point-To-Point Transmission Service customers.<sup>1</sup>

Eversource’s Monthly Transmission System Category B Load for the Designated State or Area for a **Localized** Facility is the monthly transmission system peak load for such Designated State or Area.<sup>1</sup>

For Localized Facilities for which the Designated State or Area is identified as “Connecticut” in Section 16.3(a) of this Schedule 21-ES, the monthly transmission system peak load shall be all Regional Network Load in Connecticut.

For Localized Facilities for which the Designated State or Area is identified as “Massachusetts” in Section 16.3(b) of this Schedule 21-ES, the monthly transmission system peak load shall be all Regional Network Load in Massachusetts; provided, that the monthly transmission system peak load shall exclude the load of generators taking RNS for the delivery of offline station service.

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<sup>1</sup> Excludes MWs associated with lump sum payment transactions identified in footnote 2.



## **17. Operating Arrangements**

### **17.1 Operation under the Network Operating Agreement**

The Network Customer shall plan, construct, operate and maintain its facilities in accordance with Good Utility Practice and in conformance with the Network Operating Agreement.

### **17.2 Network Operating Agreement**

The terms and conditions under which the Network Customer shall operate its facilities and the technical and operational matters associated with the implementation of Part III of the Tariff shall be specified in the Network Operating Agreement. The Network Operating Agreement shall provide for the Parties to (i) operate and maintain equipment necessary for integrating the Network Customer within the Eversource Transmission System (including, but not limited to, remote terminal units, metering, communications equipment and relaying equipment), (ii) transfer data between Eversource and the Network Customer (including, but not limited to, heat rates and operational characteristics of Network Resources, generation schedules for units outside the Eversource Transmission System, interchange schedules, unit outputs for redispatch, 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 Part III of the Tariff, including scheduling protocols. The Network Operating Agreement will recognize that the Network Customer shall either (i) operate as a Control Area under applicable guidelines of the North American Electric Reliability Council (NERC) and the Northeast Power Coordinating Council (NPCC), (ii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with Eversource, or (iii) satisfy its Control Area requirements, including all necessary Ancillary Services, by contracting with another entity, consistent with Good Utility Practice, which satisfies NERC and NPCC requirements. Eversource shall not unreasonably refuse to accept contractual arrangements with another entity for Ancillary Services. The Network Operating Agreement is included in Attachment ES-G.

## **SCHEDULE ES-1**

### **SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE**

This service is required to schedule the movement of power through, out of, within, or into a Control Area. This service can be provided only by the operator of the Control Area in which the transmission facilities used for transmission service are located. Scheduling, System Control and Dispatch Service is to be provided directly by Eversource (if Eversource is the Control Area operator) or indirectly by Eversource making arrangements with the New England System Operator that performs this service for the Eversource Transmission System. The Transmission Customer must purchase this service from Eversource or the New England System Operator. The charges for Scheduling, System Control and Dispatch Service are to be based on the rates set forth below. To the extent the New England System Operator performs this service for Eversource, charges to the Transmission Customer are to reflect only a pass-through of the costs charged to Eversource by that New England System Operator.

Each Point-To-Point Transmission Customer under this Local Service Schedule will be charged for Transmission Scheduling, System Control and Dispatch Services for the total Reserved Capacity specified in each reservation for Point-To-Point Transmission Service made under this Local Service Schedule at the rates set forth in Appendix A of this Schedule ES-1. In the event that a Transmission Customer utilizes transmission capacity without a reservation or exceeds its capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer **shall** pay for its actual use of such excess capacity in addition to any Reserved Capacity. The charge for such excess use of capacity shall be determined by multiplying the sum of the actual use in excess of its capacity reservation times the hourly non-firm rate posted on Eversource's OASIS including ancillary services provided pursuant to Schedule ES-1 hereto.

Each Network Customer under this Local Service Schedule will be charged a monthly Transmission Scheduling, System Control and Dispatch Service Demand Charge, which shall be determined by multiplying its Load Ratio Share times one twelfth (1/12) of the Formula Requirements specified in Appendix B of this Schedule ES-1.

Each Transmission Customer with generation within the New England Control Area shall be required also to provide for Scheduling, System Control and Dispatch Service for that generation. It is anticipated that the Transmission Customer will obtain these services from the ISO. Eversource will make available

Generation Scheduling, System Control and Dispatch Service at the rates set forth in Appendix C of this Schedule ES-1.

Each Transmission Customer with generation located outside of the New England Control Area shall be required to provide for Scheduling, System Control and Dispatching Service for that generation. It is anticipated that the Transmission Customer will obtain these services by contracting for these services from the provider of these services within the Control Area where the generation is located.

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-1 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

Depreciation rates shall be stated values that are approved by FERC and displayed in Attachment ES-J (CL&P), and Attachment ES-K (NSTAR (West)) to this Schedule 21-ES.

**SCHEDULE ES-1**  
**Appendix A**  
**POINT-TO-POINT TRANSMISSION RATE**

Eversource's Formula Rate for Point-To-Point Transmission Scheduling, System Control and Dispatch Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_{i-1} - B_{i-1}) C_{i-1} \text{ WHERE:}$$

- $i$  equals the calendar year during which service is being rendered ("Service Year").
- $A_{i-1}$  is the Annual Control Center Expenses (expressed in dollars) of Eversource for the calendar year prior to the Service Year. The Annual Control Center Expenses are determined pursuant to the formula specified in Exhibit 1 to this Appendix A of Schedule ES-1.
- $B_{i-1}$  is the actual transmission scheduling, system control and dispatch revenues (expressed in dollars) provided from the provision of transmission services to others. The actual transmission scheduling and dispatch revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account No. 456.1 pertaining to Transmission of Electricity for Others and such other applicable FERC accounts for the calendar year prior to the Service Year.
- $C_{i-1}$  is the average Eversource Monthly Transmission System Category A Load (expressed in kilowatts).

**SCHEDULE ES-1**

**Appendix A**

**Exhibit 1**

**DETERMINATION OF ANNUAL CONTROL CENTER EXPENSES**

The rate formula for determination of the annual control center expenses revenue requirements for each of the companies comprising Eversource hereunder is determined as follows:

A. ANNUAL CONTROL CENTER EXPENSES

Eversource's System Control and Load Dispatching Expense, for the calendar year prior to the Service Year, as recorded in FERC Account 561.1-561.4 and the revenue requirement calculation for the CL&P Dispatch Center Plant as described in Appendix A, Exhibit 2.

**SCHEDULE ES-1**  
**APPENDIX A**  
**EXHIBIT 2**  
**CL&P DISPATCH CENTER REVENUE REQUIREMENT**

This exhibit calculates the CL&P Dispatch Center Revenue Requirement. The CL&P Dispatch Center Revenue Requirement for use during a calendar year shall be based on CL&P's costs for the immediately preceding calendar year.

**I. DEFINITIONS**

Capitalized terms not otherwise defined in Section I. of the ISO-NE Transmission, Markets and Services Tariff and as used in this exhibit have the following definitions:

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's year-end gross plant balances used for CL&P's Dispatch Center as recorded in FERC Account Nos. 303, 350-359, and 389-399.

Dispatch Center Depreciation Reserve shall equal CL&P's year-end depreciation reserve balance for Dispatch Center Plant as recorded in FERC Account No. 108.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of CL&P's year-end deferred tax balances for Dispatch Center Plant as recorded in FERC Account Nos. 281-283 and 190.

Other Regulatory Assets/Liabilities shall equal the year-end balance of Dispatch Center Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as recorded in FERC Account Nos. 182.3 and 254.

**II. CALCULATION OF TOTAL DISPATCH CENTER REVENUE REQUIREMENT**

The Dispatch Center Revenue Requirement shall equal the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense; provided, that during the period January 1, 2008 through December 31, 2008, the Dispatch Center Revenue Requirement shall equal the product of (i) the number of months (or fractions thereof) remaining in 2007 on and after the

date upon which the CONVEX Agreements are permitted to be made effective by FERC, divided by 12 and (ii) the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, ~~and~~ (D) Dispatch Center Municipal Tax Expense, and (E) Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities. “CONVEX Agreements” refers to the agreements between The Connecticut Light & Power Company and various entities relating to the operation of the Dispatch Center and filed with FERC contemporaneously with the filing of this Exhibit 2.

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

1. Dispatch Center Investment Base

The Dispatch Center Investment Base will be the year-end balances of: (a) Dispatch Center Plant, less (b) Dispatch Center Depreciation Reserve, less (c) Dispatch Center Accumulated Deferred Income Taxes, plus or minus (d) Other Regulatory Assets/Liabilities.

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 will be calculated based upon CL&P’s capital structure at the end of each year and will equal the sum of (i),(ii), and (iii) below.

(i) The long-term debt component, which equals the product of the year-end balance of CL&P’s first mortgage bonds and pollution control notes adjusted for premiums, discounts, debt expense and losses on reacquired debt and the ratio of the long term debt to CL&P’s total capital.

(ii) The preferred stock component, which equals the product of the year-end balance of CL&P’s preferred stock adjusted for premiums, discounts and unamortized issue expense and the ratio of the preferred stock to CL&P’s total capital.

(iii) The common equity component, which equals the product of 10.3% and the ratio of the common equity to CL&P's total capital.

(b and c) Federal and State Income Taxes shall be computed as follows:

$$A \times B \times C$$

where:

A = Dispatch Center Investment Base

B = Cost of equity capital (the sum of the preferred stock component and common equity component)

C =  $TE / (1 - TE)$ , where TE is the effective combined federal and state statutory income tax rates in effect at the applicable time.

B. Dispatch Center Depreciation Expense shall equal CL&P's Dispatch Center depreciation expense as recorded in FERC Account No. 403.

C. Dispatch Center Amortization of Investment Tax Credits shall equal CL&P's Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

D. Dispatch Center Municipal Tax Expense shall equal CL&P's Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

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E. Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes  
Regulatory Assets and Liabilities shall equal the Dispatch Center's related expenses and credits as  
recorded in FERC Account No. 410.1 and 411.1, respectively, solely related to any deficient or excess  
deferred income taxes as a result of changes to Federal, State, or Local income tax rates. Amortization  
will be multiplied by a factor of  $1/(1 - T)$ , where T is the effective combined Federal Income Tax and the  
Corporate Income Tax Rate of Connecticut in effect at the applicable time.

## **SCHEDULE ES-1**

### **Appendix B**

#### **NETWORK TRANSMISSION FORMULA REQUIREMENTS**

Eversource's formula requirements for Network Transmission Scheduling, System Control and Dispatch Service is determined from the following formula.

Formula Requirements<sub>i</sub> = (A<sub>i-1</sub> - B<sub>i-1</sub>)

WHERE:

- i equals the calendar year during which service is being rendered ("Service Year").
- A<sub>i-1</sub> is the Annual Control Center Expenses (expressed in dollars) of Eversource for the calendar year prior to the Service Year. The Annual Control Center Expenses are determined pursuant to the formula specified in Exhibit 1 to this Appendix B of Schedule ES-1.
- B<sub>i-1</sub> is the actual transmission scheduling, system control and dispatch revenues (expressed in dollars) provided from the provision of transmission services to others. The actual transmission scheduling, system control and dispatch revenues shall be those recorded on the books of each of the companies comprising Eversource hereunder in FERC Account No. 456.1 pertaining to Transmission of Electricity for Others and such other applicable FERC Account for the calendar year prior to the Service Year.

**SCHEDULE ES-1**  
**APPENDIX B**  
**EXHIBIT 1**  
**DETERMINATION OF ANNUAL CONTROL CENTER EXPENSES**

The rate formula for determination of the annual control center expenses for each of the companies comprising Eversource hereunder is determined as follows:

A. ANNUAL CONTROL CENTER EXPENSES

Eversource's System Control and Load Dispatching Expense), for the calendar year prior to the Service Year as recorded in FERC Account 561.1-561.4 and the revenue requirement calculation for the CL&P Dispatch Center Plant as described in Appendix B, Exhibit 2.

**SCHEDULE ES-1**  
**APPENDIX B**  
**EXHIBIT 2**  
**CL&P DISPATCH CENTER REVENUE REQUIREMENT**

This exhibit calculates the CL&P Dispatch Center Revenue Requirement. The CL&P Dispatch Center Revenue Requirement for use during a calendar year shall be based on CL&P's costs for the immediately preceding calendar year.

**I. DEFINITIONS**

Capitalized terms not otherwise defined in Section I. of the ISO-NE Transmission, Markets and Services Tariff and as used in this exhibit have the following definitions:

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's year-end gross plant balances used for CL&P's Dispatch Center as recorded in FERC Account Nos. 303, 350-359, and 389-399.

Dispatch Center Depreciation Reserve shall equal CL&P's year-end depreciation reserve balance for Dispatch Center Plant as recorded in FERC Account No. 108.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of CL&P's year-end deferred tax balances for Dispatch Center Plant as recorded in FERC Account Nos. 281-283 and 190.

Other Regulatory Assets/Liabilities shall equal the year-end balance of Dispatch Center Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as recorded in FERC Account Nos. 182.3 and 254.

**II. CALCULATION OF TOTAL DISPATCH CENTER REVENUE REQUIREMENT**

The Dispatch Center Revenue Requirement shall equal the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, and (D) Dispatch Center Municipal Tax Expense; provided, that during the period January 1, 2008 through December 31, 2008, the Dispatch Center Revenue Requirement shall equal the product of (i) the number of months (or fractions thereof) remaining in 2007 on and after the

date upon which the CONVEX Agreements are permitted to be made effective by FERC, divided by 12 and (ii) the sum of (A) Dispatch Center Return and Associated Income Taxes, (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Amortization of Investment Tax Credits, ~~and~~ (D) Dispatch Center Municipal Tax Expense, and (E) Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities. “CONVEX Agreements” refers to the agreements between The Connecticut Light & Power Company and various entities relating to the operation of the Dispatch Center and filed with FERC contemporaneously with the filing of this Exhibit 2.

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

1. Dispatch Center Investment Base

The Dispatch Center Investment Base will be the year-end balances of: (a) Dispatch Center Plant, less (b) Dispatch Center Depreciation Reserve, less (c) Dispatch Center Accumulated Deferred Income Taxes, plus or minus (d) Other Regulatory Assets/Liabilities.

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 will be calculated based upon CL&P’s capital structure at the end of each year and will equal the sum of (i),(ii), and (iii) below.

(i) The long-term debt component, which equals the product of the year-end balance of CL&P’s first mortgage bonds and pollution control notes adjusted for premiums, discounts, debt expense and losses on reacquired debt and the ratio of the long term debt to CL&P’s total capital.

(ii) The preferred stock component, which equals the product of the year-end balance of CL&P’s preferred stock adjusted for premiums, discounts and unamortized issue expense and the ratio of the preferred stock to CL&P’s total capital.

(iii) The common equity component, which equals the product of 10.3% and the ratio of the common equity to CL&P's total capital.

(b and c) Federal and State Income Taxes shall be computed as follows:

$$A \times B \times C$$

where:

A = Dispatch Center Investment Base

B = Cost of equity capital (the sum of the preferred stock component and common equity component)

C = TE / (1-TE), where TE is the effective combined federal and state statutory income tax rates in effect at the applicable time.

B. Dispatch Center Depreciation Expense shall equal CL&P's Dispatch Center depreciation expense as recorded in FERC Account No. 403.

C. Dispatch Center Amortization of Investment Tax Credits shall equal CL&P's Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

D. Dispatch Center Municipal Tax Expense shall equal CL&P's Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

E. Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal the Dispatch Center's expenses as recorded in FERC Account No. 410.1 and 411.1, respectively, solely related to any deficient or excess deferred income taxes as a result of changes to Federal, State, or Local income tax rates.

**SCHEDULE ES-1**  
**Appendix C**  
**GENERATION RATES**

Eversource's Formula Rate for Generation Scheduling, System Control and Dispatch Service ("Formula Rate") shall be calculated using the Point-to-Point Formula Rate for Transmission Scheduling, System Control, and Dispatch Service in Appendix A of Schedule ES-1.

**SCHEDULE ES-2**  
**FIRM POINT-TO-POINT SERVICE**

I. Each month, Eversource Service shall bill the Transmission Customer for Long-Term Firm and Short-Term Firm Transmission Service and the Transmission Customer shall be obligated to pay Eversource the charges as set forth in this Schedule ES-2, as applicable.

**A. TRANSMISSION CHARGES**

1. Determination of Transmission Charges

The Transmission Charges will provide for recovery of the costs of the transmission facilities of Eversource. The Category A Transmission Charges for each month will equal the sum of the Category A Charges for each monthly (or longer term), weekly or daily transaction during such month. In the event that a Transmission Customer utilizes transmission capacity without a reservation or exceeds its capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer **shall** pay for its actual use of such excess capacity in addition to the charges for each monthly, weekly or daily transactions during such month. The charge for such excess use of capacity shall be determined by multiplying the actual hourly use in excess of its capacity reservation times the applicable Category A on-peak or off-peak hourly non-firm rate posted on Eversource's OASIS pursuant to Schedule ES-3 including ancillary services provided pursuant to Schedule ES-1 hereto.

The Category A Charge for each monthly (or longer term) transactions will be the product of:

(a) Eversource's Category A Formula Rate (expressed in \$ per kilowatt-year), divided by twelve (12) months, and (b) the Reserved Capacity set forth for such monthly (or longer term) transaction (expressed in kilowatts).

The Category A Charge for each weekly transaction will be the product of: (a) Eversource's Weekly Category A Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-week), and (b) the Reserved Capacity set forth for such weekly transaction (expressed in kilowatts). Eversource's Weekly Category A Rate is Eversource's Category A Formula Rate for Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Category A Charge for each daily transaction will be the product of: (a) Eversource's Daily Category A Short-Term Firm Point-To-Point Transmission Rate (expressed in \$ per kilowatt-day), and (b) the Reserved Capacity set forth for such daily transaction (expressed in kilowatts). Eversource's Daily Category A Rate is Eversource's Weekly Category A Rate for Short-Term Firm Point-To-Point Transmission Service divided by five (5) days. The total of the Transmission Customer's charges for daily transactions, under an individual reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

2. Eversource's Formula Rates

Eversource's Formula Rates for Long-Term Firm and Short-Term Firm Point-To-Point Service shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule ES-2.

3. Tax Rates and Taxes

Eversource's Formula Rates set forth in this schedule in effect during a Service Year shall be based on the local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, Eversource's Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

4. Provision re: Exchanges

With respect to Entitlement Transactions or Energy Transactions or other transactions that involve an exchange, each party to such transaction shall be treated as an individual Transmission Customer under this Local Service Schedule. Accordingly, a separate Schedule ES-2 or other



applicable charge(s) will be calculated for, and a separate bill will be rendered to, each such individual Transmission Customer.

5. Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Eversource 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, Eversource 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.

6. Resales

The rates and rules governing charges and discounts in Sections I.A.1 and 5 of this Schedule ES-2 stated above shall not apply to resales of transmission service, compensation for which shall be governed by Schedule 21.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to Eversource Service each month the following additional charges for Long-Term, and Short-Term Firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Long-Term Firm or Short Term Firm Point-To-Point Transmission Service provided under this Local Service Schedule, not specifically provided for in any of the charge or

rate provisions 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. Eversource 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. **REGULATORY EXPENSES CHARGE**

Eversource shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with this Local Service Schedule and the Service Agreements.

C. **OTHER**

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-2 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

**SCHEDULE ES-2**  
**Appendix A**  
**CATEGORY A RATE**  
**FIRM POINT-TO-POINT TRANSMISSION SERVICE**

Eversource's Category A Formula Rate for Long-Term Firm and Short-Term Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_i - B_i + C_i - D_i) / E_i$$

WHERE:

- $i$  equals the Service Year.
- $A$  is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment ES-H,
- $B$  is the revenues received (expressed in dollars) from the provision of transmission and other related services, to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load ( $E$ ),<sup>2</sup> minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $C$  is the transmission payments (expressed in dollars) to the New England System Operator as recorded in FERC Account 565 in accordance with the Tariff.
- $D$  is the sum of the annual revenues received (expressed in dollars) for the costs associated with the Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $E$  is the average Eversource Monthly Transmission System Category A Load (expressed in kilowatts).

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<sup>2</sup> Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

## **SCHEDULE ES-2**

**[Reserved]**

**SCHEDULE ES-3**  
**NON-FIRM POINT-TO-POINT SERVICE**

- I. Eversource shall bill the Transmission Customer for Non-Firm Point-To-Point Transmission Service, and the Transmission Customer shall be obligated to pay Eversource the charges as set forth in this Schedule ES-3 as applicable.

A. **TRANSMISSION CHARGES**

1. **General**

The Transmission Customer shall pay to Eversource Service each month the Category A Transmission Charges calculated for all of the Transmission Customer's monthly transactions, weekly transactions, daily transactions and hourly transactions, each as set forth below. In the event that a Transmission Customer utilizes transmission capacity without a reservation or exceeds its capacity reservation at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay for its actual use of such excess capacity in addition to the charges for each monthly, weekly, daily or hourly transactions during such month. The charge for such excess use of capacity shall be determined by multiplying the actual hourly use in excess of its capacity reservation times the applicable Category A on-peak or off-peak hourly non-firm rate posted on Eversource's OASIS pursuant to this Schedule ES-3 including ancillary services provided pursuant to Schedule ES-1 hereto.

With respect to any wholesale 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.

The Category A Transmission Charge for each month applicable to a monthly transaction shall be determined as the product of: (a) the Category A rate posted on Eversource's Open Access Same-Time Information System ("OASIS") at the time the service is reserved, not to exceed Eversource's Annual Category A Rate for Non Firm Point-To-Point Transmission Service divided by twelve (12) months and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such month (expressed in kilowatts).

The Category A Transmission Charge for each month applicable to weekly transactions shall be the sum of the transmission charges determined for each weekly transaction during such month. The transmission charge for each weekly transaction shall be determined as the product of: (a) the Category A rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Weekly Category A Firm Point-To-Point Transmission Charge Rate (expressed in \$ per kilowatt-week), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such week (expressed in kilowatts). Eversource's Weekly Category A Rate is Eversource's Annual Category A Rate for Non-Firm Point-To-Point Transmission Service divided by fifty-two (52) weeks.

The Transmission Charge for each month applicable to daily transactions will be the sum of the transmission charges determined for each daily transaction. The transmission charge for each daily transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Daily Category A Firm Point-To-Point Transmission Charge Rate (expressed in \$ per kilowatt-day), and (b) the Reserved Capacity set forth in the Transmission Customer's applicable Reservation for such day (expressed in kilowatts). Eversource's Daily Category A On-Peak Rate is Eversource's Weekly Category A Rate for Non-Firm Point-To-Point Transmission Service divided by five (5) days. Eversource's Daily Category A Off-Peak Rate is Eversource's Weekly Category A Rate for Non-Firm Point-To-Point Transmission Service divided by seven (7) days. The total of the Transmission Customer's charges for daily transactions, under an individual Reservation, in a seven (7) day period shall not exceed the charges based on the Weekly Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

The Transmission Charge for each month applicable to hourly transactions will be the sum of the transmission charges determined for each hourly transaction during such month. The transmission charge for each hour of an hourly Transaction shall be determined as the product of: (a) the rate posted on Eversource's OASIS at the time the service is reserved, not to exceed Eversource's Daily Category A Firm Point-To-Point Transmission Service Rate divided by sixteen (16) hours (expressed in \$ per kilowatt-hour), and (b) the Reserved Capacity as set forth in the Transmission Customer's applicable Reservation for such hour (expressed in kilowatts). Eversource's Hourly Category A On-Peak Rate is equal to Eversource's Daily Category A Rate for Non-Firm Transmission Service divided by sixteen (16) hours. Eversource's Hourly Category A Off-Peak Rate is equal to Eversource's Daily Category A Rate for Non-Firm Transmission

Service divided by twenty-four (24) hours. The total of the Transmission Customer's charges for hourly transactions, under an individual Reservation, in a twenty-four (24) hour period shall not exceed the charges based on the Daily Category A Rate and the Transmission Customer's maximum Reserved Capacity in the period.

2. Discounts

Three principal requirements apply to discounts for transmission service as follows: (1) any offer of a discount made by Eversource 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, Eversource 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.

3. Resales

The rates and rules governing charges and discounts in Sections I.A.1 and 2 of this Schedule ES-3 stated above shall not apply to resales of transmission service, compensation for which shall be governed by Schedule 21.

4. Credit to the Transmission Charge

Whenever service provided hereunder is interrupted or curtailed by Eversource, the Local Control Center or the New England System Operator, the Transmission Charges to the Transmission Customer calculated pursuant to Section A, of this Schedule ES-3 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 such hour of interruption or curtailment shall be calculated as the product of (i) the applicable equivalent hourly charge for hourly, daily, weekly, or monthly transactions, and (ii) the kilowatts of service interruption or curtailment during such hour.

5. Eversource's Annual Formula Rate for Non Firm Point-To-Point Transmission Service  
Eversource's Annual Formula Rates for Non Firm Point-To-Point Transmission Service shall be expressed in \$ per kilowatt-year and shall be determined in accordance with the rate formulas specified in Appendix A of this Schedule ES-3 ("Formula Rates").

6. Tax Rates and Taxes

The Formula Rates set forth in this Schedule ES-3 in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Rate will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay Eversource Service each month the following additional charges for Non-firm Point-To-Point Transmission Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**



If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for Non-Firm Point-To-Point Transmission Service provided under this Local Service Schedule, not specifically provided for in any of the charge or rate provisions 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 such fee, assessment, or tax shall be borne by the Transmission Customer. Eversource 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. **REGULATORY EXPENSES**

Eversource reserves its rights to make a Section 205 filing for recovery of its costs to administer this Local Service Schedule and the Service Agreements.

C. **OTHER**

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-3 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

**SCHEDULE ES-3**  
**Appendix A**  
**CATEGORY A RATE**  
**FOR NON-FIRM POINT-TO-POINT SERVICE**

Eversource's Category A Formula Rate for Non-Firm Point-To-Point Transmission Service ("Formula Rate") is an annual rate determined from the following formula.

$$\text{Formula Rate}_i = (A_i - B_i + C_i - D_i) / E_i$$

WHERE:

- $i$  equals the Service Year.
- $A$  is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment ES-H.
- $B$  is the revenues received (expressed in dollars) from the provision of transmission and other related services to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load (E),<sup>2</sup> minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $C$  is the transmission payments (expressed in dollars) to the New England System Operator as recorded in FERC Account 565 in accordance with the Tariff.
- $D$  is the sum of the annual revenues received (expressed in dollars) for the costs associated with the Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $E$  is the average Eversource Monthly Transmission System Category A Load (expressed in kilowatts).

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<sup>2</sup> Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

**SCHEDULE ES-3[RESERVED]**

**SCHEDULE ES-4**  
**CHARGE PROVISIONS FOR LOCAL NETWORK SERVICE**

I. Network Customers will pay the following demand charges for Local Network Service.

A. **DEMAND CHARGE A**

1. Determination of Demand Charge:

The Demand Charge will be determined in accordance with Section ~~16.3~~16.4 of this Local Service Schedule.

2. Eversource's Annual Transmission Revenue Requirements:

The annual Transmission Revenue Requirements shall be determined in accordance with the formula specified in Appendix A of this Schedule ES-4 ("Formula Requirements").

B. **DEMAND CHARGE B**

1. Determination of Demand Charge

The Demand Charge will be determined in accordance with Section ~~16.3~~16.4 of this Local Service Schedule.

2. Eversource Annual Transmission Revenue Requirements:

The annual Transmission Revenue Requirements for each Localized Facility of a Designated State or Area shall be determined in accordance with the formula specified in Appendix B of this Schedule ES-4 ("Formula Requirements").

C. **TAX RATES AND TAXES**

The Formula Requirements set forth in this Schedule ES-4 in effect during a Service Year shall be based on local, state, and federal tax rates and taxes in effect during the Service Year. If, at any time, additional or new taxes are imposed on Eversource or existing taxes are removed, the Formula Requirements will be appropriately modified and filed with the Commission in accordance with Part 35 of the Commission's regulations.

II. In addition to the applicable charges of this Local Service Schedule, and as otherwise specified in the Service Agreement, the Transmission Customer shall pay to Eversource Service each month the following additional charges for Local Network Service provided during such month.

A. Taxes and Fees Charge

B. Regulatory Expenses Charge

C. Other

A. **TAXES AND FEES CHARGE**

If any governmental authority requires the payment of any fee or assessment or imposes any form of tax with respect to payments made for service provided under this Local Service Schedule, not specifically provided for in any of the charge or rate provisions under this Local Service Schedule, including any applicable interest charged on any deficiency assessment 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. Eversource 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. **REGULATORY EXPENSES CHARGE**

Eversource shall have the right to make a Section 205 filing for recovery of regulatory expenses associated with this Local Service Schedule and the Service Agreements.

C. **OTHER**

Eversource shall have the right, at any time, unilaterally to file for a change in any of the provisions of this Schedule ES-4 in accordance with Section 205 of the Federal Power Act and the Commission's implementing regulations.

**SCHEDULE ES-4**  
**Appendix A**  
**NETWORK FORMULA REQUIREMENTS**  
**FOR CATEGORY A COSTS**

Eversource's formula requirements for Local Network Service is determined from the following formula.

$$\text{Formula Requirements}_i = A_i - B_i + C_i - D_i$$

WHERE:

- $i$  equals the Service Year.
- $A$  is the annual Total Transmission Revenue Requirements (expressed in dollars) as described in Attachment ES-H.
- $B$  is the revenues received (expressed in dollars) from the provision of transmission and other related services to others as recorded in FERC Accounts 456.1 and 454 to the extent that such transactions are not included in the determination of load,<sup>2</sup> minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.
- $C$  is the transmission payments to (expressed in dollars) the New England System Operator as recorded in FERC Accounts 565 in accordance with the Tariff.
- $D$  is the sum of the annual revenues received (expressed in dollars) for the costs associated with Localized Facilities, minus any incremental revenues associated with FERC-approved adders for RTO participation and new transmission investment.

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<sup>2</sup> Includes amortization of revenues from point-to-point transmission service provided to Consolidated Edison Energy Massachusetts, Inc. and NRG Energy, Inc. under contracts in which customers paid based on single lump sum payment.

**SCHEDULE ES-4**  
**Appendix B**  
**NETWORK FORMULA REQUIREMENTS**  
**FOR CATEGORY B COSTS**

Eversource's formula requirements for Local Network Service and for Eligible Customers taking Regional Network Service under this Tariff in a Designated State or Area of a Localized Facility, is determined from the following formula, and separately determined for each Designated State or Area of a Localized Facility.

$$\text{Formula Requirements}_i = D_i$$

WHERE:

- $i$  equals the Service Year.
- $D$  is the annual Localized Transmission Revenue Requirements (expressed in dollars) of the Localized Facilities of Eversource for a Designated State or Area of a Localized Facility, as described in Attachment ES-I.

**ATTACHMENT ES-C**  
**AVAILABLE TRANSFER CAPABILITY METHODOLOGY**



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2. Transmission Service in the New England Markets
3. Eversource's Total Transfer Capability (TTC)
4. Capacity Benefit Market (CBM)
5. Transmission Reliability Margin (TRM)
6. Calculation of ATC for Eversource's Local Facilities
7. Posting of ATC Related Information
8. Process Flow Diagram for ATC Calculation

## **1. Introduction**

ISO is the regional transmission organization (“RTO”), serving the New England Control Area. ISO is responsible for the development, oversight, and fair administration of New England’s wholesale market, management of the 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 (“BAA”): New Brunswick System Operator Area (“NBSO Area”), New York Independent System Operator Area (“NYISO Area”), and Hydro-Quebec TransEnergie Area (“HQTE 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 Service Provider for Regional Network Service (“Regional Transmission Service”) associated with Pool Transmission Facilities, the Participating Transmission Owners (“PTOs”) provide local transmission service over Non-Pool Transmission Facilities within the RTO footprint and are responsible for calculating TTC and ATC associated with Local Transmission Service provided under Schedule 21 pursuant to the Transmission Operating Agreement (“TOA”). Pursuant to CFR § 37.6(b)<sup>1</sup> of the FERC Regulations Transmission Provider’s are obligated to calculate and post TTC and ATC for each Posted Path. The ISO is not responsible for the calculation of these values.

Pursuant to the terms of the Transmission Operating Agreement executed between the companies comprising Eversource hereunder as Participating Transmission Owners (“PTOs”) and ISO, Eversource is a Transmission Service Provider and calculates TTC and ATC for certain Local Facilities over which Point-to-Point transmission service is provided under Schedule 21-ES of the ISO Open Access Transmission Tariff (“ISO OATT”).

<sup>1</sup> §37.6(b) Posting transfer capability. The available transfer capability on the Transmission Provider’s system (ATC) and the total transfer capability (TTC) of that system shall be calculated and posted for each Posted Path as set out 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 service was denied, curtailed or interrupted (§37.6(b)(1)(i)).

Non-PTF facilities are primarily radial paths that provide transmission service directly to interconnected generators. It is possible, in the future that a particular path may interconnect more nameplate capacity generation than the path's TTC. However, for Eversource's Non-PTF modeled by the ISO or the Local Control Center ("LCC"), the ISO or the LCC 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 consistent with ISO's economic, security constrained dispatch methodology.

Eversource does not currently have any Posted Paths based on the above definition. However, if Eversource does have any Posted Path(s) in the future, Eversource will calculate 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 those functions performed or utilized by Eversource as the Transmission Provider of Schedule 21-ES Local Point-to Point transmission service over Non-PTF pursuant to the PTOs' Transmission Operating Agreement and the ISO OATT:

- Total Transfer Capability (TTC) methodology
- Available Transfer Capability (ATC) methodology
- Existing Transmission Commitment (ETC)
- Use of Rollover Rights (ROR) in the calculation of ETC

As explained in Section 2, TTC and ATC are required to be calculated only for certain non-PTF internal Posted Paths over which Local Point-to-Point transmission service is provided under Schedule 21-ES. TTC and ATC is not calculated by Eversource for Local Network Service because ISO employs a market model for economic, security constrained dispatch of generation, and Eversource does not require advance reservation for such network service.

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

Since the inception of the OATT for New England, the process by which generation located inside New England supplies energy to the bulk electric system has differed from the Commission's pro forma OATT. 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. 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 External Transactions to move energy into the ISO Area, 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 Locational Marginal Pricing (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.

This process for submitting External Transactions into the New England Real-Time Energy Market does not require an advance physical reservation for use of the PTF. In the event that the net of the 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 ISO Area, and non-PTF Local Facilities where utilized for Local Network Service by generation or load. However, Eversource owns Local Facilities over which an advance transmission service reservation for firm or non-firm transmission service may be required. On those Local Facilities, the market participant may obtain a transmission service reservation from Eversource under Schedule 21-ES prior to delivery of energy into the New England Wholesale Market. This document addresses the calculation of ATC and TTC for these non-PTF internal paths.

### 3. Eversource **Total Transfer Capability (TTC)**

The Total Transfer Capability (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-ES is calculated using NERC Standard MOD-029-1 Rated System Path Methodology and posted on Eversource's OASIS site.

Eversource will calculate and post TTC on its OASIS site for all non-PTF Posted Paths that are eligible for Point-to-Point transmission service reservations. The TTC on Eversource's non-PTF Local Facilities that are eligible for Local Point-to-Point transmission service reservations are relatively static values. Eversource thus calculate the TTC for Non-PTF Posted Paths that may require Local Point-to-Point Local Point-to-Point transmission reservations on its OASIS provider page according to NAESB Standards.

### 4. **Capacity Benefit Market (CBM)**

CBM is defined as the amount of firm transmission transfer capability set aside by a TSP 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. Load Serving Entities operating within the New England Control Area are required to arrange for their Capacity Requirements prior to the beginning of any given month in accordance with ISO 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 Eversource's ATC calculation and because CBM for the New England Control Area is set to zero (0), Eversource utilizes a zero (0) CBM value.

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

The ETC<sub>F</sub> are those confirmed Firm transmission reservations (PTP<sub>F</sub>) plus any rollover rights for Firm transmission reservations (ROR<sub>F</sub>) that have been exercised. There are no allowances necessary for Native Load forecast commitments (NL<sub>F</sub>), Network Integration Transmission Service (NITS<sub>F</sub>),

grandfathered Transmission Service ( $GF_F$ ) and other service(s), contract(s) or agreement(s) ( $OS_F$ ) to be considered in the  $ETC_F$  calculation.

### **Existing Transmission Commitments, Non-Firm( $ETC_{NF}$ )**

The ( $ETC_{NF}$ ) are those confirmed Non-Firm transmission reservations ( $PTP_{NF}$ ). There are no allowances necessary for Non-Firm Network Integration Transmission Service ( $NITS_{NF}$ ), Non-Firm grandfathered Transmission Service ( $GF_{NF}$ ) or other service(s), contract(s) or agreement(s) ( $OS_{NF}$ ).

### **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. Eversource does not have any external interfaces, and therefore TRM for Eversource's non-PTF facilities is zero.

### **6. Calculation of ATC for Eversource's Local Facilities - General Description:**

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 described above, as ATC is positive and listed as 9999. Transmission customers are not restricted from reserving firm or non-firm transmission 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. With this simplified version of ATC, there is no detailed algorithm to be described or posted. Thus, for those non-PTF facilities that serve as a path for Eversource's Schedule 21-ES Point-to-Point Transmission Customers, Eversource 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.

## **6.1 Calculation of Schedule 21-ES Firm ATC ( $ATC_F$ )**

### **6.1.1 Calculation of $ATC_F$ in the Planning Horizon (PH)**

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

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-ES that is available in the Planning Horizon (PH) includes: Yearly, Monthly, Weekly, and Daily.  $Postbacks_F$  and  $counterflows_F$  of Schedule 21-ES transmission reservations are not considered in the ATC calculation. Therefore,  $ATC_F$  in the PH is equal to the TTC minus  $ETC_F$ .

### **6.1.2 Calculation of $ATC_F$ in the Schedule 21-ES Operating Horizon (OH)**

For purposes of this Attachment C OH is 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 decreases 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 is zero. Daily Firm Transmission Service under Schedule 21-ES is the only firm service offered in the Operating Horizon (OH).  $Postbacks_F$  and  $counterflows_F$  of Schedule 21-ES transmission reservations are not considered in the  $ATC_F$  calculation. Therefore,  $ATC_F$  in the OH is equal to the TTC minus  $ETC_F$ .

**6.1.3** Because Firm Schedule 21-ES transmission service is not offered in the Scheduling Horizon (SH):  $ATC_F$  in the SH is zero.

## **6.2 Calculation of Schedule 21-ES Non-Firm ATC ( $ATC_{NF}$ )**

### **6.2.1 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-ES are zero. Non-Firm ATC available in the PH includes: Monthly, Weekly, Daily and Hourly.  $TRM_U$ ,  $Postbacks_{NF}$  and  $counterflows_{NF}$  of Schedule 21-ES transmission reservations are not considered in this calculation. Therefore,  $ATC_{NF}$  in the PH is equal to the TTC minus  $ETC_F$  and  $ETC_{NF}$ .

### **6.2.2 Calculation of $ATC_{NF}$ in the OH**

$ATC_{NF}$  available in the OH includes: Daily and Hourly.

As discussed above TRM and CBM for Schedule 21-ES are zero.  $TRM_U$ , counterflows and  $ETC_{NF}$  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 OH as  $PTP_{NF}$  ( $Postbacks_{NF}$ )

## **6.3 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 stated above, Eversource's non-PTF facilities are primarily radial paths that provide transmission service to directly interconnected generators. It is possible, in the future, that a particular radial path may interconnect more nameplate capacity generation than the path's TTC. However, due to the ISO's 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 may become zero, but will not become negative.

## **7. Posting of Schedule 21-ES ATC**

### **7.1 Location of ATC Posting**

ATC values are posted on Eversource's OASIS site.

### **7.2 Updates To ATC**

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

### **7.3 Coordination of ATC Calculations**

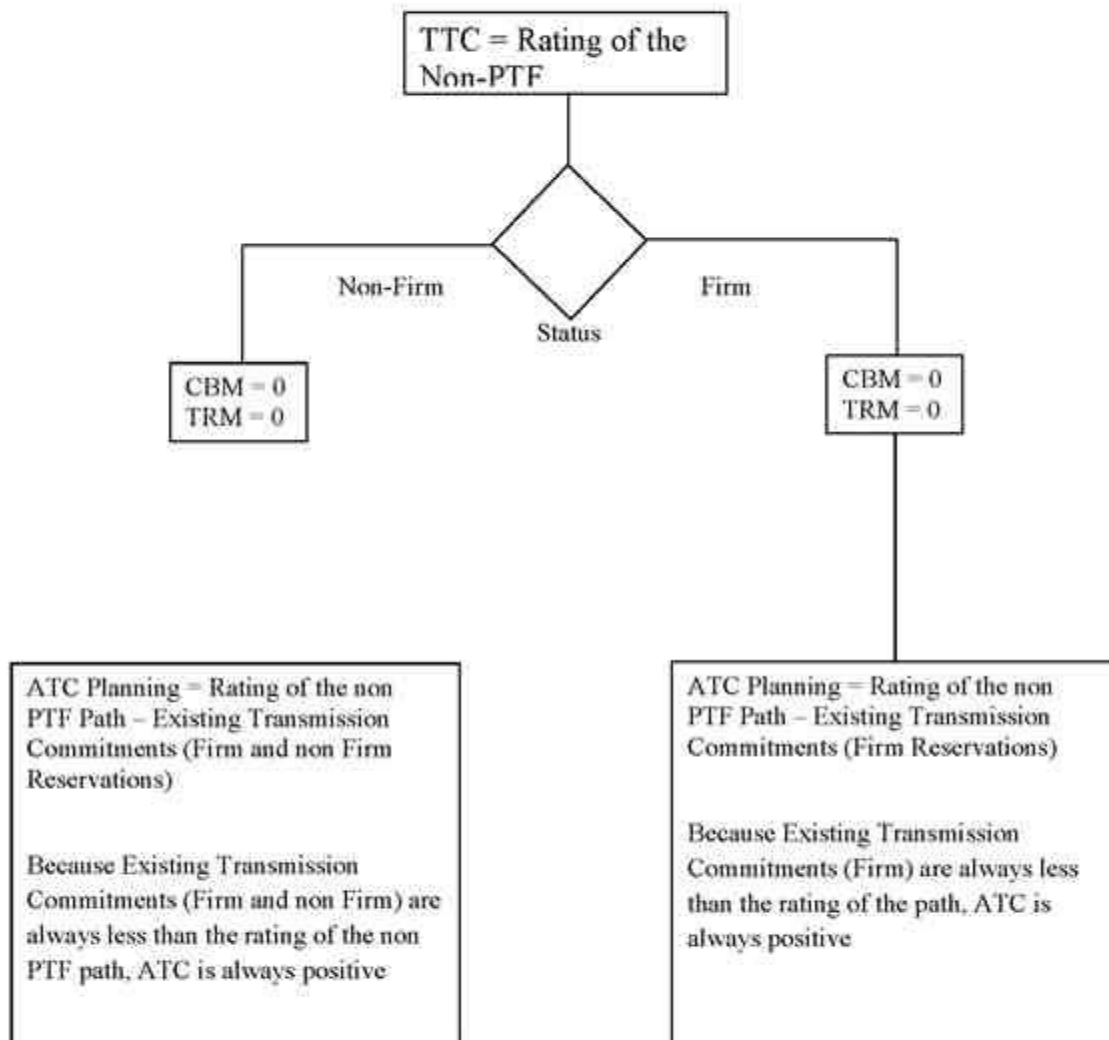
Schedule 21-ES non-PTF has no external interfaces. Therefore it is not necessary to coordinate the values.

**7.4 Mathematical Algorithms** A link to the actual mathematical algorithm for the calculation of ATC for the Eversource non-PTF internal interfaces is located at

<https://www.eversource.com/Content/docs/default-source/Transmission/attachment-6.pdf?sfvrsn=0>.

## 8. Process Flow Diagram for ATC Calculation

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



**ATTACHMENT ES-D**  
**PENALTY DISBURSEMENT METHODOLOGY**

**Late Study Penalties:** Penalties paid by the Transmission Provider pursuant to Schedule 21 are referred to as "Late Study Penalties," and therefore subject to distribution to all Transmission Customers that are not affiliated with the Transmission Provider. On the month following the end of each calendar quarter, each Transmission Customer that is not affiliated with the Transmission Provider shall receive, on the relevant monthly invoice, a credit for its share of the Late Study Penalties that were assessed during the applicable calendar quarter. The Transmission Customer's share of the Late Study Penalties (if any) will be determined as follows:

(a) For each quarter, the Transmission Provider will determine: (1) the sum of all Late Study Penalties assessed during the quarter measured in dollars (LSRq), and (2) the sum of all transmission revenue from Transmission Customers that are not affiliated with the Transmission Provider during that quarter, measured in dollars (LSTRq). Where:

LSRq = Late Study Penalty Revenue in the quarter

LSTRq = Transmission Revenue from Transmission Customers not affiliated with the  
Transmission Provider in the quarter

(b) For each quarter, each Transmission Customer that was not affiliated with the Transmission Provider will receive a credit equal to the product of (i) LSRq multiplied by (ii) a fraction derived from dividing the amount of transmission revenue from that Transmission Customer (TC1) during that quarter (measured in dollars), where TC1 is equal to one Transmission Customer, and a denominator equal to LSTRq.

(c) The Transmission Provider shall apply the credit for Late Study Penalties to service that the non-affiliated Transmission Customer takes from the Transmission Provider pursuant to this Schedule 21-ES. Any remaining credit will be refunded to the Transmission Customer.

**ATTACHMENT ES-E**  
**LOCALIZED COSTS RESPONSIBILITY AGREEMENT**

This Localized Costs Responsibility Agreement (“LCRA” or “Agreement”), dated as of \_\_\_\_\_, is entered into by and between the Eversource Energy Service Company ("Eversource Service" or "COMPANY"), acting as agent for [The Connecticut Light and Power Company, NSTAR Electric Company, Public Service Company of New Hampshire], and the "Transmission Customer".

The Transmission Customer is \_\_\_\_\_. The Transmission Customer has been determined to be an Eligible Customer taking Regional Network Service under the Tariff whose load **is located in the** Designated State or Area for a **Localized** Facility listed in **Section 16.3 of** Schedule 21-ES of the Tariff.

The Transmission Customer agrees to pay its portion of the cost of Localized Facilities in the Designated State or Area in which the Transmission Customer’s load is located as provided in the Tariff and in accordance with Commission orders. Billing under this Agreement shall commence on the later of: (1) 0001 hours on \_\_\_\_\_, or (2) such other date as permitted by the Commission.

Charges under this Agreement shall terminate on the earlier of: (1) the date on which the costs of the Localized Facilities in the Designated State or Area in which the Transmission Customer’s load is located are fully depreciated; or (2) the date upon which the Transmission Customer no longer takes Regional Network Service under the Tariff in the Designated State or Area in which the Transmission Customer’s load is located; provided, that the Transmission Customer shall remain responsible for all final payment obligations. In the event that the Transmission Customer sells or assigns, or transfers its load to another entity (“New Transmission Customer”), the Transmission Customer must provide Eversource Service with at least ninety (90) calendar days advance written notice of the sale, assignment, or transfer.

The Transmission Customer shall remain liable for the performance of all obligations under this Agreement until a new LCRA has been executed between the New Transmission Customer and Eversource Service, or in the case of an unexecuted LCRA, such other date as it has been **permitted to be** made effective by the Commission. No sale or assignment shall **become effective** until the Parties have complied with all Applicable Laws and Regulations required for such sale, assignment, or transfer.

Other special provisions (if any)

\_\_\_\_\_.

Any notice or request made to or by any Party regarding this greement shall be made in writing and shall be telecommunicated or delivered either in person, or by prepaid mail (return receipt requested) to the representative of the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party to the other.

COMPANY:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

TRANSMISSION CUSTOMER:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Any exhibits to thisAgreement and the Tariff are incorporated herein and made a part hereof.  
ThisAgreement may be amended, from time to time, as provided for in Schedule 21-ES of the Tariff.

IN WITNESS WHEREOF, the Parties have caused thisAgreement to be executed by their respective authorized officials as of the date first above written.

EVERSOURCE ENERGY SERVICE COMPANY

By: \_\_\_\_\_

Its \_\_\_\_\_

TRANSMISSION CUSTOMER

By: \_\_\_\_\_

Its \_\_\_\_\_

## **ATTACHMENT ES-G**

### **NETWORK OPERATING AGREEMENT**

This Network Operating Agreement is an appendix to Schedule 21-ES (this Local Service Schedule) of the OATT and operates as an implementing agreement for Local Network Service under this Local Service Schedule. This Network Operating Agreement is subject to and in accordance with Part III of this Local Service Schedule. All definitions and other terms and conditions of this Local Service Schedule are incorporated herein by reference.

#### **1.0 Definitions:**

##### **1.1 Data Acquisition Equipment**

Supervisory control and data acquisition ("SCADA"), remote terminal units ("RTUs") to obtain information from a Party's facilities, telephone equipment, leased telephone circuits, fiber optic circuits, and other communications equipment necessary to transmit data to remote locations, and any other equipment or service necessary to provide for the telemetry and control requirements of this Local Service Schedule.

##### **1.2 Data Link**

The direct communications link between the Transmission Customer's energy control center and Eversource's designated location(s) that will enable Eversource to receive real time telemetry and data from the Transmission Customer.

##### **1.3 Metering Equipment**

High accuracy, solid state kW, kVAR, kWh meters, metering cabinets, metering panels, conduits, cabling, high accuracy current transformers and high accuracy potential transformers, which directly or indirectly provide input to meters or transducers, metering recording devices, telephone circuits, signal or pulse dividers, transducers, pulse accumulators, metering sockets, test switch devices, enclosures, conduits, and any other metering, telemetering or communication equipment necessary to implement the provisions of this Local Service Schedule.

##### **1.4 Protective Equipment**

Protective relays, relaying panels, relaying cabinets, circuit breakers, conduits, cabling, current transformers, potential transformers, coupling capacitor voltage transformers, wave traps, transfer trip and

fault recorders, which directly or indirectly provide input to relays, fiber optic communication equipment, power line carrier equipment and telephone circuits, and any other protective equipment necessary to implement the protection provision of this Local Service Schedule.

## **2.0 Term**

The term shall be as provided in the Service Agreement consistent with this Local Service Schedule (including, but not limited to, application procedures, commencement of service, and effect of termination).

## **3.0 Point(s) Of Interconnection**

Local Network Service will be provided by Eversource at the point(s) of interconnection specified in Appendix \_\_, as amended from time to time. Each point of interconnection in this listing shall have a unique identifier, meter location, meter number, metered voltage, terms on meter compensation and designation of current or future year of in service.

## **4.0 Cogeneration And Small Power Production Facilities**

If a Qualifying Facility is located or locates in the future on the System of the Transmission Customer, and the owner or operator of such Qualifying Facility sells the output of such Qualifying Facility to an entity other than the Transmission Customer, the delivery of such Qualifying Facility's power shall be subject to and contingent upon transmission arrangements being established with Eversource prior to commencement of delivery of any such power and energy.

## **5.0 Character Of Service**

Network Transmission Service at the points of interconnection shall be in the form of single phase or balanced three-phase alternating current at a frequency of sixty (60) hertz. The Transmission Customer shall operate and maintain its electric system in a manner that avoids: (i) the generation of harmonic frequencies exceeding the limits established by the latest revision of IEEE-519; (ii) voltage flicker exceeding the limits established by the latest revision of IEEE-141; (iii) negative sequence currents; (iv) voltage or current fluctuations; (v) frequency variations; or (vi) voltage or power factor levels that could adversely affect Eversource's electrical equipment or facilities or those of its customers, and in a manner that complies with all applicable NERC, NPCC, ISO and Eversource's operating criteria, rules, regulations, procedures, guidelines and interconnection standards as amended from time to time.

## **6.0 Continuity Of Service**

(a) Eversource and the Transmission Customer shall operate and maintain their respective network systems, in accordance with Good Utility Practice, and in a manner that will allow Eversource to safely and reliably operate the Eversource Transmission System in accordance with this Local Service Schedule, so that either Party shall not unduly burden the other Party; provided, however, that notwithstanding any other provision of this Local Service Schedule, Eversource shall retain the sole responsibility and authority for all operating decisions that could affect the integrity, reliability and security of the Eversource Transmission System.

(b) Eversource shall exercise reasonable care and Due Diligence to ensure Local Network Service hereunder in accordance with Good Utility Practice; provided, however, that Eversource shall not be responsible for any failure to ensure electric power service, nor for interruption, reversal or abnormal voltage of the service, if such failure, interruption, reversal or abnormal voltage is due to a Force Majeure.

## **7.0 Power Factor**

(a) Where Local Network Service provided under this Local Service Schedule is for delivery of power to a load center of the Transmission Customer served from the Eversource Transmission System, the Transmission Customer shall maintain load power factor levels, during both on- and off- peak hours, appropriate to meet the operating requirements of Eversource, and shall follow the ISO standards and practices, as set forth in the Service Agreement.

(b) Where Local Network Service provided under this Local Service Schedule is for delivery of power from a generating facility connected to the Eversource Transmission System, the Transmission Customer shall deliver power at a lagging or leading power factor as set forth in the Service Agreement.

(c) Where Local Network Service provided under this Local Service Schedule is for delivery of power from outside the Eversource Transmission System, the obligation to maintain proper sending and receiving end voltages rests with the Transmission Customer, as set forth in the Service Agreement.

(d) In the event that the power factor levels and reactive supply requirements set forth in the Service Agreement are not maintained by the Transmission Customer, Eversource shall thereupon have the right to take the appropriate corrective action and to charge the Transmission Customer for the costs thereof.



Eversource shall have the right, at any time, unilaterally to make a Section 205 filing with the Commission for the recovery of any such costs.

## **8.0 Metering**

(a) The Transmission Customer shall, at its expense, purchase all necessary metering equipment to accurately account for the electric power being transmitted under this Local Service Schedule.

Eversource may require the installation of telemetering equipment for the purposes of billing, power factor measurements and to allow Eversource to maximize economic and reliable operation of its transmission system. Such metering equipment shall meet the specifications and accepted metering practices of Eversource and applicable criteria, rules, standards and operating procedures, or such successor rules and standards. At Eversource's option, communication metering equipment may be installed in order to transmit meter readings to Eversource's designated locations.

(b) Electric power being transmitted under this Local Service Schedule will be measured by meters at all points of interconnection and/or on generating facilities (Network and non-Network Resources) located on and outside the Transmission Customer's system as required by Eversource.

(c) The Transmission Customer shall purchase meters capable of time-differentiated (by hour) measurement of the instantaneous flow in kW and net active power flow in kWh and of reactive power flow. All meters shall compensate for applicable line and/or transformer losses in accordance with Good Utility Practice when measurement is made at any location other than the point of interconnection.

(d) Eversource reserves the right: (i) to determine metering equipment ownership; (ii) to determine the equipment installation at each point of interconnection; (iii) to require the Transmission Customer to install the equipment -- or -- install the equipment with the Transmission Customer supplying without cost to Eversource a suitable place for the installation of such equipment; (iv) to determine other equipment allowed in the metering circuit; (v) to determine metering accuracy requirements; (vi) to determine the responsibilities for operation, maintenance, testing and repair of metering equipment.

(e) Eversource shall have access to metering data, including telephone line access, which may reasonably be required to facilitate measurement and billing under this Local Service Schedule. Eversource may require the Transmission Customer provide, at its expense, a separate dedicated voice grade telephone circuit for Eversource and the Transmission Customer to remotely access each meter.

Metering equipment and data shall be accessible at all reasonable hours for purposes of inspection and reading.

(f) All metering equipment shall be tested in accordance with practices of Eversource, applicable criteria, rules, standards and operating procedures or upon the request by Eversource. If at any time metering equipment fails to register or is determined to be inaccurate, in accordance with Eversource's practices and applicable criteria, rules, standards and operating procedures, the Transmission Customer shall make the equipment accurate as soon thereafter as practicable, and the meter readings and rate computation for the period of such inaccuracy, insofar as can reasonably be ascertained, shall be adjusted; provided, however, that no adjustment to charges shall be required for any period exceeding two (2) months prior to the date of the test. Representatives of Eversource will be afforded opportunity to witness such tests.

## **9.0 Network Load**

The Transmission Customer shall provide Eversource with the actual hourly Network Load for each calendar month by the seventh day of the following calendar month.

## **10.0 Data Transfer:**

(a) The Transmission Customer shall provide timely, accurate real time information to Eversource in order to facilitate performance of its obligations under this Local Service Schedule.

(b) The selection of real time telemetry and data to be received by Eversource and the Transmission Customer shall be necessary for safety, reliability, security, economics, and/or monitoring of real-time conditions that affect the Eversource Transmission System. This telemetry shall include, but is not limited to, loads, line flows (MW and MVAR), voltages, generator output, and status of substation equipment at any of the Transmission Customer's transmission and generation facilities. To the extent that Eversource or the Transmission Customer requires data that are not available from existing equipment, the Transmission Customer shall, at its expense and at locations designated by Eversource or the Transmission Customer, install any metering equipment, data acquisition equipment, or other equipment and software necessary for the telemetry to be received by Eversource or the Transmission Customer. Eversource shall have the right to inspect equipment and software associated with the data transfer in order to assure conformance with Good Utility Practices.

### **11.0 Maintenance of Equipment**

The Transmission Customer shall, on a regular basis in accordance with practices of Eversource, applicable criteria, rules, standards and operating procedures or at the request of Eversource, and at its expense, test, calibrate, verify and validate the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule. Eversource shall have the right to inspect such tests, calibrations, verifications and validations of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule. Upon Eversource's request, the Transmission Customer will provide Eversource a copy of the installation, test and calibration records of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software. Eversource shall, at the Transmission Customer's expense, have the right to monitor the factory acceptance test, the field acceptance test, and the installation of any metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software used to implement the provisions of this Local Service Schedule.

### **12.0 Notification**

(a) The Transmission Customer shall notify and coordinate with Eversource prior to the commencement of any work or maintenance by the Transmission Customer, Network Member, or contractors or agents performing on behalf of either or both, which may directly or indirectly have an adverse effect on the Transmission Customer or Eversource's data link, or the reliability of the Eversource Transmission System. All notifications for scheduled outages of the data link, metering equipment, data acquisition equipment, transmission equipment, protective equipment and other equipment or software must meet the requirements of the ISO and Eversource.

### **13.0 Emergency System Operations**

(a) The Transmission Customer, at its expense, shall be subject to all applicable emergency operation standards promulgated by NERC, NPCC, ISO and Eversource which may include but not limited to underfrequency relaying equipment, load shedding equipment and voltage reduction equipment.

(b) Eversource reserves the right to take whatever actions they deem necessary to preserve the integrity of the Eversource Transmission System during emergency operating conditions. If the Local Network Service at the points of interconnection is causing harmful physical effects to the Eversource

Transmission System facilities or to its customers (e.g., harmonics, undervoltage, overvoltage, flicker, voltage variations, etc.), Eversource shall promptly notify the Transmission Customer and if the Transmission Customer does not take the appropriate corrective actions immediately, Eversource shall have the right to interrupt Local Network Service under this Local Service Schedule in order to alleviate the situation and to suspend all or any portion of Local Network Service under this Local Service Schedule until appropriate corrective action is taken.

(c) In the event of any adverse condition or disturbance on the Eversource Transmission System or on any other system directly or indirectly interconnected with the Eversource Transmission System, Eversource may, as it deems necessary, take actions or inactions that, in Eversource's sole judgment, result in the automatic or manual interruption of Local Network Service in order to: (i) limit the extent or damage of the adverse condition or disturbance; (ii) prevent damage to generating or transmission facilities; (iii) expedite restoration of service; or (iv) preserve public safety.

#### **14.0 Cost Responsibility**

- (a) The Transmission Customer shall be responsible for the costs incurred by the Transmission Customer and Eversource to implement the provisions of this Local Service Schedule including, but not limited to, engineering, administrative and general expenses, material and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, and relocation of equipment, or software.
- (b) Additionally, the Transmission Customer shall be responsible for all costs incurred by the Transmission Customer and Eversource for on-going operation and maintenance of the metering, telecommunications and safety protection facilities and equipment required to implement the provisions of this Local Service Schedule. Such work shall include, but not limited to, normal and extraordinary engineering, administrative and general expenses, material, and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, or relocation of equipment required to accommodate service under this Local Service Schedule.

### **15.0 Default**

The Transmission Customer's failure to implement the terms and conditions of this Network Operating Agreement will be deemed to be a default under this Local Service Schedule and will result in Eversource seeking, consistent with FERC rules and regulations, immediate termination of service under this Local Service Schedule.

### **16.0 Regulatory Filings**

Nothing contained in this Local Service Schedule or any associated Service Agreement, including this Network Operating Agreement, shall be construed as affecting in any way the right of Eversource to unilaterally make application to the Commission for a change in any portion of this Network Operating Agreement under Section 205 of the Federal Power Act and pursuant to the Commission's rules and regulations promulgated thereunder.

IN WITNESS WHEREOF, the Parties have caused this Network Operating Agreement to be executed by their respective authorized officials as of the date written.

Date: \_\_\_\_\_

Eversource Energy Service Company

by: \_\_\_\_\_

its Vice President

Transmission Customer

by: \_\_\_\_\_

its \_\_\_\_\_

## ATTACHMENT ES-H ANNUAL TRANSMISSION REVENUE REQUIREMENTS

### *Attachment ES-H Methodology:*

This formula sets forth the method that Eversource will use to determine its annual Total Transmission Revenue Requirements. The Transmission Revenue Requirements reflect Eversource's total cost to own, operate and maintain the transmission facilities used for providing Open Access Transmission Service to transmission customers under this Local Service Schedule. The Transmission Revenue Requirements will be an annual formula rate calculation, effective for an initial term commencing on the effective date established by FERC and ending on May 31 of the following year. The calculation will be based on the previous calendar year's FERC Form 1 data, with an estimate of Eversource's current year average plant additions, Construction Work in Progress (CWIP), and the Allowance for Funds Used During Construction (AFUDC) regulatory liability account. Plant additions will be multiplied by a fixed charge carrying cost, and CWIP and the AFUDC regulatory liability account will be multiplied by the Cost of Capital. The revenue requirements will be updated thereafter each June 1 based on actual costs from the Service Year. The true-up information will be based on actual data, in lieu of allocated data if specifically identified in the FERC Form 1. For a capital addition whose cost exceeds \$20 million, Eversource will make rate base adjustments to estimates and in the true-up process to represent the estimated and actual in-service dates for the capital addition. Specifically, Eversource will adjust for transmission plant, CWIP, AFUDC regulatory liability, accumulated depreciation and accumulated deferred taxes. Depreciation rates shall be stated values that are approved by FERC and displayed in Attachment ES-J (CL&P), and Attachment ES-K (NSTAR (West)) to this Schedule 21-ES.

### I. Definitions

Capitalized terms not otherwise defined in the Tariff and as used in this formula have the following definitions:

#### A. Allocation Factors

1. Transmission Wages and Salaries Allocation Factor shall equal the ratio of Eversource's Transmission-related direct wages and salaries, including those of affiliated companies, to

Eversource's total direct wages and salaries, including those of affiliated companies, excluding administrative and general wages and salaries.

2. Plant Allocation Factor shall equal the ratio of the sum of total investment in Transmission Plant and Transmission Related General Plant to Total Plant in Service.

B. Terms

Administrative and General Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928 and 930.1 and excluding Merger-Related Costs included in FERC Account Nos. 920-935 (other than those in FERC Account Nos. 924, 928 and 930.1, which have already been excluded).

AFUDC Regulatory Liability shall equal the unamortized balance of the capitalized AFUDC booked on Eversource's transmission projects as recorded in FERC Account 254 consistent with Commission orders.

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

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

Depreciation Expense for Transmission Plant shall equal Eversource's transmission expense as recorded in FERC Account No. 403.

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's gross plant balance for the Dispatch Center as recorded in FERC Account Nos. 350-359 and 389-399.

Dispatch Center Depreciation Expense shall equal the Dispatch Center depreciation expense as recorded in FERC Account No. 403.

Dispatch Center Amortization of Investment Tax Credits shall equal the Dispatch Center amortization of investment tax credits as recorded in FERC Account No. 411.4.

Dispatch Center Accumulated Deferred Income Taxes shall equal the net of Eversource's Dispatch Center deferred tax balance as recorded in FERC Account Nos. 281-283 and Eversource's Dispatch Center deferred tax balance as recorded in FERC Account No. 190.

Dispatch Center Municipal Tax Expense shall equal the Dispatch Center municipal tax expense as recorded in FERC Account Nos. 408.1 and 409.1.

General Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 389-399, less the Dispatch Center general plant.

General Plant Depreciation Expense shall equal Eversource's general plant expenses as recorded in FERC Account No. 403.

General Plant Depreciation Reserve shall equal Eversource's general plant reserve balance as recorded in FERC Account No. 108 less the portion of such reserve for the Dispatch Center.

Merger-Related Costs shall equal Eversource's amortized merger-related costs as authorized by FERC or by state regulatory order.

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

Other Regulatory Assets/Liabilities – FAS 109 shall equal the net of Eversource's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in Eversource's FERC Account No. 254254, including Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet.

Payroll Taxes shall equal those payroll expenses as recorded in Eversource's FERC Account Nos. 408.1 and 409.1.



Plant Held for Future Use shall equal Eversource's balance in FERC Account No. 105.

Prepayments shall equal Eversource's prepayment balance as recorded in FERC Account No. 165.

Property Insurance shall equal Eversource's expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of Eversource's deferred tax balance as recorded in FERC Account Nos. 281-283 and Eversource's deferred tax balance as recorded in FERC Account No. 190.

Total Loss on Reacquired Debt shall equal Eversource's expenses as recorded in FERC Account 189.

Total Municipal Tax Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 408.1, 409.1.

Total Plant in Service shall equal Eversource's total gross plant balance as recorded in FERC Account Nos. 301-399.

Total Transmission Depreciation Reserve shall equal Eversource's Transmission reserve balance as recorded in FERC Account 108 less the portion of such reserve for the Dispatch Center.

Transmission Merger-Related Costs shall equal Eversource's amortized merger-related transmission costs as authorized by FERC.

Transmission Operation and Maintenance Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 560, 561.5 – 561.8, 562-564 and 566-576.5 and shall exclude all HQ HVDC expenses booked to ~~accounts~~Accounts 560 through 576.5 and expenses already included in Transmission Support Expense, as described in Section I below, that are included in FERC Account Nos. 560-576.5.

Transmission Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 350-359, less Dispatch Center transmission plant.

Transmission Plant Materials and Supplies shall equal Eversource's balance as assigned to transmission, as recorded in FERC Account 154.

Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes  
Regulatory Assets and Liabilities shall equal Eversource's Transmission related expenses and credits as recorded in FERC Account No. 410.1 and 411.1, respectively, solely related to any deficient or excess deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet.

Transmission Related Construction Work in Progress shall equal Eversource's investment in Transmission-related projects as recorded in FERC Account 107 consistent with commission orders.

## II. Calculation of Transmission Revenue Requirements

The Transmission Revenue Requirement shall equal the sum of Eversource's (A) Return and Associated Income Taxes, (B) Transmission Depreciation Expense, (C) Transmission Related Amortization of 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 Expense (I) Transmission Support Expense, ~~and~~ (J) Transmission Related Taxes and Fees Charge, and (K)  
Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes  
Regulatory Assets and Liabilities.

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 average balances of (a) Transmission Plant, plus (b) Transmission Related General Plant, plus (c) Transmission Plant Held for Future Use, plus (d) Transmission Related Construction Work in Progress, less (e) Transmission Related Depreciation Reserve, less (f) Transmission Related Accumulated Deferred Taxes, plus (g) Transmission Related Loss on Reacquired Debt, plus (h) Other Regulatory Assets/Liabilities – FAS 106, plus (i) Other Regulatory Assets/Liabilities – FAS 109, less ~~(j)~~ AFUDC Regulatory Liability, plus ~~(k)~~ Transmission Prepayments, plus ~~(l)~~ Transmission Materials and Supplies, plus ~~(m)~~ Transmission Related Cash Working Capital.

- (a) Transmission Plant will equal the balance of Eversource's investment in Transmission Plant.
- (b) Transmission Related General Plant shall equal Eversource's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor.
- (c) Transmission Plant Held for Future Use shall equal the balance of Transmission Plant Held for Future Use.
- (d) Transmission Related Construction Work in Progress shall equal the portion of Eversource's investment in Transmission-related projects as recorded in FERC Account 107 consistent with Commission orders.
- (e) Transmission Related Depreciation Reserve shall equal the balance of Total Transmission Depreciation Reserve, plus the balance of Transmission Related General Plant Depreciation Reserve. Transmission Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Transmission Wages and Salaries Allocation Factor.
- (f) Transmission Accumulated Deferred Taxes shall equal Eversource's electric balance of Total Accumulated Deferred Income Taxes multiplied by the Plant Allocation Factor, less the transmission and general plant components of Dispatch Center Accumulated Deferred Income Taxes.
- (g) Transmission Related Loss on Reacquired Debt shall equal Eversource's electric balance of Total Loss on Reacquired Debt multiplied by the Plant Allocation Factor.
- (h) Other Regulatory Assets/Liabilities – FAS 106 shall equal Eversource's electric balance of any deferred rate recovery of FAS 106 expense multiplied by the Transmission Wages and Salaries Allocation Factor, ~~plus Eversource's electric balance of FAS 109 multiplied by the Plant Allocation Factor.~~

~~(i)~~ Other Regulatory Assets/Liabilities – FAS 109, shall equal the net of Eversource's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in Eversource's FERC Account No. 254, including Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet.

(j) AFUDC Regulatory Liability shall equal the unamortized balance of the capitalized AFUDC booked on Eversource's transmission projects as recorded in FERC Account 254 consistent with Commission orders.

~~(j)~~ Transmission Prepayments shall equal Eversource's electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor.

~~(k)~~ Transmission Materials and Supplies shall equal Eversource's 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 Transmission Operation and Maintenance Expense and Transmission Related Administrative and General Expense.

## 2. Cost of Capital Rate

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

(a) The Weighted Cost of Capital will be calculated based upon the capital structure at the end of each year and will equal the sum of:

(i) the long term debt component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's long-term debt then outstanding and the ratio that long-term debt is to Eversource's total capital.

- (ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's preferred stock then outstanding and the ratio that preferred stock is to Eversource's total capital.
- (iii) the return on equity component, shall equal the product of Eversource's return on equity ("ROE") of 10.57% and the ratio that common equity is to Eversource's total capital.
- (b) Federal Income Tax shall equal

$$[(A+[(B+C+\cancel{B})/D]/E] \times (FT)] \text{ divided by } (1-FT)$$

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, 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 Expense, as defined in Section II.B., ~~and D is Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K., below, and~~ E is Transmission Investment Base, as Determined in II.A.1., above.

- (c) State Income Tax shall equal

$$[A+[(B+C+\cancel{B})/D]+\cancel{E}]/E + (\text{Federal Income Tax}) \times (ST)] \text{ divided by } (1-ST)$$

where ST is the State Income Tax Rate, A is the sum of the preferred stock component and return on equity component 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 Expense, as defined in Section II.B., D is Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K., below, and E 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 Expense shall equal the sum of Depreciation Expense for Transmission Plant, plus an allocation of General Plant Deprecation Expense calculated by multiplying

General Plant Depreciation Expense by the Transmission Wages and Salaries Allocation Factor, less the amortization of AFUDC Regulatory Credit as recorded in Account 407.4, less the transmission plant and general plant components of Dispatch Center Depreciation Expense.

C. Transmission Related Amortization of Loss on Reacquired Debt shall equal Eversource's electric Amortization of Loss on Reacquired Debt multiplied by the Plant Allocation Factor.

D. Transmission Related Amortization of Investment Tax Credits shall equal Eversource's electric Amortization of Investment Tax Credits multiplied by the Plant Allocation Factor less the transmission plant and general plant components of Dispatch Center Amortization of Investment Tax Credits.

E. Transmission Related Municipal Tax Expense shall equal Eversource's electric Total Municipal Tax Expense multiplied by the Plant Allocation Factor, less the transmission plant and general plant components of Dispatch Center Municipal Tax Expense.

F. Transmission Related Payroll Tax Expense shall equal Eversource's electric Payroll Tax expense, multiplied by the Transmission Wages and Salaries Allocation Factor.

G. Transmission Operation and Maintenance Expense shall equal Transmission Operation and Maintenance Expenses.

H. Transmission Related Administrative and General Expenses shall equal the sum of (1) Eversource's Administrative and General Expenses multiplied by the Transmission Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Transmission Plant Allocation Factor, (3) Expenses included in Account 928 (excluding Merger-Related Costs included in Account 928) related to FERC Assessments multiplied by the Plant Allocation Factor, plus any other Federal and State transmission related expenses or assessments in Account 928 plus specific transmission related expenses included in Account 930.1, plus Transmission Merger-Related Costs and, (4) specific transmission related public education expenses included in Account 426.54.

I. Transmission Support Expense shall equal the expense paid by Eversource for transmission support.

J. Transmission Related Taxes and Fees Charge shall include any fee or assessment imposed by any governmental authority on service provided under this Local Service Schedule that is not specifically identified under any other section of this Local Service Schedule.

K. Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Transmission related expenses and credits as recorded in FERC Account 410.1 or 411.1, respectively, solely related to any excess or deficient deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in that ADIT Worksheet.

**ATTACHMENT ES-I**  
**ANNUAL LOCALIZED TRANSMISSION REVENUE REQUIREMENT**

*Attachment ES-I Methodology*

This formula sets forth the method that Eversource will use to determine its annual total revenue requirements for each Localized Facility (“Localized Transmission Revenue Requirement”). Subsequent references in this formula to “Localized Facility” and “Localized Transmission Revenue Requirement” refer to the Localized Facility and Localized Facility Revenue Requirement for each individual Localized Transmission Project. Each Localized Facility is identified in Section 16.3.

The Localized Transmission Revenue Requirement will be calculated for an initial term for a Localized Facility commencing on the date of the New England System Operator’s Schedule 12C cost allocation determination for the Localized Facility and ending on the May 31<sup>st</sup> following the date approved by the Commission for including the costs of the Localized Facilities in this Attachment ES-I (“Initial Term”), and continuing thereafter for successive 12 month periods commencing each June 1st (“Rate Year”). The Localized Transmission Revenue Requirement for the Initial Term for a Localized Facility will be calculated based on the estimated cost of the Localized Facilities for such period, and will be charged to customers in equal monthly installments beginning on the date permitted by the Commission, and continuing through the end of the Initial Term. The Localized Transmission Revenue Requirement for the Initial Term for a Localized Facility will be trued up for the appropriate calendar year by June 30th of the succeeding year(s) based on actual costs for the Initial Term.

The Localized Transmission Revenue Requirement for a Localized Transmission Project for a Rate Year commencing after the Initial Term (and for succeeding Rate Years) will be an annual calculation based on the previous calendar year’s Localized Transmission Revenue Requirements, plus the forecasted revenue requirements of Localized Facilities to be placed in service in the upcoming Rate Year. Each June 30th,



the Localized Transmission Revenue Requirement in effect during the portion of the Rate Year that occurred in the previous calendar year will be trued-up based on actual costs from such previous calendar year.

The true-up information will be based on actual data, in lieu of allocated data if specifically identified in the FERC Form 1, or based on allocated data if such specific information is not identified. For a capital addition whose cost exceeds \$20 million, Eversource will make rate base adjustments to estimates and in the true-up process to represent the estimated and actual in-service dates for the capital addition. Specifically, Eversource will adjust for transmission plant, accumulated depreciation and accumulated deferred taxes.

The Localized Transmission Revenue Requirement for Eversource that is based on data for calendar year 2004 or later shall include a Localized Incremental Return and Associated Income Taxes on Eversource's Localized PTF transmission plant investments placed in-service on or after January 1, 2004 (such investments referred to herein as "Localized Post-2003 PTF Investment"). The Localized Incremental Return and Associated Income Taxes for Localized Post-2003 Investment shall incorporate an incentive ROE adder of 100 basis points for plant investments placed in service by December 31, 2008 or as otherwise permitted in Docket Nos. ER04-157 et al. for any projects included in the Regional System Plan ("RSP"), and shall incorporate any incentive ROE adder approved by the FERC under Order No. 679 for other plant investments. The total ROE for any project, including any authorized ROE incentives for Post-2003 PTF Investment and any other incentive ROE approved by FERC under Order No. 679 shall be capped by the top of the applicable zone of reasonableness determined by FERC for the relevant period. The data used in determining Eversource's Localized Incremental Return and Associated Taxes for Localized Post-2003 Investment shall be based on actual data in lieu of allocated data if specifically identified in Eversource accounting records. Depreciation rates shall be stated values that are approved by

FERC and displayed in Attachment ES-J (CL&P), and Attachment ES-K (NSTAR (West)) to this Schedule 21-ES.

I. Definitions

Capitalized terms not otherwise defined in the Tariff and as used in this formula have the following definitions:

A. Allocation Factors

1. Localized Transmission Allocation Factor shall equal the ratio of Localized Transmission Plant in Service to total investment in Transmission Plant.
2. Total Localized Plant Allocation Factor shall equal the ratio of Localized Transmission Plant in Service to Total Plant in Service.
3. Transmission Wages and Salaries Allocation Factor shall equal the ratio of Eversource's Transmission-related direct wages and salaries, including those of affiliated companies, to Eversource's total direct wages and salaries, including those of affiliated companies, and excluding administrative and general wages and salaries.

B. Terms

Administrative and General Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928 and 930.1 and excluding Merger-Related Costs included in FERC Account Nos. 920-935 (other than those in FERC Account Nos. 924, 928 and 930.1, which have already been excluded).

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

Amortization of Investment Tax Credits shall equal Eversource's expenses as recorded in FERC Account No. 411.4.

Depreciation Expense for Localized Transmission Plant shall equal Eversource's Localized Facilities expenses as recorded in FERC Account No. 403.

Dispatch Center means CL&P's CONVEX dispatch center.

Dispatch Center Plant shall equal CL&P's gross plant balance for the Dispatch Center as recorded in FERC Account Nos. 350-359 and 389-399.

General Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 389-399 less Dispatch Center general plant.

General Plant Depreciation Expense shall equal Eversource's general plant expenses as recorded in FERC Account No. 403 less the portion of such expense for the Dispatch Center.

General Plant Depreciation Reserve shall equal Eversource's general plant reserve balance as recorded in FERC Account No. 108 less the portion of such reserve for the Dispatch Center.

Merger-Related Costs shall equal Eversource's amortized merger-related costs as authorized by FERC or by state regulatory order.

Payroll Taxes shall equal those payroll expenses as recorded in Eversource's FERC Account Nos. 408.1 and 409.1.

Prepayments shall equal Eversource's prepayment balance as recorded in FERC Account No. 165.

Property Insurance shall equal Eversource's expenses as recorded in FERC Account No. 924.

Total Accumulated Deferred Income Taxes shall equal the net of Eversource's deferred tax balance as recorded in FERC Account Nos. 281-283 and Eversource's deferred tax balance as recorded in FERC Account No. 190.

Total Loss on Reacquired Debt shall equal Eversource's expenses as recorded in FERC Account 189.

Total Municipal Tax Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 408.1, 409.1.

Transmission Merger-Related Costs shall equal Eversource's amortized merger-related transmission costs as authorized by FERC.

Localized Transmission Plant in Service shall equal Eversource's Localized Facilities gross plant balance as recorded in FERC Account Nos. 350-359.

Localized Transmission Plant Held for Future Use shall equal Eversource's Localized Facilities balance as recorded in FERC Account 105.

Localized Transmission Depreciation Reserve shall equal Eversource's Localized Facilities reserve balance as recorded in FERC Account 108.

Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Transmission related expenses and credits as recorded in FERC Account No. 410.1 and 411.1, respectively, as calculated in the ADIT Worksheet, multiplied by the Localized Transmission Allocation Factor.

Localized Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Localized balances in Accounts 182.3 and 254, respectively, solely associated with changes in Federal, State and Local income tax rates.

Transmission Operation and Maintenance Expense shall equal Eversource's expenses as recorded in FERC Account Nos. 560, 561.5 – 561.8, 562-564 and 566-576.5 and shall exclude all HQ HVDC expenses booked to ~~accounts~~ Accounts 560 through 576.5 and expenses already included in Transmission Support Expense, as described in Section I below, which are included in FERC Account Nos. 560-576.5.

Transmission Plant shall equal Eversource's gross plant balance as recorded in FERC Account Nos. 350-359.

Transmission Plant Materials and Supplies shall equal Eversource's balance as assigned to transmission, as recorded in FERC Account 154.

Total Plant in Service shall equal Eversource's total gross plant balance as recorded in FERC Account Nos. 301-399.

## II. Calculation of Localized Transmission Revenue Requirements

The Localized Transmission Revenue Requirements shall equal the sum of Eversource's (A) Localized Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 PTF Investment), (B) Localized Transmission Depreciation Expense, (C) Localized Transmission Related Amortization of Loss on Reacquired Debt, (D) Localized Transmission Related Amortization of Investment Tax Credits, (E) Localized Transmission Related Municipal Tax Expense, (F) Localized Transmission Related Payroll Tax Expense, (G) Localized Transmission Operation and Maintenance Expense, (H) Localized Transmission Related Administrative and General Expense, (I) Localized Transmission Support Expense, ~~and~~ (J) Localized Transmission Related Taxes and Fees Charge, and (K) Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities. The Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment for Eversource shall be calculated using the investment base components specifically identified in Section A.1 of the formula below.

A. Localized Return and Associated Income Taxes shall equal the product of the Localized Transmission Investment Base and the Cost of Capital Rate. To calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Plant will only include Sections II.A.1.(a), (c), and (d), in the manner indicated.

### 1. Localized Transmission Investment Base

The Localized Transmission Investment Base will be the average balances of (a) Localized Transmission Plant, plus (b) Localized Transmission Plant Held for Future Use less (c) Localized Transmission Related Depreciation Reserve, less (d) Localized Transmission Related Accumulated Deferred Taxes, plus (e) Localized Transmission Related Loss of Reacquired Debt, plus (f) Localized Transmission Prepayments, plus (g) Localized Transmission Materials and Supplies, plus (h) Localized Transmission Related Cash Working Capital, plus or minus (i)

Localized Transmission Related Deficient or Excess Accumulated Deferred Income Taxes  
Regulatory Assets and Liabilities.

- (a) Localized Transmission Plant will equal the balance of (1) Eversource's investment in Localized Transmission Plant plus, (2) Eversource's balance of investment in General Plant multiplied by the Transmission Wages and Salaries Allocation Factor, further multiplied by the Localized Transmission Allocation Factor. In order to calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Post-2003 PTF Transmission Plant shall be separately identified.
- (b) Localized Transmission Plant Held for Future Use shall equal Eversource's balance of Localized Transmission Plant Held for Future Use.
- (c) Localized Transmission Related Depreciation Reserve shall equal the balance of Localized Transmission Depreciation Reserve plus the balance of Localized Transmission Related General Plant Depreciation Reserve. Localized Transmission Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Transmission Wages and Salaries Allocation Factor, further multiplied by the Localized Transmission Allocation Factor. In order to calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Related Depreciation Reserve associated with Localized Post-2003 PTF Investment shall equal Eversource's balance of Localized Transmission Depreciation Reserve.
- (d) Localized Transmission Related Accumulated Deferred Taxes shall equal Eversource's electric balance of Total Accumulated Deferred Income Taxes, multiplied by the Total Localized Plant Allocation Factor. To calculate the Localized Incremental Return and Associated Income Taxes for Localized Post-2003 PTF Investment, Localized Transmission Related Accumulated Deferred Taxes associated with Localized Post-2003 PTF Investment shall equal Eversource's electric balance of Total Accumulated Deferred Income Taxes multiplied by the Total Localized Plant Allocation Factor.
- (e) Localized Related Loss on Reacquired Debt shall equal Eversource's electric balance of Total Loss on Reacquired Debt multiplied by the Total Localized Plant Allocation Factor.

(f) Localized Transmission Prepayments shall equal Eversource's electric balance of Prepayments multiplied by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor.

(g) Localized Transmission Materials and Supplies shall equal Eversource's electric balance of Transmission Plant Materials and Supplies multiplied by the Localized Transmission Allocation Factor.

(h) Localized Transmission Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of (i) Localized Transmission Operation and Maintenance Expense, plus (ii) Localized Administrative and General Expense.

(i) Localized Transmission Related Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Eversource's Localized balances in Accounts 182.3 and 254, respectively, solely associated with changes in Federal, State and Local income tax rates.

## 2. Cost of Capital Rate

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

(a) The Weighted Cost of Capital will be calculated based upon the average capital structure and will equal the sum of:

(i) the long term debt component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's long-term debt then outstanding and the ratio that long-term debt is to Eversource's total capital.

(ii) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of Eversource's preferred stock then outstanding and the ratio that preferred stock is to Eversource's total capital.

(iii) the return on equity component shall equal the product of Eversource's return on equity ("ROE") of 11.07% and the ratio that common equity is to Eversource's total capital. In order to

calculate the Localized Incremental Return and Associated Taxes for Post-2003 PTF Investment, the Localized Incremental Return on Equity shall be the product of (1) Eversource's incremental return on equity of 1% for transmission plant investments associated with projects included in the RSP and placed in service by December 31, 2008 or otherwise permitted in Docket Nos. ER04-157 et al., and (2) any ROE incentive adder approved by the FERC under Order No. 679 for other transmission plant investments, provided that the total ROE for any project, including any such ROE incentives, shall be capped by the top of the applicable zone of reasonableness determined by FERC for the relevant period; and (3) the ratio of that common equity to total capital.<sup>1</sup>

(b) Federal Income Tax shall equal

$[(A + ((B + C + \cancel{D}) / E)) \times (FT)]$  divided by  $(1 - FT)$

where FT is the Federal Income Tax Rate and A is the sum of the preferred stock component and the return on equity component, as determined in Sections II.A.2.(a)(ii) and (iii) above, B is Localized Transmission Related Amortization of Investment Tax Credits, as determined in Section II.D., below, C is the Equity AFUDC component of Localized Transmission Depreciation Expense, as defined in Section II.B., ~~and D is Localized Transmission Related Amortization of~~ Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K., below, and E is Localized Transmission Investment Base, as Determined in II.A.1., above.

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<sup>1</sup> FERC Form-730 contains a list of transmission projects for which FERC has granted incentives under Order No. 679.



(c) State Income Tax Shall equal:

$$[(A+[(\underline{B+C+B})/D]+)/E] + (\text{Federal Income Tax}) \times (\text{ST}) \text{ divided by } (1-\text{ST})$$

where ST is the State Income Tax Rate, A is the sum of the preferred stock component and return on equity component determined in Sections II.A.2.(a)(ii) and (iii) above, B is the

Localized Transmission Related Amortization of Investment Tax Credits as determined in Section II.D. below, C is the equity AFUDC component of Localized Transmission Depreciation Expense, as defined in Section II.B., D is Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.K below, and E is the Localized 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. Localized Transmission Depreciation Expense shall equal the sum of Depreciation Expense for Localized Transmission Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor.

C. Localized Transmission Related Amortization of Loss on Reacquired Debt shall equal Eversource's electric Amortization of Loss on Reacquired Debt multiplied by the Total Localized Plant Allocation Factor.

D. Localized Transmission Related Amortization of Investment Tax Credits shall equal Eversource's electric Amortization of Investment Tax Credits multiplied by the Total Localized Plant Allocation Factor.

E. Localized Transmission Related Municipal Tax Expense shall equal Eversource's Total Municipal Tax Expense multiplied by the Total Localized Plant Allocation Factor.

F. Localized Transmission Related Payroll Tax Expense shall equal Eversource's electric Payroll Taxes expense, multiplied by the Transmission Wages and Salaries Allocation Factor, and further multiplied by the Localized Transmission Allocation Factor.

G. Localized Transmission Operation and Maintenance Expense shall equal Eversource's Transmission Operation and Maintenance Expense multiplied by the Localized Transmission Allocation Factor.

H. Localized Transmission Related Administrative and General Expense shall equal the sum of (1) Eversource's Administrative and General Expense multiplied by the Transmission Wages and Salaries Allocation Factor and further multiplied by the Localized Transmission Allocation Factor, (2) Property Insurance multiplied by the Total Localized Plant Allocation Factor, (3) Expenses included in Account 928 (excluding Merger-Related Costs included in Account 928) related to FERC Assessments multiplied by the Total Localized Plant Allocation Factor, (4) Federal and State transmission related expenses or assessments in Account 928 multiplied by the Localized Transmission Allocation Factor, (5) specific transmission related expenses included in Account No. 930.1, multiplied by the Localized Transmission Allocation Factor, plus Transmission Merger-Related Costs multiplied by the Localized Transmission Allocation Factor and (6) specific Localized Facility related public education expenses included in Account 426.54.

I. Transmission Support Expense shall equal the expense paid by Eversource for transmission support for Localized Facilities.

J. Transmission Related Taxes and Fees Charge shall include any fee or assessment imposed by any governmental authority on transmission service provided under this Local Service Schedule that is not specifically identified under any other section of this Local Service Schedule, multiplied by the Localized Transmission Allocation Factor.

K. Localized Transmission Related Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities shall equal Localized Transmission related expenses and credits as recorded in FERC account 410.1 or 411.1 solely related to any excess or deficient deferred income taxes as a result of changes to Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet, multiplied by the Localized Transmission Allocation Factor.

**SCHEDULE 21-ES**  
**ATTACHMENT ES-J**  
**The Connecticut Light and Power Company**  
**Depreciation Rates**

<b>Line No.</b>	<b>FERC Account Number</b>	<b>FERC Account Description</b>	<b>Annual Rate Percentage</b>
<b><u>I. Transmission Plant</u></b>			
1	350	Land and Land Rights	1.54%
2	352	Structures and Improvements	2.86%
3	353	Station Equipment	2.23%
4	354	Towers and Fixtures	2.21%
5	355	Poles and Fixtures	3.77%
6	356	Overhead Conductor and Devices	3.01%
7	357	Underground Conduit	1.91%
8	357	Glenbrook SS Cedar Hts SS	1.85%
9	357	Norwalk Harbor-Glenbrook	1.51%
10	357	Norwalk Harbor -Rowayton Jct	1.51%
11	357	Plumtree-Bethel	2.10%
12	357	S Meadow SW Hartford	2.02%
13	357	SW Hartford NW Hartford	2.12%
14	357	Triangle-Danbury	2.10%
15	358	Underground Conductor and Devices	1.35%
16	358	Glenbrook SS Cedar Hts SS	1.95%
17	358	Norwalk Harbor-Flax Hill	2.65%
18	358	Norwalk Harbor-Glenbrook	1.62%
19	358	Norwalk Harbor-Northport	6.52%
20	358	Norwalk Harbor-Rowayton Jct	2.20%
21	358	Plumtree-Middle River	2.17%
22	358	S Meadow SW Hartford	2.04%
23	358	SW Hartford NW Hartford	2.10%
24	358	Thames SS Montville SS	4.55%
25	358	Triangle-Middle River	2.17%
26	359	Roads and Trails	1.54%
<b><u>II. General Plant</u></b>			
27	389	Land and Land Rights	0.00%
28	390	Structures & Improvements	1.98%
29	391	Office Furniture & Equipment	6.67%
30	391	Computer Equipment	20.00%
31	392	Transportation Equipment	6.83%
32	392	Class 1 Car	12.65%

**SCHEDULE 21-ES**  
**ATTACHMENT ES-J**  
**The Connecticut Light and Power Company**  
**Depreciation Rates**

<b>Line No.</b>	<b>FERC Account Number</b>	<b>FERC Account Description</b>	<b>Annual Rate Percentage</b>
33	392	Class 2 Light Trucks	5.50%
34	392	Class 3 Medium Trucks	3.74%
35	392	Class 4 Heavy Trucks	3.88%
36	392	Class 5 Rolling Equipment	8.01%
37	392	Class 6 Trailers	4.40%
38	392	Electric Vehicle Charge Station	20.00%
39	392	Fleet Vehicle	33.00%
40	393	Stores Equipment	5.00%
41	394	Tools, Shop & Garage Equipment	4.00%
42	395	Laboratory Equipment	4.00%
43	396	Power Operated Equipment	0.31%
44	397	Communication Equipment-System	5.00%
45	397	Communication Equipment - GPS	20.00%
46	397	Communication Equipment Microwave	2.29%
47	398	Miscellaneous General Equipment	6.67%
48	399	Other Tangible Property	5.00%

**SCHEDULE 21-ES**  
**ATTACHMENT ES-K**  
**NSTAR Electric Company (West)**  
**Depreciation Rates**

<b>Line No.</b>	<b>FERC Account Number</b>	<b>FERC Account Description</b>	<b>Annual Rate Percentage</b>
<b><u>I. Transmission Plant</u></b>			
1	350	Land and Land Rights	0.00%
2	352	Structures and Improvements	2.17%
3	353	Station Equipment	1.90%
4	353	Cobble Mtn	1.90%
5	354	Towers and Fixtures	2.26%
6	355	Poles and Fixtures	1.95%
7	356	Overhead Conductor and Devices	2.32%
8	357	Underground Conduit	2.47%
9	358	Underground Conductor and Devices	2.66%
10	359	Roads and Trails	1.35%
<b><u>II. General Plant</u></b>			
11	389	Land and Land Rights	8.11%
12	390	Structures & Improvements	3.10%
13	391	Office Furniture & Equipment	5.00%
14	391	Computer Equipment	14.29%
15	392	Transportation Equipment	4.76%
16	392	Class 1 Car	8.26%
17	392	Class 2 Light Trucks	7.38%
18	392	Class 3 Medium Trucks	3.75%
19	392	Class 4 Heavy Trucks	3.60%
20	392	Class 5 Rolling Equipment	8.33%
21	392	Class 6 Trailers	4.40%
22	392	Electric Vehicle Charge Station	20.00%
23	392	Fleet Vehicles	33.33%
24	393	Stores Equipment	4.00%
25	394	Tools, Shop & Garage Equipment	4.00%
26	395	Laboratory Equipment	5.00%
27	396	Power Operated Equipment	4.65%
28	397	Communication Equipment	6.67%
29	397	Communication Equipment - GPS	20.00%
30	397	Communication Equipment – Microwave	1.95%
31	398	Miscellaneous Equipment	5.00%

**SCHEDULE 21-ES**  
**ATTACHMENT ES-L**  
**Creditworthiness Procedures**

**1. General Information**

All customers taking any service under Schedule 21-ES, the Local Service Schedule (“LSS”), and the associated schedules of The Connecticut Light and Power Company, NSTAR Electric Company (West) and Public Service Company of New Hampshire (together, “Eversource”) must meet the terms of this Attachment ES-L.

**2. Establishing Creditworthiness**

- a)** Each customer’s creditworthiness must be established before receiving transmission services from Eversource. A customer will be evaluated at the time that its application for transmission service is provided to Eversource based on the creditworthiness information required under this Attachment ES-L. Eversource shall conduct a credit review of each Transmission Customer not less than annually or upon reasonable request by the Transmission Customer.
- b)** Eversource will review the customer’s creditworthiness information for completeness and will notify the customer if additional information is required.
- c)** Upon completion of a creditworthiness evaluation of a customer, Eversource will forward a written evaluation to the customer if they determine that Financial Assurance must be provided.

**3. Financial Information**

Customers requesting transmission service must submit if available the following:

- a)** All current rating agency reports of the customer from Standard and Poor’s (“S&P”), Moody’s Investors Service (“Moody’s”), and/or Fitch Ratings (“Fitch”).
- b)** A Management Discussion and Analysis (“MD&A”) along with audited financial statements provided by an independent registered public accounting firm or a registered

independent auditor for the three (3) most recent fiscal years, or the period of the customer's existence, if shorter than three (3) years.

#### **4. Creditworthiness – Qualification for Unsecured Credit**

**a)** A customer may receive unsecured credit from Eversource equivalent to three (3) months of the transmission charges. The customer must meet at least one of the following criteria:

(i) If rated, the customer's lowest rating from the three rating agencies on its senior unsecured long-term debt; or if the customer does not have such a rating, then one rating level below the rating then assigned to the customer's corporate credit rating, as follows:

1. a Standard and Poor's or Fitch rating of at least BBB, or
2. a Moody's rating of least Baa2.

(ii) If un-rated or if rated below BBB/Baa2, as described in 4(a)(i) above, the customer must meet all of the following creditworthiness criteria for the three (3) most recent fiscal years:

1. A Capitalization Ratio (Debt divided by the sum of shareholders' equity and Debt) of no more than 60 percent Debt, where "Debt" is defined as the sum of all long-term and short-term debt, preferred securities and capital leases. Each of which is recorded in accordance with generally accepted accounting principles;
2. Earnings before interest, taxes, depreciation and amortization ("EBITDA") in the most recent fiscal quarter divided by interest expense (ratio of EBITDA-to-interest expense of at least three (3) times); and
3. Audited Financial Statements with an unqualified auditor opinion.

**b)** If the customer relies on the creditworthiness of a parent company, the parent company must satisfy the ratings criteria in Section 4(a) above, and must provide to Eversource a written

guarantee that it will be unconditionally responsible for all financial obligations associated with the customer's receipt of transmission service from Eversource.

**c)** If the customer or the customer's parent company do not qualify for unsecured credit under Sections 4(a) or (b) above, the customer can still qualify for unsecured credit equivalent to three (3) months of transmission service charges, if:

- (i)** the customer has, on a rolling basis, 12 consecutive months of payments to Eversource with no missed, late or defaults in payment; or
- (ii)** 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 transmission service agreement under Schedule 21-ES for the transmission of that output or the execution of such agreement is pending the customer's demonstration of creditworthiness.

## **5. Financial Assurance**

If the customer does not meet the applicable requirements for unsecured credit set out in Section 4 then the customer must either:

**a)** pay in advance an amount equal to the lesser of the total charge for transmission service not less than five (5) days in advance of the commencement of service, in which case Eversource will pay to the customer interest on the amounts not yet due to Eversource, computed in accordance with 18 C.F.R. §35.19(a)(2)(iii) of the Commission's Regulations; or

**b)** obtain Financial Assurance in the form of a letter of credit or a parent guarantee equal to the equivalent of three (3) months of transmission service charges prior to receiving service.

- (i)** The letter of credit must be one or more irrevocable, transferable standby letters of credit issued by a United States commercial bank or a United States branch of a foreign bank provided that such customer is not an affiliate of such bank. The issuing bank must have a credit rating of at least A2 from Moody's or an A rating from S&P or Fitch, or an equivalent credit rating by another nationally recognized rating service reasonably acceptable to Eversource, provided that such bank shall have assets totaling not less than



ten billion dollars (\$10,000,000,000). All costs of the letter of credit shall be borne by the applicant for such letter of credit. In the event of an inconsistency in the ratings by Moody's, S&P, or Fitch, a "split rating", the lowest credit rating shall apply.

- (ii) If the credit rating of a bank or other financial institution issuing a letter of credit to a customer falls below the levels specified in Section 5(b)(i) above, the customer shall have three (3) business days to obtain a suitable letter of credit from another bank or other financial institution that meets the specified levels unless Eversource agrees in writing to extend such period.

## **6. Notifications**

Each customer must inform Eversource in writing within three (3) business days of any material change in its or its letter of credit issuer's financial condition, and if the customer qualifies under Section 4(b), that of its parent company. A material change in financial condition may include, without limitation, the following:

- a) change in ownership by way of a merger, acquisition, or substantial sale of assets;
- b) downgrade by a recognized major financial rating agency;
- c) placement on credit watch with negative implications by a major financial rating agency;
- d) a bankruptcy filing by the customer or parent;
- e) any action requiring the filing of a SEC Form 8-K;
- f) declaration of or acknowledgement of insolvency;
- g) report of a significant quarterly loss or decline in earnings;
- h) resignation of key officer(s); or
- i) issuance of a regulatory order and/or the filing of a lawsuit that could materially adversely impact current or future financial results.

## **7. Ongoing Financial Review**

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

- a) current rating agency reports;
- b) audited financial statements from an independent registered public accounting firm or a registered independent auditor; and
- c) SEC Forms 10-K and 8-K, promptly upon their filing.

## **8. Change in Creditworthiness Status**

A customer who has been extended unsecured credit pursuant to Section 4, must comply with the terms of Financial Assurance in Section 5, if one or more of the following conditions apply:

- a) the customer no longer meets the applicable criteria for unsecured credit in Section 4;
- b) the customer exceeds the amount of unsecured credit extended by Eversource, in which case Financial Assurance equal to the amount of exceeded unsecured credit must be provided within five (5) business days; or
- c) the customer has missed two or more payments for any of the transmission services provided by Eversource in the last twelve (12) months.

## **9. Procedures for Changes in Credit Levels and Collateral Requirements**

- a) Eversource shall issue notice to a customer of any changes to the approved credit levels and/or collateral requirements within five (5) business days after (1) receiving notification of any material changes in financial condition under Section 6 above; (2) receiving the information required for the customer's ongoing financial review listed in Section 7 above; or (3) the occurrence of any of the events leading to a change in creditworthiness requirements listed in Section 8 above.
- b) A customer may submit a written request that Eversource provide an explanation of the reasons for the changes in credit levels and/or collateral requirements within five (5) business days after receiving notification of the changes. Eversource will provide a written response within five (5) business days after receiving such a request.

## **10. Contesting Creditworthiness Determinations**

A customer may contest Eversource's determination of its creditworthiness by submitting a written request for re-evaluation within 20 calendar days of being notified of the creditworthiness determination. The request should provide information supporting the basis for a re-evaluation of the customer's creditworthiness. Eversource will review the request and respond within 20 calendar days of receipt.

## **11. Process for Changing Credit Requirements**

- a)** In the event Eversource plans to revise the Schedule 21-ES requirements for credit levels or collateral requirements described in this Attachment ES-L, they will make a filing under Section 205 of the Federal Power Act.
- b)** Eversource shall provide written notification to ISO-NE and stakeholders of any filing described above, at least 30 days in advance of such filing.
- c)** Filing notifications shall include a detailed description of the filing, including a redlined document containing revised changes(s) to this Attachment ES-L.
- d)** Eversource shall consult with interested stakeholders upon request.
- e)** Following Commission acceptance of such filing and upon the effective date, Eversource shall revise its Attachment ES-L an updated version of Schedule 21-ES shall be posed to the ISO-NE web site.
- f)** When Eversource changes its credit requirements for service under Schedule 21-ES, the customer is responsible for forwarding updated financial information to Eversource. The customer must indicate whether the change affects its ability to meet the requirements of Attachment ES-L. In cases where the customer's credit status has changed, the customer must take the necessary steps to comply with the revised credit requirements of Attachment ES-L by the effective date of the change.

## **12. Suspension of Service**

Eversource may immediately suspend service (with notification to the Commission) to a customer, and may initiate proceedings with the Commission to terminate service, if the customer does not meet the terms described in Sections 4 through 8 at any time during the term of service or if the customer's payment obligations to Eversource exceed the amount of unsecured or secured credit to which it is entitled under this Attachment ES-L. A customer is not obligated to pay for transmission service that is not provided as a result of a suspension of service.

**SCHEDULE 21-ES**  
**ATTACHMENT ES-M**  
**ADIT Worksheet**

												Company Name	
												Annual Transmission Revenue Requirements (ATR) (Excess)/Deficient ADIT Worksheet	
												Attachment	
												For costs in 20__	
Input Cells are Shaded Yellow													
Line No.	Description (c)	FERC Account No. (c)	(A) 20__ Year End Unamortized (Excess)/Deficient ADIT	(B) Protected	(C) Unprotected	(D) = (A) + (B) + (C) Gross-Up (i) 12/31/__ Balance	(E) Amortization Periods (g)	(F) Protected	(G) Unprotected	(H) Amortization Expense (d)	(I) Protected	(J) Gross-Up (i)	
1a													
1b													
1c													
1d													
1e													
1f													
2	Total (Sum Lines 1a thru 1f) (b)												
3	Deficient ADIT - Regulatory Asset	182.3	FF1Page 232_										
4	Excess ADIT - Regulatory Liability	254	FF1Page 278_										
5	Deficient/(Excess) Deferred Income Tax Regulatory Asset/(Liability) (Line 3 + Line 4)												
6	Total Protected and Unprotected Amortization Expense (Line 2(G) + Line 2(H))												
7	Transmission Allocation (Plant Allocator or Direct Assigned (DA))												
8	Transmission-related Amortization Expense (Line 6 x Line 7)												

**Notes:**

(a) Enter credit balances as negatives.

(b) Total equals the sum of sublines a through f, where f is the last subline denoted by a letter. The PTO may add or remove sublines without a FPA Section 205 filing.

(c) Upon a change in Federal, State or Local income tax rates, the Company remeasures its affected accumulated deferred income tax (ADIT) assets and liabilities to reflect the new applicable corporate income tax rate. The affected ADIT accounts are remeasured by comparing ADIT on cumulative temporary differences for each item in accounts 190, 282, and 283 net change in regulatory assets (account 182.3) and regulatory liabilities (account 254) to reflect the resulting excess or deficient ADIT balances to be returned/recovered to/from customers, respectively. The PTO will provide a supporting worksheet showing the remeasurement in the annual update any time there is a change in the Federal, State or Local income tax rate.

(d) Deficient ADIT is amortized to Account 410.1, Excess ADIT is amortized to Account 411.1.

(e) PTO will provide explanation for "other adjustments," where applicable.

(f) For Eversource, FERC Account Number 282 consists of both protected and unprotected temporary differences. Since these protected and unprotected property-related deficient/excess ADIT balances will be amortized using the Average Rate Assumption Method (ARAM), the total account 282 balance is reported as protected herein. Eversource adheres to the method and period used to compute its depreciation expense.

(g) The amortization periods of the deficient or excess ADIT being returned or recovered through rates are as follows:

Company	Protected	Unprotected (years)
CL&P	ARAM	10, 5
CMP	ARAM	10, 5
Fitchburg Gas & Electric	ARAM	ARAM
Green Mountain Power	Rev. So. GA Method	5
MEPCO	ARAM	10
NEP	ARAM	ARAM, 10
NHT	ARAM	3
NSTAR East	ARAM	10, 5
NSTAR West	ARAM	10, 5
PSNH	ARAM	10, 5
United Illuminating	ARAM	10
Versant	ARAM	10
VTransco	ARAM	ARAM, 37, 10

For CL&P, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts

For CMP, unprotected deficient/(excess) ADIT will be amortized over 10 years and unprotected excess ADIT will be amortized over 5 years.

For FGE, unprotected deficient/(excess) ADIT balances will be amortized using the ARAM methodology.

For GMP, protected deficient/(excess) VTransco-related ADIT balance will be amortized in accordance with VTransco's amortization schedule. GMP's unprotected deficient/(excess) ADIT balance will be amortized over 10 years.

For MEPCO, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.

For NEP, unprotected deficient/(excess) property-related ADIT balances will be amortized using the ARAM methodology and all other transmission related balances will be amortized over 10 years.

For NHT, unprotected deficient/(excess) property related ADIT balances will be amortized using the ARAM methodology; unprotected deficient/(excess) non-property related ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts

For NSTAR East, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts

For NSTAR West, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts

For PSNH, unprotected deficient/(excess) ADIT balances will be amortized over 10 years for pension and other post-retirement benefits and over 5 years for all other amounts

For UL, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.

For Versant, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.

For VTransco, unprotected deficient/(excess) ADIT balances will be amortized as follows: "property-related" = 37 years, "Other" = 10 years, and "Federal Benefit of State Tax" = according to the applicable state's rules.

(h) Relates to the Federal Income Tax rate change associated with the 2017 Tax Cuts and Jobs Act.

(i) Tax gross up calculated using the Composite Tax Rate / (1 - Composite Tax Rate) in effect for the applicable period.

(j) Notwithstanding anything to the contrary in Attachment F, the New England Transmission Owners will be permitted to reflect the amortization of excess or deficient ADIT in estimated rates under the Settled Formula Rate.

(k) PTO will add footnotes below to identify excess or deficient ADIT from future Federal, State and Local income tax rate changes.

(l) PTO

(J)	(K)	(L)	(M) = (A) - (G) - (J)			(N) = (B) - (H) - (K)	(O) = (C) - (I) - (L)	(P) = (M) + (N) + (O)	(Q)
Other Adjustments (e)			20__ Year End Unamortized (Excess)/Deficient ADIT						
Protected	Unprotected	Gross-Up (i)	Protected	Unprotected	Gross-Up (i)	12/31/__ Balance			Reference
			-	-	-	-			
			-	-	-	-			
			-	-	-	-			
			-	-	-	-			
			-	-	-	-			
-	-	-	-	-	-	-			
			FF1Page 232_						
			FF1Page 278_						
						-			

Internal Records for the period 1/1/2020 to 12/31/2021; Beginning on 1/1/2022, Appendix A, W/S 5, Line 12 or Direct Assigned (DA)

counts 190, 282, and 283 at the current Federal, State & Local income tax rate to ADIT balances at the historical Federal, State & Local income tax rates. The difference between the two represents the deficient or excess ADIT balances. The result of this remeasurement is a change to the net deferred tax assets/liabilities recorded in accounts 190, 282, and 283 with a corresponding al, State or Local income tax rates that gives rise to deficient/excess ADIT.

Eversource adheres to the IRC Normalization rules by following IRC Section 168(i)(3)(A)(i) which requires that, to use a normalization method of accounting, the taxpayer, in determining its tax expense for ratemaking purposes and reflecting operating results, must use the same depreciation method, and one that is not shorter in period than the method and period used to compute its depreciation expense.

Notes

units

icient/(excess) ADIT balance will be amortized over 5 years

be amortized over 10 years. Deficient/(excess) property related net operating loss ("NOL") ADIT will offset the amortization of protected excess ADIT until the balance is exhausted. 2014 MA State Tx Rate Change approved in Docket ER20-2054.

related ADIT balances will be amortized over 3 years

er amounts

ver amounts

units

e Tax" = according to the related underlying deferred items (i.e., ARAM, 37 yrs., and 10 yrs. as applicable).

## Attachment 2

### Permanent ADIT Worksheet

<

## Attachment 3

Populated Version of ADIT Worksheet



<p>                     (a) <b>Controlled entities in a group.</b>                      The consolidated income of each subsidiary as shown in [Table 3] that the subsidiary doesn't pay a tax. The PTD will audit or monitor without without a PTD Status 200 Blog.                      When change of PTD Status or Local Income tax rate, the Corporate monitor in affected consolidated deferred income tax (ADIT) assets and liabilities values for the new applicable corporate income tax rate. The affected ADIT accounts are measured by comparing ADIT on consolidated temporary differences for each item in accounts 190, 252, and 253 at the current PFD Status and Local income tax rate to ADIT balance of the historical PFD Status and Local income tax rate. The Differences between the two represents the deficit or excess ADIT balances. The result of this measurement is a change in the net deferred tax asset/liabilities recorded in accounts 190, 252, and 253 with a corresponding net change in temporary assets account 190-253 and temporary liabilities account 252-190 for the resulting excess or deficit ADIT balance to be internalized through a from accounts, respectively. The PTD will provide a supporting explanation without explanation in the annual report as true there is a change in the PFD Status, and Local income tax rate that cause the net deferred ADIT balance.                 </p> <p>                     (b) <b>ADIT balance is measured in Account 190-253 and ADIT balance is measured in Account 252-190.</b>                      PTD will record the ADIT balance in Account 190-253, "Other" when applicable.                 </p> <p>                     (c) <b>For Domestic PFD, Account Number 252 consists of both projected and unprojected temporary differences ADIT balance will be measured using the Average Rate Assumption Method (ARM), the total account 252 balance is reported in a projected balance. Temporary income tax is the IRC Normalization rules by following IRC Section 900(b)(3) which require that, to use a normalization method of accounting, the taxpayer, in determining its income for determining purposes and reflecting operating results, must use the same discretionary method, and that it not deduct a period that the method and period used to compute the depreciation expense.</b> </p>					
<p>                     (d) <b>The amortization periods of the deficit or excess ADIT being internal or increased through rates are as follows:</b> </p>					
	Company	Period	Unprojected		Notes
CLAP	ARM	ARM	10 Y	For CLAP, unprojected (deficit/excess) ADIT balance will be amortized over 10 years for pension and other post-employment benefits and over 7 years for all other assets	
CLAP	ARM	ARM	10 Y	For CLAP, unprojected (deficit/excess) ADIT balance will be amortized over 7 years	
Fidelity Gas & Electric	ARM	ARM	ARM	For FGE, unprojected (deficit/excess) ADIT balance will be amortized using the ARM methodology	
Marathon Petroleum	Re. to Co. Method	ARM	ARM	For GMP, projected (deficit/excess) ADIT balance will be amortized on the VYTRAC methodology. GMP, unprojected (deficit/excess) ADIT balance will be amortized over 7 years	
NEP	ARM	ARM	10 Y	For NEP, unprojected (deficit/excess) ADIT balance will be amortized over 10 years	
NET	ARM	ARM	10 Y	For NET, unprojected (deficit/excess) ADIT balance will be amortized using the ARM methodology and all other unamortized deficit balance will be amortized over 10 years. Deficit/excess ADIT balance on operating loss ("OLC") ADIT will offset the amortization of projected income ADIT and the balance is withheld. 2014 MA Tax: Rate Change approved in December 2014	
NETAK East	ARM	ARM	3 Y	For NETAK East, unprojected (deficit/excess) ADIT balance will be amortized using the ARM methodology. unprojected (deficit/excess) ADIT balance on property related ADIT balance will be amortized over 7 years	
NETAK West	ARM	ARM	10 Y	For NETAK West, unprojected (deficit/excess) ADIT balance will be amortized over 10 years for pension and other post-employment benefits and over 7 years for all other income	
NESTAR	ARM	ARM	10 Y	For NESTAR, unprojected (deficit/excess) ADIT balance will be amortized over 10 years for pension and other post-employment benefits and over 7 years for all other income	
United Technology	ARM	ARM	10 Y	For UT, unprojected (deficit/excess) ADIT balance will be amortized over 10 years	
Vitrac	ARM	ARM	10 Y	For Vitrac, unprojected (deficit/excess) ADIT balance will be amortized over 10 years	
Vitrac	ARM	ARM	10 Y	For Vitrac, unprojected (deficit/excess) ADIT balance will be amortized over 10 years	
<p>                     (e) <b>Relative to the Federal Income Tax rate change associated with the 2017 Tax Cuts and Jobs Act.</b>                      Tax given up calculated using the Company Tax Rate (-) - (Company Tax Rate) is offset for the applicable period.                      Nonamortizing applying to the company's Absorption of the New England Transmission Owners will be presented to offset the amortization of excess or deficit ADIT as estimated under the Selfed Formula Rate.                      PTD will add back balance in equity excess or deficit ADIT from State Federal Tax rate change.                 </p>					

**The Connecticut Light and Power Company**  
**(Excess)/Deficient ADIT Worksheet**  
**Remeasurement Support - 2017 Tax Cuts and Jobs Act**  
**For Costs in 2020**

Line No.	Description	FERC Account No.	(A) Gross Temporary Difference at December 31, 2017 (a), (b)	(B) = (A) * 35%	(C) = (A) * 21%	(D) = (B) - (C)	(E) Adjustments Post TCJA Remeasurement (d)	(F) = (D) - (E)	(G)	(H)
				ADIT @ 35%	ADIT @ 21%	2017 (Excess)/Deficient ADIT due to Rate Change		2019 (Excess)/Deficient ADIT due to Rate Change	Protected	Unprotected
1a	Transmission-related Pension and PBOP	190	18,788,164	6,575,858	3,945,515	2,630,343		2,630,343		2,630,343
1b	Transmission-related Other	190	25,811,014	9,033,855	5,420,313	3,613,542		3,613,542		3,613,542
1c	Transmission-related Pension and PBOP	283	(18,102,764)	(6,335,968)	(3,801,581)	(2,534,387)		(2,534,387)		(2,534,387)
1d	Transmission-related Other	283	(37,430,614)	(13,100,715)	(7,860,429)	(5,240,286)	(31,486)	(5,208,800)		(5,208,800)
1e	Transmission-related Depreciation	282	(1,640,859,214)	(574,300,725)	(344,580,435)	(229,720,290)	(2,617,826)	(227,102,464)	(227,102,464)	
1[ ]										
2	Total (Sum Lines 1a thru 1[ ]) (c)		(1,651,793,414)	(578,127,695)	(346,876,617)	(231,251,078)	(2,649,312)	(228,601,766)	(227,102,464)	(1,499,302)

Notes

- (a) Enter credit balances as negatives.  
(b) Company records.  
(c) Total equals the sum of sublines a through [ ], where [ ] is the last subline denoted by a letter. PTO may add or remove sublines without a FPA Section 205 filing.  
(d) Represents the impact of the 2018 Return to Accrual adjustments and other miscellaneous adjustments on the excess ADIT balance from the initial remeasurement.

NSTAR Electric Company (West)  
Annual Transmission Revenue Requirements (ATRR)  
(Excess/Deficient ADT Worksheet)  
Attachment  
For Cash in 2020

Input Cells are Shaded Yellow		(A)	(B)	(C)	(D) = (A) + (B) + (C)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M) = (A) - (E) - (F)	(N) = (B) - (H)	(O) = (C) - (J) - (L)	(P) = (M) + (N) + (O)	(Q)	
		2019 Year End Unamortized (Excess/Deficient) ADT		12/31/19 Balance		Amortization Periods (Y)		Amortization Expense (B)		Other Adjustments (J)		Estimated 2020 Year End Unamortized (Excess/Deficient) ADT							
Line No.	Description (i)	FERC Account No. (B)	Protected	Unprotected	Gross-Up (B)	Protected	Unprotected	Protected	Unprotected	Gross-Up (B)	Protected	Unprotected	Gross-Up (B)	Protected	Unprotected	Gross-Up (B)	Reference		
1a	Transmission-related Pension and PRBP	190	-	204,637	77,298	-	10	-	-	-	-	204,637	77,298	-	-	-	Internal Records		
1b	Transmission-related Other	190	-	1,151,381	432,798	-	5	-	-	-	-	1,151,381	432,798	-	-	-	Internal Records		
1c	Transmission-related Pension and PRBP	201	-	239,190	109,772	-	10	-	-	-	-	239,190	109,772	-	-	-	Internal Records		
1d	Transmission-related Other	201	-	(1,081,826)	(1,667,305)	-	5	-	-	-	-	(1,081,826)	(1,667,305)	-	-	-	Internal Records		
1e	Transmission-related Depreciation	202	-	(18,791,190)	(14,643,426)	-	-	-	-	-	-	(18,791,190)	(14,643,426)	-	-	-	Internal Records		
2	Total (Show Lines in One (1)) (b)		(101,791,190)	(1,497,798)	(19,719,279)	-	-	-	-	-	-	(101,791,190)	(1,497,798)	-	-	-			
3	Deficient ADT - Regulatory Asset	192.3	FFI Page 252											FFI Page 252					
4	Excess ADT - Regulatory Liability	204	FFI Page 276.1 FN											FFI Page 276					
5	Deficient/Excess Deferred Income Tax Regulatory Asset(Liability)(Line 3 + Line 4)																		
6	Total Protected and Unprotected Amortization Expense (Line 2(c) + Line 2(d))																		
7	Transmission Allocation (Plant Allocation or Direct Assigned) (DA)																		
8	Transmission-related Amortization Expense (Line 6 + Line 7)																Internal Records for the period 1/1/2013 to 12/31/2019. Beginning on 1/1/2020, Appendix A, W 5, L 6, Line 12 or Direct Assigned (DA)		

Notes

(a) Enter credit balances as negative.

(b) Total equal the rates of addition as through (1), where (1) is the last column derived by a letter. The FTD may add or remove columns without a FTA Section 209 filing.

(c) Upon a change in Federal, State or Local income tax rates, the Company determines its affected accelerated deferred income tax (ADIT) assets and liabilities to reflect the new applicable corporate income tax rate. The affected ADT accounts are reconciled by comparing ADT on cumulative temporary differences for each item to accounts 190, 202, and 201 at the current Federal, State & Local income tax rate to ADT balances at the historical Federal, State & Local income tax rates. The difference between the two represents the deficient or excess ADT balance. The result of this reconciliation is a change to the net deferred tax assets/liabilities recorded in accounts 190, 202, and 201 with a corresponding net change in regulatory assets (account 192.3) and regulatory liabilities (account 204) to reflect the resulting excess or deficient ADT balances to be returned/recovered to their customers, respectively. The FTD will provide a supporting worksheet showing the reconciliation in the annual update any time there is a change in the Federal, State or Local income tax rates that gives rise to deficient/excess ADT.

(d) Deficient ADT is recorded to Account 410.1; Excess ADT is recorded to Account 411.1.

(e) FTD will provide confirmation for "other adjustments" column available.

(f) For Transwestern, FERC account Number 202 consists of both protected and unprotected temporary differences. Since these protected and unprotected property-related deficient/excess ADT balances will be amortized using the Average Rate Assumption Method (ARAM), the total account 202 balance is reported as protected basis. Transwestern adheres to the IRC Normalization rules by following IRC Section 199(b)(9)(A)(i) which requires that, to use a normalization method of accounting, the taxpayer, in determining its tax expense for extending purposes and reflecting operating results, must use the same depreciation method, and one that is not shorter in period than the method and period used to compute its depreciation expense.

(g) The amortization periods of the deficient or excess ADT being returned or recovered through rates are as follows:

Category	Protected	Unprotected (years)
CLAP	ARAM	10, 5
CMF	ARAM	10, 5
Feeding Gas & Electric	ARAM	5
Gross Mountain Power	Run. Sys. GA Method	5
MPCO	ARAM	10
NF	ARAM	ARAM, 10
NST	ARAM	5
NSTAR East	ARAM	10, 5
NSTAR West	ARAM	10, 5
PNBH	ARAM	10, 5
United Generating	ARAM	10
Vermont	ARAM	10
VTrans	ARAM, 17, 10	

(h) Return to the Federal Income Tax rate change permitted with the 2017 Tax Cuts and Jobs Act.

(i) The given is calculated using the Corporate Tax Rate (1). Corporate Tax Rate is effect for the applicable period.

(j) Notwithstanding anything to the contrary in Attachment F, the New England Transmission Owners will be permitted to reflect the amortization of excess or deficient ADT in estimated rates under the Unified Formula Rate.

(k) FTD will add Income taxes to identify excess or deficient ADT from future Federal, State and Local income tax rate changes.

(l)

Internal Records for the period 1/1/2020 to 12/31/2021; Beginning on 1/1/2022, Appendix A, W/S 5, Line 12 or Direct Assigned (DA)

**NSTAR Electric Company (West)**  
**(Excess)/Deficient ADIT Worksheet**  
**Remeasurement Support - 2017 Tax Cuts and Jobs Act**  
**For Costs in 2020**

			(A) Gross Temporary Difference at December 31, 2017	(B) = (A)* 35%	(C) = (A)* 21%	(D) = (B) - (C)	(E)	(F) = (D) - (E)	(G)	(H)
Line No.	Description	FERC Account No.	(a), (b)	ADIT @ 35%	ADIT @ 21%	(Excess)/Deficient ADIT due to Rate Change	Adjustments Post TCJA Remeasurement (d)	2019 (Excess)/Deficient ADIT due to Rate Change	Protected	Unprotected
1a	Transmission-related Pension and PBOP	190	1,468,836	514,092	308,455	205,637		205,637		205,637
1b	Transmission-related Other	190	8,224,164	2,878,458	1,727,075	1,151,383		1,151,383		1,151,383
1c	Transmission-related Pension and PBOP	283	(2,066,914)	(723,420)	(434,052)	(289,368)		(289,368)		(289,368)
1d	Transmission-related Other	283	(13,748,050)	(4,811,818)	(2,887,091)	(1,924,727)	740,714	(2,665,441)		(2,665,441)
1e	Transmission-related Depreciation	282	(735,024,450)	(257,258,558)	(154,355,135)	(102,903,423)	(112,224)	(102,791,199)	(102,791,199)	
I] 2	Total (Sum Lines 1a thru I]) (c)		(741,146,414)	(259,401,245)	(155,640,747)	(103,760,498)	628,490	(104,388,988)	(102,791,199)	(1,597,789)

Notes

- (a) Enter credit balances as negatives.  
(b) Company records.  
(c) Total equals the sum of sublines a through [], where [] is the last subline denoted by a letter. PTO may add or remove sublines without a FPA Section 205 filing.  
(d) Represents the impact of the 2018 Return to Accrual adjustments and other miscellaneous adjustments on the excess ADIT balance from the initial remeasurement.

Line No.		Description (c)	PERC Account No.	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M) = (A) - (B) - (C)	(N) = (D) - (E) - (F)	(O) = (G) - (H) - (I)	(P) = (J) - (K) - (L)	(Q)
				2019 Year End Total (Sum of Rows 1 through 10) ASST				2019 Year End Total (Sum of Rows 11 through 13) ASST				2019 Year End Total (Sum of Rows 14 through 16) ASST								
				Precedent	Unprecedented	Group (P)	12/31/19 Balance	Precedent	Unprecedented	Group (P)	Unprecedented	Group (P)	Unprecedented	Group (P)	Precedent	Unprecedented	Group (P)	Unprecedented	Group (P)	12/31/20 Balance
1a	Transmission-related Precedent and Pre-PIDP	198	(b)	-	1,692,798	402,171	1,694,973	-	-	402,170	-	1,692,798	402,171	-	-	1,692,798	402,170	-	1,694,973	Internal Records
1b	Transmission-related Other Precedent	199	(b)	-	12,794	4,702	17,496	-	0	-	-	12,794	4,702	-	-	12,794	4,702	-	17,496	Internal Records
1c	Transmission-related Precedent of Pre-PIDP	200	(b)	-	(1,123,000)	(617,148)	(1,740,148)	-	0	-	-	(1,123,000)	(617,148)	-	-	(1,123,000)	(617,148)	-	(1,740,148)	Internal Records
1d	Transmission-related Other Precedent of Pre-PIDP	201	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1e	Transmission-related Other Precedent of Pre-PIDP	202	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1f	Transmission-related Depreciation	203	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1g	Transmission-related Depreciation	204	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1h	Transmission-related Depreciation	205	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1i	Transmission-related Depreciation	206	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1j	Transmission-related Depreciation	207	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1k	Transmission-related Depreciation	208	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1l	Transmission-related Depreciation	209	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1m	Transmission-related Depreciation	210	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1n	Transmission-related Depreciation	211	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1o	Transmission-related Depreciation	212	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1p	Transmission-related Depreciation	213	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1q	Transmission-related Depreciation	214	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1r	Transmission-related Depreciation	215	(b)	-	(12,940)	(8,657)	(21,597)	-	0	-	-	(12,940)	(8,657)	-	-	(12,940)	(8,657)	-	(21,597)	Internal Records
1s	Transmission-related Depreciation	216	(b)	-	(12,940)	(8,657)</														

**Public Service Company of New Hampshire**  
**(Excess)/Deficient ADIT Worksheet**  
**Remeasurement Support - 2017 Tax Cuts and Jobs Act**  
**For Costs in 2020**

			(A)	(B) = (A)* 35%	(C) = (A)* 21%	(D) = (B) - (C)	(E)	(F) = (D) - (E)	(G)	(H)
Line No.	Description	FERC Account No.	Gross Temporary Difference at December 31, 2017			2017 (Excess)/Deficient ADIT due to Rate	Adjustments Post TCJA Remeasurement	2019 (Excess)/Deficient ADIT due to Rate		
			(a), (b)	ADIT @ 35%	ADIT @ 21%	Change	(d)	Change	Protected	Unprotected
1a	Transmission-related Pension and PBOP	190	7,734,271	2,706,995	1,624,197	1,082,798		1,082,798		1,082,798
1b	Transmission-related Other	190	91,386	31,985	19,191	12,794		12,794		12,794
1c	Transmission-related Pension and PBOP	283	(8,022,057)	(2,807,720)	(1,684,632)	(1,123,088)		(1,123,088)		(1,123,088)
1d	Transmission-related Other	283	(3,858,907)	(1,350,618)	(810,370)	(540,247)	1,656,156	(2,196,403)		(2,196,403)
1e	Transmission-related Depreciation	282	(565,944,871)	(198,080,705)	(118,848,423)	(79,232,282)	(2,258,238)	(76,974,044)	(76,974,044)	
1[ ]										
2	Total (Sum Lines 1a thru 1[ ]) (c)		(570,000,179)	(199,500,063)	(119,700,038)	(79,800,025)	(602,082)	(79,197,943)	(76,974,044)	(2,223,899)

Notes

- (a) Enter credit balances as negatives.  
(b) Company records.  
(c) Total equals the sum of sublines a through [ ], where [ ] is the last subline denoted by a letter. PTO may add or remove sublines without a FPA Section 205 filing.  
(d) Represents the impact of the 2018 Return to Accrual adjustments and other miscellaneous adjustments on the excess ADIT balance from the initial remeasurement.