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April 9, 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: NSTAR Electric Company, Docket No. ER21-_____
Order No. 864 Supplemental Compliance Filing (Revisions to Appendix A
of Schedule 1 Implementation Rule to the ISO-NE OATT)
Supplementing Compliance Filings in Docket Nos. ER20-2572, ER21-
1130 and ER21-1293

Dear Secretary Bose:

NSTAR Electric Company (“NSTAR”) hereby submits this filing proposing revisions to Appendix A of Schedule 1 Implementation Rule to Section II of the ISO New England Inc. Transmission, Markets and Services Tariff (“ISO-NE OATT”) in response to the requirements of Order No. 864.¹

NSTAR requests that the Commission accept the tariff revisions, grant an effective date of January 1, 2020, and grant any waivers necessary in connection with this filing.

¹ *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). NSTAR 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 NSTAR given ISO-NE’s capacity as administrator of the ISO-NE Open Access Transmission Tariff (“OATT”) in the eTariff system.

I. BACKGROUND

A. Schedule 1 to the ISO-NE OATT (Scheduling, System Control and Dispatch Service)

Under the ISO-NE OATT, transmission customers taking Regional Network Service or Through or Out Service must take Scheduling, System Control and Dispatch Service (“Scheduling Service”) in order to schedule at the regional level the movement of power through, out of, within, or into the New England control area over Pool Transmission Facilities. Scheduling Service under the ISO-NE OATT is provided to transmission customers using the local control centers that are owned and operated by certain Participating Transmission Owners (“PTO”). Schedule 1 to the ISO-NE OATT sets forth the general terms and conditions regarding Scheduling Service. Schedule 1 Implementation Rule sets forth the detail governing the calculation of the rate surcharge for the Scheduling Service. Schedule 1 Implementation Rule contains three appendices that set forth the calculation of the revenue requirements of the local control centers that are used to provide Scheduling Service under Schedule 1 as follows: (1) Appendix A to Schedule 1 Implementation Rule -- NSTAR (East)’s revenue requirement calculation for its local control center;² (2) Appendix B to Schedule 1 Implementation Rule -- Central Maine Power Company’s (“CMP”) revenue requirement calculation for its local control center; and (3) Appendix C to Schedule 1 Implementation Rule -- The Connecticut Light and Power Company’s (“CL&P”) revenue requirement calculation for its local control center.

In this filing, NSTAR is proposing revisions to Appendix A to Schedule 1 Implementation Rule with respect to NSTAR (East)’s local control center revenue requirement calculation (“Appendix A Revisions”) consistent with the requirements of Order No. 864.³

NSTAR submits these Appendix A Revisions in connection with the Order No. 864 compliance filing that the New England Transmission Owners (“NETOs”) filed in Docket No. ER20-2572 on July 30, 2020, as supplemented on February 12, 2021 in Docket No. ER21-1130 and the Order No. 864 supplemental compliance filing that NSTAR filed in Docket No. ER21-1293 on March 8, 2021. As discussed further in those compliance filings, the Commission has approved a settlement that implements a new transmission formula rate template for regional and local transmission rates in New England and thereby supplants the current transmission rates for

² 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, 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).

³ CMP and CL&P will make separate supplemental compliance filings to revise Appendix B to Schedule 1 and Appendix C to Schedule 1, respectively, in response to Order No. 864’s requirements.

regional and local transmission service under the ISO-NE OATT. That formula rate template (the “Settled Formula Rate”) will take effect on January 1, 2022 as Attachment F of the ISO-NE OATT.

When the Commission subsequently approved the Settled Formula Rate on December 28, 2020, the effective date of the Settled Formula Rate was delayed by one year under the terms of the settlement, and the NETOs accordingly supplemented their Order No. 864 compliance filing to address not only compliance with Order No. 864 under the Settled Formula Rate, but also under current regional rates as well as compliance for local service under certain of the NETOs’ Local Service Schedules (i.e., Schedule 21) of the ISO-NE OATT. NSTAR submitted its local service compliance filing proposing tariff revisions for Schedule 21-NSTAR on March 8, 2021 in Docket No. ER21-1293. In preparing these supplemental Order No. 864 compliance filings, NSTAR determined that it would be appropriate to submit this compliance filing of the Appendix A Revisions to address NSTAR’s portion of the regional Schedule 1 Implementation Rule to ensure the proper return of excess ADIT to customers and the proper alignment of rates.

B. Order No. 864 Requirements

On December 22, 2017, the TCJA was signed into law. The TCJA reduced the federal corporate tax rate from 35 percent to 21 percent, effective January 1, 2018. This tax rate cut results in a reduction in ADIT liabilities and ADIT assets on the books of public utilities.

On November 21, 2019, the Commission issued Order No. 864, requiring public utility transmission providers with transmission formula rates to (1) include a mechanism in their transmission formula rates to deduct any excess ADIT from or add any deficient ADIT to their rate bases to ensure rate base neutrality (“Rate Base Adjustment Mechanism”); (2) incorporate a mechanism to decrease or increase their income tax allowances by any amortized excess or deficient ADIT to return or recover excess/deficient ADIT (“Income Tax Allowance Mechanism”); and (3) incorporate a new permanent worksheet in their transmission formula rates that will annually track information related to excess or deficient ADIT (“ADIT Worksheet”).

Order No. 864 requires the Rate Base Adjustment and Income Tax Allowance Mechanisms to apply to future changes in federal, state, or local tax rates that result in excess or deficient ADIT.⁴ Rather than prescribing specific requirements, the Commission held that it will evaluate proposed changes to a public utility’s transmission formula rates to comply with Order No. 864 on a case-by-case basis.⁵

With respect to the periods over which to amortize the excess or deficient ADIT, the Commission held that public utilities should follow the guidance set forth in the TCJA.⁶

⁴ *Id.* at PP 29, 43.

⁵ *Id.* at PP 30, 43.

⁶ *Id.* at PP 30, 44.

According to the Commission, this means that public utilities should return the protected excess ADIT no more rapidly than over the lives of the underlying assets using the Average Rate of Assumption Method (“ARAM”), or, if its books and underlying records do not contain the vintage account data necessary, it must use an alternative method. The Commission stated that it will evaluate the amortization periods for unprotected ADIT on a case-specific basis, stating that “a case-by-case evaluation will allow public utilities to propose amortization periods that better suit their and their customers’ specific circumstances.”⁷ The Commission stated that, for both protected and unprotected ADIT, the full amount of the regulatory liability for excess ADIT should be captured in transmission formula rates, beginning on the effective date of any proposed tariff provision, and returned to transmission formula rate customers.⁸

In Order No. 864, the Commission also required each public utility with transmission formula rates to include in its transmission formula rates tariff a new ADIT Worksheet to track information related to excess and deficient ADIT annually to help ensure excess or deficient ADIT is reflected in the public utility’s annual transmission revenue requirement.⁹ The Commission explained that this worksheet “is necessary to provide interested parties and the Commission adequate transparency regarding how public utilities with transmission formula rates adjust their rate bases and income tax allowances to account for excess or deficient ADIT.”¹⁰

The Commission stated that this worksheet should include, at minimum, the following five types of information:

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 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 rates.¹¹

⁷ Order No. 864 at P 44.

⁸ *Id.* at PP 44-45.

⁹ *Id.* at P 62.

¹⁰ *Id.*

¹¹ *Id.* at P 52.

The Commission also required public utilities with transmission formula rates to provide a version of the worksheet populated with excess and deficient ADIT resulting from the TCJA as part of the Order No. 864 filing.¹²

Order No. 864 requires public utilities to identify each “specific source of excess or deficient ADIT, classify the excess or deficient ADIT as protected or unprotected, and list the proposed amortization period associated with each classification or source in their proposed worksheets,” as well as providing supporting documentation to justify the proposed amortization periods.¹³ The Commission stated that it would evaluate the individual permanent worksheets on a case-by-case basis.¹⁴

II. THIS FILING

In this filing, NSTAR proposes tariff revisions to Appendix A of Schedule 1 Implementation Rule concerning NSTAR (East)’s revenue requirement for its local control center in response to the requirements with Order No. 864, as discussed below:

A. Rate Base Adjustment Mechanism

The formula rate under Appendix A to Schedule 1 Implementation Rule currently contains a mechanism that automatically adjusts NSTAR’s rate base for the Dispatch Center to reflect any deficient or excess ADIT to maintain rate base neutrality. Specifically, Appendix A contains the term “Other Regulatory Assets,” which is a component that is used to calculate NSTAR’s Dispatch Center rate base. This term is currently defined as equaling the “year-end balance of FAS 106 multiplied by the Dispatch Center Wages and Salaries Allocation Factor described in Section (A)(2)(b) above and the year-end balance of FAS 109, net of FAS liability, multiplied by the Dispatch Center Plant Allocation Factor.” Specifically, the inclusion of the reference to “FAS 109” in this definition provides a mechanism to adjust any deficient or excess ADIT in order to maintain rate base neutrality. However, for purposes of clarity and consistent with Order No. 864’s requirements, NSTAR proposes in this filing to change the term “Other Regulatory Assets” to “Other Regulatory Assets/Liabilities” and to modify the definition such that it includes “Dispatch Center Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities in FERC Account Nos. 182.3 and 254 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” states that it shall include “year-end balance of FAS 109, net of FAS 109 liability, multiplied by the Dispatch Center Plant Allocation Factor, plus or minus Dispatch Center Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities in FERC Account Nos. 182.3 and 254 as a result of changes in

¹² *Id.* at P 63.

¹³ *Id.* at P 65.

¹⁴ *Id.* at P 66.

Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet, multiplied by the Dispatch Center Transmission Plant Allocation Factor.” The additional, underlined language makes clear that NSTAR’s rate base for the Dispatch Center 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.

B. Income Tax Allowance Mechanism

To decrease or increase NSTAR’s income tax allowances by any amortized excess or deficient ADIT that is recorded in order to return excess or recover deficient ADIT, the Appendix A Revisions contain a new term “Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes, Regulatory Assets and Liabilities.” This term is defined as equaling “the Company’s expenses and credits as recorded in FERC Account Nos. 410.1 or 411.1 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 multiplied by the Dispatch Center Transmission Plant Allocation Factor.” This term is included as a new item (H) to the calculation of PTF Revenue Requirement for the Scheduling Service. The proposed tariff language creates a mechanism in Appendix A to Schedule 1 Implementation Rule for NSTAR to decrease or increase the income tax components of its formula rate by any amortized excess or deficient ADIT. NSTAR will include its Dispatch Center-related amortization of deficient or excess Accumulated Deferred Income Taxes in the numerator portion of the Federal Income Tax formula outlined in Section A.2(b) of Appendix A of Schedule 1 Implementation Rule. NSTAR will also include its Dispatch Center-related amortization of deficient or excess Accumulated Deferred Income Taxes in the numerator portion of the State Income Tax formula outlined in Section A.2(c) of Appendix A of Schedule 1 Implementation Rule. Consistent with the requirements of Order No. 864, the revisions to the above-mentioned formulas will ensure that NSTAR’s income tax allowances appropriately reflect the impacts of Dispatch Center-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.

C. ADIT Worksheet

NSTAR is submitting a proposed annual ADIT Worksheet in connection with the Appendix A Revisions. 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 NSTAR and the other NETOs in their supplemental Order No. 864 compliance filing for regional transmission service on February 12, 2021 in Docket No. ER21-1130 and that NSTAR submitted in the supplemental Order No. 864 compliance filing for Schedule 21-NSTAR on March 8, 2021

in Docket No. ER21-1293. As discussed below, the 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 a detailed explanation as to how NSTAR will remeasure its 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 NSTAR 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 filing, to enhance transparency, NSTAR 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 NSTAR's 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 NSTAR 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).¹⁵

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 filing to facilitate an understanding of how the worksheet will be used. As part of this filing, NSTAR 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 3.¹⁶

E. NSTAR'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.”¹⁷ NSTAR proposes to amortize NSTAR's excess ADIT balances as follows:¹⁸

¹⁵ The tax gross up of excess/deficient ADIT amortization occurs in NSTAR's income tax allowance calculations and ensures that the income tax allowance is 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.

¹⁶ The populated version of the permanent ADIT Worksheet reflects 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.

¹⁷ Order No. 864 at P 44.

¹⁸ The amortization proposal for NSTAR in this filing is the same as the amortization proposal for NSTAR and the other Eversource Companies (CL&P and Public Service Company of New Hampshire) in the NETOs' July 30, 2020 Order No. 864 compliance filing for regional transmission service in Docket No. ER20-2572. The same proposal was also retained for the Eversource Companies in the NETOs'

For all property-related excess ADIT, which relate to temporary differences in Account 282, NSTAR 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, NSTAR 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, NSTAR 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

NSTAR 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, 2020.¹⁹ However, NSTAR is requesting an earlier effective date of January 1, 2020 for the proposed changes to Appendix A to Schedule 1 to the ISO-NE OATT.²⁰ There is good cause in support of the requested effective date of January 1, 2020.

First, 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 NSTAR to pro-rate the amortization of excess ADIT for a partial month that would be associated with a January 27, 2020 effective date. Second, customers would benefit from a January 1, 2020 effective date because they would get a return of excess ADIT resulting from the TCJA earlier.²¹ Third, a January 1, 2020 effective date would follow the effective date that the NETOs requested in their February 12, 2021 supplemental Order No. 864 compliance filing and that NSTAR requested in its March 8, 2021

February 12, 2021 supplemental compliance filing in Docket No. ER21-1130 and in NSTAR’s and the Eversource Companies’ March 8, 2021 supplemental compliance filings in Docket Nos. ER21-1293 and ER21-1295, respectively.

¹⁹ Order No. 864 at P 100; Order No. 864-A at P 23.

²⁰ In the February 12, 2021 supplemental compliance filing in Docket No. ER21-1130, the NETOs requested an effective date of January 1, 2020 for the proposed revisions to Attachment F of the ISO-NE OATT. Similarly, NSTAR requested an effective date of January 1, 2020 for the proposed revisions to Schedule 21-NSTAR to the ISO-NE OATT in its March 8, 2021 supplemental compliance filing in Docket No. ER21-1293.

²¹ 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.

supplemental Order No. 864 compliance filing, and thereby support the proper alignment of rates under the ISO-NE OATT.

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.”²²

NSTAR proposes to record “catchup” amortization to reflect the amortization of the excess ADIT from January 1, 2020 through December 31 of the year in which the Commission approves this filing. The amortization of this excess ADIT will be reflected in the subsequent year’s Schedule 1 formula rate.

V. DOCUMENTS SUBMITTED WITH THIS FILING

NSTAR is submitting the following materials in this filing:

1. This Transmittal Letter;
2. Tariff revisions to Schedule 1 to the ISO-NE OATT;
3. Clean and redline copies of Schedule 1 Revisions in PDF format for posting in eLibrary (Attachments 1a and 1b);
4. Permanent ADIT Worksheet in Excel format (Attachment 2); and
5. 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).

²² Order No. 864 at P 34.

VI. CONCLUSION

NSTAR requests the Commission accept this filing, and make the Appendix A Revisions effective beginning on January 1, 2020, and grant any waivers necessary in connection with this filing.

Respectfully submitted,

s/ Mary E. Grover

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Counsel to NSTAR Electric Company

Dated: April 9, 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, ER21-1130, ER21-1293, and EL16-19.

/s/Jeannette Crooks
Jeannette Crooks
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Attachment 1a

Clean Version

Schedule 1 to the ISO-NE OATT

SCHEDULE 1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

Scheduling, System Control and Dispatch Service is the service required to schedule at the regional level the movement of power through, out of, within, or into the New England Control Area. Local level service is provided by the PTOs under Schedule 21 to this OATT. For transmission service under this OATT, this Ancillary Service can be provided only by the ISO and the Transmission Customer must purchase this service from the ISO. Charges for Scheduling, System Control and Dispatch Service are to be based on the expenses incurred by the ISO, and by the individual PTOs in the operation of Local Control Center dispatch centers or otherwise, to provide these services. The expenses incurred by the ISO in providing these services recovered under Section IV of the OATT. A surcharge for the expenses incurred by PTOs in the provision of these services for transmission service over the PTF will be added to the Through or Out Service rate and to the Regional Network Service rate. Any Scheduling, System Control and Dispatch Service expenses for the provisions of these services for MTF Service shall be determined separately and assessed to Transmission Customers receiving MTF Service, in accordance with the arrangements between the Transmission Customers receiving MTF Service and the MTF Provider.

The expenses incurred in providing Scheduling, System Control and Dispatch Service for transmission service over the PTF for each PTO will be determined by an annual calculation based on the previous calendar year's data as shown, in the case of PTOs which are subject to the Commission's jurisdiction, in the PTO's FERC Form 1 report for that year, and shall be based on actual data in lieu of allocated data if specifically identified in the Form 1 report. The surcharge shall be redetermined annually as of June 1 in each year and shall be in effect for the succeeding twelve (12) months. The rate surcharge per kilowatt for each month is one-twelfth of the amount derived by dividing the total annual PTO expenses for providing the service by the sum of the average of the coincident Monthly Peaks (as defined in Section II.21.2) of all Local Networks for the prior calendar year.

Each Transmission Customer which is obligated to pay the rate for Regional Network Service for a month shall pay the surcharge on the basis of the number of kilowatts of its Monthly Network Load (as defined in Section II.21.2 of this OATT) for the month. Each Transmission Customer which is obligated to pay the rate for Through or Out Service for the applicable period shall pay the surcharge on the basis of the

highest amount of its Reserved Capacity for each transaction scheduled as Through or Out Service for such period.

The details for implementation of Schedule 1 for transmission service over the PTF shall be established in accordance with the Implementation Rule for Schedule 1 attached to this OATT.

SCHEDULE 1 IMPLEMENTATION RULE

This rule provides detail with respect to the calculation of the rate surcharge each year for Scheduling, System Control and Dispatch Service, which is defined in the OATT as the service required to schedule the movement of power through, out of, within, or into the New England Control Area over Pool Transmission Facilities (“PTF”). This service also includes the dispatch and security analysis of the system. Scheduling, System Control and Dispatch Service for transmission service over transmission facilities other than PTF is provided under Schedule 21 of the OATT. For transmission service under the OATT, this Ancillary Service will be provided by the ISO, and rates collected under Schedule 1 are based on expenses incurred by the Local Control Centers, and the PTOs (as described herein) in providing the necessary elements of this service to the ISO. All of the costs of the ISO for the provision of service under Schedule 1 will be recovered under Section IV of the Transmission, Markets and Services Tariff. Schedule 1 of the OATT is for collection only of the revenue requirements for Local Control Centers and PTOs for System Control and Dispatch Service. Any Transmission Customer taking Regional Network Service or Through or Out Service shall be subject to the rate surcharge calculated under Schedule 1 of the OATT as described in more detail in this rule below.

The PTOs shall make an annual informational filing on or before July 31 of each year showing the Schedule 1 rate surcharge to be utilized by the ISO in the billing of Schedule 1 Ancillary Service that will be in effect for the period beginning June 1 of that year through May 31 of the subsequent year. If there are any corrections made to the information reflected in the informational filing after it has been submitted, the PTOs would file corrections to the informational filing. At least thirty (30) days before the informational filing is made with the Commission, the PTOs shall make available to Transmission Customers and any other interested parties a draft of the proposed filing for review and comment prior to the filing by posting such draft on the RTO NE website. The filing of the informational filing does not reopen the formula rate set forth below for review, but rather is contestable only with respect to the accuracy of the information contained in the informational filing. The ISO shall have the discretion to conduct audits of such charges, with advisory Stakeholder input on the scope of audit, including on any

agreed-upon procedures to be used by the auditor. In this provision, the term “agreed-upon procedures” shall have the meaning afforded to it by the American Institute of Certified Public Accountants.

I. DEFINITIONS

Capitalized terms used in this rule that are not defined in the Tariff have the following definitions:

Scheduling and Dispatch Surcharge Rate shall equal the rate surcharge that is determined for the applicable period beginning on June 1, 1999, in accordance with Section II of this rule below.

PTF Transmission-Related Local Control Center Scheduling and Dispatch Expense shall equal the PTF transmission related expenses incurred by the PTO from REMVEC II, CONVEX/ESCC, and the Maine Local Control Center as recorded in each PTO’s FERC Form 1, Account Nos. 561-561.4, excluding any charges recorded in this account that were incurred under the OATT or Schedule 21 of the OATT. The expenses shall be net of any revenues, as reflected in FERC Account No. 456, received by the PTO for providing scheduling and dispatch services, excluding any revenues recorded in this account that were received as a result of charges under the OATT.

REMVEC II is a Local Control Center of the ISO providing security analysis of PTF.

Local PTF Transmission-Related Scheduling and Dispatch Expense shall equal the sum of (1) each PTO’s expenses as recorded in FERC Account Nos. 561-561.4, excluding any ISO and Local Control Center related expenses and any expenses recorded in these accounts, that were incurred under this OATT or the Schedule 21 of this OATT of each PTO as a Transmission Customer, multiplied by the PTF Transmission Plant Allocator, (2) NSTAR Electric Company (East) SCADA-related expenses as calculated in accordance with Appendix A of this Rule, (3) the Central Maine Power Company Local Control Center revenue requirements as calculated in accordance with Appendix B of this Rule, and (4) the CL&P Dispatch Center Revenue Requirement as calculated in accordance with Appendix C of the Rule.

PTF Transmission Plant Allocation Factor is the factor for allocating transmission costs and expenses between PTF and Non-PTF as determined for the applicable period pursuant to Attachment F of the OATT.

II. CALCULATION OF THE SCHEDULING AND DISPATCH SURCHARGE

A. Surcharge for Regional Network Service Customers

For Network Customers, the scheduling and dispatch surcharge for Regional Network Service shall equal the Network Customer's Regional Monthly Network Load, as defined in Section II.21.2 of the OATT, multiplied by the Monthly Scheduling and Dispatch Surcharge Rate as determined in accordance with Section II.C below.

B. Surcharge for Through or Out Customers

For Through or Out Service Customers, the Scheduling and Dispatch Surcharge shall equal the Transmission Customer's Reserved Capacity for each transaction scheduled for the month multiplied by the applicable Monthly or Hourly Scheduling and Dispatch Surcharge Rate, as determined in accordance with Section II.C below.

C. Scheduling and Dispatch Surcharge Rate

The Scheduling and Dispatch Surcharge Rate will be the surcharge rate in effect from time to time for the applicable period, determined pursuant to the formula described below based on the prior calendar year's data. The Scheduling and Dispatch Surcharge Rate shall be redetermined each year, with the new Surcharge Rate going into effect on June 1 of each year, and be effective for the succeeding twelve months.

In the case of PTOs which are subject to the Commission's jurisdiction, the data used shall be as identified in the PTO's FERC Form 1 report for that year, and shall be based on actual data in lieu of allocated data if specifically identified in the FERC Form 1. When FERC Form 1 data is not the direct source of the data used in the formula, the worksheets used to develop the inputs will reflect Appendix A, Appendix B, and Appendix C of this Rule.

The Scheduling and Dispatch Surcharge Rate shall be equal to the sum of (1) PTF Transmission-Related Local Control Center Scheduling and Dispatch Expense, (2) Local PTF Transmission Related Scheduling and Dispatch Expense, (3) less Schedule 1 revenues from the prior year surcharges for Short-Term Point-To-Point Transactions, and divided by the annual average of the sum of all Regional Network Customers Monthly Peak Load, as defined in Section II.21.2 of the OATT, from the prior calendar year plus the Long-Term Firm Point-To-Point Service Reserved Capacity, from the prior calendar year.

The Monthly Scheduling and Dispatch Surcharge Rate shall equal one-twelfth of the Scheduling and Dispatch Surcharge Rate.

The Hourly Scheduling and Dispatch Surcharge Rate shall be the annual rate divided by 8760.

APPENDIX A TO SCHEDULE 1 IMPLEMENTATION RULE

NSTAR ELECTRIC COMPANY (EAST) SCADA

This service is required to schedule the movement of power through, out of, within, or into the New England Control Area over Pool Transmission Facilities (PTF). Service under this schedule represents the contribution to that service provided by the PTO's own Dispatch Center, commonly referred to as SCADA. These costs are excluded from costs in Attachment F.

The PTF Revenue Requirement for the scheduling, system control and dispatch service that is based on data for the calendar year 2004 or later shall include an allocated PTF-related amount of Incremental Return and Associated Income Taxes on SCADA-related transmission plant investments included in the Regional System Plan and placed in-service on or after January 1, 2004 (such investments referred to herein as "Post-2003 Dispatch Center Investment"). The Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment shall reflect a surcharge of a 100 basis point ROE adder applicable to certain investment base components as specified in the formula below. The data used in determining the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment shall be based on actual data in lieu of allocated data if specifically identified in NSTAR Electric's (East) accounting records.

Definitions: Dispatch Center Wages and Salaries Allocation Factor: Ratio of Dispatch Center Related Direct Wages and Salaries to NSTAR Electric's (East) total Direct Wages and Salaries excluding Administrative and General Wages and Salaries.

Dispatch Center Plant Allocation Factor: Ratio of Total Investment in Dispatch Center Plant plus Dispatch Center Related General Plant, to Total Plant in service.

Dispatch Center Transmission Plant Allocation Factor: Ratio of Total Investment in Dispatch Center Plant plus Dispatch Center Related General Plant, to Total Investment in Transmission Plant.

ADIT Worksheet shall mean the worksheet set forth in Appendix D to Schedule 1 Implementation Rule.

The PTF Revenue Requirement for the Scheduling System Control and Dispatch Service shall equal the sum of the PTO's: (A) Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment), (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Related Amortization of Investment Tax Credits, (D) Dispatch Center Related Municipal Tax Expense, (E) Dispatch Center Related Payroll Tax Expense (F) Dispatch Center Operation and Maintenance Expense, (G) Dispatch Center Related Administrative and General Expense, and (H) Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities; multiplied by the PTF Transmission Plant Allocation Factor.

The Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment shall be calculated using the Dispatch Center investment base components specifically identified in Section A.1 of the formula below.

A. Return and Associated Income Taxes shall equal the product of the Dispatch Center Investment Base and the Cost of Capital Rate. To calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the Dispatch Center Investment Base will only include items (a), (d) and (e) under Section (A)(1), calculated in the manner indicated.

1. **The Dispatch Center Investment Base** will consist of (a) Dispatch Center Plant in FERC accounts 350-359, plus (b) Dispatch Center Related General Plant, plus (c) Dispatch Center Plant Held for Future Use, less (d) Dispatch Center Related Depreciation Reserve, less (e) Dispatch Center Related Accumulated Deferred Taxes, plus or minus (f) Other Regulatory Assets/Liabilities, plus (g) Dispatch Center Prepayments, plus (h) Dispatch Center Materials and Supplies, plus (i) Dispatch Center Related Cash Working Capital.

- a. Dispatch Center Plant will equal the year-end balance of the PTO's Investment in Dispatch Center per FERC accounts 350 through 359. Dispatch Center Plant Investment is not included in PTF investment in the Attachment F revenue requirement. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, Post-2003 Dispatch Center Plant shall be separately identified.
- b. Dispatch Center Related General Plant shall equal the PTO's year-end balance of Investment in General Plant multiplied by the Dispatch Center Wages and Salaries Allocation Factor described above.

- c. Dispatch Center Plant Held for Future Use shall equal the year-end balance of Transmission related Dispatch Center Investment in FERC account 105.
- d. Dispatch Center Related Depreciation Reserve shall equal the year-end balance of Transmission Dispatch Center Depreciation Reserve, plus the year-end balance of Dispatch Center Related General Depreciation Reserve. Dispatch Center Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Dispatch Center Wages and Salaries Allocation Factor described above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, Dispatch Center Depreciation Reserve associated with the Post-2003 Dispatch Center Investment, shall equal the balance of the Dispatch Center Depreciation Reserve multiplied by the ratio of Post-2003 Dispatch Center Plant to total investment in Dispatch Center Plant.
- e. Dispatch Center Related Accumulated Deferred Taxes shall equal the year-end balance of Total Accumulated Deferred Income Taxes, multiplied by the Dispatch Center Plant Allocation Factor described above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, Total Accumulated Deferred Income Taxes associated with the Post-2003 Dispatch Center Investment, shall equal the balance of total property-related accumulated deferred income taxes as recorded in FERC Accounts 281 and 282, multiplied by the Dispatch Center Plant Allocation Factor, further multiplied by the ratio of the Post-2003 Dispatch Center Plant to total investment in Dispatch Center Plant.
- f. Other Regulatory Assets/Liabilities shall equal the year-end balance of FAS 106 multiplied by the Dispatch Center Wages and Salaries Allocation Factor described in Section (A) (2) (b) above and the year-end balance of FAS 109, net of FAS 109 liability, multiplied by the Dispatch Center Plant Allocation Factor, plus or minus Dispatch Center Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities in FERC Account Nos. 182.3 and 254 as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet, multiplied by the Dispatch Center Transmission Plant Allocation Factor.

- Dispatch Center Prepayments shall equal the year-end balance of Prepayments multiplied by the Dispatch Center Wages and Salaries Allocation Factor described above.
 - Dispatch Center Materials and Supplies shall equal the year-end balance of Transmission Plant Materials and Supplies multiplied times the Dispatch Center Plant Allocation Factor described above.
 - Dispatch Center Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Dispatch Center Transmission Related Operation and Maintenance Expense and Dispatch Center Transmission Related Administrative and General Expense.
- The Cost of Capital Rate shall equal (a) the Weighted Cost of Capital, plus (b) Federal Income Taxes, plus (c) State Income Taxes.
 - the Weighted Cost of Capital will be calculated based upon the PTO'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 actual weighted average embedded cost to maturity of Long Term Debt then outstanding and the ratio that Long-Term Debt is to Total Capital.
- ii. the Preferred Stock Component, which equals the product of the actual weighted average embedded cost to maturity of Preferred Stock then outstanding and the ratio that Preferred Stock is to Total Capital.
- iii. the Return on Equity Component, which equals the product of the PTO's Return on Equity as set in the PTO's RNS open access rate and the ratio that Common Equity is to Total Capital. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the incremental return on equity shall be the product of 1.00% and the ratio of Common Equity to Total Capital.

b. Federal Income Taxes shall equal

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

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 A.2.(a)(ii) and (iii) above, B is Dispatch Center Related Amortization of Investment Tax Credits, as determined in Section II.D. below, C is the Equity AFUDC component of Dispatch Center Depreciation Expense, as defined in Section B., D is Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.H., below, and E is Dispatch Center Investment Base, as determined in A.1., above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the incremental Federal Income Tax shall equal:

$$(A' \times FT) / (1 - FT)$$

Where FT is the Federal Income Tax Rate and A' is the incremental return on equity component, as determined in Section A.2.(a)(iii) above.

c. State Income Taxes shall equal

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

Where ST is the State Income Tax Rate and A is the sum of the Preferred Stock Component and the Return on Equity Component, as determined in Section A.2.(a)(ii), and Section A.2.(a)(iii) above, and Federal Income Tax is the rate determined in Section A.2.(b) above, B is Dispatch Center Amortization of Investment Tax Credits, as determined in Section II.C. below, C is the Equity AFUDC component of Dispatch Center Depreciation Expense, as defined in Section B. below, D is Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes

Regulatory Assets and Liabilities, as defined in Section II.H., below, and E is Dispatch Center Investment Base, as determined in A.1., above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the incremental State Income Tax shall equal:

$$(A' + \text{Federal Income Tax}) * ST / (1 - ST)$$

Where ST is the State Income Tax Rate and A' is the incremental return on equity component, as determined in Section A.2.(a)(iii) above, and Federal Income Tax is the rate determined in Section A.2.(b) above.

B. Dispatch Center Depreciation Expense shall equal the sum of Transmission Depreciation Expense for Dispatch Center Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Dispatch Center Wages and Salaries Allocation Factor, described in Section (A)(1)(b) above.

C. Dispatch Center Related Amortization of Investment Tax Credits shall equal the PTO's Amortization of Investment Tax Credits multiplied by the Dispatch Center Plant Allocation Factor described above.

D. Dispatch Center Related Municipal Tax Expense shall equal the PTO's total Municipal Tax Expense multiplied by the Dispatch Center Plant Allocation Factor described above.

E. Dispatch Center Related Payroll Tax Expense shall equal the PTO's total electric payroll tax expense, multiplied by the Dispatch Center Wages and Salaries Allocation Factor, described above.

F. Dispatch Center Operation and Maintenance Expense shall equal all expenses related to SCADA operation charged to FERC Account Number 561 through 561.4, excluding any ISO and Local Control Center related expenses and any expenses recorded in this Account that were incurred under this OATT or the Local Service Schedules of this OATT as a Transmission Customer.

G. Dispatch Center Related Administrative and General Expenses shall equal the sum of (1) PTO's Administrative and General Expenses multiplied by the Dispatch Center Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Dispatch Center Plant Allocation Factor, and (3)

Expenses included in Account 928 (excluding Merger-Related Costs included in Account 928) related to FERC Assessments multiplied by Dispatch Center Plant Allocation Factor, plus any other Federal and State Dispatch Center related expenses or assessments, plus specific Dispatch Center related expenses included in Account 930.1 plus Transmission Merger-Related Costs multiplied by the Dispatch Center Transmission Plant Allocation Factor.

H. Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes
Regulatory Assets and Liabilities shall equal the Company's expenses and credits as recorded in FERC Account Nos. 410.1 or 411.1 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, multiplied by the Dispatch Center Transmission Plant Allocation Factor.

**APPENDIX B TO SCHEDULE 1 IMPLEMENTATION RULE CENTRAL MAINE POWER
COMPANY LOCAL CONTROL CENTER**

I. DEFINITIONS

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

A. ALLOCATION FACTORS

1. Wages and Salaries Allocation Factor shall equal the ratio of the Local Control Center Direct Wages and Salaries to total direct wages and salaries excluding administrative and general wages and salaries.
2. Local Control Center Wages and Salaries Allocation Factor shall equal the ratio of the Transmission Local Control Center Direct Wages and Salaries to total Local Control Center Direct Wages and Salaries.
3. Local Control Center PTF Allocation Factor shall equal the ratio of the Local Control Center PTF Direct Wages and Salaries to the total Local Control Center Transmission Direct Wages and Salaries.
4. Local Control Center Plant Allocation Factor shall equal the ratio of the Total Investment in Local Control Center Plant to Total Plant in service.

B. TERMS

Administrative and General Expense shall equal the PTO's expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928, and 930.1.

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

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

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

Other Regulatory Assets/Liabilities -FAS 109 shall equal the net of the PTO's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in the PTO's FERC Account No. 254.

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

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

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

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

PTF Local Control Center Direct Wages and Salaries shall equal the PTO's direct wages and salaries related to providing PTF Local Control Center services as recorded in FERC Account No. 561.

Local Control Center Direct Wages and Salaries shall equal the PTO's direct wages and salaries related to providing Local Control Center services as recorded in FERC Account Nos. 556, 561-561.4, and 581.

Local Control Center Operation and Maintenance Expense shall equal the PTO's expenses recorded in FERC Account Nos. 556, 561-561.4, & 581, less any costs included in FERC Account Nos. 561-561.4 that are otherwise recoverable pursuant to Subpart (1) of the Local PTF Transmission Related Scheduling and Dispatch Expense of the rule implementing the Schedule 1 rate surcharge of the OATT.

Local Control Center Plant Depreciation Reserve shall equal the PTO's depreciation reserve balance for Local Control Center Related Plant as recorded in FERC Account No. 108.

Materials and Supplies shall equal the PTO's balance as recorded in FERC Account No. 154.

Local Control Center Related Depreciation Expense shall equal the PTO's depreciation expense for Local Control Center Related Plant as recorded in FERC Account No. 403.

Local Control Center Related Plant shall equal the PTO's gross plant balances used for system control and dispatch purposes as recorded in FERC Account Nos. 303-399. To the extent that such plant includes any amounts recorded as transmission investment in FERC Account Nos. 350-359, such amounts will be excluded for purposes of determining annual transmission revenue requirements pursuant to the billing rule which implements Attachment F of the OATT.

Local Control Center Support Revenues shall equal the revenues received from Local Control Center supporters as recorded in FERC Account Nos. 454 and 456, excluding any revenues received under Schedule 1 of the OATT or the PTO's Local Service Schedule.

Total Accumulated Deferred Income Taxes shall equal the net of the deferred tax balances as recorded in FERC Account Nos. 281-283 and 190.

Total Loss on Reacquired Debt shall equal the PTO's balance as recorded in FERC Account No. 189.

Total Municipal Tax Expense shall equal the PTO's municipal tax expenses as recorded in FERC Account Nos. 408.1 and 409.1.

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

Transmission Local Control Center Direct Wages and Salaries shall equal the PTO's direct wages and salaries related to providing Local Control Center services as recorded in FERC Account No. 561-561.4.

II. CALCULATION OF TOTAL LOCAL CONTROL CENTER REVENUE REQUIREMENTS

The Local Control Center Revenue Requirements based on data for calendar year 2004 or later shall include an Incremental Return and Associated Income Taxes on Central Maine's local control center investments included in the Regional System Plan and placed in service on or after January 1, 2004 (such investments referred to herein as "Post-2003 Investment"). The Incremental Return and Associated Income Taxes for Post-2003 Investment shall reflect a surcharge of a 100 basis point ROE adder applicable to certain investment base components as specified in the formula below. The data used in determining the Incremental Return and Associated Income Taxes for Post-2003 Investment shall be based on actual data in lieu of allocated data if specifically identified in Central Maine's accounting records.

The Local Control Center Revenue Requirement shall equal the sum of the Local Control Center related (A) Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 Investment), (B) Depreciation Expense, (C) Amortization of Loss on Reacquired Debt, (D) Amortization of Investment Tax Credits, (E) Municipal Tax Expense, (F) Payroll Tax Expense, (G) Operations and Maintenance Expense, (H) Administrative and General, minus (I) Support Revenues.

The Incremental Return and Associated Income Taxes for Post-2003 Investment shall be calculated using the investment base components specifically identified in Section A.1. of the formula below.

A. Return and Associated Income Taxes shall equal the product of the Local Control Center Investment Base and the Cost of Capital Rate reflected in the PTO's Attachment F formula of the OATT. To calculate the Incremental Return and Associated Income Taxes for Post 2003 Investment, Local Control Center Investment Base shall only include Sections II.A.1.(a), (b), and (c), in the manner indicated.

1. Local Control Center Investment Base

The Local Control Center Investment Base will be the year end balances of Local Control Center related: (a) Plant, plus (b) Plant Held for Future Use, less (c) Depreciation Reserve, less (d) Accumulated Deferred Taxes, plus (e) Loss on Reacquired Debt, plus (f) Other Regulatory Assets/Liabilities, plus (g) prepayments, plus (h) Materials and Supplies, plus (i) Cash Working Capital.

(a) Local Control Center Related Plant shall equal the balance of the PTO's Investment in Local Control Center Plant. In order to calculate the Incremental Return and Associated

Income Taxes for Post-2003 Investment, Post 2003 Local Control Center Plant shall be separately identified.

- (b) Local Control Center Related Plant Held for Future Use shall equal the balance of Plant Held for Future Use multiplied by the Local Control Center Plant Allocation Factor.
- (c) Local Control Center Related Depreciation Reserve shall equal the Depreciation Reserve for the PTO's investment in Local Control Center plant. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, Local Control Center Depreciation Reserve shall equal the Depreciation Reserve for the PTO's Local Control Center Plant identified in (a) above.
- (d) Local Control Center Related Accumulated Deferred Taxes shall equal the PTO's electric balance of Accumulated Deferred Income Taxes multiplied by the Local Control Center Plant Allocation Factor. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, Local Control Center Accumulated Deferred Taxes shall equal the PTO's balance of total property related accumulated deferred income taxes recorded in FERC account 281 and 282 multiplied by the Local Control Center Plant Allocation Factor and further multiplied by the ratio of Post-2003 Investment to Total Local Control Center Related Plant.
- (e) Local Control Center Related Loss on Reacquired Debt shall equal the PTO's electric balance of Total Loss on Reacquired Debt multiplied by the Local Control Center Plant Allocation Factor.
- (f) Local Control Center Related Other Regulatory Assets/Liabilities shall equal the PTO's electric balance of any deferred recovery of FAS 106 expenses multiplied by the Local Control Center Wages and Salaries Allocation Factor, plus the PTO's electric balance of FAS 109 multiplied by the Local Control Center Plant Allocation Factor.
- (g) Local Control Center Related Prepayments shall equal the PTO's electric balance of prepayments multiplied by the Local Control Center Plant Allocation Factor.

- (h) Local Control Center Related Materials and Supplies shall equal the PTO's electric balance of Plant Materials and Supplies, multiplied by the Local Control Center Plant Allocation Factor.
- (i) Local Control Center Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Local Control Center Operation and Maintenance Expense, Local Control Center Related Administrative and General Expense.

2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the PTO'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),(ii), and (iii) below. The Cost of Capital Rate to be used in calculating the Incremental Return and Associated Income Taxes for Post-2003 Investment shall only reflect item (iii) below and shall apply in the manner indicated below
- (b) the long-term debt component, which equals the product of the actual weighted average embedded cost to maturity of the PTO's long-term debt then outstanding and the ratio that long-term debt is to the PTO's total capital.
- (c) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of the PTO's preferred stock then outstanding and the ratio that preferred stock is to the PTO's total capital.
- (d) the return on equity component, which equals the product of the PTO's Return on Equity as set in the PTO's RNS open access rate and the ratio that common equity is to the PTO's total capital. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, the incremental return on equity shall be the product of Central Maine's incremental return on equity of 1.0% and the ratio that common equity is to the PTO's total capital.

(e) Federal Income Tax shall equal

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

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 the Amortization of Investment Tax Credits as determined in Section II.D. below, C is the equity AFUDC component of Local Control Center Depreciation Expense, as defined in II.B., and D is Local Control Center Investment Base, as determined in II.A.1., above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, the incremental Federal Income Tax shall equal

$$\frac{(A' \times FT)}{(1 - FT)}$$

where FT is the Federal Income Tax Rate and A' is the incremental return on equity component, as determined in Section II.A.2.(a)(iii) above.

(f) State Income Tax shall equal

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

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 Local Control Center Depreciation Expense, as defined in II.B., D is the Local Control Center Investment Base, as determined in II.A.1., above and Federal Income Tax is the rate determined in Section II.A.1.(b) above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, the incremental State Income Tax shall equal

$$\frac{(A' + \text{Federal Income Tax})(ST)}{(1 - ST)}$$

where ST is the State Income Tax Rate, A' is the incremental return on equity component determined in Section II.A.2.(a)(iii) above, and Federal Income Tax is the rate determined in Section II.A.2.(b) above.

- B. Local Control Center Depreciation Expense shall equal the Local Control Center Plant Depreciation Expense and Accumulated Amortization.
- C. Local Control Center Related Amortization of Loss on Reacquired Debt shall equal the PTO's electric balance of Loss on Reacquired Debt multiplied by the Local Control Center Plant Allocation Factor.
- D. Local Control Center Related Amortization of Investment Tax Credits shall equal the PTO's electric Amortization of Investment Tax Credits multiplied by the Local Control Center Plant Allocation Factor.
- E. Local Control Center Related Municipal Tax Expense shall equal the PTO's total electric municipal tax expense multiplied by the Local Control Center Plant Allocation Factor.
- F. Local Control Center Related Payroll Tax Expense shall equal the PTO's total electric payroll tax expense, multiplied by the Wages and Salaries Allocation Factor.
- G. Local Control Center Operation and Maintenance Expense shall equal the PTO's Operation and Maintenance Expenses recorded in FERC Account Nos. 556, 561-561.4, and 581, less any costs included in FERC Account Nos. 561-561.4 that are otherwise recoverable pursuant to Subpart (1) of Local PTF Transmission Related Scheduling and Dispatch Expense of the rule implementing the Schedule 1 rate surcharge of the OATT.
- H. Local Control Center Related Administrative and General Expenses shall equal the sum of (1) PTO's Administrative and General Expenses multiplied by the Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Local Control Center Plant Allocation Factor, and (3) Expenses included in Account 928 related to FERC Assessments multiplied by the Local Control Center Plant Allocation Factor, plus any other Federal and State Local Control Center related expenses or assessments, plus specific Local Control Center related expenses included in Account 930.1.

- I. Transmission Support Revenues shall equal the PTO's revenue received for providing system control and dispatch service.

III. CALCULATION OF LOCAL CONTROL CENTER TRANSMISSION REVENUE REQUIREMENTS

The Total Local Control Center Revenue Requirements derived in Section II. above are further multiplied by the Local Control Center Wages and Salaries Allocation Factor defined in Section I. A. 2. above to determine the transmission related revenue requirement, and further multiplied by the Local Control Center PTF Allocation Factor defined in Section I. A. 3. above, to determine the PTF Transmission related revenue requirements to be included in Schedule I of the OATT.

APPENDIX C TO SCHEDULE 1 IMPLEMENTATION RULE

CL&P DISPATCH CENTER REVENUE REQUIREMENT

This appendix calculates the CL&P Dispatch Center Revenue Requirement for use in calculating part (4) of the Local PTF Transmission-Related Scheduling and Dispatch expenses in the Schedule 1 Implementation Rule. 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 II.1 of the OATT and as used in this appendix 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.

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 June 1, 2008 through May 31, 2009, 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. "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 Appendix C.

- 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.

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:

AxBxC

where: A = Dispatch Center Investment Base

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

$C = TC/(1-TE)$, 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. 411.1.
- 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.

APPENDIX D TO SCHEDULE 1 IMPLEMENTATION RULE

ADIT Worksheet

Company Name

Annual Transmission Revenue Requirements (ATTR)

(Excess)/Deficient ADIT Worksheet

For costs in 20__

Input Cells are Shaded Yellow

Line No.	Description (c)	FERC Account No. (c)	(A) (B) (C) (D) = (A) + (B) + (C)				(E) (F)		(G)	(H)	(I)	(J)
			20__ Year End Unamortized (Excess)/Deficient ADIT				Amortization Periods (g)		Amortization Expense (d)			
			Protected	Unprotected	Gross-Up (i)	12/31/__ Balance	Protected	Unprotected	Protected	Unprotected	Gross-Up (i)	Protected
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 2 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 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		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 balances will be amortized over 10 years.
MEPCO	ARAM	10	For MEPCO, unprotected deficient(excess) ADIT balances will be amortized over 10 years.
NEP	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 for pension and other post-retirement benefits and over 5 years for all other amounts
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.

SCHEDULE 1

SCHEDULING, SYSTEM CONTROL AND DISPATCH SERVICE

Scheduling, System Control and Dispatch Service is the service required to schedule at the regional level the movement of power through, out of, within, or into the New England Control Area. Local level service is provided by the PTOs under Schedule 21 to this OATT. For transmission service under this OATT, this Ancillary Service can be provided only by the ISO and the Transmission Customer must purchase this service from the ISO. Charges for Scheduling, System Control and Dispatch Service are to be based on the expenses incurred by the ISO, and by the individual PTOs in the operation of Local Control Center dispatch centers or otherwise, to provide these services. The expenses incurred by the ISO in providing these services recovered under Section IV of the OATT. A surcharge for the expenses incurred by PTOs in the provision of these services for transmission service over the PTF will be added to the Through or Out Service rate and to the Regional Network Service rate. Any Scheduling, System Control and Dispatch Service expenses for the provisions of these services for MTF Service shall be determined separately and assessed to Transmission Customers receiving MTF Service, in accordance with the arrangements between the Transmission Customers receiving MTF Service and the MTF Provider.

The expenses incurred in providing Scheduling, System Control and Dispatch Service for transmission service over the PTF for each PTO will be determined by an annual calculation based on the previous calendar year's data as shown, in the case of PTOs which are subject to the Commission's jurisdiction, in the PTO's FERC Form 1 report for that year, and shall be based on actual data in lieu of allocated data if specifically identified in the Form 1 report. The surcharge shall be redetermined annually as of June 1 in each year and shall be in effect for the succeeding twelve (12) months. The rate surcharge per kilowatt for each month is one-twelfth of the amount derived by dividing the total annual PTO expenses for providing the service by the sum of the average of the coincident Monthly Peaks (as defined in Section II.21.2) of all Local Networks for the prior calendar year.

Each Transmission Customer which is obligated to pay the rate for Regional Network Service for a month shall pay the surcharge on the basis of the number of kilowatts of its Monthly Network Load (as defined in Section II.21.2 of this OATT) for the month. Each Transmission Customer which is obligated to pay the rate for Through or Out Service for the applicable period shall pay the surcharge on the basis of the

highest amount of its Reserved Capacity for each transaction scheduled as Through or Out Service for such period.

The details for implementation of Schedule 1 for transmission service over the PTF shall be established in accordance with the Implementation Rule for Schedule 1 attached to this OATT.

SCHEDULE 1 IMPLEMENTATION RULE

This rule provides detail with respect to the calculation of the rate surcharge each year for Scheduling, System Control and Dispatch Service, which is defined in the OATT as the service required to schedule the movement of power through, out of, within, or into the New England Control Area over Pool Transmission Facilities (“PTF”). This service also includes the dispatch and security analysis of the system. Scheduling, System Control and Dispatch Service for transmission service over transmission facilities other than PTF is provided under Schedule 21 of the OATT. For transmission service under the OATT, this Ancillary Service will be provided by the ISO, and rates collected under Schedule 1 are based on expenses incurred by the Local Control Centers, and the PTOs (as described herein) in providing the necessary elements of this service to the ISO. All of the costs of the ISO for the provision of service under Schedule 1 will be recovered under Section IV of the Transmission, Markets and Services Tariff. Schedule 1 of the OATT is for collection only of the revenue requirements for Local Control Centers and PTOs for System Control and Dispatch Service. Any Transmission Customer taking Regional Network Service or Through or Out Service shall be subject to the rate surcharge calculated under Schedule 1 of the OATT as described in more detail in this rule below.

The PTOs shall make an annual informational filing on or before July 31 of each year showing the Schedule 1 rate surcharge to be utilized by the ISO in the billing of Schedule 1 Ancillary Service that will be in effect for the period beginning June 1 of that year through May 31 of the subsequent year. If there are any corrections made to the information reflected in the informational filing after it has been submitted, the PTOs would file corrections to the informational filing. At least thirty (30) days before the informational filing is made with the Commission, the PTOs shall make available to Transmission Customers and any other interested parties a draft of the proposed filing for review and comment prior to the filing by posting such draft on the RTO NE website. The filing of the informational filing does not reopen the formula rate set forth below for review, but rather is contestable only with respect to the accuracy of the information contained in the informational filing. The ISO shall have the discretion to conduct audits of such charges, with advisory Stakeholder input on the scope of audit, including on any

agreed-upon procedures to be used by the auditor. In this provision, the term “agreed-upon procedures” shall have the meaning afforded to it by the American Institute of Certified Public Accountants.

I. DEFINITIONS

Capitalized terms used in this rule that are not defined in the Tariff have the following definitions:

Scheduling and Dispatch Surcharge Rate shall equal the rate surcharge that is determined for the applicable period beginning on June 1, 1999, in accordance with Section II of this rule below.

PTF Transmission-Related Local Control Center Scheduling and Dispatch Expense shall equal the PTF transmission related expenses incurred by the PTO from REMVEC II, CONVEX/ESCC, and the Maine Local Control Center as recorded in each PTO’s FERC Form 1, Account Nos. 561-561.4, excluding any charges recorded in this account that were incurred under the OATT or Schedule 21 of the OATT. The expenses shall be net of any revenues, as reflected in FERC Account No. 456, received by the PTO for providing scheduling and dispatch services, excluding any revenues recorded in this account that were received as a result of charges under the OATT.

REMVEC II is a Local Control Center of the ISO providing security analysis of PTF.

Local PTF Transmission-Related Scheduling and Dispatch Expense shall equal the sum of (1) each PTO’s expenses as recorded in FERC Account Nos. 561-561.4, excluding any ISO and Local Control Center related expenses and any expenses recorded in these accounts, that were incurred under this OATT or the Schedule 21 of this OATT of each PTO as a Transmission Customer, multiplied by the PTF Transmission Plant Allocator, (2) NSTAR Electric Company (East) SCADA-related expenses as calculated in accordance with Appendix A of this Rule, (3) the Central Maine Power Company Local Control Center revenue requirements as calculated in accordance with Appendix B of this Rule, and (4) the CL&P Dispatch Center Revenue Requirement as calculated in accordance with Appendix C of the Rule.

PTF Transmission Plant Allocation Factor is the factor for allocating transmission costs and expenses between PTF and Non-PTF as determined for the applicable period pursuant to Attachment F of the OATT.

II. CALCULATION OF THE SCHEDULING AND DISPATCH SURCHARGE

A. Surcharge for Regional Network Service Customers

For Network Customers, the scheduling and dispatch surcharge for Regional Network Service shall equal the Network Customer's Regional Monthly Network Load, as defined in Section II.21.2 of the OATT, multiplied by the Monthly Scheduling and Dispatch Surcharge Rate as determined in accordance with Section II.C below.

B. Surcharge for Through or Out Customers

For Through or Out Service Customers, the Scheduling and Dispatch Surcharge shall equal the Transmission Customer's Reserved Capacity for each transaction scheduled for the month multiplied by the applicable Monthly or Hourly Scheduling and Dispatch Surcharge Rate, as determined in accordance with Section II.C below.

C. Scheduling and Dispatch Surcharge Rate

The Scheduling and Dispatch Surcharge Rate will be the surcharge rate in effect from time to time for the applicable period, determined pursuant to the formula described below based on the prior calendar year's data. The Scheduling and Dispatch Surcharge Rate shall be redetermined each year, with the new Surcharge Rate going into effect on June 1 of each year, and be effective for the succeeding twelve months.

In the case of PTOs which are subject to the Commission's jurisdiction, the data used shall be as identified in the PTO's FERC Form 1 report for that year, and shall be based on actual data in lieu of allocated data if specifically identified in the FERC Form 1. When FERC Form 1 data is not the direct source of the data used in the formula, the worksheets used to develop the inputs will reflect Appendix A, Appendix B, and Appendix C of this Rule.

The Scheduling and Dispatch Surcharge Rate shall be equal to the sum of (1) PTF Transmission-Related Local Control Center Scheduling and Dispatch Expense, (2) Local PTF Transmission Related Scheduling and Dispatch Expense, (3) less Schedule 1 revenues from the prior year surcharges for Short-Term Point-To-Point Transactions, and divided by the annual average of the sum of all Regional Network Customers Monthly Peak Load, as defined in Section II.21.2 of the OATT, from the prior calendar year plus the Long-Term Firm Point-To-Point Service Reserved Capacity, from the prior calendar year.

The Monthly Scheduling and Dispatch Surcharge Rate shall equal one-twelfth of the Scheduling and Dispatch Surcharge Rate.

The Hourly Scheduling and Dispatch Surcharge Rate shall be the annual rate divided by 8760.

APPENDIX A TO SCHEDULE 1 IMPLEMENTATION RULE

NSTAR ELECTRIC COMPANY (EAST) SCADA

This service is required to schedule the movement of power through, out of, within, or into the New England Control Area over Pool Transmission Facilities (PTF). Service under this schedule represents the contribution to that service provided by the PTO's own Dispatch Center, commonly referred to as SCADA. These costs are excluded from costs in Attachment F.

The PTF Revenue Requirement for the scheduling, system control and dispatch service that is based on data for the calendar year 2004 or later shall include an allocated PTF-related amount of Incremental Return and Associated Income Taxes on SCADA-related transmission plant investments included in the Regional System Plan and placed in-service on or after January 1, 2004 (such investments referred to herein as "Post-2003 Dispatch Center Investment"). The Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment shall reflect a surcharge of a 100 basis point ROE adder applicable to certain investment base components as specified in the formula below. The data used in determining the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment shall be based on actual data in lieu of allocated data if specifically identified in NSTAR Electric's (East) accounting records.

Definitions: Dispatch Center Wages and Salaries Allocation Factor: Ratio of Dispatch Center Related Direct Wages and Salaries to NSTAR Electric's (East) total Direct Wages and Salaries excluding Administrative and General Wages and Salaries.

Dispatch Center Plant Allocation Factor: Ratio of Total Investment in Dispatch Center Plant plus Dispatch Center Related General Plant, to Total Plant in service.

Dispatch Center Transmission Plant Allocation Factor: Ratio of Total Investment in Dispatch Center Plant plus Dispatch Center Related General Plant, to Total Investment in Transmission Plant.

ADIT Worksheet shall mean the worksheet set forth in Appendix D to Schedule 1 Implementation Rule.

The PTF Revenue Requirement for the Scheduling System Control and Dispatch Service shall equal the sum of the PTO's: (A) Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment), (B) Dispatch Center Depreciation Expense, (C) Dispatch Center Related Amortization of Investment Tax Credits, (D) Dispatch Center Related Municipal Tax Expense, (E) Dispatch Center Related Payroll Tax Expense (F) Dispatch Center Operation and Maintenance Expense, ~~and~~ (G) Dispatch Center Related Administrative and General Expense, and (H) Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities; multiplied by the PTF Transmission Plant Allocation Factor.

The Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment shall be calculated using the Dispatch Center investment base components specifically identified in Section A.1 of the formula below.

A. Return and Associated Income Taxes shall equal the product of the Dispatch Center Investment Base and the Cost of Capital Rate. To calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the Dispatch Center Investment Base will only include items (a), (d) and (e) under Section (A)(1), calculated in the manner indicated.

1. **The Dispatch Center Investment Base** will consist of (a) Dispatch Center Plant in FERC accounts 350-359, plus (b) Dispatch Center Related General Plant, plus (c) Dispatch Center Plant Held for Future Use, less (d) Dispatch Center Related Depreciation Reserve, less (e) Dispatch Center Related Accumulated Deferred Taxes, plus or minus (f) Other Regulatory Assets/Liabilities, plus (g) Dispatch Center Prepayments, plus (h) Dispatch Center Materials and Supplies, plus (i) Dispatch Center Related Cash Working Capital.

- a. Dispatch Center Plant will equal the year-end balance of the PTO's Investment in Dispatch Center per FERC accounts 350 through 359. Dispatch Center Plant Investment is not included in PTF investment in the Attachment F revenue requirement. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, Post-2003 Dispatch Center Plant shall be separately identified.
- b. Dispatch Center Related General Plant shall equal the PTO's year-end balance of Investment in General Plant multiplied by the Dispatch Center Wages and Salaries Allocation Factor described above.

- c. Dispatch Center Plant Held for Future Use shall equal the year-end balance of Transmission related Dispatch Center Investment in FERC account 105.
- d. Dispatch Center Related Depreciation Reserve shall equal the year-end balance of Transmission Dispatch Center Depreciation Reserve, plus the year-end balance of Dispatch Center Related General Depreciation Reserve. Dispatch Center Related General Plant Depreciation Reserve shall equal the product of General Plant Depreciation Reserve and the Dispatch Center Wages and Salaries Allocation Factor described above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, Dispatch Center Depreciation Reserve associated with the Post-2003 Dispatch Center Investment, shall equal the balance of the Dispatch Center Depreciation Reserve multiplied by the ratio of Post-2003 Dispatch Center Plant to total investment in Dispatch Center Plant.
- e. Dispatch Center Related Accumulated Deferred Taxes shall equal the year-end balance of Total Accumulated Deferred Income Taxes, multiplied by the Dispatch Center Plant Allocation Factor described above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, Total Accumulated Deferred Income Taxes associated with the Post-2003 Dispatch Center Investment, shall equal the balance of total property-related accumulated deferred income taxes as recorded in FERC Accounts 281 and 282, multiplied by the Dispatch Center Plant Allocation Factor, further multiplied by the ratio of the Post-2003 Dispatch Center Plant to total investment in Dispatch Center Plant.
- f. Other Regulatory Assets/Liabilities shall equal the year-end balance of FAS 106 multiplied by the Dispatch Center Wages and Salaries Allocation Factor described in Section (A) (2) (b) above and the year-end balance of FAS 109, net of FAS 109 liability, multiplied by the Dispatch Center Plant Allocation Factor ~~described in above.~~, plus or minus Dispatch Center Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities in FERC Account Nos. 182.3 and 254 as a result of changes in Federal, State, or Local income tax rates, as calculated in the ADIT Worksheet, multiplied by the Dispatch Center Transmission Plant Allocation Factor.

- g. Dispatch Center Prepayments shall equal the year-end balance of Prepayments multiplied by the Dispatch Center Wages and Salaries Allocation Factor described above.
 - h. Dispatch Center Materials and Supplies shall equal the year-end balance of Transmission Plant Materials and Supplies multiplied times the Dispatch Center Plant Allocation Factor described above.
 - i. Dispatch Center Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Dispatch Center Transmission Related Operation and Maintenance Expense and Dispatch Center Transmission Related Administrative and General Expense.
 2. The Cost of Capital Rate shall equal (a) the Weighted Cost of Capital, plus (b) Federal Income Taxes, plus (c) State Income Taxes.
 - a. the Weighted Cost of Capital will be calculated based upon the PTO'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 actual weighted average embedded cost to maturity of Long Term Debt then outstanding and the ratio that Long-Term Debt is to Total Capital.
- ii. the Preferred Stock Component, which equals the product of the actual weighted average embedded cost to maturity of Preferred Stock then outstanding and the ratio that Preferred Stock is to Total Capital.
- iii. the Return on Equity Component, which equals the product of the PTO's Return on Equity as set in the PTO's RNS open access rate and the ratio that Common Equity is to Total Capital. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the incremental return on equity shall be the product of 1.00% and the ratio of Common Equity to Total Capital.

b. Federal Income Taxes shall equal

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

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 A.2.(a)(ii) and (iii) above, B is Dispatch Center Related Amortization of Investment Tax Credits, as determined in Section II.D. below, C is the Equity AFUDC component of Dispatch Center Depreciation Expense, as defined in Section B., and D is Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes Regulatory Assets and Liabilities, as defined in Section II.H., below, and E is Dispatch Center Investment Base, as determined in A.1., above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the incremental Federal Income Tax shall equal:

$$(A' * FT) / (1 - FT)$$

Where FT is the Federal Income Tax Rate and A' is the incremental return on equity component, as determined in Section A.2.(a)(iii) above.

c. State Income Taxes shall equal

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

Where ST is the State Income Tax Rate and A is the sum of the Preferred Stock Component and the Return on Equity Component, as determined in Section A.2.(a)(ii), and Section A.2.(a)(iii) above, and Federal Income Tax is the rate determined in Section A.2.(b) above, B is Dispatch Center Amortization of Investment Tax Credits, as determined in Section II.C. below, C is the Equity AFUDC component of Dispatch Center Depreciation Expense, as defined in Section B. below, D is Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes

Regulatory Assets and Liabilities, as defined in Section II.H., below, and E is Dispatch Center Investment Base, as determined in A.1., above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Dispatch Center Investment, the incremental State Income Tax shall equal:—

$$(A' + \text{Federal Income Tax}) * ST / (1 - ST)$$

Where ST is the State Income Tax Rate and A' is the incremental return on equity component, as determined in Section A.2.(a)(iii) above, and Federal Income Tax is the rate determined in Section A.2.(b) above.

B. Dispatch Center Depreciation Expense shall equal the sum of Transmission Depreciation Expense for Dispatch Center Plant, plus an allocation of General Plant Depreciation Expense calculated by multiplying General Plant Depreciation Expense by the Dispatch Center Wages and Salaries Allocation Factor, described in Section (A)(1)(b) above.

C. Dispatch Center Related Amortization of Investment Tax Credits shall equal the PTO's Amortization of Investment Tax Credits multiplied by the Dispatch Center Plant Allocation Factor described above.

D. Dispatch Center Related Municipal Tax Expense shall equal the PTO's total Municipal Tax Expense multiplied by the Dispatch Center Plant Allocation Factor described above.

E. Dispatch Center Related Payroll Tax Expense shall equal the PTO's total electric payroll tax expense, multiplied by the Dispatch Center Wages and Salaries Allocation Factor, described above.

F. Dispatch Center Operation and Maintenance Expense shall equal all expenses related to SCADA operation charged to FERC Account Number 561 through 561.4, excluding any ISO and Local Control Center related expenses and any expenses recorded in this Account that were incurred under this OATT or the Local Service Schedules of this OATT as a Transmission Customer.

G. Dispatch Center Related Administrative and General Expenses shall equal the sum of (1) PTO's Administrative and General Expenses multiplied by the Dispatch Center Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Dispatch Center Plant Allocation Factor, and (3)

Expenses included in Account 928 (excluding Merger-Related Costs included in Account 928) related to FERC Assessments multiplied by Dispatch Center Plant Allocation Factor, plus any other Federal and State Dispatch Center related expenses or assessments, plus specific Dispatch Center related expenses included in Account 930.1 plus Transmission Merger-Related Costs multiplied by the Dispatch Center Transmission Plant Allocation Factor.

H. Dispatch Center Amortization of Deficient or Excess Accumulated Deferred Income Taxes
Regulatory Assets and Liabilities shall equal the Company's expenses and credits as recorded in FERC
Account Nos. 410.1 or 411.1 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, multiplied by
the Dispatch Center Transmission Plant Allocation Factor.

**APPENDIX B TO SCHEDULE 1 IMPLEMENTATION RULE CENTRAL MAINE POWER
COMPANY LOCAL CONTROL CENTER**

I. DEFINITIONS

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

A. ALLOCATION FACTORS

1. Wages and Salaries Allocation Factor shall equal the ratio of the Local Control Center Direct Wages and Salaries to total direct wages and salaries excluding administrative and general wages and salaries.
2. Local Control Center Wages and Salaries Allocation Factor shall equal the ratio of the Transmission Local Control Center Direct Wages and Salaries to total Local Control Center Direct Wages and Salaries.
3. Local Control Center PTF Allocation Factor shall equal the ratio of the Local Control Center PTF Direct Wages and Salaries to the total Local Control Center Transmission Direct Wages and Salaries.
4. Local Control Center Plant Allocation Factor shall equal the ratio of the Total Investment in Local Control Center Plant to Total Plant in service.

B. TERMS

Administrative and General Expense shall equal the PTO's expenses as recorded in FERC Account Nos. 920-935, excluding FERC Account Nos. 924, 928, and 930.1.

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

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

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

Other Regulatory Assets/Liabilities -FAS 109 shall equal the net of the PTO's FAS 109 balance in FERC Account No. 182.3 and any FAS 109 balance as recorded in the PTO's FERC Account No. 254.

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

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

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

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

PTF Local Control Center Direct Wages and Salaries shall equal the PTO's direct wages and salaries related to providing PTF Local Control Center services as recorded in FERC Account No. 561.

Local Control Center Direct Wages and Salaries shall equal the PTO's direct wages and salaries related to providing Local Control Center services as recorded in FERC Account Nos. 556, 561-561.4, and 581.

Local Control Center Operation and Maintenance Expense shall equal the PTO's expenses recorded in FERC Account Nos. 556, 561-561.4, & 581, less any costs included in FERC Account Nos. 561-561.4 that are otherwise recoverable pursuant to Subpart (1) of the Local PTF Transmission Related Scheduling and Dispatch Expense of the rule implementing the Schedule 1 rate surcharge of the OATT.

Local Control Center Plant Depreciation Reserve shall equal the PTO's depreciation reserve balance for Local Control Center Related Plant as recorded in FERC Account No. 108.

Materials and Supplies shall equal the PTO's balance as recorded in FERC Account No. 154.

Local Control Center Related Depreciation Expense shall equal the PTO's depreciation expense for Local Control Center Related Plant as recorded in FERC Account No. 403.

Local Control Center Related Plant shall equal the PTO's gross plant balances used for system control and dispatch purposes as recorded in FERC Account Nos. 303-399. To the extent that such plant includes any amounts recorded as transmission investment in FERC Account Nos. 350-359, such amounts will be excluded for purposes of determining annual transmission revenue requirements pursuant to the billing rule which implements Attachment F of the OATT.

Local Control Center Support Revenues shall equal the revenues received from Local Control Center supporters as recorded in FERC Account Nos. 454 and 456, excluding any revenues received under Schedule 1 of the OATT or the PTO's Local Service Schedule.

Total Accumulated Deferred Income Taxes shall equal the net of the deferred tax balances as recorded in FERC Account Nos. 281-283 and 190.

Total Loss on Reacquired Debt shall equal the PTO's balance as recorded in FERC Account No. 189.

Total Municipal Tax Expense shall equal the PTO's municipal tax expenses as recorded in FERC Account Nos. 408.1 and 409.1.

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

Transmission Local Control Center Direct Wages and Salaries shall equal the PTO's direct wages and salaries related to providing Local Control Center services as recorded in FERC Account No. 561-561.4.

II. CALCULATION OF TOTAL LOCAL CONTROL CENTER REVENUE REQUIREMENTS

The Local Control Center Revenue Requirements based on data for calendar year 2004 or later shall include an Incremental Return and Associated Income Taxes on Central Maine's local control center investments included in the Regional System Plan and placed in service on or after January 1, 2004 (such investments referred to herein as "Post-2003 Investment"). The Incremental Return and Associated Income Taxes for Post-2003 Investment shall reflect a surcharge of a 100 basis point ROE adder applicable to certain investment base components as specified in the formula below. The data used in determining the Incremental Return and Associated Income Taxes for Post-2003 Investment shall be based on actual data in lieu of allocated data if specifically identified in Central Maine's accounting records.

The Local Control Center Revenue Requirement shall equal the sum of the Local Control Center related (A) Return and Associated Income Taxes (including the Incremental Return and Associated Income Taxes for Post-2003 Investment), (B) Depreciation Expense, (C) Amortization of Loss on Reacquired Debt, (D) Amortization of Investment Tax Credits, (E) Municipal Tax Expense, (F) Payroll Tax Expense, (G) Operations and Maintenance Expense, (H) Administrative and General, minus (I) Support Revenues.

The Incremental Return and Associated Income Taxes for Post-2003 Investment shall be calculated using the investment base components specifically identified in Section A.1. of the formula below.

A. Return and Associated Income Taxes shall equal the product of the Local Control Center Investment Base and the Cost of Capital Rate reflected in the PTO's Attachment F formula of the OATT. To calculate the Incremental Return and Associated Income Taxes for Post 2003 Investment, Local Control Center Investment Base shall only include Sections II.A.1.(a), (b), and (c), in the manner indicated.

1. Local Control Center Investment Base

The Local Control Center Investment Base will be the year end balances of Local Control Center related: (a) Plant, plus (b) Plant Held for Future Use, less (c) Depreciation Reserve, less (d) Accumulated Deferred Taxes, plus (e) Loss on Reacquired Debt, plus (f) Other Regulatory Assets/Liabilities, plus (g) prepayments, plus (h) Materials and Supplies, plus (i) Cash Working Capital.

(a) Local Control Center Related Plant shall equal the balance of the PTO's Investment in Local Control Center Plant. In order to calculate the Incremental Return and Associated

Income Taxes for Post-2003 Investment, Post 2003 Local Control Center Plant shall be separately identified.

- (b) Local Control Center Related Plant Held for Future Use shall equal the balance of Plant Held for Future Use multiplied by the Local Control Center Plant Allocation Factor.
- (c) Local Control Center Related Depreciation Reserve shall equal the Depreciation Reserve for the PTO's investment in Local Control Center plant. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, Local Control Center Depreciation Reserve shall equal the Depreciation Reserve for the PTO's Local Control Center Plant identified in (a) above.
- (d) Local Control Center Related Accumulated Deferred Taxes shall equal the PTO's electric balance of Accumulated Deferred Income Taxes multiplied by the Local Control Center Plant Allocation Factor. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, Local Control Center Accumulated Deferred Taxes shall equal the PTO's balance of total property related accumulated deferred income taxes recorded in FERC account 281 and 282 multiplied by the Local Control Center Plant Allocation Factor and further multiplied by the ratio of Post-2003 Investment to Total Local Control Center Related Plant.
- (e) Local Control Center Related Loss on Reacquired Debt shall equal the PTO's electric balance of Total Loss on Reacquired Debt multiplied by the Local Control Center Plant Allocation Factor.
- (f) Local Control Center Related Other Regulatory Assets/Liabilities shall equal the PTO's electric balance of any deferred recovery of FAS 106 expenses multiplied by the Local Control Center Wages and Salaries Allocation Factor, plus the PTO's electric balance of FAS 109 multiplied by the Local Control Center Plant Allocation Factor.
- (g) Local Control Center Related Prepayments shall equal the PTO's electric balance of prepayments multiplied by the Local Control Center Plant Allocation Factor.

- (h) Local Control Center Related Materials and Supplies shall equal the PTO's electric balance of Plant Materials and Supplies, multiplied by the Local Control Center Plant Allocation Factor.
- (i) Local Control Center Related Cash Working Capital shall be a 12.5% allowance (45 days/360 days) of Local Control Center Operation and Maintenance Expense, Local Control Center Related Administrative and General Expense.

2. Cost of Capital Rate

The Cost of Capital Rate will equal (a) the PTO'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),(ii), and (iii) below. The Cost of Capital Rate to be used in calculating the Incremental Return and Associated Income Taxes for Post-2003 Investment shall only reflect item (iii) below and shall apply in the manner indicated below
- (b) the long-term debt component, which equals the product of the actual weighted average embedded cost to maturity of the PTO's long-term debt then outstanding and the ratio that long-term debt is to the PTO's total capital.
- (c) the preferred stock component, which equals the product of the actual weighted average embedded cost to maturity of the PTO's preferred stock then outstanding and the ratio that preferred stock is to the PTO's total capital.
- (d) the return on equity component, which equals the product of the PTO's Return on Equity as set in the PTO's RNS open access rate and the ratio that common equity is to the PTO's total capital. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, the incremental return on equity shall be the product of Central Maine's incremental return on equity of 1.0% and the ratio that common equity is to the PTO's total capital.

(e) Federal Income Tax shall equal

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

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 the Amortization of Investment Tax Credits as determined in Section II.D. below, C is the equity AFUDC component of Local Control Center Depreciation Expense, as defined in II.B., and D is Local Control Center Investment Base, as determined in II.A.1., above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, the incremental Federal Income Tax shall equal

$$\frac{(A' \times FT)}{(1 - FT)}$$

where FT is the Federal Income Tax Rate and A' is the incremental return on equity component, as determined in Section II.A.2.(a)(iii) above.

(f) State Income Tax shall equal

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

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 Local Control Center Depreciation Expense, as defined in II.B., D is the Local Control Center Investment Base, as determined in II.A.1., above and Federal Income Tax is the rate determined in Section II.A.1.(b) above. In order to calculate the Incremental Return and Associated Income Taxes for Post-2003 Investment, the incremental State Income Tax shall equal

$$\frac{(A' + \text{Federal Income Tax})(ST)}{(1 - ST)}$$

where ST is the State Income Tax Rate, A' is the incremental return on equity component determined in Section II.A.2.(a)(iii) above, and Federal Income Tax is the rate determined in Section II.A.2.(b) above.

- B. Local Control Center Depreciation Expense shall equal the Local Control Center Plant Depreciation Expense and Accumulated Amortization.
- C. Local Control Center Related Amortization of Loss on Reacquired Debt shall equal the PTO's electric balance of Loss on Reacquired Debt multiplied by the Local Control Center Plant Allocation Factor.
- D. Local Control Center Related Amortization of Investment Tax Credits shall equal the PTO's electric Amortization of Investment Tax Credits multiplied by the Local Control Center Plant Allocation Factor.
- E. Local Control Center Related Municipal Tax Expense shall equal the PTO's total electric municipal tax expense multiplied by the Local Control Center Plant Allocation Factor.
- F. Local Control Center Related Payroll Tax Expense shall equal the PTO's total electric payroll tax expense, multiplied by the Wages and Salaries Allocation Factor.
- G. Local Control Center Operation and Maintenance Expense shall equal the PTO's Operation and Maintenance Expenses recorded in FERC Account Nos. 556, 561-561.4, and 581, less any costs included in FERC Account Nos. 561-561.4 that are otherwise recoverable pursuant to Subpart (1) of Local PTF Transmission Related Scheduling and Dispatch Expense of the rule implementing the Schedule 1 rate surcharge of the OATT.
- H. Local Control Center Related Administrative and General Expenses shall equal the sum of (1) PTO's Administrative and General Expenses multiplied by the Wages and Salaries Allocation Factor, (2) Property Insurance multiplied by the Local Control Center Plant Allocation Factor, and (3) Expenses included in Account 928 related to FERC Assessments multiplied by the Local Control Center Plant Allocation Factor, plus any other Federal and State Local Control Center related expenses or assessments, plus specific Local Control Center related expenses included in Account 930.1.

- I. Transmission Support Revenues shall equal the PTO's revenue received for providing system control and dispatch service.

III. CALCULATION OF LOCAL CONTROL CENTER TRANSMISSION REVENUE REQUIREMENTS

The Total Local Control Center Revenue Requirements derived in Section II. above are further multiplied by the Local Control Center Wages and Salaries Allocation Factor defined in Section I. A. 2. above to determine the transmission related revenue requirement, and further multiplied by the Local Control Center PTF Allocation Factor defined in Section I. A. 3. above, to determine the PTF Transmission related revenue requirements to be included in Schedule I of the OATT.

APPENDIX C TO SCHEDULE 1 IMPLEMENTATION RULE

CL&P DISPATCH CENTER REVENUE REQUIREMENT

This appendix calculates the CL&P Dispatch Center Revenue Requirement for use in calculating part (4) of the Local PTF Transmission-Related Scheduling and Dispatch expenses in the Schedule 1 Implementation Rule. 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 II.1 of the OATT and as used in this appendix 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.

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 June 1, 2008 through May 31, 2009, 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. "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 Appendix C.

- 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.

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:

AxBxC

where: A = Dispatch Center Investment Base

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

$C = TC/(1-TE)$, 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. 411.1.
- 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.

|

APPENDIX D TO SCHEDULE 1 IMPLEMENTATION RULE

ADIT Worksheet

Company Name

Annual Transmission Revenue Requirements (ATRR)

(Excess)/Deficient ADIT Worksheet

For costs in 20__

Input Cells are Shaded Yellow

Line No.	Description (c)	FERC Account No. (e)	(A) 20__ Year End Unamortized (Excess)/Deficient ADIT				(F) Amortization Periods (g)		(H) Amortization Expense (d)		(I) Gross-Up (i)	(J) Protected
			Protected	Unprotected	Gross-Up (i)	12/31/__ Balance	Protected	Unprotected	Protected	Unprotected		
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 2 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 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		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 balances will be amortized over 10 years.
MEPCO	ARAM	10	For MEPCO, unprotected deficient/(excess) ADIT balances will be amortized over 10 years.
NEP	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 for pension and other post-retirement benefits and over 5 years for all other amounts
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) Other Adjustments (e)		(L)	(M) = (A) - (G) - (J)		(N) = (B) - (H) - (K)	(O) = (C) - (I) - (L)	(P) = (M) + (N) + (O)	(Q)
			20__ Year End Unamortized (Excess)/Deficient ADIT					
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)

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 some tax rates that gives rise to deficient/excess ADIT.

o the IRC Normalization rules by following IRC Section 168(i)(9)(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

Notes

balance will be amortized over 5 years

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 Tax Rate Change approved in Docket ER20-2054.

will be amortized over 3 years

the related underlying deferred items (i.e. ARAM, 37 yrs., and 10 yrs. as applicable).

Attachment 2

Permanent ADIT Worksheet

(b) End-of-balance as negative					
End-of-balance (as of 12/31/2014) [where] (1) is the last column defined by a letter. The PTA may add and remove columns without a PTA Section 201 filing.					
(2) Change in Federal, State or Local income tax rate. For Column responses to different allocated deferred income tax and liabilities to reflect the new applicable corporate income tax rate. The allocated ADT accounts are measured by comparing ADT to cumulative temporary differences for each item in accounts 190, 262, and 263 in the current Period. State or Local income tax rate to ADT balances at the historical Period. State or Local income tax rates. The difference between the two represents the deficit or excess ADT balance. The result of this computation is a change to the deficit or amount/balance recorded in accounts 190, 262, and 263 with a corresponding					
(3) Add and subtract temporary account 192. For Column responses to different allocated deferred income tax and liabilities to reflect the new applicable corporate income tax rate. The allocated ADT accounts are measured by comparing ADT to cumulative temporary differences for each item in accounts 190, 262, and 263 in the current Period. State or Local income tax rate to ADT balances at the historical Period. State or Local income tax rates. The difference between the two represents the deficit or excess ADT balance. The result of this computation is a change to the deficit or amount/balance recorded in accounts 190, 262, and 263 with a corresponding					
(4) Deficiency ADT is measured by Account 263. Excess ADT is measured by Account 191.					
(5) PTA may add and remove columns without a PTA Section 201 filing.					
(6) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(7) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(8) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(9) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(10) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(11) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(12) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(13) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(14) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(15) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(16) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(17) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(18) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(19) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(20) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(21) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(22) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(23) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(24) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(25) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(26) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(27) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(28) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(29) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(30) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(31) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(32) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(33) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(34) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(35) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(36) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(37) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(38) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(39) For Taxpayers, FERC Account 263. Excess ADT is measured by Account 191.					
(40) For Taxpayers, FERC Account 263. Excess ADT is measured					

Attachment 3

Populated Version of ADIT Worksheet

NSTAR Electric Company (East)
Annual Transmission Revenue Requirements (ATRR)
(Excess) Deficient ADIT Worksheet
For Costs in 2020

Input Cells are Shaded Yellow				(A)	(B)	(C)	(D) = (A) + (B) + (C)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M) = (A) - (G) - (I)	(N) = (B) - (H) - (K)	(O) = (C) - (J) - (L)	(P) = (M) + (N) + (O)	(Q)	
		FERC Account No. (b)		2019 Year End Unamortized (Excess) Deficient ADIT				Amortization Periods (i)		Amortization Expenses (d)		Other Adjustments (e)		Estimated 2020 Year End Unamortized (Excess) Deficient ADIT						Reference	
Line No.	Description (c)	Protected	Unprotected	Gross-Up (b)	12/31/19 Balance	Protected	Unprotected	Gross-Up (b)	Protected	Unprotected	Gross-Up (b)	Protected	Unprotected	Gross-Up (b)	Protected	Unprotected	Gross-Up (b)	Protected	Unprotected	Gross-Up (b)	Reference
1a	Transmission-related Pension and PBOP	198	(b)	-	1,824,810 ⁽¹⁾	-	-	10	-	-	-	-	-	-	-	-	-	-	-	-	Internal Records
1b	Transmission-related Other	198	(b)	-	946,732 ⁽³⁾	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	Internal Records
1c	Transmission-related Pension and PBOP	283	(b)	-	(6,087,103)	-	-	10	-	-	-	-	-	-	-	-	-	-	-	-	Internal Records
1d	Transmission-related Other	283	(b)	-	(7,123,267)	-	-	5	-	-	-	-	-	-	-	-	-	-	-	-	Internal Records
1e	Transmission-related Depreciation	282	(b)	-	(161,314,252)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Internal Records
2	Total (from Lines 1a thru 1j) (b)				(107,314,252)																
3	Deficient ADIT - Regulatory Asset	182.3		FF1 Page 232												FF1 Page 232					
4	Excess ADIT - Regulatory Liability	214		FF1 Page 278.1f, jfn												FF1 Page 278					
5	Deficient (Excess) Deferred Income Tax Regulatory Asset(Liability) (Line 3) + Line 4																				
6	Total Protected and Unprotected Amortization Expense (Line 2G) + Line 2(H)																				
7	Transmission Allocation (Plant Allocated or Direct Assigned) (DA)																				
8	Transmission-related Amortization Expense (Line 6 & Line 7)																				
9	Total Protected and Unprotected Amortization Expense (Line 2G) + Line 2(H) + Line 7 + Line 8																				

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

Notes:

(b) Enter credit balances as negatives.

(c) Total equals the sum of addends a through j, where j is the last addend denoted by a letter. The PTD may add or remove addends without a PPA Section 265 filing.

(d) Upon a change in Federal, State or Local income tax rate, the Company reamortizes its affected accumulated deferred income tax (ADIT) assets and liabilities to reflect the new applicable corporate income tax rate. The affected ADIT accounts are reamortized by computing ADIT on cumulative temporary differences for each item in accounts 198, 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 reamortization is a change to the net deferred tax assets/liabilities recorded in accounts 198, 282, and 283 with a corresponding net change in regulatory assets (account 182.3) and regulatory liabilities (account 214) to reflect the resulting excess or deficient ADIT balances to be amortized/reversed to their customers, respectively. The PTD will provide a supporting worksheet showing the reamortization 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 ADIT.

(e) Deficient ADIT is amortized to Account 410.1, Excess ADIT is amortized to Account 411.1.

(f) PTD will provide explanation for "other adjustments," where applicable.

(g) For Enforcement, 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. Enforcement adheres to the IRC Normalization rules by following IRC Section 168(h)(9)(A)(ii) 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.

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

Company	Protected	Unprotected (recovered)
CLAP	ARAM	10
CLAP	ARAM	10
Frontier Gas & Electric	ARAM	10
Green Mountain Power	Rate Set, GA Method	5
MEPD	ARAM	10
NEP	ARAM	10
NET	ARAM	3
NSTAR East	ARAM	10
NSTAR West	ARAM	10
PSNH	ARAM	10
United Illuminating	ARAM	10
Vermont	ARAM	10
Vermont	ARAM	37, 10

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

(j) Tax gross-up calculated using the Corporate Tax Rate (1) - Corporate Tax Rate in effect for the applicable period.

(k) 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.

(l) PTD will add footnotes below to identify excess or deficient ADIT from various Federal, State and Local income tax rate changes.

(m) 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 (East)
(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% ADIT @ 35%	(C) = (A) * 21% ADIT @ 21%	(D) = (B) - (C) (Excess)/Deficient ADIT due to Rate Change	(E) Adjustments Post TCJA Remeasurement (d)	(F) = (D) - (E) 2019 (Excess)/Deficient ADIT due to Rate Change	(G) Protected	(H) Unprotected
1a	Transmission-related Pension and PBOP	190	13,032,929	4,561,525	2,736,915	1,824,610		1,824,610		1,824,610
1b	Transmission-related Other	190	6,762,371	2,366,830	1,420,098	946,732		946,732		946,732
1c	Transmission-related Pension and PBOP	283	(42,907,879)	(15,017,758)	(9,010,655)	(6,007,103)		(6,007,103)		(6,007,103)
1d	Transmission-related Other	283	(171,213,179)	(59,924,613)	(35,954,768)	(23,969,845)	(16,646,578)	(7,323,267)		(7,323,267)
1e	Transmission-related Depreciation	282	(1,082,737,621)	(378,958,167)	(227,374,901)	(151,583,267)	9,930,985	(161,514,252)	(161,514,252)	
I[]										
2	Total (Sum Lines 1a thru I[] (c))		(1,277,063,379)	(446,972,183)	(268,183,310)	(178,788,873)	(6,715,593)	(172,073,280)	(161,514,252)	(10,559,028)

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.