MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
RESIDENTIAL ASSISTANCE ADJUSTMENT PROVISION

The Company's rates for Retail Delivery Service are subject to adjustment to recover the discount provided to customers receiving retail delivery service under Residential Income-Eligible Rate R-2 ("Rate R-2") and the incremental costs associated with the operation of the Company's Arrearage Management Program ("AMP") offered to qualifying customers pursuant to the Department of Public Utilities' ("Department") orders in D.T.E. 01-106-C, D.T.E. 05-86, D.P.U 08-4, and any other such orders that the Department may issue from time to time regarding assistance provided to income-eligible customers.

On an annual basis, the Company shall estimate the discount to be provided to Rate R-2 customers. The estimated discount will be the appropriate tiered discount percentage multiplied by the forecasted Rate R-2 monthly billing units for each tier multiplied by the Rate R-2 customer charge and the sum of the retail delivery and Basic Service energy charges in effect during the period. Basic Service energy charges shall be used as a proxy for the charges for supply service from competitive suppliers or through municipal aggregation that is billed by the Company. In addition, the Company shall estimate annual incremental costs associated with the operation of its AMP. This estimate of the discount and incremental costs shall be used to determine the amount to be reflected in retail delivery service rates on a prospective basis. This amount shall be allocated to the Company's rate classes by applying a Distribution Revenue Allocator - Residential Assistance ("DRARA") shown below. The allocated amount for each rate class shall be divided by the estimated kilowatt-hours to be delivered by the Company to each rate class. Such per kWh charge is referred to as the Residential Assistance Adjustment Factor ("RAAF").

The level of discount is set at a fixed percentage of total bill for each tier of Rate R-2 customers pursuant to rate class tariffs.

The DRARA shall be a R-2-rate-excluded base distribution allocator, derived from the Company's most recent base distribution rate case as approved by the Department. The DRARA shall be based upon the base distribution target revenues, excluding the proportional value of the target base distribution revenue attributable to the R-2 rate class. The DRARA shall be as follows by rate class:

Rate R-1	57.3%
Rate G-1	12.9%
Rate G-2	11.6%
Rate G-3	17.7%
Streetlighting	0.5%

The estimated annual incremental costs associated with the operation of the AMP, include, but are not limited to, the cost of information system modifications to support the AMP, the amount of arrears forgiven, any costs associated with evaluating and/or reporting on the effectiveness and results of AMP, and CAP agencies' program support costs billed to the Company by the CAPs.

The revenue billed through the RAAF shall be subject to reconciliation against the actual discount provided and actual incremental costs associated with the AMP during the twelve-month period for which the RAAF is effective. Any over- or under-recovery of the actual discount provided and incremental costs shall be reflected in a subsequent RAAF and shall be allocated to the Company's rate classes by applying the DRARA. The reconciliation shall also reflect as a credit the recovery of accounts receivable allowed to be recovered through the Company's distribution rates for protected customer accounts having

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amounts due the Company at June 30, 2015, December 31, 2017, and March 31, 2023 that were older than 360 days past due.

For purposes of the above reconciliations, the Company shall accumulate the actual discounts provided to Rate R-2 customers, the incremental costs associated with the AMP, and the revenue billed under the RAAF and shall accrue interest on the difference between these amounts at the Prime rate on a monthly basis.

Should any balance remain outstanding subsequent to the recovery of the income-eligible discount and incremental costs as described above, the Company shall reflect as an adjustment in the current period the amount of the outstanding balance.

Each adjustment of the prices under the Company's applicable rates shall be in accordance with a notice filed with the Department setting forth the amount of the increase or decrease and the new RAAF amount. The Company shall file proposed RAAFs with the Department at least sixty (60) days before the date on which the new RAAFs are proposed to become effective.

This provision is applicable to all Retail Delivery Service rates of the Company. The operation of this Residential Assistance Adjustment clause is subject to Chapter 164 of the General Laws.