Massachusetts Electric Company
Nantucket Electric Company

Electronic Payment Recovery Provision

1.0 Purpose

The Electronic Payment Recovery ("EPR") Provision provides for the recovery of costs directly related to the implementation and administration of the Company's Fee Free Credit and Debit Card Payment Option approved by the Department in D.P.U. 20-91. The Fee Free Credit Card and Debit Card Payment Option is only available to residential customers. The costs eligible for recovery will be limited to the third-party vendor costs incurred by the Company, net of any applicable savings, plus the cost of incentives credited to customers for enrolling their accounts in the Company's direct debit programs for the processing of recurring payments, as approved by the Department.

2.0 Applicability

The Company's residential rates for retail delivery service are subject to adjustment to reflect the operation of this EPR Provision. The EPR Factor, as defined herein, shall be applied to all retail delivery service kilowatt-hours ("kWhs") of residential customers as determined in accordance with the provisions of Section 4.0 below. For billing purposes, the EPR Factor will be included with the distribution kWh charge on customers' bills.

This provision is applicable to the residential Retail Delivery Service tariffs of the Company. The operation of this EPR Provision is subject to Chapter 164 of the General Laws.

3.0 Effective Date

The effective date for any changes to the EPR Factor shall be March 1, or as otherwise approved by the Department.

4.0 Electronic Payment Recovery ("EPR") Factor Formula

$$\text{EPR Factor}_r = [\ (\text{FEE}_{py} + \text{RA})\ ] \div \text{FkWh}_r$$

where

EPR Factor_r = The Electronic Payment Recovery Factor applicable to the Company's residential rate classes R-1 and R-2.

FEE_{py} = The actual expenses associated with the implementation and administration of the Fee Free Credit Card and Debit Card Payment Option, net of any applicable savings, plus incentives, one-time per customer in the first two years after fee free program implementation, credited to customers' accounts to enroll in the Company's direct debit

Massachusetts Electric Company
Nantucket Electric Company

Electronic Payment Recovery Provision

programs during the Prior Year.

RA	=	The Reconciliation Adjustment shall be the difference between the amount authorized by the Department for recovery through the EPR Factor and the actual revenue billed through the EPR Factor for the recovery period. Reconciliations shall be performed annually, and interest shall be calculated on the average monthly reconciling balance using the same rate as that paid on customer deposits and added to the reconciling balance.
$FkWh_r$	=	Forecast Residential kWh deliveries for the recovery period.
py	=	Prior Year.
r	=	Residential Rate Class.

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 EPR Factors. The Company shall file proposed EPR Factors with the Department annually by January 15.

5.0 Information to be filed with the Department

The Company shall file its EPR reconciliation as part of its annual reconciliation filing on or before January 15 of each year. Such filing shall include reconciliation of data for prior periods as appropriate along with supporting testimony and exhibits.

The annual EPR reconciliation filing shall include testimony, exhibits and annual reporting encompassing the topics set forth below or modified as necessary. Filings shall also include copies of vendor invoices and transaction fee payment records. If it is unable to track one or more items listed below, the Company will use best efforts to identify and track a comparable or substitute statistic to provide information on the impact of fee free credit/debit card transactions.

5.1 Savings

Savings associated with the Fee Free Credit and Debit Card Payment Option shall be tracked and reported based on the following metrics:

(a) Reduction in average handled time – non-income-eligible
(b) Change in average handled time – all residential customers
(c) Call-back avoidance
(d) Reduction in the number of customers eligible for disconnect

Massachusetts Electric Company
Nantucket Electric Company

Electronic Payment Recovery Provision

(e) Decrease in cash working capital requirements
(f) Improved customer experience

5.2 Customer Benefits

Customer benefits associated with the Fee Free Credit and Debit Card Payment Option shall initially be tracked and reported based on the following metrics:

(a) Customer participation in fee-free transactions
(b) Changes in customer satisfaction measured through surveys
(c) Customer comments or other sources detailing customer experience with the Fee Free Credit and Debit Card Payment Option
(d) Savings identified in Section 5.1 above
(e) Other changes attributable to fee-free debit/credit card transactions

5.3 Operational

The Company shall track and report the following operational data separately for residential and income-eligible customers:

(a) Total number of one-time (i.e., non-recurring) credit/debit card payments (including calendar years 2019 and 2020)
(b) Total transaction costs associated with credit card and debit card payments (including calendar years 2019 and 2020)
(c) Speed of payments received from the date a bill is issued when a credit/debit card transaction is used for payment with no transaction fee (including calendar years 2019 and 2020)
(d) Annual uncollectible receivables (including calendar years 2019 and 2020)
(e) Percentage of new uncollectible accounts that have a credit/debit card payment posted since the implementation of the Fee Free Credit and Debit Card Payment Option
(f) Matrix displaying payment options offered by the Company and the monthly usage percentage of each payment option, including change in the use of credit/debit cards and in other payments, such as the increase or decrease in usage of credit/debit cards and other payment methods month-by-month from the date of launching the Fee Free Credit and Debit Card Option
(g) Difference, month over month, quarter over quarter, or year over year in credit card and debit card payments made by income-eligible customers and customers with a

Massachusetts Electric Company
Nantucket Electric Company

Electronic Payment Recovery Provision

medical/financial hardship designation
(h) Number of income-eligible customers who used a credit card more than three times a year compared to such usage in 2019 and 2020
(i) Quantitative or qualitative improvements in customer satisfaction

5.4 Miscellaneous

The Company shall track and report the following miscellaneous data:

(a) Number of credit card and debit card transactions per month for income-eligible and non-income-eligible customers, respectively
(b) Transaction fees and total transaction fees per month
(c) Number of income-eligible customers
(d) Number of customers enrolled in an arrearage management program
(e) Number of customer disconnections
(f) Total arrearage balances per month
(g) Number of customers enrolled in a recurring ACH program per month
(h) Number of customers that receive one-time $3.00 ACH enrollment incentive per month
(i) Lead/lag change in cash working capital per month
(j) Changes in the amount of uncollectible expense per month, including separate tracking of hardship uncollectible expense