NSTAR ELECTRIC GAS

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December 21, 2001

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, Massachusetts 02110

Re: D.T.E. 01-28 — Billing Services – Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company

Dear Secretary Cottrell:

In compliance with the order of the Department of Telecommunications and Energy (the "Department") dated December 14, 2001 in Billing Services, D.T.E. 01-28 (Phase 2) (the "Order"), Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company (together, "NSTAR Electric" or the "Companies") hereby submit for approval the following tariffs for Terms and Conditions – Competitive Suppliers:

Boston Edison Company	-	M.D.T.E. No. 975
Cambridge Electric Light Company	-	M.D.T.E. No. 780
Commonwealth Electric Company	-	M.D.T.E. No. 513

Also enclosed please find the filing fee of $45 for the three tariffs.

These tariffs implement the Department's directive in the Order for a change in allocation of customer payments where the distribution company provides standard complete billing service to a competitive supplier (distribution company issues a single bill to a customer for both distribution service and supplier generation service), and the customer makes a partial payment. In the Order, the Department directed distribution companies to implement a change from the current allocation method. Presently, a partial payment by a customer is applied first to all distribution service charges owed and then to supplier generation service charges owed. The new method directed by the

Department requires pro-rata allocation of the partial payment between the distribution company and the supplier. Order at 15-16. NSTAR Electric's revised Terms and Conditions – Competitive Suppliers state this new pro-rata allocation method in Section II.8B.1. In this revised section, the Companies state that this new allocation method will be implemented as of October 1, 2002.

This implementation date is necessary because of the time required for NSTAR Electric to make the applicable changes to its information technology systems. The systems modifications necessary to implement a pro-rata allocation method involve not only developing the algorithm to calculate the variable percentages to allocate a partial customer payment, but also would involve modifications to NSTAR Electric's customer information system and its credit system. Modifications to the customer information system would include: enhance the integration with the payment processing system; develop a new database to track and report each customer's payment allocation for each bill; and develop a storage and online display system for use in responding to customer payment and billing inquiries. Modifications to the credit system would involve an expanded integration with the customer information system to store new data associated with supplier payment information as it relates to electric service termination determinations. In addition, a new database would be created: (1) to store and retrieve customer payments; (2) to revise payment plan algorithms; (3) to track disputed supplier bill amounts; (4) to process a revised service-termination determination; and (5) to issue credit/service-termination notices. Because of the complexity of the changes involved, as these systems modifications are implemented, other necessary systems changes may be identified. Based on NSTAR Electric's initial consideration of the effort required for the design, development, testing, and implementation of this project, we estimate a timetable of approximately nine months.

Under separate cover, the Companies have filed today with the Department a Motion for Clarification or Reconsideration (the "Motion"). By the Motion, the Companies request that the Department clarify that the Order does require an implementation date of February 1, 2002.[1] The Motion also proposes the establishment of a Working Group to develop an efficient means to implement a pro-rata allocation method. In this instance, NSTAR Electric believes that a Working Group provides an effective way to resolve the many technical issues involved in modifying and developing new systems to implement a practicable allocation method. The Working Group would include distribution companies, representatives of the Attorney General, the Division of Energy Resources, suppliers, customer groups, and Department Staff. As with other Working Groups established in the course of Department proceedings, the Group would operate under a designated timetable and make periodic reports to the Department. This approach would likely lead to a unified method to be applied by all distribution companies, and may lead to implementation sooner than that currently estimated by

[1] Alternatively, if the Department's Order was meant to require a February 1, 2002 implementation date, the Motion requests reconsideration of that determination.

NSTAR Electric. Thus, we urge the Department to utilize a Working Group to solve the details of a pro-rata allocation method.

Thank you for your attention to this matter.

Sincerely,

John Cope-Flanagan

Enclosures

cc: Andrew Kaplan, Hearing Officer
Kevin Brannelly, Director, Rates and Revenue Requirements
Ronald LeComte, Director, Electric Power Division
Barry Perlmutter, Electric Power Division
Robert Werlin, Esq.
Service List

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

1. Applicability

1A. The following Terms and Conditions shall apply to every registered Competitive Supplier authorized to do business within the Commonwealth of Massachusetts, and to every Customer and Distribution Company doing business with said Competitive Suppliers.

1B. These Terms and Conditions may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDTE regulations and Massachusetts law. In case of conflict between these Terms and Conditions and any orders or regulations of the MDTE, said orders or regulations shall govern.

1C. No agent or employee of the Company is authorized to modify any provision contained in these Terms and Conditions or to bind the Company to perform in any manner contrary thereto. Any such modification to these Terms and Conditions or any such promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, and subject in all cases to applicable statutes and to the orders and regulations of the MDTE, and available for public inspection during normal business hours at the business offices of the Company and at the offices of the MDTE.

2. Definitions

"Company" shall mean Boston Edison Company, a Distribution Company.

"Competitive Supplier" shall mean any entity licensed by the MDTE to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in the Company's Default Service tariff, on file with the MDTE.

"Distribution Company" shall mean a company engaging in the distribution of electricity or owning, operating, or controlling distribution facilities; provided, however, a Distribution Company

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

2. Definitions (continued)

shall not include any entity which owns or operates plant or equipment used to produce electricity, steam, and chilled water, or any affiliate engaged solely in the provision of such electricity, steam, and chilled water, where the electricity produced by such entity or its affiliate is primarily for the benefit of hospitals and non-profit educational institutions, and where such plant or equipment was in operation prior to January 1, 1986..

"Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.

"EBT Working Group Report" or "Report" shall mean the most recently revised version of the report initially submitted by the Electronic Business Transaction Working Group on October 9, 1997. The Report shall be on file at the MDTE.

"Enrollment period" shall mean, for a particular Customer, the period of time during which a Competitive Supplier may submit an enrollment transaction to a Distribution Company for initiation of Generation Service concurrent with the start of the Customer's next billing cycle.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"ISO-NE" shall mean the Independent System Operator of the New England bulk power system.

"MDTE" shall mean the Massachusetts Department of Telecommunications and Energy.

"NEPOOL" shall mean the New England Power Pool and its successors.

"NEPOOL PTF" shall mean pool transmission facilities included in the NEPOOL Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission.

"Own-Load Calculation" shall mean the settlement method utilized by NEPOOL for its members, as set forth in the NEPOOL Agreement, as amended from time to time, on file as a tariff with the Federal Energy Regulatory Commission.

"Standard Offer Service" shall mean the service provided by the Distribution Company for a term of seven years after the Retail Access Date, unless otherwise determined by the MDTE. The rates for this service shall be set at levels that achieve the overall Customer rate reductions required by G.L. c. 164, § 1B. Availability for this service shall be in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the MDTE.

"Terms and Conditions" shall mean these Terms and Conditions for Competitive Suppliers.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

3. Obligations of Parties

3A. Customer

A Customer shall select one Competitive Supplier for each account at any given time, or authorize an agent to make the selection for the Customer, for the purposes of the Distribution Company (1) reporting the Customer's hourly electric consumption to the ISO-NE, and (2) providing billing services. The Customer must provide the selected Competitive Supplier with the information necessary to allow the Competitive Supplier to initiate Generation Service, in accordance with Section 5A, below. A Customer may choose only a Competitive Supplier that is licensed by the MDTE.

Nothing in these Terms and Conditions shall prohibit a Customer from entering into arrangements with multiple suppliers, provided that a single Competitive Supplier is designated for the purposes described above.

3B. Distribution Company

The Company shall:

(1) Arrange for or provide (i) regional network transmission service over NEPOOL PTF and (ii) local network transmission service from NEPOOL PTF to the Company's Distribution System for each Customer, unless the Customer or its Competitive Supplier otherwise arranges for such service;

(2) Deliver power over distribution facilities to each Customer Delivery Point;

(3) Provide customer service and support for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B.3 below;

(4) Respond to service interruptions or power quality problems;

(5) Handle connections and terminations;

(6) Read meters;

(7) Submit bills to Customers for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B below;

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

3B. Distribution Company (continued)

(8) Address billing inquiries for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B.3 below;

(9) Answer general questions about Distribution Service;

(10) Report Competitive Suppliers' estimated and metered loads, including local network transmission and distribution losses, to the ISO-NE, in accordance with Section 9 below;

(11) Process the electronic business transactions submitted by Competitive Suppliers, and send the necessary electronic business transactions to Competitive Suppliers, in accordance with Section 5, below, and the rules and procedures set forth in the EBT Working Group Report;

(12) Provide information regarding, at a minimum, rate tariffs, billing cycles, and load profiles, on its Internet website or by alternate electronic means;

(13) Provide Standard Offer Service to Customers in accordance with the Company's tariff; and

(14) Provide Default Service to Customers in accordance with the Company's tariff.

3C. Competitive Supplier

1. Each Competitive Supplier must meet the registration and licensing requirements established by law or regulation and either (i) be a member of NEPOOL subject to an Own-Load Calculation or (ii) have an agreement in place with a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by the Competitive Supplier in such NEPOOL member's Own-Load Calculation.

2. A Competitive Supplier shall be responsible for providing all-requirements service to meet each of its Customers' needs and to deliver the associated capacity and energy to a point or points on NEPOOL PTF.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

3C. Competitive Supplier (continued)

3. A Competitive Supplier providing Generation Service to Customers will be responsible for any and all losses incurred on (i) local network transmission systems and distribution systems, as determined by the Company; (ii) NEPOOL PTF, as determined by the ISO-NE; and (iii) facilities linking generation to NEPOOL PTF. A Competitive Supplier shall also be responsible for all transmission wheeling charges necessary to reach NEPOOL PTF.

4. A Competitive Supplier shall be required to complete testing of the transactions included in the EBT Working Group Report prior to the initiation of Generation Service to any Customer in the Company's service territory. Such testing shall be in accordance with the rules and procedures set forth in the Report.

5. Each Competitive Supplier shall be required to enter into a service contract with the Distribution Company that resolves issues associated with, among other things, information exchange, problem resolution, and revenue liability. This contract must be entered prior to the initiation of Generation Service to any Customer in the Company's service territory.

6. A Competitive Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to initiating Generation Service to the Customer. Such authorization shall be in accordance with St. 1997, c. 164, § 193 (G.L. c. 164, § 1F(8)(a)) and 220 C.M.R. § 11.05.

7. A Competitive Supplier not affiliated with the Company shall be responsible for obtaining the necessary authorization from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Competitive Supplier. Such authorization shall consist of (i) letter of authorization; (ii) third-party verification; or (iii) a customer-initiated call to an independent third-party, consistent with 220 C.M.R. § 11.05. A Competitive Supplier affiliated with the Company must obtain a Customer's written authorization prior to requesting the release of the Company's historic usage information specific to that Customer consistent with St. 1997, c. 164, § 193 (G.L. c.164, § 1C(v)) and 220 C.M.R. § 12.00 et seq.,

4. Customer Usage Information to be Made Available to Competitive Suppliers

The Company shall be required to provide twelve months' of a Customer's historic usage data to a Competitive Supplier, provided that the Competitive Supplier has received the appropriate authorization, in accordance with the provisions established in Section 3C.7, above. This information shall be provided in electronic form.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

4. Customer Usage Information to be Made Available to Competitive Suppliers (continued)

The Company shall print twelve months' of historic usage data on customers' bills, in addition to the usage data for the current billing period.

The Company shall be required to provide customers who, since January 1, 1995, have been billed in part on a demand basis, with twelve months of usage data, upon the customer's written request. These data shall be provided pursuant to the requirements set forth in St. 1997, c.164, § 193 (G.L. c. 164, § 1F(9)).

5. Initiation and Termination of Generation Service

5A. Initiation of Generation Service

To initiate Generation Service to a Customer, the Competitive Supplier shall submit an "enroll customer" transaction to the Company, in accordance with the rules and procedures set forth in the EBT Working Group Report. The Competitive Supplier shall hold the "enroll customer" transaction until any applicable right of rescission has lapsed."

If the information on the enrollment transaction is correct, the Distribution Company shall send the Competitive Supplier a "successful enrollment" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report. Generation Service shall commence on the date of the Customer's next scheduled meter read, provided that the Supplier has submitted the enrollment transaction to the Distribution Company no fewer than two business days prior to the meter read date. If the Supplier has not submitted the enrollment transaction at least two days before the meter read date, Generation Service shall commence on the date of the Customer's subsequent scheduled meter read.

If more than one Competitive Supplier submits an enrollment transaction for a given Customer during the same enrollment period, the first transaction that is received by the Distribution Company shall be accepted. All other transactions shall be rejected. Rejected transactions may be resubmitted during the customer's next enrollment period.

5B. Termination of Generation Service

To terminate Generation Service with a Customer, a Competitive Supplier shall submit a "supplier drops customer" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report. Generation Service shall be terminated on the date of the customer's next scheduled meter read, provided that the Competitive Supplier has submitted this transaction to the Distribution Company no fewer than two business days prior to the meter read date. If the Competitive Supplier has not submitted this transaction at least two days before the meter read date, Generation Service shall be terminated on the

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

5B. Termination of Generation Service (continued)

date of the Customer's subsequent scheduled meter read. The Distribution Company shall send a "confirm drop date" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

To terminate Generation Service with a Competitive Supplier, a Customer shall so inform the Distribution Company or Competitive Supplier. In the event that the Customer informs the Distribution Company directly, Generation Service shall be terminated within two business days for residential customers; for other customers, Generation Service shall be terminated on the date of the Customer's next scheduled meter read. The Distribution Company shall send a "customer drops supplier" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report. In the event that the Customer informs the Competitive Supplier, the Supplier shall send a "supplier drops customer" transaction to the Distribution Company in accordance with the rules and procedures set forth in the EBT Working Group Report.

In those instances when a Customer who is receiving Generation Service from an existing Competitive Supplier initiates such service with a new Competitive Supplier, the Distribution Company shall send the existing Competitive Supplier a "customer drops supplier" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report.

5C. Customer Moves

A Customer that moves within a Distribution Company's service territory shall have the opportunity to notify the Distribution Company that he/she seeks to continue Generation Service with his/her existing Competitive Supplier. Upon such notification, the Distribution Company shall send a "customer move" transaction to the Competitive Suppliers, in accordance with the rules and procedures set forth in the EBT Working Group Report.

In those instances when a Customer moves into a Distribution Company's service territory, the Customer's existing Competitive Supplier must submit an "enroll customer" transaction to the new Distribution Company in order to initiate Generation Service. Otherwise, the Customer shall receive Standard Offer Service or Default Service, in accordance with the Company's respective tariffs.

5D. Other Provisions

Distribution Companies and Suppliers shall send "change enrollment detail" transactions to change any information included on the "enroll customer" transactions, in accordance with the rules and procedures set forth in the EBT Working Group Report.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

5D. Other Provisions (continued)

If any of the transactions described above are rejected by the Distribution Company, the Distribution Company shall send an "error" transaction to the Competitive Supplier identifying the reason for the rejection, in accordance with the rules and procedures set forth in the EBT Working Group Report.

5E. Fees

The Company may charge fees to Competitive Supplier for processing the transactions described above, as approved by the MDTE. These fees are included in Appendix A.

6. Distribution Service Interruption

6A. Planned Outages

In the event that the loading of the Distribution System, or a portion thereof, must be reduced for safe and reliable operation, such reduction in loading shall be proportionately allocated among all Customers whose load contributes to the need for the reduction, when such proportional curtailments can be accommodated within good utility practices.

6B. Unplanned Outages

In the event of unplanned outages, service will be restored in accordance with good utility practice. When appropriate, service restoration shall be accomplished in accordance with the Company System Storm Emergency Plan on file with the MDTE.

6C. Disconnection of Service

The Distribution Company may discontinue Distribution Service to a Customer in accordance with the provisions set forth in the Terms and Conditions for Distribution Service. The Company shall provide electronic notification, using the "Customer Usage and Billing Information" transaction, to the Customer's Competitive Supplier of record upon final billing to the Customer. Once disconnection occurs, the provision of Generation Service to the Customer is no longer the obligation of the Competitive Supplier. The Company shall not be liable for any revenue losses to the Competitive Supplier as a result of any such disconnection.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

7. Metering

7A. Meter Reading

The Company shall meter each Customer in accordance with tariff provisions. Upon request by a Competitive Supplier, the Company shall schedule meter reads on a monthly cycle.

Each Customer shall be metered or estimated such that the loads can be reported to the ISO-NE for inclusion in the Competitive Supplier's, or the Competitive Supplier's wholesale provider's, Own-Load Calculation.

7B. Ownership of Metering Equipment

Should a Customer or Competitive Supplier a request a new meter or that a communication device be attached to the existing meter, the Company shall provide, install, test, and maintain the requested metering or communication device. The requested meter or communication device must meet the Company's requirements. The Customer or Competitive Supplier shall bear the cost of providing and installing the meter or communication device. Upon installation, the meter or communication device shall become the property of the Company and will be maintained by the Company. The Company shall complete installation of the meter or communication device, if reasonably possible, within thirty (30) days of receiving a written request from the Customer or Competitive Supplier. The Company shall bill the Customer or Competitive Supplier upon installation.

8. Billing

The Company shall provide a single bill, reflecting unbundled charges for electric service, to Customers who receive Standard Offer Service or Default Service.

The Company shall offer two billing service options to Customers receiving Generation Service from Competitive Suppliers: (1) Standard Complete Billing Service; and (2) Standard Passthrough Billing Service. The Competitive Supplier shall inform the Distribution Company of the selected billing option, in accordance with the rules and procedures set forth in the EBT Working Group Report.

8A. Standard Passthrough Billing Service

The Company shall issue a bill for Distribution Service to each Customer. The Competitive Supplier shall be responsible for separately billing Customers for the cost of Generation Service provided by the Competitive Supplier and for the collection of amounts due to the Competitive Supplier from the Customer.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

8A. Standard Passthrough Billing Service (continued)

The Company shall send a "customer usage information" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

8B. Standard Complete Billing Service

1. Billing Procedure

The Company shall issue a single bill for electric service to each Customer.

The Company shall use the rates supplied by the Competitive Supplier to calculate the Competitive Supplier portion of Customer bills, and integrate this billing with its own billing in a single mailing to the Customer. The Company shall send a "customer usage and billing information" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

Upon receipt of Customer payments, the Company shall send a "payment/adjustment" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report. Customer revenue due the Competitive Supplier shall be transferred to the Competitive Supplier in accordance with the service contract entered into by the Competitive Supplier and the Company.

If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Distribution Service and, if any payment remains, it shall be applied to Generation Service.

Effective October 1, 2002, the following payment allocation between the Company and Competitive Suppliers shall apply if a Customer pays the Company less than the full amount billed. The payment shall first be allocated to the Distribution Company and Competitive Supplier charges in arrears in proportion to the percentage of the combined arrears represented by each charge. Any remaining payment shall be allocated to the Distribution Company and Competitive Supplier current charges in proportion to the percentage of the combined current charges represented by each charge.

2. Changes to Rate Classes

If a Competitive Supplier requests different customer classes or rate structures than

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

8. Billing (continued)

are offered by the Company, the Company shall accommodate changes to the billing system, if reasonably possible, at the Competitive Supplier's expense. The costs of making the designated changes shall be quoted by the Company to the Competitive Supplier prior to the start of programming.

3. Optional Customer Services

Upon request by a Competitive Supplier, the Company may offer optional customer services to those Competitive Suppliers who receive Standard Complete Billing Service. Pricing for these optional services shall be customized to the Competitive Supplier's needs, and shall be dependent on the specific customer services required by the Competitive Supplier, the volume of Customer calls, requested coverage hours, and/or the specific number of customer service representatives requested.

4. Summary Billing

The Company may offer a Summary Billing option for Competitive Suppliers who have qualified Customers with multiple electric service accounts. Designed to consolidate multiple individual billings on a single bill format, this optional service allows Customers to pay multiple accounts with one check.

5. Existing Fees

Existing Company service fees, such as interest charges for unpaid balances and bad check charges, shall remain in effect and shall be assessed, as applicable, according to the Company's Terms and Conditions for Distribution Service, applicable to all Customers.

8C. Definition of Standard Units of Service

1. Billing Demand

Units of billing demand shall be as defined in the Company's applicable tariffs on file with the MDTE.

2. On-Peak/Off-Peak Period Definitions

The on-peak and off-peak periods shall be as defined in the Company's applicable tariffs on file with the MDTE.

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

8. Billing (continued)

Competitive Suppliers may define on-peak and off-peak periods differently from those above; however, they will be required to make special metering arrangements with the Company to reflect different on-peak and off-peak definitions. Any costs incurred to provide the special metering arrangements shall be assigned to the Competitive Supplier.

8D. Fees

The Company may charge fees to Competitive Suppliers for providing the services described in this section of the Terms and Conditions, as approved by the MDTE. These fees are included in Appendix A.

9. Determination of Hourly Loads

9A. For each Competitive Supplier, hourly loads for each day shall be estimated or telemetered and reported daily to the ISO-NE for inclusion in the Competitive Supplier's Own-Load Calculation. Hourly load estimates for non-telemetered customers will be based upon load profiles developed for each customer class or Customer of the Company. The total hourly loads will be determined in accordance with the appropriate hourly load for the Company.

9B. The Company shall normally report previous days' hourly loads to the ISO-NE by a specified time. These loads shall be included in the Competitive Supplier's Own Load Calculation.

9C. To refine the estimates of the Competitive Suppliers' loads that result from the estimated hourly loads, a monthly calculation shall be performed to incorporate the most recent customer usage information, which is available after the monthly meter readings are processed.

9D. The hourly loads shall be determined consistent with the following steps:

(1) The Company shall identify or develop a load profile for each customer class or each Customer for use in each day's daily determination of hourly load.

(2) The Company shall calculate a usage factor for each Customer that reflects the Customer's relative usage level.

(3) The Company shall develop estimates of hourly load profiles for the previous day for each Competitive Supplier such that the sum of the Competitive

TERMS AND CONDITIONS – COMPETITIVE SUPPLIERS

9. Determination of Hourly Loads (continued)

Suppliers' loads equals the hourly metered loads collected each day. Distribution losses, which are included in the hourly metered Company loads, shall be fully allocated into Competitive Supplier loads.

(4) Transmission losses from local network facilities shall be approximated and added to the Competitive Supplier's hourly loads.

9E. The process of Competitive Supplier load estimation involves statistical samples and estimating error. The Distribution Company shall not be responsible for any estimating errors and shall not be liable to the Competitive Supplier for any costs that are associated with such estimating errors.

10. Liability and Indemnification

The liability of the Competitive Supplier to the Customer shall be as set forth in the specific Customer/Competitive Supplier Contract.

Except as provided in § 9E of the Model Terms and Conditions, the Company and the Competitive Supplier shall indemnify and hold the other and their respective affiliates, and the directors, officers, employees, and agents of each of them (collectively, "Affiliates") harmless from and against any and all damages, costs (including attorneys' fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "Liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of such party in connection with the performance of its obligations under these Terms and Conditions. The Company and the Competitive Supplier shall waive recourse against the other party and its Affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under these Terms and Conditions.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

1. Applicability

1A. The following Terms and Conditions shall apply to every registered Competitive Supplier authorized to do business within the Commonwealth of Massachusetts, and to every Customer and Distribution Company doing business with said Competitive Suppliers.

1B. These Terms and Conditions may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDTE regulations and Massachusetts law. In case of conflict between these Terms and Conditions and any orders or regulations of the MDTE, said orders or regulations shall govern.

1C. No agent or employee of the Company is authorized to modify any provision contained in these Terms and Conditions or to bind the Company to perform in any manner contrary thereto. Any such modification to these Terms and Conditions or any such promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, and subject in all cases to applicable statutes and to the orders and regulations of the MDTE, and available for public inspection during normal business hours at the business offices of the Company and at the offices of the MDTE.

2. Definitions

"Competitive Supplier" shall mean any entity licensed by the MDTE to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in the Company's Default Service tariff, on file with the MDTE.

"Distribution Company" or "Company" shall mean Cambridge Electric Light Company.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

2. Definitions (continued)

"Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.

"EBT Working Group Report" or "Report" shall mean the most recently revised version of the report initially submitted by the Electronic Business Transaction Working Group on October 9, 1997. The Report shall be on file at the MDTE.

"Enrollment Period" shall mean, for a particular Customer, the period of time during which a Competitive Supplier may submit an enrollment transaction to a Distribution Company for initiation of Generation Service concurrent with the start of the Customer's next billing cycle.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"ISO-NE" shall mean the Independent System Operator of the New England bulk power system.

"MDTE" shall mean the Massachusetts Department of Telecommunications and Energy.

"NEPOOL" shall mean the New England Power Pool and its successors.

"NEPOOL PTF" shall mean pool transmission facilities included in the NEPOOL Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission.

"Own-Load Calculation" shall mean the settlement method utilized by NEPOOL for its members, as set forth in the NEPOOL Agreement, as amended from time to time, on file as a tariff with the Federal Energy Regulatory Commission.

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"Terms and Conditions" shall mean these Terms and Conditions for Competitive Suppliers.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

3. Obligations of Parties

3A. Customer

A Customer shall select one Competitive Supplier for each account at any given time, or authorize an agent to make the selection for the Customer, for the purposes of the Distribution Company (1) reporting the Customer's hourly electric consumption to the ISO-NE, and (2) providing billing services. The Customer must provide the selected Competitive Supplier with the information necessary to allow the Competitive Supplier to initiate Generation Service, in accordance with Section 5A, below. A Customer may choose only a Competitive Supplier that is licensed by the MDTE.

Nothing in these Terms and Conditions shall prohibit a Customer from entering into arrangements with multiple suppliers, provided that a single Competitive Supplier is designated for the purposes described above.

3B. Distribution Company

The Company shall:

(1) Arrange for or provide (I) regional network transmission service over NEPOOL PTF and (ii) local network transmission service from NEPOOL PTF to the Company's Distribution System for each Customer, unless the Customer or its Competitive Supplier otherwise arranges for such service;

(2) Deliver power over distribution facilities to each Customer Delivery Point;

(3) Provide customer service and support for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B.3 below;

(4) Respond to service interruptions or power quality problems;

(5) Handle connections and terminations;

(6) Read meters;

(7) Submit bills to Customers for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B below;

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

3. Obligations of Parties (continued)

(8) Address billing inquiries for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B.3 below;

(9) Answer general questions about Distribution Service;

(10) Report Competitive Suppliers' estimated and metered loads, including local network transmission and distribution losses, to the ISO-NE, in accordance with Section 9 below;

(11) Process the electronic business transactions submitted by Competitive Suppliers, and send the necessary electronic business transactions to Competitive Suppliers, in accordance with Section 5, below, and the rules and procedures set forth in the EBT Working Group Report;

(12) Provide information regarding, at a minimum, rate tariffs, billing cycles, and load profiles, on its Internet website or by alternate electronic means;

(13) Provide Standard Offer Service to Customers in accordance with the Company's tariff; and

(14) Provide Default Service to Customers in accordance with the Company's tariff.

3C. Competitive Supplier

1. Each Competitive Supplier must meet the registration and licensing requirements established by law or regulation and either (I) be a member of NEPOOL subject to an Own-Load Calculation or (ii) have an agreement in place with a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by the Competitive Supplier in such NEPOOL member's Own-Load Calculation.

2. A Competitive Supplier shall be responsible for providing all-requirements service to meet each of its Customers' needs and to deliver the associated capacity and energy to a point or points on NEPOOL PTF.

3. A Competitive Supplier providing Generation Service to Customers will be responsible for any and all losses incurred on (I) local network transmission systems and distribution systems, as determined by the Company; (ii) NEPOOL PTF, as determined by the ISO-NE; and (iii) facilities linking generation to NEPOOL PTF. A Competitive Supplier

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

3. Obligations of Parties (continued

shall also be responsible for all transmission wheeling charges necessary to reach NEPOOL PTF.

4. A Competitive Supplier shall be required to complete testing of the transactions included in the EBT Working Group Report prior to the initiation of Generation Service to any Customer in the Company's service territory. Such testing shall be in accordance with the rules and procedures set forth in the Report.

5. Each Competitive Supplier shall be required to enter into a service contract with the Distribution Company that resolves issues associated with, among other things, information exchange, problem resolution, and revenue liability. This contract must be entered prior to the initiation of Generation Service to any Customer in the Company's service territory.

6. A Competitive Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to initiating Generation Service to the Customer. Such authorization shall be in accordance with St. 1997, c. 164, § 193 (G.L. c. 164, § 1F(8)(a)) and 220 C.M.R. § 11.05.

7. A Competitive Supplier not affiliated with the Company shall be responsible for obtaining the necessary authorization from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Competitive Supplier. Such authorization shall consist of (I) letter of authorization; (ii) third-party verification; or (iii) a customer-initiated call to an independent third-party, consistent with 220 C.M.R. § 11.05. A Competitive Supplier affiliated with the Company must obtain a Customer's written authorization prior to requesting the release of the Company's historic usage information specific to that Customer consistent with St. 1997, c. 164, § 193 (G.L. c.164, § 1C(v)) and 220 C.M.R. § 12.00 et seq.

4. Customer Usage Information to be Made Available to Competitive Suppliers

The Company shall be required to provide twelve months' of a Customer's historic usage data to a Competitive Supplier, provided that the Competitive Supplier has received the appropriate authorization, in accordance with the provisions established in Section 3C.7, above. This information shall be provided in electronic form.

The Company shall print twelve months' of historic usage data on customers' bills, in addition to the usage data for the current billing period.

The Company shall be required to provide customers who, since January 1, 1995, have been billed

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

4. Customer Usage Information to be Made Available to Competitive Suppliers (continued)

in part on a demand basis, with twelve months of usage data, upon the customer's written request. These data shall be provided pursuant to the requirements set forth in St. 1997, c. 164, § 193 (G.L. c. 164, § 1F(9)).

5. Initiation and Termination of Generation Service

5A. Initiation of Generation Service

To initiate Generation Service to a Customer, the Competitive Supplier shall submit an "enroll customer" transaction to the Company, in accordance with the rules and procedures set forth in the EBT Working Group Report. The Competitive Supplier shall hold the "enroll customer" transaction until any applicable right of rescission has lapsed.

If the information on the enrollment transaction is correct, the Distribution Company shall send the Competitive Supplier a "successful enrollment" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report. Generation Service shall commence on the date of the Customer's next scheduled meter read, provided that the Supplier has submitted the enrollment transaction to the Distribution Company no fewer than two business days prior to the meter read date. If the Supplier has not submitted the enrollment transaction at least two days before the meter read date, Generation Service shall commence on the date of the Customer's subsequent scheduled meter read.

If more than one Competitive Supplier submits an enrollment transaction for a given Customer during the same enrollment period, the first transaction that is received by the Distribution Company shall be accepted. All other transactions shall be rejected. Rejected transactions may be resubmitted during the customer's next enrollment period.

5B. Termination of Generation Service

To terminate Generation Service with a Customer, a Competitive Supplier shall submit a "supplier drops customer" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report. Generation Service shall be terminated on the date of the customer's next scheduled meter read, provided that the Competitive Supplier has submitted this transaction to the Distribution Company no fewer than two business days prior to the meter read date. If the Competitive Supplier has not submitted this transaction at least two days before the meter read date, Generation Service shall be terminated on the date of the Customer's subsequent scheduled meter read. The Distribution Company shall send a "confirm drop date" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

5. Initiation and Termination of Generation Service (continued)

To terminate Generation Service with a Competitive Supplier, a Customer shall so inform the Distribution Company or the Competitive Supplier. In the event that the Customer informs the Distribution Company directly, Generation Service shall be terminated within two business days for residential customers; for other customers, Generation Service shall be terminated on the date of the Customer's next scheduled meter read. The Distribution Company shall send a "customer drops supplier" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report. In the event that the Customer informs the Competitive Supplier, the Competitive Supplier shall send a "supplier drops customer" transaction to the Distribution Company in accordance with the rules and procedures set forth in the EBT Working Group Report.

In those instances when a Customer who is receiving Generation Service from an existing Competitive Supplier initiates such service with a new Competitive Supplier, the Distribution Company shall send the existing Competitive Supplier a "customer drops supplier" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report.

5C. Customer Moves

A Customer that moves within a Distribution Company's service territory shall have the opportunity to notify the Distribution Company that he/she seeks to continue Generation Service with his/her existing Competitive Supplier. Upon such notification, the Distribution Company shall send a "customer move" transaction to the Competitive Suppliers, in accordance with the rules and procedures set forth in the EBT Working Group Report.

In those instances when a Customer moves into a Distribution Company's service territory, the Customer's existing Competitive Supplier must submit an "enroll customer" transaction to the new Distribution Company in order to initiate Generation Service. Otherwise, the Customer shall receive Standard Offer Service or Default Service, in accordance with the Company's respective tariffs.

5D. Other Provisions

Distribution Companies and Suppliers shall send "change enrollment detail" transactions to change any information included on the "enroll customer" transactions, in accordance with the rules and procedures set forth in the EBT Working Group Report.

If any of the transactions described above are rejected by the Distribution Company, the Distribution Company shall send an "error" transaction to the Competitive Supplier

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

5. Initiation and Termination of Generation Service (continued)

identifying the reason for the rejection, in accordance with the rules and procedures set forth in the EBT Working Group Report.

5E. Fees

The Company may charge fees to Competitive Supplier for processing the transactions described above, as approved by the MDTE. These fees are included in Appendix A.

6. Distribution Service Interruption

6A. Planned Outages

In the event that the loading of the Distribution System, or a portion thereof, must be reduced for safe and reliable operation, such reduction in loading shall be proportionately allocated among all Customers whose load contributes to the need for the reduction, when such proportional curtailments can be accommodated within good utility practices.

6B. Unplanned Outages

In the event of unplanned outages, service will be restored in accordance with good utility practice. When appropriate, service restoration shall be accomplished in accordance with the Company System Storm Emergency Plan on file with the MDTE.

6C. Disconnection of Service

The Distribution Company may discontinue Distribution Service to a Customer in accordance with the provisions set forth in the Terms and Conditions for Distribution Service. The Company shall provide electronic notification , using the Customer Usage and Billing Information transaction, to the Customer's Competitive Supplier of record upon final billing to the Customer. Once disconnection occurs, the provision of Generation Service to the Customer is no longer the obligation of the Competitive Supplier. The Company shall not be liable for any revenue losses to the Competitive Supplier as a result of any such disconnection.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

7. Metering

7A. Meter Reading

The Company shall meter each Customer in accordance with tariff provisions. Upon request by a Competitive Supplier, the Company shall schedule meter reads on a monthly cycle.

Each Customer shall be metered or estimated such that the loads can be reported to the ISO-NE for inclusion in the Competitive Supplier's, or the Competitive Supplier's wholesale provider's, Own-Load Calculation.

7B. Ownership of Metering Equipment

Should a Customer or Competitive Supplier request a new meter or request that a communication device be attached to the existing meter, the Company shall provide, install, test, and maintain the requested metering or communication device. The requested meter or communication device must meet the Company's requirements. The Customer or Competitive Supplier shall bear the cost of providing and installing the meter or communication device. Upon installation, the meter or communication device shall become the property of the Company and will be maintained by the Company. The Company shall complete installation of the meter or communication device, if reasonably possible, within thirty (30) days of receiving a written request from the Customer or Competitive Supplier. The Company shall bill the Customer or Competitive Supplier upon installation.

8. Billing

The Company shall provide a single bill, reflecting unbundled charges for electric service, to Customers who receive Standard Offer Service or Default Service.

The Company shall offer two billing service options to Customers receiving Generation Service from Competitive Suppliers: (1) Standard Complete Billing Service; and (2) Standard Passthrough Billing Service. The Competitive Supplier shall inform the Distribution Company of the selected billing option, in accordance with the rules and procedures set forth in the EBT Working Group Report.

8A. Standard Passthrough Billing Service

The Company shall issue a bill for Distribution Service to each Customer. The Competitive Supplier shall be responsible for separately billing Customers for the cost of Generation Service provided by the Competitive Supplier and for the collection of amounts due to the Competitive Supplier from the Customer.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

8. Billing (continued)

The Company shall send a "customer usage information" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

8B. Standard Complete Billing Service

1. Billing Procedure

The Company shall issue a single bill for electric service to each Customer.

The Company shall use the rates supplied by the Competitive Supplier to calculate the Competitive Supplier portion of Customer bills, and integrate this billing with its own billing in a single mailing to the Customer. The Company shall send a "customer usage and billing information" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

Upon receipt of Customer payments, the Company shall send a "payment/adjustment" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report. Customer revenue due the Competitive Supplier shall be transferred to the Competitive Supplier in accordance with the service contract entered into by the Competitive Supplier and the Company.

If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Distribution Service and, if any payment remains, it shall be applied to Generation Service.

Effective October 1, 2002, the following payment allocation between the Company and Competitive Suppliers shall apply if a Customer pays the Company less than the full amount billed. The payment shall first be allocated to the Distribution Company and Competitive Supplier charges in arrears in proportion to the percentage of the combined arrears represented by each charge. Any remaining payment shall be allocated to the Distribution Company and Competitive Supplier current charges in proportion to the percentage of the combined current charges represented by each charge.

2. Changes to Rate Classes

If a Competitive Supplier requests different customer classes or rate structures than are offered by the Company, the Company shall accommodate changes to the billing

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

8. Billing (continued)

system, if reasonably possible, at the Competitive Supplier's expense. The costs of making the designated changes shall be quoted by the Company to the Competitive Supplier prior to the start of programming.

3. Optional Customer Services

Upon request by a Competitive Supplier, the Company may offer optional customer services to those Competitive Suppliers who receive Standard Complete Billing Service. Pricing for these optional services shall be customized to the Competitive Supplier's needs, and shall be dependent on the specific customer services required by the Competitive Supplier, the volume of Customer calls, requested coverage hours, and/or the specific number of customer service representatives requested.

4. Summary Billing

The Company may offer a Summary Billing option for Competitive Suppliers who have qualified Customers with multiple electric service accounts. Designed to consolidate multiple individual billings on a single bill format, this optional service allows Customers to pay multiple accounts with one check.

5. Existing Fees

Existing Company service fees, such as interest charges for unpaid balances and bad check charges, shall remain in effect and shall be assessed, as applicable, according to the Company's Terms and Conditions for Distribution Service, applicable to all Customers.

8C. Definition of Standard Units of Service

1. Billing Demand

Units of billing demand shall be as defined in the Company's applicable tariffs on file with the MDTE.

2. On-Peak/Off-Peak Period Definitions

The on-peak and off-peak periods shall be as defined in the Company's applicable tariffs on file with the MDTE.

Competitive Suppliers may define on-peak and off-peak periods differently from those above; however, they will be required to make special metering

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

8. Billing (continued)

arrangements with the Company to reflect different on-peak and off-peak definitions. Any costs incurred to provide the special metering arrangements shall be assigned to the Competitive Supplier.

8D. Fees

The Company may charge fees to Competitive Suppliers for providing the services described in this section of the Terms and Conditions, as approved by the MDTE. These fees are included in Appendix A.

9. Determination of Hourly Loads

9A. For each Competitive Supplier, hourly loads for each day shall be estimated or telemetered and reported daily to the ISO-NE for inclusion in the Competitive Supplier's Own-Load Calculation. Hourly load estimates for non-telemetered customers will be based upon load data developed for or within each customer class or Customer of the Company. The total hourly loads will be determined in accordance with the appropriate hourly load for the Company.

9B. The Company shall normally report previous days' hourly loads to the ISO-NE by a specified time. These loads shall be included in the Competitive Supplier's Own Load Calculation.

9C. To refine the estimates of the Competitive Suppliers' loads that result from the estimated hourly loads, a monthly calculation shall be performed to incorporate the most recent customer usage information, which is available after the monthly meter readings are processed.

9D. The hourly loads shall be determined consistent with the following steps:

(1) The Company shall identify or develop a load profile for or within each customer class or each Customer for use in each day's daily determination of hourly load.

(2) The Company shall calculate a usage factor for each Customer that reflects the Customer's relative usage level.

(3) The Company shall develop estimates of hourly load profiles for the previous day(s) for each Competitive Supplier such that the sum of the Competitive Suppliers' loads equals the hourly metered loads collected each day. Distribution losses, which are included in the hourly metered Company loads,

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

9. Determination of Hourly Loads (continued)

shall be fully allocated into Competitive Supplier loads.

(4) Transmission losses from local network facilities shall be approximated and added to the Competitive Supplier's hourly loads.

9E. The process of Competitive Supplier load estimation involves statistical samples and estimating error. The Distribution Company shall not be responsible for any estimating errors and shall not be liable to the Competitive Supplier for any costs that are associated with such estimating errors.

10. Liability and Indemnification

The liability of the Competitive Supplier to the Customer shall be as set forth in the specific Customer/Competitive Supplier Contract.

Except as provided in § 9E of these Terms and Conditions, the Company and the Competitive Supplier shall indemnify and hold the other and their respective affiliates, and the directors, officers, employees, and agents of each of them (collectively, "Affiliates") harmless from and against any and all damages, costs (including attorneys' fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "Liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of such party in connection with the performance of its obligations under these Terms and Conditions. The Company and the Competitive Supplier shall waive recourse against the other party and its Affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under these Terms and Conditions.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

Appendix A

Schedule of Fees and Charges

RESERVED

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

1. Applicability

1A. The following Terms and Conditions shall apply to every registered Competitive Supplier authorized to do business within the Commonwealth of Massachusetts, and to every Customer and Distribution Company doing business with said Competitive Suppliers.

1B. These Terms and Conditions may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDTE regulations and Massachusetts law. In case of conflict between these Terms and Conditions and any orders or regulations of the MDTE, said orders or regulations shall govern.

1C. No agent or employee of the Company is authorized to modify any provision contained in these Terms and Conditions or to bind the Company to perform in any manner contrary thereto. Any such modification to these Terms and Conditions or any such promise contrary thereto shall be in writing, duly executed by an authorized officer of the Company, and subject in all cases to applicable statutes and to the orders and regulations of the MDTE, and available for public inspection during normal business hours at the business offices of the Company and at the offices of the MDTE.

2. Definitions

"Competitive Supplier" shall mean any entity licensed by the MDTE to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in the Company's Default Service tariff, on file with the MDTE.

"Distribution Company" or "Company" shall mean Commonwealth Electric Company.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

2. Definitions (continued)

"Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.

"EBT Working Group Report" or "Report" shall mean the most recently revised version of the report initially submitted by the Electronic Business Transaction Working Group on October 9, 1997. The Report shall be on file at the MDTE.

"Enrollment Period" shall mean, for a particular Customer, the period of time during which a Competitive Supplier may submit an enrollment transaction to a Distribution Company for initiation of Generation Service concurrent with the start of the Customer's next billing cycle.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"ISO-NE" shall mean the Independent System Operator of the New England bulk power system.

"MDTE" shall mean the Massachusetts Department of Telecommunications and Energy.

"NEPOOL" shall mean the New England Power Pool and its successors.

"NEPOOL PTF" shall mean pool transmission facilities included in the NEPOOL Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission.

"Own-Load Calculation" shall mean the settlement method utilized by NEPOOL for its members, as set forth in the NEPOOL Agreement, as amended from time to time, on file as a tariff with the Federal Energy Regulatory Commission.

"Standard Offer Service" shall mean the service provided by the Distribution Company for a term of seven years after the Retail Access Date, unless otherwise determined by the MDTE. The rates for this service shall be set at levels that achieve the overall Customer rate reductions required by G.L. c. 164, § 1B. Availability for this service shall be in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the MDTE.

"Terms and Conditions" shall mean these Terms and Conditions for Competitive Suppliers.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

3. Obligations of Parties

3A. Customer

A Customer shall select one Competitive Supplier for each account at any given time, or authorize an agent to make the selection for the Customer, for the purposes of the Distribution Company (1) reporting the Customer's hourly electric consumption to the ISO-NE, and (2) providing billing services. The Customer must provide the selected Competitive Supplier with the information necessary to allow the Competitive Supplier to initiate Generation Service, in accordance with Section 5A, below. A Customer may choose only a Competitive Supplier that is licensed by the MDTE.

Nothing in these Terms and Conditions shall prohibit a Customer from entering into arrangements with multiple suppliers, provided that a single Competitive Supplier is designated for the purposes described above.

3B. Distribution Company

The Company shall:

(1) Arrange for or provide (i) regional network transmission service over NEPOOL PTF and (ii) local network transmission service from NEPOOL PTF to the Company's Distribution System for each Customer, unless the Customer or its Competitive Supplier otherwise arranges for such service;

(2) Deliver power over distribution facilities to each Customer Delivery Point;

(3) Provide customer service and support for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B.3 below;

(4) Respond to service interruptions or power quality problems;

(5) Handle connections and terminations;

(6) Read meters;

(7) Submit bills to Customers for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B below;

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

3. Obligations of Parties (continued)

(8) Address billing inquiries for Distribution Service and, if contracted by the Competitive Supplier, for Generation Service in accordance with Section 8B.3 below;

(9) Answer general questions about Distribution Service;

(10) Report Competitive Suppliers' estimated and metered loads, including local network transmission and distribution losses, to the ISO-NE, in accordance with Section 9 below;

(11) Process the electronic business transactions submitted by Competitive Suppliers, and send the necessary electronic business transactions to Competitive Suppliers, in accordance with Section 5, below, and the rules and procedures set forth in the EBT Working Group Report;

(12) Provide information regarding, at a minimum, rate tariffs, billing cycles, and load profiles, on its Internet website or by alternate electronic means;

(13) Provide Standard Offer Service to Customers in accordance with the Company's tariff; and

(14) Provide Default Service to Customers in accordance with the Company's tariff.

3C. Competitive Supplier

1. Each Competitive Supplier must meet the registration and licensing requirements established by law or regulation and either (i) be a member of NEPOOL subject to an Own-Load Calculation or (ii) have an agreement in place with a NEPOOL member whereby the NEPOOL member agrees to include the load to be served by the Competitive Supplier in such NEPOOL member's Own-Load Calculation.

2. A Competitive Supplier shall be responsible for providing all-requirements service to meet each of its Customers' needs and to deliver the associated capacity and energy to a point or points on NEPOOL PTF.

3. A Competitive Supplier providing Generation Service to Customers will be responsible for any and all losses incurred on (i) local network transmission systems and distribution systems, as determined by the Company; (ii) NEPOOL PTF, as determined by the ISO-NE; and (iii) facilities linking generation to NEPOOL PTF. A Competitive Supplier

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

3. Obligations of Parties (continued)

shall also be responsible for all transmission wheeling charges necessary to reach NEPOOL PTF.

4. A Competitive Supplier shall be required to complete testing of the transactions included in the EBT Working Group Report prior to the initiation of Generation Service to any Customer in the Company's service territory. Such testing shall be in accordance with the rules and procedures set forth in the Report.

5. Each Competitive Supplier shall be required to enter into a service contract with the Distribution Company that resolves issues associated with, among other things, information exchange, problem resolution, and revenue liability. This contract must be entered prior to the initiation of Generation Service to any Customer in the Company's service territory.

6. A Competitive Supplier shall be responsible for obtaining the necessary authorization from each Customer prior to initiating Generation Service to the Customer. Such authorization shall be in accordance with St. 1997, c. 164, § 193 (G.L. c. 164, § 1F(8)(a)) and 220 C.M.R. § 11.05.

7. A Competitive Supplier not affiliated with the Company shall be responsible for obtaining the necessary authorization from each Customer prior to requesting the Company to release the Company's historic usage information specific to that Customer to such Competitive Supplier. Such authorization shall consist of (i) letter of authorization; (ii) third-party verification; or (iii) a customer-initiated call to an independent third-party, consistent with 220 C.M.R. § 11.05. A Competitive Supplier affiliated with the Company must obtain a Customer's written authorization prior to requesting the release of the Company's historic usage information specific to that Customer consistent with St. 1997, c. 164, § 193 (G.L. c.164, § 1C(v)) and 220 C.M.R. § 12.00 et seq.,

4. Customer Usage Information to be Made Available to Competitive Suppliers

The Company shall be required to provide twelve months' of a Customer's historic usage data to a Competitive Supplier, provided that the Competitive Supplier has received the appropriate authorization, in accordance with the provisions established in Section 3C.7, above. This information shall be provided in electronic form.

The Company shall print twelve months' of historic usage data on customers' bills, in addition to the usage data for the current billing period.

The Company shall be required to provide customers who, since January 1, 1995, have been billed

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

4. Customer Usage Information to be Made Available to Competitive Suppliers (continued)

in part on a demand basis, with twelve months of usage data, upon the customer's written request. These data shall be provided pursuant to the requirements set forth in St. 1997, c. 164, § 193 (G.L. c. 164, § 1F(9)).

5. Initiation and Termination of Generation Service

5A. Initiation of Generation Service

To initiate Generation Service to a Customer, the Competitive Supplier shall submit an "enroll customer" transaction to the Company, in accordance with the rules and procedures set forth in the EBT Working Group Report. The Competitive Supplier shall hold the "enroll customer" transaction until any applicable right of rescission has lapsed.

If the information on the enrollment transaction is correct, the Distribution Company shall send the Competitive Supplier a "successful enrollment" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report. Generation Service shall commence on the date of the Customer's next scheduled meter read, provided that the Supplier has submitted the enrollment transaction to the Distribution Company no fewer than two business days prior to the meter read date. If the Supplier has not submitted the enrollment transaction at least two days before the meter read date, Generation Service shall commence on the date of the Customer's subsequent scheduled meter read.

If more than one Competitive Supplier submits an enrollment transaction for a given Customer during the same enrollment period, the first transaction that is received by the Distribution Company shall be accepted. All other transactions shall be rejected. Rejected transactions may be resubmitted during the customer's next enrollment period.

5B. Termination of Generation Service

To terminate Generation Service with a Customer, a Competitive Supplier shall submit a "supplier drops customer" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report. Generation Service shall be terminated on the date of the customer's next scheduled meter read, provided that the Competitive Supplier has submitted this transaction to the Distribution Company no fewer than two business days prior to the meter read date. If the Competitive Supplier has not submitted this transaction at least two days before the meter read date, Generation Service shall be terminated on the date of the Customer's subsequent scheduled meter read. The Distribution Company shall send a "confirm drop date" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

5. Initiation and Termination of Generation Service (continued)

To terminate Generation Service with a Competitive Supplier, a Customer shall so inform the Distribution Company or the Competitive Supplier. In the event that the Customer informs the Distribution Company directly, Generation Service shall be terminated within two business days for residential customers; for other customers, Generation Service shall be terminated on the date of the Customer's next scheduled meter read. The Distribution Company shall send a "customer drops supplier" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report. In the event that the Customer informs the Competitive Supplier, the Competitive Supplier shall send a 'supplier drops customer' transaction to the Distribution Company in accordance with the rules and procedures set forth in the EBT Working Group Report.

In those instances when a Customer who is receiving Generation Service from an existing Competitive Supplier initiates such service with a new Competitive Supplier, the Distribution Company shall send the existing Competitive Supplier a "customer drops supplier" transaction, in accordance with the rules and procedures set forth in the EBT Working Group Report.

5C. Customer Moves

A Customer that moves within a Distribution Company's service territory shall have the opportunity to notify the Distribution Company that he/she seeks to continue Generation Service with his/her existing Competitive Supplier. Upon such notification, the Distribution Company shall send a "customer move" transaction to the Competitive Suppliers, in accordance with the rules and procedures set forth in the EBT Working Group Report.

In those instances when a Customer moves into a Distribution Company's service territory, the Customer's existing Competitive Supplier must submit an "enroll customer" transaction to the new Distribution Company in order to initiate Generation Service. Otherwise, the Customer shall receive Standard Offer Service or Default Service, in accordance with the Company's respective tariffs.

5D. Other Provisions

Distribution Companies and Suppliers shall send "change enrollment detail" transactions to change any information included on the "enroll customer" transactions, in accordance with the rules and procedures set forth in the EBT Working Group Report.

If any of the transactions described above are rejected by the Distribution Company, the Distribution Company shall send an "error" transaction to the Competitive Supplier

TERMS AND CONDITIONS - COMPETITIVE SUPPLIERS

5. Initiation and Termination of Generation Service (continued)

identifying the reason for the rejection, in accordance with the rules and procedures set forth in the EBT Working Group Report.

5E. Fees

The Company may charge fees to Competitive Supplier for processing the transactions described above, as approved by the MDTE. These fees are included in Appendix A.

6. Distribution Service Interruption

6A. Planned Outages

In the event that the loading of the Distribution System, or a portion thereof, must be reduced for safe and reliable operation, such reduction in loading shall be proportionately allocated among all Customers whose load contributes to the need for the reduction, when such proportional curtailments can be accommodated within good utility practices.

6B. Unplanned Outages

In the event of unplanned outages, service will be restored in accordance with good utility practice. When appropriate, service restoration shall be accomplished in accordance with the Company System Storm Emergency Plan on file with the MDTE.

6C. Disconnection of Service

The Distribution Company may discontinue Distribution Service to a Customer in accordance with the provisions set forth in the Terms and Conditions for Distribution Service. The Company shall provide electronic notification, using the Customer Usage and Billing Information transaction, to the Customer's Competitive Supplier of record upon final billing to the Customer. Once disconnection occurs, the provision of Generation Service to the Customer is no longer the obligation of the Competitive Supplier. The Company shall not be liable for any revenue losses to the Competitive Supplier as a result of any such disconnection.

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7. Metering

7A. Meter Reading

The Company shall meter each Customer in accordance with tariff provisions. Upon request by a Competitive Supplier, the Company shall schedule meter reads on a monthly cycle.

Each Customer shall be metered or estimated such that the loads can be reported to the ISO-NE for inclusion in the Competitive Supplier's, or the Competitive Supplier's wholesale provider's, Own-Load Calculation.

7B. Ownership of Metering Equipment

Should a Customer or Competitive Supplier request a new meter or request that a communication device be attached to the existing meter, the Company shall provide, install, test, and maintain the requested metering or communication device. The requested meter or communication device must meet the Company's requirements. The Customer or Competitive Supplier shall bear the cost of providing and installing the meter or communication device. Upon installation, the meter or communication device shall become the property of the Company and will be maintained by the Company. The Company shall complete installation of the meter or communication device, if reasonably possible, within thirty (30) days of receiving a written request from the Customer or Competitive Supplier. The Company shall bill the Customer or Competitive Supplier upon installation.

8. Billing

The Company shall provide a single bill, reflecting unbundled charges for electric service, to Customers who receive Standard Offer Service or Default Service.

The Company shall offer two billing service options to Customers receiving Generation Service from Competitive Suppliers: (1) Standard Complete Billing Service; and (2) Standard Passthrough Billing Service. The Competitive Supplier shall inform the Distribution Company of the selected billing option, in accordance with the rules and procedures set forth in the EBT Working Group Report.

8A. Standard Passthrough Billing Service

The Company shall issue a bill for Distribution Service to each Customer. The Competitive Supplier shall be responsible for separately billing Customers for the cost of Generation Service provided by the Competitive Supplier and for the collection of amounts due to the Competitive Supplier from the Customer.

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8. Billing (continued)

The Company shall send a "customer usage information" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

8B. Standard Complete Billing Service

1. Billing Procedure

The Company shall issue a single bill for electric service to each Customer.

The Company shall use the rates supplied by the Competitive Supplier to calculate the Competitive Supplier portion of Customer bills, and integrate this billing with its own billing in a single mailing to the Customer. The Company shall send a "customer usage and billing information" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report.

Upon receipt of Customer payments, the Company shall send a "payment/adjustment" transaction to the Competitive Supplier, in accordance with the rules and procedures set forth in the EBT Working Group Report. Customer revenue due the Competitive Supplier shall be transferred to the Competitive Supplier in accordance with the service contract entered into by the Competitive Supplier and the Company.

If a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to Distribution Service and, if any payment remains, it shall be applied to Generation Service.

Effective October 1, 2002, the following payment allocation between the Company and Competitive Suppliers shall apply if a Customer pays the Company less than the full amount billed. The payment shall first be allocated to the Distribution Company and Competitive Supplier charges in arrears in proportion to the percentage of the combined arrears represented by each charge. Any remaining payment shall be allocated to the Distribution Company and Competitive Supplier current charges in proportion to the percentage of the combined current charges represented by each charge.

2. Changes to Rate Classes

If a Competitive Supplier requests different customer classes or rate structures than are offered by the Company, the Company shall accommodate changes to the billing

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8. Billing (continued)

system, if reasonably possible, at the Competitive Supplier's expense. The costs of making the designated changes shall be quoted by the Company to the Competitive Supplier prior to the start of programming.

3. Optional Customer Services

Upon request by a Competitive Supplier, the Company may offer optional customer services to those Competitive Suppliers who receive Standard Complete Billing Service. Pricing for these optional services shall be customized to the Competitive Supplier's needs, and shall be dependent on the specific customer services required by the Competitive Supplier, the volume of Customer calls, requested coverage hours, and/or the specific number of customer service representatives requested.

4. Summary Billing

The Company may offer a Summary Billing option for Competitive Suppliers who have qualified Customers with multiple electric service accounts. Designed to consolidate multiple individual billings on a single bill format, this optional service allows Customers to pay multiple accounts with one check.

5. Existing Fees

Existing Company service fees, such as interest charges for unpaid balances and bad check charges, shall remain in effect and shall be assessed, as applicable, according to the Company's Terms and Conditions for Distribution Service, applicable to all Customers.

8C. Definition of Standard Units of Service

1. Billing Demand

Units of billing demand shall be as defined in the Company's applicable tariffs on file with the MDTE.

2. On-Peak/Off-Peak Period Definitions

The on-peak and off-peak periods shall be as defined in the Company's applicable tariffs on file with the MDTE.

Competitive Suppliers may define on-peak and off-peak periods differently

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8. Billing (continued)

from those above; however, they will be required to make special metering arrangements with the Company to reflect different on-peak and off-peak definitions. Any costs incurred to provide the special metering arrangements shall be assigned to the Competitive Supplier.

8D. Fees

The Company may charge fees to Competitive Suppliers for providing the services described in this section of the Terms and Conditions, as approved by the MDTE. These fees are included in Appendix A.

9. Determination of Hourly Loads

9A. For each Competitive Supplier, hourly loads for each day shall be estimated or telemetered and reported daily to the ISO-NE for inclusion in the Competitive Supplier's Own-Load Calculation. Hourly load estimates for non-telemetered customers will be based upon load data developed for or within each customer class or Customer of the Company. The total hourly loads will be determined in accordance with the appropriate hourly load for the Company.

9B. The Company shall normally report previous days' hourly loads to the ISO-NE by a specified time. These loads shall be included in the Competitive Supplier's Own Load Calculation.

9C. To refine the estimates of the Competitive Suppliers' loads that result from the estimated hourly loads, a monthly calculation shall be performed to incorporate the most recent customer usage information, which is available after the monthly meter readings are processed.

9D. The hourly loads shall be determined consistent with the following steps:

(1) The Company shall identify or develop a load profile for or within each customer class or each Customer for use in each day's daily determination of hourly load.

(2) The Company shall calculate a usage factor for each Customer that reflects the Customer's relative usage level.

(3) The Company shall develop estimates of hourly load profiles for the previous day(s) for each Competitive Supplier such that the sum of the Competitive

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9. Determination of Hourly Loads (continued)

Suppliers' loads equals the hourly metered loads collected each day. Distribution losses, which are included in the hourly metered Company loads, shall be fully allocated into Competitive Supplier loads.

(4) Transmission losses from local network facilities shall be approximated and added to the Competitive Supplier's hourly loads.

9E. The process of Competitive Supplier load estimation involves statistical samples and estimating error. The Distribution Company shall not be responsible for any estimating errors and shall not be liable to the Competitive Supplier for any costs that are associated with such estimating errors.

10. Liability and Indemnification

The liability of the Competitive Supplier to the Customer shall be as set forth in the specific Customer/Competitive Supplier Contract.

Except as provided in § 9E of these Terms and Conditions, the Company and the Competitive Supplier shall indemnify and hold the other and their respective affiliates, and the directors, officers, employees, and agents of each of them (collectively, "Affiliates") harmless from and against any and all damages, costs (including attorneys' fees), fines, penalties, and liabilities, in tort, contract, or otherwise (collectively, "Liabilities"), resulting from claims of third parties arising, or claimed to have arisen, from the acts or omissions of such party in connection with the performance of its obligations under these Terms and Conditions. The Company and the Competitive Supplier shall waive recourse against the other party and its Affiliates for or arising from the non-negligent performance by such other party in connection with the performance of its obligations under these Terms and Conditions.

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Appendix A

Schedule of Fees and Charges

RESERVED