NSTAR ELECTRIC GAS

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December 14, 2001

VIA COURIER

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

Re: Boston Edison Company
D.T.E. 01-78
MWRA Rate WR
Tariff M.D.T.E. No. 974

Dear Secretary Cottrell:

Enclosed herewith for filing is tariff M.D.T.E. No. 974, for which Boston Edison Company ("Boston Edison" or the "Company") requests an effective date of January 1, 2002. The tariff contains a new Rate WR, which replaces the existing tariff for Rate WR, M.D.T.E. No. 944. The enclosed M.D.T.E. No. 974 supersedes and replaces the proposed M.D.T.E. No. 960 filed on December 3, 2001 in this docket, which is hereby withdrawn. We have enclosed both two originals of the subject tariff, as well as a "red-lined" version showing the differences from the current tariff. Also enclosed is a check in the amount of $15.00 as payment of the applicable filing fee.

The proposed rate implements two changes from the currently effective rate. First, the new rate unbundles the "Delivery Services" component of the rate, reflecting the fact that the sole customer on this rate, the Massachusetts Water Resources Authority (the "Authority"), has, effective November 1, 2001, elected to leave Standard Offer Service and has commenced receipt of generation supply from a competitive supplier. Since the customer is no longer eligible for Standard Offer Service, the provisions of the rate which pertain to receipt of Standard Offer Service have been deleted. Second, the new rate reflects changes in the level of charges for Transition, Transmission, Energy Efficiency and Renewables for 2002 that are consistent with the changes for 2002 for these rate components for all other rate classes. The basis for these

generally applicable rate changes for 2002 are discussed in the Company's December 3, 2001 filing.

Concerning the unbundling of the "Delivery Services" component, it should be noted that the existing Rate WR, M.D.T.E. No. 944, and all prior versions of that rate since the implementation of electric industry restructuring, were calculated and established on a bundled basis tied to the fact that the customer was a recipient of Standard Offer Service. It was acknowledged that use of a bundled rate design for "Delivery Services" was contrary to the statutory directive of G.L. c. 164, § 1A(a) and Department policies regarding the unbundling of rates, and was driven by the statutory directive of G.L. c. 164, § 1B to provide overall discounted rates to customers that receive Standard Offer Service. *See* Boston Edison Company, D.P.U./D.T.E. 96-23, pp. 33-38 (1998). Accordingly, it has at all times been clearly recognized that the rate design for Rate WR would be subject to change at such time as the MWRA elected to leave Standard Offer Service.[1]

Consistent with this understanding, the unbundled rate components of the proposed M.D.T.E. No. 974 are set at the historical distribution cot of service level for Distribution Charge, but reflect the full, undiscounted payment of all other rate components, including the Transition Charge, in the same manner as established for the Company's other rate classes. Attachment A provides an analysis of the proposed change in rates for the MWRA for 2002. and for reference, Attachment B provides an analysis comparing the rates in the proposed M.D.T.E. No. 974 with the rates in the withdrawn M.D.T.E. No. 960 (which reflects the 2002 rates that the Company would have proposed had MWRA not left Standard Offer Service). From the analysis in Attachment B, it can be seen that, on an annualized basis and applying historical billing quantities, the unbundled rates in M.D.T.E. No. 974 result in approximately $1.2 million of additional "Delivery Services" revenues, all of which would be effectively accounted for as Transition Charge revenues, and fully reconciled as part of, the Company's existing Transition Charge reconciliation process.

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1 *See* Paragraph 3 of Stipulation between Boston Edison Company and Massachusetts Water Resources Authority dated April 14, 1998 in Docket D.T.E. 97-113. ("For future modification of tariffs pursuant to the Settlement Agreement as approved by the Department in DPU/DTE 96-23 or pursuant to the Electric Restructuring Act (Chapter 164 of the Acts of 1997) Boston Edison and MWRA agree that the percentage rate reductions for the WR rate class should be maintained insofar as practicable at the average of the percentage rate reductions for other rate classes. Such approach should be maintained, subject always to Department approval, at least until such time as Boston Edison and MWRA have entered into an overall settlement of WR rate issues, or MWRA has elected to leave Standard Offer Service, or there has been a Department-approved unbundling of the WR Delivery Services rate component; provided that Boston Edison shall provide MWRA with notice of any filing seeking to unbundled the WR Delivery Services rate component and shall not oppose MWRA intervention therein." (emphasis added)) *See also* Page 7, lines 11-13 of Prefiled Direct Testimony of Henry C. LaMontagne, Exhibit BEC-HCL in Docket D.T.E. 00-82. ("Should the MWRA at any point wish to leave Standard Offer Service and the statutorily protected rate reduction, the Company would expect to revisit the issue of WR rate design including the implementation of unbundled rates.")

In filing the enclosed M.D.T.E. No. 974 with an effective date of January 1, 2002, the Company notes that it has engaged in discussions with the MWRA in an attempt to agree upon the appropriate parameters for and level of Rate WR following the MWRA's decision to leave Standard Offer Service.[2] The Company remains willing to continue such discussions with the MWRA, and other interested parties such as the Attorney General, in an attempt to reach a settlement. In the interim, and as a condition of the receipt of an effective date of January 1, 2002 for M.D.T.E. No. 974, the Company is willing to stipulate that any portion of such rates that is an increase over the level of rates for "Delivery Services" that would have been collected under the proposed M.D.T.E. No. 960 would be collected by the Company subject to refund with interest, should the Department determine after investigation that the revenue levels produced by rates in M.D.T.E. No. 974 be reduced, or should the Company and the customer, with Department approval, successfully settle or resolve this matter in some alternative fashion.[3]

If there are any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

William S. Stowe
Assistant General Counsel

Enclosures

cc: Paul Afonso, Esq.
Kevin Brannelly, Director, Division of Rates and Revenue Requirements
William Stevens, Hearing Officer
Trudy P. Reilly, Esq.
Joseph Rogers, Esq.

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2 The WR Rate was established in accordance with the terms of a 1990 contract between the Company and the Authority, which was approved by the Department. Harbor Electric Energy Company/Boston Edison Company, D.P.U. 90-288 (1991).

3 The Department has historically approved rates subject to refund where the utility proposing the rate change has voluntarily agreed to such refunds. *See, e.g.,* Pine Hills Water Company, D.T.E. 01-42 (2001); Pond Properties, Inc., D.P.U. 90-91 (1990); Boston Gas Company, D.P.U. 18264-A (1975); Boston Gas Company v. Department of Public Utilities, 368 Mass. 780, 785 (1975).

Boston Edison Company
MWRA Rate Analysis
Proposed MDTE No. 974 (2001) vs. MDTE No. 944 (2002)

Line #	Current Rate - M.D.T.E. No. 944	Units	Billing Quantities	2001 Rate	2001 Revenue
1	Customer Charge		12	$ 9,494	$ 113,928
2	Demand Charge - W >5000	kW	170,796	$ 0.71	$ 121,265
3	Demand Charge - S >5000	kW	87,015	$ 1.19	$ 103,548
4	Energy Charge - W/Peak	kWh	34,385,938	$ 0.00461	$ 158,519
5	Energy Charge - W/Off-Peak	kWh	55,779,882	$ 0.00233	$ 129,967
6	Energy Charge - S/Peak	kWh	12,356,741	$ 0.00662	$ 81,802
7	Energy Charge - S/Off-Peak	kWh	32,307,481	$ 0.00290	$ 93,692
8	Default Service Adjustment	kWh	134,830,042	$ 0.00363	$ 489,433
9	Energy Efficiency	kWh	134,830,042	$ 0.00270	$ 364,041
10	Renewables	kWh	134,830,042	$ 0.00100	$ 134,830
11	Total Delivery Service				$ 1,791,025
12	Energy Supply Service (1)	kWh	134,830,042	0.06838	$ 9,219,678
13	Total				$ 11,010,703
14					
15			Billing	2002	2002
16	**Proposed Rate - M.D.T.E. No. 974**	Units	Quantities	Rate	Revenue
17					
18	Customer Charge	Months	12	$ -	$ -
19	Distribution Charge (3)	Months	12	$ 225	$ 2,697
20	Transmission Demand-W (4)	kW	170,796	$ 1.69	$ 288,645
21	Transmission Demand-S (4)	kW	87,015	$ 1.69	$ 147,055
22	Transition Energy-W/Peak	kWh	34,385,938	$ 0.01628	$ 559,803
23	Transition Energy-W/Off-Peak	kWh	55,779,882	$ 0.01628	$ 908,096
24	Transition Energy-S/Peak	kWh	12,356,741	$ 0.01628	$ 201,168
25	Transition Energy-S/Off-Peak	kWh	32,307,481	$ 0.01628	$ 525,966
26	Default Service Adjustment	kWh	134,830,042	$ -	$ -
27	Energy Efficiency	kWh	134,830,042	$ 0.00250	$ 337,075
28	Renewables	kWh	134,830,042	$ 0.00075	$ 101,123
29	Total Delivery Service				$ 3,071,628
30					
31	Energy Supply Service (2)	kWh	134,830,042	$ 0.06376	$ 9,219,678
32	Total				$ 12,291,306
1	Difference				$ 1,280,603
2	Percent Difference				11.6%

Notes:
(1) For comparison purposes, actual Standard Offer Service rates applied for 2001.
(2) For comparison purposes, proposed Standard Offer Service rates applied for 2002.
(3) Reflects distribution rate from historic distribution cost of service.
($0.00002 / kWh * 134,830,042 / 12 = $225/month)
(4) Reflects average system transmission rate allocated to MWRA
($0.00661 * $0.00122 / $0.0025 * 134,830,042 / 257,811 = $1.69/kW)

Boston Edison Company
MWRA Rate Analysis
Proposed MDTE No. 974 (2002) vs. Proposed MDTE No. 960 (2002)

Line #	Withdrawn Rate - M.D.T.E. No. 960	Units	Billing Quantities	2002 Rate	2002 Revenue
1	Customer Charge		12	$ 22,101	$ 265,212
2	Demand Charge - W >5000	kW	170,796	$ 1.22	$ 208,371
3	Demand Charge - S >5000	kW	87,015	$ 2.05	$ 178,381
4	Energy Charge - W/Peak	kWh	34,385,938	$ 0.00791	$ 271,993
5	Energy Charge - W/Off-Peak	kWh	55,779,882	$ 0.00400	$ 223,120
6	Energy Charge - S/Peak	kWh	12,356,741	$ 0.01137	$ 140,496
7	Energy Charge - S/Off-Peak	kWh	32,307,481	$ 0.00498	$ 160,891
8	Default Service Adjustment	kWh	134,830,042	$ -	$ -
9	Energy Efficiency	kWh	134,830,042	$ 0.00250	$ 337,075
10	Renewables	kWh	134,830,042	$ 0.00075	$ 101,123
11	Total Delivery				$ 1,886,661
12					
13	Energy Supply (1)	kWh	134,830,042	$ 0.06376	$ 8,596,763
14	Total				$ 10,483,425

Line #	Proposed Rate - M.D.T.E. No. 974	Units	Billing Quantities	2002 Rate	2002 Revenue
15					
16					
17					
18					
19	Customer Charge	Months	12		$ -
20	Distribution Charge (2)	Months	12	$ 225	$ 2,697
21	Transmission Demand-W (3)	kW	170,796	$ 1.69	$ 288,645
22	Transmission Demand-S (3)	kW	87,015	$ 1.69	$ 147,055
23	Transition Energy-W/Peak	kWh	34,385,938	$ 0.01628	$ 559,803
24	Transition Energy-W/Off-Peak	kWh	55,779,882	$ 0.01628	$ 908,096
25	Transition Energy-S/Peak	kWh	12,356,741	$ 0.01628	$ 201,168
26	Transition Energy-S/Off-Peak	kWh	32,307,481	$ 0.01628	$ 525,966
27	Default Service Adjustment	kWh	134,830,042	$ -	$ -
28	Energy Efficiency	kWh	134,830,042	$ 0.00250	$ 337,075
29	Renewables	kWh	134,830,042	$ 0.00075	$ 101,123
30	Total Delivery				$ 3,071,628
31					
32	Energy Supply (1)		134,830,042	$ 0.06376	$ 8,596,763
33	Total				$ 11,668,392
34					
35	Difference				$ 1,184,967
36	Percent Difference				11.3%

Notes:
(1) For comparison purposes, proposed Standard Offer Service rates applied for 2002.
(2) Reflects distribution rate from historic distribution cost of service.
($0.00002 / kWh * 134,830,042 / 12 = $225/month)
(3) Reflects average system transmission rate allocated to MWRA
($0.00661 * $0.00122 / $0.0025 * 134,830,042 / 257,811 = $1.69/kW)

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station.

CHARACTER OF SERVICE

High tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal.

MONTHLY CHARGE

The Monthly Charge will be the sum of the Retail Delivery Service and the Supplier Service Charges.

DELIVERY SERVICES

Distribution Charge	$225.00	
Transmission Charge		
Demand Charge Per kW (in excess of 5,000 kW)	October - May $1.69	June - September $1.69
Transition Charge		
Energy Charge Per Delivered kWh	October - May	June - September
Peak Hours Use	1.628 ¢	1.628 ¢
Off-Peak Hours Use	1.628 ¢	1.628 ¢
Energy Efficiency Charges		
Energy Charge Per Delivered kWh	0.250 ¢	
Renewables Charges		
Energy Charge Per Delivered kWh	0.075 ¢	

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

SUPPLIER SERVICES

Default Service (Optional) As in effect per Tariff

DEFAULT SERVICE

If the MWRA has received service at their Deer Island Treatment Facility from a supplier other than the Company, and does not have a current supplier, it is no longer eligible to receive Standard Offer Service. In this case, the MWRA will receive Default Service from the Company in accordance with the terms and price for Default Service as approved by the Department of Telecommunications and Energy.

MINIMUM CHARGE

The minimum charge per month is the Customer Charge or the Distribution Charge, as applicable.

DETERMINATION OF DEMAND

The billing demand will be the maximum fifteen-minute demand (either kilowatts or 90 percent of the kilovolt-amperes) as determined by meter during the monthly billing period,

except any demand recorded during off-peak hours will be reduced by 70 percent. Demands established prior to the application of this rate shall be considered as having been established under this rate.

BILLING

In determining if a demand charge reduction is applicable, the following defines the peak and off-peak periods:

(1) During the months of June through September, the peak period shall be the hours between 9 A.M. and 6 P.M. weekdays. During the months of October through May, the peak period shall be the hours between 8 A.M. and 9 P.M. weekdays.

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

(2) All other hours shall be off-peak including twelve Massachusetts holidays as follows:

New Year's Day	Labor Day
Martin L. King Day	Columbus Day
President's Day	Veteran's Day
Patriot's Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Day

ADJUSTMENTS

Charges under this rate shall be adjusted from time to time in accordance with: the Default Service Adjustment Provision; the Transmission Service Cost Adjustment Provision, the Transition Cost Adjustment Provision, and the Restructuring True-up Charge.

Filed: December 14, 2001

Effective: January 1, 2002

M.D.T.E. No. ~~944~~974
Sheet 1
Canceling M.D.T.E. No.

~~926~~944

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

AVAILABILITY

Service under this rate is available for electricity supplied and delivered in bulk for the purpose of construction and operation of the Deer Island Treatment Facility from the Boston Edison Company's K Street Transmission Station.

CHARACTER OF SERVICE

High tension alternating current, 60 cycles, 3 phase, at 115,000 volts nominal.

MONTHLY CHARGE

The Monthly Charge will be the sum of the Retail Delivery Service and the Supplier Service Charges.

DELIVERY SERVICES

~~Customer Charge~~ ~~$ 9,494.00~~ Distribution Charge $225.00

Transmission Charge

Demand Charge Per kW (in excess of 5,000 kW)	October - May	June - September
	~~$0.71~~	~~$1.19~~ $1.69 $1.69

Transition Charge

Energy Charge Per Delivered kWh	October - May	June - September
Peak Hours Use	~~0.461 ¢~~	~~0.662~~ 1.628 ¢ 1.628 ¢
Off-Peak Hours Use	~~0.233 ¢~~	~~0.290~~ 1.628 ¢ 1.628 ¢

Energy Efficiency Charges

Energy Charge Per Delivered kWh ~~0.270~~ 0.250 ¢

Renewables Charges

Energy Charge Per Delivered kWh ~~0.100~~ 0.075 ¢

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

SUPPLIER SERVICES

~~Standard Offer Charge (Optional)~~

~~Energy Charge Per Delivered kWh As in effect per Tariff~~

~~Basic Energy Service (Optional) As in effect per Tariff~~

~~STANDARD OFFER SERVICE~~

~~Standard Offer Service is available under this tariff for the MWRA so long as it has not yet chosen a supplier other than the Company on or after the retail access date, when retail choice becomes available to all customers. As long as the MWRA remains on Standard Offer Service, it will pay the Rate for Standard Offer Service set forth above in addition to the Rates for Retail Delivery Service. Once the MWRA has selected another supplier, it is no longer eligible for Standard Offer Service.~~

~~Standard Offer Service may be terminated by the MWRA provided that notice of the change of supplier was received by the Company five (5) or more business days before the next scheduled meter read date.~~Default Service (Optional) As in effect per Tariff

DEFAULT SERVICE

If the MWRA has received service at their Deer Island Treatment Facility from a supplier other than the Company, and does not have a current supplier, it is no longer eligible to receive Standard Offer Service. In this case, the MWRA will receive Default Service from the Company in accordance with the terms and price for Default Service as approved by the Department of Telecommunications and Energy.

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The minimum charge per month is the Customer Charge or the Distribution Charge, as applicable.

BOSTON EDISON COMPANY

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BOSTON EDISON COMPANY

MASSACHUSETTS WATER RESOURCES AUTHORITY RATE WR

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Charges under this rate shall be adjusted from time to time in accordance with: the Default Service Adjustment Provision; the Transmission Service Cost Adjustment Provision, the Transition Cost Adjustment Provision, and the Restructuring True-up Charge.