

**BOSTON EDISON COMPANY,
COMMONWEALTH ELECTRIC COMPANY
AND
CAMBRIDGE ELECTRIC LIGHT COMPANY**

**REQUEST FOR PROPOSALS
FOR POWER SUPPLY FOR DEFAULT SERVICE**

For the Period:
January 1, 2001 – March 31, 2001

September 6, 2000

**BOSTON EDISON COMPANY,
COMMONWEALTH ELECTRIC COMPANY
AND
CAMBRIDGE ELECTRIC LIGHT COMPANY**

**REQUEST FOR PROPOSALS
FOR POWER SUPPLY**

September 6, 2000

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I. Introduction and Background

The Massachusetts Electric Industry Restructuring Act of 1997 (the “Act”) provided for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers. The Act provided access for all retail customers of Boston Edison Company (“BEC”), Commonwealth Electric Company (“Commonwealth”) and Cambridge Electric Light Company (“Cambridge”) (together, “the NSTAR Companies”) as of March 1, 1998. The Act requires each distribution company to provide default service to those customers that are not receiving generation service as part of the Standard Offer Service option or from a competitive supplier (“Default Service”). The Act requires Default Service to be competitively procured. In addition, the Massachusetts Department of Telecommunications and Energy (“MDTE”) initiated a generic proceeding on rules and procedures for the provision of and pricing of Default Service¹. The DTE ordered all electric companies in Massachusetts to procure Default Service through competitive solicitations by customer group (residential, commercial and industrial) and to procure such power at fixed monthly prices².

The NSTAR Companies, all wholly owned subsidiaries of NSTAR, with a principal place of business at 800 Boylston Street, Boston, MA 02199, are hereby issuing this Request for Proposals (“RFP”) to solicit and evaluate competing power supply offers from qualified power suppliers (“Suppliers”) to supply firm, load-following power to meet 100% of the Default Service requirements for each of their residential, commercial and industrial customer groups for the period commencing on January 1, 2001 through March 31, 2001 (the “Power Supply”). For purposes of this RFP, the default service loads of each of the NSTAR Companies has been combined by customer group. While Suppliers need not provide bids for each customer group, Suppliers bidding on more than one customer group must provide separate fixed monthly pricing for each of the customer groups bid upon. The NSTAR Companies plan to award the Power Supply by customer group based on the bids received and the best interests of its retail customers. While it is the NSTAR Companies’ preference to select no more than three winning Suppliers - one for each of the NSTAR Companies’ combined customer groups, proposals to serve less than 100% of a customer group will also be considered.

¹ Docket D.T.E. 99-60.

² See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

For the purposes of this solicitation, the Commercial Customer Group includes small and medium commercial and industrial customers and streetlights, and the Industrial Customer Group includes large commercial and industrial customers. The customer groups are as follows:

Customer Group	Rate Classes
Residential	BECo rates R-1, R-2, R-3 and R-4; Commonwealth rates R-1, R-2, R-3, R-4, R-5 and R-6; and Cambridge rates R-1, R-2, R-3, R-4, R-5 and R-6
Commercial (including street lighting)	BECo rates G-1, G-2, T-1 and street lights; Commonwealth rates G-1, G-4, G-5, G-6, G-7 and street lights; and Cambridge rates G-0, G-1, G-4, G-5, G-6 and street lights
Industrial	BECo rates G-3 and T-2; Commonwealth rates G-2 and G-3; and Cambridge rates G-2 and G-3

II. Power Supply Requested

The NSTAR Companies are soliciting offers for Power Supply to meet the needs of the NSTAR Companies' ultimate customers in the Commercial Customer Group, the Industrial Customer Group and the Residential Customer Group who are taking service pursuant to the Default Service Tariff. Default Service is provided to retail customers who are not otherwise eligible for Standard Offer Service or are not taking service from a competitive supplier. Service to customers can be initiated by: a) a customer notifying the applicable NSTAR Company that it wishes to terminate service from its competitive supplier and commence Default Service, b) a competitive supplier notifying the applicable NSTAR Company that it is terminating service to a customer, c) a competitive supplier ceasing to provide service to a customer without notifying the applicable NSTAR Company, or d) a customer moving into an NSTAR Company's service territory after March 1, 1998, who has not affirmatively chosen a competitive supplier and is not otherwise eligible for Standard Offer Service.

The Power Supply solicited is to begin for the hour ending at 0100 Eastern Prevailing Time (EPT) on January 1, 2001 and to continue through the hour ending at 2400 EPT on March 31, 2001. The NSTAR Companies will only consider fixed price bids that can be evaluated on a fixed ¢/kWh basis.

III. Delivery of Power Supply

The Power Supply is to be delivered to any point or points on the NEPOOL PTF system. Each Supplier will be responsible for determining (and demonstrating, if necessary) that adequate transmission capacity is available for all resources it proposes to utilize, and that appropriate

transmission service arrangements are in place for the term of the Power Supply contract. The NSTAR Companies will make arrangements for NEPOOL Regional Network Service, which provides for transmission over PTF, and Local Network Service from any applicable local transmission provider(s), which provides for transmission over non-PTF. The NSTAR Companies will be billed by NEPOOL and the applicable local transmission provider(s) for these services. The NSTAR Companies will pay these bills and collect the costs, along with its distribution costs, from its customers through its retail distribution tariffs. Any other transmission or distribution costs will be the Suppliers' responsibility.

IV. Form of Power Supply

The Supplier of Default Service for each customer group shall be responsible for meeting a fixed percentage, of the service requirements for all of the NSTAR Companies' customers in the customer group taking such service. These service requirements include the generation and delivery, to any location on the NEPOOL PTF system, of the portion of the electric capacity, energy and ancillary services required to meet the needs of the NSTAR Companies' ultimate customers taking such service. As the supplier of such service, the Supplier will be responsible for all present or future requirements and associated costs for Installed Capability, Energy, Operating Reserves (including Ten-Minute Spinning, Ten-Minute Non-Spinning, and Thirty-Minute Operating), Automatic Generation Control, losses, uplift costs associated with Default Service and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time. Each Supplier will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the Delivery Point to the customer's meter.

V. Expected Loads

The NSTAR Companies are unable to predict the amount of load that will be required to meet the needs of each customer group, if any. The NSTAR Companies' customers are free, at any time, to leave Default Service to take service from competitive suppliers and to return to Default Service.

To assist Suppliers in determining the potential load requirements, upon request, the NSTAR Companies will provide the following information electronically:

- The NSTAR Companies aggregate historical hourly load Default Service estimates (including losses) by customer group for the period January, 1999 to July, 2000; and
- Copies of latest available DOER-110 reports showing the number of Default Service customers enrolled and energy consumption at retail by rate schedule.

The NSTAR Companies caution Suppliers that the information provided reflects the NSTAR Companies' past performance and is not the only measure of future performance. It is understood and agreed that the NSTAR Companies shall have no liability or responsibility to any entity resulting from the use of any such information. Suppliers are responsible for forecasting their obligations on an hourly, daily, and monthly basis. However, the NSTAR Companies will provide the selected Suppliers with certain information to facilitate the projection of load

requirements. Such data includes the history of energy and peak Default Service load, and subsequent updates to such information.

Suppliers may not limit the amount of Power Supply that may be purchased, only the percentage. Proposals which contain limits on the amount of Power Supply to be provided will be rejected.³

The amount of Power Supply for each customer group to be supplied by the winning Supplier(s) will be determined in accordance with the procedure contained in ARTICLE 6 of the proposed Power Supply Agreement, a copy of which is provided in Appendix A.

VI. Proposals

Each Supplier shall submit a proposal, signed by an authorized official of the Supplier, containing the information contained in Appendix B. Appendix B will be provided electronically, upon request by Suppliers. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary. Each proposal must specify the price at which the Supplier will provide Default Service for each customer group. Purchases will be made on an “as-delivered” energy basis with prices stated on a fixed ¢/KWH basis. Prices may vary by calendar month, but must be uniform for the entire calendar month and cover the entire term of this RFP. In addition, prices should not contain demand components or vary by time-of-use within a calendar month. Bids which contain minimum purchase requirements will be rejected. Suppliers shall specify a price for each customer group on which it bids. The price for each customer group may be different.⁴

Within one (1) business day of being notified that it has been selected as a winning potential Supplier, a Supplier must provide the following supplementary information:

1. Corporate history and most recent annual report;
2. Initial (if founded within the last ten years) and current capitalization;
3. Certified financial statements, including balance sheets and statements of income and cash flow with respect to the two previous fiscal years and the most recent interim period; and
4. Forms 10-K and 10-Q, submitted to the United States Securities and Exchange Commission for the two previous fiscal years, if applicable.

³ For example, a Supplier offering to supply the residential customer group must agree to supply a fixed percentage of the needs of that group. The Supplier may not offer to serve a fixed percentage of the residential customer group provided that the amount of service purchased does not exceed [specified value] MW in any hour.

⁴ For example, a Supplier may bid to serve the residential customer group at 3¢/kWh, the commercial customer group at 2.5¢/kWh and the industrial customer group at 2¢/kWh for the month of January 2001. For the month of February 2001, a Supplier may bid to serve the residential customer group at 1.5¢/kWh, the commercial customer group at 2¢/kWh and the industrial customer group at 2.5¢/kWh.

VII. Terms and Conditions

A winning Supplier will be selected to provide Default Service to each of the customer groups during the term covered by this RFP. Default Service will be provided by each winning Supplier to the NSTAR Companies in accordance with the terms and conditions of the Power Supply Agreement. A copy of the proposed Power Supply Agreement, assuming one Supplier serves all customer groups, is provided in Appendix A. The winning Supplier(s) will be required to execute the applicable Power Supply Agreement(s) within five (5) business days of being notified that it has been selected as the winning Supplier. Should a Supplier request the NSTAR Companies to consider any changes to the Power Supply Agreement, such request should be presented to the NSTAR Companies by Friday, September 29, 2000.

Each Supplier must currently be a member of NEPOOL or become a member prior to October 6, 2000. Suppliers must also have a settlement account established with the NEPOOL billing system throughout the term of the period covered by this RFP.

Each Supplier must obtain all necessary regulatory approvals required to enable it to provide the applicable service prior to January 1, 2001.

Each Supplier responding to this RFP must meet certain conditions, including but not limited to:

- A. Demonstrate ability to comply with NEPOOL and ISO requirements;
- B. Demonstrate the ability to access resources sufficient to supply the amount committed (not be to be construed as requiring a potential supplier to hold title to power required at the time of the proposal);
- C. Demonstrate that it has the financial resources to perform its obligations. Further, Supplier may be required to provide a financial guarantee satisfactory to cover the NSTAR Companies' replacement power costs in the event of Supplier default.
- D. Demonstrate its own experience and qualifications (not that of its affiliates or special purpose entities) to provide the amount and type of power offered;
- E. Commit to assisting and cooperating with the NSTAR Companies in any regulatory or judicial process relating to the proposed purchase, at the Supplier's expense; and
- F. Demonstrate the ability to meet the labeling and disclosure requirements of the Massachusetts legislation for all resources bid.

VIII. Retail Customer Relationships

All customers taking Default Services covered by this RFP will remain retail customers of the NSTAR Companies. As the retail provider, the NSTAR Companies will bill customers for the service provided and will provide customer service to all customers taking Default Service.

The NSTAR Companies will use its best efforts to provide notification to the Supplier(s) of Default Service of significant customer enrollments and terminations within a customer group.

IX. Right to Reject/Select Supplier

Although it is the NSTAR Companies' firm intent to select Suppliers as a result of this RFP, the NSTAR Companies shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason and to disregard any submission not prepared according to the requirements contained in this RFP. Further, the NSTAR Companies expressly reserve the right, in their sole and absolute discretion, to seek clarifications of any submissions, to negotiate to seek modifications to any submissions, to unilaterally change the schedule described herein or modify any of the rules and procedures set forth herein or any other procedures, to terminate the process described herein, and to invite any (or none) of the Suppliers to participate further in the process, all without prior notice to other potential parties.

A person's or an entity's preparation for this process, submission of information in response to this RFP, or participation in this process shall not operate to vest any rights in that person or entity or to create any duties or obligations for the NSTAR Companies.

All submissions shall constitute an offer to sell Default Service to each customer group and such offer shall be deemed to be held open until the earlier of November 3, 2000 or the date on which it is either accepted or rejected. Pricing contained in such offer may not be changed or withdrawn during this period.

X. Process and Schedule

A. Schedule

Issue RFP	September 6, 2000
Notice of Intent to Participate	September 15, 2000
Proposals due	October 6, 2000 at 4 p.m. EPT
Contracts finalized	November 3, 2000
File results with DTE	November 8, 2000
Power Supply begins	January 1, 2001

B. Communications

All communications regarding this RFP must be in writing and may be made by hand delivery, fax or E-mail, addressed to:

NSTAR Services Co.
Electrical Energy Supply, P1603
800 Boylston Street
Boston, MA 02199
Attn: Thomas Murrell
or
Attn: Thomas C. Fantasia

Fax: 617-424-2701
E-mail: energy_supply@nstaronline.com

Proposals which have been e-mailed or faxed by October 6, must also be delivered by mail or by hand by October 7.

C. Confidentiality

The NSTAR Companies agree that it will treat the information it receives from Suppliers in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than in connection with this RFP.

D. Evaluation

Proposals will be evaluated on the following bases:

1. Lowest evaluated bid price by customer group;
2. Responsiveness to non-price requirements; and
3. Risk relative to price and ability to serve the load.

In evaluating bid prices, the NSTAR Companies will weigh monthly bids based on a forecast of the monthly Default Service load.

Appendix A
DEFAULT SERVICE POWER SUPPLY AGREEMENT

DEFAULT SERVICE POWER SUPPLY AGREEMENT

This **DEFAULT SERVICE POWER SUPPLY AGREEMENT** ("Agreement") is dated as of **[date]** and is by and between Boston Edison Company ("BECo"), Commonwealth Electric Company ("Commonwealth") and Cambridge Electric Light Company ("Cambridge") (together, the "NSTAR Companies") all wholly owned subsidiaries of NSTAR, with a principal place of business at 800 Boylston Street, Boston, MA 02199, and [TBD] ("Seller") with a principal place of business at _____. This Agreement provides for the sale by Seller of Default Service, as defined herein, to the NSTAR Companies.

ARTICLE 1. BASIC UNDERSTANDINGS

Seller, in response to a Request for Proposal dated September 6, 2000 issued by the NSTAR Companies, has been selected to be the supplier of firm, load-following power to meet the NSTAR Companies' requirements for Default Service for its Commercial Customer Group, Industrial Customer Group and its Residential Customer Group. This Agreement sets forth the terms under which Seller will supply Default Service to the NSTAR Companies, for a three-month period beginning on January 1, 2001.

ARTICLE 2. DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Agreement, or in any associated documents entered into in conjunction with this Agreement. In addition, except as otherwise expressly provided, where terms used in this Agreement are defined in the NEPOOL Agreement, such definitions are expressly incorporated into this Agreement by reference.

Commission - Federal Energy Regulatory Commission.

Commercial Contract Rate - [tbd]

Commercial Customer Group -BECo's small and medium sized commercial and industrial customers in the following retail rate classes: G-1, G-2, T-1, and street lights, or such other rate classes as may be added from time to time. Cambridge's small and medium sized commercial and industrial customers in the following retail rate classes: G-0, G-1, G-4, G-5, G-6, and street lights, or such other rate classes as may be added from time to time. Commonwealth's small and medium sized commercial and industrial customers in the following retail rate classes: G-1, G-4, G-5, G-6, G-7, and street lights, or such other rate classes as may be added from time to time.

Default Service - The sale of electricity by Seller to the NSTAR Companies to meet the needs of the NSTAR Companies' ultimate customers in the [tbd] Customer Group which are

taking service pursuant to the Default Service Tariff. It shall include generation and/or market procurement and delivery, to the Delivery Point, of the portion of the electric capacity, energy and ancillary services required to meet the needs of ultimate customers. Seller, as the supplier of Default Service, will be responsible for all present or future requirements and associated costs for Installed Capability, Energy, Operating Reserves (including Ten-Minute Spinning, Ten-Minute Non-Spinning and 30 Minute Operating), Automatic Generation Control, losses, uplift costs associated with Default Service and any other requirements, market products, expenses or charges imposed by NEPOOL or the ISO, as they may be in effect from time to time. Seller will also be responsible for all transmission and distribution losses associated with delivery of the electricity from the Delivery Point to the customer's meter.

The NSTAR Companies will make arrangements for NEPOOL Regional Network Service, which provides for transmission over PTF, and Local Network Service from any applicable local transmission provider(s), which provides for transmission over non-PTF. The NSTAR Companies will be billed by NEPOOL and the applicable local transmission provider(s) for these services. The NSTAR Companies will pay these bills and collect the costs, along with the NSTAR Companies' distribution costs, from its customers through its retail distribution tariffs. Any other transmission or distribution costs will be the Seller's responsibility.

The loads associated with this service will be assigned Load Asset designations within the NEPOOL Market System.

Default Service Tariff – BECo's Tariff for Default Service, M.D.T.E. No. 913, Commonwealth's Tariff for Default Service, M.D.T.E. No.406, and Cambridge's Tariff for Default Service, M.D.T.E. No. 659, as they may be amended from time to time and approved by the Department.

Delivered Energy - The quantity of energy, expressed in kilowatt-hours, provided by Seller pursuant to this Agreement. This quantity shall be the quantity of energy reported to the ISO by the NSTAR Companies and/or their agent for each Load Asset with such quantity being determined in accordance with ARTICLE 6, SECTION 6.3, herein.

Delivery Points - Any point or points on the NEPOOL PTF system.

Delivery Term - The period beginning at the hour 0001 Eastern Prevailing Time (EPT) on January 1, 2001 and continuing through and including the hour ending 2400 EPT on March 31, 2001.

Department - Massachusetts Department of Telecommunications and Energy.

Industrial Contract Rate - [tbd]

Industrial Customer Group – BECo’s large commercial and industrial customers in the following retail rate classes: G-3 and T-2, or such other rate classes are may be added from time to time. Cambridge’s large commercial and industrial customers in the following retail rate classes: G-2 and G-3, or such other rate classes are may be added from time to time. Commonwealth’s large commercial and industrial customers in the following retail rate classes: G-2 and G-3, or such other rate classes are may be added from time to time

ISO - The Independent System Operator established in accordance with the NEPOOL Agreement and the Interim Independent System Operator Agreement as amended, superseded or restated from time to time.

kWh - Kilowatt- hour.

NEPOOL - The New England Power Pool.

NEPOOL Agreement - The New England Power Pool Agreement dated as of September 1, 1971, as amended and as may be amended or restated from time to time.

Price - The total amount payable each calendar month by the NSTAR Companies as set forth in ARTICLE 5 SECTION 5.1, herein.

Prime Rate - The prime (or comparable) rate announced from time to time as its prime rate by the FleetBank or its successor, which rate may differ from the rate offered to its more substantial and creditworthy customers.

PTF - Facilities categorized as Pool Transmission Facilities under the NEPOOL Agreement.

Residential Customer Contract Rate - [tbd]

Residential Customer Group – BECo’s residential customers in the following retail rate classes: R-1, R-2, R-3 and R-4, or such other rate classes as may be added from time to time. Cambridge’s residential customers in the following retail rate classes: R-1, R-2, R-3, R-4, R-5 and R-6, or such other rate classes as may be added from time to time. Commonwealth’s residential customers in the following retail rate classes: R-1, R-2, R-3, R-4, R-5 and R-6, or such other rate classes as may be added from time to time.

ARTICLE 3. TERM AND SERVICE PROVISIONS

Section 3.1 Term

The term of this Agreement shall begin as of the date hereof and extend through and including the date on which final payment is made hereunder, unless this Agreement is sooner terminated in accordance with the provisions hereof. The applicable provisions of this Agreement shall continue in effect to the extent necessary to provide for final accounting, final

billing, billing adjustments, resolution of any billing disputes, final payments, payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect, or other such provisions that by their terms or operation, survive the termination of this Agreement.

Section 3.2 Data Reporting

By 1:00 p.m. of the second following business day, the NSTAR Companies and other appropriate reporting entities will report to the ISO-NE, all of the NSTAR Companies' load assets. Seller will provide the NSTAR Companies with any and all ISO-NE-generated reports and/or other data received by Seller showing hourly load-assets and hourly losses. Such information is to be provided electronically and at substantially the same frequency as received from the ISO-NE. The NSTAR Companies shall also use best efforts to provide Seller with an aggregate estimate of changes in Default Service customer load as soon as practical.

Section 3.3 Uniform Disclosure Requirements

Seller shall provide the NSTAR Companies information pertaining to power plant emissions, fuel types, labor information and any other information required by the NSTAR Companies to comply with the uniform disclosure requirements contained in 220 CMR 11.00 and any other such disclosure regulations which may be imposed upon the NSTAR Companies during the term of this Agreement, as such disclosure requirements apply to Default Service provided by Seller pursuant to this Agreement.

ARTICLE 4. SALE AND PURCHASE

Seller shall sell and deliver to the Delivery Points and the Company shall purchase ____ percent (____%) of the Default Service required for the [tbd] Customer Group. Seller understands that the Default Service load requirements may change from time to time. Seller represents and warrants that it is capable of meeting the hourly, daily and seasonal electricity load fluctuations associated with customer demand changes and Seller will be responsible for forecasting its Default Service load obligations on an hourly, daily, and monthly basis. Seller is responsible for Default Service regardless of changes in customer demand for any reason, including, but not limited to, daily load fluctuations, increased or decreased usage, demand-side management activities, extreme weather and similar events. Seller's obligation hereunder to sell and provide the Default Service shall not be conditioned upon the availability of any particular electric generating facilities, whether owned by the Seller or third parties.

The quantity of Default Service supplied by Seller for the [tbd] Customer Group shall be the total quantity reported to the ISO by the NSTAR Companies and/or their agent.

ARTICLE 5. PRICE AND BILLING

Section 5.1 Price

The Price payable by the NSTAR Companies to Seller shall be the sum of (i) the product of (a) the total Delivered Energy to the [tbd] Customer Group in the month and (b) [tbd] Customer Contract Rate.

Section 5.2 Billing and Payment

(a) On or before the tenth (10th) day of each month during the term of this Agreement, Seller shall calculate the amount due and payable to Seller pursuant to this ARTICLE 5 with respect to the preceding month. The calculation shall be provided to the NSTAR Companies and shall show, in sufficient detail for the NSTAR Companies to verify the calculation, the total amount due and payable for the previous month pursuant to this ARTICLE 5. Because quantities determined under ARTICLE 6, SECTION 6.3 are estimated, and subject to a reconciliation process described in ARTICLE 6, SECTION 6.3(c), quantities used in calculations under this paragraph (a) shall be subject to adjustment, whether positive or negative, in subsequent months' calculations, to reflect that reconciliation process, and any adjusted quantities shall be applied to the applicable Contract Rate.

(c) The NSTAR Companies shall pay Seller any amounts due and payable on or before the twentieth (20th) day after the calculation is provided to the NSTAR Companies. If all or any part of any amount due and payable pursuant to paragraph (a) shall remain unpaid thereafter, interest shall thereafter accrue and be payable to Seller on such unpaid amount at a rate per annum equal to the Prime Rate in effect on the date of such bill; provided, however, no interest shall accrue in favor of Seller or the NSTAR Companies on amounts that are added to or credited against a calculation due to the adjustment of estimated quantities in accordance with paragraph (a) and ARTICLE 6, SECTION 6.3.

(d) With respect to any error in a calculation (whether the amount is paid or not), any overpayment, underpayment, or reconciliation adjustment will be refunded or paid up, as appropriate. Interest shall accrue from the date of the error on the unpaid or overpaid amount finally determined to be due and shall be calculated pursuant to Section 35.19a of the Commission regulations.

Section 5.3 Taxes, Fees and Levies

Seller shall be obligated to pay all present and future taxes, fees and levies which may be assessed by any entity upon the purchase or sale of electricity to the NSTAR Companies covered by the Agreement.

ARTICLE 6. DELIVERY, LOSSES, AND DETERMINATION AND REPORTING OF HOURLY LOADS

Section 6.1 Delivery

All electricity shall be delivered to the NSTAR Companies in the form of three-phase sixty-hertz alternating current at the Delivery Points. Seller shall be responsible for all transmission and distribution costs associated with the use of transmission systems outside of NEPOOL PTF and any local point-to-point charges and distribution charges needed to deliver the power to the Delivery Points.

Section 6.2 Losses

Seller shall be responsible for all transmission and distribution losses associated with the delivery of electricity supplied under this Agreement to the meters of ultimate customers of the NSTAR Companies taking service pursuant to the Default Service Tariffs. Seller shall provide the NSTAR Companies at the Delivery Points with additional quantities of electricity and ancillary services to cover such losses from the Delivery Points to the meters of retail customers. The quantities required for this purpose in each hour of a billing period shall be determined in accordance with NEPOOL's and the NSTAR Companies' procedures for loss determination.

Section 6.3 Determination and Reporting of Hourly Loads

(a) The NSTAR Companies or their agent will estimate the total hourly load responsibility for the Default Service provided by Seller pursuant to this Agreement for the Commercial Customer Group, Industrial Customer Group, and Residential Customer Group based upon average load profiles developed for each of the NSTAR Companies' customer classes and each of the NSTAR Companies' actual total hourly load. Exhibit A, Supplier Load Estimation and Reconciliation Methodologies, attached and incorporated herein by reference, provides a general description of the estimation process that the NSTAR Companies or their agent will initially employ (the "Estimation Process"). The NSTAR Companies reserve the right to modify the Estimation Process in the future, provided that any such modification be designed to improve the Estimation Process.

(b) The NSTAR Companies or their agent will report to the ISO and to Seller, Seller's hourly load responsibility for the [tbd] Customer Group. The NSTAR Companies or their agent will normally report to the ISO and to Seller, Seller's hourly adjusted Default Service loads by 1:00 P.M. of the second following business day.

(c) To refine the estimates of Seller's monthly load developed by the Estimation Process, a monthly calculation will be performed to reconcile the original estimate of Seller's loads to actual customer usage based on meter reads. The NSTAR Companies or their agent will normally notify Seller and the ISO of any resulting billing adjustment (debit or credit) to Seller's account no later than the last day of the third month following the billing month.

Exhibit A, attached and incorporated herein by reference, also provides a general description of this reconciliation process.

Section 6.4 NEPOOL Market System Implementation

Seller represents and warrants that it is a NEPOOL member and agrees to remain a NEPOOL member throughout the term of this Agreement. As soon as possible prior to the start of the Delivery Term, the NSTAR Companies shall enter into the NEPOOL Market System Load Asset Contracts for Electrical Load and Installed Capability for Load Assets. The Load Asset Contracts will be effective throughout the Delivery Term and will have the applicable NSTAR Company as seller and Seller as buyer.

As soon as practicable following the NSTAR Companies' entry of the Load Asset Contracts and at least 72 hours prior to the start of the Delivery Term, Seller shall submit Load Asset Acknowledgment Forms to the ISO and to the NSTAR Companies for each of the Load Asset contracts submitted by the NSTAR Companies.

ARTICLE 7. SECURITY [OPTIONAL AT DISRECTION OF NSTAR]

(a) In order to secure performance by Seller in accordance with this Agreement, Seller shall provide the NSTAR Companies on or before _____, a written performance guarantee, in the form attached hereto as Exhibit B, from a Guarantor, and such Guarantor shall at all times maintain, as determined as of the end of each fiscal quarter during the term of this Agreement, either (i) an Investment Grade Rating, or better, on senior debt securities of the Guarantor, or (ii) a Net Worth of at least (\$____) _____ million dollars. For purposes hereof, an "Investment Grade Rating" shall mean a rating by Standard and Poor's Corporation, Moody's Investors Service, Inc., Fitch IBCA, or another nationally recognized rating service reasonably acceptable to the NSTAR Companies (with BBB- (Standard and Poor's), Baa3 (Moody's) or BBB- (Fitch) or its equivalent for any other rating service constituting "Investment Grade"). If Seller is not a wholly-owned direct or indirect subsidiary of the Guarantor, then Seller must provide either (i) an opinion of legal counsel to the Guarantor to the effect that such Guaranty is the legal and valid obligation of the Guarantor, enforceable against the Guarantor in accordance with its terms (subject to usual bankruptcy and equitable remedies exceptions); or (ii) evidence reasonably satisfactory to the NSTAR Companies that the Guaranty is an enforceable obligation of the Guarantor.

(b) Seller shall not require any financial assurance from the NSTAR Companies in conjunction with this Agreement.

ARTICLE 8. DEFAULT AND TERMINATION

- (a) (i) If the NSTAR Companies fail in any material respect to comply with, observe or perform any covenant, warranty or obligation under this Agreement (except due to causes or attributable to Seller's wrongful act or wrongful failure to act); and
- (ii) After receipt of written notice from Seller such failure continues for a period of five (5) business days, or, if such failure cannot be reasonably cured within such five (5) day period, such further period as shall reasonably be required to effect such cure, provided that the NSTAR Companies commence within such five (5) day period to effect such cure and at all times thereafter proceed diligently to complete such cure as quickly as possible; then
- (iii) Seller shall have the right to terminate this Agreement.
- (b) (i) If Seller fails in any material respect to comply with, observe, or perform any covenant, warranty or obligation under this Agreement (except due to causes or attributable to the NSTAR Companies' wrongful act or wrongful failure to act); and
- (ii) After receipt of written notice from the NSTAR Companies such failure continues for a period of five (5) business days, or, if such failure cannot be reasonably cured within such five (5) day period, such further period as shall reasonably be required to effect such cure, provided that Seller commences within such five (5) day period to effect such cure and at all times thereafter proceeds diligently to complete such cure as quickly as possible; then
- (iii) The NSTAR Companies shall have the right to terminate this Agreement.
- (c) Nothing in this ARTICLE 8 shall be construed to limit the right of any party to seek any remedies for damages, as limited by ARTICLE 10 of this Agreement, even if a cure of an alleged breach is made within the periods of time specified for curing any such breach stated above. The provisions of this ARTICLE 8 are intended only to provide the exclusive process through which one party may exercise and effectuate its right to terminate this Agreement as a result of a material breach of this Agreement.

ARTICLE 9. NOTICES, REPRESENTATIVES OF THE PARTIES

1. Notices

Any notice, demand, or request required or authorized by this Agreement to be given by one party to another party shall be in writing. It shall either be sent by facsimile (confirmed by telephone), courier, personally delivered or mailed, postage prepaid, to the representative of the other party designated in this ARTICLE 9. Any such notice, demand, or request shall be deemed to be given (i) when sent by facsimile confirmed by telephone, (ii) when actually received if delivered by courier or personal delivery or (iii) three (3) days after deposit in the United States mail, if sent by first class mail.

Notices and other communications by Seller to the NSTAR Companies shall be addressed to:

Ms. Rose Ann Pelletier
Director, Power and Transmission Contracts
NSTAR Services Co.
800 Boylston Street
Boston, MA 02199
(617) 424-3585
(617) 424-3472 (fax)

With a copy to:

NSTAR Services Co.
800 Boylston Street
Boston, MA 02199
Attention: Catherine J. Keuthen
(617) 424-2733 (fax)

Notices and other communications by the NSTAR Companies to Seller shall be addressed to:

[Name]
[Company]
[Address]
[City, State & Zip]
[Phone]
[FAX]

Any party may change its representative by written notice to the others.

2. Authority of Representative

The parties' representatives designated in SECTION 9.1 shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. They shall not, however, have the authority to amend, modify, or waive any

provision of this Agreement unless they are authorized officers of their respective entities and such amendment, modification or waiver is made pursuant to ARTICLE 17.

ARTICLE 10. LIABILITY, INDEMNIFICATION, AND RELATIONSHIP OF PARTIES

Section 10.1 Limitation on Consequential, Incidental and Indirect Damages

To the fullest extent permissible by law, neither the NSTAR Companies nor Seller, nor their respective officers, directors, agents, employees, parent or affiliates, successor or assigns, or their respective officers, directors, agents, or employees, successors, or assigns, shall be liable to the other party or its parent, subsidiaries, affiliates, officers, directors, agents, employees, successors or assigns, for claims, suits, actions or causes of action for incidental, indirect, special, punitive, multiple or consequential damages (including attorney's fees or litigation costs) connected with or resulting from performance or non-performance of this Agreement, or any actions undertaken in connection with or related to this Agreement, including without limitation any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty, strict liability, statute, operation of law, or any other theory of recovery. The provisions of this SECTION 10.1 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion or expiration of this Agreement.

Section 10.2 Indemnification

(a) Seller agrees to defend, indemnify and save the NSTAR Companies, their officers, directors, employees, agents, successors, assigns, and affiliates and their officers, directors, employees, and agents harmless from and against any and all claims, suits, actions or causes of action for damage by reason of bodily injury, death, or damage to property caused by Seller, its officers, directors, employees, agents or affiliates or caused by or sustained on its facilities, arising from or in connection with this Agreement, except to the extent caused by an act of negligence or willful misconduct by an officer, director, agent, employee or affiliate of the NSTAR Companies or their successors or assigns.

(b) The NSTAR Companies agree to defend, indemnify and save Seller, its officers, directors, employees, agents, successors, assigns, and affiliates and their officers, directors, employees, and agents harmless from and against any and all claims, suits, actions or causes of action for damage by reason of bodily injury, death, or damage to property caused by the NSTAR Companies, their officers, directors, employees, agents or affiliates or caused by or sustained on its facilities, arising from or in connection with this Agreement, except to the extent caused by an act of negligence or willful misconduct by an officer, director, agent, employee or affiliate of Seller or their successors or assigns.

(c) If any party intends to seek indemnification under this ARTICLE 10, SECTION 10.2 from the other party with respect to any action or claim, the party seeking indemnification shall give the other party notice of such claim or action within fifteen (15) days of the

commencement of, or actual knowledge of, such claim or action. Such party seeking indemnification shall have the right, at its sole cost and expense, to participate in the defense of any such claim or action. The party seeking indemnification shall not compromise or settle any such claim or action without the prior consent of the other party, which consent shall not be unreasonably withheld.

(d) Notwithstanding any provision to the contrary herein, the parties agree that Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company shall not be jointly and severally liable for the obligations hereunder.

Section 10.3 Independent Contractor Status

Nothing in this Agreement shall be construed as creating any relationship between the NSTAR Companies and Seller other than that of independent contractors for the sale of electricity provided as Default Service. Neither party shall be deemed to be the agent of the other party for any purpose by reason of this Agreement, and no partnership or joint venture or fiduciary relationship between the parties is intended to be created hereby.

ARTICLE 11. ASSIGNMENT

Section 11.1 General Prohibition Against Assignments

Except as provided in SECTION 11.2 below, neither party shall assign, pledge or otherwise transfer this Agreement or any right or obligation under this Agreement without first obtaining the other party's written consent, which consent shall not be unreasonably withheld.

Section 11.2 Exceptions to Prohibition Against Assignments

(a) Seller may, without the NSTAR Companies prior written consent, collaterally assign this Agreement in connection with financing arrangements. Seller must, however, provide the NSTAR Companies with at least (5) days advance written notice of such collateral assignment.

(b) Either party may, without the other party's prior written consent, (i) assign all or a portion of its rights and obligations under this Agreement to any affiliate of the NSTAR Companies or affiliate, as the case may be, or (ii) assign its rights and obligations hereunder, or transfer such rights and obligations by operation of law, to any corporation or other entity with which or into which such party shall merge or consolidate or to which such party shall transfer all or substantially all of its assets, provided that such affiliate or other entity agrees to be bound by the terms thereof and provided, further, that such affiliate's or other entity's creditworthiness is comparable to or higher than that of such party and such party is not relieved of any obligation or liability hereunder as a result of such assignment.

ARTICLE 12. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective permitted successors and assigns.

ARTICLE 13. WAIVERS

The failure of either party to insist in any one or more instance upon strict performance of any of the provisions of this Agreement or to take advantage of any of its rights under this Agreement shall not be construed as a general waiver of any such provision or the relinquishment of any such right, except to the extent such waiver is in writing and signed by an authorized representative of such party.

ARTICLE 14. REGULATION

Section 14.1 Laws and Regulations

This Agreement and all rights, obligations, and performances of the parties hereunder, are subject to all applicable Federal and state laws, and to all duly promulgated orders and other duly authorized action of governmental authority having jurisdiction.

Section 14.2 NEPOOL Requirements

This Agreement must comply with all NEPOOL Market Rules and Procedures (“Rules”). If, during the term of this Agreement, the NEPOOL Agreement is terminated or amended in a manner that would eliminate or materially alter a Rule affecting a right or obligation of a party hereunder, or if such a Rule is eliminated or materially altered by NEPOOL, the parties agree to negotiate in good faith in an attempt to amend this Agreement to incorporate a replacement Rule (“Replacement Rule”). The intent of the parties is that any such Replacement Rule reflect, as closely as possible, the intent and substance of the Rule being replaced as such Rule was in effect prior to such termination or amendment of the NEPOOL Agreement or elimination or alteration of the Rule.

ARTICLE 15. INTERPRETATION

The interpretation and performance of this Agreement shall be in accordance with and controlled by the laws of the Commonwealth of Massachusetts.

ARTICLE 16. SEVERABILITY

If any provision or provisions of this Agreement shall be held invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

ARTICLE 17. MODIFICATIONS

No modification to this Agreement will be binding on any party unless it is in writing and signed by all parties.

ARTICLE 18. SUPERSESION

This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and its execution supersedes any other agreements, written or oral, between the parties concerning such subject matter.

ARTICLE 19. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument.

ARTICLE 20. HEADINGS

Article and Section headings used throughout this Agreement are for the convenience of the parties only and are not to be construed as part of this Agreement.

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement on their behalf as of the date first above written.

BOSTON EDISON COMPANY
CAMBRIDGE ELECTRIC LIGHT COMPANY
COMMONWEALTH ELECTRIC COMPANY

BY: _____

Its _____

[COMPANY]

BY: _____

Its _____

EXHIBIT A

THE NSTAR COMPANIES

SUPPLIER LOAD ESTIMATION AND RECONCILIATION METHODOLOGIES

EXHIBIT A

THE NSTAR COMPANIES

SUPPLIER LOAD ESTIMATION AND RECONCILIATION METHODOLOGIES

Currently there are two Load Estimation and Reconciliation systems employed by the NSTAR Companies. One system is used for the Boston Edison service territory and the other for the Commonwealth Electric and Cambridge Electric (collectively, "CES") service territories. The following are descriptions of the two systems.

COMMONWEALTH ELECTRIC AND CAMBRIDGE ELECTRIC

Load Estimation at CES is billing account based. For each active account for the day to be estimated, a daily billing load is developed. This is accomplished in one of two ways. First, if the account has been billed, the latest bill information (account, number of billing days, total kWh, supplier ID) is used to compute a daily average use (total kWh/number of billing days). Second, if the account is active but has not been billed (new account), a daily rate average is used. The daily rate average is based on the past 24 months billing for all customers by rate.

The billing file used in this process is a SAS dataset created each day upon the completion of nightly cycle billing through the Customer Information System ("CIS"). This SAS dataset combines three of the four Companies' billing systems, computer billed accounts, time-of-use billed accounts, and special ledger accounts, into one file. A fourth billing system, municipal lighting, is incorporated by the load estimation process.

Once daily billing loads are developed using the CIS data, line losses are added to each account. The losses are by rate code and are based on CES studies from 1995. Adding the line losses to the daily billing load for each account creates the daily load for estimation per account.

Load shapes are applied to the daily load for estimation per account. The load shapes are based on four years of load research data (1992-1995) and are broken into weekday load shape and weekend load shape. The application of the load shape distributes the daily load for estimation for each account over 24 hours.

Telemetered accounts (when available) are eliminated at this point. Telemetered accounts are added back later in the process.

Account loads for estimation are then aggregated by supplier ID. When telemetered load is available, it will be scaled for line losses and added back in at this point. Hourly ratios are now developed for each supplier based on the suppliers estimated total load to the total load for the system.

The hourly ratio is sent to the local server for incorporation into the daily estimation worksheet. The daily estimation worksheet is logically broken into 3 sections. The first section incorporates the SCADA readings (bulk generation and ties). The Town of Belmont

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THE NSTAR COMPANIES

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load (wholesale load) is subtracted from the total connected load for purposes of estimation. The second section applies the hourly supplier ratios developed from CIS data to the net SCADA readings. The third section breaks out each supplier's contribution to load. Belmont load is added back into the CES total. SENE load is 37.6% of the CES SOS.

Final estimated supplier values are then posted to CES' ISO Reporting Application ("IRA") System for transmission to ISO-NE.

BOSTON EDISON

1. General Description

Each business day Boston Edison calculates its territory load for every hour of the previous day(s) using actual hourly generation and interchange metered values. The territory load is defined as the total customer load plus transmission and distribution losses within Boston Edison's service territory.

Historical proxy days will be selected that closely match the territory load profile shape and amplitude of the previous day(s). Wholesale and retail customer load profiles from the proxy days will be used for the allocation of hourly loads to load serving entities. Suppliers', Standard Offer, Default Service and wholesale hourly loads will be adjusted in each hour such that their sum will exactly equal the territory load for the hour. The core engine used for load estimation will be LODESTAR software licensed by LODESTAR Corporation of Peabody, MA.

2. Load Profiles

The following load profiles will be used for load estimation:

- The customers' actual load profiles will be used for time of use (TOU) customers whose meters are remotely read on a daily basis.
- The proxy day historical load profiles from the previous year will be used for the remainder of TOU customers.
- The rate class average and strata load profiles derived from 1992 load research data will be used for all non-TOU customers.

3. Assignment Of Non-TOU Customers To Load Profiles And Calculation Of Customer Adjustment Factors ("CAF's")

Each non-TOU customer will be assigned to a rate class average or a rate class strata load profile based on the customer's historical usage. A Customer Adjustment Factor will be calculated for each customer to reflect the difference between the customer's historical usage and the usage under the load profile assigned to that customer. The criteria for the

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assignment to load profiles and the calculation of CAF's is described in detail in Attachment 1. The 1992 rate class average and strata load profiles are in EXCEL spreadsheets posted on Boston Edison's internet web site, "www.bedison.com".

4. Proxy Days Selection

A proxy day in the preceding year and another in 1992 will be selected using proprietary software developed by LODESTAR Corporation. The proxy day selection algorithm finds the day, in the historical period being searched, that had a territory load profile that most closely matches the previous day territory load profile in both shape and amplitude. The user specifies the calendar period that can be searched, the day(s) of the week that can be considered and how close in hours the peak hour in the previous day must be to the peak hour of the proxy day.

5. Selection Of Load Profiles From The Load Profile Data Bases

TOU customers' historical load profiles from the previous year's proxy day will be retrieved from the TOU customer historical database.

The rate class average and strata load profiles for the proxy day will be retrieved from the 1992 load research database.

Rate class total load profiles for the proxy day will be retrieved from the 1992 load research database. The rate class total load profiles will be calibrated to reflect 1997 sales.

6. Updating Of The Customer Data Base

Whenever a customer switches to a different supplier or switches from Boston Edison generation service to a competitive supplier (i.e. Standard Offer to a competitive supplier), the customer's record in the customer database will be updated to reflect this change.

Whenever there is an actual meter reading for a non-TOU customer, the customer's load profile assignment will be reconsidered and the customer's CAF will be recalculated. Both of these will be done according to the criteria in Attachment 1.

7. Daily Query Of The Customer Data Base

Each day the customer database will be queried for the following data which will be passed to the load estimation system:

- Supplier ID for all TOU customers on non Standard Offer
- For all non-TOU customers on non Standard Offer, cumulative CAF by supplier for each class average and strata load profile. This is the sum of all a supplier's individual customers' CAF's assigned to each rate class average and strata load profiles.

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8. Estimation Of Supplier Loads

Suppliers' and Default Service total load profiles will be calculated for each rate class. A supplier's TOU customers whose meters are read daily will have the previous day actual load profile summed into the appropriate supplier rate class profile. For a supplier's TOU customers whose meters are read monthly, their previous year proxy day load profiles will be summed into the appropriate supplier rate class load profile. For non-TOU customers, each supplier's cumulative CAF for each rate class average and strata load profile will be multiplied by that profile and the results will be summed into rate class total load profiles for the supplier.

Default Service rate class load profiles will be calculated in the same manner as suppliers' rate class load profiles. All suppliers' and Default Service load profiles for each rate class will be subtracted from the rate class total load profile and the remainder will be the Standard Offer load profile for that rate class.

Hourly no-load and load losses will be allocated to each supplier's, Default Service and Standard Offer Service rate class load profiles. Residuals will be allocated to all load profiles such that in each hour, the sum of all suppliers', Default Service, Standard Offer and wholesale loads exactly equals the metered territory load. Rate class loads will be summed into total loads for each Supplier, Default Service and Standard Offer Service.

9. Reporting Of Suppliers' Loads To The ISO

The total hourly load estimates for each supplier will be reported to the ISO-NE, in accordance with the ISO standards, for use in the ISO wholesale settlement process.

10. Monthly Reconciliation

The ISO has always performed a month end meter reading reconciliation with participants to account for any differences between hourly meter readings reported to the ISO and the actual change in meter registration during the month. The ISO sums the hourly energy values reported for each interchange point into calendar monthly totals. At the end of each month the participants report the total energy metered at these interchange points by subtracting the meter reading at the beginning of the month from the month-end meter reading. The ISO compares the total metered energy value with the sum of the hourly values reported for the month and credits or debits the participants for any differences at an average energy rate. A credit would result from over-reporting an inflow or under-reporting an outflow. Conversely, a debit results from over-reporting an outflow or under-reporting an inflow. Before the restructured NEPOOL markets are implemented, the average monthly rate is the average cost of all energy sold to the ISO during that month. After implementation of the restructured markets, the average monthly energy rate will be the average NEPOOL hourly energy clearing price for the month. This month-end meter reading reconciliation will still occur after retail access is implemented.

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When retail access occurs, it will be necessary to reconcile suppliers' monthly estimated loads to their customers' metered usage. During each month, the ISO will sum each supplier's hourly load estimates reported by each distribution company into a monthly total supplier load estimate by distribution company. Sometime after the end of each month, each distribution company will use customers' actual meter readings, to the extent that they are available, to estimate each supplier's actual monthly load and report it to the ISO. The ISO will compare the monthly sum of the reported supplier estimated hourly loads to the supplier monthly actual load and credit or debit the supplier for the difference at the monthly average energy rate.

In order to estimate a supplier's actual monthly load, the meter reading cycle(s) usage for each of the supplier's customers will have to be prorated to estimate each customer's calendar monthly usage using the following methodology:

If a customer's meter is read on April 15, May 15 and June 15; the customer's May usage for reconciliation is 15/30's of the April 15 to May 15 usage plus 16/31's of the May 15 to June 15 usage. If the customer has the same supplier for the entire month of May, the total May usage is assigned to that supplier. If the customer is enrolled by one supplier from April 15 to May 15 and a different supplier from May 16 to June 15, the first 15 day's of May usage is assigned to one supplier and the last 16 days of May usage is assigned to the other supplier.

For time of use (TOU) customers, the actual interval data for the calendar month will ultimately be used for reconciliation but a monthly proration of TOU customers' usage may be required as an interim solution. If a TOU customer has two suppliers during a month, the customer's monthly usage will be allocated to the suppliers based on the meter read date.

Using the methodology described above, Boston Edison Information Technology personnel will aggregate customers' monthly usage by rate class by supplier and supply these values to Boston Edison's Load Estimation personnel where they will be adjusted for losses based on voltage class and summed into suppliers' actual monthly loads. The suppliers' actual monthly loads will be summed into a monthly total load for all suppliers. This total load for all suppliers will be compared with the Boston Edison metered territory load for the month and the suppliers' actual monthly loads will be adjusted on a prorata basis to force the total of all suppliers loads to exactly equal the Boston Edison metered territory load.

Each supplier's actual monthly load will be reported to the ISO and will be compared to the monthly sum of that supplier's estimated hourly loads. Any difference between the two will result in a debit or credit from the ISO to the supplier at the average energy rate for the month.

ATTACHMENT 1
to
THE NSTAR COMPANIES
SUPPLIER LOAD ESTIMATION AND RECONCILIATION METHODOLOGIES

Criteria For Assigning Non-TOU Customers to Load Profiles
And Calculation Of Customer Adjustment Factors (CAF's)

I. Strata Assignment

According to the strata definitions in the following table, customers are assigned a strata / class profile based on:

- Their average daily KWH usage from twelve months of billing history
- Their existing rate revenue code in the Company's billing system

II. Calculation of Customer Adjustment Factors (CAF's)

A. Use Strata 1 (rate class average) for rate classes with no other strata.

B. For customers with no billing history:

1. Assign to Strata 2 and use 1.00000 as the CAF.

C. For customers with less than 4 months billing history:

1. Calculate the average kWh per day.
2. Assign to Strata 2.
3. Divide the average kWh/day by the Strata 2 kWh/day to calculate the CAF.

D. For customers with more than four months billing history:

1. Use as much billing history as is available (up to 12 months)
2. Calculate the kWh/day.
3. Assign to Strata based upon kWh/day.
4. Divide the customer kWh/day by the Strata average kWh/day to calculate the CAF.

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Rate	Rate Codes	Profile Description	Strata	Annual Use	Strata Avg. KWh/day	Strata Range		KWh/day
						low	high	
R1	021	Residential - water heating	0	10,813	29.54354			
R1	021	Residential - water heating	1	7,096	19.38931	-		26.12175
R1	021	Residential - water heating	2	12,025	32.85419	26.12176		42.50313
R1	021	Residential - water heating	3	19,088	52.15208	42.50314		274.35847
R1	021	Residential - water heating	4	181,743	496.56485	274.35848		
R3	022,023,111	Residential - space heating	0	14,044	38.37127			
R3	022,023,111	Residential - space heating	1	7,244	19.79230	-		27.73065
R3	022,023,111	Residential - space heating	2	13,055	35.66900	27.73066		46.75424
R3	022,023,111	Residential - space heating	3	21,169	57.83949	46.75425		84.16635
R3	022,023,111	Residential - space heating	4	40,441	110.49321	84.16636		1,310.01665
R3	022,023,111	Residential - space heating	5	918,492	2,509.54008	1,310.01666		
G1	011,013,016,018,078,191,193	General Service - small	0	9,457	25.83856			
G1	011,013,016,018,078,191,193	General Service - small	1	3,785	10.34217	-		19.37174
G1	011,013,016,018,078,191,193	General Service - small	2	10,395	28.40131	19.37175		38.75697
G1	011,013,016,018,078,191,193	General Service - small	3	17,975	49.11264	38.75698		51.53448
G1	011,013,016,018,078,191,193	General Service - small	4	19,748	53.95633	51.53449		
G2	019,091,093,112,130,214,215,234,264,267,268,314,430	General Service - medium commercial	0	110,724	302.52507			
G2	019,091,093,112,130,214,215,234,264,267,268,314,430	General Service - medium commercial	1	33,953	92.76759	-		173.92680
G2	019,091,093,112,130,214,215,234,264,267,268,314,430	General Service - medium commercial	2	93,361	255.08601	173.92681		440.90440
G2	019,091,093,112,130,214,215,234,264,267,268,314,430	General Service - medium commercial	3	229,381	626.72279	440.90441		1,083.10470
G2	019,091,093,112,130,214,215,234,264,267,268,314,430	General Service - medium commercial	4	563,452	1,539.48662	1,083.10471		

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Rate	Rate Codes	Profile Description	Strata	Annual Use	Strata Avg. kWh/day	Strata Range low	kWh/day high
G2	079,274,374	General Service - medium industrial	0	186,849	510.51678		
G2	079,274,374	General Service - medium industrial	1	50,603	138.25966	-	242.62577
G2	079,274,374	General Service - medium industrial	2	126,999	346.99187	242.62578	555.51048
G2	079,274,374	General Service - medium industrial	3	279,635	764.02908	555.51049	1,145.95262
G2	079,274,374	General Service - medium industrial	4	559,203	1,527.87615	1,145.95263	
G3	407,417,477	General Service - primary metered TOU	1	6,599,211	18,030.63093		
S1	051,053,058	Street Lighting	1	84,960,545	232,132.63748		
S2	055,056	Street Lighting -Energy Rate	1	48,095,261	131,407.81818		
S3	060,061	Outdoor Street Lighting	1	16,941,849	46,289.20606		
R1	020,110	Residential - general use	0	5,249	14.34221		
R1	020,110	Residential - general use	1	3,006	8.21335	-	11.12485
R1	020,110	Residential - general use	2	5,137	14.03635	11.12486	16.85342
R1	020,110	Residential - general use	3	7,199	19.67050	16.85343	25.84706
R1	020,110	Residential - general use	4	11,721	32.02362	25.84707	54.51862
R1	020,110	Residential - general use	5	28,187	77.01362	54.51863	793.63312
R1	020,110	Residential - general use	6	552,752	1,510.25263	793.63313	
R2	030,031,032,033	Residential - life line	0	3,447	9.41695		
R2	030,031,032,033	Residential - life line	1	2,626	7.17382	-	8.82224
R2	030,031,032,033	Residential - life line	2	3,832	10.47066	8.82225	14.09159
R2	030,031,032,033	Residential - life line	3	6,483	17.71252	14.09160	34.02593
R2	030,031,032,033	Residential - life line	4	18,424	50.33935	34.02594	

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Rate	Rate Codes	Profile Description	Strata	Annual Use	Strata Avg. kWh/day	Strata Range		kWh/day
						low	high	
R4	224,225,226	Residential - time-of-use	0	9,088	24.83028			
R4	224,225,226	Residential - time-of-use	1	7,005	19.13880	-	24.19121	
R4	224,225,226	Residential - time-of-use	2	10,703	29.24361	24.19122	37.42686	
R4	224,225,226	Residential - time-of-use	3	16,693	45.61012	37.42687		
T2	217,617,627,677,707,717,777,907,917,977	General Service - medium TOU	1	1,847,362	5,047.43739			

APPENDIX B

PROPOSAL FORM

SUPPLIER: _____

1. General Information

Name of Supplier	
Principal contact person ➤ Name ➤ Title ➤ Company ➤ Mailing address ➤ Telephone number ➤ Fax number ➤ E-mail address	
Secondary contact person (if any) ➤ Name ➤ Title ➤ Company ➤ Mailing address ➤ Telephone number ➤ Fax number ➤ E-mail address	
Legal status of Supplier (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State and date of incorporation, residency or organization	
The names of all general and limited partners (if Supplier is a partnership)	

SUPPLIER: _____

Description of Supplier and all relevant affiliated entities and joint ventures, including any details regarding financial limitations between partners or affiliates	
Name of financial guarantor	
Statement of relevant experience	

SUPPLIER: _____

3. Financial Information

Current long term and short term debt rating for Supplier (include ratings and names of rating agencies).	
Date Supplier's last fiscal year ended.	
Total revenue for Supplier for the most recent fiscal year.	
Total net income for Supplier for the most recent fiscal year.	
Total assets for Supplier as of the close of the previous fiscal year.	

4. Defaults and Adverse Situations

<p>Describe, in detail, any situation in which Supplier (either alone or as part of a joint venture), or an affiliate of Supplier, defaulted or was deemed to be in noncompliance of its contractual obligations to deliver energy and/or capacity at wholesale within the past five years.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event described.</p> <p>Please also identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
Describe any facts presently known to Supplier that might reasonably be	

SUPPLIER: _____

expected to adversely affect its ability to provide the service(s) bid herein as provided for in the Request for Proposal.	
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5. NEPOOL AND POWER SUPPLY EXPERIENCE

Is Supplier a member of NEPOOL?	
Does Supplier have a NEPOOL settlement account?	
Describe Supplier's experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.	

SUPPLIER: _____

<p>Provide three references (name, title and contact information) who have contracted with the Supplier for similar load following services within the last 2 years.</p>	
<p>Has Supplier, or any affiliate of Supplier, in the last five years, been determined in writing by a court or arbitration panel to have breached or defaulted under any agreement relating to the sale of electricity or natural gas, including any financing agreements? If so, what was the resolution of such breach or default?</p>	

SUPPLIER: _____

6. SCOPE OF BID AND TERMS OF SALE

<p>Will Supplier execute a contract substantially similar to the proposed Power Supply Agreement contained in Appendix A?</p> <p>Explain any proposed modifications.</p>	
<p>List all regulatory approvals required before service can commence.</p>	

7. Proposed Pricing

<p>Specify the monthly contract rates (¢/kWh) to supply Default Service to the NSTAR Companies' Residential Customer Group.</p>	
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SUPPLIER: _____

Specify the monthly contract rates (¢/kWh) to supply Default Service to the NSTAR Companies' Commercial Customer Group.	
Specify the monthly contract rates (¢/kWh) to supply Default Service to the NSTAR Companies' Industrial Customer Group.	