

MASSACHUSETTS ELECTRIC COMPANY
NANTUCKET ELECTRIC COMPANY
TAX CREDIT PROVISION

The Company's rates for Retail Delivery Service are subject to adjustment to reflect the return to all retail delivery service customers of a tax benefit resulting from the Tax Cuts and Jobs Act of 2017. The tax benefit shall be credited to customers over a period of time approved by the Department. The tax benefit associated with the Company's Smart Grid Pilot is reflected in the factors applicable to the reconciling mechanisms pertaining to the Smart Grid Pilot and not through the Tax Act Credit Factor ("TACF").

The TACF shall be a per kilowatt-hour ("kWh") rate for each rate class based on the estimated kilowatt-hours to be delivered by the Company to each rate class over the period the factor is to be applied to customers' bills. For billing purposes, the TACF shall be included with the distribution kWh charge on customers' bills.

The amount to be reflected in each year's TACF shall be allocated to the Company's rate classes by applying the Distribution Revenue Allocator as determined in the Company's most recent base distribution rate case as follows:

Rate R-1/R-2	57.7%
Rate G-1	12.9%
Rate G-2	11.9%
Rate G-3	16.9%
Streetlighting	0.6%

The Company shall file its TACF annually on or around January 15 as part of its annual retail rate filing. The effective date for any changes to the TACF shall be March 1 or as otherwise approved by the Department. The TACF shall remain in effect until the annual amount of the tax benefit is included in base distribution rates established in the Company's next base distribution rate case, or unless otherwise directed by the Department.

Each year's amount approved by the Department to be credited to customers through the TACF is subject to reconciliation with actual credits billed to customers during the reconciliation period. Any difference, including interest based on the same rate as that paid on customer deposits and accrued during the reconciliation period, shall be included in a subsequent TACF. In addition, in the event the Company's first year TACF is based on an estimated tax benefit and the Company later determines the final amount of the tax benefit to be credited to customers, the Company will reflect any difference in the annual amount to be credited to customers in the then-current reconciliation period.

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