

**THE NARRAGANSETT ELECTRIC COMPANY
NON-BYPASSABLE TRANSITION CHARGE ADJUSTMENT PROVISION**

1. DESCRIPTION AND AUTHORITY

- 1.1. The Non-Bypassable Transition Charge shall recover from or credit to customers all Contract Termination Charges billed to the Company by NEP.
- 1.2. This provision is authorized by R.I. Gen. Laws § 39-1-27.4.

2. APPLICABILITY

- 2.1. This provision is applicable to all customers taking electric Retail Delivery Service.

3. DEFINITIONS

- 3.1. “Total Transition Charge Revenues” shall mean all revenue billed to customers through the transition charges for the applicable reconciliation period.
- 3.2. “Company” shall mean The Narragansett Electric Company.
- 3.3. “Non-Bypassable Transition Charge” shall mean the charge or credit on customer bills related to Contract Termination Charges.
- 3.4. “Retail Delivery Service” shall mean the distribution of electricity by The Narragansett Electric Company to its customers not for wholesale or transmission purposes.
- 3.5. “Transition Charge Adjustment Balance” shall mean the Total Transition Charge Revenues less the Contract Termination Charges.
- 3.6. “Commission” shall mean the Rhode Island Public Utilities Commission.
- 3.7. “NEP” shall refer collectively to New England Power Company and Montaup Electric Company.
- 3.8. “R.I. Gen. Laws” shall mean Rhode Island General Laws.
- 3.9. “Kilowatt-hour” or “kWh” shall mean a unit of electricity usage.
- 3.10. “Contract Termination Charge” shall mean the amount owed by or credited to the Company from NEP.

4. TERMS AND CONDITIONS

- 4.1. The Company shall annually determine the Transition Charge Adjustment Balance, if any, for the prior calendar year or other appropriate period and make a filing with the Commission.
- 4.2. At the time the Company determines the Transition Charge Adjustment Balance, it shall propose a rate recovery/refund methodology to recover or refund that amount, if

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any, over a twelve (12) month period or any other reasonable time period, for approval by the Commission.

5. RATE ADJUSTMENT PROVISIONS

5.1. If NEP calculates in its annual reports regarding the Contract Termination Charge a total amount to be provided to the Company in the following year that is a credit, the Company shall calculate its Non-Bypassable Transition Charge based on the total amount to be credited and the Company's most recent forecast of kilowatt-hour deliveries for the year in which the Non-Bypassable Transition Charge will be in effect. The Non-Bypassable Transition Charge may be subject to adjustment each time any Contract Termination Charge changes.

5.1.1. Effective April 1, 2022, the Company shall apply NEP Contract Termination Charge credits billed to the Company to the Company's Storm Contingency Fund.

5.2. On an annual basis, the Company shall reconcile its total cost of Contract Termination Charges against its Total Transition Charge Revenues to determine any excess or deficiency. Any positive or negative balance will accrue interest calculated at the rate in effect for customer deposits. If the Non-Bypassable Transition Charge billed by the Company is a credit per kilowatt-hour based on the Company's most recent forecast of kilowatt-hour deliveries as provided above, any carrying charges in future years that NEP will credit to the Company as a result shall be retained by the Company.

5.2.1. If there is a positive or negative balance in the then current Transition Charge Adjustment Balance outstanding from the prior period, the balance shall be credited against or added to the new reconciliation amount, as appropriate, in establishing the Transition Charge Adjustment Balance for the new reconciliation period.

6. NOTICE

6.1. Modifications to the Non-Bypassable Transition Charge shall be made in accordance with a notice filed with the Commission pursuant to R.I. Gen. Laws § 39-3-11(a) setting forth the amount of the revised charge and the amount of the increase or decrease. The notice shall further specify the effective date of such change.