

RATE FOR METERED SERVICE

AVAILABILITY

This rate is available to customers located in the following towns on the mains of the Company within the Company’s franchise area, for all purposes except fire protection, subject to the Rules and Regulations of the Company: Millbury, Oxford.

WATER CHARGE

A water charge will be made for all water used as registered by the meter, as set forth below:

*Rate Per
Thousand Gallons(KGAL):*

RATE R1 - Applies to all metered residential usage by customers classified as such on the Company’s records.
 First 9 KGAL per Quarter/ 3 KGAL per Month \$4.830
 Over 9 KGAL per Quarter/ 3 KGAL per Month \$6.133

RATE G1 - Applies to all metered commercial usage by customers classified as such on the Company’s records, which do not qualify for Rate G4.
 First 9 KGAL per Quarter/ 3 KGAL per Month \$3.567
 Over 9 KGAL per Quarter/ 3 KGAL per Month \$4.318

RATE G2 - Applies to all metered public authority usage by customers classified as such on the Company’s records, which do not qualify for Rate G4.
 First 9 KGAL per Quarter/ 3 KGAL per Month \$3.547
 Over 9 KGAL per Quarter/ 3 KGAL per Month \$3.956

RATE G3 - Applies to all metered industrial usage by customers classified as such on the Company’s records, which do not qualify for Rate G4. All Usage \$3.947

RATE G4 - Applies to the total monthly usage by qualifying non-residential customers, classified as such on the Company’s records, as per the following criteria: All Usage \$2.686

Monthly billed amounts: not less than 10,000,000 gallons,
and not more than 40,000,000 gallons

Past 12 months total billed amount not less than 120,000,000 gallons.

Usage which does not meet these criteria shall be charged at the G1, G2 or G3 Rate.

SERVICE CHARGE

In addition, all metered general water service customers shall pay a service charge on the size of each meter installed. Customers with multiple meters shall be charged for each meter at the indicated rate.

<u>Size of Meter</u>	<u>Service Charge</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
5/8"	\$ 16.08	\$ 48.24
3/4"	\$ 24.05	\$ 72.15
1"	\$ 40.12	\$ 120.36
1 1/2"	\$ 80.32	\$ 240.96
2"	\$ 128.55	\$ 385.65
3"	\$ 241.10	\$ 723.30
4"	\$ 401.88	\$ 1,205.64
6"	\$ 803.82	\$ 2,411.46
8"	\$ 1,286.16	\$ 3,858.48

TERMS OF PAYMENT

The Company may render bills on either a quarterly or monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

RATE FOR PRIVATE FIRE PROTECTION

AVAILABILITY

This rate is available to customers located in the following towns on the mains of the Company within the Company’s franchise area for Private Fire Protection, subject to the Rules and Regulations of the Company: Millbury, Oxford.

RATE

	<u>Per Year</u>
For each service connection 1”	\$ 122.17
For each service connection 1.25”	137.54
For each service connection 1.5”	\$ 154.84
For each service connection 2”	\$ 206.69
For each service connection 2.5”	\$ 272.00
For each service connection 3”	\$ 352.67
For each service connection 4” or smaller	\$ 552.44
For each service connection 6”	\$ 1,105.64
For each service connection 8”	\$ 1,873.97
For each service connection 10”	\$ 2,949.64
For each service connection 12”	\$ 4,178.96
For each privately owned fire hydrant serving Millbury and Oxford	\$ 913.37
For each privately owned fire hydrant outside Millbury and Oxford	\$ 1,150.13

TERMS OF PAYMENT

Bills shall be rendered and due monthly or quarterly in advance. The above rates are net and are payable within forty-five (45) days of the date of the bill. The Company reserves the right to disconnect the service of any customers not having their account paid in full within forty-five (45) days of the date of the bill.

SPECIAL PROVISIONS

- (a) All water shall be used for fire protection purposes only.
- (b) The Company reserves the right, if water is used in violation of (a) above, to install a meter on the connection at any time which will meet the requirements of the fire insurance companies. In the event a meter is installed, the established meter rates, including both water and service charges, will apply in lieu of the above rates for Private Fire Protection.

RATE FOR PUBLIC FIRE PROTECTION

AVAILABILITY

This rate is available for the following towns for Public Fire Protection only, and is subject to the Rules and Regulations of the Company: Millbury and Oxford.

RATES

For each Company owned public fire hydrant \$ 193.51

In addition, annual charges as follows:

Town of Millbury	\$ 159,407.00
Town of Oxford	\$ 110,892.00

TERMS OF PAYMENT

Bills shall be rendered and due monthly or quarterly in arrears. The above rates are payable within forty-five (45) days of the date of the bill.

SALE FOR RESALE

AVAILABILITY

This rate is available to municipalities, or political subdivisions thereof, for resale to customers resident in territory contiguous to that served by the Company.

RATE

For all water taken, subject to the minimum charge as provided below:

\$ 2.00 per 1,000 gallons

MINIMUM CHARGE

A variable minimum charge will apply based on the minimum monthly delivery occurring over the preceding 12 months, but not less than 100,000 gallons per month, times the currently allowed rate per 1,000 gallons.

Example: given a minimum monthly billing of 500,000 gallons, the minimum charge
 Would be $\$2.00 \times 500 = \$1,000$ per month.

TERMS OF PAYMENT

The Company may render bills on either a quarterly or monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

MISCELLANEOUS CHARGES

Drought Conditions

Termination and Restoration Fee – Business Hours*	\$ 65.00
Termination and Restoration Fee – After Hours	\$ 392.00

*Normal business hours are Monday through Friday, 8 am to 4 pm.

System Development Charge (“SDC”)

Meter Size**	Capacity GPM	Ratio to 5/8” Meter	Fee
5/8”	20	1.00	\$640
3/4”	30	1.50	\$960
1”	50	2.50	\$1,600
1 ½”	100	5.00	\$3,200
2”	160	8.00	\$5,120
3”	320	16.00	\$10,240
4”	500	25.00	\$16,000

*SDC is determined on a case by case basis for meter sizes greater than 4”.

Mitigation Fee for the Water Balance Program¹

A Water Balance Mitigation Fee will be charged to applicants associated with projects that are subject to the Water Balance Program, and who have not elected the Applicant Directed Conservation option or the Supplemental Water Supply Source option (as described in the Water Balance Program application) to comply with the Water Balance Program. Applications for new or expanded water usage with an estimated average daily water demand less than 10,000 gallons per day (“GPD”), shall be charged a Water Balance Mitigation Fee rate of \$10 per GPD. For new or expanded water usage equal to or greater than 10,000 GPD, the Water Balance Mitigation Fee rate will be determined by the Company based on the costs of completing water conservation work and the amount of gallons saved associated with said conservation work. In such cases, the Water Balance Mitigation Fee rate will be calculated and determined based on the sum of the actual costs incurred by the Company for completing water conservation work divided by the gallons saved associated with that work (\$/GPD). For new or expanded water usage equal to or greater than 10,000 GPD, the Water Balance Mitigation Fee rate may change from time to time based on the actual costs incurred by the Company and the water conservation gallons saved.

¹ Refer to the Water Balance Program application form for more detailed information about the Water Balance Program.

OTHER SERVICES**AVAILABILITY**

This rate is available to all classes of customers located in the following towns on the mains of the Company Subject to the Rules and Regulations of the Company: Millbury, Oxford.

	Actual Cost of Meter
Frozen Meters	
Meter Test Fees 1" and less	\$ 50.00
Larger than 1"	\$ 75.00
Return Check Fee	\$ 20.00
Seasonal Meter Set & Turn On Fee	\$ 65.00
Seasonal Meter Removal Fee & Turn Off Fee	\$ 65.00
Turn-on Fee – Business Hours	\$ 65.00
After Hours Callout	\$ 392.00
Non-Payment Reconnect – Business Hours	\$ 65.00
Non-Payment Reconnect – After Hours	\$ 392.00
Theft of Service (or triple the amount of damages which ever is greater)	\$ 1,000.00
Cross Connection – One Device Testing	\$ 75.00
Each Additional	\$ 35.00

TERMS OF PAYMENT

The Company may render bills on either a quarterly or monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

PURCHASED WATER SURCHARGE

AVAILABILITY

All metered general water service customers falling under the G4 rate designation receiving water service from the Millbury system, the City of Worcester interconnection or a combination of both sources. G4 customers will be billed at the customary G4 rate under the Company's approved tariff schedule for water service received from the Millbury system based on readings of the Millbury system meter.

SURCHARGE AMOUNT

In addition, any G4 customer who receives water supplied from the City of Worcester interconnection will be billed an amount equal to the difference in the cost of water purchased from the City of Worcester and the volumetric rate paid by a G4 customer as per the Company's tariff.

To the extent that multiple customers qualify for the G4 rate, the cost of water service from the City of Worcester interconnection will be allocated among the qualifying customers based upon the respective water usage in the applicable billing period.

The surcharge for each forthcoming year will be calculated on December 1 based on the previous 12 months of applicable actual invoices from the City of Worcester. The surcharge will be charged to the customer in equal installments over the calendar year beginning with the January billing.

TERMS OF PAYMENT

The Company renders bills on a monthly basis. The above rates are payable within forty-five (45) days of the date of the bill.

MAIN REPLACEMENT ADJUSTMENT MECHANISM**I. General Description**

- A. **Purpose:** The Main Replacement Adjustment Mechanism (“MRAM”) does not apply to the customers of Aquarion Water Company of Massachusetts’ Colonial Dover, Plymouth and Springdale Divisions (formerly Colonial Water Company) nor does it apply to the customers of Aquarion Water Company of Massachusetts’ Mountain Division (formerly Mountain Water Systems, Inc.).

The purpose of the MRAM is to provide the Company with recovery of project costs to support the accelerated replacement and rehabilitation of water-system infrastructure for the purpose of improving or protecting water quality and reliability of service. With implementation of the MRAM, the Company will recover the fixed costs (depreciation, property taxes, return and income taxes) of main replacements, rehabilitation and any connected service lines, valves and hydrants replaced as a result of the main replacement and placed in service annually, and recorded in the individual accounts noted below. MRAM will be adjusted for an annual reconciliation of prior MRAM amounts. Recovery shall occur after review and approval of the Department of Public Utilities (the “Department”).

- B. **Eligible Plant Additions:** Eligible plant additions will consist of the following:
1. (Account 108) Non-revenue producing mains installed as replacements for existing mains that have reached the end of useful life and/or are contributing to safety, reliability, water quality, or other operational issues.
 2. (Account 108) Main cleaning and re-lining projects and relocations that are part of a main replacement project.
 3. (Account 108) Connected valves that are replaced as they have reached the end of useful life and are part of a main replacement project and/or replaced as they are not operating properly and as a result of the main-replacement projects.
 4. (Account 109) Company-segment services installed as in-kind replacements that are part of a main replacement project.
 5. (Account 112) Company-owned hydrants installed to replace existing hydrants that have reached the end of useful life and are part of a main replacement project and/or to replace existing hydrants that are not operating properly and are part of a main replacement project.

- C. **Alternative Funding:** Eligible Plant Additions funded fully through the Water Balance Program (“WBP”) and/or System Development Charge (“SDC”) revenues are not eligible for recovery through the MRAM. Eligible Plant Additions that are partially funded through the WBP and/or SDC funds remain eligible for partial funding under the MRAM for amounts incremental to costs already recovered through base rates, the WBP and the SDC. To account for Eligible Plant Additions that are partially funded through the WBP and/or SDC revenues, a rate-base offset is included in the MRAM revenue requirement calculation to account for these alternate funding sources. In addition, the Company shall submit a detailed accounting of Eligible Plant Additions funded in part through the WBP or the SDC, and completed during the project construction year. The Company will also include detailed reports of all projects funded by the WBP and SDC conducted during the year.

II. Computation of the MRAM

- A. **Calculation:** The MRAM Adjustment Factor will become effective September 1, 2019 and will recover the fixed costs of Eligible Plant Additions placed in service between January 1, 2017 and December 31, 2018, which are not included in the Company’s rate base. Thereafter, the MRAM adjustment factor will be updated on an annual basis to incorporate recovery of costs associated with Eligible Plant Additions placed in service during the prior calendar year (the “Project Year”) as well as a reconciliation of funds collected through the prior year MRAM. The Company will submit an application to the Department each March 1 for the prior calendar year for a rate adjustment effective September 1 of each year.

The fixed costs of Eligible Plant Additions will consist of depreciation, property taxes, after-tax return and income taxes. Additional elements of the calculation will include an overhead and burden adjustment, an operation and maintenance (“O&M”) offset, and a reconciliation of prior year revenues, or the MRAM reconciliation. The elements are calculated as follows:

1. **Depreciation:** Depreciation expense will be calculated by applying the depreciation rates approved in the Company's most recent base-rate proceeding for the respective plant accounts to the original cost of MRAM-Eligible Plant Additions minus the corresponding retirement unit recorded.
2. **Property Taxes:** Property tax expense on the first year of investment shall be zero. The property tax expense for the second year of investment shall be one half of the Company’s annual property tax expense for eligible net plant for the prior MRAM year. Specifically, the property tax expense for the second year of investment shall be calculated first by applying the effective tax rate to the MRAM-eligible net plant as of December 31 of the prior year and taking one half that amount. For subsequent years, property tax expense shall be calculated based on each investment year’s MRAM-eligible plant additions.
3. **After-Tax Return:** The weighted cost of capital will be as approved in the Company's most recent base-rate proceeding, D.P.U. 17-90, or a subsequent docket.

4. **Income Taxes:** An income tax gross up will be added based on current federal and state tax rates for projects that are not eligible for deduction under the Tangible Property Regulations (“TPR”). TPR projects are treated as flow-through for accounting purposes and as such require no tax gross up.
- B. **MRAM Reconciliation:** Reconciliation of prior year MRAM revenues equivalent to the shortfall or surplus of MRAM revenue actually collected as compared to those authorized by the Department.
- C. **MRAM Adjustment Factor:** The MRAM Adjustment Factor will be expressed as a percentage carried to two decimal places and will be applied to the effective portion of the total amount billed to each customer under the Company's otherwise applicable rates and charges. The MRAM Adjustment Factor will not be applicable to miscellaneous charges.

Formula: The formula for calculation of the MRAM Adjustment Factor is as follows:

$$\text{MRAM} = (\text{RB} \times \text{ATR}) + \text{DEP} + \text{PT} - \text{OH-OM} \pm \text{REC}$$

BRWR

Where:

RB = Eligible cost to the Company of Eligible Plant Additions, defined as total cost less any portion funded through the WBP and/or the SDC as noted in Section I.C., accumulated depreciation and accumulated deferred income taxes.

ATR = After-tax return rate applicable to Eligible Plant Additions.

DEP = Annual depreciation expense related to Eligible Plant Additions.

PT = Eligible property taxes related to Eligible Plant Additions.

OH = Overhead and burden adjustment.

OM = O&M leak repair offset.

BRWR = Base retail water revenues as approved by the Department in the Company's most recent base-rate proceeding, D.P.U. 17-90, or a subsequent docket.

REC = Reconciliation of prior year MRAM revenues.

III. Customer Safeguards

- A. ***Overhead and Burden Adjustments:*** For purposes of MRAM calculations, the actual overheads and burdens shall be reduced to the extent that actual O&M overheads and burdens in a given year are less than the amount included in base rates as determined in the Company's most recent base distribution rate case. Such reduction shall be the difference between the actual O&M overheads and burdens and the amount included in base rates. In addition, the percentage of capitalized overheads and burdens assigned to MRAM projects shall be set equal to the ratio of MRAM to non-MRAM direct costs in any given year. As determined in the Company's most recent base rate proceeding, D.P.U. 17-90, the overhead and burdens baseline is \$1,137,601.
- B. ***O&M Offset:*** The O&M Offset represents the reduced operating and maintenance expense associated with the elimination of water leaks through MRAM-eligible plant additions. The MRAM Offset applicable each year is determined by multiplying Eligible MRAM Savings by the total miles of non-revenue producing mains installed as replacements for existing mains, in the period January 1 through December 31 of the respective MRAM Project Year. Eligible MRAM Savings are the cumulative reduction in operating and maintenance leak repair expense achieved with the replacement of aging and/or leak-prone main. Eligible MRAM Savings shall be equal to the most recent three-year average of leak repair cost per mile for mains, updated annually in the annual MRAM filed on March 1 of each year. The costs associated with leak repair expense shall be determined in accordance with the Uniform System of Accounts for Water Companies, 220 C.M.R. § 52.00, Operating Expense Accounts, in use during the test year of the most recent base-rate proceeding conducted pursuant to G.L. c. 164, § 94.
- C. ***MRAM Annual Earnings Test:*** The Company shall include in its annual March 1 MRAM filing to the Department a calculation of its actual earnings for the prior calendar year. The MRAM will operate only when the Company is earning at or below the authorized return on equity as approved by the Department in the Company's most recent base-rate proceeding, D.P.U. 17-90, or as revised by the Department in a subsequent proceeding. In the event that the Company is earning above its authorized return on equity in a given MRAM Project Year, the Company shall include in its March 1 MRAM filing: (1) a quantification of the MRAM-eligible costs from the MRAM Project Year in which the Company earned in excess of its authorized return on equity; and (2) a proposal regarding the deferral of the recovery of the identified MRAM-eligible costs to the Company's next base distribution rate proceeding.
- D. ***Change in Revenue Requirement Cap:*** The maximum change in the revenue requirement to be billed in any given year through the Company's MRAM shall not exceed three percent (3 percent) of annual retail water revenues for the prior calendar year. Application of the Revenue Requirement Cap shall not affect the calculation of MRAM recovery, including MRAM Revenue Requirement, in subsequent periods. However, any MRAM recovery approved by the Department in excess of the Revenue Requirement Cap may be deferred for recovery in the following year to the extent that

such deferral does not exceed the revenue requirement cap in the relevant MRAM Project Year. The MRAM will also have an additional aggregate cap of 10 percent between general rate cases. The 10 percent revenue cap will be based upon the authorized revenues from the Company's most recent base-rate proceeding less amounts related to miscellaneous charges. The resultant base revenues will be multiplied by 10 percent to determine the aggregate MRAM revenue cap.

- E. **Threshold Recovery:** The number of miles of main replaced each MRAM Project Year shall meet or exceed a threshold level of 1.25 miles per year. To demonstrate that the threshold is met, the Company shall in each March 1 annual MRAM filing submit a work summary report documenting installations of MRAM-eligible main and showing, through the provision of third-party contractor invoices, that at least 1.25 miles of main were replaced and are in-service as of December 31 of the prior MRAM Project Year. Failure to meet or exceed the threshold level of main replacement of 1.25 miles per MRAM Project Year shall result in the suspension and delay of the recovery of the MRAM-eligible costs for the respective MRAM Project Year in which the threshold is not met until the Company's next base rate proceeding.
- F. **Project Changes:** If, because of changed circumstances or new information, the Company plans to complete projects not included in the MRAM project plan, or to re-prioritize projects contained in the project plan, the Company will notify town representatives in the town where the project is located. As part of the annual March 1 filing, the Company will provide documentation and other necessary support demonstrating the prudence of the MRAM projects completed in the prior MRAM Project Year, as well as documentation supporting changes made to the MRAM project plan.
- G. **New Base Rates:** The MRAM adjustment factor will be reset as of the effective date of new base rates that provide for prospective recovery of the annual capital-additions cost theretofore recovered under the MRAM. Thereafter, only the fixed costs of new eligible plant additions not previously included in the Company's rate base would be reflected in the annual updates of the MRAM.
- H. **Customer Notice:** The MRAM adjustment factor will be shown as a separate line item on customer bills. Customers shall be notified of changes in the MRAM by including appropriate information on the first bill issued by the Company following any change allowed by the Department.

IV. Annual Report/Stakeholder Input

On March 1 of each year, as part of the Company's annual filing to the Department to implement the MRAM factor on September 1, the Company will submit a plan that lists the MRAM-Eligible Plant Additions that it plans to construct in the upcoming three years. The plan will include a description of each project, the value that completing the project will provide to customers, the estimated cost, and the proposed year of completion. The plan will also include the computation of the MRAM adjustment factor that would result from the completion of the MRAM-Eligible Plant Additions based on the estimated cost of those plant additions, along with customer bill impacts. Prior to the March 1 filing, the Company will consult with town representatives in the

towns served by the Company to review the construction plan and to obtain input and coordination on the execution and/or prioritization of those projects. At a minimum, to allow for adequate time to coordinate with town representatives, the Company shall provide a preliminary copy of the plan to the towns no later than 90 days before submitting the plan to the Department. The Company will provide notice to the towns of all filings to the Department relating to the MRAM.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

AQUARION WATER COMPANY OF MASSACHUSETTS

M.D.P.U. No. 10

RULES AND REGULATIONS

Canceling

M.D.P.U. No. 7

OF

AQUARION WATER COMPANY OF MASSACHUSETTS

Consistent with the Order of the Department of Public Utilities (the “Department”) in Investigation by the Department of Public Utilities, on its Own Motion, into the Effect of the Reduction in Federal Income Tax Rates on the Rates Charged by Electric, Gas, and Water Companies, D.P.U. 18-15-G (October 22, 2021), the following Tax Cuts and Jobs Act of 2017 (“Act”) sur-credit, calculated with interest at the prime rate, is applicable to all metered and fire service customers located within the Towns of Oxford and Millbury of the Aquarion Water Company of Massachusetts, Inc. (“Aquarion” or the “Company”) franchise area.

This sur-credit does not apply to the customers of Aquarion Water Company of Massachusetts’ Colonial Dover, Plymouth and Springdale Divisions (formerly Colonial Water Company), nor does it apply to the customers of Aquarion Water Company of Massachusetts’ Mountain Division (formerly Mountain Water Systems, Inc.)

The Act reduced the federal corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. The sur-credit reflected below is provided by Aquarion in relation to a tax benefit that accrued for the period between July 1, 2018 through October 31, 2018, under the Act.

SUR-CREDIT

The sur-credit reduces customer rates by \$38,228, or approximately 0.81 percent per customer, and shall be applied over a twelve (12) month period.

TERMS OF SUR-CREDIT

The sur-credit will apply for a period of 12 months, beginning on December 1, 2021.

Issued: November 23, 2021

Effective: December 1, 2021

By: Donald J. Morrissey

Title: President