

NSTAR Electric Company
2024
Calculation of Return on Equity

Net utility income available for common shareholders (A)	\$	510,455,957
Total utility common equity (B)	\$	6,452,985,968
ROE % (A/B)		7.91%
Adjusted ROE		7.89% (note 4)

(A) Net utility income available for common shareholders (note 1)		
Net utility operating income (pg. 117, line 27)		732,030,642
Plus:		
Service quality penalties		-
Less:		
Net interest charges (pg. 117, line 70)	222,124,431	
Total dividends declared (pg. 118, line 29)	1,960,000	
Subtotal	224,084,431	

Total utility plant as % of total utility plant and other property and investments

	balance @ end of year			
Utility plant (pg. 110, line 4)	17,477,513,025			
Accumulated depreciation (pg. 110, line 5)	(4,202,131,917)			
Deferred taxes: MA & Federal (pg. 113, line 63)	(1,675,768,206)			
ARO (GL account 101100)	(27,425,770)			
Customer contributions (pg. 113 line 56)	(59,558,261)			
Total utility plant, net	11,512,628,871	98.88%	98.88%	
Total other property and investments (note 3)	129,863,452	1.12%		
Total utility plant and other property and investments	11,642,492,323	100.00%	221,574,685	221,574,685

Net utility income available for common shareholders 510,455,957

(B) Total utility common equity (note 2)			
	balance @ beg. of year	balance @ end of year	
Total proprietary capital (pg. 112, line 16)	6,193,498,422	6,958,684,163	6,576,091,293
Plus:			
Discount on capital stock applicable to preferred stock (pg. 112, line 9)	0	0	-
Capital stock expense applicable to preferred stock (pg. 112, line 10)	0	0	-
Less:			
Preferred stock issued (pg. 112, line 3)	43,000,000	43,000,000	43,000,000
Unappropriated undistributed retained earnings (pg. 112, line 12)	4,415,066	9,611,434	7,013,250
Subtotal	6,146,083,356	6,906,072,729	6,526,078,043
Total utility common equity			98.88% 6,452,985,968

Notes:

- (1) Amortization of acquisition premium included due to approval for recovery in DTE 99-19.
- (2) Unamortized acquisition premium adjustment is not applicable due to approval for recovery in DTE 99-19.
- (3) Other property and investments (pg. 110, line 32) is adjusted for unappropriated undistributed subsidiary earnings (pg. 112, line 12) and other special funds (pg. 110, line 28).
- (4) Excluding the impact of transition charge mitigation and LTRCA remuneration earnings (\$1,948,777), the transmission and distribution business ROE was 7.89%.

NSTAR ELECTRIC COMPANY
RETURN ON EQUITY (ROE) - DISTRIBUTION
FOR THE YEAR 2024

<u>Line</u>		<u>2023</u>	<u>2024</u>	<u>Reference</u>	
1	Total Utility Net Income		\$ 510,455,957	Total utility; Per DPU Annual Return. (Line 22)	
2	(Less) Transmission Net Income		(253,476,493)	Line 24	
3	Net Income - Excluding Transmission		\$ 256,979,464	Sum Lines 1 thru 2	
4	Incentive/One-Time items		-	per Accounting records	
5	Incentives/One-Time items After Tax		\$ -	Line 4 * (1 - Federal and State Tax Rate)	
6	Net income Excluding Transmission - Adjusted for incentives / one time items		\$ 256,979,464	Line 3 - Line 5	
7	Total Capitalization				
8	Long-Term Debt	\$ 4,540,000,000	\$ 5,140,000,000	FERC Form 1, Page 112, Line 21	
9	Preferred Stock	43,000,000	43,000,000	FERC Form 1, Page 112, Line 3	
10	Common Equity	6,150,498,422	6,915,684,163	FERC Form 1, Page 112, Line 16 less Line 3	
11	Total Capital	\$ 10,733,498,422	\$ 12,098,684,163	Sum Lines 8 thru 10	
12	(Less) Transmission Investment Base	\$ (3,511,959,374)	\$ (3,985,209,943)	Line 19	
13	Total capital, net of transmission investment base	7,221,539,048	8,113,474,220	Line 11 + Line 12	
14	% Common Equity	53.21%	53.21%	D.P.U. 22-22, Exh. ES-REVREQ-2 (Compliance), Schedule 33, Page 1, Line 21, Col. (D)	
15	Distribution Equity	\$ 3,842,580,927	\$ 4,317,179,632	Line 13 * Line 14	
16	Average Distribution Equity		\$ 4,079,880,280	(Line 15 Prior Year + Line 15 Current Year) / 2	
17	NSTAR Electric Distribution ROE (excluding Transmission)		6.30%	Line 6 / Line 16	
18	<u>Transmission Detail</u>				
19	Total Investment Base	\$ 3,511,959,374	\$ 3,985,209,943	per Company records	
20	Weighted Common Equity Cost of Capital		6.08%	Line 21 / Line 19	
21	Total Equity Return on Investment		\$ 242,272,816	Line 27	
22	RNS Incentives (pre-tax)		\$ 15,415,075	per Company records	
23	RNS Incentives (after-tax)		\$ 11,203,677	Line 22 * (1 - Federal and State Tax Rate)	
24	Transmission net income Available for common \$M		\$ 253,476,493	Line 21 + Line 23	
25	Total Investment Base (2024)	NSTAR Electric \$ 2,656,448,420	WMECO 1,328,761,523	Total \$ 3,985,209,943	per Company records
26	Weighted Common Equity Cost of Capital (2024)	6.08%	6.07%		per Company records
27	Total Equity Return on Investment (2024)	\$ 161,620,978	\$ 80,651,838	\$ 242,272,816	Line 25 * Line 26