

NSTAR Electric Company
2023
Calculation of Return on Equity

Net utility income available for common shareholders (A)		\$ 441,710,165
Total utility common equity (B)		\$ 5,884,769,776
ROE % (A/B)		7.51%
Adjusted ROE		7.48% (note 4)

(A) Net utility income available for common shareholders (note 1)

Net utility operating income (pg. 117, line 27)		630,955,958
Plus:		
Service quality penalties		-
Less:		
Net interest charges (pg. 117, line 70)	188,523,939	
Total dividends declared (pg. 118, line 29)	1,960,000	
Subtotal	190,483,939	

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

	balance @ end of year			
Utility plant (pg. 110, line 4)	16,102,225,095			
Accumulated depreciation (pg. 110, line 5)	(3,976,829,647)			
Deferred taxes: MA & Federal (pg. 113, line 63)	(1,578,344,225)			
ARO (GL account 101100)	(27,425,770)			
Customer contributions (pg. 113 line 56)	(55,847,471)			
Total utility plant, net	10,463,777,982	99.35%	99.35%	
Total other property and investments (note 3)	68,554,916	0.65%		
Total utility plant and other property and investments	10,532,332,898	100.00%	189,245,793	189,245,793

Net utility income available for common shareholders 441,710,165

(B) Total utility common equity (note 2)

	balance @ beg. of year	balance @ end of year	
Total proprietary capital (pg. 112, line 16)	5,743,670,353	6,193,498,422	5,968,584,388
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)	211,634	4,415,066	2,313,350
Subtotal	5,700,458,719	6,146,083,356	5,923,271,038
Total utility common equity			99.35% 5,884,769,776

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 (\$2,016,135), the transmission and distribution business ROE was 7.48%.

NSTAR ELECTRIC COMPANY
RETURN ON EQUITY (ROE) - DISTRIBUTION
FOR THE YEAR 2023

<u>Line</u>		<u>2022</u>	<u>2023</u>	<u>Reference</u>	
1	Total Utility Net Income		\$ 441,710,165	Total utility; Per DPU Annual Return. (Line 22)	
2	(Less) Transmission Net Income		(224,291,781)	Line 24	
3	Net Income - Excluding Transmission		\$ 217,418,384	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		\$ 217,418,384	Line 3 - Line 5	
7	Total Capitalization				
8	Long-Term Debt	\$ 4,470,000,000	\$ 4,540,000,000	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	5,700,670,343	6,150,498,422	FERC Form 1, Page 112, Line 16 less Line 3	
11	Total Capital	\$ 10,213,670,343	\$ 10,733,498,422	Sum Lines 8 thru 10	
12	(Less) Transmission Investment Base	\$ (3,353,376,240)	\$ (3,511,959,374)	Line 19	
13	Total capital, net of transmission investment base	6,860,294,103	7,221,539,048	Line 11 + Line 12	
14	% Common Equity	53.59%	53.21%	D.P.U. 22-22, Exh. ES-REVREQ-2 (Compliance), Schedule 33, Page 1, Line 21, Col. (D)	
15	Distribution Equity	\$ 3,676,431,610	\$ 3,842,580,927	Line 13 * Line 14	
16	Average Distribution Equity		\$ 3,759,506,269	(Line 15 Prior Year + Line 15 Current Year) / 2	
17	NSTAR Electric Distribution ROE (excluding Transmission)		5.78%	Line 6 / Line 16	
18	<u>Transmission Detail</u>				
19	Total Investment Base	\$ 3,353,376,240	\$ 3,511,959,374	per Company records	
20	Weighted Common Equity Cost of Capital		6.10%	Line 21 / Line 19	
21	Total Equity Return on Investment		\$ 214,186,252	Line 27	
22	RNS Incentives (pre-tax)		\$ 13,904,140	per Company records	
23	RNS Incentives (after-tax)		\$ 10,105,529	Line 22 * (1 - Federal and State Tax Rate)	
24	Transmission net income Available for common \$M		\$ 224,291,781	Line 21 + Line 23	
25	Total Investment Base (2023)	NSTAR Electric \$ 2,250,376,743	WMECO \$ 1,261,582,631	Total \$ 3,511,959,374	per Company records
26	Weighted Common Equity Cost of Capital (2023)	6.11%	6.08%		per Company records
27	Total Equity Return on Investment (2023)	\$ 137,453,011	\$ 76,733,240	\$ 214,186,252	Line 25 * Line 26