



# The Commonwealth of Massachusetts

## DEPARTMENT OF PUBLIC UTILITIES

### **NOTICE OF FILING, PROCEDURAL CONFERENCE AND PUBLIC HEARINGS**

D.P.U. 17-05

January 30, 2017

Petition of NSTAR Electric Company and Western Massachusetts Electric Company, each doing business as Eversource Energy, pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq., for Approval of General Increases in Base Distribution Rates for Electric Service and a Performance Based Ratemaking Mechanism.

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On January 17, 2017, NSTAR Electric Company (“NSTAR Electric”) and Western Massachusetts Electric Company (“WMECo”) (referred to collectively as “Companies”), each doing business as Eversource Energy, filed a petition with the Department of Public Utilities (“Department”) seeking approval of increases in base distribution rates for electric service pursuant to G.L. c. 164, § 94, as well as other proposals. NSTAR Electric seeks to increase its rates to generate \$60.2 million in additional revenues, an approximate seven percent increase over current total operating revenues. WMECo seeks to increase its rates to generate \$35.7 million in additional revenues, an approximate 27 percent increase over current operating revenues. The Department has docketed this matter as D.P.U. 17-05.

The Department has suspended the effective date of the proposed rate increases to investigate the propriety of the Companies’ request. The Companies have requested that any new rates approved in this proceeding be implemented in two phases, with the first phase to take effect on January 1, 2018 and the second phase to take effect on January 1, 2019.

NSTAR Electric’s last base distribution rate proceeding was in 2005. Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company, NSTAR Gas Company, D.T.E. 05-85 (2005). WMECo’s last base distribution rate proceeding was in 2010. Western Massachusetts Electric Company, D.P.U. 10-70 (2011). The Companies’ requested rate increase includes the recovery of merger-related costs and, for WMECo, exogenous costs associated with the Department’s Order in NSTAR/Northeast Utilities Merger, D.P.U. 10-170 (2012).

Currently, NSTAR Electric and WMECo are separate, wholly owned subsidiaries of Eversource Energy. As part of this proceeding, pursuant G.L. c. 164, § 96, the Department will review the Companies’ request to complete the corporate consolidation of NSTAR Electric and WMECo. Although the Companies propose that costs will no longer be recorded, tracked or reported separately after the consolidation, the Companies propose to maintain separate rates applicable to NSTAR Electric and WMECo at this time. NSTAR Electric proposes to eliminate

separate rates for its three operating units (i.e., Boston Edison, Cambridge Electric Light, and Commonwealth Electric) and establish one rate for each rate class. NSTAR Electric also proposes, pursuant to Investigation into Rate Structures that will Promote Efficient Deployment of Demand Resources, D.P.U. 07-50-A (2008), to implement a rate mechanism to decouple its electric revenues from its sales.

The Companies propose to implement a performance-based ratemaking (“PBR”) mechanism that would allow each company to adjust its distribution rates on an annual basis through the application of a revenue-cap formula. Within the PBR mechanism, the Companies propose to undertake \$400 million in incremental capital investments over the next five years on projects the Companies state are designed to integrate distributed energy resources and improve service reliability, including projects to develop electric vehicle infrastructure and electric-storage capabilities. Certain of these investments have also been proposed as part of the Companies’ Grid Modernization Plans filed in NSTAR Electric Company and Western Massachusetts Electric Company, each d/b/a Eversource Energy, D.P.U. 15-122/15-123. The Companies state that they intend to revise their filing in D.P.U. 15-122/15-123 to remove these investments.

The Companies’ filing includes a number of rate design proposals, including the consolidation and alignment of NSTAR Electric’s and WMECo’s general service rate classes, the consolidation of a number of reconciling mechanism rates; a new optional time-of-use rate for certain small general service (rate G-1) customers; and a monthly minimum reliability contribution rate for new customers seeking to install distributed generation.

The Companies also propose to implement a credit/debit card payment system that will allow customers to pay their bills electronically without a transaction fee. Further, the Companies also propose to make certain changes to their existing storm fund mechanisms, vegetation management programs, and methods used to recover of property taxes. Additional information regarding these and all other proposals can be found in the Companies’ filing.

If the rate request is approved as filed, the Companies state that customers can expect the following bill impacts:

**NSTAR Electric – Phase I (January 1, 2018):**

**Residential non-heating customers:**

- A typical residential non-heating customer using 525 kilowatt-hours (“kWh”) of electricity per month in NSTAR Electric’s Greater Boston service area can expect a monthly bill increase of \$9.08 (7.9 percent);

- A typical residential non-heating customer using 343 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill increase of \$5.05 (6.4 percent); and
- A typical residential non-heating customer using 557 kWh of electricity of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill increase of \$6.54 (5.2 percent).

Residential non-heating low-income customers:

- A typical residential non-heating low-income customer using 438 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$2.87 (4.5 percent);
- A typical residential non-heating low-income customer using 348 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$0.09 (0.2 percent); and
- A typical residential non-heating low-income customer using 502 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$3.26 (4.1 percent).

Residential heating customers:

- A typical residential heating customer using 817 kWh of electricity per month during the winter season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$12.62 (7.6 percent);
- A typical residential heating customer using 590 kWh of electricity per month during the summer season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$5.07 (4.0 percent);
- A typical residential heating customer using 538 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$4.93 (3.9 percent); and
- A typical residential heating customer using 716 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill increase of \$9.81 (6.6 percent).

Residential low-income heating customers:

- A typical residential low-income heating customer using 889 kWh of electricity per month during the winter season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$2.57 (2.1 percent);

- A typical residential low-income heating customer using 548 kWh of electricity per month during the summer season in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.21 (1.5 percent);
- A typical residential low-income heating customer using 547 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$9.52 (10.9 percent); and
- A typical residential low-income heating customer using 894 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$8.01 (6.1 percent).

Commercial and industrial customers:

- Commercial and industrial customers in NSTAR Electric's service area can expect annual bill impacts ranging from a decrease of 3.5 percent to an increase of 14.5 percent, on average, depending on the amount of their usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.

**NSTAR Electric – Phase II (January 1, 2019):**

Residential non-heating customers:

- A typical residential non-heating customer using 525 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.74 (1.4 percent);
- A typical residential non-heating customer using 343 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$1.14 (1.4 percent); and
- A typical residential non-heating customer using 557 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$1.84 (1.4 percent).

Residential non-heating low-income customers:

- A typical residential non-heating low-income customer using 438 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$0.25 (0.4 percent);
- A typical residential non-heating low-income customer using 348 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$0.19 (0.4 percent); and

- A typical residential non-heating low-income customer using 502 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$0.28 (0.4 percent).

Residential heating customers:

- A typical residential heating customer using 742 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.29 (0.8 percent);
- A typical residential heating customer using 538 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$0.94 (0.8 percent); and
- A typical residential heating customer using 716 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a bill decrease of \$1.24 (0.8 percent).

Residential low-income heating customers:

- A typical residential low-income heating customer using 778 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$0.42 (0.4 percent);
- A typical residential low-income heating customer using 547 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill increase of \$0.29 (0.4 percent); and
- A typical residential low-income heating customer using 894 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill increase of \$0.48 (0.4 percent).

Commercial and industrial customers:

- Commercial and industrial customers in NSTAR Electric's service area can expect annual bill impacts ranging from a decrease of 53 percent to an increase of 50 percent, on average, depending on the amount of their usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.

**WMECo – Phase I (January 1, 2018):**

- A typical residential non-heating customer using 543 kWh of electricity per month can expect a monthly bill increase of \$11.51 (10.1 percent);

- A typical residential non-heating low-income customer using 572 kWh of electricity per month can expect a monthly bill increase of \$3.34 (4.5 percent);
- A typical residential heating customer using 790 kWh of electricity per month can expect a monthly bill increase of \$16.41 (10.5 percent);
- A typical residential low-income heating customer using 981 kWh of electricity per month can expect a monthly bill increase of \$5.73 (4.8 percent); and
- Commercial and industrial customers can expect annual monthly bill increases ranging from 0.6 percent to 18.3 percent, on average, depending on the amount of their usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.

**WMECo – Phase II (January 1, 2019):**

- A typical residential non-heating customer using 543 kWh of electricity per month can expect a monthly bill decrease of \$0.07 (0.1 percent);
- A typical residential non-heating low-income customer using 572 kWh of electricity per month can expect a monthly bill increase of \$1.16 (1.5 percent);
- A typical residential heating customer using 790 kWh of electricity per month can expect a monthly bill increase of \$1.41 (0.8 percent);
- A typical residential low-income heating customer using 981 kWh of electricity per month can expect a monthly bill increase of \$3.15 (2.5 percent); and
- Commercial and industrial customers can expect annual bill impacts ranging from a decrease of 12.7 percent to an increase of 15 percent, on average, depending on the amount of their usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.

The Attorney General, through the office of ratepayer advocacy, may intervene, appear and participate in Department proceedings on behalf of any group of consumers in connection with any matter involving rates of an electric company or gas company. On January 25, 2017, the Attorney General submitted a notice of intervention on behalf of the Companies' ratepayers in this case. Further, pursuant to G.L. c. 12, § 11E(b), the Attorney General filed a notice of retention of experts and consultants to assist in her investigation of the Companies' filing. The Attorney General has requested Department approval to spend up to \$550,000. Pursuant to G.L. c. 12, § 11E(b), the costs incurred by the Attorney General relative to her retention of experts and consultants may be recovered by the Companies in rates.

The Department has scheduled the following public hearings to receive comment on the Companies' filing:

**March 22, 2017 at 7:00 p.m.**

Natick Town Hall  
2<sup>nd</sup> Floor  
Board of Selectmen's Meeting Room  
13 East Central Street  
Natick, Massachusetts 01760

**March 23, 2017 at 7:00 p.m.**

Department of Public Utilities  
5<sup>th</sup> Floor Hearing Room A  
One South Station  
Boston, Massachusetts 02110

**March 30, 2017 at 6:00 p.m.**

Cambridge Public Library  
Lecture Hall  
449 Broadway  
Cambridge, Massachusetts 02138

**April 3, 2017 at 7:00 p.m.**

Barnstable County Complex  
Harborview Conference Room  
3195 Main Street  
Barnstable, Massachusetts 02630

**April 5, 2017 at 7:00 p.m.**

Keith Middle School  
225 Hathaway Boulevard  
New Bedford, Massachusetts 02740

**April 6, 2017 at 7:00 p.m.**

Plymouth South High School  
490 Long Pong Road  
Plymouth, Massachusetts 02360

**April 10, 2017 at 6:00 p.m.**

The Berkshire Athenaeum  
Auditorium  
1 Wendell Avenue  
Pittsfield, Massachusetts 01201

**April 12, 2017 at 7:00 p.m.**

Springfield City Hall  
School Committee Meeting Room  
Room 220  
36 Court Street  
Springfield, Massachusetts 01103

**April 24, 2017 at 6:00 p.m.**

Katharine Cornell Theatre  
51 Spring Street  
Tisbury, Massachusetts 02568

**April 26, 2017 at 7:00 p.m.**

Greenfield Middle School  
Auditorium  
195 Federal Street  
Greenfield, Massachusetts 01301

Persons interested in commenting on the Companies' filing may appear at any of the public hearings or may file written comments by the close of business (5:00 p.m.) on **May 31, 2017**.

Reasonable accommodations at public or evidentiary hearings for people with disabilities are available upon request. Contact Theresa Kelly at [Theresa.Kelly@state.ma.us](mailto:Theresa.Kelly@state.ma.us) or (617) 305-3642 to make such request. Include a description of the accommodation you will need, including as much detail as you can. Also include a way the Department can contact you if we need more information. Please provide as much advance notice as possible. Last minute requests will be accepted, but may not be able to be accommodated.

A procedural conference in this matter will take place at the Department's office on **March 2, 2017 at 11:00 a.m.**

Any person who desires to participate in the evidentiary phase of this proceeding must file a written petition for leave to intervene or to participate in the proceeding no later than the close of business (5:00 p.m.) on **February 24, 2017**. A petition filed late may be disallowed as untimely, unless good cause is shown for waiver under 220 C.M.R. § 1.01(4). To be allowed, a petition under 220 C.M.R. § 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10.

Any person who seeks to intervene in this matter and also desires to comment on the Attorney General's notice of retention of experts and consultants must file such comments no later than the close of business (5:00 p.m.) on **February 24, 2017**.

Written comments, petitions for leave to intervene or to participate, and comments on the Attorney General's notice of retention of experts and consultants should be addressed to: Mark D. Marini, Secretary, Department of Public Utilities, One South Station, 5<sup>th</sup> Floor, Boston, Massachusetts 02110. Receipt by the Department, not mailing, constitutes filing.

In addition to the above filing requirement, one (1) copy of all materials filed with the Department should be sent to each of the following: (1) Marc J. Tassone, Hearing Officer, Department of Public Utilities, One South Station, 5<sup>th</sup> Floor, Boston, Massachusetts 02110; (2) Cheryl M. Kimball, Keegan Werlin LLP, 265 Franklin Street, Boston, Massachusetts 02110 (counsel for the Companies); and (3) Joseph W. Rogers, Assistant Attorney General, Office of Ratepayer Advocacy, One Ashburton Place, Boston, Massachusetts 02108.

Further, in addition to paper filings with the Department, all documents also must be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to [dpu.efiling@state.ma.us](mailto:dpu.efiling@state.ma.us) and the Hearing Officer, [Marc.Tassone@state.ma.us](mailto:Marc.Tassone@state.ma.us); or (2) on a CD-ROM. The text of the e-mail or CD-ROM must specify: (1) the docket number of the proceeding (D.P.U. 17-05); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic filing should also include the name, title, and telephone number of a person to contact in the event of questions about the filing. All documents submitted in electronic format will be posted on the Department's website: <http://www.mass.gov/dpu>.

A copy of the Companies' filing and the Attorney General's notice of retention of experts and consultants is available for inspection during regular business hours at the following locations: (1) the Companies' offices, 247 Station Avenue, Westwood, Massachusetts 02090; (2) the Morse Institute Library, 14 E. Central St, Natick, Massachusetts 01760; (3) the Boston Public Library, 700 Boylston Street, Boston, Massachusetts 02116; (4) the Cambridge Public Library, 449 Broadway, Cambridge, Massachusetts 02138; (5) the Sturgis Library, 3090 Main Street, Barnstable, Massachusetts 02630; (6) the New Bedford Free Public Library, 613 Pleasant Street, New Bedford, Massachusetts 02740; (7) the Plymouth Public Library, 132 South Street, Plymouth, Massachusetts 02360; (8) the Berkshire Athenaeum, 1 Wendell Avenue, Pittsfield, Massachusetts 01201; (9) the Springfield City Library, 220 State Street, Springfield, Massachusetts 01103; (10) the Vineyard Haven Public Library, 200 Main St, Vineyard Haven, Massachusetts 02568; (11) the Greenfield Public Library, 402 Main Street, Greenfield, Massachusetts 01301; and (12) the Department's offices, One South Station, 5<sup>th</sup> Floor, Boston, Massachusetts 02110. These filings also are available on the Department's website,

<http://www.mass.gov/dpu>. To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), contact Theresa Kelly at [Theresa.Kelly@state.ma.us](mailto:Theresa.Kelly@state.ma.us) or (617) 305-3642.

Any person desiring further information regarding the Companies' petition should contact the Companies' counsel, Cheryl M. Kimball, Esq. at (617) 951-1400. Any person desiring further information regarding the Attorney General's notice of retention of experts and consultants should contact Joseph W. Rogers, Assistant Attorney General, at (617) 727-2200. Any person desiring further information regarding this notice should contact Marc J. Tassone, Hearing Officer, Department of Public Utilities, at (617) 305-3500.