



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

NOTICE OF FILING, PUBLIC HEARING AND PROCEDURAL CONFERENCE

D.P.U. 17-05

January XX, 2017

Investigation by the Department of Public Utilities on its own motion as to the propriety of the rates and charges proposed by NSTAR Electric Company and Western Massachusetts Electric Company each d/b/a Eversource Energy in a petition for approval of an increase in base distribution rates for electric service pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq., filed with the Department on January 17, 2017, to be effective January 1, 2018.

On January 17, 2017, NSTAR Electric Company (“NSTAR Electric”) and Western Massachusetts Electric Company (“WMECO”) each d/b/a Eversource Energy (together, the “Eversource” or the “Company”) filed a petition with the Department of Public Utilities (“Department”) for approval of a general increase in electric distribution rates. The Department has docketed this matter as D.P.U. 17-05, and it has suspended the effective date of the proposed rate increase until November 30, 2017, in order to investigate the propriety of the Company’s request. NSTAR Electric was last granted a general increase in distribution rates in Boston Edison Company, Cambridge Electric Light Company, Commonwealth Electric Company and NSTAR Gas Company, D.T.E. 05-85 (2005). WMECO was last granted a general increase in distribution rates in Western Massachusetts Electric Company, D.P.U. 10-70 (2011).

As part of this filing, the Company proposes to implement a Performance-Based Ratemaking Mechanism together with a Grid Modernization Base Commitment, including an electric vehicle and energy storage component. The Company also proposes to implement a “fee free” credit/debit card payment option that will allow customers to pay bills electronically without a transaction fee. Further, the Company proposes to change rates to accomplish the consolidation of the existing distribution rates of the former Boston Edison Company, Commonwealth Electric Company and Cambridge Electric Light Company within NSTAR Electric. The Company is also proposing to align rate classifications between NSTAR Electric and WMECO to simplify the rate structure for customer understanding; to achieve operational and administrative efficiency; and to mitigate rate impacts. The combination of these goals will require implementation of new rates in two phases taking effect on January 1, 2018, and then subsequently on January 1, 2019. In addition, the Company is making a proposal for recovery of property tax associated with the valuation change that occurred in 2012. Additional information regarding these and other proposals is presented in the Company’s filing.

In the instant filing, the Company seeks an annualized net increase in delivery revenue of \$60.2 million for NSTAR Electric and \$35.7 million for WMECO. The requested change in base distribution rates is required by law and will lock in annual operating cost savings of \$30 million resulting from the 2012 merger between NSTAR and Northeast Utilities. For residential customers in Eversource's Eastern Massachusetts service area (currently the NSTAR Electric service area), the new distribution rates would add approximately 7 percent or \$8.45 to the monthly bill of a typical residential customer using 550 kilowatt hours of electricity. For residential customers in Eversource's Western Massachusetts service area (currently the WMECO service area), the new distribution rates would add approximately ten percent or \$11.64 to the monthly bill of a typical residential customer using 550 kilowatt hours of electricity.

If the Company's petition is approved as filed, customers in the Eversource Eastern Massachusetts Service Territory comprised of the Greater Boston, Cambridge, and South Shore, Cape Cod, and Martha's Vineyard Service Areas, can expect to experience an increase in electric rates to be effective January 1, 2018 ("Phase I") with the exception of residential non-heating customers in the South Shore, Cape Code and Martha's Vineyard Service Area; residential heating customers in the Cambridge Service Area, all residential low-income heating customers except in the Greater Boston Service Area, and certain Commercial and Industrial ("C&I") customers. Subsequently, with the exception of residential low-income heating customers and certain C&I customers, all NSTAR Electric customers can expect to experience a rate decrease effective January 1, 2019 ("Phase II"). For example, according to the Company, the proposed net increase in annual delivery revenues, if approved as requested, would result in the following rate effects for the Eversource Eastern Massachusetts Service Territory:

Phase I, January 1, 2018:

For a typical **residential non-heating** customer:

- an increase of \$9.08 per month for average use of 525 kWh per month in NSTAR Electric's Greater Boston service area, representing a 7.9 percent annual increase;
- an increase of \$5.05 per month for average use of 343 kWh per month in NSTAR Electric's Cambridge service area, representing a 6.4 percent annual increase;
- an increase of \$6.54 per month for average use of 557 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 5.2 percent annual increase; and

For a typical **residential non-heating low-income** customer:

- an increase of \$2.87 per month for average use of 438 kWh per month in NSTAR Electric's Greater Boston service area, representing a 4.5 percent annual increase;
- a decrease of \$0.09 per month for average use of 348 kWh per month in NSTAR Electric's Cambridge service area, representing a 0.2 percent annual decrease;

- a decrease of \$3.26 per month for average use of 502 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 4.1 percent annual decrease; and

For a typical **residential heating** customer:

- an increase of \$12.62 per month in the winter for average use of 817 kWh per month in NSTAR Electric's Greater Boston service area, representing a 7.6 percent increase;
- an increase of \$5.07 per month in the summer for average use of 590 kWh per month in NSTAR Electric's Greater Boston service area, representing a 4.0 percent increase;
- a decrease of \$4.93 per month for average use of 538 kWh per month in NSTAR Electric's Cambridge service area, representing a 3.9 percent annual decrease;
- an increase of \$9.81 per month for average use of 716 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 6.6 percent annual increase; and

For a typical **residential low-income heating** customer:

- an increase of \$2.57 per month in the winter for average use of 889 kWh per month in NSTAR Electric's Greater Boston service area, representing a 2.1 percent increase;
- a decrease of \$1.21 per month in the summer for average use of 548 kWh per month in NSTAR Electric's Greater Boston service area, representing a 1.5 percent decrease;
- a decrease of \$9.52 per month for average use of 547 kWh per month in NSTAR Electric's Cambridge service area, representing a 10.9 percent annual decrease;
- a decrease of \$8.01 per month for average use of 894 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 6.1 percent annual decrease; and

For **commercial and industrial** customers:

- an annual bill impact ranging from a decrease of 3.5 percent to an increase of 14.5 percent, on average, for commercial and industrial customers in the NSTAR Electric service territory, depending on the amount of their usage; and

Phase II, January 1, 2019:

For a typical **residential non-heating** customer:

- a decrease of \$1.74 per month for average use of 525 kWh per month in NSTAR Electric's Greater Boston service area, representing a 1.4 percent annual decrease;
- a decrease of \$1.14 per month for average use of 343 kWh per month in NSTAR Electric's Cambridge service area, representing a 1.4 percent annual decrease;
- a decrease of \$1.84 per month for average use of 557 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 1.4 percent annual decrease;

For a typical **residential non-heating low-income** customer:

- a decrease of \$0.25 per month for average use of 438 kWh per month in NSTAR Electric's Greater Boston service area, representing a 0.4 percent annual decrease;
- a decrease of \$0.19 per month for average use of 348 kWh per month in NSTAR Electric's Cambridge service area, representing a 0.4 percent annual decrease;
- a decrease of \$0.28 per month for average use of 502 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 0.4 percent annual decrease; and

For a typical **residential heating** customer:

- a decrease of \$1.29 per month for average use of 742 kWh per month in NSTAR Electric's Greater Boston service area, representing a 0.8 percent annual decrease;
- a decrease of \$0.94 per month for average use of 538 kWh per month in NSTAR Electric's Cambridge service area, representing a 0.8 percent annual decrease;
- a decrease of \$1.24 per month for average use of 716 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 0.8 percent annual decrease; and

For a typical **residential low-income heating** customer:

- an increase of \$0.42 per month for average use of 778 kWh per month in NSTAR Electric's Greater Boston service area, representing a 0.4 percent increase;
- an increase of \$0.29 per month for average use of 547 kWh per month in NSTAR Electric's Cambridge service area, representing a 0.4 percent annual increase;

- an increase of \$0.48 per month for average use of 894 kWh per month in NSTAR Electric's South Shore, Cape Cod & Martha's Vineyard service area, representing a 0.4 percent annual increase; and

For **commercial and industrial** customers:

- an annual bill impact ranging from a decrease of 53 percent to an increase of 50 percent, on average, for commercial and industrial customers in the NSTAR Electric service territory, depending on the amount of their usage; and

Part of Eversource's proposal to the Department is to consolidate and align rate classifications in Massachusetts. Eversource is proposing a two-phase implementation of distribution rates for commercial and industrial customers, with rate changes taking effect on January 1, 2018 and a customer's rate classification changing on January 1, 2019.

For 88 percent of commercial and industrial customers, the additional bill impact would be less than 10 percent. However, consolidation of rate classifications will produce varying impacts depending on the customer's current rate class and targeted rate class. Commercial and industrial customers could experience an annual bill impact, depending on the amount of their usage, as follows:

- In the NSTAR Electric service territory, commercial and industrial customers could experience an annual bill impact ranging from a decrease of 53 percent to an increase of 50 percent, on average, depending on the amount of their usage; and

For specific bill impacts or bill impacts associated with the NSTAR Electric Service Territory, please contact the Company, as indicated below.

The Attorney General of the Commonwealth of Massachusetts ("Attorney General") has filed a notice to intervene in this matter pursuant to G.L. c. 12, § 11E(a). Further, pursuant to G.L. c. 12, § 11E(b), the Attorney General has filed a notice of retention of experts and consultants to assist in the investigation of the Company's filing, and has requested Department approval to spend up to [AMOUNT] in this regard. 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 in rates.

The Department will undertake a 10-month investigation of the Company's petition. As part of the investigation, the Department has scheduled public hearings throughout the Company's service areas to solicit customer comment on the petition. In order to reduce the likelihood of potential scheduling conflicts caused by severe winter weather and to better accommodate the Company's customers, the Department has scheduled public hearings to receive comments on the Company's petition as follows:

Persons interested in commenting on the Company's filing may appear at any of the public hearings or may file written comments by the close of business (5:00 p.m.) on _____

A procedural conference in this matter will be held at the Department's office on _____.

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 _____. 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 the comments no later than the close of business (5:00 p.m.) on _____.

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, Boston, MA 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 Marc J. Tassone, Hearing Officer, Department of Public Utilities, One South Station, 5th Floor, Boston, MA 02110; one (1) copy of these documents should be sent to the Company's counsel, Cheryl M. Kimball, Esq., Keegan Werlin LLP, 265 Franklin Street, Boston, MA 02110; and one (1) copy of these documents should be sent to Joseph W. Rogers, Assistant Attorney General, Office of Ratepayer Advocacy, One Ashburton Place, Boston, MA 02108.

Further, in addition to paper filings with the Department, all documents should 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 and the Hearing Officer, Marc.Tassone@state.ma.us; or (2) on 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 (insert docket number 17-05) at:

<http://web1.env.state.ma.us/DPU/FileRoom/Dockets/DocketbyNumber>

A copy of the Company's filing is available for inspection during regular business hours at the following locations: the Company's offices, 247 Station Drive, Westwood, MA 02090; and the Department's offices, One South Station, 5th Floor, Boston, MA 02110. The filing also is available on the Department's website, as provided above. Any person desiring further information regarding the Company's filing should contact the Company's counsel, Cheryl M.

Kimball, Esq. at (617) 951-1400.

A copy of the Attorney General's notice of retention of experts and consultants is available for inspection at the locations above and during regular business hours at the Attorney General's offices, One Ashburton Place, Boston, MA 02110, and at the Department's offices, One South Station, 5th Floor, Boston, MA 02110. The Attorney General's notice of retention of experts and consultants also is available on the Department's website, as provided above. 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.