Rate Case 101

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Overview of Presentation

1. **Massachusetts utility regulation overview**
2. **Key terms**
3. **Rate case overview and background**
4. **Opportunities for stakeholder involvement**

MA Utility Regulation Overview

Who is the Department of Public Utilities (DPU)?

- The Department of Public Utilities (DPU) regulates investor-owned electric power, natural gas, and water utilities in Massachusetts
  - Set rates charged by investor-owned utilities that provide distribution service within the state of MA
  - Interpret and apply laws and regulations related to the utility sector
- Adjudicatory agency led by 3 Commissioners
  - Appointed by the Secretary of the Executive Office of Energy and Environmental Affairs (EEA), approved by the Governor
  - Initiate formal investigations, oversee adjudicatory proceedings, issue binding decisions

MA General Law Chapter 164 Section 76: The department shall have the general supervision of all gas and electric companies and shall make all necessary examination and inquiries and keep itself informed as to the condition of the respective properties owned by such corporations and the manner in which they are conducted with reference to the safety and convenience of the public, and as to their compliance with the provisions of law and the orders, directions and requirements of the department

Chair Jeremy McDiarmid

Commissioner Staci Rubin

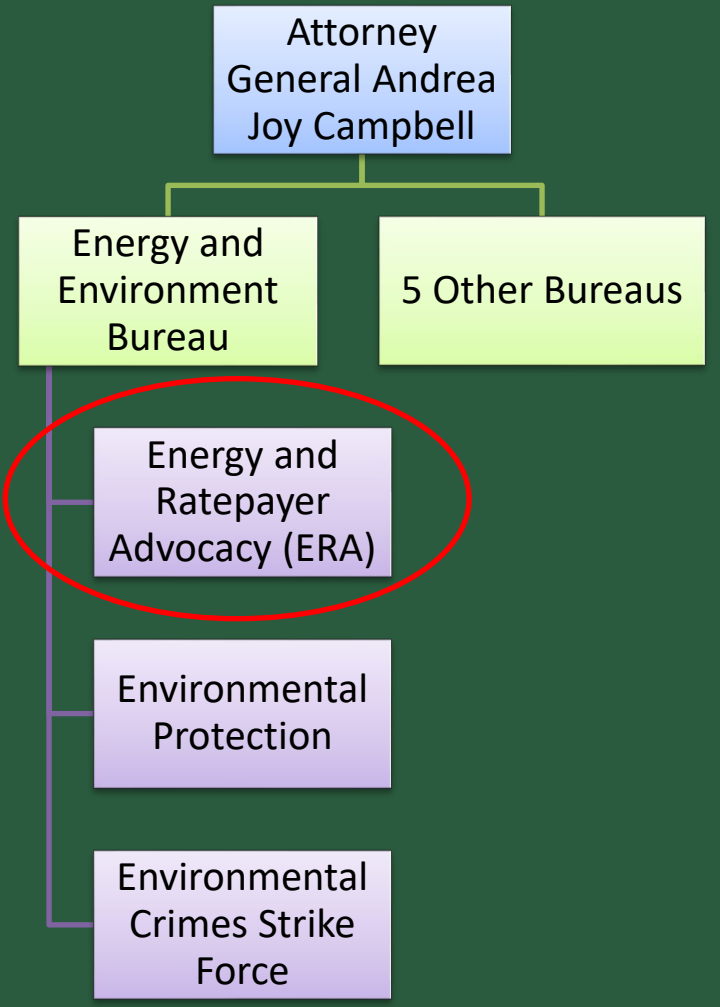
Commissioner Liz Anderson

Who are the investor-owned utilities?

- Gas
  - National Grid (Boston Gas)
  - Eversource (NSTAR Gas)
  - Eversource Gas of Massachusetts
  - Liberty Utilities
  - Berkshire Gas
  - Unitil
- Electric
  - Eversource (NSTAR Electric)
  - National Grid (Massachusetts Electric)
  - Unitil

Who is the Attorney General's Office (AGO)?

- **Who are we?**
  - The Energy and Ratepayer Advocacy (ERA) Division is located within the Energy and Environment Bureau (EEB) of the Attorney General's Office (AGO)
- **Our job:**
  - Serve as the Commonwealth's statutory ratepayer advocate, advocating on behalf of all customers of investor-owned utilities
  - Support an equitable and cost-effective clean energy transition

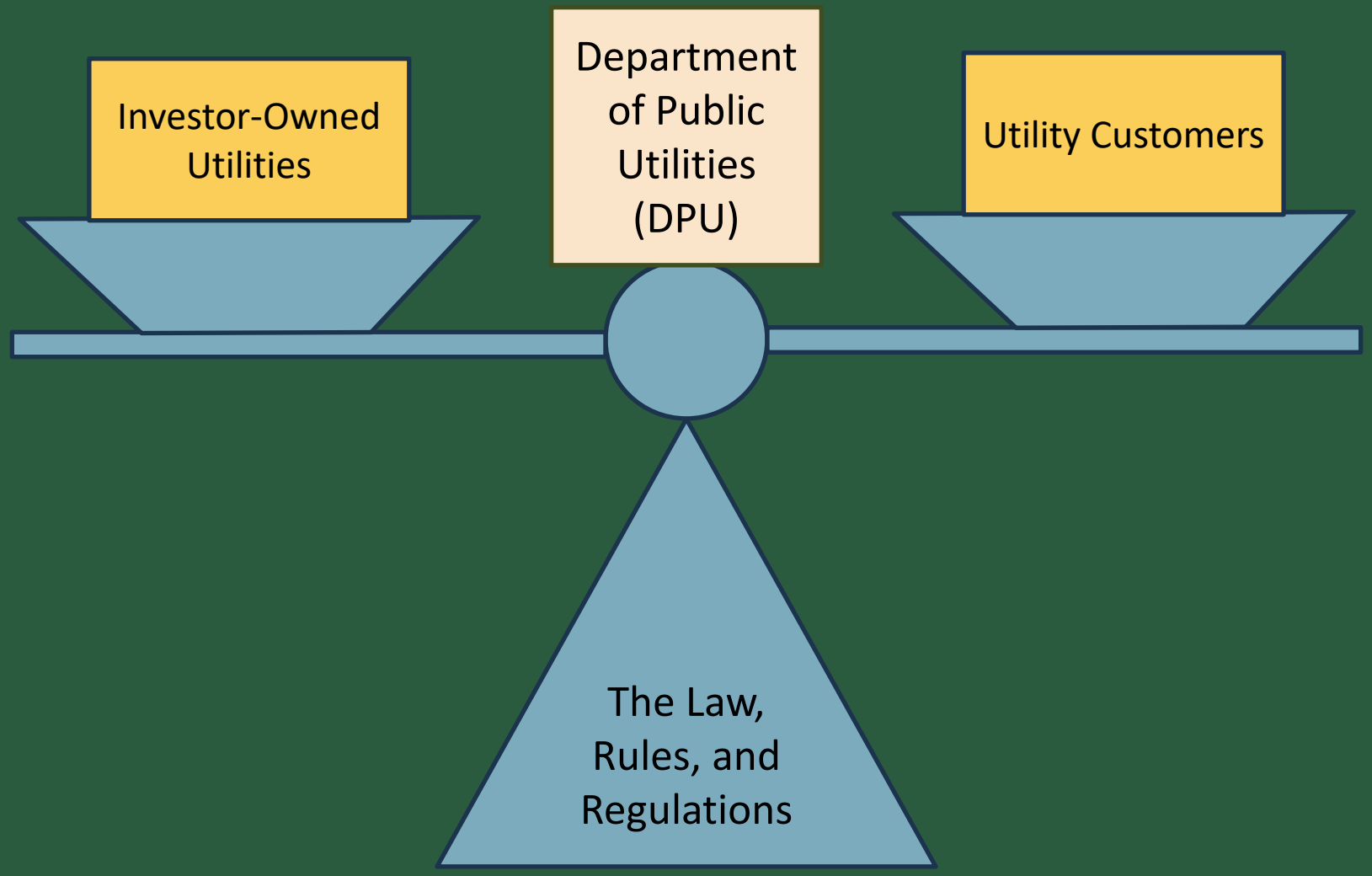


Who is ERA? (continued)

How do we do this?

- Litigate cases that impact utility rates and services before administrative bodies such as the DPU and the Federal Energy Regulatory Commission (FERC), as well as state and federal courts
- Negotiate directly with utilities and other stakeholders
- Engage with other consumer advocates
- Conduct outreach and education to customers
- Participate in energy matters before the Legislature

The DPU Balances Interests



MA General Law Chapter 25 Section 1A:

the department shall, with respect to itself and the entities it regulates, **prioritize safety, security, reliability of service, affordability, equity and reductions in greenhouse gas emissions** to meet statewide greenhouse gas emission limits and sublimits

Key Terms Used by Utilities

Supply vs. Delivery Services

DETAIL OF CURRENT CHARGES

Delivery Services

Service Period	No. of days	Current Reading -	Previous Reading =	Total Usage
Feb 4 - Mar 7	31	2482 *Estimate*	1783 *Estimate*	699 kWh

METER NUMBER [redacted] NEXT SCHEDULED READ DATE ON OR ABOUT Apr 8

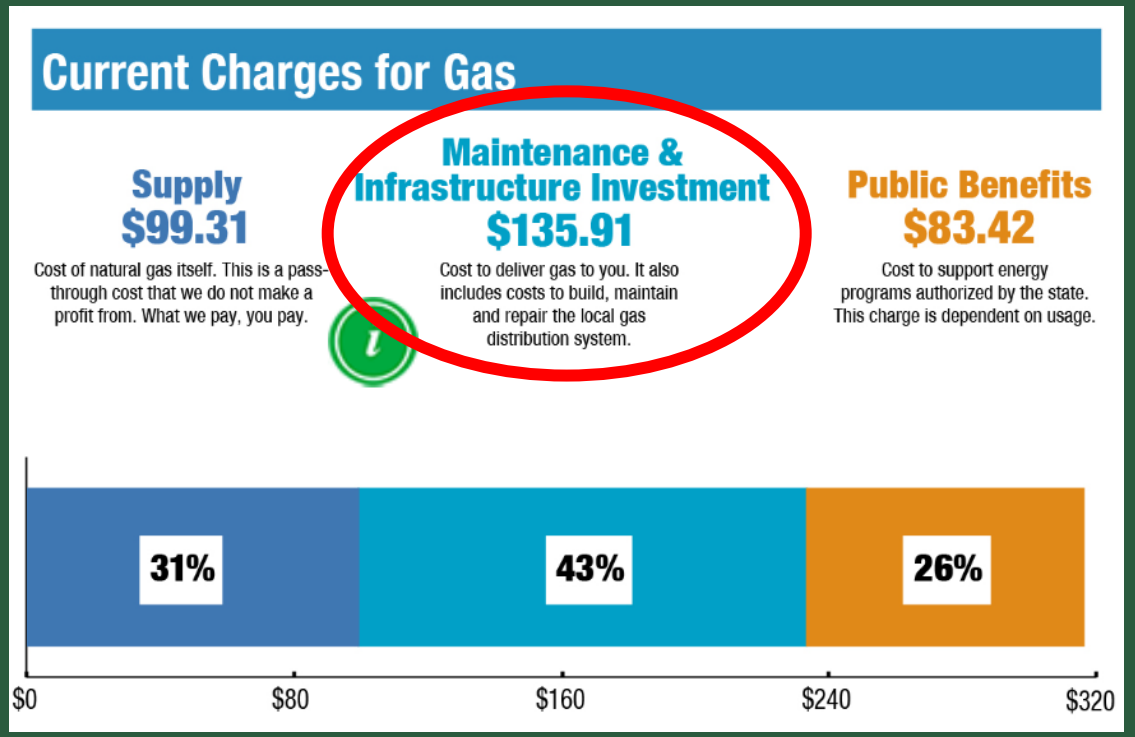
RATE Residential Regular R-1

Rate Case

Customer Charge			7.00
Dist Chg	0.0784196 x	699 kWh	54.81
Transition Charge	-0.00099709 x	699 kWh	-0.70
Transmission Charge	0.03867936 x	699 kWh	27.04
Energy Efficiency Chg	0.01729 x	699 kWh	12.09
Renewable Energy Chg	0.0005 x	699 kWh	0.35
Distributed Solar Charge	0.00396 x	699 kWh	2.77
Electric Vehicle Charge	0.00054 x	699 kWh	0.38
Total Delivery Services			**$ 103.74**

Reconciling Mechanisms

Source: National Grid How to Read Your Bill



Source: Eversource Sample Gas Bill

Base Distribution Rate

- **Base Distribution Rate**: A rate that recovers the expenses of a utility's distribution system – including infrastructure, operations, maintenance, and a return on investment
  - Rates are set for each class (e.g. residential, commercial, and industrial)
  - Each rate is designed based on technical studies and policy decisions determining how a utility's costs should be collected

Reconciling Mechanisms

- **Reconciling Mechanisms**: recover costs that are eligible for recovery on a dollar-for-dollar basis outside of a utility's base distribution rates
  - Statute-required reconciling mechanisms include:
    - **Energy Efficiency Surcharge**
    - Net Metering Recovery Surcharge
    - Gas System Enhancement Plan
  - Limited-term reconciling mechanisms include:
    - Grid Modernization
    - Advanced Metering Infrastructure
    - Networked Geothermal Demonstration Projects

Base Distribution Rate Case Overview

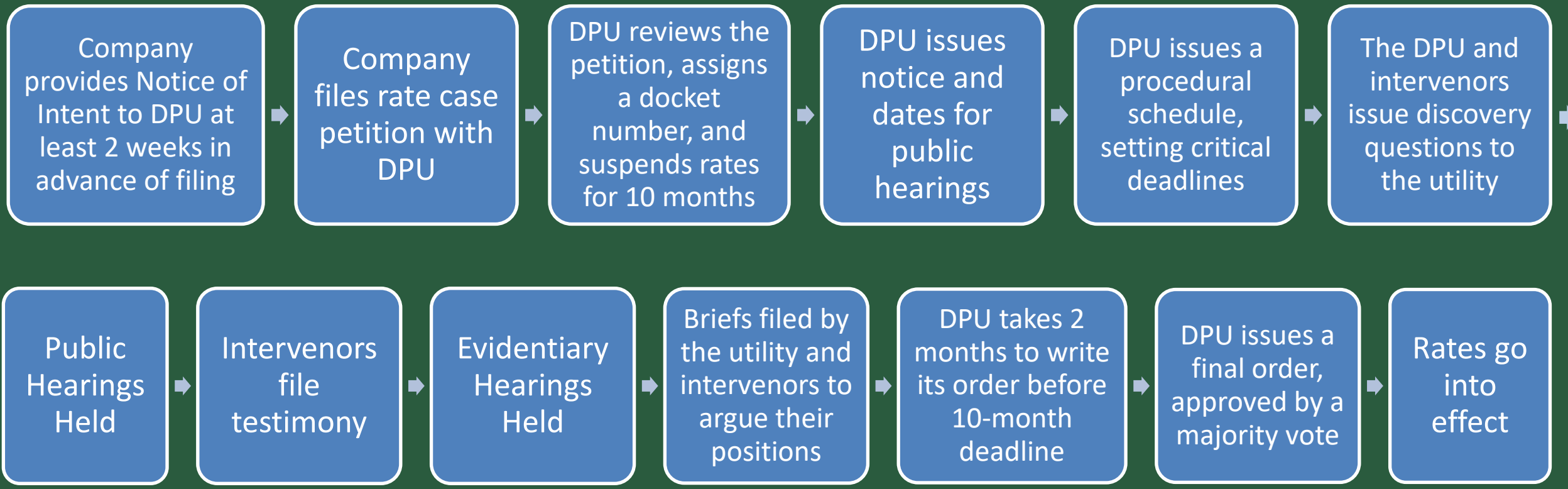
What is a rate case?

<u>Base Distribution Rate Case ("Rate Case")</u>: A formal process where a utility files a petition with the DPU requesting approval to modify the rates it charges its customers. This process allows a utility company to propose new ***customer charges***, ***distribution rates***, and ***certain other charges*** to recover historical and ongoing costs of providing distribution services.

Expenses that may be recovered through rate cases

- Operations and maintenance expenses
  - Labor (salaries, benefits)
  - Administration
  - Repairing equipment
  - Outside vendor expenses
- Infrastructure expenses
- A return on the investment made by bondholders and shareholders to provide service
- Taxes
  - Federal and State Income Taxes
  - Municipal Property Taxes

Rate Case Process



Summary: Rate cases take approx. 10 months (Petition --> Order), involve significant discovery, thousands of pages of evidence, and weeks of hearings

Why do Utilities File Rate Cases?

Legal Requirements

Utility companies in Massachusetts are required by law to submit to the DPU a rate case showing all rates, prices, and charges to be charged or collected within Massachusetts for the sale and distribution of natural gas and electricity

- Gas: Required at least once every 10 years
- Electric: Required at least once every 5 years
- Water: No requirements

Cost Recovery and Profit

In a rate case, “a regulated utility may recover reasonable and prudent, known and measurable costs incurred to provide safe and reliable service and have the opportunity to earn a fair and reasonable rate of return on prudently invested capital”

– *D.P.U. 23-150, National Grid Electric Base Distribution Rate Case | Mass.gov*

How to Participate in a Rate Case

How can you participate?

Visit the DPU File Room

File written comments

Speak at a public hearing

Limited Participant

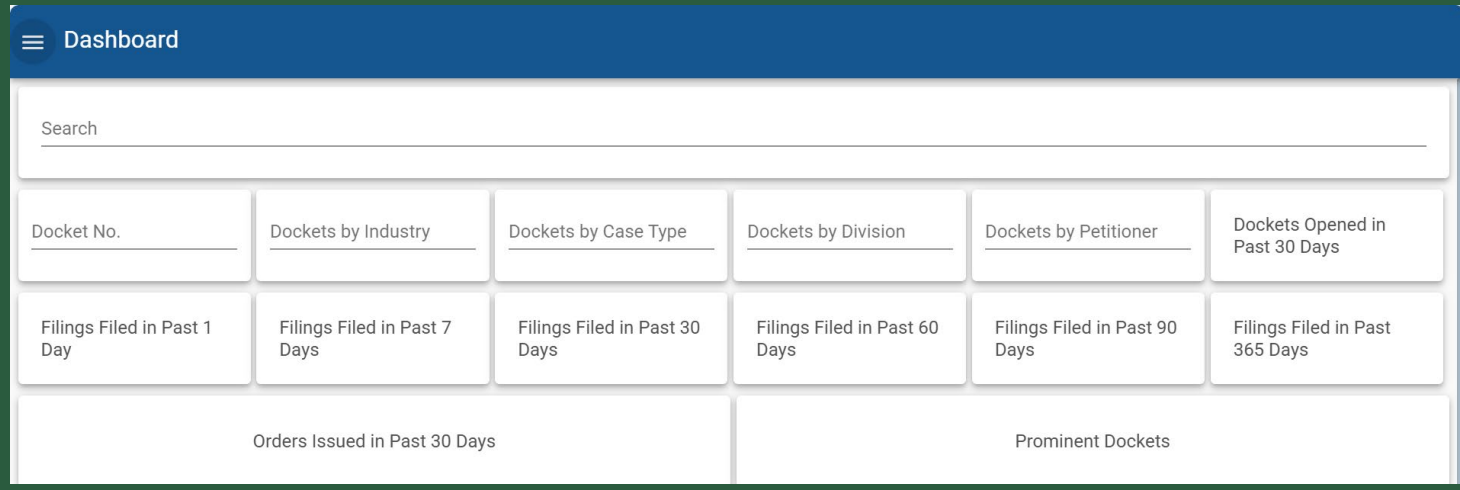
Intervenor Status

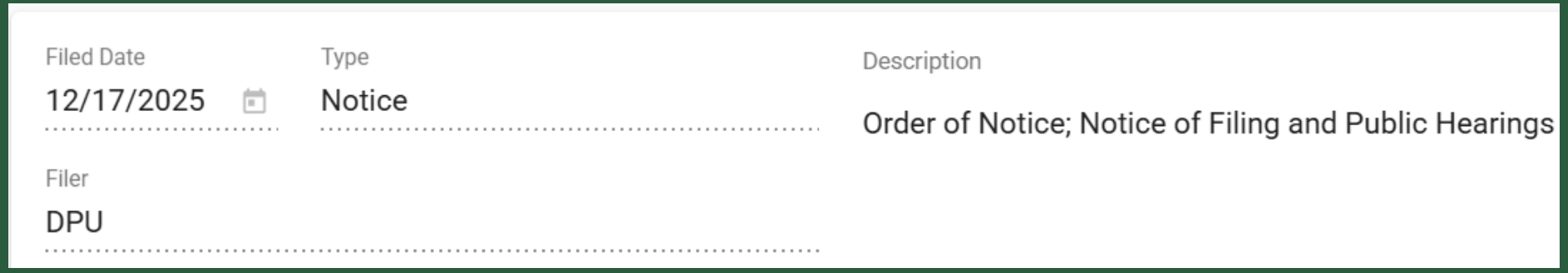
Lowest amount of time, money, energy

Highest amount of time, money, energy

Navigate a Rate Case in DPU File Room

- Search up docket number
- Within a docket, search for:
  - Public Notices
    - Overview of petition
    - Public hearing information
    - Deadline for filing comments
  - Comments
  - Briefs
  - Final Order





File written comments with the DPU

- Email written comments and supporting documents to the DPU in .pdf format
  - dpu.efiling@mass.gov AND the hearing officer [firstname.lastname@mass.gov]
  - In the email body, include:
    - The docket number of the proceeding (D.P.U. ##-##);
    - The name of the person or organization submitting the filing
    - A brief descriptive title of the document
    - Contact information (name, title, and phone number) of a person to contact if there are questions about the filing
- Mail written comments and supporting documents to:

  Peter Ray, Secretary
  Department of Public Utilities
  One South Station, 3rd floor
  Boston, MA 02110

Provide oral comments at a public hearing

- In-Person and Virtual Hearing dates set in Public Notice
- What to expect at a public hearing:
  - When you enter the building, you may see a sign-up sheet to give comments
  - Opening remarks from the DPU, the utility, and the AGO
  - Public officials in the audience invited to give comments first
  - Floor open to public – mic and podium
    - The DPU staff overseeing the hearing will call commenters in sign-up order
    - Open floor until everyone who wants to give comments has spoken
  - 2-3 minutes to speak for each commenter

Become a Limited Participant

- A Limited Participant may:
  - Receive emails of information requests and testimony in a proceeding
  - Receive emails of responses to information requests
  - File a brief

Become an Intervenor

- Intervenors may:
  - Help develop the evidence relevant to the rate case
    - File written discovery questions to the utilities and other intervenors/parties
  - Present a “direct case”
    - File witness testimony
    - File responses to discovery questions
    - Provide testimony during evidentiary hearing
    - Cross-examine witnesses
  - File a brief
  - File a motion for reconsideration
  - Appeal an Order (the DPU’s Final Decision for a proceeding)

Intervenor Support Grant Program

- Who can utilize the Intervenor Support Grant Fund?
  - Community groups, unincorporated local groups, governmental bodies, regional planning agencies, federally recognized tribes, state-acknowledged or state-recognized tribes, and smaller municipalities who often lack the resources and procedural knowledge to meaningfully engage in the proceeding
- What will the fund cover?
  - Attorney fees, expert witnesses, consultants, community experts, and other costs to enable meaningful participation
- Grant application process
- Regulations must be completed by March 1st, 2026

Helpful Resources for Continued Education

- Rate cases, electric companies | Mass.gov
- Rate Cases for Natural Gas Utilities | Mass.gov
- Information on Gas Supply and Delivery Charges | Mass.gov
- The Energy Advocate | Mass.gov
- Frequently Asked Questions about Electric and Gas Utilities | Mass.gov
- Resources from other states:
  - https://portal.ct.gov/pura/industries/rate-case-information
  - https://www.youtube.com/@ConnecticutOCC/videos
  - State-Public-Utility-Commissions-and-Utility-Rate-Cases.pdf