

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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Notice of Inquiry by the Department of Public	)	
Utilities on its own Motion into Energy Burden	)	D.P.U. 24-15
with a Focus on Energy Affordability for	)	
Residential Ratepayers	)	
_____	)	

FURTHER JOINT COMMENTS OF

BOSTON GAS COMPANY D/B/A NATIONAL GRID

**MASSACHUSETTS ELECTRIC COMPANY AND NANTUCKET ELECTRIC
COMPANY EACH D/B/A NATIONAL GRID**

NSTAR ELECTRIC COMPANY D/B/A EVERSOURCE ENERGY

**NSTAR GAS COMPANY AND EVERSOURCE GAS COMPANY OF
MASSACHUSETTS EACH D/B/A EVERSOURCE ENERGY**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY D/B/A UNITIL

**LIBERTY UTILITIES (NEW ENGLAND NATURAL GAS COMPANY) CORP. D/B/A
LIBERTY and**

THE BERKSHIRE GAS COMPANY

November 1, 2024

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**FURTHER JOINT COMMENTS OF THE DISTRIBUTION COMPANIES IN
RESPONSE TO INTERLOCUTORY ORDER IN D.P.U. 24-15-A**

I. INTRODUCTION

Boston Gas Company d/b/a National Grid, Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid (“National Grid”), NSTAR Electric Company d/b/a Eversource Energy (“NSTAR Electric”), NSTAR Gas Company (“NSTAR Gas”) and Eversource Gas Company of Massachusetts (“EGMA”), each d/b/a Eversource Energy (“Eversource”), Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”), Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty (“Liberty”), and The Berkshire Gas Company (“Berkshire”) (collectively, the “Distribution Companies”) hereby submit these joint comments in response to the questions and issues raised by the Department of Public Utilities (the “Department”) in its Interlocutory Order (the “Order”) issued as D.P.U. 24-15-A on September 12, 2024.¹

The Department’s Order outlined consensus areas, decision points, areas for further inquiry and questions for stakeholders. Specifically, the Department determined, based on the comments received, that: (a) energy affordability programs should be designed so that total household energy burden is no more than six percent; (b) eligibility for energy affordability programs should continue to be based on both household income and household size, not just income alone; (c) both

¹ The Distribution Companies note that these further joint comments build on those initial comments provided on March 1, 2024, by the Distribution Companies in response to the Department’s Vote and Order Opening Inquiry (“Vote and Order”) on January 1, 2024, the responses to information requests supplied individually by the various Distribution Companies in this proceeding, and the materials presented by the Distribution Companies at the stakeholder workshop held in this proceeding on June 24, 2024.

heating and non-heating customers should continue to be eligible for energy affordability programs; (d) customers in arrears should continue to be eligible for energy affordability programs; (e) energy affordability and outreach should target Environmental Justice populations and income-eligible households outside of Environmental Justice populations; and (f) in addition to the existing electric service disconnection protections during winter months, these protections should be extended to periods of extreme heat and poor air quality. Order at 3-4. The Distribution Companies agree with and applaud the Department's considerate findings for each of these issues. In addition, following receipt of input on additional items, the Department determined that this inquiry should focus on the development of tiered discount rates ("TDRs") to facilitate a change to the current discount rate program that will enable energy affordability and provide meaningful benefits to customers sooner rather than later. Order at 5. As determined by the Department, based on the current application of low-income discount rates, TDRs can be more easily implemented with arguably fewer administrative costs and participation burdens than other options.

Moreover, since the issuance of the Order, the Department has issued its findings in the National Grid electric rate case proceeding, D.P.U. 23-150. In so doing, the Department determined National Grid's proposed five-tiered low-income discount structure to be reasonable and appropriate with some modifications. D.P.U. 23-150, at 578. As a result, the Department set National Grid's TDR structure as follows:

- 32 percent discount for households with incomes greater than 200 percent of the federal poverty level and less than or equal to 60 percent of the statewide median income;
- 43 percent discount for households with incomes greater than 150 percent and less than or equal to 200 percent of the federal poverty level;
- 57 percent discount for households with incomes greater than 125 percent and less than or equal to 150 percent of the federal poverty level;

- 64 percent discount for households with incomes greater than 100 percent and less than or equal to 125 percent of the federal poverty level; and
- 71 percent discount for households with incomes between zero and 100 percent of the federal poverty level.

D.P.U. 23-150, at 578-579. In its approval, the Department directed National Grid to remove LIHEAP benefits from its calculation of the discount rate and directed additional issues and underlying assumptions for resolution in this proceeding. *Id.* at 579-80.

On those bases, building on the comments previously provided in this proceeding, and addressing below the Department's specific questions as outlined in the Order, the Distribution Companies appreciate the opportunity to file these further joint comments and look forward to continued collaboration with stakeholders on this important topic.²

II. RESPONSES TO DEPARTMENT QUESTIONS

A. Tiered Discount Rate Details with Target Energy Burden

- 1. What target level of total household energy burden below six percent should a TDR be designed to achieve to provide a benefit to the highest number of customers? How should the energy burden target be shared by gas versus electric costs? How should it be shared by heating versus non-heating costs?*

² The Distribution Companies note that in making these further joint comments there may still be issues on which the Distribution Companies have differing opinions and/or are not in alignment. In such instances, each of the Distribution Companies individually retains its right to file comments separately on those issues for the Department's consideration.

In general, industry studies support a target of six percent of household income to energy.³

The Distribution Companies are supportive of that target and the analysis behind it. As noted in the Distribution Companies' Initial Comments, in D.P.U. 23-150 National Grid offered testimony that after LIHEAP distributions were made, low-income customers had spent 56 percent of their home energy bills on electricity and 44 percent on gas (See DC Initial Comments at 19). Accordingly, National Grid determined that the electricity bills should be allocated 56 percent of the 6 percent home energy burden, and gas bills should be allocated the remaining 44 percent (See DC Initial Comments at 19).

This application of these percentage shares produced a 3.4 percent electric home energy burden and a 2.6 percent gas home energy burden (Id.). The Department-approved discount rates were designed to not consider LIHEAP distributions, and as such had a slightly different energy split (52 percent electric, 48 percent gas) leading to a 3.1 percent electric home energy burden and 2.9 percent gas home energy burden.⁴ The Distribution Companies are supportive of the Department-approved percentages of 3.1 and 2.9 percent to split the 6 percent between electric and gas customers.

³ See ACEEE (2020) How High Are Household Energy Burdens? https://www.michigan.gov/-/media/Project/Websites/mpsc/workgroups/eaac/aceee_energy_burden_report_2020.pdf?rev=24565d21283d4b70993a6050c80513d4; New York Public Service Commission – Order Adopting Low Income Program Modifications and Directing Utility Findings, <https://dps.ny.gov/system/files/documents/2022/11/order-adopting-low-income-program-modifications-and-directing-utility-filings-issued-may-20-2016.-case-14-m-0565.pdf>; State of New Jersey Board of Public Utilities, <https://www.state.nj.us/bpu/residential/assistance/usf.html#:~:text=The%20USF%20benefit%20is%20designed,of%20your%20income%20on%20electricity>; Oregon Public Utility Commission UM 2211 Investigation into implementation of HB 2475 (2021), <https://edocs.puc.state.or.us/efdocs/HAC/um2211hac161412.pdf>; Environmental Protection Agency - Regulatory Impact Analysis for Steam Electric Power Generating ELGs, https://www.epa.gov/sites/default/files/2015-11/documents/steam-electric_regulatory-impact-analysis_09-29-2015.pdf.

⁴ 3.1 percent rate listed in MECO Rate Case at [NG-CP-Rebuttal-1, p. 25.](#)

For customers heating with electricity, the Distribution Companies assume that the 6 percent home energy burden would be assigned entirely to electric (Id.). The Distribution Companies have reviewed National Grid's analysis in the D.P.U. 23-150 proceeding and find it to be a generally reasonable target level of household energy burden for each Distribution Company. However, the Distribution Companies note that these targets generally include delivered fuels (i.e., oil heating), and, at this time, the Distribution Companies have not identified sufficient data concerning these fuels to incorporate into cost considerations.

The Distribution Companies also note that future energy and utility policy changes have the potential to significantly raise customers' energy bills. These changes could pose a major challenge to keep customers' bills below the 6 percent home energy burden target, depending on how these programs are structured.⁵

2. What are the advantages and disadvantages of using percentage of area median income ("AMI") versus percentage of state median income ("SMI") for determining eligibility and tiers?

The Distribution Companies strongly support the continued use of SMI for several reasons. First, SMI is a well-established, widely accepted, and commonly used metric across the various state agencies and organizations with which the Distribution Companies deal for energy assistance and other benefits. On that basis alone, there is a clear administrative efficiency if all parties

⁵ Similarly, the Distribution Companies note that the Legislature is currently deliberating a conference committee version of Senate Bill No. 2967, An Act Promoting a Clean Energy Grid, Advancing Equity and Protecting Ratepayers. Included in that legislation for the House of Representatives and Senate's consideration is Section 48, which if adopted and ultimately signed into law by the Governor, dictates the parameters of an investigation whereby the Department would promulgate rules and regulations and conduct a proceeding to authorize the Distribution Companies to provide discounted rates for low-income and eligible moderate-income customers. Whether the Department establishes its findings in this ongoing proceeding or in a separate manner as a result of the legislation's directives, the Distribution Companies remain committed to working with the Department and interested stakeholders to establish a TDR consistent with these comments, the Department's goals to address energy affordability and the goals of the legislation.

operating in this space are using the same or similar metrics, which the continued use of SMI provides. Continuing this reliance on SMI will avoid unnecessary complications and confusion in the future as eligibility and TDRs are implemented and adjusted. As noted in the Distribution Companies' Initial Comments, LIHEAP uses SMI to determine eligibility and maintaining consistency across related programs will reduce customer confusion and potential irregularities of a customer qualifying for LIHEAP but not a Distribution Company's low-income eligibility or vice-versa. (DC Initial Comments at 13).

Second, the Distribution Companies caution that basing a TDR on AMI could produce inequitable outcomes because reliance on AMI may result in less benefits to low-income customers living in low-income areas than low-income customers living in more affluent areas. Consider the theoretical example, where AMI was deployed for the discount rate up to 60 percent of AMI, and there are two areas, one with an area median income of \$100,000 and the other with an area median income of \$50,000. Households living in the higher-income area would be able to apply for the discount rate if their household income was at or below \$60,000 ($60\% * \$100,000$). However, households living in the lower-income area would only be able to apply if their household income was at or below \$30,000 ($60\% * \$50,000$). This would mean that households with incomes between \$30,000 and \$60,000 would receive the discount rate in the higher-income area but not the lower-income area. The Distribution Companies maintain that the consistency provided by reliance on the SMI is critical to ensure that low-income customers are not further disadvantaged for living in lower-income areas. To apply the AMI would result in a suboptimal result, and would, on the basis of geographic disparity, further exacerbate the very economic challenges that the Department is seeking to address in this proceeding.

Third and finally, deploying a TDR structure based on AMI would increase the complexity of the program by requiring more detailed processes to place households with the same incomes and family sizes in different areas on different tiers. As noted above, given the widely adopted use of SMI between state entities, community action agencies, and the other organizations with which the Distribution Companies interact in their efforts to identify and provide services for low-income customers in their service territories, additional levels of complication in meeting this goal are unwarranted and should be avoided wherever possible.

3. *How often should an established TDR structure be reviewed and amended to ensure alignment with changes in energy prices, inflation, usage trends, or other such items?*

The Distribution Companies note that the operating efficiency of other energy affordability programs, such as the New Hampshire Electric Assistance Program (“EAP”), are reviewed for adjustment on a set periodic basis. In New Hampshire, for example, the EAP Advisory Board conducts a review of program efficiency every three years.

A periodic review of the TDR structure on a fixed schedule (e.g., every 3-5 years) to ensure alignment with changes in energy prices, inflation, usage trends, and other such items could be beneficial. The Distribution Companies support that form of review and opportunity for set and periodic realignment, while also noting that household eligibility criteria and discount percentages may vary by company and by nature of service (gas or electric). Therefore, those discounts may change, for example, in the context of each Company’s rate case proceedings, and more thought would need to be given to how alignment between Distribution Companies could be accomplished outside of individual company rate cases if Massachusetts does not move to a uniform/statewide model. In addition to this periodic review of the existing program, the Department should consider

on a set basis a holistic review of policy changes, or other initiatives or drivers, that take place outside of the TDR structure and that may affect the overall balance of energy costs to customers and the 6 percent home energy burden target split. In that manner, the Department will be better able to account for those shifts to maximize the TDR benefits for customers in an equitable way for all the Distribution Companies' customers.

4. *Should the discount rate vary based on usage?*

The Distribution Companies do not support a discount rate that varies according to billed usage. A usage cap or discount rates that vary by usage will create an additional layer of administrative complexity in terms of tracking and billing, could increase the cost to administer the discount, can be confusing for customers, and could impose an additional burden on customers that may already be struggling to track their usage. For these reasons, the Distribution Companies do not support offering additional, different levels of income-eligible assistance based on differing levels of monthly electricity and gas consumption, due to the complexity of fairly establishing the consumption tiers across a highly diverse customer base with very different usage characteristics.

A consumption matrix TDR is difficult to design and may create tiers in which there are (unintended) disincentives to lower electric and gas usage. For example, if the stratified discount rate tiers were different for 500 to 599 kWh per month customers and 600 to 699 kWh per month customers, the stratified percentage discount rate system likely would lead to a customer using 599 kWh per month paying more than a customer using 600 kWh in a month. On that basis, a TDR needs to reflect design choices meant to achieve a balancing of factors, and institution of a cap would also be arguably inconsistent with the Commonwealth's electrification policies. For each

of these reasons, the Distribution Companies maintain that any discount rate established should not vary based on usage.

5. *Should the discount rate vary based on receipt of other similar benefits?*

No, the Distribution Companies do not support a discount rate that varies based on receipt of other similar benefits. This approach could have the unintended consequence of discouraging customers from seeking out other benefits. In addition, an approach that incorporates LIHEAP funds to provide a higher or lower discount rate could introduce additional costs and would add administrative complexity to the program.

Given that the Commonwealth uses receipt of public benefits/programs for categorical eligibility determination of financial hardship, those programs should be relied upon to better align with household eligibility tiers. This same information can and should be used by the Distribution Companies to model total annual cost estimates. Further, the Department's Order in D.P.U. 23-150 directed National Grid to remove LIHEAP benefits from the calculation of the discount. National Grid, D.P.U. 23-150, at 579 (2024). Therefore, the Department should remain consistent with this approach for application with other low-income discounts.

6. *Should consumption tiers be integrated into the TDR design?*

For the same reasons discussed in Question 5, above, the Distribution Companies do not support consumption tiers. Consumption tiers create an additional layer of administrative complexity in terms of tracking and billing and could increase the cost to administer the program.

B. Recovery of Revenue Shortfall from Discount Rates

1. *Whether and how should discount rate customers be excluded from having to pay for the shortfall (i.e., excluded from paying the RAAF)?*

The Distribution Companies do not support excluding discount rate customers from the RAAF. As a matter of fairness, where possible, all customers should be treated in the same manner. Many policy-driven programs (i.e., SMART, energy efficiency, net metering), involve participants and non-participants, but program costs are ultimately recovered from all customers, including participants. For example, all customers, including net metering customers, pay the Net Metering Recovery Surcharge even though not all customers participate in net metering. Moreover, excluding low-income customers from the RAAF would result in higher bill impacts to non-income eligible customers.

Recovery of the discount from discount rate participants should not create a burden for these customers because the discount is intended to manage the entire bill, including the RAAF component, to a six percent energy burden. Based on the current rate-setting paradigm, excluding discount rate customers from paying the RAAF would unfairly increase the cost burden of the program on all non-participant customers. Finally, the Distribution Companies note that excluding participants from the RAAF would also increase administrative complexity and, therefore, the cost to administer the program. For each of these reasons, discount rate customers should not be excluded from contributing to the RAAF.

2. *Should recovery be statewide (with separate recovery for gas versus electric) instead of utility-wide?*

Please refer to the Distribution Companies' March 1, 2024 Initial Comments at 20-21. While this is ultimately a policy decision to be made by the Department and the Distribution Companies remain open to solutions that assist with the wider utility-based challenges of the

climate transition, there is a difference of opinion on this issue among the Distribution Companies. National Grid and Eversource favor retaining the current cost recovery methodology that aligns recovery of revenue shortfalls with the customer base that receives the benefits. Eversource and National Grid note that there is no uniformity in the levels of discounts available to customers of each utility in the Commonwealth, and that a statewide recovery approach without uniform levels of assistance would be challenging for the Department to administer in a way that achieves equity in both benefits and costs across the Distribution Companies. Berkshire, Liberty, and Unitil, on the other hand, maintain that a statewide recovery model would more equitably address the issue of energy burdens across the Commonwealth. Therefore, given the lack of unanimity on this issue, any comments offered on this topic by the individual companies will be done in standalone comments by the respective companies.

3. *Whether and how should shareholders contribute to recovery of the revenue shortfall? Do shareholders benefit from the availability of more comprehensive discount rates?*

The Distribution Companies disagree with the concept of requiring shareholders to contribute to the recovery of a revenue shortfall associated with discount rates and are unclear as to what purported benefit this question alleges may exist from the availability of more comprehensive discount rates. The Distribution Companies note that there is no present allowance for such an approach under existing law, which would be violative of existing Department precedent and would fundamentally amount to a double recovery from shareholders for this single investment. Specifically, the Distribution Companies note that the legislative mandate of G.L. c. 165, § 1F(4)(i) is to ensure that the cost of low-income discounts is recovered through rates charged to all customers. There is no legislative provision to allow for those costs to be recovered directly from the shareholders of the Distribution Companies.

The interests and contributions of shareholders are already factored into the ratemaking paradigm. It is axiomatic that rates for service provided by a regulated public utility must allow a fair rate of return to investors on the value of the property used in providing those services. Attorney Gen. v. Department of Pub. Utils., 392 Mass. 262, 265 (1984), citing Bluefield Water Works & Improvement Co. v. Public Serv. Comm'n of W. Va., 262 U.S. 679, 690 (1923). “A return is fair and reasonable if it covers utility operating expenses, debt service, and dividends, if it compensates investors for the risks of investment, and if it is sufficient to attract capital and assure confidence in the enterprise's financial integrity.” Fitchburg Gas & Elec. Light Co. v. Department of Pub. Utils., 371 Mass. 881, 884 (1977); Massachusetts Elec. Co. v. Department of Pub. Utils., 376 Mass. 294, 299 (1978). The return on equity “should be commensurate with returns on investments in other enterprises having corresponding risks.” Attorney Gen. v. Department of Pub. Utils., supra at 266, quoting FPC v. Hope Natural Gas Co., 320 U.S. 591, 603 (1944).

Shareholders should not contribute to the recovery of the revenue shortfall associated with discount rates. As noted, the legislative mandate of G.L. c. 165, § 1F(4)(i) is that the cost of low-income discounts must be recovered through rates charged to all other customers and not by the shareholders of the Distribution Companies. Moreover, recovery from shareholders would be fundamentally duplicative because shareholders have already contributed the capital to build the infrastructure necessary to serve all customers, including those on the low-income discount rate. As outlined above, the Department must determine an appropriate rate of return for this investment covering operating expenses, and adequately compensate investors based on the risk of investment. Town of Hingham v. Department of Telecommunications and Energy, 433 Mass 198, 206 (2001);

Fitchburg Gas & Elec. Light Co., 371 Mass 881, 884 (1977). The rate of return is set during a company's base rate proceeding, which reviews all aspects of that particular company's business in developing this rate, including the establishment of the company's low-income discount rates. Because this is already considered in setting a company's rate of return, an additional shareholder contribution would disrupt this balance and inappropriately reduce the calculated rate of return. Additionally, it is important to note that in a typical rate proceeding, the Department's standard is to take a multi-year average of a company's bad debt, and not the actual test year or rate amount bad debt. In this ratemaking paradigm, there are no long-term shareholder benefits from adopting more comprehensive discount rates because any resulting reduction to bad debt would be passed on to customers. As a result, Department precedent with respect to bad debt already establishes a dynamic whereby a company is already operating without full recovery, adding to shareholder risk in their investment.

This same consideration is true for other distribution-related costs, which may cause companies to underearn the Department's authorized rate of return. Current rate recovery mechanisms available today already include reasonable risk for shareholders and provide for shareholder contribution. For example, for those companies operated under a performance-based ratemaking ("PBR") mechanism, the formula establishing the PBR mechanism must also appropriately balance ratepayer and shareholder risks. NSTAR Electric Company and Western Massachusetts Electric Company d/b/a Eversource Energy, D.P.U. 17-05, at 381; Boston Gas Company d/b/a National Grid, D.P.U. 20-120, at 69. In approving PBR plans, the Department has determined that declining and stagnant sales, increased operating costs, and larger investment requirements have resulted in negative revenue impacts for the Distribution Companies. NSTAR

Electric Company, D.P.U. 17-05, at 377-378; Boston Gas Company, D.P.U. 20-120 at 68; NSTAR Electric Company d/b/a Eversource Energy, D.P.U. 22-22, at 49-50. Therefore, the PBR mechanisms have been carefully designed to promote ratepayer interests and allow for a fair and reasonable return for shareholders considering these various factors affecting overall revenues. Ordering shareholder contributions towards a low-income discount rate in this environment will ultimately add risk and reduce the rate of return through the PBR mechanism. While not all of the Distribution Companies are operating pursuant to a PBR, it is true that most are not currently earning close to their rate of return. In either dynamic, PBR or not, the adoption of a shareholder contribution with respect to the low-income discount rate could potentially result in a decrease in overall investment in the future, which would have a harmful impact on the Distribution Companies' ability to continue their capital plans to the benefit of customers. The Distribution Companies also maintain that the setting of these just and reasonable rates through rate case proceedings that ultimately are not being achieved is tantamount to a shareholder contribution.

Additionally, many PBR mechanisms include a commitment to stay out for a certain number of years, which offers a contribution to capital upfront and the willingness of shareholder dollars to contribute. A stay-out provision provides an important benefit to ratepayers as it will ensure that there are strong incentives for cost containment under the PBR. D.P.U. 17-05, at 403; D.P.U. 20-120, at 73; D.P.U. 22-22, at 55. Therefore, shareholders bear the risk that the rate of return might decrease below the approved amount, which cannot be remediated until the next base rate proceeding. Arbitrarily altering this outside of a base rate proceeding would be unjust and unreasonable.

There are no incremental gains from a ratemaking perspective by requiring a shareholder contribution. Moreover, it is unclear what effect such a contribution would have directly on the arrearages a company carries or on a company's approved cost of service. Such a mandate would result in increased risk to a company, which will also significantly affect the overall cost of capital. The best available option for the Distribution Companies is to continue to invest in running an effective AMP program, by maintaining good customer service and good relationships with the various CAP agencies which serve as a vital resource for customers in need, and to contribute to other non-utility partners, such as the Good Neighbor Energy Fund. Through those actions, the Distribution Companies have and continue to make appropriate shareholder investments in their programs and customers.⁶

4. *What are the advantages and disadvantages of using other sources of funding, such as federal or state, to recover the revenue shortfall? What other federal or state funds are appropriately characterized as mitigating energy burdens already? If federal or state funds are applied to offset revenue shortfalls, how should such funds be integrated into the RAAF formula?*

Generally speaking, the advantage of using other sources of funding is that it would help defray the cost of the program and/or allow the program to reach more customers. See Roger D. Colton, Best Practices: Low-Income Rate Affordability Programs at 5 (2007) (“[A] home energy affordability program should not operate independent of other public and private initiatives that are designed to provide assistance to customers in need.”).⁷ However, external funding must be carefully coordinated to avoid applying the benefits of one program to another program, or to avoid

⁶ A utility company “is entitled to charge rates which afford it the opportunity to meet its cost of service, including a fair and reasonable return on honestly and prudently invested capital.” Southern Union Co. v. Department of Public Utilities, 458 Mass. 812, 824 (2011)

⁷ Available at https://www.fsconline.com/downloads/Papers/2007%2011%20BestPractice_RateAffordability.pdf

double counting the same benefits. The Department's recent Order in D.P.U. 23-150 directed National Grid to remove LIHEAP benefits from its calculation of the discount rate. National Grid, D.P.U. 23-150 at 579 (2024).

In New Hampshire, a portion of abandoned property (i.e., unclaimed sums paid for utility services) that would otherwise escheat to the state is used for the Neighbor Helping Neighbor financial assistance program. See RSA 471-C:8; Re Public Service Company of New Hampshire, 80 NH PUC 65, DR 95-009, Order No. 21,522 (Feb. 7, 1995) (certifying participation by a group of energy utilities in the "Neighbor Helping Neighbor Fund," which uses abandoned deposits and other unclaimed monies as a source of providing ratepayer assistance to low-income customers). Through legislation, it is possible that this or a similar program could be approved for implementation in Massachusetts.

C. Arrearage Management Plans

- 1. Should all the Distribution Companies structure their AMPs in the same manner? Should they all use a standard formula for the level of debt forgiveness provided annually to eligible ratepayers?*

Generally, the structure of the Distribution Company-specific AMPs are similar and designed with input from the Best Practices Working Group, in which each Distribution Company participates. However, the AMPs were created with company-specific and service territory considerations. For this reason, the Distribution Companies advise against requiring all AMPs to be structured in the same manner with a standard formula for the level of debt forgiveness. Each Distribution Company's service territory is unique (e.g., size and proportional share of income-eligible customers), and these variations are important to consider when designing ratemaking strategies. Requiring the Distribution Companies to apply a standard AMP or formula would inappropriately apply a "one-size-fits-all" approach to customers, which may result in adverse rate

impacts and unintended consequences. This would have the greatest impact on the smaller Distribution Companies, due to the financial impact that would be passed on to the non-low-income customer base.

2. *Should AMPs be offered to customers in the 60-80 percent AMI/SMI income bracket?*

The Distribution Companies recommend leaving the current scope of the AMP offering as-is. Increasing eligibility to moderate-income customers (60-80 percent) would require a change in eligibility requirements. Extending arrears forgiveness to customers in households that are not low-income is likely to significantly increase the costs to all customers to fund the forgiveness, which, in the absence of additional funding, would be challenging for all of the companies, but more directly disadvantage smaller distribution companies with a higher proportional share of income-eligible customers. However, should the Department extend eligibility to moderate-income customers, the Commonwealth should include household income verification for moderate income households just like they do for low-income households. Once that verification is included, the state should include those updates in its regular, recurring utility, data-matching processes to provide that information to utilities. This efficient automated process inclusion will help avoid costly and time-consuming administrative burdens that would otherwise be created for customers, fuel assistance agencies and utilities.

The Distribution Companies also note the existence of available payment plan options for non-low-income customers, but also advise against extending arrearage forgiveness programs to non-low-income customers as doing so is likely to increase the cost of the program.

D. Disconnection for Nonpayment

1. Should disconnection for nonpayment be prohibited regardless of the date or season?

The Distribution Companies strongly advise against a blanket, year-round prohibition on disconnection for non-payment regardless of the date or season. As noted in the Distribution Companies' Initial Comments, the COVID-19 termination moratorium indicated that without the risk of service termination, a significant portion of the customer base will refrain from paying for their utilities, leading to increased arrearages.⁸ See DC Initial Comments at 28. Moreover, when a customer has high levels of arrearages, the Distribution Companies have found customers are less likely to pay down the arrears. As discussed in greater detail below, the Distribution Companies already voluntarily halt disconnections during periods of extreme heat or poor air quality. In addition to these voluntary suspensions, the local gas and electric distribution companies have a winter moratorium for protected customer types. There is already a very limited window for disconnections for non-payment.

As a practical matter, eliminating disconnections would have the unintended consequence of incenting nonpayment behavior that is ultimately detrimental to the program and each company's rates. If consequences (i.e., disconnection) are removed for nonpayment, anecdotal experience shows that some customers may not make the payments that they would otherwise be able to make. For example, during the COVID-19 pandemic, disconnections were suspended and the Distribution Companies experienced an increase in accounts receivables and bad debt. Indeed, the notion of eliminating disconnections could incent currently paying customers in good standing

⁸ The Distribution Companies recognize there were additional factors such as higher rates of unemployment and elevated residential usage during the COVID-19 termination moratorium.

to become delinquent, creating cash flow issues that will affect the risk profile for companies in a way that could necessitate an adjustment to the Distribution Companies' return on equity. For some, potential termination for non-payment remains a driver of customer behavior and a motivating reason that ensures customers pay their bills.

2. *Should reconnection fees be eliminated for discount rate-eligible customers? What are the costs of eliminating reconnection fees for discount rate customers?*

The Distribution Companies disagree with eliminating reconnection fees for discount rate-eligible customers. As a practical matter, this could have the unintended consequence of incenting nonpayment behavior that is ultimately detrimental to the program and rates. On the basis of cost causation principles, elimination of reconnection fees results in spreading those costs across other ratepayers, which results in paying customers having to absorb the cost of services that were incurred by the few. Moreover, and consistent with incenting customer behavior as discussed above, because the customer who is terminated is required to pay this charge, it may act as an incentive to pay up front to avoid termination and the additional fee. If there are no consequences for nonpayment (i.e., disconnection/reconnection fees), then some customers may not make payments that they otherwise are able to make. However, a discounted reconnection fee for discount rate-eligible customers may be an option worth exploring (i.e., strikes a balance between maintaining consequences and moderating the impact of those consequences).

Below are the reconnection costs collected by each company from discount rate customers for 2023. The Distribution Companies note that they do not profit from the reconnection fee, as it recovers the estimated cost of reconnecting a customer and is included as a revenue credit in the revenue requirement approved in each company's rate cases.

Company	LI Customers Reconnected	Amount Collected in 2023
National Grid	5,300	~ \$200,000
Unitil Electric	449	\$6,180
Unitil Gas	35	\$293
Berkshire	281	\$12,645
Liberty	0	\$0
EGMA	1,522	~\$38,000
NSTAR Electric	4,051	~\$380,000
NSTAR Gas	248	~\$10,000

3. *Should reconnection fees be eliminated for all customers? What are the costs of eliminating reconnection fees?*

The Distribution Companies disagree with eliminating reconnection fees for all customers.

Eliminating reconnection fees would violate traditional cost-causation principles, would result in increased costs for all customers as those costs would be recovered from all customers, and may incent non-payment from certain customer segments.

4. *Please discuss the advantages and disadvantages of implementing a moratorium on electric disconnections during the entire summer period versus a moratorium on disconnections only during periods of extreme heat or poor air quality. As part of this response, please comment on any statutory or regulatory impacts of changes to a moratorium on electric disconnections during summer months or periods of extreme heat or poor air quality.*

As described in the Distribution Companies' Initial Comments, several of the Distribution Companies already defer disconnections during periods of extreme heat or poor air quality. See DC Initial Comments at 31-32. The Distribution Companies' practice of relying on real-time weather information is more accurate and reasonable than a blanket prohibition on disconnection for the entire summer. While the Distribution Companies have deployed this practice under varying circumstances, they maintain that the Department should not implement universal shutoff moratoriums for nonpayment during all summer months. Such a practice, for which there is no clear cost advantage for customers, would significantly increase the socialized costs of subsidizing the customers in arrears who might have otherwise paid their outstanding bill if not for the summer moratorium. Additionally, a summer moratorium is likely to actually increase customer arrears, ultimately resulting in more customers accumulating higher balances that they are unable to pay, resulting in their ultimate termination. These higher balances will be harder to pay down the arrears on for restoration of service.

As a practical matter, the institution of a summer moratorium during the entire summer season would severely limit any opportunity for disconnection, and a subset of customers would choose to never pay their utility bill as experienced during the COVID-19 pandemic when terminations were suspended. Moreover, several of the Distribution Companies staff field operations collections personnel using temporary employees who are hired for the April through November timeframe. Given that these employees are trained solely for the purposes of field

collection, staffing for field operations teams will be exceptionally challenging for just the spring and fall periods.

With increased arrearage levels for customers, the Distribution Companies' write-offs will also increase which in turn leads to the costs being borne by all customers in the form of rate increases.⁹ Moreover, this will disincentivize customers from paying their balances in the spring if they are aware of a summer moratorium on shutoffs, as this removes the risk of disconnection for several months. As shown above, a summer moratorium risks customers further compounding arrears, rather than paying down arrearage balances. Further, the Distribution Companies note that, at a minimum, the Department should not implement a shutoff moratorium for nonpayment during the summer for natural gas customers as natural gas is not utilized by customers for cooling.

E. Enrollment and Verification

- 1. For the Distribution Companies, please explain each company's current process for automatically enrolling customers in discount rates.*

Berkshire, Liberty, and Unitil currently process their automatic enrollments on a quarterly basis, while Eversource and National Grid process monthly, as part of their file sharing with the Executive Office of Health and Human Services ("EOHHS"). In addition, pursuant to D.T.E./D.P.U. 01-106-A, all the Massachusetts utilities are required to cross reference their database of residential customers with a list of Transitional Assistance recipients to ensure that all eligible customers receive a discounted energy rate if they qualify. If a customer receives benefits through EOHHS and is the customer of record, the customer is automatically enrolled in the program. If the customer does not wish to be included in the automatic matching process, they

⁹ The Distribution Companies note this could lead to a cycle of increased rates and increased arrearages/write-offs, further increasing rates and the inability or lack of interest of customers to pay utility bills.

can opt-out by calling the distribution company's customer service team. Additionally, National Grid and Berkshire conduct weekly file sharing during the heating season with their local Community Action Program ("CAP") agencies.

2. *For the Distribution Companies, please explain each company's current process for enrolling customers in discount rates through all means other than automatic enrollment.*

In addition to its matching enrollment through DTA as described above, Unitil and Liberty enroll customers on discount rates based on documentation of eligibility provided by the customer to the Company (e.g., copy of MassHealth Card, copy of SNAP card, etc.). National Grid, Eversource, and Berkshire also enroll customers on the discount rate "on demand" when customers call the Call Center and indicate they receive a qualifying benefit, but the customer must complete and return an application with proof of benefits within 60 days to stay on the discount rate. For National Grid, customers can also apply online at <http://www.ngrid.com/madiscout>. In addition, the Order in D.P.U. 23-150 directed National Grid to run a two-year pilot for customer self-attestation, to be developed with the AGO and other stakeholders.

3. *How often and through what process should customers have to re-verify eligibility?*

The Distribution Companies recommend that their existing reverification processes remain in place. For those customers who do not receive LIHEAP benefits, they reverify eligibility every twelve months. For those customers who do receive LIHEAP benefits, they reverify eligibility every eighteen months. As an example of the existing processes for reverification, National Grid customers receive a recertification notice 45 days in advance of the discount rate expiring. In the event that a new application is not processed by the expiration date, the discount rate is removed and the customer is returned to the non-discounted rate for that same service. For Eversource,

reverification takes place on a rolling twelve-month basis, but a directly established “expiration date” does not apply. Instead, Eversource applies the lower discounted rate for its customers until such time as the customer is removed from the statewide data sharing process, which, for Eversource, occurs on a monthly basis. For others, verification is affirmed through the statewide data matching process that takes place on a quarterly basis.

4. *Whether and how can community action agencies (“CAAs”), community-based organizations (“CBOs”), and state agencies be used to facilitate enrollment, automatic or otherwise, and verification or re-verification?*

As discussed above, CAAs and CBOs already provide a vital and critical service in the facilitation of enrollment for low-income customers. However, the Distribution Companies maintain that there is room for further improvement and increased administrative efficiency. For example, some CAAs only do income verification during the open enrollment period for LIHEAP. As a result, if a customer wants to enroll for a discount rate in the summer months, there is no place to verify income in some CAA locations. In the Energy Efficiency context, the Distribution Companies and other Program Administrators continue to collaborate with LEAN to open a statewide call center that will allow for annually available income verification. This work could possibly be leveraged to maximize the benefits for low-income customers on a year-round basis.

In addition to enhancing outreach and offerings from CAAs and CBOs, however, and as noted in the Distribution Companies’ Initial Comments, state agencies play a critical role in facilitating enrollment and verification. Verification through a state agency-managed, means-tested verification system remains the only way to ensure that the data regarding eligibility is timely, verifiable, and accurate. Whether through DTA, EOHHS, or some other appropriate third-party state entity with knowledge of means-tested benefits and benefit recipients, this practice

should align with any new tiers that are set with a tiered discount rate. Before this is implemented, however, it would be helpful for the state to provide the quantity of households on each of the current programs to best determine the cost impacts of any new tiered discount rate.

The Distribution Companies recommend the following enhancements for CAAs and CBOs to provide enrollment and verification services:

- **Standardize the use of Data File Sharing Agreements:** Expand and standardize the existing data file sharing agreements between CAP agencies, EOHHS, and the Companies to include the placement of customers into the appropriate income tiers, facilitating accurate income verification for any tiered Discount Rate programs.
- **Community-Based Outreach:** Engage community action agencies and organizations to conduct outreach and enrollment activities, leveraging their relationships and trust within local communities to assist with income verification and re-certification.
- **Automated Verification Process:** Implement an automated system where CAP agencies and community-based organizations can directly input verified income data, streamlining the process for qualifying customers and reducing administrative burden.

Additionally, in the D.P.U. 23-150 National Grid electric rate case, the Department approved National Grid's proposed enhanced data sharing, building on auto-enrollment through data sharing with the Department of Transitional Assistance and CAP agencies, to verify eligibility for the low-income discount rate.

5. *Whether and how could state agencies establish a "one-stop shop" for enrollment, verification, and re-verification in all state assistance programs, including AMPs, discount rates, and service termination relief?*

While the Distribution Companies would certainly be supportive of a state agency "one-stop shop" for enrollment, verification, and re-verification in a manner that would support the low-income discount verification processes, and AMPs, they are not aware of any existing centralized entity in Massachusetts that is available to assume this role. As noted above, EOHHS plays a vital role today in assisting with income verification and access to means-tested eligibility for

customers, which the Distribution Companies alone cannot replicate. Were the Commonwealth to develop some form of centralized enrollment portal, which would streamline enrollment, verification, and re-verification processes by incorporating income verification data sharing, this would go a long way to ensuring that state agencies have access to accurate, up-to-date information to efficiently manage tiered discount rates in a manner that would allow CBOs, CAAs, CAPs, and the Distribution Companies access to real-time accurate data by which to better serve customers.

In addition to a centralized portal, the establishment of ongoing inter-agency collaboration is critical to the success of this ongoing matching and verification process. By establishing a collaborative framework between state agencies to share verified income data and program eligibility, which will facilitate easier placement of customers into the appropriate income tiers, this collaboration would ensure efficient data file sharing, allowing qualifying customers to receive the correct bill discount rate, and reduce duplication of effort across multiple assistance programs.

Lastly, the development of an integrated case management system, in which state agencies would be allowed to manage enrollment, verification, and re-certification processes for all assistance programs, including a tiered discount rate, would facilitate seamless updates as agencies input and share verified income data, thereby enhancing the efficiency and effectiveness of a "one-stop shop" portal. The Distribution Companies acknowledge that no such system currently exists,

but can envision a scenario where such a system would be of great benefit to an enhanced service offering for matching and assistance efforts for customers.¹⁰

6. *Please explain if there is a particular group of households or customers that are eligible to be served on the discount rate but are not, and explain the basis for this determination. Provide supporting data and analysis or explain what analysis needs to be performed to make such a determination.*

Households with language barriers may be eligible to receive the discount rate but may not be currently served due to lack of awareness of existing programs. While the Distribution Companies seek opportunities to meet their customers where they are to make them aware of valuable programs to increase participation, challenges continue. For example, the National Grid Consumer Advocate teams have identified a lack of program awareness, eligibility confusion, accessibility issues, language barriers, and specific customer experiences all as potential barriers.

Another possible example of eligible but underserved customers are found in landlord/tenant scenarios. First, there are examples of low-income renters who would qualify for the discount rate but are behind a master meter/account in the name of the landlord, and the landlord (customer of record) themselves does not qualify for the discount rate. In this example, there is no clear way to pass on the discounts to the low-income customers behind the meter. Second, another landlord/tenant challenge is found where a master meter/account qualifies for the low-income discount, but the landlord has no incentive to apply for a low-income discount because they are recovering all the utility costs through the rent.

¹⁰ The Distribution Companies highlight the important agreement between MassHealth, EOHHS's Department of Transitional Assistance, and the Distribution Companies which will allow for automatic discounts for hundreds of thousands of customers without these individuals having to submit additional paperwork. See Healey-Driscoll Administration Announcement at: <https://www.mass.gov/news/healey-driscoll-administration-announces-groundbreaking-partnership-with-utility-companies-to-lower-costs-for-hundreds-of-thousands-of-households> (last visited Oct. 18, 2024)

Finally, the Distribution Companies note that regardless of the benefits associated with being placed on the low-income discount rate, there are still some customers who attach a stigma to requesting assistance and therefore are hesitant to do so or do not perceive themselves as needing assistance, but would otherwise qualify.

7. *What groups of eligible customers are difficult to enroll and why?*

The Distribution Companies have experienced challenges with enrollment for certain immigrant populations who may be eligible for the discount rate program, but may also be challenged to enroll due to immigration status. These customers may meet the income criteria but be ineligible for certain assistance programs that would otherwise qualify them for the discount rate.

8. *Whether and how to establish a self-verification process?*

In D.P.U. 23-150, the Department directed National Grid to implement a two-year pilot for customer self-attestation, to be developed with the AGO and other stakeholders. There remains the possibility of erroneous or false attestations resulting in the provision of assistance to customers outside of the statutory eligibility. For Eversource currently, a customer can self-attest to meeting the household income requirements for financial hardship and a temporary seven-day protection is provided. This seven-day temporary protection allows the customer to provide written self-attestation to their household's income. Upon verification that the customer's document self-attestation of meeting the 60 percent SMI, the customer is protected from service termination over the winter moratorium period. Generally, the Distribution Companies are interested to see the outcome of the National Grid pilot for a further identification of possible applications and best practices before endorsing it as a statewide recommendation.

9. *For National Grid and Opower, explain the pilot program to increase enrollment in financial assistance programs (commencing in summer 2023) and provide the resulting data and summary explanations of this data.*

In the summer of 2023, National Grid and Opower launched the Savings Hub pilot, a program aimed at increasing enrollment in financial assistance and energy efficiency programs to help make energy bills more affordable for 300,000 limited-income customers. This pilot focused on customers likely eligible for assistance based on data from various sources, including EEAC-defined disadvantaged communities and U.S. Census data, such as income-to-poverty ratios and energy burdens in specific census tracts.

Key elements of the pilot included:

- User-tested outbound communications and Affordability Alerts that directed limited-income customers to a personalized "one-stop shop," the Savings Hub, which offered financial assistance and energy efficiency programs.
- Affordability Alerts led customers to a survey with six key questions to determine eligibility, asking about factors such as owner/renter status, household size, income, federal program participation, priority group identification, and emergency status (e.g., disconnection of service).
- Upon completing the survey, customers were directed to their personalized Savings Hub, where they received tailored recommendations for programs they were eligible to join. The Savings Hub included a "top recommendation" spot to direct households toward the assistance programs that provide the most benefit.

Early Results from the Pilot (Summer 2023 – June 2024) include:

- 300,000 customers received a Program Alert, with 14% engaging further by clicking through to the Savings Hub.
- 75% of those who began the Screening Questionnaire completed it, including submitting income information.
- 26,000 customers received tailored program recommendations in their Savings Hub, with 73% being eligible for LIHEAP.
- Enrollment in LIHEAP was 3 times higher and enrollment in utility-run bill assistance programs was 6 times higher among customers who engaged with the Opower solution, compared to those who did not.

- Increased LIHEAP enrollment resulted in over \$290,000 in payments to National Grid customers during the 2023-2024 heating season.

National Grid analyzed discount rate participation data from August 2023 through July 2024 based on customer engagement with the pilot using both non-targeted and targeted populations as baselines. The level of engagement significantly impacted enrollment in the Discount Rate program, as shown in the table below.

Level of Engagement	Total Number of Customers	Total Discount Rate Participants	Participation Rate
Did not receive Affordability Alert	1,779,024	48,822	2.7%
Opened but did not click on Affordability Alert	162,357	5,675	3.5%
Completed survey and received LIHEAP recommendation	20,137	1,870	9.3%

Additionally, National Grid's energy efficiency Appliance Management Program ("EE AMP") saw 1,889 participants enroll after the pilot launch. The EE AMP is a no-cost appliance upgrade program offered to income-qualified customers as part of a no-cost Home Energy Assessment. The upgrades offered through the EE AMP may include:

- Replacement heating system.
- Replacement refrigerator.
- Replacement freezer.
- Replacement clothes washer.
- Replacement dehumidifier.
- Replacement of window air conditioning unit.
- A programmable or Wi-Fi thermostat.

Please also see the Comments of Opower for additional information on the pilot.

F. Outreach

1. *By what methods should Distribution Companies enhance outreach efforts to inform customers that households between 200 percent of the federal poverty level and 60 percent SMI are eligible for discount rates?*

The Distribution Companies already conduct a significant amount of outreach on discount rates, including information provided to customers at the start of service, bill messaging, email and information on their websites about the AMP, Discount Rate, the Home Energy Assistance Program (“HEAP”) or Fuel Assistance, Good Neighbor Energy Fund, Mass Save Income-Eligible Energy Efficiency Program, and/or Transitional Assistance Opt-Out. In addition, when customers contact a company to prevent a disconnection or to discuss a high bill, customers are advised of the available programs and referred to 211 for assistance in finding their local agency to determine if they are income-eligible.

For maximum effectiveness, the Distribution Companies leverage an omni-channel marketing strategy which may include targeted letters and email; traditional, paid and social media; and community outreach events. Where possible, the Distribution Companies apply data-driven customer segmentation to inform highly targeted outreach and education to deliver tailored information about the discount rate program.

2. *Whether and how to target outreach to customers in those areas with the most disconnections and the most customers in arrearages or on AMPs, in addition to targeting Environmental Justice populations and other demographics?*

In addition to the outreach efforts and channels detailed above, the Distribution Companies note that all customers in active collections receive disconnect notices on a monthly basis, which

promote various programs such as AMP, payment agreements, and the discount rate. Targeted communications based on customer data provided by Credit & Collections are possible, but may be unnecessary for those who are not behind on their bill. Communications could be created and segmented by bill arrearages, income level, and AMP participation. Deeper analysis could be added to focus on Environmental Justice communities and other vulnerable customer segments.

Additionally, for those Distribution Companies with higher, concentrated areas of discount-eligible populations, such as Unitil, the majority of the outreach is targeted towards customers in an Environmental Justice Community.

3. *Whether and how CAAs and CBOs can be used to facilitate outreach?*

As discussed above, CAAs and CBOs are a natural fit for outreach as they are often already engaged with, familiar with, and trusted by local communities. Additionally, please refer to the Distribution Companies' response to Sections E.4 and E.5.

III. CONCLUSION

The Distribution Companies appreciate the opportunity to provide these comments and look forward to continued engagement on these important issues.

Respectfully Submitted,

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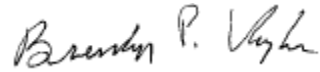
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