



# The Commonwealth of Massachusetts

## DEPARTMENT OF PUBLIC UTILITIES

### NOTICE OF FILING AND PUBLIC HEARING

D.P.U. 20-59

July 24, 2020

Joint Petition of Eversource Energy, NiSource Inc., Eversource Gas Company of Massachusetts, and Bay State Gas Company d/b/a Columbia Gas of Massachusetts for approval by the Department of Public Utilities of (1) the sale of Bay State Gas Company to Eversource Energy; and (2) a settlement agreement resolving the proposed sale and two pending Department investigations into the Merrimack Valley Incident: Bay State Gas Company, D.P.U. 19-140 and Bay State Gas Company, D.P.U. 19-141.

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On July 2, 2020, Eversource Energy (“Eversource”), Eversource Gas Company of Massachusetts (“Eversource Gas”), NiSource Inc. (“NiSource”), and Bay State Gas Company d/b/a Columbia Gas of Massachusetts (“Bay State”) (collectively, “Companies”) filed a petition jointly with the Department of Public Utilities (“Department”) for approval of the sale of substantially all of Bay State’s assets to Eversource. Eversource intends to assign its rights under the proposed sale to Eversource Gas.

Additionally, the Companies with the Office of the Attorney General for the Commonwealth of Massachusetts (“Attorney General”), the Department of Energy Resources (“DOER”), and the Low-Income Weatherization and Fuel Assistance Program Network (“Network”) (collectively, “Settling Parties”) filed a proposed settlement agreement and joint motion for approval of the settlement that would resolve both the proposed sale and the Department’s pending investigations in the following proceedings: Bay State Gas Company, D.P.U. 19-140 and Bay State Gas Company, D.P.U. 19-141. The Department has docketed this matter as D.P.U. 20-59.

On September 13, 2018, Bay State experienced an overpressurization of its low-pressure distribution system serving the City of Lawrence, the Town of Andover, and the Town of North Andover in the Merrimack Valley, allowing gas from a high-pressure distribution system to enter the low-pressure distribution system (the “September 13, 2018 Incident”). This resulted in the damage or destruction of 131 homes and businesses, the hospitalization of 22 individuals, and the death of one person. The Department opened an investigation into Bay State’s responsibility for and response to the September 13, 2018 Incident and Bay State’s restoration efforts following that incident. D.P.U. 19-140, Vote and Order Opening Investigation (October 25, 2019). The Department also opened an investigation into Bay State’s efforts to prepare for and restore service following the

September 13, 2018 Incident. D.P.U. 19-141, Vote and Order Opening Investigation (October 25, 2019).

On February 26, 2020, Eversource, NiSource, and Bay State executed an Asset Purchase Agreement (“APA”) regarding Eversource’s purchase of Bay State. Pursuant to the terms of the APA, Eversource has agreed to purchase, with some exceptions and additions, (1) substantially all of the assets of Bay State; and (2) all of the assets held by any affiliates of Bay State that primarily related to the business of storing, distributing, or transporting natural gas to residential, commercial, and industrial customers in Massachusetts as conducted by Bay State. Eversource would not assume any liabilities related to the September 13, 2018 Incident. Eversource intends to assign its rights to acquire Bay State pursuant to the APA to Eversource Gas prior to closing. The Companies’ petition proposes that Bay State customers would become Eversource Gas customers under the same rate schedules and terms of service under which Bay State customers currently receive service. Additionally, the petition seeks to implement a ten-year rate stabilization plan, consisting of three components.

First, Eversource would submit a base rate petition under G.L. c. 164, § 94 in the first quarter 2021, requesting a change in base rates by year-end 2021. Second, Eversource proposes to implement an annual capital cost recovery mechanism that provides for annual recovery of Bay State’s non-GSEP capital projects completed and placed in service through December 31, 2028 (i.e., for the years 2021 through 2028), to be implemented one year following the setting of new base rates in 2021. To stabilize rates for customers over that period, Eversource would agree that it would be precluded from filing for new base rates taking effect prior to November 1, 2030. Third, Eversource is requesting that the Department authorize the transfer of Bay State’s LNG and LPG peaking assets into Hopkinton LNG Corporation to facilitate the unified management of the current gas resource portfolios of NSTAR Gas and Bay State which will, according to Eversource, likely produce reliability and cost benefits for the customers of both Bay State and NSTAR Gas.

The Settling Parties propose a two-step distribution rate increase based on Bay State’s proposed rate settlement in D.P.U. 18-45 that was withdrawn in the aftermath of the September 13, 2018 Incident. The first step of the rate increase would consist of (1) a distribution rate increase of \$32.8 million, of which \$19.8 million is being currently recovered through Bay State’s GSEP mechanism, less (2) a tax credit of \$6.7 million to expire on May 1, 2022. This first increase would take effect November 1, 2021. The second step of this rate increase would occur on November 1, 2022, with a distribution rate increase of \$10 million. Further, the proposed Settlement Agreement permits Eversource Gas to reset all components of its rate base effective November 1, 2024 for all capital additions completed between January 1, 2018 and December 1, 2023; a second rate base reset would take effect on November 1, 2027 for all capital additions completed between January 1, 2024 and December 31, 2026. The Settling Parties agree that, aside from the distribution rate increases discussed above and the rate base resets, Eversource would be prohibited from filing a base rate petition under G.L. c. 164, § 94 for rates effective prior to November 1, 2028.

The Settling Parties' proposed settlement agreement, if accepted, would also approve the purchase of Bay State's assets pursuant to the APA and resolve the Department's investigations in D.P.U. 19-140 and D.P.U. 19-141. Among other things, the proposed settlement agreement would require a \$56 million payment from NiSource into an energy relief fund that would (1) provide funding for energy efficiency and clean energy in the City of Lawrence, the Town of North Andover, and the Town of Andover and (2) provide arrearage forgiveness to current residential low-income customers of Bay State.

Further, the Companies request that the Department provide for a final resolution for or termination of all pending investigations against Bay State and its affiliates. The Companies request that the Department approve the proposed transaction no later than September 30, 2020.

**Due to the COVID-19 state of emergency issued by Governor Baker on March 10, 2020, and certain ongoing restrictions and safety measures relating to in-person events, the Department will conduct two virtual public hearings to receive comments on both the Companies' petition and the Settling Parties' proposed settlement agreement.** The Department will conduct the hearings using Zoom videoconferencing on **August 25, 2020**, beginning at **6:00 p.m.** and **August 27, 2020**, beginning at **10:00 a.m.** Attendees can join the **August 25, 2020** hearing by entering the link, <https://zoom.us/j/98300271706>, from a computer, smartphone, or tablet. Attendees can join the **August 27, 2020** hearing by entering the link, <https://zoom.us/j/91090189958>, from a computer, smartphone, or tablet.

When using the Zoom platform, you will be able to listen to the hearing in English, Spanish, or Portuguese. To access interpretation services through Zoom during the hearing, click on the "Interpretation" button on the menu bar at the bottom of the Zoom application screen and select your language (e.g., Spanish or Portuguese). Instructions on how to select a language will also be provided at the public hearings.

For audio-only access to the hearings, attendees can dial in at **(312) 626-6799 (not toll free)** and for the **August 25, 2020** hearing then enter the **Webinar ID# 983 0027 1706** and for the **August 27, 2020** hearing then enter the **Webinar ID# 910 9018 9958**.

If you anticipate providing comments via Zoom or via phone during the public hearings, please send an email by **August 24, 2020**, with your name, email address, and mailing address to [sarah.spruce@mass.gov](mailto:sarah.spruce@mass.gov). If you anticipate commenting by telephone, please leave a voicemail message by **August 24, 2020**, at (617) 305-3632 with your name, telephone number, and mailing address. Regardless of whether an individual emails or leaves a voice message in advance, that person can provide public comment at the hearings.

The Department will accept written comments on the Companies' petition and the proposed settlement. Any person interested in commenting on this matter may submit written comments no later than the close of business (5:00 p.m.) on **August 28, 2020**. At this time, all filings must be submitted only in electronic format in recognition of the difficulty that parties and the Department may have filing and receiving original copies. On March 10,

2020, Governor Baker issued a state of emergency related to COVID-19 for the entire Commonwealth.

Ordinarily, all parties would follow Sections B.1 and B.4 of the Department's Standard Ground Rules (D.P.U. 15-184-A, App. 1 (March 4, 2020)); until further notice, however, parties must retain the original paper version and the Department will later determine when the paper version must be filed with the Department Secretary. Importantly, all large files submitted must be broken down into electronic files that do not exceed 20 MB.

Any person who desires to participate otherwise in the evidentiary phase of this proceeding shall file a petition for leave to intervene no later than 5:00 p.m. on **August 18, 2020**. A petition for leave to intervene must satisfy the timing and substantive requirements of 220 CMR 1.03. Receipt by the Department, not mailing, constitutes filing and determines whether a petition has been timely filed. A petition filed late may be disallowed as untimely, unless good cause is shown for waiver under 220 CMR 1.01(4). To be allowed, a petition under 220 CMR 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10. All responses to petitions to intervene must be filed by the close of business (5:00 p.m.) on the second business day after the petition to intervene was filed.

All documents must be submitted to the Department in **pdf format** by e-mail attachment to [peter.ray@mass.gov](mailto:peter.ray@mass.gov) and [sarah.spruce@mass.gov](mailto:sarah.spruce@mass.gov). The text of the e-mail must specify: (1) the docket numbers of the proceedings (D.P.U. 20-59/D.P.U. 19-140/D.P.U. 19-141); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. All documents submitted in electronic format will be posted on the Department's website as soon as practicable at <http://www.mass.gov/dpu>.

To the extent a person or entity wishes to submit comments in accordance with this Notice, electronic submission, as detailed above, is sufficient. To request materials in accessible formats (Braille, large print, electronic files, audio format) for people with disabilities contact Department's ADA coordinator at [DPUADACoordinator@state.ma.us](mailto:DPUADACoordinator@state.ma.us). In addition, one copy of all written comments and petitions to intervene should be emailed to the Companies' attorney Matthew C. Campbell, Esq. at [mcampbell@keeganwerlin.com](mailto:mcampbell@keeganwerlin.com).

At this time, a paper copy of the filing will not be available for public viewing at the Company's offices or the Department due to the state of emergency. All documents, pleadings and/or filings submitted to the Department and/or issued by the Department related to these proceedings will be available on the Department's website at <https://eeaonline.eea.state.ma.us/DPU/Fileroom/dockets/bynumber> (enter "19-140", "19-141", or "20-59"). To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), contact the Department's ADA coordinator at [DPUADACoordinator@mass.gov](mailto:DPUADACoordinator@mass.gov).

Any person desiring further information regarding the Companies' filing or a paper copy of the filing should contact Matthew C. Campbell, Esq. at (617) 951-1400 or

[mcampbell@keeganwerlin.com](mailto:mcampbell@keeganwerlin.com). For further information regarding this notice, please contact Sarah Spruce, Hearing Officer, at [sarah.spruce@mass.gov](mailto:sarah.spruce@mass.gov).