



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

TO: Distribution List D.P.U. 20-58/D.P.U. 20-91

VIA: Electronic Mail

FROM: Rachel Cottle, Hearing Officer

RE: D.P.U. 20-58-D – Clarification Regarding Notice Requirement relating to Purchase of Receivables Ratemaking Proposal

DATE: January 19, 2021

CC: Mark D. Marini, Department Secretary

I. INTRODUCTION

On December 31, 2020, the Department of Public Utilities (“Department”) issued Interim Order on Ratemaking Proposal and Vote and Order Opening Investigation, D.P.U. 20-58-D; D.P.U. 20-91 (December 31, 2020). By the Order, among other things, the Department conditionally approved the agreed upon cost-recovery provisions of the Ratemaking Proposal filed by the jurisdictional electric and gas distribution companies (“Distribution Companies”) on August 5, 2020, as part of the Customer Assistance and Ratemaking Working Group (“Working Group”) established in D.P.U. 20-58. D.P.U. 20-58-D; D.P.U. 20-91, at 21. The Department’s conditional approval is subject to the Distribution Companies, in consultation with the Working Group, making a compliance filing comprising the consensus provisions of the Ratemaking Proposal for final Department approval. D.P.U. 20-58-D; D.P.U. 20-91, at 21.

The Department directed that the compliance filing not include the consensus agreement concerning the Distribution Companies’ proposal regarding the treatment of purchase of receivables (“POR”). D.P.U. 20-58-D; D.P.U. 20-91, at 21. The Distribution Companies propose to revise the timing of payments to competitive suppliers for POR to address the net cash deficit created by the payment lags of competitive supply customers (Ratemaking Proposal at 4). D.P.U. 20-58-D; D.P.U. 20-91, at 12. The Working Group agrees with this proposal and maintains that the Terms and Conditions for Competitive Suppliers and Terms and Conditions

for Municipal Aggregators allow for this change to be made, if approved by the Department (Ratemaking Proposal at 4-5). D.P.U. 20-58-D; D.P.U. 20-91, at 12.

Notwithstanding the consensus achieved regarding the Distribution Companies' proposal, the Department found that competitive suppliers are not Working Group members and have not had an opportunity to review and comment on the Distribution Companies' proposal. D.P.U. 20-58-D; D.P.U. 20-91, at 21. The Department considered it to be appropriate to provide competitive suppliers with the opportunity to comment before approving any proposal that would result in revision to the timing of payments. D.P.U. 20-58-D; D.P.U. 20-91, at 21-22. The Department directed the assigned hearing officer within seven days of the date of the Order to take necessary steps to provide competitive suppliers the opportunity to comment on the POR provision of the Ratemaking Proposal. D.P.U. 20-58-D; D.P.U. 20-91, at 22. Based on the comments received, the Department will rule on the Distribution Companies' proposed payment proposal. D.P.U. 20-58-D; D.P.U. 20-91, at 22.

II. CLARIFICATION OF NOTICE REGARDING POR

After consultation with the Commission, it is determined that the notification requirement regarding the POR provision is premature. At this time, the key information, *i.e.*, the revised timing of payments, is not specified. That information will be provided when the Distribution Companies file the proposed revision with the Department for approval. Without that relevant information, there is a low likelihood that the Department would receive useful comments from competitive suppliers. Therefore, at this time, the Department will not notify competitive suppliers to seek comments on the POR provision of the Ratemaking Proposal as set out in D.P.U. 20-58-D/D.P.U. 20-91. At the time of the Distribution Companies' filing for approval of a revision to the time of POR payments, the Department will determine the appropriate notification process to invite comments from competitive suppliers. As a result of this notice clarification, the Distribution Companies should treat the POR provision of their Ratemaking Proposal the same as the other agreed-upon provisions. Accordingly, subject to consultation with the Working Group, the Distribution Companies should include in their compliance filing in D.P.U. 20-58, as provided by D.P.U. 20-58-D/D.P.U. 20-91, the POR provision from the Ratemaking Proposal and provide details regarding how the Distribution Companies intend to modify the timing of payments.