



June 7, 2021

Mark D. Marini, Secretary
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D.P.U. 20-75 - Follow up Questions from June 3, 2021 D.P.U. 20-75 Working Group Session

Pope Energy Reply Comments – Distributed Energy Resource Planning and Cost Assignment, D.P.U. 20-75 Procedural Notice, Request for Comments, and Information Request
Submitted by Doug Pope, President

Dear Secretary Marini:

With the passage of *An Act Creating a Next-Generation Roadmap for Massachusetts Climate Policy*, just signed into law by Governor Baker in 2021, regulators and other makers are being asked to make judgements on transformative decarbonization grid upgrade changes that will last longer than 30-40-years.

Question 1:

There appears to be an established practice of combining longer term assets with shorter term assets and deriving a combined average depreciation rate which is billed to ratepayers. The **Shortest Expected Lifespan** appears to be used as a preferred financial method for use within a tariff as described in the response from Eversource.

The Department, regulators, the AGO ratepayer advocate and other stakeholders are being held accountable for assessing the cost of this transformative change to decarbonize our economy. Would it not make sense to make 40-year investment decisions based upon a 40-year amortization schedule and only have ratepayers pay annual cost as they are realized?

I had intended to ask both the Department and the EDC's about their thoughts in the following question: To allow policymakers the ability to make informed decisions on these transformative decarbonization investments, would it make sense to present 30-



40-year useful life assets on a separate schedule and tariff and have today's ratepayers only pay for the current portion of 2050 decarbonization upgrade cost?

Question 2:

Has the Department or EDC's completed any exploratory work relative to the financing of these 30-40-year decarbonization assets using tax-exempt debt provided by Mass Development?

This action would save ratepayers hundreds of millions of dollars over 40-years in finance cost. I have inquired to Eversource as to how they arrived at the 3.37% rate mentioned in Eversource's D.P.U. 20-75 System Planning Memorandum but to date have not heard an answer.

Question 3:

Eversource in their previous D.P.U. 20-75, EDC-5 submittal refers to a "**regulatory asset**" that could be used for certain FERC compliance issues.

Has the Department or EDC's examined further the possibility of assembling a "**regulatory asset**" and what benefits may accrue to Massachusetts by such creation?

Has the Department or EDC's explored whether a "**regulatory asset**" could be used to facilitate tax-exempt financing of the 30-40-year decarbonization grid upgrades?

We appreciate the Department taking the time to consider issues that were not yet explored during the working session.

Best Regards,

A handwritten signature in black ink, appearing to read "Doug Pope", written over a horizontal line.

Doug Pope
President