THE COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF PUBLIC UTILITIES

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February 28, 2025

VIA EMAIL ONLY

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RE: D.P.U. 24-PGAF, Revised Reconciling Factors

Dear Attorneys:

On February 20, 2025, the Department of Public Utilities ("Department") issued a letter to the gas local distribution companies ("Companies"): The Berkshire Gas Company ("Berkshire"); Boston Gas Company d/b/a National Grid ("National Grid"); Eversource Gas Company of Massachusetts ("EGMA") and NSTAR Gas Company ("NSTAR"), each d/b/a Eversource Energy (collectively, "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") (collectively, "Companies"). The letter directed the Companies to file revised reconciling factors that would result in no less than a five percent reduction in residential and residential low-income average bills for the remainder of the peak season (i.e., March and April 2025). Through this direction, the Department sought to provide immediate relief to

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customers to address the combination of increased supply costs, the recovery of unusually high programmatic costs through delivery charges, and a cold winter that has driven customer bills to unsustainable levels.

The Department further directed the Companies to file these proposals in their cost of gas adjustment factor and local distribution adjustment factor ("LDAF") dockets on February 24, 2025, for effect on March 1, 2025. The Department stated that any deferred costs would be collected through the LDAF during the off-peak season (i.e., May through October 2025). Finally, the Department directed each Company to identify the carrying charge rate it proposed to apply to recoveries for these short-term deferrals and expressed its expectation that each Company would give due consideration to employing a carrying charge rate lower than authorized in its tariff as a means of effecting additional bill relief for customers.

I. Proposals

A. Berkshire

On February 24, 2025, Berkshire submitted to the Department its revised reconciling factors. This filing was Berkshire's first revision to its 2024-2025 LDAFs. On February 27, 2025, Berkshire filed a corrected revision to its reconciling factors. If approved, typical residential heating customers using an average 107 therms per month would experience a reduction of $33.12, or 16 percent, on their total bill for March and April 2025.

In its initial proposal, Berkshire stated that it had voluntarily reduced the amount to be deferred and included in its pending off-peak LDAF filing by limiting carrying costs associated with the deferral to the customer deposit rate, currently set at 4.37 percent. On February 28, 2025, Berkshire filed a subsequent revision stating that it would forgo recovery of the entire carrying charge on the deferred bill amount.

B. EGMA

On February 24, 2025, EGMA submitted to the Department its revised reconciling factors. If approved, typical residential heating customers would experience a reduction on their total monthly bill of $34.00, or 10.3 percent, based on a use of 134 therms, in March 2025 and $19.53, or 10.0 percent, based on a use of 77 therms, in April 2025. EGMA states that it will waive recovery of any carrying charges associated with the additional deferred amounts. This filing is EGMA's second revision to its 2024-2025 LDAFs.

C. Liberty

On February 24, 2025, Liberty submitted to the Department its revised reconciling factors. If approved, a typical residential heating customer will experience the following monthly bill reductions:

- For Fall River and North Attleboro customers, bills will decrease by $19.75, or 7.55 percent, based on a use of 128 therms, in March 2025 and $12.60, or 7.36 percent, based on a use of 82 therms, in April 2025.

- For Blackstone customers, bills will decrease by $15.63, or 8.32 percent, based on a use of 116 therms, in March 2025 and $9.53, or 8.0 percent, based on use of 71 therms, in April 2025.

Liberty further states that because its proposal does not result in a short-term deferral of any monies associated with the proposed adjustments to the LDAF, the company has not identified a carrying charge rate. This filing is Liberty's first revision to its 2024-2025 LDAFs.

D. National Grid

On February 24, 2025, National Grid submitted to the Department its revised reconciling factors. This filing was National Grid's first revision to its 2024-2025 LDAFs. If approved, a typical residential heating customer would experience the following monthly bill reductions:

- For Boston Gas Company customers, bills will decrease by an average of $39.95, or 14.3 percent, based on a use of 107 therms, for March and April 2025.

- For former Colonial Gas Company customers, bills will decrease by an average of $39.95, or 15.1 percent, based on a use of 107 therms, for March and April 2025.

In its initial proposal, National Grid stated that it would apply a reduced carrying charge based on the customer deposit rate, currently set at 4.37 percent, rather than the allowable carrying charge based on the prime rate (currently 7.5 percent) per the LDAF tariff, M.D.P.U. No. 60.9. In a revised proposal submitted on February 27, 2025, National Grid proposes to forgo recovery of the entire carrying charge on the additional deferrals.

E. NSTAR

On February 24, 2025, NSTAR submitted to the Department its revised reconciling factors. If approved, typical residential heating customers will experience a reduction on their total monthly bill of $33.75, or 10.3 percent, based on a use of 125 therms, in March 2025 and $19.71, or 10.1 percent, based on a use of 73 therms, in April 2025. NSTAR states that it will waive recovery of any carrying charges associated with the additional deferred amounts. This filing is NSTAR's second revision to its 2024-2025 LDAFs.

F. Unitil

On February 24, 2025, Unitil submitted to the Department its revised reconciling factors. Unitil also noted that it had proposed, in Fitchburg Gas and Electric Light Company, D.P.U. 24-201, to terminate its exogenous cost adjustment factor (currently $0.0447 per therm for its residential rate classes) effective March 1, 2025. The Department approved Unitil's proposal in D.P.U. 24-201 on February 27, 2025. If the Department also approves Unitil's revised reconciling factors proposed in this proceeding, the combined rate reductions would result in a typical residential heating customer experiencing a monthly total bill reduction of $33.37, or 10.0 percent, based on use of 94 therms, for March and April 2025. Unitil proposes to forgo carrying charges on the deferred amount associated with the rate reduction. This filing is Unitil's first revision to its 2024-2025 LDAFs.

II. Comments

A. Attorney General

On February 26, 2025, the Attorney General filed comments ("Attorney General Comments") stating the following. First, the Attorney General argues that the Companies' proposed relief does not go far enough to alleviate the financial strains on ratepayers and does nothing to reduce the extremely high gas bills expected for the month of February 2025, which ratepayers will receive in March 2025 (Attorney General Comments at 2).

Second, the Attorney General notes that NSTAR, EGMA, Unitil, and Liberty all agreed to forego carrying charges on the deferred costs (Attorney General Comments at 2). The Attorney General strongly urges National Grid and Berkshire to reconsider their positions and agree to forego carrying charges on the deferred amounts to ensure that their customers are not disadvantaged by the proposed deferral (Attorney General Comments at 2).[1]

Finally, the Attorney General contends that the Companies' filings lack sufficient clarity, transparency, and consistency (Attorney General Comments at 2). The Attorney General recommends that the Department require the filings to be uniform and transparent regarding how the two months of rate relief will be applied and subsequently recovered (Attorney General Comments at 2). The Attorney General further recommends that the Department require each company to confirm that it will (1) not collect carrying charges, (2) provide bill impacts for the relevant peak and off-peak months, and (3) provide comprehensive communication plans to notify their customers of the expected bill impacts (Attorney General Comments at 2, 3).[2] The Attorney General also recommends longer-term solutions for rate relief and requests that the Companies significantly increase their efforts to proactively communicate to all customers the

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1 As noted above, both National Grid and Berkshire submitted revised filings in which they agreed to waive all carrying charges on deferred amounts associated with these rate reductions.

2 In addition, the Attorney General urged the Department to extend the winter shut-off moratorium from March 15, 2025,to April 1, 2025 (Attorney General Comments at 4). In a letter issued on February 27, 2025, the Department extended the winter shut-off moratorium to April 1, 2025, to provide additional protections for ratepayers experiencing financial hardship.

availability of payment plans and extend the availability of those payment plans for as long as possible (Attorney General Comments at 4).

B. Other Comments

The Department received a letter from State Senator Mark Montigny on behalf of his constituents, NSTAR customers, stating that NSTAR's proposal will do little to alleviate immense financial pressure on households in New Bedford and across Massachusetts, and asking the Department to focus on containing costs and ensuring energy affordability. The Department also received hundreds of comments from customers (primarily those of National Grid and Eversource) objecting to their company's proposal and urging the Department to reject it or allow them to opt out. In particular, customers opposed the assessment of carrying charges on the deferred costs, deferring costs to a later date, and the seemingly small reduction. Additionally, customers asked the Department to rein in excessive charges and provide permanent heating energy cost relief.

III. Analysis and Findings

After reviewing the proposals offered in this proceeding, the Department has determined that the Companies have satisfied the Department's intention to address the unusually high bills and to provide immediate rate relief to customers in the short-term. In particular, the Department notes that the Companies have proposed to forgo carrying charges on their deferrals, which means that their customers will not incur any additional costs resulting from these deferrals.

The Department's preference, where possible, is to avoid deferrals and the associated interest charges that are borne by ratepayers. Rate continuity remains a foremost concern, with changes to rate structure being made gradually to not only avoid rate shock but to allow consumers to adjust consumption patterns accordingly. And particularly as more creative solutions are found to respond to energy efficiency goals and the issues they seek to address, inter-generational equity concerns will become more prominent. To the extent possible, costs should be recovered contemporaneously from ratepayers who have caused those costs and not deferred to future periods. Inasmuch as the deferrals approved here will occur only for a short term, however, the affected customers will simply see the two months of deferral spread out over the six months of the off-peak period, without any added costs from carrying charges.

In response to concerns raised by the Attorney General and many customers that the reductions proposed here do not go far enough, the Department acknowledges that it has limited ability to provide meaningful rate relief on a short-term basis in these proceedings. It is important to note, however, that the Department is taking additional measures to address energy costs and affordability across numerous dockets. More than a year ago, for example, the Department initiated a proceeding to investigate the issue of energy burden faced by residential customers in the Commonwealth, with a particular focus on energy affordability. Energy Burden with a Focus on Energy Affordability for Residential Ratepayers, D.P.U. 24-15. In addition, in 2025-2027 Three-Year Energy Efficiency Plans, D.P.U. 24-140 through D.P.U. 24-149

(February 28, 2025) ("2025-2027 Three-Year Plan Order"), the Department issued an Order today approving the Energy Efficiency 2025-2027 Three-Year Plans. In its Order, the Department finds that the bill impacts associated with those plans are not reasonable in the circumstances and is requiring the gas and electric Program Administrators of those plans to substantially reduce the Three-Year Plan budgets. 2025-2027 Three-Year Plan Order, at 196-210. Specifically, the Department is directing the Program Administrators to reduce the total statewide residential sector budget for the Three-Year Plans term by a total of $500 million and to submit compliance filings by April 30, 2025, with updated budgets and bill impacts. 2025-2027 Three-Year Plan Order, at 205-211. The Department fully expects that the revised plans will result in lower bill impacts for residential ratepayers compared to the originally filed Three-Year Plans. 2025-2027 Three-Year Plan Order, at 205-206. In addition, the Department states in the Order that it is no longer sustainable for ratepayers alone to bear the full costs of the Commonwealth's goals for decarbonization and urges the Program Administrators, the Energy Efficiency Advisory Council, and other stakeholders to work with the Legislature to identify alternative energy efficiency funding sources, particularly for decarbonization measures, to move away from relying solely on ratepayers for such funding. 2025-2027 Three-Year Plan Order, at 208-209. Through the combination of these orders, the Department aims to deliver substantial short- and long-term rate relief.

Our work to ensure that energy remains affordable for Massachusetts residents extends well beyond this Order and the Three-Year Plans Order. Achieving the Commonwealth's clean energy and climate goals will require substantial investments in clean energy generation, transmission, and distribution, and the Department remains focused on diligent efforts to closely scrutinize and control these costs. Further, we remain committed to expanding access to tools to limit customer energy burdens, including tiered discount rates, seasonal heat pump rates, and budget billing options.

Regarding the Attorney General's concerns that the filings lacked clarity, transparency, and consistency, we find that the filings were satisfactory under these expedited circumstances and provided sufficient information, including bill impacts, for us to make our decisions. Indeed, we commend the Companies for responding promptly to our letter—and listening to their customers—about the burdens of high bills this winter. We also appreciate that the Companies offered to defer more than was required by our letter and, further, that they have waived carrying charges on deferred amounts. Accordingly, we will not require the Companies to resubmit their proposals at this time, but we direct the Companies to continue to communicate effectively and transparently with their customers regarding bills, payment plans, and other ways to address natural gas costs.

By Order of the Department,

James M. Van Nostrand, Chair

Cecile M. Fraser, Commissioner

Staci Rubin, Commissioner

cc: Service Lists, D.P.U. 24-PGAF Dockets