



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

NOTICE OF FILING AND RESCHEDULED PUBLIC HEARING (NANTUCKET)

D.P.U. 23-150

April 11, 2024

Petition of Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, pursuant to G.L. c. 164, § 94 and 220 CMR 5.00, for Approval of a General Increase in Base Distribution Rates for Electric Service, a Performance-Based Ratemaking Plan, and a Capital Recovery Mechanism.

On November 16, 2023, Massachusetts Electric Company (“MECo”) and Nantucket Electric Company (“Nantucket Electric”), each doing business as National Grid (“National Grid” or “Company”), filed a petition with the Department of Public Utilities (“Department”) for an increase in electric base distribution rates. The Department has docketed this matter as D.P.U. 23-150 and has suspended the effective date of the proposed rate increase until October 1, 2024, to investigate the propriety of the Company’s request. The Company was last granted an increase in base distribution rates in Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 18-150 (2019).

National Grid seeks to increase its electric base distribution rates to generate \$131,232,856 in additional base distribution revenues. The Company also proposes to transfer costs recovered through certain reconciling mechanisms, along with associated income taxes, which results in an increase of \$389,766 to distribution revenues, effective October 1, 2024. Based on these proposals, the proposed overall increase to distribution revenues is \$131,622,621, which represents an approximately 12.7 percent increase in distribution revenue. The proposed base distribution rate increase is in addition to changes to other rates, such as supply rates and reconciling mechanisms, that occur during the year.

As part of its filing, National Grid proposes a Comprehensive Performance and Investment (“CPI”) Plan that includes two main features. First, the Company seeks to implement a performance-based ratemaking (“PBR”) mechanism for operation and maintenance (“O&M”) costs only, which would allow the Company to adjust its base distribution rates on an annual basis through the application of a revenue-cap mathematical formula. The Company proposes to implement the PBR mechanism for a term of five years. During the PBR term, the proposed revenue-cap formula increases base distribution revenues according to an O&M, utility-specific, inflation factor. The PBR plan also contains a component to aid in the recovery of certain operating costs related to capital investments, a component to recover or return exogenous costs outside of the Company’s control, a component to share excessive earnings, and an incurred debt

recovery factor to request adjustments to revenues to reflect increases or decreases in interest rates during the five-year term.

Second, as part of the proposed CPI Plan, the Company seeks to implement an Infrastructure, Safety, Reliability, and Electrification (“ISRE”) reconciling mechanism. According to National Grid, the ISRE reconciling mechanism would recover: (1) the Company’s investments in core capital projects necessary to provide safe and reliable electric distribution service to customers; (2) National Grid’s investments in capital projects necessary to execute the Company’s Electric Sector Modernization Plan (“ESMP”); and (3) expenses that fall under the ESMP. The Company’s ESMP will be filed on January 29, 2024, and will be subject to investigation in docket Massachusetts Electric Company and Nantucket Electric Company, D.P.U. 24-11. In the instant proceeding, the Company is not requesting that the Department review or approve any ESMP investments. Stakeholders who seek to participate in the instant proceeding should recognize that the Department does not intend for this docket to be a second venue for adjudicating issues that may be more appropriately reviewable in docket D.P.U. 24-11.

As part of its filing, National Grid also proposes a series of incentives and penalties associated with the Company’s progress and performance under the PBR mechanism and with respect to the core capital projects under the ISRE reconciling mechanism. Further, the Company proposes a set of scorecard metrics to enable tracking and transparency of the Company’s operating performance in additional areas.

In addition to these proposals, National Grid makes proposals regarding the continuation of full revenue decoupling, which is a rate mechanism that decouples the Company’s revenues from its sales. The Company also makes proposals regarding the recovery of costs related to its vegetation management program and the continuation and expansion of the enhanced vegetation management pilot program. These programs are intended to reduce costs and maintain or improve safety and reliability by providing for the reduction of vegetation-related safety hazards, service interruptions, and disturbances, including through the strengthening of the distribution system. The Company also seeks to modify certain provisions of its storm fund, which is designed to maintain revenue support to address larger-scale weather events. National Grid also proposes adjustments to certain revenue and expense categories; the recovery of certain capital investments made through 2023; a temporary modification of the service quality guidelines; the accelerated depreciation of certain meters; and to transfer recovery of existing meter-related capital costs to the annual advanced meter infrastructure (“AMI”) reconciling mechanism.

National Grid’s filing also contains various rate design proposals, including changes to the customer and demand charges; an electrification pricing option for residential customers on rate class R-1 using high throughput technologies, such as electric heat pumps and at-home electric vehicle chargers; a multi-tiered low-income discount based on income levels for customers on rate class R-2; revised streetlighting pricing proposals; and a variety of tariff changes.

The foregoing is not intended to be an exhaustive list of proposals set forth in the Company's filing. Additional information regarding the foregoing proposals, and all other proposals set forth by National Grid, can be found in the Company's filing, which is located on the Department's website as noted below.

National Grid states that if its petition is approved as requested, customers can expect the bill impacts set forth below. The following bill impacts do not include potential rate changes resulting from the Company's proposal to transfer meter-related capital costs to the AMI reconciling mechanism, as noted above:

For MECo customers:

- A residential basic service customer receiving service under Rate R-1 that uses on average 600 kWh of electricity per month will experience a monthly bill increase of \$7.86 (3.7 percent).
- A residential basic service customer receiving service under Rate R-1, with the electrification pricing option, that uses on average 1,000 kWh of electricity per month will experience a monthly bill decrease of \$17.88 (5.1 percent).
- A residential basic service customer receiving service under Rate R-2 that uses on average 600 kWh of electricity per month can expect bill impacts to vary depending on the applicable low-income discount percentage:
 - Customers with a 32 percent discount will experience a monthly bill increase of \$5.35 (3.9 percent);
 - Customers with a 36 percent discount will experience a monthly bill decrease of \$2.99 (2.2 percent);
 - Customers with a 44 percent discount will experience a monthly bill decrease of \$19.66 (14.4 percent);
 - Customers with a 49 percent discount will experience a monthly bill decrease of \$30.08 (22.1 percent); and
 - Customers with a 55 percent discount will experience a monthly bill decrease of \$42.59 (31.2 percent).
- Commercial and industrial ("C&I") basic service customers can expect bill impacts to vary depending on usage and rate class. The Company states that the average monthly bill impact for C&I customers at each class's average use will range from an increase of 0.7 percent to an increase of 16.4 percent. C&I customers should contact the Company, as indicated below, for specific bill impacts.

For Nantucket Electric customers:

- A residential basic service customer receiving service under Rate R-1 that uses on average 600 kWh of electricity per month will experience a monthly bill increase of \$7.86 (3.7 percent).
- A residential basic service customer receiving service under Rate R-1, with the electrification pricing option, that uses on average 1,000 kWh of electricity per month will experience a monthly bill decrease of \$17.88 (5.1 percent).
- A residential basic service customer receiving service under Rate R-2 that uses on average 600 kWh of electricity per month can expect bill impacts to vary depending on the applicable low-income discount percentage:
 - Customers with a 32 percent discount will experience a monthly bill increase of \$5.35 (3.9 percent);
 - Customers with a 36 percent discount will experience a monthly bill decrease of \$3.03 (2.2 percent);
 - Customers with a 44 percent discount will experience a monthly bill decrease of \$19.77 (14.4 percent);
 - Customers with a 49 percent discount will experience a monthly bill decrease of \$30.24 (22.1 percent); and
 - Customers with a 55 percent discount will experience a monthly bill decrease of \$42.80 (31.2 percent).
- C&I basic service customers can expect bill impacts to vary depending on usage and rate class. The Company states that the average monthly bill impact for C&I customers at each class's average use will range from an increase of 0.7 percent to an increase of 16.2 percent. C&I customers should contact the Company, as indicated below, for specific bill impacts.

Additional bill impact information and additional detail about the Company's filing can be found at: <https://www.mass.gov/info-details/dpu-23-150-national-grid-electric-base-distribution-rate-case>.

The Attorney General of the Commonwealth of Massachusetts ("Attorney General") has filed a notice of intervention in this matter pursuant to G.L. c. 12, § 11E(a). Further, pursuant to G.L. c. 12, § 11E(b), the Attorney General has filed a notice of retention of experts and consultants to assist in her investigation of the Company's filing and the Department approved the Attorney General's request to spend up to \$550,000 in this regard. Pursuant to G.L. c. 12,

§ 11E(b), the costs incurred by the Attorney General relative to her retention of experts and consultants may be recovered in the Company's rates.

On December 15, 2023, the Department issued a Notice of Filing and Public Hearings and scheduled six in-person public hearings across Massachusetts and two public hearings over Zoom. One of the in-person public hearings was scheduled for April 4, 2024, in PSF Community Room, 4 Fairgrounds Road, Nantucket, MA 02554. That hearing was postponed due to inclement weather.

For purposes of rescheduling the Nantucket hearing, the Department will conduct a virtual public hearing using Zoom videoconferencing on **May 2, 2024 at 7:00 p.m.** Attendees can join either session by entering the link, <https://us06web.zoom.us/j/84929948888> from a computer, smartphone, or tablet. No prior software download is required. For audio-only access to the public hearing, attendees can dial in at +1 646 931 3860 (not toll free) and then enter the Webinar ID: 849 2994 8888. Interpretation services in Spanish will be available over the Zoom platform by clicking the "Interpretation" button on the menu at the bottom of the Zoom application screen and selecting your language (i.e., English or Spanish).

The Department will accept written comments on the Company's filing until the close of business (**5:00 p.m.**) on **April 30, 2024**. Written comments from the public may be sent by email to dpu.efiling@mass.gov, the Hearing Officer at marc.tassone@mass.gov, and the Company's attorney, Robert J. Humm, Esq. at rhumm@keeganwerlin.com. **Please note that in the interest of transparency any comments will be posted to our website as received and without redacting personal information, such as addresses, telephone numbers, or email addresses. As such, consider the extent of information you wish to share when submitting comments.** The Department strongly encourages public comments to be submitted by email. If, however, a member of the public is unable to send written comments by email, a paper copy may be sent to Mark D. Marini, Secretary, Department of Public Utilities, One South Station, Boston, Massachusetts, 02110.

All documents should be submitted to the Department in **.pdf format** by e-mail attachment to dpu.efiling@mass.gov, and to the Hearing Officer and Company's attorneys at the above email addresses. The text of the e-mail must specify: (1) the docket number of the proceeding (D.P.U. 23-150); (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 through our online File Room as soon as practicable (enter "23-150") at: <https://eeaonline.eea.state.ma.us/DPU/Fileroom/dockets/bynumber>.

For further information regarding the Company's filing, please contact the Company's attorney, identified above. For further information regarding this Notice, please contact Marc J. Tassone, Hearing Officer, Department of Public Utilities, at marc.tassone@mass.gov or visit: <https://www.mass.gov/info-details/dpu-23-150-national-grid-electric-base-distribution-rate-case>.