



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

SECOND NOTICE OF FILING AND PUBLIC HEARINGS

D.P.U. 17-05

June 23, 2017

Petition of NSTAR Electric Company and Western Massachusetts Electric Company, each doing business as Eversource Energy, pursuant to G.L. c. 164, § 94 and 220 C.M.R. § 5.00 et seq., for Approval of General Increases in Base Distribution Rates for Electric Service and a Performance Based Ratemaking Mechanism.

On January 17, 2017, NSTAR Electric Company ("NSTAR Electric") and Western Massachusetts Electric Company ("WMECo") (referred to collectively as "Companies"), each doing business as Eversource Energy, filed a petition with the Department of Public Utilities ("Department") seeking approval of increases in base distribution rates for electric service pursuant to G.L. c. 164, § 94, as well as other proposals. NSTAR Electric proposed to increase its rates to generate \$60.2 million in additional revenues, an approximate 7.0 percent increase over current total operating revenues. WMECo proposed to increase its rates to generate \$35.7 million in additional revenues, an approximate 27 percent increase over current operating revenues. The Companies request that any new rates approved in this proceeding be implemented in two phases, with the first phase to take effect on January 1, 2018 and the second phase to take effect on January 1, 2019. The Department docketed this matter as D.P.U. 17-05, and has suspended the effective date of the proposed rate increases to investigate the propriety of the Companies' request.

On June 1, 2017, the Companies filed a revised rate design proposal that shifts revenues between NSTAR Electric and WMECo as compared to their original proposal and, as described further below, has the potential to change customer bill impacts. As part of the June 1, 2017 revised rate design proposal, the Companies maintain that they are not seeking a change to the total proposed revenue requirement or the total requested revenue increase.

Key differences between the Companies' January 17, 2017 initial filing and the June 1, 2017 revised filing include proposals to: (1) consolidate the revenue requirements of NSTAR Electric and WMECo for rates effective January 1, 2018 and January 1, 2019; (2) maintain existing rate classes, using legacy cost allocation studies, for rates effective January 1, 2018; (3) consolidate rate classes and rates for NSTAR Electric's and WMECo's residential customers effective January 1, 2019 (4) retain rate class WR in 2019; and (5) modify the proposed transmission revenue allocation and rate design, the low-income

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discount, and certain components of the monthly minimum reliability contribution rate. The Companies' initial petition includes a number of additional proposals, including rate design proposals, which are not affected by the June 1, 2017 revised filing. Interested persons should refer to the Notice of Filing and Public Hearing issued on January 30, 2017 for a description of these additional proposals.

If the rate request is approved as proposed in the June 1, 2017 revised filing, the Companies state that customers can expect the following bill impacts:

NSTAR Electric – Phase I (January 1, 2018):

Residential Non-Heating Customers:

- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 525 kilowatt-hours ("kWh") of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$9.08 (7.9 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$10.29 (9.0 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 343 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill increase of \$5.05 (6.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$2.06 (2.6 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 557 kWh of electricity of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill increase of \$6.54 (5.2 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$5.11 (4.1 percent).**

Residential Non-Heating Low-Income Customers:

- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 438 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$2.87 (4.5 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$2.19 (3.4 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 348 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$0.09 (0.2 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$6.65 (12.3 percent).**

- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 502 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$3.26 (4.1 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$10.59 percent (13.4 percent).**

Residential Heating Customers:

- Under the Companies' initial rate design proposal, a typical residential heating customer using 817 kWh of electricity per month during the winter season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$12.62 (7.6 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$13.93 (8.3 percent).**
- Under the Companies' initial rate design proposal, a typical residential heating customer using 590 kWh of electricity per month during the summer season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$5.07 (4.0 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$11.10 (8.8 percent).**
- Under the Companies' initial rate design proposal, a typical residential heating customer using 538 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$4.93 (3.9 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$1.44 (1.1 percent).**
- Under the Companies' initial rate design proposal, a typical residential heating customer using 716 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill increase of \$9.81 (6.6 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$7.52 (5.0 percent).**

Residential Low-Income Heating Customers:

- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 889 kWh of electricity per month during the winter season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$2.57 (2.1 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$7.06 (5.9 percent).**

- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 548 kWh of electricity per month during the summer season in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.21 (1.5 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$4.29 (5.4 percent).**
- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 547 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$9.52 (10.9 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$12.02 (13.8 percent).**
- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 894 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$8.01 (6.1 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$20.80 (15.7 percent).**

Commercial and Industrial Customers:

- Under the Companies' initial rate design proposal, commercial and industrial customers in NSTAR Electric's service area can expect annual bill impacts ranging from a decrease of 3.5 percent to an increase of 14.5 percent, on average, depending on the amount of their usage. **Instead, under the revised rate design proposal, commercial and industrial bill impacts will change and will vary significantly based on customer class and the amount of usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.**

NSTAR Electric – Phase II (January 1, 2019):

Residential Non-Heating Customers:

- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 525 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.74 (1.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill decrease of \$1.29 (1.0 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 343 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$1.14 (1.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$2.93 (3.6 percent).**

- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 557 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$1.84 (1.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$1.34 (1.0 percent).**

Residential Non-Heating Low-Income Customers:

- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 438 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$0.25 (0.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$0.05 (0.1 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 348 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$0.19 (0.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$2.50 (5.3 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 502 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill decrease of \$0.28 (0.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$1.62 (2.4 percent).**

Residential Heating Customers:

- Under the Companies' initial rate design proposal, a typical residential heating customer using 742 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.29 (0.8 percent). **Instead, under the revised rate design proposal, a typical residential heating customer using 817 kWh of electricity per month during the winter season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$0.72 (0.4 percent), and a typical residential heating customer using 590 kWh of electricity per month during the summer season in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$4.56 (3.3 percent).**
- Under the Companies' initial rate design proposal, a typical residential heating customer using 538 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill decrease of \$0.94 (0.8 percent). **Instead, under the Companies' revised rate design proposal, that same customer can expect a monthly bill decrease of \$5.04 (4.0 percent).**

- Under the Companies' initial rate design proposal, a typical residential heating customer using 716 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a bill decrease of \$1.24 (0.8 percent). **Instead, under the Companies' revised rate design proposal, that same customer can expect a monthly bill increase of \$4.07 (2.6 percent).**

Residential Low-Income Heating Customers:

- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 778 kWh of electricity per month in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$0.42 (0.4 percent). **Under the revised rate design proposal, a typical residential heating customer using 889 kWh of electricity per month during the winter season in NSTAR Electric's Greater Boston service area can expect a monthly bill increase of \$2.15 (1.9 percent). Instead, under the revised rate design proposal, a typical residential hearing customer using 548 kWh of electricity per month during the summer season in NSTAR Electric's Greater Boston service area can expect a monthly bill decrease of \$1.70 (2.3 percent).**
- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 547 kWh of electricity per month in NSTAR Electric's Cambridge service area can expect a monthly bill increase of \$0.29 (0.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill decrease of \$2.26 (3.0 percent).**
- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 894 kWh of electricity per month in NSTAR Electric's South Shore, Cape Cod and Martha's Vineyard service areas can expect a monthly bill increase of \$0.48 (0.4 percent). **Instead, under the revised rate design proposal, that same customer can expect a bill increase of \$5.23 (4.7 percent).**

Commercial and Industrial Customers:

- Under the Companies' initial rate design proposal, commercial and industrial customers in NSTAR Electric's service area can expect annual bill impacts ranging from a decrease of 53 percent to an increase of 50 percent, on average, depending on the amount of their usage. **Instead, under the revised rate design proposal, commercial and industrial bill impacts will change and will vary significantly based on customer class and the amount of usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.**

WMECo – Phase I (January 1, 2018):

- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 543 kWh of electricity per month can expect a monthly bill increase of \$11.51 (10.1 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$9.78 (8.6 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 572 kWh of electricity per month can expect a monthly bill increase of \$3.34 (4.5 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$2.18 (3.0 percent).**
- Under the Companies' initial rate design proposal, a typical residential heating customer using 790 kWh of electricity per month can expect a monthly bill increase of \$16.41 (10.5 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$17.89 (11.4 percent).**
- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 981 kWh of electricity per month can expect a monthly bill increase of \$5.73 (4.8 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$6.90 (5.8 percent).**
- Under the Companies' initial rate design proposal, commercial and industrial customers can expect annual monthly bill increases ranging from 0.6 percent to 18.3 percent, on average, depending on the amount of their usage. **Instead, under the revised rate design proposal, commercial and industrial bill impacts will change and will vary significantly based on customer class and the amount of usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.**

WMECo – Phase II (January 1, 2019):

- Under the Companies' initial rate design proposal, a typical residential non-heating customer using 543 kWh of electricity per month can expect a monthly bill decrease of \$0.07 (0.1 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$1.54 (1.2 percent).**
- Under the Companies' initial rate design proposal, a typical residential non-heating low-income customer using 572 kWh of electricity per month can expect a monthly bill increase of \$1.16 (1.5 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill increase of \$0.92 (1.2 percent).**

- Under the Companies' initial rate design proposal, a typical residential heating customer using 790 kWh of electricity per month can expect a monthly bill increase of \$1.41 (0.8 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill decrease of \$3.54 (2.0 percent).**
- Under the Companies' initial rate design proposal, a typical residential low-income heating customer using 981 kWh of electricity per month can expect a monthly bill increase of \$3.15 (2.5 percent). **Instead, under the revised rate design proposal, that same customer can expect a monthly bill decrease of \$2.85 (2.3 percent).**
- Under the Companies' initial rate design proposal, commercial and industrial customers can expect annual bill impacts ranging from a decrease of 12.7 percent to an increase of 15 percent, on average, depending on the amount of their usage. **Instead, under the revised rate design proposal, commercial and industrial bill impacts will change and will vary significantly based on customer class and the amount of usage. Commercial and industrial customers should contact the Companies, as indicated below, for specific bill impacts.**

The Department has scheduled the following additional public hearings to receive comment on the Companies' revised rate design proposal:

**July 26, 2017 at 7:00 p.m.
Department of Public Utilities
5th Floor Hearing Room A
One South Station
Boston, Massachusetts 02110**

**August 1, 2017 at 6:00 p.m.
Berkshire Community College
Boland Theatre (Koussevitzky Building)
1350 West Street
Pittsfield, Massachusetts 01201**

**August 2, 2017 at 7:00 p.m.
Cape Cod Community College
Tilden Arts Center
Main Theater
2240 Iyannough Road
West Barnstable, MA 02668**

Persons interested in commenting on the Companies' June 1, 2017, revised rate design proposal may appear at any of the public hearings or may file written comments by the close of business (5:00 p.m.) on **August 31, 2017.**

Any person who desires to participate in the evidentiary phase of this proceeding regarding the June 1, 2017, revised rate design proposal must file a written petition for leave to intervene or to participate in the proceeding no later than the close of business (5:00 p.m.) on **July 10, 2017**. A petition filed late may be disallowed as untimely, unless good cause is shown for waiver under 220 C.M.R. § 1.01(4). To be allowed, a petition under 220 C.M.R. § 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10.

Written comments and petitions for leave to intervene or to participate should be addressed to: Mark D. Marini, Secretary, Department of Public Utilities, One South Station, 5th Floor, Boston, Massachusetts 02110. Receipt by the Department, not mailing, constitutes filing.

In addition to the above filing requirement, one (1) copy of all materials filed with the Department should be sent to each of the following: (1) Marc J. Tassone, Hearing Officer, Department of Public Utilities, One South Station, 5th Floor, Boston, Massachusetts 02110; (2) Cheryl M. Kimball, Keegan Werlin LLP, 265 Franklin Street, Boston, Massachusetts 02110 (counsel for the Companies); and (3) Joseph W. Rogers, Assistant Attorney General, Office of Ratepayer Advocacy, One Ashburton Place, Boston, Massachusetts 02108.

Further, in addition to paper filings with the Department, all documents also must be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dpu.efiling@state.ma.us and the Hearing Officer, Marc.Tassone@state.ma.us; or (2) on a CD-ROM. The text of the e-mail or CD-ROM must specify: (1) the docket number of the proceeding (D.P.U. 17-05); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. The electronic filing should also include the name, title, and telephone number of a person to contact in the event of questions about the filing. Documents filed with the Department will be available for public inspection at its offices during business hours and through its website by looking up the docket by its number in the docket database at: <http://web1.env.state.ma.us/DPU/FileRoom/dockets/bynumber> (insert 17-05).

A copy of the Companies' revised rate design proposal is available for inspection during regular business hours at the following locations: (1) the Companies' offices, 247 Station Avenue, Westwood, Massachusetts 02090; (2) the Morse Institute Library, 14 E. Central St, Natick, Massachusetts 01760; (3) the Boston Public Library, 700 Boylston Street, Boston, Massachusetts 02116; (4) the Cambridge Public Library, 449 Broadway, Cambridge, Massachusetts 02138; (5) the Sturgis Library, 3090 Main Street, Barnstable, Massachusetts 02630; (6) the New Bedford Free Public Library, 613 Pleasant Street, New Bedford, Massachusetts 02740; (7) the Plymouth Public Library, 132 South Street, Plymouth, Massachusetts 02360; (8) the Berkshire Athenaeum, 1 Wendell Avenue, Pittsfield, Massachusetts 01201; (9) the Springfield City Library, 220 State Street, Springfield, Massachusetts 01103; (10) the Vineyard Haven Public Library, 200 Main St, Vineyard Haven, Massachusetts 02568; (11) the Greenfield Public Library, 402 Main Street, Greenfield, Massachusetts 01301; and (12) the Department's offices, One South Station,

5th Floor, Boston, Massachusetts 02110. In addition, the revised rate design proposal is also available on the Department's website at <http://web1.env.state.ma.us/DPU/FileRoom/dockets/bynumber> (enter "17-05").

Reasonable accommodations at public or evidentiary hearings for people with disabilities or relevant materials in accessible formats (braille, large print, electronic files, audio format) are available upon request. Contact Theresa Kelly at Theresa.Kelly@state.ma.us or (617) 305 3642 to make such request. Include a description of the accommodation you will need, including as much detail as you can. Also include a way the Department can contact you if we need more information. Please provide as much advance notice as possible. Last minute requests will be accepted, but may not be able to be accommodated.

Any person desiring further information regarding the Companies' revised rate design proposal should contact the Companies' counsel, Cheryl M. Kimball, Esq. at (617) 951-1400. Any person desiring further information regarding this notice should contact Marc J. Tassone, Hearing Officer, Department of Public Utilities, at (617) 305-3500.