



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 20-58-C

September 3, 2020

Inquiry of the Department of Public Utilities into Establishing Policies and Practices for Electric and Gas Companies Regarding Customer Assistance and Ratemaking Measures in Connection to the State of Emergency Regarding the Novel Coronavirus (COVID-19) Pandemic.

ORDER ON SMALL COMMERCIAL ARREARAGE FORGIVENESS PROGRAM

I. SUMMARY

The Department of Public Utilities (“Department”) approves the pro forma 2020 small commercial arrearage forgiveness program (“AFP”) proposed by the jurisdictional electric and gas companies as part of the Customer Assistance and Ratemaking Working Group (“Working Group”)¹ in their filing on August 12, 2020. As discussed below, the Department finds that the AFP is consistent with the public interest, and the Department directs the Distribution Companies to make individual filings for approval consistent with the AFP.

II. INTRODUCTION

On May 11, 2020, the Department opened this inquiry into establishing policies and practices regarding customer assistance and ratemaking measures for jurisdictional electric and gas companies in response to the effects of the novel coronavirus (“COVID-19”) pandemic. Policies and Practices for Electric and Gas Companies Regarding Customer Assistance and Ratemaking Measures in Connection to the State of Emergency Regarding the Novel Coronavirus (“COVID-19”) Pandemic, D.P.U. 20-58 (May 11, 2020) (“NOI”). The Department established the Working Group to assist the Department in establishing appropriate policies and

¹ The Working Group is comprised of the following members: (1) Fitchburg Gas and Electric Light Company d/b/a Unitil; Massachusetts Electric Company and Nantucket Electric Company, Boston Gas Company and Colonial Gas Company, each d/b/a National Grid; NSTAR Gas Company and NSTAR Electric Company, each d/b/a Eversource Energy; Bay State Gas Company d/b/a Columbia Gas of Massachusetts; Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities; The Berkshire Gas Company; and Blackstone Gas Company (together “Distribution Companies”); (2) the Office of the Attorney General (“Attorney General”); (3) the Department of Energy Resources (“DOER”); (4) the National Consumer Law Center (“NCLC”); (5) the Low-Income Energy Affordability Network (“LEAN”); and (6) the Associated Industries of Massachusetts (“AIM”). Appendix A lists the Working Group representative for each member.

practices. NOI at 4. On June 26, 2020, the Department adopted and approved the Customer Outreach Plan proposed by the Working Group. D.P.U. 20-58-A (June 26, 2020). On July 31, 2020, the Department adopted and approved the Customer Assistance Plan of the Working Group. D.P.U. 20-58-B (July 31, 2020).² The Customer Assistance Plan provides for (a) extended payment plans for residential and small commercial and industrial (“C&I”) customers, (b) informational communications to customers, (c) waiver of late fees for small C&I customers, and (d) extended arrearage management plans for low-income residential customers. D.P.U. 20-58-B at 4-10.

In addition to submitting the Customer Assistance Plan, the Distribution Companies previewed the AFP, outlining the program and stating that they were engaging in further discussions and intended to seek Department approval. D.P.U. 20-58-B at 11. On August 12, 2020, the Distribution Companies filed the AFP as a pro forma document, stating that some elements of the plan would require company-specific provisions because of billing system constraints or unique service territory demographics (August 12, 2020 Cover Letter at 1). The filing consists of a cover letter and the AFP. The Distribution Companies represent that the Attorney General, DOER, and NCLC do not oppose the AFP (August 12, 2020 Cover Letter at 1).

² For a more complete history of this docket, please refer to the Orders D.P.U. 20-58, D.P.U. 20-58-A, and D.P.U. 20-58-B.

III. DESCRIPTION OF THE 2020 SMALL COMMERCIAL ARREARAGE FORGIVENESS PROGRAM

A. Overview

The AFP is intended to encourage small commercial customers to enroll in and successfully complete a payment plan with a duration of up to twelve months (August 12, 2020 Cover Letter at 1; AFP, § A(1)). The goal of the AFP is to enhance assistance through economic relief that would reduce the accrued arrearage of a company's small commercial customers that have gone into arrears or increased arrears during the current state of emergency (AFP, § A(2)). The AFP would be available for eligible customers commencing from the date that the AFP is approved by the Department ("Effective Date") through December 31, 2020 (AFP at 1). For The Berkshire Gas Company ("Berkshire"), the end date for availability would be through March 31, 2021 (AFP at 1, n.3). A company may seek Department approval for an extension of its AFP (AFP at 1).

B. Eligibility

To be eligible for the Small Commercial AFP, a small commercial customer must meet the following conditions:

- have an active small commercial electric account in its name with the company billed under rate class (to be specified by each company); and/or
- have an active small commercial gas account in its name with the company billed under rate class (to be specified by each company); and
- have indicated a need for assistance to pay bills that have accrued or increased during the COVID-19 pandemic and have arrears greater than 30 days' past due; and
- have agreed to be placed on a company payment plan for up to twelve months.

(AFP, § B).

A small commercial customer enrolled and current with payments in a deferred payment plan as of the Effective Date is also eligible for the forgiveness credits (AFP, §§ B, C). Excluded from eligibility are electric and gas customers billed under a small commercial rate class that have account executives assigned by the company or are part of a national account (AFP, § B n.4, n.5).

The Distribution Companies also identify two additional eligibility situations. First, Berkshire has a unique commercial customer base that includes a significant number of businesses that serve the tourist industry and are classified by Berkshire as medium commercial customers for rate design purposes (August 12, 2020 Cover Letter at 2). The Distribution Companies assert that these customers have experienced economic impacts from the COVID-19 pandemic similar to those experienced by Berkshire's small commercial customers (August 12, 2020 Cover Letter at 2). Therefore, Berkshire proposes that its medium commercial customers should also be eligible for the AFP (August 12, 2020 Cover Letter at 2).³ Second, the Distribution Companies state that the ability to offer the AFP to gas customers served by a third-party supplier may vary by company (August 12, 2020 Cover Letter at 2). According to the Distribution Companies, offering the AFP in this circumstance would depend on whether the gas company is able to apply bill credits solely to the distribution portion of a customer's account (August 12, 2020 Cover Letter at 2). As an example, Boston Gas Company and Colonial Gas Company, each d/b/a National Grid ("National Grid"), state that they would exclude from participation in the AFP a limited group of small commercial gas customers, *i.e.*, transportation

³ Berkshire would define its medium commercial customers by rate in its compliance AFP filing (August 12, 2020 Cover Letter at 2).

customers that are single-billed (August 12, 2020 Cover Letter at 2 n.3). National Grid explains that in the absence of a purchase of receivables program for gas companies,⁴ where National Grid bills for third-party suppliers (single billing), those suppliers would not receive payment for billings to gas customers until National Grid's arrears are covered by the customers' payments (August 12, 2020 Cover Letter at 2 n.3). To avoid negatively impacting the suppliers, National Grid does not offer payment arrangements to gas transportation customers that are single-billed (August 12, 2020 Cover Letter at 2 n.3).

No down payment is required for enrollment in the AFP (AFP, § B). The first monthly payment plan amount will be due not more than 30 days from the start date of the payment plan (AFP, § B). Once a customer is enrolled in the AFP, the company will not assess any late payment charges and service will be protected from disconnection provided that the customer makes required monthly payments (AFP, § B).

C. Arrearage Forgiveness Credits

With the objectives of enrollment and successful completion, the AFP program provides for two arrearage forgiveness credits (August 12, 2020 Cover Letter at 1, 2). An eligible customer receives the credits only once (AFP, § C). Eligible customers would receive the following credits as bill credits:

- (1) Credit equal to the customer's April 2020 bill for the amounts of the customer's usage, excluding taxes and fees, regardless of whether the customer has paid its April 2020 bill. This first credit is applied upon the customer's completion of the first required payment in the associated payment plan.

⁴ By statute, electric companies provide a purchase of receivables program for electric suppliers that choose "complete billing" by the electric company (same as single-billing); the statute does not extend to gas companies. G.L. c. 164, § 1D.

- (2) Credit equal to the customer's May 2020 bill for the amounts of the customer's usage, excluding taxes and fees, regardless of whether the customer has paid its May 2020 bill. This second credit is applied upon the customer's payment of the last required payment in the associated payment plan.

(AFP, § C).

D. Other Provisions

A customer that fails to make a payment pursuant to the AFP may lose eligibility for the AFP based on the company's determination of a breach of the AFP (AFP, § D). Reinstatement of a breaching customer in the AFP or enrollment in a company's payment plan will depend on the capability of each company's billing system (AFP, § D). Eversource (NSTAR Electric Company and NSTAR Gas Company) states that it cannot reinstate customers to the AFP under its billing system (AFP at 3, comment insert). The Distribution Companies may use various tools to promote the AFP, including email, updating interactive voice response ("IVR") messaging, a company's website, and/or targeted outreach to customers that communicate with the company through in-bound calls (AFP, § E).

Each company will submit a quarterly report to the Department with the following AFP data: (1) number of customers enrolled; (2) number of new customers enrolled; (3) total dollar amount of forgiveness; and (4) number of customers who successfully completed the AFP (AFP, § I). A company will redact specific customer names from publicly available documents (AFP, § G). In this filing, the Distribution Companies do not seek any recovery of costs associated with the AFP (AFP, § H). In this docket, the Distribution Companies made a separate

ratemaking proposal filing on August 2, 2020 that includes, among other proposals, recovery of costs associated with small commercial arrearage forgiveness (Ratemaking Proposal, § III.B).⁵

IV. ANALYSIS AND FINDINGS

As with the previous filings by the Working Group and the Distribution Companies, the Department recognizes the hard work, commitment of resources, and collaborative efforts of the Working Group in response to the Department's request for their proposals in consideration of the effects of the COVID-19 pandemic. The Distribution Companies have identified an appropriate customer group for the AFP, as small businesses across the country are at great risk from the results from the COVID-19 pandemic. Small businesses face substantial loss of revenue and/or permanent closure, and employees of small businesses risk unemployment.⁶ The targeted financial assistance available through the AFP should provide eligible customers with a measure of benefits.

The Department finds that the dual objectives of the AFP to enroll customers and encourage successful completion are appropriate and that the conditions and eligibility

⁵ In opening this inquiry, the Department invited the Working Group to consider ratemaking measures for the Distribution Companies associated with the Working Group's customer assistance recommendations and the specific financial effects of the COVID-19 pandemic on the Distribution Companies. NOI at 9. The Distribution Companies' ratemaking proposal is under consideration by the Department.

⁶ "The Impact of COVID-19 On Small Business," National Main Street Center, available at https://higherlogicdownload.s3.amazonaws.com/NMSC/390e0055-2395-4d3b-af60-81b53974430d/UploadedImages/Resource_Center/COVID_19/NMSC57_MSA_COVID_19IMAPCTSURVEY_F.pdf; "The Impact of COVID-19 On Small Business Owners: Evidence of Early-Stage Losses From the April 2020 Current Population Survey," National Bureau of Economic Research (June 2020), available at <https://www.nber.org/papers/w27309.pdf>.

provisions are reasonable. Moreover, while the distinct eligibility situations identified for both Berkshire and National Grid appear reasonable, the Department will review any differences from the AFP in the company-specific compliance filings. Consistent with the objectives of the AFP, we find that the arrearage forgiveness credits are appropriately designed and reasonable. Similar to our conditional finding above, while the credit variance from the AFP identified for Berkshire appears reasonable, the Department will review this variance in the company-specific compliance filing. Further, the Department finds that the term of the AFP is reasonable. Consistent with the Distribution Companies' filing, the Department will allow the opportunity for comment by the Working Group for any requested extension by a company.

The removal and reinstatement provisions of the AFP are reasonable for this type of program that requires participation in a payment plan. In its compliance filing, Eversource shall explain the limitation of its billing system that restricts reinstatement. The Department finds that the customer outreach provision of the AFP, which offers a wide range of communications possibilities, is reasonable. The Department encourages the Distribution Companies to make best efforts to promote the AFP with strategies designed to reach small commercial customers most in need of financial assistance. Further, the Department endorses Berkshire's targeted mailing strategy. Finally, while the Department finds that the reporting provision of the AFP is reasonable, the Department may modify future reporting requirements as necessary in order to best assess the AFP.

Based on our review of the AFP and our findings above, the Department approves the Distribution Companies' proposed AFP. Within 14 days of the date of this Order, each Distribution Company shall file with the Department for approval of its specific AFP. A

Distribution Company must identify and provide support for any substantial variation from the AFP approved herein.

V. DOCUMENT SUBMISSION AND AVAILABILITY

All documents must be submitted to the Department in **pdf format** by email attachment to Peter.Ray@mass.gov and Rachel.Cottle@mass.gov. The text of the email must specify the following: (1) the docket number of the proceeding (D.P.U. 20-58); (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 as soon as practicable at <http://www.mass.gov/dpu>. The submitting party must also retain a paper copy of the documents and file the paper copy when the Department requests its submission. To the extent a person or entity wishes to submit comments in accordance with this Notice, electronic submission, as detailed above, is sufficient. To request materials in accessible formats (Braille, large print, electronic files, audio format) for people with disabilities, contact the Department's ADA coordinator at DPUADACoordinator@state.ma.us.

All documents and/or filings submitted to the Department and/or issued by the Department will be available on the Department's website as soon as is practicable at [https://eeaonline.eea.state.ma.us/DPU/Flerom/dockets/bynumber \(insert "20-58"\)](https://eeaonline.eea.state.ma.us/DPU/Flerom/dockets/bynumber (insert). A paper copy of such documents will not be available for public viewing at the Department due to the state of emergency. For further information regarding this notice, please contact Rachel Cottle, Hearing Officer, Department of Public Utilities, at Rachel.Cottle@mass.gov.

VI. ORDER

Accordingly, after review and due consideration, it is

ORDERED: That the pro forma small commercial arrearage forgiveness program filed with the Department on August 12, 2020, by the gas and electric companies subject to the jurisdiction of the Department under G.L. c. 164, as listed on Appendix B, is hereby

APPROVED; and it is

FURTHER ORDERED: That each gas and electric company subject to the jurisdiction of the Department under G.L. c. 164, as listed on Appendix B, shall make a compliance filing with the Department within 14 days of the date of this Order consistent with the directives herein; and it is

FURTHER ORDERED: That each gas and electric company subject to the jurisdiction of the Department under G.L. c. 164 shall comply with the directives contained in this Order; and it is

APPENDIX A

CUSTOMER ASSISTANCE AND RATEMAKING WORKING GROUP

Electric Companies

Gas Companies

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APPENDIX B

**ELECTRIC AND GAS COMPANIES SUBJECT TO
THE DEPARTMENT'S JURISDICTION**

Electric Companies

Fitchburg Gas and Electric Light Company d/b/a Unitil

Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid

NSTAR Electric Company d/b/a Eversource Energy

Gas Companies

Bay State Gas Company d/b/a Columbia Gas of Massachusetts

The Berkshire Gas Company

Blackstone Gas Company

Boston Gas Company d/b/a National Grid

Fitchburg Gas and Electric Light Company d/b/a Unitil

Liberty Utilities (New England Natural Gas Company) Corp. d/b/a Liberty Utilities

NSTAR Gas Company