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*Via Electronic Mail*

August 20, 2021

Mark D. Marini, Secretary  
Department of Public Utilities  
One South Station, 5th Floor  
Boston, MA 02110  
dpu.efiling@mass.gov

**Re: D.P.U. 21-POR-01: Petition of Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid pursuant to the Company's Tariffs M.D.P.U. Nos. 1420 and 1421, § 8B, for review and approval by the Department of Public Utilities of the Company's Standard Complete Billing Percentages for effect May 1, 2021, under the Company's Purchase of Receivables Program.**

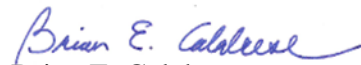
Dear Mr. Marini:

Attached please find the Comments of Retail Energy Supply Association in connection with the above-referenced proceeding.

In accordance with the Department of Public Utilities' instructions, the attached filing is only being submitted electronically at this time.

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



Brian E. Calabrese

Attachment

Copy to: Henry Kahn, Hearing Officer  
Andrew W. Strumfels, Hearing Officer

**COMMONWEALTH OF MASSACHUSETTS**  
**DEPARTMENT OF PUBLIC UTILITIES**

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PETITION OF MASSACHUSETTS ELECTRIC :  
COMPANY AND NANTUCKET ELECTRIC :  
COMPANY EACH D/B/A NATIONAL GRID :  
PURSUANT TO THE COMPANY’S TARIFFS : D.P.U. 21-POR-01  
M.D.P.U. NOS. 1420 AND 1421, § 8B, FOR :  
REVIEW AND APPROVAL BY THE :  
DEPARTMENT OF PUBLIC UTILITIES OF :  
THE COMPANY'S STANDARD COMPLETE :  
BILLING PERCENTAGES FOR EFFECT MAY :  
1, 2021, UNDER THE COMPANY’S :  
PURCHASE OF RECEIVABLES PROGRAM :

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**COMMENTS OF RETAIL ENERGY SUPPLY ASSOCIATION**

The Retail Energy Supply Association (“RESA”)<sup>1</sup> hereby files its comments in response to the Hearing Officer’s August 9, 2021 Memorandum<sup>2</sup> in the above-captioned proceeding.

**BACKGROUND**

On March 10, 2020, Governor Baker issued a state of emergency related to the novel coronavirus (“COVID-19”) for the entire Commonwealth (“State of Emergency”).<sup>3</sup>

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<sup>1</sup> The comments expressed in this filing represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

<sup>2</sup> Memorandum re D.P.U. 21-POR-01: Request for Comments (Aug. 9, 2021) (“Memorandum”).

<sup>3</sup> Declaration of a State of Emergency to Respond to COVID-19, <https://www.mass.gov/news/declaration-of-a-state-of-emergency-to-respond-to-covid-19> (Mar. 10, 2020) (last visited Aug. 19, 2021). The State of Emergency was terminated effective June 15, 2021. *See* Order Announcing the Termination of the March 10, 2020 State of Emergency and Rescinding COVID-19 Executive Orders Issued Pursuant to the Massachusetts Civil Defense Act, COVID-19 Order No. 69 (May 28, 2021), *available at* <https://www.mass.gov/doc/covid-19-order-69/download> (last visited Aug. 19, 2021).

On March 24, 2020, the Department of Public Utilities (the “Department”) issued an Order prohibiting investor-owned gas, electric, and water distribution companies from shutting off utility service, or threatening to shut off utility service, to any customers for nonpayment of bills until the State of Emergency was lifted or further communication was provided by the Department (the “Shut-Off Moratorium”).<sup>4</sup>

On March 15, 2021, Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid (together, the “Distribution Company”) filed a calculation of purchase of receivables (“POR”) discount rates (“Standard Complete Billing Percentages” or “SCBPs”) by customer class.<sup>5</sup> In its filing, because of the effect that the Shut-Off Moratorium had on the SCBP calculations, the Distribution Company, although it calculated its SCBPs using the approach in its tariffs, stated that it “would consider an alternative approach to setting the SBCP [sic] if the Department determine[d] that the unique circumstances presented by the Covid-19 Pandemic warrant[ed] an alternate approach.”<sup>6</sup>

On April 30, 2021, the Department issued an order (the “Order”) in the instant proceeding.<sup>7</sup> In the Order, the Department observed that the COVID-19 pandemic has caused, among other things, significant economic disruption affecting the financial position of (among others) electric distribution companies (“EDCs”), with shifts in demand and usage, increased operational burdens, collections shortfalls, and voluntary

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<sup>4</sup> See Chairman’s First Set of Orders under G.L. c.25, § 4B (Mar. 24, 2020). The Shut-Off Moratorium ended on June 30, 2021. See Ratification of the Chairman’s Eighth Set of Orders under G.L. c.25, § 4B (Apr. 6, 2021).

<sup>5</sup> Massachusetts Electric Company and Nantucket Electric Company each d/b/a National Grid 2021 Purchase of Receivables Filing (Mar. 15, 2021) (“Initial Filing”).

<sup>6</sup> *Id.* at 2.

<sup>7</sup> See Order.

and mandatory moratoriums on disconnections.<sup>8</sup> Recognizing that the financial position of the EDCs would not be representative of a normal test year and that the COVID-19 pandemic and the Shut-Off Moratorium created unique circumstances, the Department concluded that it was appropriate to keep the Distribution Company’s then-effective SCBPs in place (subject to investigation and reconciliation).<sup>9</sup>

On August 6, 2021, the Distribution Company submitted a letter explaining how it proposed to approach its March 2022 POR filing in light of the ongoing effects of the COVID-19 pandemic and measures taken to respond to it.<sup>10</sup> The basic elements of the Distribution Company’s proposal are to: (1) keep in place the SCBPs at 2020 levels as approved by the Department in this proceeding; (2) continue its review of the calculations of its 2020 past period reconciliation percentage (“PPRP”) and the uncollectible percentage (“UP”), which are components of the SCBPs; and (3) address the 2020 PPRP and UP, as well as make any recommendations for any associated changes to the SCBPs, in its March 2022 POR filing (the “Proposal”).<sup>11</sup>

Through the Memorandum, the Hearing Officer invited RESA to respond to the Proposal.<sup>12</sup> RESA now files its comments in response to the Proposal.

## COMMENTS

RESA appreciates the opportunity to comment on this important matter and commends the Department and the Distribution Company on their proactive

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<sup>8</sup> See Order, at 5.

<sup>9</sup> See *id.* at 5-6.

<sup>10</sup> Distribution Company Correspondence (Aug. 6, 2021) (“Distribution Company Correspondence”).

<sup>11</sup> See Memorandum, at 1 (summarizing the Distribution Company Correspondence); *see also* Distribution Company Correspondence, at [2].

<sup>12</sup> See Memorandum, at 1; *see also* Granted Motion for Extension of Time (Aug. 11, 2021) (extending the deadline for filing comments).

consideration of POR discount rates. RESA supports efforts to address the effects of the COVID-19 pandemic (and measures taken to respond to it) in setting the SCBPs. As discussed further below, RESA requests that the Department require the Distribution Company to make its standard POR filing in March 2022 and, after having an opportunity to review that filing, make a determination as to whether any change in SCBPs is warranted at that time.

As the Distribution Company noted in its Initial Filing, the Shut-Off Moratorium led to reduced uncollectibles expense as compared to prior years because the Distribution Company had not been shutting-off service to residential customers, who otherwise would have been disconnected, or incurring associated bad debt (i.e., uncollectibles) expense.<sup>13</sup> Under the established approach to setting POR discount rates, this reduced uncollectibles expense would have produced lower SCBPs for the residential customer class than otherwise would have been expected.<sup>14</sup> To mitigate the effects of the COVID-19 pandemic on SCBPs, the Distribution Company expressed a willingness to consider, and the Department approved, an alternative approach to setting POR discount rates—continuing to use the SCBPs approved in Docket D.P.U. 20-POR-01, subject to future reconciliation.<sup>15</sup>

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<sup>13</sup> See Initial Filing, at 2 (“Due to the Department’s moratorium on termination of utility service . . . the Company has not terminated service to electric residential customers. Therefore, the Company has not charged off customer accounts receivable to the same extent that it has in prior years, since it is not charging off active accounts as a result of nonpayment.”).

<sup>14</sup> See *id.* at 2; see also Distribution Company Correspondence, at 1 (“As a result of the significant decline in the Company’s net charge-offs in 2020, and because the UPs in effect during 2020 were based on 2019 net charge offs unaffected by the Covid-19 Pandemic moratorium, the tariff calculation produced a significant decline in the SCBPs for 2021.”); Order, at 3.

<sup>15</sup> See Distribution Company Correspondence, at [2]; Order, at 5-6.

Because service terminations only resumed last month, in March 2022, the Distribution Company still “will not have had the benefit of a normal twelve months of uncollectibles data” after the resumption of service terminations.<sup>16</sup> Thus, the Distribution Company is proposing to assess whether or not it will recommend making changes to its SCBPs in its March 2022 POR filing or to wait until a later date.<sup>17</sup>

RESA supports this approach. Although, in March 2022, when the next POR filing is due,<sup>18</sup> the Distribution Company may still not know the full extent of the impact the Shut-Off Moratorium and other measures taken to address the effects of the COVID-19 pandemic have had on its uncollectible expense, that information could still provide valuable insights. For instance, the data will indicate uncollectible expense trends, such as whether, with the end of the Shut-Off Moratorium, uncollectibles expense is increasing or not. This information would allow the Department, the EDCs, competitive suppliers, customers, and other stakeholders to understand better the effects of COVID-19 and the Shut-Off Moratorium on SCBPs. Further, updated uncollectibles data would allow suppliers to consider that information in making business decisions, such as setting prices for long-term contracts, and in explaining pricing components to prospective customers.

Precisely because the Distribution Company’s uncollectibles data are difficult to predict in light of the ongoing response to the COVID-19 pandemic (including any ratemaking proposals that may be implemented in D.P.U. 20-91) and the effects of the end of the Shut-Off Moratorium, the Department should conduct an investigation into the data underlying POR discount rates in 2022 in accordance with its normal schedule. Such

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<sup>16</sup> Distribution Company Correspondence, at [2].

<sup>17</sup> *See id.*


<sup>18</sup> *See id.* (observing that the Distribution Company’s next POR filing is due on March 15, 2022).

an investigation should be conducted with openness to addressing unique circumstances affecting the POR program with suitable responses, which may include retaining current SCBPs.

### CONCLUSION

For all the foregoing reasons, RESA requests that the Department require the Distribution Company to submit the necessary data to allow the Department and stakeholders to fully evaluate whether, in 2022, any modification to the usual process for setting SCBPs is necessary and, if so, the best solution for addressing any anomalies resulting from the measures taken to address the effects of the COVID-19 pandemic on ratepayers, including the Shut-Off Moratorium.

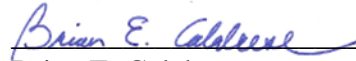
Respectfully submitted,  
RETAIL ENERGY SUPPLY  
ASSOCIATION

By   
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Dated: August 20, 2021

**Certificate of Service**

I certify that I have this day served the foregoing document in the above-captioned proceeding in accordance with the requirements of 220 C.M.R. § 1.05.

  
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Brian E. Calabrese

Dated: August 20, 2021