

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

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|------------------------------------|---|--------------|
| INVESTIGATION BY THE DEPARTMENT OF | : | |
| PUBLIC UTILITIES INTO (1) THE | : | |
| RATEMAKING PROPOSAL OF THE | : | |
| ELECTRIC AND GAS COMPANIES SUBJECT | : | D.P.U. 20-91 |
| TO THE DEPARTMENT’S JURISDICTION | : | |
| FOR THE TREATMENT OF COSTS RELATED | : | |
| TO THE FINANCIAL IMPACTS OF THE | : | |
| STATE OF EMERGENCY DECLARED | : | |
| REGARDING THE NOVEL CORONAVIRUS | : | |
| (COVID-19) PANDEMIC AND (2) | : | |
| ALTERNATIVE BILL PAYMENT OPTIONS | : | |
| FOR CUSTOMERS | : | |

RETAIL ENERGY SUPPLY ASSOCIATION’S
PETITION FOR PARTY STATUS

Pursuant to 220 C.M.R. § 1.03 and the Department of Public Utilities’ (“Department”) December 31, 2020 Notice of Investigation and Request for Comments (“Notice”), the Retail Energy Supply Association (“RESA”)¹ hereby submits this petition to intervene as a full party in the above-captioned proceeding. In support of this request, RESA states the following:

INTRODUCTION

1. On August 5, 2020, the jurisdictional electric and gas distribution companies (“Distribution Companies”) filed a ratemaking proposal identifying measures

¹ 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.

for the recovery of costs related to the financial impacts of the state of emergency declared regarding the novel coronavirus (“COVID-19”) pandemic (“Ratemaking Proposal”).² This proposal was developed by a working group.³

2. In an Interim Order on Ratemaking Proposal and Vote and Order Opening Investigation, the Department conditionally approved the agreed upon cost-recovery provisions of the Ratemaking Proposal.⁴

3. The Ratemaking Proposal includes recovery requests for each of the following five cost categories: (1) cash working capital; (2) arrearage forgiveness; (3) bad debt; (4) COVID-19 operation and maintenance expenses; and (5) waived fees.⁵

4. The Ratemaking Proposal includes the treatment of purchase of receivables (“POR”) under the cash working capital category.⁶

5. In response to the Ratemaking Proposal, the Department issued the Notice and indicated that any person interested in participating in the evidentiary phase of the proceeding must submit a petition to intervene by January 29, 2021.⁷ RESA hereby submits this petition in response to the Notice.

² See Notice, at 1; see also Docket D.P.U. 20-58, *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)*, Ratemaking Working Group Report (Aug. 5, 2020) (“WG Report”).

³ Members of the Ratemaking Working Group were: the Distribution Companies, Office of the Attorney General, Department of Energy Resources, National Consumer Law Center, Low-Income Energy Affordability Network and Associated Industries of Massachusetts (collectively, the “Working Group”). See WG Report, Cover Letter.

⁴ Interim Order on Ratemaking Proposal and Vote and Order Opening Investigation (Dec. 31, 2020) (“Interim Order”), at 2.

⁵ *Id.* at 10.

⁶ *Id.* at 10 n.9.

⁷ Notice, at 2.

STANDARD

6. The Department's regulations require that a petition to intervene describe how the petitioner is substantially and specifically affected by a proceeding.⁸

7. The Department has broad discretion in determining whether to allow participation in Department proceedings.⁹

INTERVENTION REQUEST

8. RESA is a non-profit organization and trade association that represents the interests of its members in regulatory proceedings in the Mid-Atlantic, Great Lakes, New York, and New England regions. RESA members are active participants in the retail competitive markets for electricity and natural gas, including the Massachusetts retail market.

9. Several RESA member companies are licensed by the Department to serve customers in Massachusetts and are presently providing service to Massachusetts customers.

10. When it passed the Electric Restructuring Act,¹⁰ the Massachusetts General Court found that "an important goal in electric restructuring is the development of a competitive marketplace"¹¹ and found that such a competitive marketplace should, *inter alia*, provide electricity buyers and sellers with appropriate price signals.¹²

11. Indeed, the Department has recognized that "[i]t is essential to the development of a robust competitive market to have prices set at levels that provide

⁸ 220 C.M.R. §1.03(1)(b); *see also* G.L. c. 30A, § 10.

⁹ *Attorney General v. Department of Public Utilities*, 390 Mass. 208, 216-17 (1983); *Boston Edison Company v. Department of Public Utilities*, 375 Mass. 1, 45-46, *cert. denied*, 439 U.S. 921 (1978).

¹⁰ St. 1997, c. 164 ("Restructuring Act").

¹¹ D.T.E. 99-60-A (May 11, 2000), at 3.

¹² Restructuring Act, § 1(g).

customers with appropriate price signals regarding the costs associated with providing the service, as established by the competitive market.”¹³ Conversely, “[d]efault service prices that do not represent the actual cost of providing the service would inhibit the development of a competitive generation market and would thus be detrimental to all electricity consumers.”¹⁴

12. Further, the Department has held that “[d]efault service is intended to be a basic service that provides customers with the appropriate incentives to turn to the competitive market for more sophisticated or advantageous service offerings.”¹⁵ As a consequence, “[a]n underlying goal of the Department's default service pricing policies is to ensure that, to the extent possible, default service customers pay the full costs of providing that service.”¹⁶

13. The final decision in this proceeding may defer certain commodity-related costs over an extended period of time.¹⁷ Such deferrals would not present customers with the actual cost incurred by the Distribution Companies to provide commodity supply. As a consequence, the rate charged by the Distribution Companies for default service will not reflect actual costs.

14. Further, it is essential that all commodity related costs are properly captured in default service rates. In fact, pricing default service “significantly below costs

¹³ D.T.E. 99-60-A, at 3.

¹⁴ *Id.*

¹⁵ *Id.* at 2.

¹⁶ D.T.E. 99-60-C (Oct. 6, 2000), at 7.

¹⁷ WG Report, at 4 (“The Companies . . . acknowledge that recovery may need to be extended over a reasonable time dependent on the amount of bad debt.”).

artificially impedes the development of a truly robust competitive market and the ability of competitive suppliers to develop products at prices that would attract customers.”¹⁸

15. RESA has an interest in ensuring that the final rate design adopted in this proceeding does not negatively impact the Massachusetts’ retail energy markets, RESA members or their customers, by, *inter alia*, failing to properly capture the actual cost of providing default service.

16. Further, changes to POR discount rates¹⁹ and/or payment lag times²⁰ will directly affect how much and/or how quickly competitive electric suppliers using Passthrough Billing Service, including RESA members, are paid by the electric Distribution Companies. Thus, RESA members will be substantially and specifically affected by the proceeding.

17. RESA has not yet determined the full extent of its participation and reserves the right to fully participate in this proceeding including, without limitation, through motion practice, discovery, pre-filed and live testimony, direct and cross-examination, comments, and briefs.

CONCLUSION

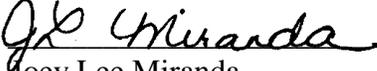
For all the foregoing reasons, the Department should grant RESA’s petition to intervene as a party in this proceeding.

¹⁸ D.T.E. 00-66, 00-67, 00-70 (Dec. 4, 2000), at 4.

¹⁹ Interim Order, at 10 n.9 (“This POR proposal would change discount rates charged to competitive suppliers rather than result in cost recovery from ratepayers.”).

²⁰ WG Report, at 4-5 (“In order to address the Companies’ net cash deficit created by the payment lags of competitive supply customers, the Companies propose to revise the timing of when payments are made to competitive suppliers for the purchase of the accounts receivable.”).

Respectfully submitted,
RETAIL ENERGY SUPPLY
ASSOCIATION

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Dated: January 29, 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.



Joey Lee Miranda

Dated: January 29, 2021