



# The Commonwealth of Massachusetts

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## DEPARTMENT OF PUBLIC UTILITIES

D.P.U. 10-53

May 10, 2010

Investigation by the Department of Public Utilities regarding Purchase of Receivables pursuant to G.L. c. 164, § 1D and G.L. c. 164, § 76.

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### VOTE AND ORDER OPENING INVESTIGATION

## I. INTRODUCTION

On July 2, 2008, the Legislature enacted, and Governor Deval Patrick signed into law, Chapter 169 of the Acts of 2008, an Act Relative to Green Communities (“Green Communities Act”). Section 60 of this Act (“Section 60”) amends G.L. c. 164, § 1D<sup>1</sup> in relevant part by adding the following paragraph:

For electric suppliers who have chosen the complete billing method, the electric distribution company shall make timely payments to such suppliers in accordance with this paragraph. The distribution company shall: (a) bill all of

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<sup>1</sup> G.L. c. 164, § 1D provides:

Beginning January 1, 1998, all electric and gas bills sent to a retail customer shall be unbundled to separately reflect the rates charged for generation, transmission, and distribution services, as well as any other charges, as added pursuant to any provision of law, contained in the total retail price. Any transition charge, if so allowed to be assessed, shall be reflected separately on bills as of March 1, 1998. Electric and gas bills may reflect the total costs of services, without breakdown for type of service, in addition to, but not instead of, separately itemized rates for generation, transmission, and distribution services and transition charges as of March 1, 1998. Not later than six months after said March 1, in order to promote customer choice and convenience in a restructured electricity and gas market, distribution companies shall create and send bills to retail customers pursuant to either of the following billing options: (1) single bill from the distribution company that shows such charges; or (2) two bills: one from the non-utility supplier that shows energy-related charges, and one from the distribution company that shows distribution-related charges; provided, however, that all bills shall contain information concerning the quantity of gas or electricity consumed by said customer during the same billing period for the previous year. Costs for such inserts shall be apportioned accordingly between the parties. The department is hereby authorized and directed to determine whether any additional information shall be required to be disclosed on the bills and to promulgate rules and regulations to implement the provisions of this subsection. Rules and regulations relative to the appeals process for billing disputes or damage claims made by customers shall be published and distributed to customers as part of an education and outreach program. (Added by 1997, 164, Sec. 193 eff. 11-25-97.)

the electric supplier's customers in a service class according to complete billing; (b) pay such suppliers the full amounts due from customers for generation services in a time period consistent with the average payment period of the participating class of customer, less a percentage of such amounts that reflects the average of the uncollectible bills for the participating customer classes of the electric distribution company and other reasonable development, operating or carrying costs incurred, as approved by the [D]epartment.

On October 2, 2008, pursuant to Section 103 of the Green Communities Act,<sup>2</sup> the following electric distribution companies submitted compliance plans to the Department of Public Utilities ("Department"): Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid ("National Grid"), NSTAR Electric Company ("NSTAR"), Western Massachusetts Electric Company ("WMECo"), and Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil") (each, "Company"; collectively, "Companies"). These plans set forth the manner by which each Company proposes to comply with the requirements of Section 60; the Department refers to these plans as "purchase of receivables" ("POR") plans. The Department has docketed this matter as D.P.U. 10-53.

## II. DEPARTMENT REGULATIONS AND PRECEDENT

In its Rules Governing the Restructuring of the Electric Industry, 220 C.M.R. § 11.00 et seq., the Department enacted regulations establishing a framework for how electric distribution companies, competitive suppliers, and electricity brokers will participate in a restructured electric industry in Massachusetts. Among other things, these regulations dictate

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<sup>2</sup> Section 103 states the following:

Each electric distribution company under section 1D of chapter 164 of the General Laws shall file a compliance plan, complete with an effective date, indicating its compliance with the last paragraph of said section 1D of said chapter 164 within 3 months after the effective date of this act.

general requirements for electric distribution companies, competitive suppliers, and electricity brokers, and address billing and payment, information disclosure, and complaint resolution and penalties. In addition to these regulations, the Department established two sets of terms and conditions: one addressing the relationship between electric distribution companies and their customers; and the other addressing the relationship between electric distribution companies and competitive suppliers. Terms and Conditions, D.P.U./D.T.E. 97-65 (1997).<sup>3</sup> Each electric distribution company has adopted these terms and conditions by making the appropriate tariff compliance filings.

### III. SOLICITATION OF COMMENTS AND PROPOSED TERMS AND CONDITIONS

The Department has received and reviewed the POR plans proposed by the Companies. While these plans are consistent in some areas, there are also many differences in the methods by which each Company proposes to implement its plan. The Department believes that customers and the competitive market will be best served by attaining as much uniformity as reasonable among the Companies' POR plans. Accordingly, the Department votes to open this investigation pursuant to G.L. c. 164, § 1D and the Department's general supervisory authority under G.L. c. 164, § 76, in order to develop model POR terms and conditions. The Department expects that each Company will use the model POR terms and conditions as the basis for its specific POR terms and conditions.

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<sup>3</sup> In Investigation into Terms and Conditions, D.P.U. 09-46-A (2009), commenced pursuant to Sections 60 and 98 of the Green Communities Act, the Department modified the competitive supplier terms and conditions to govern how the electric distribution companies inform interested electric customers of their competitive supply options.

As a first step, the Department directs the Companies to work together on a collaborative basis to develop proposed model POR terms and conditions for the Department's review and approval. We suggest but do not require that the Companies seek input from interested competitive suppliers. The Companies shall file their proposed model terms and conditions (one original and two copies) with the Department no later than **5:00 p.m. on Monday, June 7, 2010**. If there are any issues on which the Companies are unable to reach agreement, the Companies shall file model POR terms and conditions that address all areas of agreement, with a separate filing noting discrete areas for further discussion. The Department will post the Companies' filing on the Department's website: <http://www.mass.gov/dpu>. Any persons wishing to comment on the proposed model terms and conditions should file written comments (one original and two copies) with the Department no later than **5:00 p.m. on Monday, June 21, 2010**. The Department will then hold a stakeholder technical conference to discuss the proposed terms and conditions, date and time to be announced.

All written documents should be filed with Mark D. Marini, Secretary, Department of Public Utilities, One South Station, 2nd Floor, Boston, Massachusetts 02110. All documents should also 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](mailto:dpu.efiling@state.ma.us) and [laurie.e.weisman@state.ma.us](mailto:laurie.e.weisman@state.ma.us); or (2) on CD-ROM. The text of the e-mail or CD-ROM label must specify: (1) the docket number of the proceeding (D.P.U. 10-53); (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. The Department strongly encourages filers to avoid submitting scanned files but will accept them for posting when an alternative version does not exist in electronic format. All documents submitted in electronic format will be posted on the Department's website: <http://www.mass.gov/dpu>.

IV. ORDER

Accordingly, the Department

VOTES: To open an investigation regarding Purchase of Receivables pursuant to G.L. c. 164, § 1D and G.L. c. 164, § 76; and it is

ORDERED: That Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid, NSTAR Electric Company, Western Massachusetts Electric Company, and Fitchburg Gas and Electric Light Company d/b/a Unitil shall submit for the Department's review no later than June 7, 2010, proposed model terms and conditions consistent with the directives in this Order; and it is

FURTHER ORDERED: That the Secretary of the Department shall publish notice of this investigation in a statewide paper of daily circulation within the Commonwealth; and it is

FURTHER ORDERED: That the Secretary of the Department shall serve a copy of this Order upon all persons on the distribution list in docket D.P.U. 09-46.

By Order of the Department,

/s/

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Paul J. Hibbard, Chairman

/s/

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Tim Woolf, Commissioner

/s/

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Jolette A. Westbrook, Commissioner