

**Testimony of Attorney General Maura Healey  
To the Department of Public Utilities  
Public Hearing on Eversource's Proposed Rate Increase  
As Prepared for Delivery  
D.P.U. 17-05  
March 23, 2017**

Good evening. Thank you, Chair O'Connor and Hearing Officer Thome for this opportunity to provide comments on the Eversource rate case. As Attorney General, I have the privilege, and the statutory obligation, to serve as the state's ratepayer advocate in Department proceedings. My office represents the interests of Massachusetts' ratepayers in gas and electric cases before the Department of Public Utilities and I am here tonight on behalf of the 1.4 million Eversource customers in Massachusetts.

As the Department knows, my office has worked collaboratively with Eversource on numerous issues, including its award-winning energy efficiency programs and its efforts to recover ratepayer money for nuclear storage. My job in this case, as it is in all rate cases, is to represent Eversource customers and ensure that they are receiving safe and reliable electric service at the lowest possible cost. My office is working hard to do that. We have spent the last few months reviewing the Company's filing and talking with customers and experts about the best path forward for Eversource customers.

I am here tonight to outline some of the customer concerns we have about the Company's filing and to ask the Department to look closely at these issues as you continue your investigation.

First, as you consider whether the Company needs an additional \$96 million to operate its Massachusetts businesses, I ask you to look at NSTAR's and WMECo's reported returns. From 2011–2014, WMECO's average return on equity was over 10 percent and NSTAR's was close to 11 percent -- very high profits given today's historically low interest rates. In 2015, NSTAR reported a return on equity of over 13 percent. Last year, no state public utility commission in the country allowed a return that high. This case is the opportunity for the Department to ensure that the Company is not over-earning at the expense of its customers.

Second, given these high returns, I ask you to consider the appropriateness of the Company's request to earn a 10.5 percent return on equity (ROE) going forward. All over the country, public utility commissions have lowered their allowed ROEs to reflect current market conditions. According to Regulatory Research Associates, in 2016, the average allowed ROE in the country for electric distribution companies was 9.3 percent. In our neighboring states, it was even less, with Connecticut and Maine allowing ROEs of only 9.1 percent and 9.0 percent,

respectively. In Massachusetts, the average allowed ROE in 2016 was significantly higher than our neighboring states and the country as a whole.

As you know, small changes in a company's ROE can either cost or save customers millions of dollars. Every one percent reduction in the Company's ROE here will save customers more than \$28 million a year. By adopting a reasonable ROE, the Department can save Massachusetts residents and businesses millions over the next five years. My office's initial review shows that a reasonable ROE in this case would be well less than what Eversource has requested.

Third, I ask you to look under the hood of the Company's proposed multi-year rate plan. My office's preliminary analysis shows that this proposed plan would allow the Company to increase its revenue by over four percent every year until its next rate case. This would cost customers approximately \$50 million each year. Because the Company proposes to change the way costs are allocated among its residential, commercial and industrial customers and the way rates are designed, I am also concerned that some customers' bills will increase significantly more than others.

Fourth, I strongly support the Commonwealth's efforts to promote energy storage and electric vehicle charging infrastructure. As with any kind of large infrastructure investment, we need to be smart about it and invest ratepayer's money wisely. These extremely important steps forward should not be done on an

ad hoc basis. We should have an overall plan of action for the Commonwealth, that applies to all electric companies. This plan should ensure that technologies are deployed in a manner that will maximize customer benefits.

Let me conclude by saying this. As the state's advocate for ratepayers, my office believes this is an important opportunity for the Department to reset the balance between company profits and customer rates. When so many customers today are struggling to make ends meet and businesses are trying to lower their energy costs to maintain and grow jobs, it is time to return money to customers not to raise their electric bills to benefit highly profitable utility companies.

I thank you for the opportunity to provide these comments.