

## **Transcript**

**July 26, 2012**

Good morning everybody, Attorney General Martha Coakley, with me to my left is our chief of our Energy and Telecommunication Division Jesse Reyes, to my right is the deputy Chief Sandy Merrick, and also with me this morning are Assistant Attorneys General from that Division who have also work on this issue, to my right is Paul Stakutis and to my left is Charlynn Hull.

We are announcing today through our brief filed last night that we are seeking a penalty of just over \$16 million against National Grid for their lack of preparation, for their lack of response and particularly for their lack of adequate communication during two events last year; tropical storm Irene in August of 2011 and the October snow storm of 2011. This is the largest penalty we have ever sought in Massachusetts and we believe it is for good reason, in fact several good reasons. We believe that the performance of Grid during these two events left thousands of people in Massachusetts in the dark literally and figuratively for far too long. Not only because they were not prepared, but once the storms began the response time was inadequate and the response was inadequate in many respects and that there was a consistent lack of communications both to emergency responders to cities and towns and those officials in those cities and towns that had to coordinate many facets of what was needed and particularly to consumers, to rate payers.

This, filed with the Department of Public Utilities and the Department of Public Utilities decides what the fine will be, but this was a months long investigation by our office and it included evidentiary hearings public hearings before the DPU and that briefing. A note that these fines cannot be passed along to consumers, they are to be borne by the shareholders of the utilities and I will note also that just as earlier, this month we recommended a \$4 million fine against WMECO out in western Massachusetts, Western Mass. Electrical, for the their performance during the October snowstorm. We anticipate a similar recommendation against NStar before our briefs are due on August 7.

Let me tell you what the basis of these fines are. First in both Irene there were 13,000 downed lines across Massachusetts and in October there were 22,000 downed lines. They both left almost a million people, that's 1/6 of the population of Massachusetts without power, some for up to nine days in October. We believe first that proper preparation would have included the ability to do better staging to make sure that crews were available to go when and in the numbers they were needed in both of these events. And particularly as we have noted National Grid did not employ the type of software technology, models that would have allowed them to better predict the severity of storms, length of storms, and frankly they have indicated that they used their own expertise, what you may refer to as the seat of your pants response, we think that is inadequate in 2012, to be able to anticipate when and where these storms will hit.

Secondly, their response, for downed wires which is the public safety risk which causes the outages. They were unable to mobilize sufficient crews partly because of lack of preparation and so the outages lasted longer than we believe they needed to be and were more severe, but compounding this was the third issues which was the lack of communication and let me give you

some examples of that. We heard consistently from first responders and from mayors of cities, town managers, who just could not get information from Grid in order to effectively dispatch their local fire and police when appropriate and even in some instances when we heard from for instance the Brockton fire chief who was told that as soon as the wind died down that power would be restored. In fact, National Grid revised that to five to seven days, and they never communicated that to anyone in Brockton, including the fire chief.

What happened in many communities is that with the downed wires, again a public safety issue, fire chiefs would dispatch their trucks, their fire officials for the downed wires and they were never given information about when power would be off and particularly then, those trucks and people were held hostage to the situation and they had inadequate people for other responses and that was true in Tyngsboro, in Brockton, in Quincy, in Southborough, and particularly in Pembroke. The plans therefore for assisting the elderly and disabled in those communities, with the dispatching of emergency generators, how long and when they would need them, lack of information available that put those members of the community at risk. Those are the stories we heard consistently. Those are the reasons why we expect the utilities to be as prepared as they can and to make sure they use technology to make sure that they are responding to what is a public safety hazard, not just an inconvenience for users both commercial and residential of utilities.

As I indicated, the Department of Public Utilities will make the determination as to the fine so that this fine is not passed along to consumers, in fact, we at the Attorney General's Office support pending legislation that would change in the future any fines collected would not go directly to the Commonwealth, but would be passed on to the rate payers as part of the process. We also have proposed that the ways in which quality reviews are done for the utilities be changed and we have recommended as we have looked at those metrics by which we judge utility performance that it's important that we update those because we see a big disconnect as we judge utilities now and the Department of Public Utilities is given for instance high grades to national grid and yet we see this big disconnect in these two instances and frankly prior instances where they are not prepared, their response time is inaccurate, their communication fails to meet the goal that it should be. And so we think that since ratepayers are paying for this and because utilities come frequently to the DPU asking for rate increases that customers should be getting the benefit of that in terms of performance during these types of events. That kind of consistent, high quality both for commercial and residences, provision of utilities is important. It has a huge negative impact on businesses, on residents, on convenience as well as public safety and we believe that Massachusetts customers deserve better. We are going to continue to work to make sure that we try and accomplish that goal and that is the reason for the large amount for the fine.

Thank you.