



## Commonwealth of Massachusetts Department of Public Utilities

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### **Department of Public Utilities Imposes \$24.8 Million in Penalties for Utilities' 2011 Storm Responses**

#### ***National Grid to pay \$18.7 million; NSTAR to pay \$4 million; and WMECo to pay \$2 million***

BOSTON – Tuesday, December 11, 2012 – Energy and Environmental Affairs Secretary Rick Sullivan today joined Department of Public Utilities (DPU) Chair Ann Berwick and DPU Commissioners to announce the findings of DPU's investigation into the electric utilities' responses to Tropical Storm Irene and the October 2011 snowstorm. The DPU ordered a total of \$24.8 million in penalties, all of which will be returned to the utilities' customers.

National Grid faces the steepest penalty, at \$18.725 million; NSTAR has been ordered to pay \$4.075 million; and Western Massachusetts Electric Company (WMECo) to pay \$2 million. Recognizing that outages are inevitable in storms of this magnitude, the DPU concluded that all of the utilities failed in their public safety obligation when it came to responding to local public safety officials regarding downed wires.

"As the number of serious weather events has risen dramatically in Massachusetts, it's crucial for ratepayers to have electric service that is both safe and reliable," said Secretary Sullivan. "I am grateful to the Department of Public Utilities for its thorough investigation into these storm responses and we are hopeful that its findings, penalties, and directives will ensure improved preparedness and services during weather events in the future."

In the case of National Grid, the DPU found systematic failures in the company's preparation for and response to both storms and ordered that National Grid undergo a comprehensive, third-party management audit of its capacity for responding to emergency events. Like the other companies, National Grid failed to effectively coordinate with the towns affected by the storms. Additionally, it left local public safety officials standing by downed wires for as long as several days, had a seriously inadequate response for priority facilities like nursing homes and sewage treatment plants, and secured too few crews, too late. The DPU also observed that it had warned and penalized National Grid for similar behaviors in the December 2010 snowstorm.

With respect to NSTAR, nearly half of whose customers lost power during Tropical Storm Irene, the DPU found that in many important respects the company performed reasonably under the circumstances, including pre-storm preparations and post-storm damage assessment. However, the DPU decided that in many instances the company took far too long to respond to priority calls from public safety officials regarding downed wires and did a poor job of communicating with customers. In the October snowstorm, many customers received phone calls from NSTAR announcing that their power had been restored, when in fact they were still in the dark. The DPU also ordered NSTAR to make certain improvements to its vegetation management program.

Since WMECo was not hit hard by Tropical Storm Irene, the DPU investigated WMECo's actions only for the October snowstorm. The DPU found that, overall, the company managed the storm well, including preparatory activities and escalation of its response as the storm threatened to worsen and then became more serious than originally expected. However, the DPU's order does require that the company improve its communications with life-support customers, who rely on electricity for their medical needs. As it did for NSTAR and National Grid, the DPU criticized and penalized WMECo for its response to local safety officials who contacted the company regarding downed electric wires. The DPU notes that WMECo experienced nearly three times more outages than in the 2008 ice storm and that it has noticeably improved its emergency response since then.

"The DPU understands that there will be many thousands of outages in bad storms like Tropical Storm Irene and the October snowstorm. These will not be the last severe storms we see, and the public cannot expect that the utilities can prevent outages in events of this magnitude," said DPU Chair Ann Berwick. "On the other hand, public safety will remain our absolutely highest priority, and we will not tolerate inadequate responses to local public safety officials. Additionally, in this day and age, we expect competent communications with towns and customers alike."

The three utilities are required to submit their plans for penalty payment to the DPU within 30 days. The DPU also announced several actions it is taking to further address the electric utilities' emergency preparation and response, as well as service quality more generally. These actions include (1) an investigation into modernizing the electric grid; (2) a review of the utilities' service quality and service quality standards; (3) a rulemaking to implement new emergency response and vegetation management provisions set forth in Chapter 216 of the Acts of 2012; and (4) a review of the utilities' existing emergency response plans and the Department's emergency response guidelines.

The extensive investigation included 16 public hearings, 13 evidentiary hearings and more than 1,200 exhibits. The DPU examined the companies' efforts to restore electric power and all communications with affected communities. The DPU also reviewed whether the companies complied with DPU regulations and fully implemented their Emergency Response Plans, which were filed in May 2011.

The orders issued today can be found on DPU's website, [www.mass.gov/dpu](http://www.mass.gov/dpu).

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