THE COMMONWEALTH OF MASSACHUSETTS
OFFICE OF THE ATTORNEY GENERAL

200 PORTLAND STREET
BOSTON, MASSACHUSETTS 02114

TOM REILLY
ATTORNEY GENERAL

(617) 727-2200
http://www.ago.state.ma.us

SENT ELECTRONICALLY, BY FAX AND MAIL

December 19, 2002

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

RE: Western Massachusetts Electric Company, D.T.E. 02-77

Dear Secretary Cottrell:

On November 26, 2002 Western Massachusetts Electric Company ("WMECo"or "Company") filed a petition with the Massachusetts Department of Telecommunications and Energy ("Department") seeking approval of changes to a number of its rates effective January 1, 2003. In particular, the Company proposes to:

-increase its standard offer service rate[1] from $0.04841 to $0.04938;
-increase its transition charge rate[2] from $0.01357 to $0.01424;
-increase its average transmission rate from $0.00361 to $0.00398; and to
-implement the statutory decrease in its renewable energy charge from $0.00075/kWh to $0.00050/kWh.

On December 6, 2002 the Department issued a Notice of the Filing and Request For Comments. Pursuant to that notice, the Attorney General submits this letter as his Initial Comments concerning the filing made by the Company. Consistent with Department precedent, the Attorney General requests that the Department initiate a formal investigation into the

---

[1] The Company's proposed Standard Offer rate includes a "true-up" charge of $0.00056 that is intended to recover a $1,620,540 under recovery from 2001.

[2] The proposed transition charge includes a "true-up" charge of $0.00067 that is intended to recover a $2,588,517 under recovery from 2001.

reconciliation filings[3].

The Company proposes to include in its transition charge rate an amount representing the true-up of the Company's 2001 Default Service revenues and expenses. The Company's Default Service tariff provides for the recovery from all Distribution customers of prior period under- and over-recoveries of Default Service costs. MDTE No. 1026 I, p. 5. The tariff does not provide for the recovery of these costs in the transition charge. The Department has not approved the inclusion of default service under/over-recoveries in the transition charge of other electric distribution companies. These costs are not allowable transition costs as specified in the Restructuring Act. *See* G.L. c. 164 § 1G. Therefore, the Department should reject the Company's proposed recovery of these costs in the transition charge.

WMECo has provided minimal supporting documentation regarding its proposed changes to its transmission rates. It is the Attorney General's understanding that the Company has yet to receive FERC approval for its transmission service charges. Without a FERC approved charge, the basis for the Company's proposed transmission charge true-up is not clear. As with the Standard Offer and transition charge reconciliations, the Department and other interested parties must have the opportunity to review the underlying detail to determine whether the costs are just, reasonable and recoverable. The Department should not approve any changes in the Company's transmission charges until an investigation is complete. WMECo should recover only the base transmission charge until that time.

Unlike other companies, WMECo has not included any data related to its reconciliation of costs and revenues because it makes its reconciliation filing in March based on actual costs and revenues for the prior year. The Department and other interested parties must have the opportunity to review the Company's costs on a comprehensive basis to determine not only the propriety of proposed rates, but also to determine that costs are recovered in an equitable manner from the Company's customers. Therefore, the Department should allow the proposed rates to go into effect pending the March filing subject to the recommendations contained in these comments.

Respectfully,

Joseph W. Rogers
Assistant Attorney General

cc: Stephen Klionsky, Esq.

---

[3] Traditionally, the Company has filed supporting documentation to its reconciliations in March based on actual costs and revenues for the prior year. The Company's December filing contains significantly less detail supporting the proposed rates than the March filing.