



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

MEMORANDUM

TO: D.P.U. 24-15, Energy Burden, Electronic Distribution List

FROM: Laurie Ellen Weisman, Hearing Officer
Jen Keegan, Hearing Officer

RE: Tiered Discount Rates Model, Technical Conference, and Request for Comments

DATE: May 15, 2025

CC: Mark D. Marini, Department Secretary

I. INTRODUCTION

On January 4, 2024, the Department of Public Utilities (“Department”) opened an Inquiry into Energy Burden with a Focus on Energy Affordability for Residential Ratepayers, D.P.U. 24-15, to consider improvements to current energy affordability programs—including the availability and design of rate discounts—to reduce the energy burden that may adversely affect certain utility customers. Since then, the Department has received numerous comments from stakeholders, conducted a virtual stakeholder workshop on June 24, 2024, and issued an Interlocutory Order determining areas of consensus and making preliminary determinations in two areas: (1) developing tiered discount rates (“TDRs”) rather than percentage of income payment plans (“PIPPs”); and (2) recovery of the revenue shortfall from the discount rates through company specific residential assistance adjustment factors (“RAAFs”) across all customer classes. Energy Burden Inquiry, D.P.U. 24-15-A Interlocutory Order at 3-7 (September 12, 2024). The Department also conducted a virtual technical conference on January 28, 2025, addressing Phase I issues, including how to determine a target energy burden level, how to translate the target energy burden level into TDRs and define the tiers, and how to address recovery of the revenue shortfall from discount rates.

In addition, the Department has received responses to four sets of information requests from the electric and natural gas distribution companies subject to the Department’s jurisdiction (“Distribution Companies”) and gathered further data related to TDRs. Using this data and stakeholder input, the Department has developed a model to calculate discount rates based on a

target energy burden, with various assumptions. The Department offers this model as a part of the iterative process to develop TDRs for the Distribution Companies to assist customers. Some assumptions have been embedded in the model and others are open to user input, as explained further below.

In the model, the Department proposes three different discount rates for six income-based tiers of low-income customers, matching the tiers of the Fiscal Year 2025 Home Energy Assistance Program (“HEAP”) Income Eligibility and Benefit Levels.¹ The discounts are based on: (1) a total target energy burden of four percent for customers in the lowest tier, earning zero to less than or equal to 100 percent of the federal poverty level (“FPL”); (2) maintaining the current bill discount rates for customers in the highest tier, earning greater than 200 percent of FPL to less than or equal to 60 percent of the statewide median income (“SMI”); and (3) applying the average of the highest and lowest discount rates to customers in the four middle tiers, applicable to customers earning greater than 100 to less than or equal to 200 percent of FPL. This model attempts to mitigate bill impacts for all low-income customers while providing the most assistance to customers with the lowest incomes, and without reducing any of the current discount rates. To inform its proposed energy burdens, the Department has derived rough estimates of bill impacts, though these estimates are necessarily imprecise due to the estimations inherent in modeling.

The Department welcomes further collaboration with all interested stakeholders to develop a final framework that will provide effective and meaningful discount rates for low-income customers in the Commonwealth. As part of the iterative process, the Department invites all interested stakeholders to explore a working Microsoft Excel version of the model and to provide comments on the mechanics of the model as well as on the proposed assumptions and user inputs. **In addition, stakeholders should update the assumptions as appropriate or preferred and provide full and detailed support for any proposed changes.** As built, the model provides rough outputs that serve as a step in developing TDRs, and the Department is cognizant of the limitations and impacts of applying such broad assumptions.

To gather feedback on the model, the Department will conduct a virtual technical conference on **Tuesday, June 10, 2025, beginning at 10:00 A.M. and ending no later than 5:00 P.M.** In addition, the Department is seeking written comments on all aspects of the model and in response to specific questions (noted below). Comments will be due on **Tuesday, July 1, 2025**. Further details on how to attend the technical conference and provide written comments are provided below.

II. MODEL DESCRIPTION

The model embeds certain assumptions, while other assumptions are subject to the user’s choice (*i.e.*, user inputs). The model includes the following tabs: two tabs supporting embedded

¹ <https://www.mass.gov/doc/fy-2025-heap-income-eligibility-benefit-chart-november-2024/download> (last visited on May 14, 2025).

assumptions and calculations (“FPL Limits” and “Assumptions”); a summary tab containing user inputs and a table of outputs (“SUMMARY”); and individual tabs including the detailed calculations of discount rates for each of the Distribution Companies’ low-income rate classes.²

The embedded assumptions underlying the model are as follows:

- household income based on the middle of the income range (FPL Limits tab);
- annual gas bills calculated using six months of off-peak rates effective May 1, 2024, and six months of peak rates effective November 1, 2024, based on responses to information request DPU 3-2 (Distribution Companies’ low-income rates tabs); and
- annual electric bills calculated using the average of rates effective July 1, 2024, and January 1, 2025, based on the Distribution Companies’ responses to information request DPU 3-2 (Distribution Companies’ low-income rates tabs).

The FPL Limits tab contains a table of the six household income tiers from Fiscal Year 2025 HEAP Income Eligibility and Benefit Levels, with a second table showing the midpoints of the tiers.

The Assumptions tab contains the distribution of low-income customers into HEAP tiers based on FY2024 HEAP household income information. This tab also contains low-income customer counts based on the Distribution Companies’ responses to information requests DPU 2-2 and DPU 3-3. Further, the Assumptions tab includes Department-estimated statewide and company-specific median and mean customer usage based on responses to information requests DPU 2-2 and DPU 3-3. The Department also included “typical” usage, which approximates usage frequently applied in bill impact analyses.

The SUMMARY tab contains an overview of the resulting discount rates for all the Distribution Companies based on assumptions explained above as well as the following user inputs in rows 3-5:

² Given their limited sizes, the Department did not include separate tabs for NSTAR Electric Company’s heating low-income rates, Nantucket Electric Company’s low-income rates, or Liberty Utilities (New England Natural Gas Company) Corp.’s (“Liberty”) low-income rates for its Blackstone Gas service area. The Department proposes to apply to these customers the discounts calculated for NSTAR Electric Company’s non-heating low-income customers, Massachusetts Electric Company’s low-income customers, and Liberty’s Fall River/North Attleboro service area’s low-income customers, respectively.

- Usage (for gas and electric): the drop-down options for customer usage are median company, median statewide, typical, mean company, and mean statewide. For the model, the Department selected company-specific usage because it is more accurate to target a level of energy burden by service territory, as rates differ in each service territory. The Department selected mean usage as it results in more effective discounts for a greater portion of customers than median usage.
- Household size: the Department assumed a household size of two, based on a statewide median household size of 2.45;³ the drop-down menu offers options for other household sizes.
- Target energy burdens: the Department proposes separate target energy burdens for household electricity usage, household natural gas usage where the primary heating source is natural gas, and household natural gas usage where the primary heating source is not natural gas. For the model, the Department assumed a two percent energy burden for both electricity and gas heat and a 0.5 percent energy burden for gas non-heat. For a gas heat customer, this would result in a target energy burden of four percent.

Under the user inputs, rows 8-37 of the SUMMARY tab provide an output table summarizing the company and rate class-specific information derived from the individual Distribution Company low-income rate class tabs and based on the assumptions and user inputs noted above. The table segregates the information by electric and gas companies, as well as gas heating and gas non-heating rates, and includes the following columns:

- Derived discount rates for customers earning less than or equal to 100 percent of FPL;
- Derived discount rates for customers earning greater than 100 percent of FPL to less than or equal to 200 percent of FPL;⁴

³ U.S. Census Bureau, QuickFacts, Massachusetts, Family & Living Arrangements, Persons per household, 2019-2023, <https://www.census.gov/quickfacts/fact/table/MA/INC110223> (last visited on May 14, 2025).

⁴ The SUMMARY tab shows one discount rate for all customers earning greater than 100 percent of FPL and less than or equal to 200 percent of FPL because, while the Department is proposing to place customers into the six HEAP tiers, the Department is also proposing to assign the same discount rate to all four tiers within this range. The low-income rate class tabs for each Distribution Company show these four tiers broken out in detail.

- Derived discount rates for customers earning greater than 200 percent of FPL to less than or equal to 60 percent of SMI (equal to the current discount rates);
- Cost increases related to the increased discounts (all else equal): i.e., the difference in estimated costs between the total cost of a discount using current discount rates and the total cost of the discount using derived discount rates as expressed in the model;
- Current RAAFs as a percentage of volumetric rate: this is based on responses to information request DPU 3-2, using November 1, 2024 gas rates and an average of July 1, 2024 and January 1, 2025 electric rates;
- Estimated RAAFs as a percentage of volumetric rate with the derived discount rate: this assumes the same percentage increase in the RAAF as calculated for the total cost increase related to the derived discount rate; and
- Estimated bill impacts (all else equal): this is a very rough estimate of the bill impact based on the difference between the current RAAF percentage of volumetric rates using current discounts and the estimated RAAF percentage of volumetric rates using the derived discounts.⁵

III. TECHNICAL CONFERENCE

A. Videoconferencing Platform and Public Access

The Department will conduct the technical conference via the Zoom videoconferencing platform. Anyone who wishes to participate in the technical conference must provide their name and email address to Hearing Officer Laurie Ellen Weisman at laurie.e.weisman@mass.gov **no later than 5:00 P.M. on Tuesday, June 3, 2025**, and they will receive a Zoom participant link.

Any person may attend the technical conference as an observer by entering the link <https://us06web.zoom.us/j/83458825931> from a computer, smartphone, or tablet. No prior software download is required. For audio-only attendance, dial (646) 558 8656 (not toll free) and then enter the Meeting ID# 834 5882 5931. Observers who wish to provide comments or

⁵ The estimated bill impacts on the SUMMARY tab assume that low-income customers are paying the RAAF, as is current practice, and do not reflect a reallocation of the costs to other customers. Several commenters have noted that G.L. c. 164, § 1F(4)(i) provides that the costs of discounted rates “shall be included in the rates charged to all other customers of the distribution company” and, accordingly, argue that low-income customers should not pay the RAAF. The Department has not yet made a decision on this issue, but to model this potential change, the Annual Bill amounts in column (c) on the individual Distribution Company low-income rate class tabs do not include the RAAF.

ask questions during the conference may use the Raise Hand function or dial *9, and the hearing monitor will move you to the participant level.

B. Technical Conference Format

The technical conference will begin at **10:00 A.M. on June 10, 2025**, and end no later than 5:00 P.M., unless otherwise directed by the Hearing Officer. There will be a morning break and, if necessary, lunch and afternoon breaks. The Hearing Officer may schedule additional breaks as necessary.

The technical conference will be available in English. To request interpretation in a language other than English, please contact Paralegal Specialist Kaylee Burgess at dpu.ej@mass.gov no later than **5:00 P.M. on Tuesday, June 3, 2025**.

All participants are expected to make their appearances by video and identify themselves by their full name and organization affiliation. If a participant is unable to appear by video because of technical difficulties, the Hearing Officer will afford the participant a reasonable amount of time to resolve the technical difficulties. If the technical difficulties cannot be resolved after reasonable efforts are expended, the Hearing Officer may direct the participant to appear by phone.

To ensure the efficient and orderly conduct of the technical conference, only Department staff and participants will appear on video and be able to unmute themselves. To reduce ambient noise and other disturbances, all participants must mute themselves unless they are speaking. The Hearing Officer will use Zoom audio controls to mute or unmute participants as necessary.

The Zoom videoconferencing platform will livestream the technical conference; the livestream will not be recorded and will not be part of the official record for this proceeding. The chat and record features of the Zoom videoconferencing platform will be disabled during the technical conference.

C. Hearing Monitor and Technical Assistance

The hearing monitor for the technical conference will be Kaylee Burgess, paralegal specialist. The hearing monitor will be granted host privileges. Please report any technical difficulties during the technical conference to Ms. Burgess at dpu.ej@mass.gov. For technical assistance questions prior to the technical conference, please contact Hearing Officer Laurie Ellen Weisman at laurie.e.weisman@mass.gov.

IV. REQUEST FOR COMMENTS

In addition to convening the technical conference, the Department seeks written comments on all aspects of the model and in response to the following specific questions:

1. To balance increased assistance to low-income customers with increased costs for all other customers, the Department targeted the desired energy burden to the lowest income

tier, maintaining current discounts for the highest income tier, and assigning the average of the highest and lowest discounts to the middle tiers. Do you agree with this framework?

2. Does a four percent energy burden provide an appropriate balance between:
(a) providing rate relief to the lowest income customers; and (b) the corresponding bill impacts on all other customers?
3. What range of bill increases to other customers is acceptable to fund increased discounts to low-income customers?
4. Do you agree with having six tiers that align with the HEAP tiers?
5. How should the Department allocate the low-income discount revenue shortfall to other customers if low-income customers do not pay a RAAF charge? See the Distribution Companies' responses to information request DPU 4-2 for individual Distribution Company responses (posted on the Department's online [File Room](#); enter "24-15" on the line for "Docket No.").
6. For each assumption and user input articulated in Section II above, please fill out the attached table indicating whether you agree or disagree with the assumption/user input and provide feedback.

Written comments are due by **Tuesday, July 1, 2025**. We encourage interested persons to present consensus positions and submit comments jointly, when possible. All comments should be submitted to the Department in electronic format by e-mail attachment to dpu.efiling@mass.gov and laurie.e.weisman@mass.gov. The text of the e-mail must specify: (1) the docket number of the proceeding (D.P.U. 24-15); (2) the name of the person or entity submitting the filing; and (3) that the document is a written comment. 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. All documents submitted in electronic format will be posted on the Department's website through our online [File Room](#) as soon as practicable (enter "24-15" on the line for "Docket No.").

V. QUESTIONS

For further information regarding this memorandum or to request addition to or removal from the electronic distribution list, please contact Hearing Officer Laurie Ellen Weisman at laurie.e.weisman@mass.gov. You may also leave a voice message with your name and phone number at (617) 305-3690.

To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), contact the Department's ADA coordinator at eeadiversity@mass.gov or (617) 626-1282. To request translation or interpretation services, contact Paralegal Specialist Kaylee Burgess at dpu.ej@mass.gov.