



# THE COMMONWEALTH OF MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL

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February 21, 2025

**VIA EMAIL**

James Van Nostrand, Chair  
Department of Public Utilities  
One South Station, 3rd Floor  
Boston, MA 02110

Dear Chair Van Nostrand:

I write to request that the Department of Public Utilities promptly use all its available authority to provide both immediate and meaningful, long-term relief for Massachusetts ratepayers, who are struggling to pay burgeoning natural gas and electric bills this winter. I do so in my statutory role as the ratepayer advocate for residents and businesses of the Commonwealth who pay regulated utility rates.

I fully support the Commission's directives to the gas utility companies ("Companies"), issued yesterday, February 20<sup>th</sup>, to provide immediate rate relief to customers for the remainder of the winter heating season. As explained in the Commission's letter, the Companies will defer at least 5 percent of their costs to the off-peak season for collection from customers and the Companies will accrue carrying charges (i.e., interest) on those costs. I request that the Companies agree, instead, to defer such costs without carrying charges so that customers' repayments are not inflated due to the compounding of interest. This request, if implemented, will ensure that the Companies shoulder a small portion of this winter's high energy cost burden that they are asking, instead, to be shouldered entirely by their customers.

In addition to this immediate relief, however, more needs to be done to secure necessary long-term rate relief for Massachusetts ratepayers. Gas customers understandably have reacted with outrage to recent hikes in their gas bills, specifically to the delivery charge component of those bills, which includes a multitude of charges that not only escalate based on gas usage (i.e., therms) but also are impossible to understand for most customers.<sup>1</sup> The primary drivers of these delivery charge increases include: (1) annual, automatic rate increases to the gas utilities' delivery rates under a DPU-approved Performance Based Ratemaking ("PBR") formula; (2) high costs related to the Gas System Enhancement Plans ("GSEPs"); and (3) state-mandated energy efficiency costs (i.e., Mass Save<sup>®</sup>), which are increasing to achieve the Commonwealth's statutorily-required greenhouse gas

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<sup>1</sup> The DPU should require the Companies to provide more transparent utility bills that help customers decipher the various costs and programs included in their bills.

(“GHG”) emissions reduction goals. Each of these cost drivers must be re-examined with a critical eye toward energy affordability.

As a starting point, I call on the DPU to prioritize affordability over Company profits when establishing energy delivery rates for customers. As my office recommended in D.P.U. 24-15—the DPU’s ongoing energy affordability investigation—the DPU should issue an order, as soon as practicable, that warns the Companies that in future base distribution rate cases the DPU will take all effective measures to prioritize affordability by, at minimum: (1) linking a Company’s allowed return on equity to the Company’s performance around affordability; and (2) tying a Company’s cost recovery for executive compensation to energy affordability. *See Energy Affordability*, D.P.U. 24-15, Comments of the Office of the Attorney General (Nov. 1, 2024).

Additionally, I call on the DPU to take near-term action by implementing recommendations long made by my office to provide more accessible and effective rate relief assistance programs. These reforms include, for example, ordering the adoption of tiered low-income discount rates for each Companies’ customers and directing the Companies to use data and primary, customer-focused research to ensure that more customers are able to benefit from them. *See id.*

To provide meaningful rate relief for customers, however, the DPU and the Commonwealth must do more than expand and improve existing assistance programs. Because assistance programs are paid for by all ratepayers, they should be viewed as merely one component of a strategy to make bills more affordable for ratepayers.

Going forward, affordability for *all* ratepayers must be paramount in determining the pace and scale of ratepayer-funded investments in the clean energy transition. Accordingly, I request that you take decisive action to identify and implement policies for long-term, meaningful rate relief. The following is a non-exhaustive list of actions the DPU, either on its own or working with its partners in state government, can take to help reduce rates and keep energy bills manageable for Massachusetts residents:

For Gas and Electric Customers:

- Pursue other funding streams for certain clean energy transition-related costs, such as electrification measures in Mass Save, to offset costs passed on to ratepayers;
- Discontinue PBRs in future rate cases, which will put an end to the automatic, annual delivery rate increases;
- Implement, when presented with the Companies’ spending plans (e.g., Electric Sector Modernization Plans, Capital Improvement Projects, GSEPs, Three-Year Energy Efficiency Plans), meaningful cost control measures to keep the Companies within any DPU-approved budget and ensure the investments provide benefits commensurate with costs; and
- Conduct a comprehensive review of all costs that contribute to the delivery rate and place an overall delivery rate increase cap at no more than inflation (i.e., gross domestic product price index).

For Gas Customers:

- Improve existing GSEP programs to lower costs each year, including directing the Companies to scale back their spending on GSEP from 3 percent of total revenues each year to 1.5 percent, the minimum required by statute; and
- Phase-out GSEP.

For Electric Customers:

- End the individual residential electric supply market, which will provide relief to countless households who currently pay too much for electric supply.

My office looks forward to working with the DPU, the Companies, the Legislature, the Healey-Driscoll Administration, and other stakeholders to implement lasting, affordable rates for the Massachusetts ratepayers.

Sincerely,

A handwritten signature in black ink, appearing to read 'AJC', with a stylized flourish at the end.

Andrea Joy Campbell  
Attorney General of the Commonwealth of Massachusetts