



The Commonwealth of Massachusetts

DEPARTMENT OF PUBLIC UTILITIES

NOTICE OF FILING, PUBLIC HEARINGS, PROCEDURAL CONFERENCE, AND REQUEST FOR COMMENTS

D.P.U. 18-45

May 11, 2018

Petition of Bay State Gas Company d/b/a Columbia Gas of Massachusetts for approval of the rates and charges set forth in Tariffs M.D.P.U. Nos. 286 through 320, and approval of an increase in base distribution rates for gas service pursuant to G.L. c. 164, § 94 and 220 CMR 5.00.

On April 13, 2018, Bay State Gas Company, d/b/a Columbia Gas of Massachusetts ("Columbia Gas" or "Company") filed a petition with the Department of Public Utilities ("Department") for approval of a general increase in its gas distribution rates. The Department has docketed this matter as D.P.U. 18-45, and suspended the effective date of the proposed rate increase until March 1, 2019, in order to investigate the propriety of the Company's request. The Company was last granted an increase in gas distribution rates in 2015 pursuant to a settlement agreement. Bay State Gas Company, D.P.U. 15-50 (2015).

In the instant filing, the Company seeks to increase its annual distribution revenues by \$24.1 million. This increase includes the Company's request to transfer the recovery of \$19.7 million in replacement costs of Gas System Enhancement Plan ("GSEP") investments from the Local Distribution Adjustment Factor ("LDAF") to base distribution rates. Consequently, the Company proposes an overall increase in base distribution revenues of \$43.8 million, or 17.21 percent, offset by a revenue decrease totaling \$19.7 million to the LDAF, resulting in an overall increase of 7.08 percent to total annual distribution revenues.

The Company also proposes to refund to customers through a distribution rate credit \$9.1 million associated with the federal Tax Cuts and Jobs Act of 2017, which became effective January 1, 2018. The Company states that the refund would provide customers the benefit of the tax cut as of that date and up to March 1, 2019, when the new rates requested in the instant filing take effect. The Company states that the refund will coincide with the rate increase and will reduce customer bills on average by 1.6 percent for the refund period of approximately one year.

As a part of this filing, the Company proposes to continue its recovery of capital investment made to replace gas distribution infrastructure through the GSEP approved in Bay State Gas

Company, D.P.U. 14-134 (2015). Further, the Company proposes to implement a credit/debit card payment system that will allow customers to pay their bills without a transaction fee, and instead to recover the total cost of the fees from all ratepayers. In addition, the Company proposes to recover over a five-year period a protected hardship account receivable balance of \$4.6 million. The Company also proposes to recover costs associated with its parent company's transition to a new information technology service provider; it seeks approval of a Gas Utilization Program that it states will facilitate the expansion of gas service to certain areas and particular customers; and it proposes changes to the methods used to recover property taxes. Additional information regarding these and all other proposals can be found in the Company's filing.

If the petition filed by Columbia Gas is approved as requested, the Company states that its proposed rates will have the following effects (excluding the \$9.1 million or 1.6 percent impact of the tax-related refund):

- a typical residential heating customer using 130.7 therms of gas per month during the winter season will experience a monthly bill increase of \$5.53 (a 2.31 percent increase in current rates);
- a typical residential heating customer using 28.1 therms of gas per month during the summer season will experience a monthly bill increase of \$4.38 (a 11.11 percent increase in current rates);
- a typical residential non-heating customer using 18.9 therms of gas per month during the winter season will experience a monthly bill increase of \$2.93 (a 6.14 percent increase in current rates);
- a typical residential non-heating customer using 11.3 therms of gas per month during the summer season will experience a monthly bill increase of \$3.41 (a 13.85 percent increase in current rates); and
- commercial and industrial customers will experience an annual bill increase in the range of 3.74 percent to 5.98 percent depending upon the amount of their usage. For specific bill impacts, please contact the Company as indicated below.

The Attorney General of the Commonwealth of Massachusetts ("Attorney General") has filed a notice to intervene in this matter pursuant to G.L. c. 12, § 11E(a). Further, pursuant to G.L. c. 12, § 11E(b), the Attorney General has filed a notice of retention of experts and consultants to assist in her investigation of the Company's filing, and has requested Department approval to spend up to \$120,000 in this regard. Pursuant to G.L. c. 12, § 11E(b), the costs incurred by the Attorney General relative to her retention of experts and consultants may be recovered in the Company's rates.

The Department has scheduled public hearings to receive comments on the Company's proposal as follows:

June 12, 2018, at 7:00 p.m. at the South Junior High School Auditorium, 105 Keith Avenue Ext., Brockton, MA 02301.

June 14, 2018, at 7:00 p.m. at the South Lawrence East Elementary School Auditorium, 165 Crawford Street, Lawrence, MA 01843

June 19, 2018, at 7:00 p.m. at the Springfield City Hall, Room 220, 36 Court Street, Springfield, MA 01103.

A procedural conference in this matter will be held at the Department's office on Wednesday, June 6, 2018, at 2:00 p.m.

Persons interested in commenting on the Company's filing may appear at any of the public hearings or may file written comments by the close of business (5:00 p.m.) on June 19, 2018.

Any person who desires to participate in the evidentiary phase of this proceeding must file a written petition for leave to intervene or to participate in the proceeding no later than the close of business (5:00 p.m.) on June 4, 2018. A petition filed late may be disallowed as untimely, unless good cause is shown for waiver under 220 CMR 1.01(4). To be allowed, a petition under 220 CMR 1.03(1) must satisfy the standing requirements of G.L. c. 30A, § 10.

Any person who seeks to intervene in this matter and also desires to comment on the Attorney General's notice of retention of experts and consultants must file the comments no later than the close of business (5:00 p.m.) on June 4, 2018.

Written comments, petitions for leave to intervene or to participate, and comments on the Attorney General's notice of retention of experts and consultants should be addressed to: Mark D. Marini, Secretary, Department of Public Utilities, One South Station, Boston, MA 02110. Receipt by the Department, not mailing, constitutes filing.

In addition to the above filing requirements, one (1) copy of all materials filed with the Department should be sent to Tina W. Chin, Hearing Officer, Department of Public Utilities, One South Station, 5th Floor, Boston, MA 02110; one (1) copy should be sent to the Company's counsel, Danielle C. Winter, Esq., Keegan Werlin LLP, 265 Franklin Street, Boston, MA 02110; and one (1) copy should be sent to Ashley Gagnon, Assistant Attorney General, Office of Ratepayer Advocacy, One Ashburton Place, Boston, MA 02108.

Further, in addition to paper filings with the Department, all documents should be submitted to the Department in electronic format using one of the following methods: (1) by e-mail attachment to dpu.efiling@state.ma.us and the Hearing Officer, Tina.Chin@state.ma.us; or

(2) on CD-ROM. The text of the e-mail or CD-ROM must specify: (1) the docket number of the proceeding (D.P.U. 18-45); (2) the name of the person or company submitting the filing; and (3) a brief descriptive title of the document. 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: <http://www.mass.gov/dpu>.

A copy of the Company's filing is available for inspection during regular business hours at the following locations: Springfield Public Library, Central Library, 220 State Street, Springfield, MA 01103; Brockton Public Library, Main Library, 304 Main Street, Brockton, MA 02301; Lawrence Public Library, Main Library, 51 Lawrence Street, Lawrence, MA 01841; Northampton Public Library, Forbes Library, 20 West Street, Northampton, MA 01060; the Company's offices, 4 Technology Drive, Suite 250, Westborough, MA 01581; and the Department's offices, One South Station, 5th Floor, Boston, MA 02110. The filing also is available on the Department's website, <http://www.mass.gov/dpu>. To request materials in accessible formats (braille, large print, electronic files, audio format), contact the Department's ADA coordinator at DPUADACoordinator@state.ma.us or (617) 305-3642. Any person desiring further information regarding the Company's filing should contact the Company's counsel, Danielle C. Winter, Esq. at (617) 951-1400.

A copy of the Attorney General's notice of retention of experts and consultants is available for inspection at the locations above and during regular business hours at the Attorney General's offices, One Ashburton Place, Boston, MA 02110, and at the Department's offices, One South Station, 5th Floor, Boston, MA 02110. The Attorney General's notice of retention of experts and consultants also is available on the Department's website, <http://www.mass.gov/dpu>. Any person desiring further information regarding the Attorney General's notice of retention of experts and consultants should contact Ashley Gagnon, Assistant Attorney General, at (617) 727-2200.

Any person desiring further information regarding this notice should contact Tina W. Chin, Hearing Officer, Department of Public Utilities, at (617) 305-3500. Reasonable accommodations at public or evidentiary hearings for persons with disabilities are available upon request. A detailed description of the requested accommodation must be included along with the means by which the Department may contact the requestor if additional information is needed. Please provide as much advance notice as possible. Last minute requests will be accepted, but may not be able to be accommodated. Contact the Department's ADA coordinator at DPUADACoordinator@state.ma.us or (617) 305-3642.

Columbia Gas[®]
of Massachusetts

A NiSource Company

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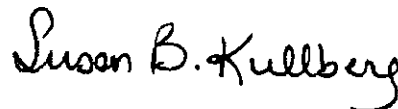
Dear Sir/Madam:

On April 13, 2018, Bay State Gas Company d/b/a Columbia Gas of Massachusetts ("CMA" or "Company") filed a request for approval of a general increase in its gas distribution rates with the Massachusetts Department of Public Utilities ("MDPU"). On May 11, 2018, the MDPU docketed the request as D.P.U. 18-45 and issued a Notice of Filing, Public Hearings, Procedural Conference and Request for Comments ("Notice"). The MDPU ordered CMA to provide a copy of the Notice to the cities and towns in its service territories.

The MDPU requests that the Notice be posted and made available for viewing at your offices during normal business hours, through June 19, 2018. The Notice is attached hereto.

I appreciate your assistance with the Department's Orders. If you need additional information, please feel free to contact me at (508) 836-7274.

Sincerely,



Susan B. Kullberg

Enclosure



