



September 10, 2007

Mary L. Cottrell, Secretary  
Department of Public Utilities  
One South Station - 2<sup>nd</sup> Floor  
Boston, Massachusetts 02110

Re: D.P.U. 07-50 Investigation by the Department of Public Utilities on its own  
Motion into Rate Structures that will Promote Efficient Deployment of Demand Resources

Dear Ms. Cottrell:

Concentric Energy Advisors, Inc. ("CEA") is pleased to submit the enclosed Comments on issues relating to the Department's Investigation in the above-referenced proceeding. These comments have been prepared on behalf of Bay State Gas Company, Fitchburg Gas and Electric Light Company, New England Gas Company, NSTAR Electric Company and NSTAR Gas Company, and Western Massachusetts Electric Company ("The Companies") by John J. Reed, Chairman and Chief Executive Officer and by James D. Simpson, Vice President.

On behalf of The Companies, I welcome the opportunity to participate in the Department's Investigation.

Very truly yours,

**CONCENTRIC ENERGY ADVISORS, INC.**

A handwritten signature in black ink, appearing to read "John J. Reed". The signature is stylized with a large, sweeping flourish at the end.

John J. Reed  
Chairman and Chief Executive Officer

















































































































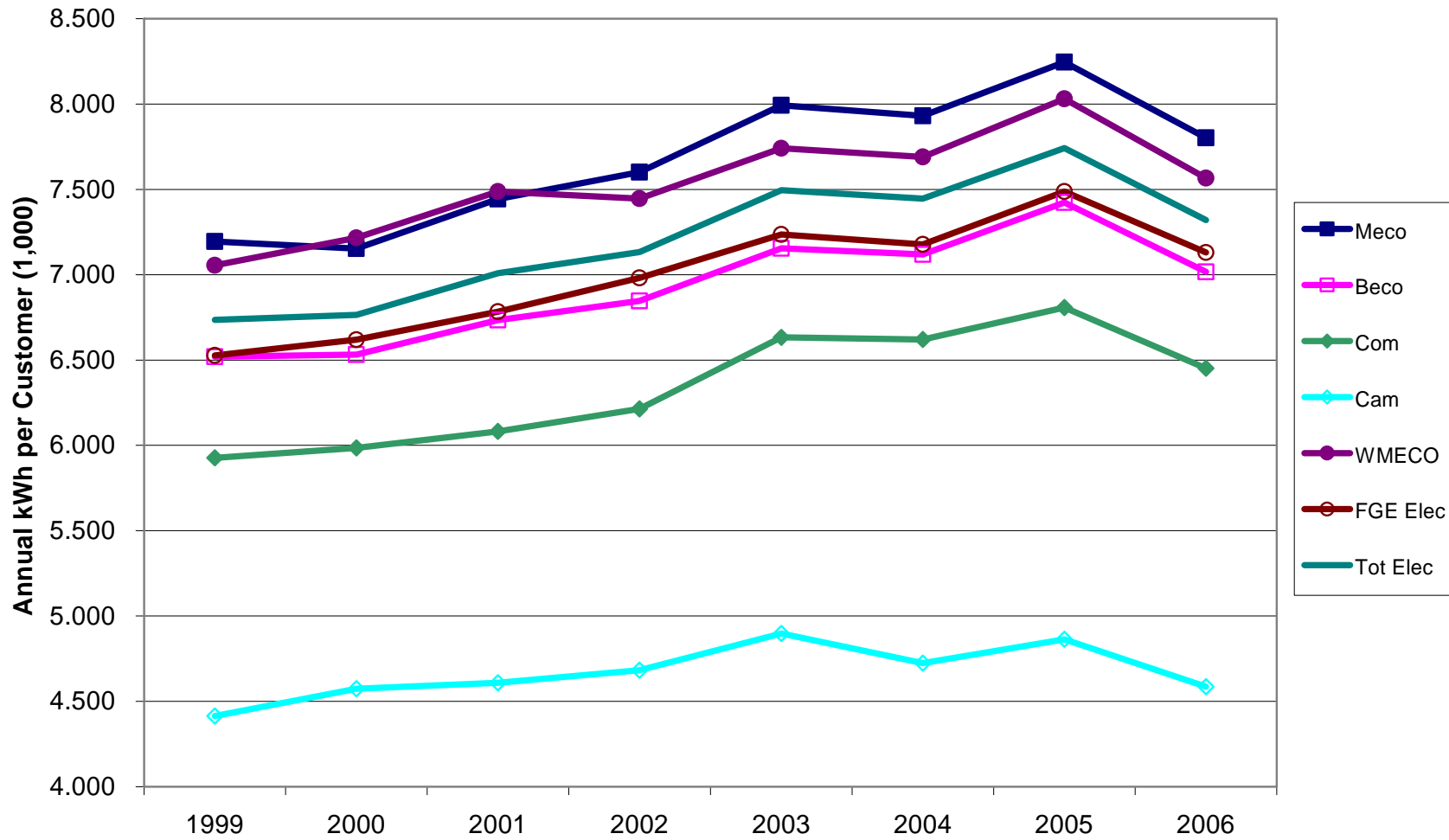








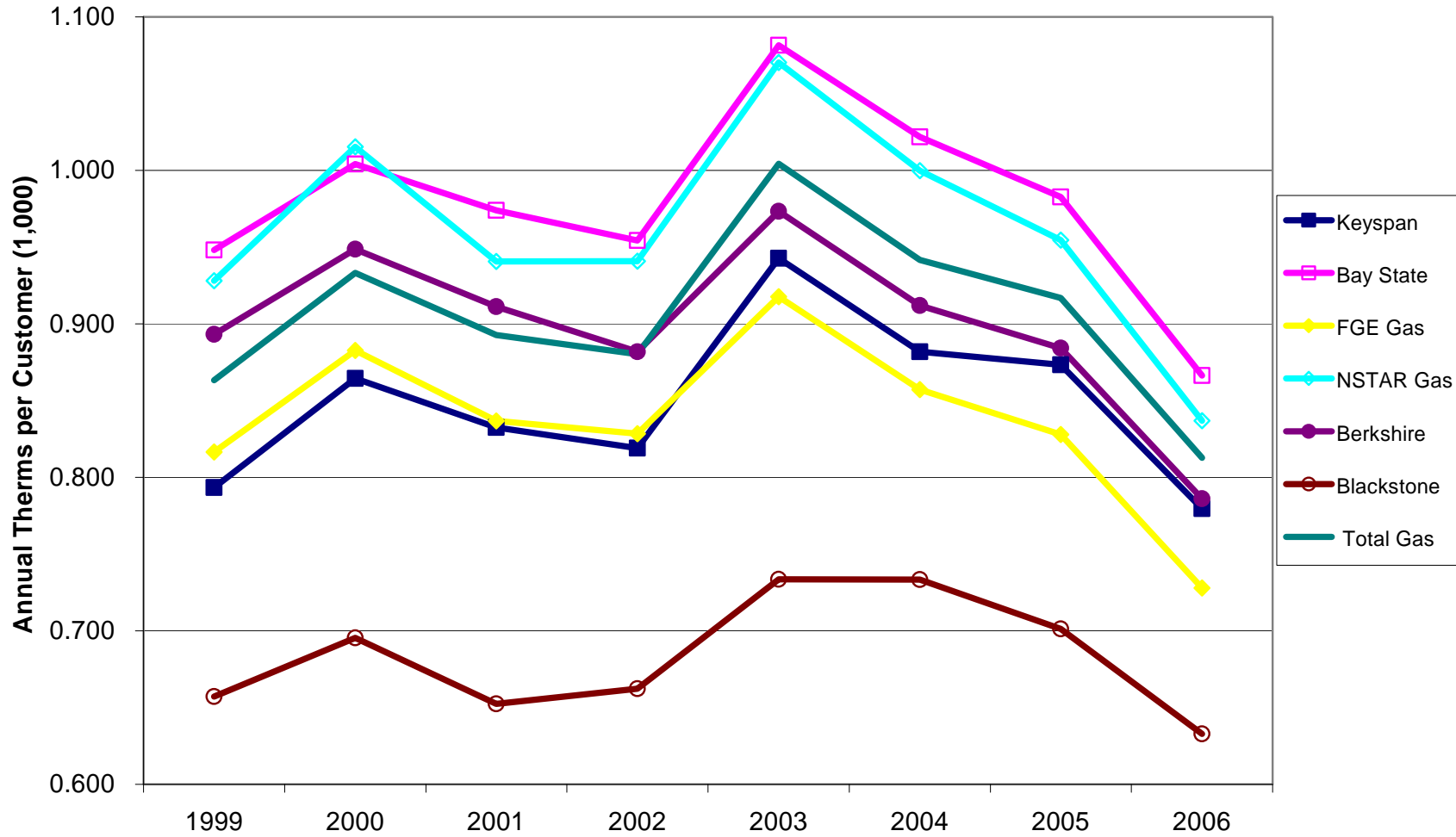
### Massachusetts Electric Utilities: Demand Per Residential Customer



The data in this graph are actual annual kWh per customer values, not adjusted for weather.



### Massachusetts Gas Utilities: Residential Use per Customer



The data in this graph are actual annual Therms per customer values, not adjusted for weather.

	State	Company	Docket number	Date of Decision	Basis for Revenue Target	Classes	Period	Additional Information; Additional Clauses
1	AR	Arkansas Oklahoma Gas Corp.	D-07-026-U	Pending	Monthly actual class revenues compared to target (rate case) revenues <sup>17</sup>	Residential and Small Business	Annual true up	WNA <sup>18</sup> CGA <sup>19</sup> Municipal Tax Clause
2	IL	Peoples Gas Light and Coke Co. and North Shore Gas Co.	D-07-0241, 0242	N/A Pending	Monthly difference between actual and TY <sup>20</sup> ("Test Year") margin per customer, times TY customers, divided by estim. volumes, 2 months later. Actual and target revenues is deferred	Service classes 1N, 1H, and 2	Monthly	CGA Municipal taxes Environmental costs
3	NY	National Fuel	C-07-G-0141	N/A Pending	Difference between annual TY UPC and current year WN UPC, times tail block rate times customers	SC 1, SC 2 (Res) and SC 3. (GS)	Annually; 12 months ended December data. Effective March 1	WNA
4	AR	CenterPoint Arkansas	06- 16 1 -U	N/A Pending	Annual actual revenues compared to rate case revenues <sup>18</sup> No class true up if (1) customers and volumes or (2) revenues are $\geq$ TY levels WNA currently in effect <sup>1</sup>	Residential Firm Sales Service, RS-1, Small Commercial Firm Sales Service, SC-1, Small Commercial Firm Sales Service - Off Peak, SCS-2	Annual true up, January – December adjustment rate in effect following July through June	WNA
5	DC	Washington Gas Light Co.	D-1054-G-2	12/21/2006 Pending Latest Filing (8/1)	Billing month adjustment based on actual class revenues vs. TY revenues, adjusted for customer growth	All classes	Monthly with 2 month lag between calculation and billing of adjustment	

<sup>17</sup> This atypical decoupling feature was designed to address the atypical condition of declining customers, declining Mcf

<sup>18</sup> WNA: Weather Normalization adjustment clause.; WN: weather normalized

<sup>19</sup> CGA: Cost of Gas Adjustment clause.

<sup>20</sup> TY: Test year

	State	Company	Docket number	Date of Decision	Basis for Revenue Target	Classes	Period	Additional Information; Additional Clauses
6	TN	Chattanooga Gas		Separate hearing in Dec 2007	Proposed decoupling is currently being addressed as part of Phase II of proceeding.	N/A	N/A	WNA
7	AR	Arkansas Western Gas	D-06-124-U N/A	7/13/2007	Annual actual revenues compared to rate case revenues <sup>21</sup> No class true up if (1) customers and volumes or (2) revenues are ≥ TY levels Separate WNA	Residential (RS-1), Business 1- Sales and Transport (B-1), and Business 2- Sales and Transport (B-2) rate classes.	Annual true up, August – July; adjustment rate in effect following January through December	WNA Tax and fee
8	CA	PG&E	AP-9712020De-0002046	5/27/2004	Rate Plan Revenue Requirement	All	Annual	23 Balancing accounts, Adjustments <ul style="list-style-type: none"> <li>Core, non-core fixed cost; pension contribution</li> </ul> 7 memo accounts <ul style="list-style-type: none"> <li>Catastrophic Event, Advanced Metering Infrastructure, Financial Hedging</li> </ul>
9	CA	SOCal Gas			PBR <sup>22</sup> price cap rate plan	All	Annual	18 Balancing Accounts <ul style="list-style-type: none"> <li>Pension, PBOP<sup>23</sup>, Core, non-core fixed cost</li> </ul> 26 memo accounts <ul style="list-style-type: none"> <li>Catastrophic Event, Intervenor Award</li> </ul> ESM <sup>24</sup>

<sup>21</sup> This atypical decoupling feature was designed to address the atypical condition of declining customers, declining Mcf  
<sup>22</sup> PBR: Performance Based Ratemaking  
<sup>23</sup> PBOP: Post-retirement other than Pension expense  
<sup>24</sup> ESM: Earnings Sharing Mechanism

	State	Company	Docket number	Date of Decision	Basis for Revenue Target	Classes	Period	Additional Information; Additional Clauses
10	CA	Southwest Gas	3/16/2004		Rate plan revenue requirement Attrition year increases could be adjusted down if pipe replacement targets missed Actual margin revenues compared to authorized levels	All	Annual	Catastrophic Event, Public Purpose Program, Low Income Energy Efficiency
11	CO	Public Service Co. of CO	D-06S-656G	6/18/2007	NUPC true up mechanism Difference between WN actual use per customer and TY UPC, times margin rate times actual customers	Residential RG	Annual	
12	IN	Southern Indiana Gas and Electric	C- 43046 C-43112	12/1/2006 8/1/2007	85% of difference between actual class margins and TY margins by class, adj for growth in customers	Residential, General Service sales; School transportation	Annual recovery of accumulated deferred balance; with reconciliation	Bad debt gas , pipeline safety, bare steel replacement (PSA), normal temperature adjustment
13	MD	Washington Gas Light Company	Case No. 8990	8/6/2005	Calculate billing month adjustment based on actual class revenues vs. TY revenues, adjusted for customer growth Reconciliation of actual and target revenues	Rate Schedule Nos. 1, 1A, 2, 2A, 3 and 3A	Monthly with 2 month lag	
14	NC	Piedmont Natural Gas	D-G-9,SUB499	11/3/2005	Rev Adj by class by month = Target revenues – Actual revenues.: Target: actual customers x (TY base load/cust + TY TS factor x Normal HDD) Interest on deferred	Rate schedules 101, 121, 102, 132, 152, 162	Adj Factor changes Apr, Nov, based on deferred bal at Jan, Aug	Pipeline integrity, PBOP regulatory assets Bad debt (gas)

	State	Company	Docket number	Date of Decision	Basis for Revenue Target	Classes	Period	Additional Information; Additional Clauses
15	NJ	South Jersey Gas /New Jersey Natural Gas	11/9/2006		Monthly difference between current actual and TY NUPC, times predetermined weighted margin per therm times actual monthly customers Capped to limit ROE to 10.5%	Resid, Resid Transport, Gen Svc High LF, Comprehensive Transportation and Balancing, Gen Svc Low LF, Small Commercial Rebundled Trans, ED	Annual	WNA
16	OH	Vectren	05-1444-GA-UNC	9/13/2006	Difference in actual WN revenues, rate case revenues, adjusted for growth in customers. Actual and target revenues are reconciled	Residential sales/ trans: general sales / trans	New rate effective November 1 annually,	
17	OR	Northwest	Renew: UG 163	8/22/2003 Initial: 9/12/02; renew 8/25/05	Partial decoupling: Base line rate case per cust, adj for price elasticity compared to actual weather norm UPC	Res 1, 2 Commercial 1, 3, 31	Annual, eff Oct 1 each year; adj based on deferred balance as of June 30.	Separate WNA
18	UT	Questar Gas	Docket No. 05-057-T01	5/26/2006	Difference between rate case margin per customer, and actual revenue, times actual monthly customers, Reconciling	GS-1, GSS	Semiannually, adjustment to base rates made to amortize current balance over 12 months	WNA: separate
19	WA	Avista	UG 060518	12/21/2005	Actual WN sales, with new customers removed, compared to TY monthly sales. revenues calculated by multiplying sales diff by approved rate; 90% of diff is deferred Deferral subject to ESM and DSM performance Impact capped at 2%; difference remains in deferred.	RS 101 (residential and small commercial)	Annual, July – June; new adjustment effective Sept 1 Nov 07 – Oct 2010	Tax Adjustment

	State	Company	Docket number	Date of Decision	Basis for Revenue Target	Classes	Period	Additional Information; Additional Clauses
20	WA	Cascade Natural Gas Corp	UG-060256	1/12/2007	Difference between rate case margin per customer and actual WN margin per customer times actual customers Actual and target revenues reconciled	RS 503, 504 (Residential, Commercial)	Annual	

	State	Company	Docket Number	Date of Decision	Decoupling				
					Basis for Annual Revenue Target	Classes	Target and Actual Revenues Reconciled?	Period	
1	California	Pacific Gas and Electric Co.	AP-9712020De-0002046	5/27/2004	Rate Plan Revenue Requirement	All	Yes	Annual	ESM, PBR 28 Balancing Accounts: <ul style="list-style-type: none"> <li>• Baseline, pension contribution</li> </ul> 34 Memo Accounts <ul style="list-style-type: none"> <li>• Catastrophic event, Hedging, Gas procurement Audit, Low Income Energy Efficiency</li> </ul>
2	California	San Diego Gas & Electric Co.	AP-0212028De-0412015	12/8/2004	Post Test Year Revenue Requirement	All	Yes	Annual	ESM; PBR 25 Balancing Accounts: <ul style="list-style-type: none"> <li>• Distribution fixed cost, Pension/ PBOP, Tree trimming</li> </ul> 34 Memo Accounts <ul style="list-style-type: none"> <li>• Catastrophic event, Distributed Generation Implementation, Advanced Metering Infrastructure, Low Income Energy Efficiency</li> </ul>
3	California	Southern California Edison Co.	AP-0205004De-0407022	4/22/2002	Post Test Year Revenue Requirement	All	Yes	Annual	ESM; PBR 14 Balancing Accounts: <ul style="list-style-type: none"> <li>• Base Revenue requirement Pension/ PBOP, Tree trimming</li> </ul> 15 Adjustment Mechanisms <ul style="list-style-type: none"> <li>• PBR distribution revenue requirement, Low Income Energy Efficiency</li> </ul>
4	Idaho	Idaho Power Co.	C-IPC-E-04-15	3/12/2007	Rate case revenue requirement per customer	Residential, Small Commercial	Yes	Annual	<ul style="list-style-type: none"> <li>• Fixed Cost Adjustment; Applied to Residential, Small Commercial</li> <li>• Power Cost Adjustment</li> <li>• Energy Efficiency Rider</li> </ul>

	State	Company	Docket Number	Date of Decision	Decoupling				
					Basis for Annual Revenue Target	Classes	Target and Actual Revenues Reconciled?	Period	
5	Maine	Bangor Hydro-Electric	2001-410	6/11/2002	Rate plan revenue requirement	All	No	Annual	Annual Price Change formula: <ul style="list-style-type: none"> <li>Settlement Basic Rate Reductions, Mandated Costs (force majeure non-recurring events, accounting, federal or state legislative, regulatory or tax changes), Net Capital Gains and Losses, Earnings Sharing and Service Quality Penalties</li> </ul>
6	Maine	Central Maine Power	1999-666	11/16/2000	Rate plan revenue requirement	All	No	Annual	Price cap adjustments: <ul style="list-style-type: none"> <li>Major storms, disasters, changes in law or regulations - CMP liable for 1st \$3 million in extraordinary costs in any given year.</li> <li>Gains and losses on sales of property</li> <li>ESM, SQ, Reliability</li> </ul>
7	Maryland	Delmarva Power & Light Co.	C-9093	7/19/2007	Rate case revenue requirement per customer	R, R-TOU-ND, SGS-S, GS-SH, GS-WH, LGS and GS-P	Yes	Monthly – 2 month lag	Riders <ul style="list-style-type: none"> <li>Universal Service Program, Franchise Tax, Environmental Surcharge, Bill Stabilization Adjustment</li> </ul>
8	Maryland	Potomac Electric Power Co.	C-9092	7/19/2007	Rate case revenue requirement per customer	R, R-TM, GS, GT LV, GT 3A, GT 3B, MGT LV II, MGT LV III, MGT 3A II, MGT 3A III, T, EV TM-RT.	Yes	Monthly – 2 month lag	Riders <ul style="list-style-type: none"> <li>Universal Service Program, Delivery Tax Surcharge, Environmental Surcharge, Bill Stabilization Adjustment</li> </ul>



	State	Company	Docket Number	Date of Decision	Decoupling				
					Basis for Annual Revenue Target	Classes	Target and Actual Revenues Reconciled?	Period	
9	Vermont	Green Mountain Power Corp.	D-7175	12/22/2006	Rate changes based on updated COS	All	No	Annual	Exogenous factors: <ul style="list-style-type: none"> <li>• Changes in tax laws, GAAP, FERC ISO rules</li> <li>• Non-weather loss of load, Major unplanned maintenance costs or investments (e.g. storm related, major repairs)</li> </ul> ESM