

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Modernization
of the Electric Grid

D.P.U. 12-76

SUPPLEMENTAL INITIAL COMMENTS OF THE OFFICE OF THE LOW INCOME NETWORK

The Low Income Network filed joint Initial Comments this day with the Office the Attorney General and Associated Industries of Massachusetts. The Low Income Network is pleased that all Steering Committee Members agree that "affordability must be addressed"¹ and that nearly all parties – including all utility, ISO, consumer, environmental, and clean energy interests – specifically recommend protections and affordability for low-income customers.²

The regulated electricity industry is at a crossroads. Increased costs, including those that may be related to Grid Modernization, are easy to foresee but may not be easy for some to afford. Even more seriously, such increases in cost may be at a scale sufficient to encourage considerable bypass – the very activity Grid Modernization is, in part, designed to facilitate.

Thus there is the possibility that increased costs will encourage large-scale bypass, which would decrease utility revenue while potentially increasing costs; this would raise rates, resulting in more bypass, and so on. Some call this a death spiral and it could result in unaffordable rates and bills for basic service captive monopoly electricity customers who cannot join in the bypass.

But there are strategies to prevent a potential death spiral in the electricity industry:

1. Assign new costs to those who cause or benefit from them, rather than shift them to general ratepayers, which could increase general rates without increasing general benefits.
2. Continue to rigorously discipline costs by application of the existing regulatory rules and principles of prudence, used and useful, least-cost, cost-effectiveness, cost-causer/beneficiary-pays cost allocation, and affordability.
3. Facilitate investments in technologies that will increase capacity utilization and thus help control rates and bills, *e.g.*, by use of opt-in time-varying rates that shift loads to off-peak times and opt-in direct load controls.
4. Similarly, continue to facilitate investments in clean energy technologies, such as energy efficiency, which can provide a price hedge against the nearly-certain volatility and general increase in future prices of natural gas.

Respectfully submitted,
LOW INCOME NETWORK

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¹ *Final Report*, p. 9.

² *Id.*, pp. 107, 119, 122, 125 n. 79).