

Important Rate Notice for Customers of The Berkshire Gas Company

Application for General Rate Increase



**BERKSHIRE
GAS**

THE BERKSHIRE GAS COMPANY
115 CHESHIRE ROAD, P.O. BOX 1388
PITTSFIELD, MASSACHUSETTS 01202-1388
(413) 442-1511
www.berkshiregas.com

On May 17, 2018, The Berkshire Gas Company (“Berkshire Gas” or the “Company”) submitted a proposal to the Department of Public Utilities (“Department”) to update the Company’s gas rates. The proposal requests recovery of an operating deficiency of \$3.1 million, or 4.3 percent of current operating revenue, effective April 1, 2019. The Company’s request addresses increases in operating and maintenance costs incurred to meet stringent pipeline safety mandates and capital costs incurred to upgrade gas infrastructure since the Company’s last base rate proceeding in 2002. The Company’s request is reduced by the impact of the federal Tax Cuts and Jobs Act, which became effective on January 1, 2018, and includes a proposed adjustment to ensure that customers receive the full benefit of the tax cut. On the effective date of new rates, the overall increase in distribution revenue will be \$4.5 million offset by revenue decreases for other current rate factors of \$1.4 million, representing a net change in operating revenues of \$3.1 million.

As part of the filing, Berkshire Gas also proposes to implement an alternative ratemaking mechanism (“ARM”) that will allow the Company to annually adjust its rates without filing for a base rate proceeding. The proposed ARM has a five-year term that begins in 2019 with the establishment of rates approved in this proceeding and is followed by four annual rate adjustments in 2020 through 2023. The Company also offers an alternative to the ARM. Under the alternative proposal, Berkshire Gas seeks to implement (1) a capital cost recovery mechanism that would allow the Company, for the next five years, to adjust rates and recover the revenue requirement associated with certain capital investments; and (2) a reconciling mechanism to address potential changes in the method used by municipalities to assess property taxes.

As a part of this filing, the Company also proposes to continue its recovery of capital investment made to replace gas distribution infrastructure through the GSEP approved in The Berkshire Gas Company, D.P.U. 14-131 (2015). Further, the Company proposes, pursuant to Investigation into Rate Structures that will Promote Efficient Deployment of Demand Resources, D.P.U. 07-50-A (2008), to implement a rate mechanism to decouple its gas revenues from its sales. The Company also proposes a reconciling mechanism to recover costs associated with pension and other post-retirement employee benefits. Additional information regarding these and all other proposals can be found in the Company’s filing.

If the Company’s proposals are approved by the Department without modification, rates proposed by the Company would cause the following impacts for customers:

- a monthly bill increase of \$8.43 (a 4.8 percent increase in current rates) for a typical residential heating customer using 136 therms of gas per month during the winter season;
- a monthly bill decrease of \$1.77 (a 4.0 percent decrease in current rates) for a typical residential heating customer using 29 therms of gas per month during the summer season;
- a monthly bill increase of \$4.02 (a 10.2 percent increase in current rates) for a typical residential non-heating customer using 18 therms of gas per month during the winter season;
- a monthly bill increase of \$1.21 (a 4.2 percent increase in current rates) for a typical residential non-heating customer using 12 therms of gas per month during the summer season;
- an annual bill increase in the range of 1.45 percent to 6.52 percent for commercial and industrial customers, depending upon the amount of their usage.

The Department has docketed this matter as D.P.U. 18-40 and has suspended the effective date of any rate adjustment until April 1, 2019, in order to investigate the appropriateness of the Company’s request.

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

July 11, 2018 at 7:00 p.m., Greenfield Middle School, Auditorium, 195 Federal Street, Greenfield, Massachusetts 01301.

July 23, 2018 at 7:00 p.m., Berkshire Community College, Boland Theatre (Koussevitzky Building), 1350 West Street, Pittsfield, Massachusetts 01201.

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 **July 31, 2018**.

Written comments should reference D.P.U. 18-40 and should be addressed to: Mark D. Marini, Secretary, Department of Public Utilities, One South Station, Boston, MA 02110. Please also email the comments as a Word or PDF attachment to dpu.efiling@state.ma.us and Marc.Tassone@state.ma.us. For further information on filing comments, contact Marc J. Tassone at 617-305-3500.

If you would like further information about the Company’s filing, please call our customer services group at 1.800.292.5012 or submit your request at CustomerService@berkshiregas.com.