MMWEC, Consumer Advocates Seek Rejection of ‘unlawful rate increase’

Ludlow, Mass. – August 3, 2017 -- Seeking to prevent a “patently unlawful rate increase” for electric customers, the Massachusetts Municipal Wholesale Electric Company (MMWEC), the Massachusetts Attorney General, state utility regulators and consumer advocates from throughout New England on Wednesday asked a federal regulator to exercise seldom-used authority to reject a rate filing by the owners of New England’s electric transmission system.

“There is legitimate concern that New England transmission customers will be subject to illegally increased charges” if the filing is not rejected, the group states in its request to the Federal Energy Regulatory Commission (FERC) Office of Energy Market Regulation, which has the authority to reject filings that fail to comply with federal law and FERC regulation. The increased charges to New England consumers would amount to hundreds of millions of dollars over the decades-long life of electric power lines.

“There is no legal basis” for the transmission owners’ filing, which seeks to reinstate a higher rate of return on their investment in high-voltage power lines and related facilities, MMWEC states. The transmission owners, including Eversource Energy, National Grid, Central Maine Power and others, want to reinstate the 11.14% rate of return on equity that in 2014 was found by the FERC to be unjust and unreasonable. The current rate of return is 10.57%.

The FERC decision establishing the 10.57% rate was vacated by a federal appeals court and sent back to the FERC for further consideration. Without any regulatory or court direction, the transmission owners filed unilaterally to reset their rate of return to 11.14%, an action that MMWEC and the consumer-interested parties are challenging as an unauthorized filing.

In addition to MMWEC and the Massachusetts Attorney General, the consumer-interested parties include the Connecticut Attorney General; utility regulators from Massachusetts, Connecticut, New Hampshire and Rhode Island; the Connecticut Office of Consumer Counsel; the New Hampshire Office of Consumer Advocate; the Maine Office of Public Advocate; the New Hampshire Electric Cooperative; and Associated Industries of Massachusetts.

MMWEC is the joint action agency for public power in Massachusetts, providing a variety of power supply, financial, risk management and other services to the state’s consumer-owned, municipal utilities.

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