

## **Natural Gas Utility seeks rate hike to cover ‘outrageous’ costs**

by Jerry Kronenberg and Christine McConville

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National Grid honchos are seeking the biggest gas rate hike in Bay State history even as they have gouged consumers out of hundreds of thousands of dollars for outlandish executive expenses - from private school tuition and veterinary bills to a \$1,200 charge to ship a private wine collection, newly released documents show.

“During the course of (reviewing National Grid’s rate-hike request), we found at least \$300,000 worth of expenses that are outrageous and clearly provide no benefit to Massachusetts rate payers,” Jill Butterworth, spokeswoman for Attorney General Martha Coakley, told the Herald. “(And) we only scratched the surface.”

National Grid recently asked the state Department of Public Utilities to approve a \$106 million-a-year rate hike for the company’s 850,000 Hub-area gas customers. That would raise ratepayer bills by about 4 percent to 11 percent, depending on where they live.

However, Coakley’s office and New York regulators reviewing a proposed rate hike there found the utility essentially passed dozens of questionable employee expenses on to consumers during 2008-09, including:

- \$35,700 to send a senior vice president’s two daughters to the private British School of Boston;
- \$30,000 for an executive’s personal medical bills;
- \$4,363 for an employee’s trip to President Obama’s inauguration;
- \$4,000 for company Christmas cards;
- \$1,602 to mat and frame pictures for Grid President Tom King’s office;
- \$1,433 for Rubik’s Cubes used in a team-building exercise; and
- \$1,254 to ship a wine collection across the ocean for a British employee who transferred stateside.

No employee expense was too small, with National Grid even passing on costs for \$2 coat-check fees and \$3.50 bottled waters.

National Grid spokeswoman Deborah Drew said the utility has since struck “the vast majority” of the questionable expenses out of its new rate hike proposal.

“When we learned of instances where costs were inadvertently included, we removed them,” she told the Herald. “It is not our intention to mistakenly charge customers for inappropriate costs.”

Yet Coakley staffers, who represent consumers’ interests before the DPU, are seeing red.

“National Grid is asking state regulators to grant it the largest gas-distribution rate increase in Massachusetts history and at the same time making expenditures for parties, private-school tuitions, lavish dinners and wine shipments,” Butterworth said.

New York regulators are angry, too.

“We believe the problem is much deeper . . . than just the costs of the travel or other incidental expenses,” Empire State officials wrote in testimony submitted to their state utilities commission. “If (staffers’) travel or other incidental expenses are being misallocated, most likely so are the employees’ labor and fringe-benefit costs.”

Massachusetts law prohibits utilities from forwarding costs to consumers unless expenses directly benefit rate payers.

But National Grid not only stuck customers in Massachusetts and other states with shocking staffer expenses, but initially included some items in calculations used to make its rate-hike requests.

Now, Coakley’s office wants an independent auditor to thoroughly review National Grid’s books.

The attorney general already has gone on record as opposing the utility’s Massachusetts hike.