

THE STATE OF NEW HAMPSHIRE
BEFORE THE
NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Eversource Energy

Petition for Continuation of Reliability Enhancement Program

Docket No. DE 17-196

**Technical Statement of
Robert Allen, Joseph Purington, and Christopher Goulding**

November 16, 2018

A. Purpose of Technical Statement

This Technical Statement is being submitted to explain the proposed activities and costs associated with the proposal by Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or the “Company”) for continuation of the Reliability Enhancement Program (“REP”) in 2019. This filing accompanies a request by Eversource to extend the REP until the effective date of new rates in a rate review filing to be made in 2019. In 2019, Eversource is proposing an REP consisting of the following activities and programs:

1. REP vegetation management covering enhanced tree trimming, hazard tree removal and full-width right-of-way clearing totaling \$16.8 million for the 2019, all treated as expense items;
2. Continuation of the present level of funding for the Troubleshooter program at \$2 million for 2019; and
3. Distribution rate adjustments to account for changes in the Commission’s assessment, recovery of consultant costs, and removal of a Medicare tax deferral credit.

Additional details for each of those items is provided in the sections below. The Company also notes that under the REP in 2018, Eversource was to construct two circuit ties. The details of those circuit ties are included in Attachment LGL-1 to Eversource’s December 15, 2017 petition on the REP. Eversource reports that as of the date of this submission those projects are on schedule and on budget to be completed in 2018. Additional details on the completed projects will be included in the report on the 2018 REP to be filed in 2019.

B. Vegetation Management – Robert Allen, Manager, Vegetation Management

REP vegetation management activities in 2019 will include the same activities that had been included for vegetation management in 2018: enhanced tree trimming (“ETT”), hazard tree removal, and full-width right-of-way clearing. As described below, the differences for 2019 will be that the activities will be treated as expense items rather than capital items, and the total budgets for the activities have been refined from 2018.

For ETT, Eversource trims main lines for reliability using its ETT specification which creates ground to sky clearance versus the standard maintenance trim zone.

Expanded clearance is obtained by performing greater off zone takedowns and clearing, and higher than normal vertical clearing. Increasing the trim zone at targeted main line locations significantly reduces the risk of tree outages associated with significant SAIDI (customer) impact.

For hazard tree removal, Eversource looks to remove trees greater than 16 inches in diameter within the trim zone and others outside the trim zone that are identified as a hazard to falling onto primary conductors. Identifying and removing trees that have a high likelihood of contacting primary conductors significantly reduces the risk of tree outages associated with significant SAIDI (customer) impact.

With respect to full-width right-of-way clearing, Eversource researches its easements to confirm the easement boundaries and then works to clear the rights-of-way to the full extent allowed under the easements. Clearing rights-of-way to the full width of the easements reduces the risk of tree outages associated with significant SAIDI (customer) impact.

Before addressing the 2019 plan, Eversource will first provide an update on the status of vegetation management work in 2018. As to the mileage schedule for 2018 for the Company's trimming activity, Eversource was behind schedule due to the need to address severe storm activity in the early part of the year. To make up the shortfall, Eversource obtained additional crews from Asplundh, Lewis and Global tree companies. It takes some time for those additional crews to get acquainted to trimming and removing trees in New Hampshire. Generally, the specifications in New Hampshire are different than other states because there are more trees per mile of line than these crews see in other states, and the trees are significantly taller. Eversource implemented a recovery plan in August 2018 to integrate the outside crews into the local plan. To complete the annual plan, Eversource needed to complete the following miles per month:

August	250
September	300
October	300
Total	850

Since implementing the recovery plan Eversource's actual miles were:

August	249
September	326
October	289
Total	864

Therefore, Eversource is on track to complete its scheduled miles of trimming for 2018 and will report more fully on the results of its trimming activity in its 2019 REP report.

With respect to ETT, hazard tree removal, and full-width right-of-way work in 2019, the cost per mile for ETT is determined through a competitive bid process and has generally resulted in costs of approximately \$30 thousand to \$40 thousand per mile. There is presently some difficulty in obtaining crew resources and so Eversource expects prices for that activity to be somewhat higher for 2019. Moreover, the bids include the costs of all traffic control – both police details and flagging companies. The costs for those activities generally rises each year and Eversource expects the same for 2019. Once the final bids are

returned, a more refined estimate of the miles to be trimmed in 2019 will be developed. Eversource's present plan for ETT is attached to this technical statement as page 1 of Attachment RDA-1. Similarly, the full-width right-of-way work is competitively bid and the actual work to be performed will depend upon the final bids. The current estimate for that work is provided on page 2 of Attachment RDA-1.

Hazard tree removal is performed on a unit cost basis where the costs vary by the size of the trees involved. This work also involves special crews and special equipment, such as cranes and bucket trucks that can reach 85 or even 100 feet, along with off road equipment and aerial lifts that are meant for working in difficult to access places. Eversource has 5 arborists who, among other things, identify hazard trees for removal along the approximately 2,800 miles of trimming Eversource completes annually. Through the month of September 2018, Eversource's total spending on hazard tree removal has been approximately \$8.4 million, and, based upon that, Eversource anticipates spending approximately \$10 million for hazard tree removal in 2018. Eversource's proposal for 2019 is for funding at the same level as the expected spending in 2018.

C. Troubleshooters – Joseph Purington, Vice President-Electric Operations

Eversource implemented the Troubleshooter program in New Hampshire in August, 2015. The Troubleshooter program consists of 18 Troubleshooter positions and two Supervisors. The Troubleshooters are broken up into three six-person teams working twelve-hour shifts providing coverage 24 hours a day, 365 days a year to the primary coverage area of the Bedford, Derry, Hooksett, and Nashua Area Work Centers ("AWCs"). When available, the Troubleshooters also provide coverage to a secondary coverage area consisting of the Epping, Keene, Newport, Portsmouth, Rochester and Tilton AWCs.

The Troubleshooters perform both reliability related work and non-reliability related work. REP funding supports only the reliability work of the Troubleshooters, while their other work is recovered in base rates. Troubleshooters are available to respond quickly to outage events and, in many instances, to aid in a more efficient restoration of power to customers. Historically, approximately half of the funding for the Troubleshooter program has been in the REP. The types of tasks, both reliability and non-reliability related are discussed in detail in the December 15, 2017 testimony of Lee Lajoie and Brian Dickie in this docket.

For 2019, Eversource is proposing to use the Troubleshooters to perform the same types of tasks as they have done historically. For reliability-related work, the activities supported through the REP are tasks relating to trouble and outage events, including trouble and outage events that are not reimbursable (that is, trouble events that do not involve capital additions), as well as any trouble and outage prevention work such as: removing limbs/trees from wires where there is no damage, proactive circuit patrols, substation security patrols, responding to emergencies, installation of animal protection and pole reflectors, and circuit device labeling. Thus, the Troubleshooters will perform both reactive activities (responding to trouble events) as well as proactive activities aimed at mitigating potential hazards to the reliable operation of the system.

As relates to trouble and outage work in the period between October 1, 2017 and October 31, 2018 the Troubleshooters responded to 2,676 outage events and 5,384 trouble events, which is consistent with prior years. Eversource is anticipating similar levels of

work for the Troubleshooters in 2019. Additionally, included with this statement as Attachment JAP-1, are a series of graphs, similar to those provided previously in this docket, demonstrating the improvements in various reliability metrics seen in the areas covered by the Troubleshooters. As shown in those graphs, the Troubleshooters have a positive impact on reliability for customers.

D. Rate Adjustments – Christopher Goulding, Manager, Revenue Requirements

1. Reliability Enhancement Program Revenue Requirement Calculation:

As noted above, for 2019 Eversource proposes an REP consisting entirely of O&M activities in two specific classes – vegetation management and the Troubleshooter program – along with continued funding of the approved REP capital investments made through December 31, 2018. The revenue requirement calculation of the continued program has been included in Attachment CJG-1 and Attachment CJG-2. The 2019 annual revenue requirement to continue the program is \$33,933,068. The current REP funding of \$18,063,000 and a forecasted December 31, 2018 over-recovery of \$957,837 results in an incremental annual revenue deficiency for 2019 of \$14,912,232. This deficiency will be deferred to be offset by a portion of the customer tax deferral effective July 1, 2019 to mitigate any rate change at this time.

2. Docket Nos. DE 17-160 and DE 17-076 Associated Adjustments:

In Docket No. DE 17-160, Eversource sought recovery of two classes of costs – those relating to the Commission’s assessment, and those relating to the costs of consultants hired by the Commission Staff and the OCA. As explained in the October 20, 2017 testimony in that docket, those were costs that were assessed to Eversource and that it was entitled to include for recovery in its rates. When the Commission issued Order No. 26,091 (December 27, 2017), the amounts that were approved were \$911,624 to account for increase in the Commission’s assessment to Eversource, and \$430,459 to account for the costs of various consultants’ costs.

With respect to the Commission’s assessment, the current level of the assessment is set to decrease by \$294,090 and therefore Eversource will be removing that amount from its rates. As to the recovery of the consulting costs, the amount previously allowed in rates will be fully recovered as of the end of 2018. In the meantime, Eversource has been assessed additional costs to pay for consultants hired by the OCA. The amount of those new costs, however, is lower than the costs presently in Eversource’s rates by \$379,170. Therefore, Eversource is removing the difference in those costs from its rates. The net of those two changes, without any other changes, would be a decrease of \$673,260.

Additionally, in Docket No. DE 17-076, which allowed for a short-term extension of the REP in 2017, there was an adjustment to Eversource’s rates to address the end of the amortization of the cost of a subsidy relating to Medicare that had been terminated by federal law. The adjustment to remove the amortization was to have been made previously, but due to an oversight the adjustment was not made. Therefore, with the completion of that amortization the credit relating to it will be removed from Eversource’s rates, along with the additional funds that accrued during the time it should not have remained in rates. The result would be an increase of \$689,960.

The calculations relating to the above rate adjustments are included in Attachment CJG-3. Taking those three adjustments together, the net impact to Eversource's revenue is \$16,700 on an annual basis. That amount is so small that even if a new rate was to be computed, the change would not appear in the rates charged to customers. Accordingly, Eversource is requesting that the Commission review the adjustments and confirm that no rate change is necessary or required to account for those adjustments as of January 1, 2019.