

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 18-177

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE d/b/a EVERSOURCE ENERGY

Petition for Continuation of Reliability Enhancement Program

Order Approving Petition

ORDER NO. 26,206

December 28, 2018

APPEARANCES: Matthew J. Fossum, Esq., on behalf of Public Service Company of New Hampshire d/b/a Eversource Energy; the Office of the Consumer Advocate, by D. Maurice Kreis, Esq., on behalf of residential ratepayers; and Suzanne G. Amidon, Esq., on behalf of Commission Staff.

In this order, the Commission approves Eversource's request to continue its Reliability Enhancement Program for 2019, and to reconcile costs and revenues incurred in 2018. Because Eversource accrued a deferral resulting from 2018 changes to federal income tax law, no rate adjustment is necessary to continue the program at this time.

I. PROCEDURAL HISTORY

On November 16, 2018, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or Company) filed a petition asking the Commission to approve a temporary extension of Eversource's Reliability Enhancement Program (REP) pending the setting of new rates following the Company's filing of a distribution rate case in 2019. The petition requested that the Commission approve \$16.8 million in vegetation management consisting of enhanced tree trimming (ETT), hazard tree removal, and full-width right-of-way (ROW) clearing; and continuation of a troubleshooter program at an annual level of \$2 million. The Company also requested adjustments for changes in the Commission's assessment, recovery of consultant costs,

and removal of a credit for a prior over-collection, which collectively would result in no change in rates to customers. In support of its petition, Eversource filed a technical statement and related exhibits. In its petition, Eversource committed to filing a distribution rate case in 2019, using 2018 as its test year.

On November 20, 2018, the Office of the Consumer Advocate (OCA) filed a letter of participation in this docket pursuant to RSA 363:28. The Commission issued an Order of Notice on December 5, 2018, scheduling a hearing for December 18, 2018.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2018/18-177.html>.

II. POSITIONS OF THE PARTIES AND STAFF

A. Eversource

Eversource requested \$16.8 million for REP vegetation management to cover ETT, hazard tree removal, and full-width ROW clearing, all treated as expense items. Eversource also asked for continuation of the present level of funding for the troubleshooter program at \$2 million for 2019, and proposed adjustments to account for changes in the Commission's assessment, recovery of consultant costs, and removal of a credit for a prior over-collection.

For ETT, Eversource trims vegetation near main lines in a manner to create ground to sky clearance. According to the Company, increasing the trim zone at targeted locations significantly reduces the risk of outages caused by trees and improves reliability. Eversource identified two other vegetation management practices that reduce tree related outages: (1) the hazard tree removal program, where the Company identifies and removes trees that have a high likelihood of contacting primary conductors; and (2) clearing the full-width of ROWs.

The Company solicits all vegetation management services through a competitive bid process. Costs of the services range from \$30,000 to \$40,000 per mile, which includes the costs of traffic control. Hazard tree removal is performed on a unit cost basis where the costs vary by the size of the trees involved. Eversource said it expects to spend about \$10 million on hazard tree removal for 2018 and proposes to spend the same amount for hazard tree removal in 2019.

Eversource requested authority to continue the troubleshooter program for 2019 funded at the 2018 level of \$2 million. The troubleshooter program consists of 20 employees and includes two supervisors. The employees are dedicated to three, six-person teams that work 12-hour shifts, providing continual coverage throughout the year. Troubleshooters spend about half their time on REP activities and half their time on operations and maintenance activities. The cost attributed to the REP activities is \$2 million. Eversource plans to use the troubleshooters to perform REP-related work including responding to trouble and outage events, removing limbs or trees from wires where there is no damage, conducting proactive circuit patrols, doing substation security patrols, and engaging in other functions historically performed by the troubleshooters.

As calculated by Eversource, the 2019 annual revenue requirement to continue the program is \$33.9 million. The current REP funding of \$18 million, when combined with a December 31, 2018, forecasted over-recovery of \$957,837, results in an incremental annual revenue deficiency for 2019 of about \$15 million. The Company plans to defer the deficiency, which it proposes to offset by a portion of the customer tax deferral resulting from changes to the federal corporate income tax rate that took effect on January 1, 2018.

With respect to the Commission's assessment, the current level is set to decrease by \$294,090, and Eversource will remove that amount from its rates. New consulting costs are

\$379,170 lower than costs currently in rates, so Eversource will also remove that difference. The assessment and consulting costs changes represent a decrease of \$673,260.

In addition, in Docket DE 17-076, in which the Commission reviewed Eversource's 2018 REP, there was an adjustment to Eversource's rates to refund a \$689,960 over-collection related to termination of the Medicare tax deferral credit that was to be amortized between July 2011 and December 2016 but continued through June 2017. The over-collection was refunded to customers in rates between July 1, 2017, and June 30, 2018. Eversource proposes to discontinue that credit in this proceeding. The removal of the credit represents an increase of \$689,960.

The net rate change of these elements is a \$16,700 increase in rates. Eversource said that the amount is so small that, even if a new rate were to be computed, the change would not appear in rates. Accordingly, Eversource said that no adjustment to rates is necessary at this time.

Eversource testified that its proposed REP vegetation management activities are reasonable and in the public interest, and that because there is no accompanying change in rates, the result is just and reasonable for customers.

B. OCA

The OCA supported the petition as a bridge to continue the program until the conclusion of a distribution rate case.

C. Staff

Staff supported the petition but intends to conduct a comprehensive review of all aspects of the program during the planned distribution rate case.

III. COMMISSION ANALYSIS

We approve Eversource's revised proposal to continue funding REP vegetation management activities for 2019. Eversource proposes to avoid a rate increase through a cost

deferral and future offset against savings attributable to the changes in tax laws, which will allow customers to experience the benefits of the tax changes beginning on January 1, 2019. This proposal obviates any customer rate increases to support REP vegetation management activities for 2019.

We find Eversource's planned REP vegetation management activities are in the public interest and consistent with the purpose of the REP. We also find that the absence of a rate change for the REP results in just and reasonable rates. We remind Eversource that it shall continue to file annual reports on the REP activities and expenditures that occur in the prior year, including a narrative as to why those projects were proposed, whether the budget was adhered to, and the effects of REP on safety and reliability.

Finally, we approve the adjustments regarding assessment, consulting, and removal of the credit for over-collection of \$689,960.

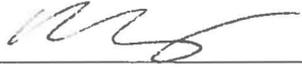
Based upon the foregoing, it is hereby

ORDERED, the Eversource REP vegetation management activities and proposed budget for 2019 are hereby APPROVED; and it is

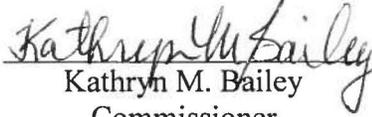
FURTHER ORDERED, that the proposed adjustments regarding the assessment, consulting costs, and the removal of the credit for over-collection of \$689,960, are hereby APPROVED; and it is

FURTHER ORDERED, that Eversource file an annual report as set forth herein regarding the REP activities accomplished in 2018.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of
December, 2018.



Martin P. Honigberg
Chairman

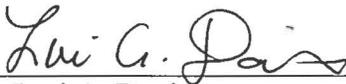


Kathryn M. Bailey
Commissioner



Michael S. Giaimo
Commissioner

Attested by:



Lori A. Davis
Assistant Secretary

