

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 15-248

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

2015 Least Cost Integrated Resource Plan

Order Approving Settlement Agreement

O R D E R N O. 26,050

August 25, 2017

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

In this Order, the Commission finds that the LCIRP filed by Eversource Energy meets the requirements of RSA 378:38 and Order No. 25,828 (October 19, 2015), which clarified the Commission's waiver of certain requirements for this filing. Eversource shall make its next LCIRP filing no later than two years from the date of this Order.

I. PROCEDURAL HISTORY

On June 19, 2015, Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) filed a Least Cost Integrated Resource Plan (LCIRP) pursuant to RSA 378:38 and Order No. 25,676 (June 12, 2014). The Office of the Consumer Advocate (OCA) filed a notice of participation pursuant to RSA 363:28 on June 22, 2015. The Office of Energy and Planning (OEP) filed a Petition to Intervene on August 4, 2015, which was granted by the Commission.

The Commission issued an Order of Notice on July 14, 2015, and scheduled a prehearing conference for August 6, 2015. Following a discovery dispute, Eversource moved for clarification of its LCIRP filing obligations under prior Commission orders and recent

amendments to RSA 378:38. In response, the Commission issued Order No. 25,828. In that order, the Commission affirmed its decision in Order No. 25,676 that Eversource's 2015 LCIRP should be limited to its transmission and distribution systems. The Commission concluded that it would not be reasonable to require Eversource to include an analysis of all elements of RSA 378:38 given the possible divestiture of its generation resources in the near future. The Commission also concluded that limiting Eversource's LCIRP requirements would allow Eversource more time to participate in the Commission's energy efficiency and grid modernization dockets. The Commission therefore affirmed its prior rulings waiving a number of generation-related elements under RSA 378:38 and further waived consideration of RSA 378:38, VII (analysis of and planning for fuel diversity). The Commission ultimately limited Eversource's LCIRP obligation to the following elements: (1) a demand forecast (RSA 378:38, I); (2) an assessment of demand-side energy management, including conservation, efficiency, and load management (RSA 378:38, II); and (3) transmission and an assessment of Smart Grid (RSA 378:38, IV).¹

The parties engaged in discovery, following which Eversource, OEP, the OCA, and Staff participated in settlement discussions. Ultimately, Staff agreed to a Stipulation and Settlement Agreement that was filed with the Commission on January 23, 2017. The Commission held a hearing on the Settlement Agreement on February 7, 2017. OEP did not attend the hearing or take a position on the Settlement Agreement.

¹ Citations to RSA 378:38 as amended. Smart Grid is defined as a grid that incorporates information and communications technology into every aspect of electricity generation, delivery, and consumption in order to minimize environmental impact, enhance markets, improve reliability and service, reduce costs, and improve efficiency. Order No. 25,828 at 7.

II. EVERSOURCE'S 2015 LCIRP

Eversource filed an LCIRP that was limited to Eversource's distribution and transmission planning. The planning horizon is for the five-year period, 2015-2019.

A. Distribution

Eversource's 2015 LCIRP, Hearing Exhibit 1, addressed several distribution issues including (1) the methodology used by Eversource to develop an engineering forecast to estimate peak load, (2) the process by which Eversource develops a plan to construct electric facilities based on peak load requirements in different areas of its service territory, (3) Eversource's joint planning activities with Unitil Energy Systems, Inc., and the New Hampshire Electric Cooperative, Inc., (4) the use of conservation and load management measures, (5) distributed generation, (5) demand-side energy management programs, and (6) Smart Grid investments.

According to the LCIRP, Eversource's planning for capital investment in the distribution system is determined by the Company's engineering forecast for peak demand. Eversource currently uses a methodology for forecasting peak demand for its entire system, and for forecasting peak demand for thirteen specific geographic areas of New Hampshire. The forecasting methodology is based on historical data analysis, probability forecasts, and engineering judgment. The engineering forecast is reviewed annually and updated based on actual peak demand data for each geographic area and overall Eversource simultaneous peak.²

The LCIRP states that Eversource conducts system planning for its 34.5 kilovolt (kV) distribution system by incorporating the engineering forecast loads into a computer model. System overloads and operating constraints are identified for each year based on Eversource's

² "Simultaneous peak" or "system peak" is calculated by determining the highest single hour of demand as measured simultaneously at many points across Eversource's system.

ED-3002 Distribution System Planning and Design Criteria Guidelines which provide the basis for least cost planning for the distribution system.

Eversource determines the construction requirements for the electrical system based on each area's load growth and engineering forecast. According to the LCIRP, some areas experience peak demand growth rates that are higher than other areas and higher than the regional average, while other areas see essentially no peak load growth or experience a reduction in peak load. Because additional distribution capacity is required regardless of where load growth is located, the planning process results in total system capital investment requirements that exceed what would be required if planning were based only on Eversource's overall system load growth. Eversource included with its LCIRP graphs demonstrating the peak load for each of the thirteen areas in its distribution system, and a graph depicting its overall peak loads from 1994 to the present. Eversource stated that it continues to be a summer peaking utility, primarily due to the reduction of the use of electric heat and the increase in the use of air conditioning by residential customers.

B. Transmission

The LCIRP explained that Eversource's transmission requirements are considered within the purview of the Independent System Operator-New England (ISO-NE) regional transmission planning process. Eversource actively participates in the development of the ISO-NE Regional System Plan (RSP).

According to Eversource, the Federal Energy Regulatory Commission (FERC) has given ISO-NE authority to operate and perform regional system planning of the transmission system in New England. The ISO-NE regional transmission planning process for the New England pool transmission facilities is performed in accordance with the ISO-NE Transmission Markets, and

Services Tariff Attachment K. This process is coordinated with transmission-owning entities, other entities interconnected to the New England transmission system, and the owners and planning authorities of neighboring systems. The coordinated process is designed to ensure the reliability of the New England transmission system and conformance with national and regional planning standards and criteria.

The centerpiece of the regional planning process is the ISO-NE development of the RSP, which is published on an annual basis and contains the assumptions, methods, and needs for the New England regional transmission system. The ISO-NE develops the RSP following stakeholder input. The RSP also provides information on a broad variety of power system requirements that serve as inputs for reviewing the design of the markets and overall economic performance of the system. The RSP project list is a cumulative representation of the regional transmission planning expansion efforts ongoing in New England, and is periodically updated to reflect the progression of the projects.

To comply with applicable regulatory requirements, Eversource's local transmission planning process employs methodologies similar to the ISO-NE regional planning process. The consideration and evaluation of multiple alternatives to address local reliability needs, and the final development of a recommended local system plan, are coordinated with ISO-NE as part of the overall regional process and the development of the annual ISO-NE RSP.

III. SETTLEMENT AGREEMENT

In the Settlement Agreement, Eversource and Staff agreed that the LCIRP filed by the Company meets the requirements of the RSA 378:38, consistent with the waivers approved by the Commission and affirmed in Order No. 25,828.

With respect to the next Eversource LCIRP, Eversource and Staff agreed that Eversource should prepare an LCIRP containing a complete evaluation of all elements of RSA 378:38, including a full analysis of how to maximize the use of cost-effective energy efficiency and other demand resources (RSA 378:37), and consideration of promoting fuel diversity, in addition to the information required for Eversource's 2015 LCIRP filing by Order No. 25,659. The Settlement Agreement requires that the next LCIRP also provide sufficient detail to provide the Commission an understanding of what options to a particular project have equivalent financial costs, equivalent reliability, and equivalent environmental, economic and health-related impacts to allow the Commission to evaluate the LCIRP as required by RSA 378:39.

The Settlement Agreement also provides that the next LCIRP include the following information to facilitate evaluation of LCIRP:

- The Eversource-UES joint recommendations;
- The Eversource-NHEC joint recommendations;
- The most recent organization chart for operations, planning, and engineering;
- An updated crew complement report for the previous three years, to include bucket crews, digger crews, and Troubleshooters assigned to each work area;
- An evaluation of energy efficiency solutions for 4 kV and 12 kV substations;
- Updates to the distribution automation plan and customer engagement platform;
- Updated report regarding recertification of customers in HEATSMART;
- The most recent list of proposed capital projects presented to local management during the most recent planning session; and
- Specific detail regarding the three highest-cost distribution capital projects.³

³ See Settlement Agreement pps. 4-5. for detail.

A. Eversource

Eversource urged the Commission to accept that the limited 2015 LCIRP meets the requirements of the statute and Commission Orders, and also recommended that the Commission approve the Settlement Agreement that sets forth the requirements for Eversource's next LCIRP.

B. OCA

The OCA took no position on the Settlement Agreement, but offered extensive comments on the adequacy of LCIRPs filed by the electric distribution utilities. The OCA suggested that the Commission consider modifying the process for establishing the requirements for LCIRPs. The OCA recommended that the Commission use its authority to waive substantive requirements of LCIRPs to reshape least-cost planning to account for changes in the electric industry.

According to the OCA, those changes are: (1) industry restructuring, such that electric utilities are no longer vertically integrated or responsible for the development of appropriate generation capacity, (2) increasingly vigorous assertion by the FERC of authority under the Federal Power Act, requiring that adequate generation capacity be dealt with at the regional, rather than the state level, and (3) grid modernization.

C. Staff

Staff recommended that the Commission accept Eversource's LCIRP as meeting the requirements of the statute in light of the waivers granted by the Commission in Order No. 25,676 as clarified by Order No. 25,828. In addition, Staff opined that the Settlement Agreement between Eversource and Staff is a just and reasonable resolution of the issues in this proceeding and that it is in the public interest. Staff recommended that the Commission approve the Settlement Agreement.

IV. COMMISSION ANALYSIS

We encourage parties to settle issues through negotiation and compromise because it is an opportunity for creative problem solving, allows the parties to reach a result in line with their expectations, and is often a better alternative to litigation. *Granite State Electric Co.*, Order No. 23,966 at 10 (May 8, 2002); *see* RSA 541-A:31, V(a) (“informal disposition may be made of any contested case ... by stipulation [or] agreed settlement”). Pursuant to RSA 541-A:31, V(a), informal disposition may be made of any contested case at any time prior to the entry of a final decision or order, by stipulation, agreed settlement, consent order, or default. N.H. Code Admin. Rules Puc 203.20(b) requires the Commission to determine, prior to approving disposition of a contested case by settlement, that the settlement results are just and reasonable and serve the public interest. Even when all parties join a settlement agreement, the Commission cannot approve it without independently determining that the results comport with applicable standards. *EnergyNorth Natural Gas Inc. d/b/a National Grid NH*, Order No. 25,202 at 18 (March 10, 2011).

Based on the record developed by the parties, we find that the Settlement Agreement is a just and reasonable resolution of all issues in Eversource’s 2015 LCIRP filing. The Commission required Eversource to file a limited LCIRP in 2015 given the fact that the N.H. Legislature was then working on legislation to amend the LCIRP statute. The 2015 LCIRP adequately addresses the statutory elements we required Eversource to address. On that basis, we approve Eversource’s 2015 LCIRP.

We also find necessary the terms of the Settlement Agreement that require more detailed analysis of the costs and benefits of various solutions to distribution problems and additional planning information. That information will assist the Commission in the review required by

RSA 378:39 as it has been amended by the legislature. The Settlement Agreement's requirements for the next LCIRP represent a thoughtful approach to assist the Company in crafting an LCIRP that meets the relevant statutory requirements. We find the Settlement Agreement is just and reasonable and in the public interest and we approve it on that basis. We acknowledge the OCA's position that we should transform the LCIRP process and we intend to continue to develop a new approach to the planning process for electric distribution utilities' LCIRPs.

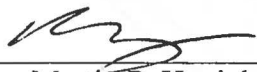
Based upon the foregoing, it is hereby

ORDERED, that Eversource's 2015 LCIRP is approved; and it is

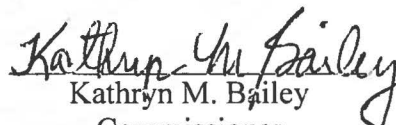
FURTHER ORDERED, that the Settlement Agreement between Staff and Eversource for Eversource's next-filed LCIRP is hereby APPROVED; and it is

FURTHER ORDERED, that Eversource shall file its next LCIRP no later than two years from the date of this order.

By order of the Public Utilities Commission of New Hampshire this twenty-fifth day of August, 2017.

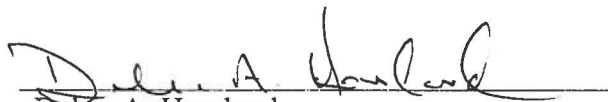


Martin P. Honigberg
Chairman



Kathryn M. Bailey
Commissioner

Attested by:



Debra A. Howland
Executive Director

SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED

Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.

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FILING INSTRUCTIONS:

- a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**
- DEBRA A HOWLAND
EXEC DIRECTOR
NHPUC
21 S. FRUIT ST, SUITE 10
CONCORD NH 03301-2429
- b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**
- c) Serve a written copy on each person on the service list not able to receive electronic mail.**