

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 19-057

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

Motion for Recovery of Rate Case Expenses

Order Approving Settlement Agreement and Recovery of Rate Case Expenses

O R D E R N O. 26,634

May 27, 2022

In this order, the Commission approves a settlement agreement relating to Eversource's motion to recover rate case expenses. Pursuant to that agreement, Eversource is authorized to collect \$1,762,807 through its Regulatory Reconciliation Adjustment mechanism over five years, beginning August 1, 2022.

I. PROCEDURAL HISTORY AND BACKGROUND

On December 15, 2020, the Commission issued Order No. 26,433, approving a settlement agreement and permanent distribution rates in this matter. In Order No. 26,433, the Commission directed Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) to remove rate case expenses from the settled revenue requirement and file for recovery of all rate case expenses, within 30 days, in conformity with N.H. Admin. R., Chapter Puc 1900.

On January 15, 2021, Eversource filed a request to recover \$2,186,265 in rate case expenses.

On March 30, 2021, the audit staff associated with the Commission at that time and presently associated with the Department of Energy (DOE) issued a final audit report recommending recovery of \$1,284,606 out of the \$2,186,265.

On August 26, 2021, the DOE issued an inter-agency communication summarizing the final audit, agreeing with its findings, and recommending the

Commission adopt the final audit's findings and allow recovery of \$1,284,606 in rate case expenses.

On September 24, 2021, Eversource filed a motion to reject the DOE's recommendation on substantive and procedural grounds.

On October 4, 2021, the DOE objected to Eversource's September 24 motion.

On January 14, 2022, the Commission scheduled a hearing on Eversource's motion to recover rate case expenses and Eversource's motion to reject the DOE's recommendation. That hearing was rescheduled multiple times, ultimately to occur on May 26, 2022.

On March 22, 2022, Eversource pre-filed the testimony of Douglas P. Horton, Vice President of Eversource Energy Service Company.

On May 11, 2022, Eversource pre-filed the testimony of Robert A. Bersak, former Chief Regulatory Counsel for Eversource Energy Service Company.

On May 19, 2022, Eversource, the DOE, and the Office of the Consumer Advocate (OCA) filed a settlement agreement on rate case expenses (Settlement Agreement).

On May 24, 2022, Eversource conditionally withdrew its motion to reject the DOE's recommendation.

The motion for recovery of rate case expenses and subsequent docket filings are posted on the Commission's website at:

<https://www.puc.nh.gov/Regulatory/Docketbk/2019/19-057.html>.

II. POSITIONS OF THE PARTIES

a. Eversource's Request for Rate Case Expenses

Eversource requested recovery of rate case expenses incurred on its own behalf and those incurred by the then Commission Staff and the OCA. According to Eversource, its filing and request were consistent with the process and requirements of Puc Chapter

1900. Eversource's request of \$2,186,265 in expenses consisted of the following amounts:

<u>Description</u>	<u>Vendor</u>	<u>Expense</u>
Legal Services, Production, and Filing Fees	Keegan Werlin LLP	\$695,579
Marginal Cost of Service Study, testimony, data responses	Economists Incorporated	\$175,494
Allocated Cost of Service Study, testimony, data responses	Economists Incorporated	\$278,164
Cost of Capital Study, testimony, data responses	Concentric Energy Advisors, Inc.	\$173,672
Depreciation Study, testimony, data responses	Gannett Fleming, Inc.	\$106,577
Plant Additions Contractor Labor Support	Randstad	\$151,198
Actuarial Contractor Costs	Aon	\$3,060
Postage and Delivery Services	Spectrum Marketing Companies Inc.	\$163,276
Staff Consultant	Blue Ridge Consulting	\$88,308
Staff Consultant	J. Randall Woolridge, Ph.D.	\$40,000
Staff Consultant	The Brattle Group	\$149,359
Staff Consultant	Scott J. Mueller	\$138,013
OCA Consultant	Strategen	\$5,881
OCA Consultant	Optimal Energy/The Wired Group	\$17,684

b. Department of Energy's Recommended Disallowances

Following its receipt and review of the staff audit report, the DOE recommended disallowances totaling \$901,659, consisting of specific disallowances in the following amounts:

<u>Vendor</u>	<u>Disallowance</u>
Keegan Werlin LLP	\$695,579
Economists Incorporated	\$9,025
Economists Incorporated	\$7,425
Concentric Energy Advisors, Inc.	\$38,042
Randstad	\$151,198

According to the DOE, the staff audit confirmed the appropriateness of all other expenses under Puc chapter 1900 criteria.

With respect to the Keegan Werlin LLP recommended disallowance, the DOE based its recommendation on Puc 1907.01(a), which disallows “[e]xpenses for matters handled by service providers that are typically performed by utility management and staff of the utility, based on their experience, expertise, and availability.” According to the DOE, the staff audit determined all of the legal tasks could have been carried out by the Company’s internal legal staff and that \$8,527 in billings related to the vendor familiarizing itself with New Hampshire rate case procedures.

With respect to the Economics Incorporated recommended disallowances, the DOE based its recommendation on the staff audit’s determination that some bills related to other matters or contained errors.

With respect to the Concentric Energy Advisors, Inc. recommended disallowance, the DOE based its recommendation on the staff audit’s determination that a \$38,228 over budget payment was made on a fixed price contract, plus a \$204 research charge related to another matter.

Concerning the Randstad recommended disallowance, the DOE based its recommendation on the staff auditor’s inability to determine or substantiate what specific tasks or projects the temporary support staff worked on and whether that work was related to the rate case.

c. Eversource’s Responses to the DOE’s Recommendation

Eversource largely disagreed with the DOE’s recommended disallowances. With respect to the Keegan Werlin LLP recommended disallowance, Eversource argued that Puc 1906.01 specifically provides that legal and accounting fees are allowable rate case expenses and that Puc 1907.01(a) is not applicable because it did not have staff with the requisite experience, expertise, and availability for all issues in an unusually long and unique rate case. Eversource’s pre-filed testimony was offered to support these arguments.

With respect to the Economics Incorporated recommended disallowances, Eversource disputed the costs related to other matters and argued that the prices were reasonable and necessary in the preparation and presentation of the rate case.

With respect to the Concentric Energy Advisors, Inc. recommended disallowance, Eversource agreed to remove those costs when the staff audit report was filed.

With respect to the Randstad recommended disallowance, Eversource argued that it had complied with Puc 1905.03's reporting requirements, and subsequently provided additional documentation supporting those costs.

d. Settlement Agreement

Eversource, the DOE, and the OCA agreed to terms to resolve the outstanding disputes over rate case expenses prior to the Commission's hearing, resulting in a settlement and joint recommendation that the Commission approve recovery of \$1,762,807 in total rate case expenses, a reduction of \$423,458 compared to Eversource's original request. Regarding the Keegan Werlin legal expenses, the settling parties agreed that Eversource should recover \$354,353, resolving concerns regarding the need for scope, efficiency, and total cost of those legal services. Regarding the Economics Incorporated expenses, the settling parties agreed that Eversource should recover \$447,658, maintaining one disallowance attributed to a typographical error. Regarding the Randstad recommended disallowance, the settling parties agreed that Eversource should recover \$113,398, or 75 percent of the expenses.

The settling parties further agreed that Eversource should recover that amount over five years and without interest, beginning on August 1, 2022, and implemented through Eversource's annual Regulatory Reconciliation Adjustment rate adjustment.

III. COMMISSION ANALYSIS

Unless precluded by law, informal disposition by stipulation may be made of any contested case at any time prior to the entry of a final decision or order. RSA 541-A:31,

V(a). Pursuant to Puc 203.20(b), the Commission shall approve the disposition of any contested case by stipulation “if it determines that the result is just and reasonable and serves the public interest.” The Commission encourages parties to settle disagreements through negotiation and compromise because it is an opportunity for creative problem solving, allows parties to reach a result in line with their expectations, and is often a better alternative to litigation. *Pennichuck Water Works*, Order No. 26,070 at 14-15 (November 7, 2017). Nonetheless, the Commission cannot approve a settlement, even when all parties agree, without independently determining that the result comports with applicable standards. *Id.* at 14.

The Commission treats prudently incurred rate case expenses as a legitimate cost of service appropriate for recovery through rates, consistent with Puc chapter 1900. Puc 1904.02 sets forth the criteria for determining allowed rate case expenses, including that such expenses are consistent with the chapters’ requirements, the costs are actual, known, and measurable expenses associated with a full rate case proceeding, and that recovery of the expenses is just, reasonable, and in the public interest.

The Commission held a duly noticed hearing in this matter on May 26, 2022, and reviewed: 1) the directives of Order 26,433; 2) Eversource’s motion for recovery of rate case expenses and accompanying documentation; 3) the audit report and DOE recommendation; and 4) the Settlement Agreement. We are satisfied that the requirements of Puc Ch. 1900 have been met in this instance and that the expenses ultimately recommended for recovery through the Settlement Agreement are just and reasonable and in the public interest. Pursuant to Puc 1907.01(f), interest charges on rate case expenses are not authorized, and the inclusion of these expenses in the RRA as a surcharge shall be implemented and tracked to ensure interest is not collected or credited.

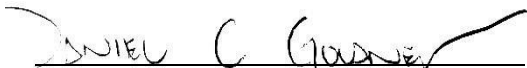
Accordingly, the Settlement Agreement is approved and Eversource's September 24, 2021, motion to reject the DOE's recommendation is deemed to have been withdrawn. The Commission thanks the parties for their diligence in this matter, including the thorough review of expenses, establishment of an adequate record for our review, quality of DOE and company witnesses, and engagement at the hearing.

Based upon the foregoing, it is hereby

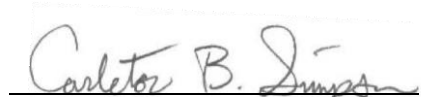
ORDERED, that the settlement agreement on rate case expenses, filed in this matter on May 19, 2022, is APPROVED; and it is

FUTHER ORDERED, that Public Service Company of New Hampshire d/b/a Eversource Energy is authorized to collect \$1,762,807 as a surcharge without interest, implemented as a part of its Regulatory Reconciliation Adjustment mechanism, over five years beginning on August 1, 2022.

By order of the Public Utilities Commission of New Hampshire this twenty-seventh day of May, 2022.



Daniel C. Goldner
Chairman



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket# : 19-057

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