

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

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

DE 21-029

Petition for Approval of Change in Regulatory Reconciliation Adjustment Rate

Order Approving Regulatory Reconciliation Adjustment Rate

ORDER NO. 26,503

July 30, 2021

In this order the Commission approves a regulatory reconciliation adjustment credit in the amount of 0.0130 cents per kilowatt hours effective August 1, 2021, on an interim provisional basis. A final order on the RRA credit will be issued following a hearing to adjudicate outstanding issues raised at the July 16, 2021, hearing.

I. PROCEDURAL HISTORY AND BACKGROUND

On December 15, 2020, the Commission issued Order No. 26,433 approving the settlement of Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource) permanent rate increase request in Docket No. DE 19-057 (Settlement). The Settlement established the Regulatory Reconciliation Adjustment Rate (RRA) as a means for the Company to request recovery or refund of a limited set of costs specifically identified in the Settlement. The RRA is a component of Eversource's distribution rate and, pursuant to the Settlement, will be adjusted annually to account for any over- or under-recoveries occurring in prior years(s).

Under the Settlement at Section 9, the classes of costs included in the RRA are: (1) Regulatory Commission annual assessments and consultants hired or retained by the Commission and Office of Consumer Advocate; (2) calendar year over- or under-collections from the Company's Vegetation Management Program ("VMP"); (3) Property tax expenses, as

compared to the amount in base rates; (4) Lost-base distribution revenues associated with net metering; and (5) Storm cost amortization final reconciliation and annual reconciliation.

Eversource filed a petition on March 1, 2021, requesting approval of its Regulatory Reconciliation Adjustment Rate for effect on August 1, 2021. As required by the Settlement, Eversource also filed reports on its reliability statistics and vegetation management activities on March 1, 2021.

On June 28, 2021, the Commission issued an order of notice scheduling a hearing on July 16, 2021. The hearing was held as scheduled.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested or granted by the Commission, are posted on the Commission's website at <http://www.puc.nh.gov/Regulatory/Docketbk/2021/21-029.html>.

II. POSITIONS OF THE PARTIES

a. Eversource

Eversource proposed the following rates for effect August 1, 2021:

<u>Cost Category</u>	<u>Proposed Rate (cents/kWh)</u>
Regulatory Assessments/PUC and OCA Consultants	0.006
Vegetation Management Program	(0.045)
Property Tax Expense	0.025
LBR due to Net Metering	0.004
Storm Cost Amortization Reconciliation	(0.003)
Total Average RRA	(0.0130)

In response to the Department of Energy's position that recovery should be reduced for the Vegetation Management Program costs, at hearing, Eversource argued that the rate reconciliation of temporary to permanent rates in the rate case did not include the vegetation management amounts. Eversource maintained that its recoupment was to a \$6,000,000 budget.

Eversource disputed the Department of Energy's interpretation of the appropriate recoupment of two of the cost items in the RRA: (1) the Regulatory Assessment; and (2) the

Vegetation Management. Eversource maintained that the costs it calculated for those two categories were calculated in accordance with the Settlement.

b. Department of Energy

At hearing the Department of Energy (Energy) disputed Eversource's calculation of two of the categories of costs proposed for recovery through the RRA. Energy took issue with inclusion of \$45,000 of consultant costs that were incurred in 2019 and recommended that those costs be removed from the RRA. Energy also disputed approximately \$348,000 of vegetation management costs. Those costs related to three of the four vegetation management programs, Enhanced Tree Removal (ETT), Hazardous Tree Removal (HTR) and Right of Way Clearing. According to Energy, Eversource should have reconciled the costs back to July 1, 2020 using the \$27.1m vegetation management budget established in the Settlement Agreement. The Department recommended reducing the cost recovery for the RRA by both the \$45,000 and the \$348,000.

III. COMMISSION ANALYSIS

Pursuant to RSA's 374:2, 378:7, and 378:28, the Commission may approve the proposed RRA rates if it finds they are just and reasonable, and reflect capital improvements that are found to be prudent, used, and useful. In determining whether rates are just and reasonable, the Commission acts as arbiter between the interests of customers and the regulated utility. RSA 363:17-a. The utility bears the burden of demonstrating that rates are appropriate for recovery. RSA 378:8. In addition, the Commission will consider whether the costs proposed for inclusion in the RRA are consistent with the terms of the Settlement approved by Order No. 26,433 (December 15, 2020).

Based on the record before us we find that Eversource has appropriately calculated the costs and is entitled to recovery of three of the classes of costs included in the RRA: (1) Property

tax expenses, as compared to the amount in base rates; (2) Lost-base distribution revenues associated with net metering; and (3) Storm cost amortization final reconciliation and annual reconciliation. In addition, the Commission finds that Eversource has appropriately calculated the costs related to the regulatory assessment category and for administrative efficiency permits recovery as part of this proceeding. However, the record is not sufficient to permit recovery of the remaining cost category at this time: (1) Vegetation management. The testimony provided by Eversource did not resolve significant questions raised by Energy concerning rate recoupment under the terms of the Settlement for these two cost categories. As a result, we find that Eversource has not met its burden of demonstrating that the proposed costs for vegetation management are reasonable. Thus, we cannot approve their recovery. Nonetheless, given the fact that the RRA is a reconciling rate, and the fact that the proposed rate is a credit to customers, we will allow the proposed rate to go into effect as an interim provisional rate together with other rate changes scheduled for August 1, 2021. We will hold the record open in this docket for additional filings, testimony if needed, and a further hearing, to resolve issues concerning the Settlement, the recoupment calculation, and the appropriate amounts for recovery of vegetation management costs. We welcome the Office of the Consumer Advocate's involvement in those further proceedings. We approve the balance of the costs proposed in the RRA for recovery, excluding this class of costs.

This rate change will occur simultaneously with adjustments to Eversource's stranded cost rates, its transmission cost adjustment rates, and its distribution rates (step adjustment) for effect on August 1, 2021.

The Commission reminds the parties that due to recent statutory changes the Commission may not communicate with Department of Energy Staff on pending matters. *See* RSA 12-P:5, VI and, *see generally*, RSA 363:12. As a result, the Commission may lack access to information

made available for Department of Energy unless it is directly filed in the Commission's relevant open docket. Going forward, the Commission requests that filing parties provide the Commission with live spreadsheets for all work papers relating to requests for rate recovery, or any other financial recovery.

Based upon the foregoing, it is hereby

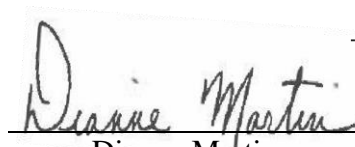
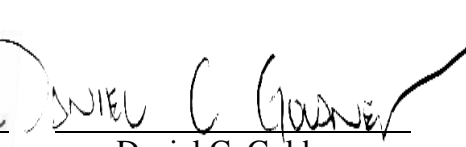
ORDERED that a credit in the amount of 0.0130 cents per kilowatt hour shall be effective for service rendered on and after August 1, 2021; and it is

FURTHER ORDERED that if the Commission ultimately finds that the vegetation management costs included in the RRA were unreasonable, improperly calculated or otherwise imprudent, than all those costs recovered through the RRA will be subject to refund through a future RRA adjustment; and it is

FURTHER ORDERED, that the over- or under-collection shall accrue interest at the prime rate as reported by the Federal Reserve Statistical Release of Selected Interest Rates, the rate to be adjusted annually; and it is

FURTHER ORDERED, that Eversource shall promptly file properly annotated tariff pages for interim rates in compliance with this order no later than 20 days from the issuance date of this order, as required by N.H. Admin. R., PART Puc 1603.

By order of the Public Utilities Commission of New Hampshire this thirtieth day of July, 2021.

 Dianne Martin Chairwoman	 Daniel C. Goldner Commissioner
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Service List - Docket Related

Docket# : 21-029

Printed: 7/30/2021

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