

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

**Docket No. DE 22-031
Public Service Company of New Hampshire d/b/a Eversource Energy
Petition for Recovery of Storm Expenses [2021]**

Technical Statement of Stephen R. Eckberg, Utility Analyst
Department of Energy, Division of Regulatory Support

December 20, 2022

The Department of Energy (“DOE”) has reviewed the joint testimony of Marisa B. Paruta and Dean C. Desautels filed on May 2, 2022 by the Public Service Company of New Hampshire d/b/a Eversource Energy (“Eversource” or “the Company”) with the Public Utilities Commission (“Commission”). DOE construes the joint testimony as representing the Company’s 2021 Major Storm Cost Reserve Report (“2021 MSCR Report”) covering storm events and related costs which occurred between August 2020 and June 2021. The DOE has also reviewed the Audit Report issued by DOE’s Enforcement Division. Eversource is requesting to recover costs related to five major storms and three pre-staging events whose direct costs the Company reports as totaling \$42,807,552. There is no rate adjustment triggered by this filing.

As described herein, in the opinion of the DOE, the 2021 MSCR report is accurate as filed with exceptions as identified in DOE’s Audit Report and agreed to by the Company. *See Attachment 1.* Accordingly, DOE recommends that the Commission accept and approve the Company’s 2021 MSCR Report, with exceptions as identified in the Audit Report. Specifically, DOE recommends that \$24,262 be removed from the direct costs reported by the Company. Thereafter, inclusive of carrying costs as of March 31, 2022, DOE recommends approval of \$45,361,397 of costs in total. *See Table 3 below.* In the opinion of the DOE, if the Commission accepts the DOE’s recommendation, and approves recovery from the MSCR as stated, no further process is necessary, and the docket may be closed.

Procedural Background

On May 2, 2022, Eversource filed a petition for recovery of storm expenses. Accompanying the petition was the joint testimony of Marisa B. Paruta and Dean C. Desautels describing the major storm and pre-staging events which occurred during the time period August 2020 through June 2021. DOE construes the joint testimony as representing the Company’s 2021 MSCR Report as the testimony provides details of storm events and explains costs incurred by the Company’s response to these major storm and pre-staging events.

DOE’s Enforcement’s Audit Division issued its Final Audit Report (Audit Report) on Eversource’s 2021 MSCR Report on July 18, 2022. *See Attachment 1* to this recommendation. That report presents the DOE Audit Division’s detailed audit review for accounting and proper charging of

Eversource's storm related costs associated with five storm events and three pre-staging events for forecasted storms that did not materialize as major storms.

DOE's Division of Regulatory Support has reviewed Eversource's 2021 MSCR Report, the Audit Report issued by DOE's Enforcement Division and held additional discussions with the Company and the DOE Audit Division to ensure a thorough understanding of the information presented.

With the report, Eversource seeks to recover costs related to what the Company describes as five (5) major storm events and three (3) pre-staging events from the Company's Major Storm Cost Reserve (MSCR) account. The report covers pre-staging and storm response events and costs which occurred between August 2020 and June 2021. There were additional storms in July through December 2021, but as costs for those storm events were not finalized at the time this report was prepared, Eversource stated it will present them in a future report. Eversource states the total direct cost of the nine identified events in 2021 MSCR Report is \$42,807,552. In addition, Eversource identifies carrying costs of \$2,553,845 (as of 3/31/2022) which creates, according to the Company, a total amount of \$45,361,397 for recovery via the MSCR. There is no rate change triggered by this filing.

The MSCR exists to provide recovery for both qualifying major storms and qualifying pre-staging events related to impending major storms which do not materialize as predicted. The 2021 MSCR Report presents a useful history of the MSCR from its regulatory start to the present, including details of the MSCR's funding level over time. *See* Report at Bates 10-11. The MSCR was originally authorized to recover from customers a specified annual amount in distribution rates that is used to offset costs incurred related to major storm events. *See* Order Nos. 23,443 (Apr. 19, 2000) and 23,549 (Sept. 8, 2000). In 2013, the MSCR was expanded to allow collection of storm pre-staging and preparation costs for anticipated storm events which did not become major storm events. *See* Order No. 25,465 (Feb. 26, 2013).

The DOE has reviewed data provided by Eversource and agrees that the major storm events described in this report meet the definition of major storm as found in Order No. 25,465 (Feb. 26, 2013) in Docket DE 12-320. That Order states:

“Under the MSCR, a qualifying major storm is defined as a storm that results in either (1) 10% or more of PSNH's retail customers being without power in conjunction with more than 200 reported troubles, or (2) more than 300 reported troubles during the event...[f]or weather events having a “high” probability, that is, greater than 60% of reaching [Energy Event Index] EEI Level 3, pre-staging costs would be charged to the MCSR.” See Order at 1.

DOE's Analysis and Recommendation

The 2021 MSCR Report contains details and expenses related to five qualifying major storm events. The storm events and their related expenses are summarized in the table below.

Table 1. 2021 MSCR Major Storm Events and Expenses

	Direct Costs	Carrying Costs 03/31/2022	Total Costs 04/30/2021
08/04/20 Major Storm	\$5,578,646	\$466,394	\$6,054,040
12/05/20 Major Storm	\$20,735,332	\$1,266,351	\$22,001,683
03/01/21 Major Storm	\$6,597,139	\$344,824	\$6,941,963
03/29/21 Major Storm	\$5,240,129	\$264,729	\$5,504,868
06/30/21 Major Storm	\$1,869,864	\$62,480	\$1,932,344
TOTAL	\$40,021,110	\$2,404,778	\$42,434,888

In 2013, the Commission approved modifications to Eversource’s MSCR to allow storm pre-staging and preparation expenses to be included for recovery in the MSCR. The criteria for cost recovery from the MSF for a storm pre-staging event were established in Order No. 25,465 (Feb. 26 2013). That order provides that for weather events that have an Event Energy Index (EEI) of level 3 (on a 1-to-5 scale) with a “High” probability of occurrence, the Company is permitted to include pre-staging and preparation costs in the MSCR.

The 2021 MSCR Report contains details and expenses related to three storm pre-staging events. The events and their related expenses are summarized in the table below.

Table 2. 2021 MSCR Report Pre-Staging Events and Expenses

	Direct Costs	Carrying Costs 03/31/2022	Total Costs 03/31/2022
12/16/20 Pre-Staging	\$181,625	\$11,497	\$193,122
02/01/21 Pre-Staging	\$1,578,743	\$85,442	\$1,664,185
02/15/21 Pre-Staging	\$1,026,075	\$52,128	\$1,078,203
TOTAL	\$2,786,443	\$149,067	\$2,935,510

On July 18, 2022, the DOE Division of Enforcement Audit Staff provided its Final Audit Report presenting its detailed audit review for accounting and proper charging of Eversource’s storm related costs associated with the five storm events and the three pre-staging events for forecasted storms that did not materialize as major storms. Eversource’s total reported costs for these storm events were \$42,807,552, prior to inclusion of carrying costs.

The Final Audit Report included four issues documented by DOE Audit regarding storm related charges, each with certain recommended disallowance amounts, which the Company accepted. *See Attachment 1 at 59-62.* As identified by the DOE Audit Report, these issues were:

1. Audit Issue #1 supporting documentation which pre-dated or post-dated the corresponding storm resulting in a recommended disallowance of \$7,403.
2. Audit Issue #2 identified several charges to the MSCR that did not have supporting documentation, or which provided documentation did not support. These resulted in a recommended disallowance of \$10,954.
3. Audit Issue #3 identified several invoiced amounts which did not match amounts charged to the MSCR. These resulted in a recommended disallowance of \$5,595.

4. Audit Issue #4 identified certain charges “not applicable” for storm-related recovery, as not directly related to the restoration of power. These items resulted in a recommended disallowance of \$310.

See Attachment 1, Final Audit Report at 59-62. As stated above, the Company agreed to remove the amounts identified above, a cumulative total of \$24,262, related to the four Audit issues from its recovery of storm expenses from the MSCR.

DOE’s Regulatory Division has reviewed and agrees with the DOE Audit Division’s four recommendations.

Conclusion

DOE has reviewed and investigated the Company’s 2021 MSCR Report received on May 2, 2022. For the reasons explained above, DOE respectfully recommends that the Commission reduce the amount to be recovered by the Company for 2021 major storm and pre-staging events by \$24,263, and approve recovery as reflected in Table 3 below. See Attachment 1.

Table 3. Summary of DOE’s Recommended Major Storm, Pre-staging, and Carrying Costs & Adjustment

	Direct Costs	Carrying Costs 03/31/2022	Total Costs 03/31/2022
Five Major Storm Events	\$40,021,110	\$2,404,778	\$42,425,888
Three Pre-Staging Events	\$2,786,443	\$149,067	\$2,935,510
TOTAL	\$42,787,552	\$2,553,844	\$45,361,397
DOE Audit Adjustments			(\$24,262)
Adjusted 2021 MSCR Recommended Recovery Amount			\$45,337,135

NOTE: Table 3 TOTAL row matches amounts in 2021 MSCR Report but may not sum properly in table due to rounding.

In the event that the Commission approves and adopts DOE’s recommendation, perhaps through an order *nisi*, in the opinion of DOE no additional process and/or a hearing would be necessary in this matter, and DOE would recommend closing this docket. See Commission’s Procedural Order (November 22, 2022).