

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

Community Power Coalition of New Hampshire

Docket No. DE 22-XXX

Public Service Company of New Hampshire d/b/a Eversource Energy

PETITION FOR APPROVAL OF A REGULATORY ASSET

Pursuant to New Hampshire Code of Administrative Rules Puc 203.06, Public Service Company of New Hampshire, Inc. d/b/a Eversource Energy (“Eversource” or the “Company”) respectfully petitions for the New Hampshire Public Utilities Commission (the “Commission”) to issue an order *nisi* authorizing the Company to record the costs associated with implementing the necessary changes to existing enterprise billing systems to comply with the Commission-mandated New Hampshire Code of Administrative Rules Puc Chapter 2200 rules (the “Rules”) as a regulatory asset. Eversource previously submitted this request as a motion in Docket No. DRM 21-142, where the Puc Chapter 2200 rules were promulgated, but the Commission denied that motion without prejudice in Order No. 26,707 (October 18, 2022), recommending the Company instead file a petition requesting the same relief. Eversource is not seeking to change its rates by this petition, nor is it seeking pre-approval of the recovery in rates of these costs. Rather, the Company only seeks approval to defer these costs and carrying charges consistent with the Company’s Commission-approved weighted average cost of capital from the Company’s last distribution rate case, as a regulatory asset until Eversource’s next base distribution rate case. In support of this petition, Eversource states the following:

1. On March 14, 2022 Eversource, along with Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty and Unitil Energy Systems, Inc. (together the “NH Utilities”) filed joint

comments to this docket as part of the Commission’s rulemaking process (“Joint Comments”). In those comments, the NH Utilities noted that the rules as proposed by the Community Power Coalition of New Hampshire (“CPC”) contained requirements to provide information “not readily available through the systems of the NH Utilities and [] would require extensive, costly, and time-consuming adjustments to systems to make the information available.” (Joint Comments at 3). The NH Utilities proposed an alternative Core Functionality Approach (“CFA”) in an attempt to minimize costs, noting that “to the extent the Commission requires that additional information through its rules, the costs will rise beyond that of the CFA and substantial additional time will be required to implement the changes.” (*Id.* at 4). The NH Utilities reiterated this concern in joint reply comments filed on March 28, 2022. On July 28, 2022 the Commission adopted a final proposal for the Rules substantially the same as those proposed by the CPC. That final proposal, which is expected to be made effective in the near future, did not remove or scale back the data provision requirements of the CPC proposal that would necessitate modifications to utility enterprise systems.

2. RSA Section 53-E:5 provides that “[r]etail electric customers who choose not to participate in an aggregation program adopted under RSA 53-E:7 shall not be responsible for, and no entity shall require them to pay, any costs associated with such program . . . except for . . . incidental costs, *which may include costs necessary to comply with the provisions of this chapter* up to the time that the aggregation starts to produce revenue from participating customers.” (emphasis added). RSA 53-E also mandated that the Commission implement the Rules, making the Rules part of compliance with RSA Chapter 53-E; therefore, the costs incurred by Eversource to make necessary modifications to its enterprise billing systems to comply with the Rules constitute “costs necessary to comply with the provisions” of RSA Chapter 53-E.

3. Eversource has two enterprise billing systems it must modify to provide the data required by the Rules. One system is 15 years old and the other is 38 years old, and the necessary

modifications are significant, requiring a substantial manual effort and laborious processes to implement. Eversource's most recent estimate of the total costs to modify these systems so that it may comply with the data provision requirements in the Rules is approximately \$1.9 million. While much of this work is already underway, not all work has been completed and so this amount is subject to change. The Commission has found that without accounting treatment as a regulatory asset, "[utility] earnings will be reduced and the Company may decide to file a petition for a distribution rate increase earlier than it would otherwise." *Unitil Energy Systems, Inc*, Docket No. DE 09-155, Order No. 25,042 at 6 (November 9, 2009). The Commission has decided in these instances "that it is in the public interest of . . . customers to defer a rate case when appropriate accounting relief is available to the Company by deferring . . . costs." *Id.*

4. The Financial Accounting Standards Board Accounting Standards Codification ("ASC") 980-340-25-1 states a regulator can grant treatment for a regulatory asset and that "an entity shall capitalize [as a regulatory asset] all or part of an incurred cost that would otherwise be charged to expense if . . . [i]t is probable that future revenues in an amount approximately equal to the capitalized cost will result from inclusion of that cost in allowable costs for ratemaking purposes; and, based on available evidence, future revenue will be provided for the recovery of that previously incurred cost rather than to provide for expected levels of similar future cost." Here, both of those criteria are satisfied as costs to comply with the Rules are legally mandated costs and therefore all prudently incurred costs to comply with the Rules should be "allowable costs for ratemaking purposes", and the costs deferred to the regulatory asset would not be future, but actual costs previously incurred.

5. In requesting regulatory asset treatment to defer costs until the Company's next base distribution rate case, Eversource is not seeking approval for recovery of these costs from its customers at this time. The Company only asks the Commission to authorize regulatory

accounting treatment for legitimate, incremental, non-recurring costs incurred, along with carrying charges consistent with treatment for costs similarly deferred, pursuant to mandates of both the Commission through its adoption of the Rules, and by the Legislature through its adoption of RSA Chapter 53-E. The effect of approval by the Commission of the proposed deferral accounting would not constitute approval of Eversource's costs to implement the Rules, or otherwise determine the appropriate ratemaking treatment, but would permit later consideration of recovering such costs in the Company's next base distribution rate proceeding. Considering the legal and Commission mandates to implement the Rules, Eversource respectfully submits that cost deferral treatment is reasonable and requests that the Commission issue an order *nisi* approving such treatment, as an order *nisi* would be appropriate given the mandated nature of the incurred costs, and that recovery is not sought at this time.

WHEREFORE, EVERSOURCE respectfully requests that the Commission:

- A. Grant Eversource, via order *nisi*, the ability to defer all costs associated with necessary upgrades to existing systems to implement and comply with the new Puc Chapter 2200 rules, including carrying charges consistent with the Company's Commission-approved weighted average cost of capital from the Company's last distribution rate case, until the Company's next base distribution rate case and record those costs as a regulatory asset; and
- B. Grant any such further relief as may be just and reasonable.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE D/B/A
EVERSOURCE ENERGY




Date: October 27, 2022

By: _____
Jessica A. Chiavara
Senior Counsel, Eversource Energy
780 North Commercial Street
Post Office Box 330
Manchester, New Hampshire 03101-0330
(603) 634-2972
Jessica.chiavara@eversource.com

CERTIFICATE OF SERVICE

I hereby certify that, on the date written below, I caused the attached to be served pursuant to N.H. Code Admin. Rule Puc 203.11.

____ 10/27/2022 _____
Date

____  _____
Jessica A. Chiavara