

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-035

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

**Petition for Approval of Change in
Regulatory Reconciliation Adjustment Rate**

Procedural Order Re: Proposed Procedural Schedule and Audit Report

On May 8, 2024, the New Hampshire Department of Energy (DOE) filed a proposed assented-to procedural schedule, which would amend some of the dates contained in the order of notice issued on May 3, 2024, including the deadlines for the DOE's position statement and Audit Division Staff report. On May 9, 2024, the DOE filed a letter advising the Commission that it did not intend to conduct an audit in this docket, stating that certain elements of the requested Regulatory Reconciliation Adjustment (RRA) have been, or may be, audited in other Commission dockets, or are not routinely audited.

The Commission notes that an issue of whether the DOE intends to conduct a requested audit has arisen in previous RRA dockets.¹ The Commission relies on DOE audits to ensure that public utility expenditures are accurately reflected in proposed rates, so that its decision in a particular docket is based on an adequate evidentiary record. In addition, expeditiously processing cases is a goal of the Commission. It is difficult for the Commission to make the determinations required for approval of proposed RRA rates to

¹ 2023: https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-021/LETTERS-MEMOS-TARIFFS/23-021_2023-05-15_NHDOE_LETTER-REGARDING-AUDIT.PDF;
https://www.puc.nh.gov/Regulatory/Docketbk/2023/23-021/LETTERS-MEMOS-TARIFFS/23-021_2023-06-27_NHDOE_POSITION-STATEMENT.PDF;
2022: https://www.puc.nh.gov/Regulatory/Docketbk/2022/22-010/LETTERS-MEMOS-TARIFFS/22-010_2022-06-16_NHDOE_LETTER-REGARDING-AUDIT-STATUS.PDF.

take effect on August 1 when certain elements of the requested RRA rate will not be audited until sometime in the indeterminate future.

In this docket, the Commission agrees with the DOE that an audit of annual assessment and consultant costs and rate case amortization costs is not necessary, but the Commission has determined that an audit is required regarding the remaining four RRA rate elements: underlying storm costs, 2023 vegetation management costs, 2023 lost base distribution revenues, and 2023 property tax expenses. The DOE shall file the results of any relevant existing audits in this docket to ensure that the record is complete.

To aid the Commission in resolving this audit issue, the parties are requested to file responses to the following on or before June 10, 2024:

1. Explain why RRA rates should be set for storm costs that will be audited and reconciled in the future;
2. Would “audit sampling,”² in which a representative sample of data is used to ensure that the data used to calculate these four rate elements is accurate, by the DOE Audit Division of relevant RRA rate elements be sufficient instead of a full audit? How much time would be required for the Audit Division to complete such an audit?
3. If the DOE Audit Division is unable to perform the required audit or audit sampling in a particular docket, should independent third-party auditors under the direction of the Company be retained to do this audit?

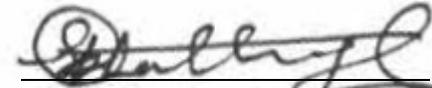
The parties shall file a revised procedural schedule, which includes deadlines for the audit report and the DOE’s position statement, by June 10, 2024.

² “Audit sampling (sampling). The selection and evaluation of less than 100 percent of the population of audit relevance such that the auditor expects the items selected (the sample) to be representative of the population and, thus, likely to provide a reasonable basis for conclusions about the population. In this context, representative means that evaluation of the sample will result in conclusions that, subject to the limitations of sampling risk, are similar to those that would be drawn if the same procedures were applied to the entire population.” SAS No. 122, section .04 (2021): [au-c-00530.pdf \(aicpa.org\)](#).

So ordered, this thirty-first day of May, 2024.



Daniel C. Goldner
Chairman



Pradip K. Chattopadhyay
Commissioner



Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 24-035

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