THE STATE OF NEW HAMPSHIRE

before the
PUBLIC UTILITIES COMMISSION

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

Docket No. DE 24-070

Request For Change In Rates

PETITION FOR TEMPORARY AND PERMANENT RATES

Pursuant to RSA 378:27, 378:28, N.H. Code Admin. Rules Part Puc 1604, Puc 1603.08, Puc 203.06, and Puc 206, Public Service Company of New Hampshire d/b/a Eversource Energy ("PSNH" or the "Company") respectfully submits this petition so that the New Hampshire Public Utilities Commission ("Commission") may fix and determine: (1) permanent rates to be effective for service rendered on and after August 1, 2024, suspended for 12 months through August 1, 2025; (2) temporary rates to be effective on and after August 1, 2024, pending the Commission's final determination on the Company's request for a permanent rate increase; (3) approval of a four-year performance-based ratemaking ("PBR") plan; and (4) approval for such other relief as requested.

In support of this Petition, PSNH states the following:

1. On May 3, 2024, PSNH filed with the Commission a Notice of Intent to File Rate Schedules pursuant to Puc 1604.05.

2. Contemporaneous with this Petition for Permanent and Temporary Rates, the Company is filing proposed revised tariff pages, with supporting testimony and schedules, requesting changes to the Company's permanent rates that are intended to yield an annual increase of $181,898,881 in distribution revenues to be effective August 1, 2024, a temporary increase

in distribution revenues of $77 million to be effective August 1, 2024, and approval of a four-year PBR Plan.

3. The Company anticipates that the Commission will suspend the proposed rates tariff for 12 months, pursuant to RSA 378:6. Accordingly, the Company requests that the Commission suspend the permanent rates tariff in its order of notice with such suspension to take effect on August 1, 2024, so that the Commission can issue a final order on permanent rates by July 1, 2025 for permanent rates effective August 1, 2025. Further, consistent with RSA 378:27, which provides that "temporary rates shall be sufficient to yield not less than a reasonable return on the cost of property of the utility used and useful in the public service less accrued depreciation, as shown by the reports of the utility filed with the commission," the Company requests that the Commission issue an order fixing, determining, and prescribing the requested temporary rates with sufficient time to implement such temporary rates effective August 1, 2024. The temporary rate increase will provide the needed rate relief to the Company on a timely basis while the Commission and all other parties investigate and consider the permanent rate increase. The requested temporary rates will also smooth the transition to permanent rates that the Commission may order in this docket.

4. As described through the enclosed testimony, and the accompanying attachments and other information, PSNH's filing demonstrates that, under the rates currently in effect, it is substantially unable to earn the rate of return authorized by the Commission in Docket No. DE 19-057. Specifically, the Company's earned return on rate base for the test year ended December 31, 2023, was 6.4 percent -- well below industry standards for a fair and

reasonable return and 290-basis points lower than the authorized return on rate base of 9.3 percent, derived by settlement and approved by the Commission in Order No. 26,433.

5. The distribution revenue operating deficiency exists primarily due to the substantial amount of capital investment that PSNH has made to maintain reliable electric service in the 211 cities and towns served by the Company. The revenue deficiency is also driven by enterprise information technology (IT), vegetation-management costs, storm costs, as well as other operating expense increases. Absent rate relief, the Company is denied a reasonable opportunity to earn a return on its invested capital commensurate with other investment opportunities of similar risk, as is required by constitutional standards.

6. The impact on average monthly bill amounts for the temporary and permanent increases as compared to rates in effect today are shown in Attachments ES-EAD-5 (Temp) and ES-EAD-14, respectively.

7. The Company's proposed four-year PBR Plan is an alternative method of rate regulation that will promote long-term cost control and avoid the need for multiple, sequential base distribution rate proceedings, thereby stabilizing distribution rates for customers. The environment for utility service is changing rapidly and increasing capital investment is a pressing requirement to address aging infrastructure and asset condition, growing customer expectations and system impacts caused by the increasing frequency and magnitude of major storms, as well as the rising costs of goods and services relied upon by the Company in the provision of service to its customers. Consistent with Puc 206 authorizing the Commission to approve alternative methods of rate regulation, the enclosed testimony, and the accompanying attachments and other information, explain the impacts its PBR plan

will have on: (1) the safety, adequacy and reliability of service; (2) maintaining regulatory balance to not unfairly benefit or disadvantage consumers, utility investors, and other stakeholders; (3) administrative efficiency in regulatory process; (4) economic development; (6) innovation of services; (7) infrastructure improvements; and (9) environmental and conservation issues, such as energy efficiency programs.

8. As discussed in the enclosed testimony and accompanying attachments, the Company's proposed PBR Plan is designed to support the Company's planned capital infrastructure improvements, as discussed in the Distribution Solutions Plan ("DSP") (Attachment ES-DSP-1), to ensure safe, adequate and reliable service to all customers. In addition, the PBR Plan would enable innovative grid modernization and resilience programs identified in the DSP, which will enhance service to customers. The PBR mechanism includes a revenue-cap formula; a supplemental capital adjustment formula (known as a K-bar); a "stretch factor" that encompasses a customer dividend, an earnings sharing mechanism and an exogenous events provision, as well as several risk areas for the Company, thereby balancing the achievement of benefits for customers with allowances to maintain financial integrity for utility investors.

9. Under the PBR plan, the Company proposes to eliminate lost base revenue ("LBR"), as well as certain reconciling rate mechanisms that exist today and instead reflect those costs in base rates, thereby reducing administrative burden associated with the review of those reconciling mechanisms. Specifically, the Company proposes to recover in base rates, rather than through reconciling mechanisms, costs associated with property taxes, vegetation management, long-term debt for storm costs, rate case expense, and the Pole Plant Adjustment Mechanism.

10. When all components of the PBR plan are considered, including the revenue cap formula, the supplemental capital mechanism (known as K-bar), the elimination of certain reconciling mechanisms and LBR, and the proposed commitment to not file another rate case for at least four years, the PBR plan is a superior ratemaking framework for customers, the Commission, other regulatory stakeholders and the Company because it satisfies multiple policy objectives more effectively, including administrative efficiency, rate stability, revenue sufficiency and safe and reliable electric service. The PBR Plan, as an alternative distribution ratemaking mechanism, will not negatively impact electric supply competition, nor access to basic utility services.

11. The reports on file with the Commission and the supporting documents filed with this Petition demonstrate that the Company is entitled to the increases in rates outlined above to have an opportunity to earn a reasonable rate of return as required by RSA 378:27 and 378:28.

12. The rate adjustments requested by the Company result in rates that are just and reasonable and in the public interest and should, therefore, be approved.

WHEREFORE, PSNH respectfully requests that the Commission:

A. Grant the Company's request for temporary increase of $77 million in annual distribution revenue to be effective with service rendered on and after August 1, 2024;

B. Order such temporary rates to remain in effect until a final determination of the Company's request for a permanent rate increase;

C. Grant the Company's request for a permanent increase of $181,898,881 in annual distribution revenue to be effective with service rendered on and after August 1, 2024, and if the Commission suspends the permanent rates, grant the Company's request for a permanent increase by July 1, 2025 for rates effective August 1, 2025 and allow the Company to reconcile permanent rates back to the effective date of temporary rates consistent with RSA 378:29;

D. Approve the Company's PBR plan as proposed in detail in the attached testimony and supporting materials;

E. Approve the Company's grid modernization and resilience program as proposed in the attached testimony and supporting materials;

F. Grant such other relief as is just and reasonable and consistent with the public interest.

Respectfully submitted this 11th day of June, 2024

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

By: ____________________

Jessica A. Chiavara
Senior Counsel
Public Service Company of New Hampshire d/b/a
Eversource Energy
780 N. Commercial Street
Manchester, NH 03101
603-634-2972
Jessica.chiavara@eversource.com

By: ______________________

Cheryl M. Kimball, Esq.
Jonathan A. Goldberg, Esq.
Kerri A. Gowaski, Esq.
Keegan Werlin LLP
99 High Street, Ste. 2900
Boston, Massachusetts 02110-3113
617-951-1400
ckimball@keeganwerlin.com
jgoldberg@keeganwerlin.com
kgowaski@keeganwerlin.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.

Dated: June 11, 2024

Jessica A. Chiavara