

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DE 24-070

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

Request for Change in Distribution Rates

Commencement of Adjudicative Proceeding

ORDER NO. 27,029

June 28, 2024

This order provides notice that the Commission received a request for general increases in distribution rates from Public Service Company of New Hampshire d/b/a Eversource Energy (Eversource or the Company). Among other things, Eversource requests permission to increase its distribution revenues by approximately \$181.9 million for effect August 1, 2024, through increases to the distribution portion of the Company's rates. For residential customers, Eversource seeks to increase distribution rates by approximately 46.82 percent, with a 16.89 percent increase impact on total residential bills from permanent rates, with further increases potentially to follow as part of its proposed performance-based ratemaking plan and other proposed rate programs.

In this order, the Commission commences an adjudicative proceeding to evaluate Eversource's request; suspends Eversource's proposed Tariffs for a period of 12 months pending further investigation; schedules a prehearing conference on the rate case on July 22, 2024, at 1:00 p.m.; and schedules a hearing on Eversource's request for temporary rates on July 25, 2024, at 9:00 a.m. The Commission also schedules further prehearing conferences and hearings for this proceeding within this order.

I. BACKGROUND

Eversource is an electric distribution utility serving customers in every County in New Hampshire. Eversource's most recent full rate case was assessed in Docket No. DE 19-057. In that rate case, the Commission approved a distribution rate increase of approximately \$45 million, based on an initially-proposed test year 2018 revenue requirement of approximately \$436.2 million. See Order No. 26,433 (December 15, 2020), at 1-3. In addition, three step adjustments for the Company's capital additions placed in service were authorized by the Commission, for effect on January 1, 2021 (\$10.6 million, for calendar year 2019 plant), Order No. 26,439 (December 23, 2020); August 1, 2021 (\$11.1 million, for 2020 plant); Order No. 26,504 (July 30, 2021); and November 1, 2022 (\$8.9 million, for 2021 plant); Order No. 26,709 (October 20, 2022).

On June 11, 2024, Eversource filed a petition requesting that the Commission set temporary and permanent distribution rates to increase its normalized test year 2023 distribution revenues of \$438.26 million by \$76.69 million through temporary rates, and overall through permanent rates, subject to recoupment, by \$181.9 million, on a total Company rate base of approximately \$1.692 billion. See Eversource Rate Case Filing, Bates Pages 1492, 1494, 1507, 1638, 1639.

Eversource, as part of its petition, also requested Commission approval of a four-year performance-based ratemaking (PBR) plan, which incorporates technically-complex quantitative features that differ from traditional cost-of-service regulation as currently practiced in New Hampshire: (i) recovery in base rates, rather than through reconciling mechanisms, of costs associated with property taxes, vegetation management, long-term debt for storm costs, rate case expense, and the Pole Plant Adjustment Mechanism; (ii) revenue cap formula; (iii) supplemental capital mechanism (referred to by the Company as 'K-bar'); (iv) a purported elimination of Lost Base

Revenue; (v) a Company-proposed commitment to not file another rate case for at least four years; among others. The Company also claims that it is phasing out Revenue Decoupling, if the PBR were to be implemented. Eversource Rate Case Filing, Bates Pages 19,598 to 19,599. The PBR mechanism, if adopted, would adjust the Company's revenue-requirement calculations and resultant distribution rates going forward on the basis of the PBR's internal formulae and variable inputs. Eversource Rate Case Filing at Bates Pages 1343 to 1433; 1760 to 1771; 1772 to 1911. These variable inputs, styled by the Company in its proposal as "Performance Metrics," would be tracked by the Company as part of an approved PBR and in-putted into the PRB formulae to generate revenue-requirement, and rate, outputs. Eversource Rate Case Filing at Bates Pages 1912 to 1943. These "Performance Metrics" are grouped by the Company as "Customer Satisfaction," "Solar Generator," "Operations-Customer Work Request," and "Active Demand Response." *Id.*; *see also* Bates Pages 1944 to 1946.

The Company also presented a "Distribution Solutions Plan" (DSP), also described generically by Eversource in its Petition as a "grid modernization and resilience program," for Commission approval, including various infrastructure-development elements such as solar photovoltaic installations to be owned by Eversource, and to be proposed and built by the Company at some unspecified times in the future, and at unspecified cost. *See* Eversource Rate Case Filing at Bates Pages 1948-2012. Eversource also proposes ancillary new programs as part of its rate case petition, including a "Fee Free Credit/Debit Card Payment Option," and "New Start Arrears Forgiveness Program." *See* Eversource Rate Case Filing at Bates Pages 2249-2264. Eversource also proposes further adjustments to its vegetation management program and Regulatory Reconciliation Adjustment structures within the proposed PBR framework. Eversource Rate Case Filing, Bates Pages 19,601 to 19,602.

In support of its petition, Eversource filed the direct testimony of its outgoing President of New Hampshire Electric Operations, Mr. Douglas W. Foley (who is being transferred to serve as the President of Electric Operations at the Company's Massachusetts affiliate as of July 7, 2024), the new incoming President of New Hampshire Electric Operations, Mr. Robert S. Coates, Jr., and Mr. Douglas P. Horton, Vice President, Distribution Rates & Regulatory Requirements of Eversource's parent company/service company affiliate, along with the pre-filed direct testimonies and attachments of various of the Company's executives, personnel, and consultants, and proposed Tariff revisions associated with its various rate case proposals. Certain materials marked "Confidential" were also filed by the Company with the Commission, with no identifiable Motion for Confidential Treatment appended thereto.

The petition and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Docketbk/2024/24-070.html>.

In relation to bill impacts, the Company expects that its temporary rate proposal, if approved, would increase the typical residential ('Rate R') customer's bill (at a 600 kilowatt-hour (kWh) level of monthly usage) from \$128.35 currently to \$136.77, an increase of \$8.42 per month, or 6.56 percent. Eversource Rate Case Filing at Bates Page 19,479. For permanent rates, the overall impact of the Company's proposals for a 600 kWh/month residential 'Rate R' customer's bill would be an increase of 16.78 percent, or from \$128.35 per month currently to \$149.88 per month (an increase of \$21.53 per month) at the finalization of permanent rates. Eversource Rate Case Filing at Bates Page 19,598. This reflects a proposed permanent rate increase of 46.82 percent for the Distribution component of Eversource's residential

'Rate R' bills. Eversource Rate Case Filing at Bates Page 19,734. Similar increases are projected by the Company for some of the other classes of Eversource customers, with rate increases and bill impacts on some commercial customer classes being significantly lower. See Eversource Rate Case Filing at Bates Pages 19,588; 19,734 to 19,744.

Eversource has advised the Commission in its rate case filing that its allocation of costs to the Company's various rate classes has been informed by the results of two cost-of-services studies included in the Company's filing for assessment. Eversource Rate Case Filing at Bates Pages 19,191 to 19,296; and 19,586. The Company also indicates that further increases in its rates could arise from the operation of the PBR and its other rate proposals. See, e.g., Eversource Rate Case Filing at Bates Pages 19,599 to 19,600.

Together with these elements, the Company also presented its proposals and supporting data for its rate case cost of capital, depreciation, operations and maintenance, Lead-Lag study, and other business-accounting requirements for Commission review and approval.

According to Eversource, the primary driver of its request is the amount of capital it has invested since its last rate case (approximately \$686.1 million) and the amount it expects to invest in the future to meet its customers' needs. See, e.g., Eversource Rate Case Filing at Bates Page 2313.

II. ISSUES PRESENTED

The filing presents, *inter alia*, the following issues: whether the proposed adjusted rates are just and reasonable, as required by RSA 374:2, and RSA 378:5 and 378:7; whether the proposed temporary and permanent rate increases will yield a just and reasonable rate of return on the prudent cost of plant, equipment and capital

improvements used and useful in Eversource's provision of service to the public less accrued depreciation, as required by RSA 378:27 and RSA 378:28; whether the proposed performance based ratemaking/PBR, DSP, and other innovations are alternative forms of regulation and, if so, whether they meet the standards for approval in N.H. Code Admin. Rules Puc PART 206 and RSA 374:3-a; whether the ratemaking methodologies proposed by Eversource for its PBR plan and other rate proposals are accurate, internally consistent, and consistent with all relevant law, regulations, and Commission Orders; whether the burden of proof under RSA 378:8 is met for each rate and ratemaking methodology change proposed; and whether the DSP comports with the standards of RSA Chapter 374-G, 374-F, and other applicable law.

Issues related to Eversource's temporary rate request will be addressed at the temporary rates hearing on July 25, 2024.

The rate case will be addressed at hearings within the 12-month suspension period. Given the technical complexity of the Company's filing, and the need for the Commission to keep informed regarding the Company's proposals, *see, e.g.*, RSA 374:4, the Commission reserves the right to issue record requests to the Company during the pendency of this proceeding. *See* RSA 365:15; 365:19. The Commission also reserves the right to issue record requests to any party filing testimony in this proceeding, to develop the Commission's understanding of their positions presented therein. *Id.* That said, the Commission does not see the need to have filed copies of outgoing or incoming discovery requests or answers in advance of testimony being filed in this proceeding, while not waiving its capability to order the provision of such materials in future Commission proceedings.

As established in recent rate case proceedings also involving PBR and other technically complex features, *see Liberty Utilities (Granite State Electric) Corp. d/b/a*

Liberty, Order No. 26,829 (May 26, 2023), the Commission anticipates that a number of hearings sessions will be necessary to give adequate due process and time for the development of the Commission's decisional record. The Commission also sees the need, in order to properly assess the Company's proposals and parties' positions regarding same, to schedule prehearing, Commission-attended technical conferences on discrete aspects of Eversource's filing. In light of this, pursuant to our authority to direct the timing and process of an adjudicatory proceeding under RSA 541-A:31 and N.H. Code Admin. Rules Puc Chapter 200, and in order to provide notice and clarity to the Company and other parties to this proceeding, we hereby ORDER the following procedural schedule features for this proceeding, with dates in 2024 and 2025:

Commission-Ordered Procedural Schedule Features for DE 24-070:

Prehearing Technical Conferences Regarding PBR: October 2, 3, 8, and 9 (All Day)

Prehearing Technical Conferences (Topics to be Determined): Nov. 19 and 20 (All Day)

Prehearing Technical Conferences (Topics to be Determined): Jan. 7 and 8 (All Day)

Deadline for Filing of Settlement Agreement by Parties: February 3, 2025

Final Hearings on the Merits: March 11, 12, 13, and 18, 2025 (All Day); *March 19 and 20 (if Necessary)*

Furthermore, the pre-filed testimony and filing of pre-marked exhibits processes must keep the Commission informed of the progress of the matter in a timely and orderly fashion, including how the Department of Energy (DOE) will meet its duty to provide necessary support to the Commission in carrying out its regulatory and adjudicative functions, *see* RSA 12-P:2, III, including what areas the DOE will exercise its investigatory authorities in order to provide a complete record for consideration by the Commission in this matter. *See* RSA 12-P:2, III.

The parties and any prospective intervenors should be prepared to discuss matters which aid in the disposition of this proceeding at the July 22, 2024 prehearing conference, including positions on interventions and confidentiality, and to file a procedural schedule proposal for the Commission's consideration, adding-in the advisable procedural schedule features beyond those delineated and ordered above, no later than August 1, 2024.

Also, the Company is hereby requested to make a survey of any materials for which it seeks confidential treatment from the Commission, pursuant to RSA Chapter 91-A and Commission rules, that it has filed with the Commission as part of this rate case filing, and file a motion for confidential treatment relating thereto, specifically identifying the information for which confidential treatment is sought, no later than July 11, 2024.

The Commission will conduct any prehearing conferences and hearings scheduled in this matter in person. The Commission will consider requests to conduct hearings using a hybrid format to permit remote participation by a specific individual only if the Commission has determined that a sufficient reason has been provided for why that individual would be unable to attend in person. Any party requesting that a specific individual be permitted to participate remotely should file a written request with the Commission's Clerk's office no later than fifteen (15) days prior to the hearing date. If the Commission determines that one or more individuals will be permitted to appear remotely, then individuals in the Commission's hearing room, including the Commissioners, will be broadcast on a web-enabled platform.

Based upon the foregoing, it is hereby

ORDERED, that an adjudicative proceeding be commenced for the purpose of reviewing and resolving the forgoing issues pursuant to RSA Chapter 541-A, RSA

Chapter 374, RSA Chapter 378, RSA Chapters 374-F and 374-G, N.H. Code Admin. Rules Puc PART 206, and the Commission's procedural rules; and it is

FURTHER ORDERED, that Eversource's proposed Tariffs are suspended for a period not to exceed 12 months, or until June 11, 2025, pursuant to RSA 378:6, I(a), pending investigation and further order of the Commission; and it is

FURTHER ORDERED, that Eversource shall make a survey of any materials for which it seeks confidential treatment from the Commission, pursuant to RSA Chapter 91-A and Commission rules, that it has filed with the Commission as part of Eversource's rate case filing, and file a motion for confidential treatment relating thereto, specifically identifying the information for which confidential treatment is sought, no later than July 11, 2024; and it is

FURTHER ORDERED, that the Commission will hold a prehearing conference in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on July 22, 2024, at 1:00 p.m., at which each party and prospective intervenor should be prepared to address any of the issues set forth in N.H. Code Admin. Rules, Puc 203.15. Three hours shall be allotted for this prehearing conference; and it is

FURTHER ORDERED, that Eversource shall provide live spreadsheets for all of the schedules and models in its filing, with all supporting workpapers, filed with the Commission and served on the parties on or before July 22, 2024; and it is

FURTHER ORDERED, that during the prehearing conference, the Commission will consider the matters listed in Puc 203.15(c) and (d), including intervention requests, the establishment of further elements of the procedural schedule governing the remainder of the proceeding, and other matters which aid in the disposition of the proceeding; and it is

FURTHER ORDERED, that the Commission will hold a hearing on Eversource's request for temporary rates in this matter at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on July 25, 2024, at 9:00 a.m. One day shall be allotted for this hearing; and it is

FURTHER ORDERED, that Eversource, with the concurrence of the parties to this proceeding, shall file a procedural schedule proposal for the remaining phases of this proceeding no later than August 1, 2024, with the proviso that the below-delineated procedural schedule features shall remain unchanged; and it is

FURTHER ORDERED, that prehearing technical conferences, attended and presided over by the Commission, shall be held by the Commission at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on October 2, 3, 8, and 9, 2024 (Regarding PBR); November 19 and 20, 2024; and January 7 and 8, 2025. Each prehearing technical conference shall commence at 9:00 a.m., with the full day allotted for each; and it is

FURTHER ORDERED, that the deadline for the filing of a Settlement Agreement by Eversource, and other parties to this proceeding, shall be no later than February 3, 2025; and it is

FURTHER ORDERED, that the final hearings on the merits for Eversource's rate filing proposal shall be held by the Commission at its offices located at 21 S. Fruit St., Suite 10, Concord, New Hampshire, on March 11, 12, 13, and 18, 2025, with March 19 and 20, 2025 to be reserved on the Commission Calendar, with hearings to be held on those days if necessary. Each day of hearings shall commence at 9:00 a.m., with the full day allotted for each; and it is

FURTHER ORDERED, that any entity or individual may petition to intervene and seek to be admitted as a party in this proceeding. Each party has the right to have an attorney represent the party at the party's own expense; and it is

FURTHER ORDERED, that, consistent with N.H. Admin. R., Puc 203.17 and Puc 203.02, any entity or individual seeking to intervene in the proceeding shall file with the Commission a petition to intervene with copies sent to Eversource and any other parties on the service list, on or before July 12, 2024. The petition shall state the facts demonstrating how the petitioner's rights, duties, privileges, immunities, or other substantial interests may be affected by the proceeding, consistent with N.H. Admin. R., Puc 203.17; and it is

FURTHER ORDERED, that any party objecting to a petition to intervene make said objection on or before July 18, 2024; and it is

FURTHER ORDERED, that parties shall file any proposed exhibits, written testimony, motions, or other documents intended to become part of the record in this proceeding with the Commission. Pursuant to the secretarial letter issued on March 17, 2020, which is posted on the Commission's website at <https://www.puc.nh.gov/Regulatory/Secretarial%20Letters/20200317-SecLtr-Temp-Changes-in-Filing-Requirements.pdf>, all Commission rules requiring the filing of paper copies are suspended until further notice. Parties may elect to submit any filing in electronic form unless otherwise ordered by the Commission. Filings will be considered filed as of the time the electronic copy is received by the Commission; and it is

FURTHER ORDERED, that routine procedural inquiries may be made by contacting the Commission's Clerk's Office at (603) 271-2431 or ClerksOffice@puc.nh.gov. All requests to the Commission should be made in a written

pleading filed with the Commission. Unless otherwise authorized by law, *ex parte* communications are prohibited; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. R., Puc 1604.03, Eversource shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice in a newspaper or newspapers of general circulation in those parts of the State where it does business no later than July 3, 2024, such publication to be documented by affidavit filed with the Commission on or before July 9, 2024; and it is

FURTHER ORDERED, that Eversource shall notify all entities and individuals desiring to be heard at this hearing by publishing a copy of this order of notice on its website no later than two business days after the date of issue, such publication to be documented by affidavit filed with the Commission on or before July 9, 2024. In addition, the Clerk shall publish this order of notice on the Commission's website no later than two business days after the date of issue; and it is

FURTHER ORDERED, that any hearings in this matter shall be conducted in accordance with the attached hearing guidelines.

By order of the Public Utilities Commission of New Hampshire this twenty-eighth day of June, 2024.


Daniel C. Goldner
Chairman


Pradip K. Chattopadhyay
Commissioner


Carleton B. Simpson
Commissioner

Service List - Docket Related

Docket#: 24-070

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